

A copy of this amended and restated preliminary prospectus has been filed with the securities regulatory authority in the Provinces of British Columbia, Alberta, and Ontario but has not yet become final for the purpose of the sale of securities. Information contained in this preliminary prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for the prospectus is obtained from the securities regulatory authorities.

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This Prospectus (as hereinafter defined) constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. These 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 the securities laws of any state of the United States (as such term is defined in Regulation S under the U.S. Securities Act) and may not be offered, sold or delivered, directly or indirectly, in the United States, except pursuant to an exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws. This Prospectus does not constitute an offer to sell or solicitation of an offer to buy any of these securities in the United States.

AMENDED AND RESTATED PRELIMINARY PROSPECTUS

(amending and restating the preliminary prospectus dated November 29, 2023)

Initial Public Offering

February 28, 2024

1429798 B.C. LTD.

(To be renamed BluSky Carbon Inc.)

Minimum Offering: \$3,000,000 or 6,000,000 Units

Maximum Offering: \$5,000,000 or 10,000,000 Units

Over-Allotment Option: Up to \$750,000

Up to 1,500,000 Units

Price: \$0.50 per Unit

This amended and restated preliminary long form prospectus (the "**Prospectus**") is being filed with the British Columbia Securities Commission (the "**BCSC**"), Alberta Securities Commission (the "**ASC**") and the Ontario Securities Commission (the "**OSC**"), and collectively with the BCSC and ASC, the "**Qualifying Jurisdictions**") for the purpose of allowing 1429798 B.C. Ltd. (the "**Corporation**", "**we**" "**us**" or "**our**") to become a reporting issuer pursuant to applicable securities legislation in the Qualifying Jurisdictions.

This Prospectus qualifies the distribution (the "**Unit Offering**") of a minimum (the "**Minimum Offering**") of 6,000,000 units of the Corporation (the "**Units**") and up to a maximum (the "**Maximum Offering**") of 10,000,000 Units at a price of \$0.50 per Unit (the "**Unit Offering Price**"). Each Unit consists of one common

share in the capital of the Corporation (each, a “**Unit Share**”) and one half of one common share purchase warrant (each whole common share purchase warrant, a “**Warrant**”). The Units will separate into Unit Shares and Warrants immediately upon distribution. Each whole Warrant will entitle the holder thereof to purchase one common share in the capital of the Corporation (each, a “**Warrant Share**” and collectively with the Unit Shares, the “**Offering Shares**”) at a price of \$0.75 per Warrant Share at any time until 5:00 p.m. (Vancouver time) on the date (the “**Expiry Date**”) that is 24 months following the Closing Date (as defined herein).

The Unit Shares and Warrants will be issued by the Corporation on an initial public offering basis, at a price of \$0.50 per Unit, for aggregate proceeds of a minimum of \$3,000,000 up to a maximum of \$5,000,000. The Units will be sold pursuant to an agency agreement (the “**Agency Agreement**”) between the Corporation and Research Capital Corporation (the “**Agent**”), dated November 7, 2023. The Offering Shares are being offered on a commercially reasonable efforts basis in certain provinces of Canada.

The Units will be registered and deposited directly with CDS (as defined herein) or its nominee pursuant to the book-based system administered by CDS. No definitive certificates evidencing the Units will be issued to purchasers thereof. Purchasers of Units that are settled in CDS will only receive a customer confirmation or statement from the Agent or other registered dealer who is a CDS participant and from or through whom a beneficial interest in the Units was purchased. The Unit Shares to be issued will also be held by CDS and no definitive certificates representing the Unit Shares will be issued, unless required in limited circumstances. See “*Plan of Distribution*”.

	Price to the Public⁽¹⁾	Agent’s Fees⁽²⁾⁽³⁾	Proceeds to the Corporation⁽⁴⁾
Per Unit	\$0.50	\$0.04	\$0.46
Minimum Offering	\$3,000,000	\$240,000	\$2,760,000
Maximum Offering	\$5,000,000	\$400,000	\$4,600,000

Notes:

- (1) The Unit Offering Price was determined by arm’s length negotiation between the Corporation and the Agent.
- (2) Pursuant to the terms of the Agency Agreement, the Corporation will pay the Agent a cash fee (the “**Agent’s Commission**”) equal to 8.0% of the aggregate gross proceeds of the Unit Offering in respect of purchasers of Units. As an additional compensation, the Corporation will: (i) pay the Agent a corporate finance fee equal to \$55,000 (plus GST) (the “**Corporate Finance Fee**”); and (ii) issue to the Agent such number of non-transferrable compensation options (the “**Compensation Options**”) as is equal to 8.0% of the number of Units sold pursuant to the Unit Offering. The Compensation Options are exercisable into units (each, a “**Compensation Unit**”) at an exercise price of \$0.50 per Compensation Unit at any time up to 24 months from the date of issuance. Each Compensation Option is exercisable into one Compensation Unit. Each Compensation Unit is comprised of one common share of the Corporation (each, a “**Compensation Unit Share**”) and one-half of one common share purchase warrant of the Corporation (each, a “**Compensation Warrant**”). Each whole Compensation Warrant will entitle the holder thereof to purchase one common share in the capital of the Corporation (each, a “**Compensation Warrant Share**”) at a price of \$0.75 per Compensation Warrant Share at any time up to 24 months from the date of issuance.
- (3) The Corporation has granted to the Agent an over-allotment option (the “**Over-Allotment Option**”), exercisable, subject to applicable regulatory requirements, in whole or in part, from time to time until the date which is 30 calendar days following the Closing Date (as hereinafter defined), to purchase from the Corporation up to an additional 15% of the aggregate number of Units issued pursuant to the Offering (the “**Additional Units**”) at the Offering Price to cover the Agent’s over-allocation position, if any, and for market stabilization purposes. The Over-Allotment Option may be exercised by the Agent to acquire Additional Units at the Offering Price. Assuming Maximum Offering, the Over-Allotment Option is exercised in full. The Corporation is entitled to designate certain subscribers to be included in the Unit Offering designated by the Corporation (the “**President’s List**”). The commission payable for the President’s List orders under the Unit Offering will be reduced to 2.0% cash commission (the “**Advisory Commission**”, and collectively with the Agent’s Commission, the “**Agent’s Fees**”) and 2.0% agent’s options (the “**Advisory Options**”, and collectively with the Compensation Options, the “**Agent’s Options**”). The Advisory Options entitle the Agent to purchase that number of Common Shares as is equal to 2.0%

of the total number of Units sold under the Offering at the Unit Offering Price for a period of 24 months from the date of issuance. Assuming no sales to the President’s List purchasers, the total “Price to the Public”, “Agent’s Fees” and “Proceeds to the Corporation” will be \$5,750,000, \$430,000, and \$5,320,000 respectively. This Prospectus qualifies the grant of the Over-Allotment Options and the distribution of the Additional Units issuable upon exercise of the Over-Allotment Option. A purchaser who acquires securities forming part of the Agent’s overallocation position acquires those securities under this Prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. See “*Plan of Distribution*”.

- (4) After deducting the Agent’s Fees, but before deducting legal, accounting and administrative expenses of the Corporation in connection with the Unit Offering and the preparation and filing of this Prospectus (estimated to be approximately \$150,000). See “*Use of Proceeds*”.

The following table sets out the number of securities that may be issued by the Corporation to the Agent assuming that the Corporation distributes 10,000,000 Units pursuant to the Unit Offering:

Agent’s Position	Number of securities available for Minimum Offering	Number of securities available for Maximum Offering	Exercise Period or Acquisition Date	Exercise Price
Over-Allotment Option	-	1,500,000 Additional Units	Not later than 30 days following the Closing Date	\$0.50
Compensation Options ⁽¹⁾⁽²⁾⁽³⁾	480,000 Compensation Options	800,000 Compensation Options	24 months following the date of issuance	\$0.50

Notes:

- (1) Assumes no President’s List Purchasers. This Prospectus also qualifies the grant of the Over-Allotment Option and distribution of the Agent’s Options and the Additional Units. See “*Plan of Distribution*”.
- (2) Each Compensation Option shall be exercisable into one (1) Unit.
- (3) If the Over-Allotment Option is exercised, an additional 30,000 Compensation Options would be issued.

An investment in the Corporation’s securities should be considered highly speculative, and involves a high degree of risk that should be considered by potential investors. There is no guarantee that an investment in the Corporation will earn any positive return in the short or long term. An investment in the Corporation is appropriate only for investors who are willing to risk a loss of all of their investment and who can afford to lose all of their investment. There are certain risk factors associated with an investment in the Corporation’s securities. The risk factors included in this Prospectus should be reviewed carefully and evaluated by readers. See “*Risk Factors*” and “*Caution Regarding Forward-Looking Statements*”.

The Corporation is in the process of applying for a listing (the “**Listing**”) of its common shares (the “**Common Shares**”) on the Canadian Securities Exchange (the “**Exchange**” or the “**CSE**”). As of the date hereof, the CSE has not conditionally approved the Corporation’s Listing, and there is no assurance that it will do so. Any Listing will be subject to the Corporation fulfilling all of the listing requirements of the Exchange, including meeting all minimum listing requirements, which cannot be guaranteed. As of the date of this Prospectus, the Corporation does not have any of its securities listed or quoted, has not applied to list or quote any of its securities, and does not intend to apply to list or quote any of its securities on the

Toronto Stock Exchange, TSX Venture Exchange, CBOE Canada, a U.S. marketplace, or a marketplace outside Canada and the United States.

There is currently no market through which any of the securities of the Corporation may be sold and holders of the Corporation's securities may not be able to resell any such securities. This may affect the pricing of the Corporation's securities in the secondary market, the transparency and availability of trading prices, the liquidity of the securities, and the extent of issuer regulation. See "Risk Factors" and "Caution Regarding Forward-Looking Statements".

Readers are advised to consult their own tax advisors regarding the application of Canadian federal income tax laws to their particular circumstances, as well as any other provincial, foreign and other tax consequences of acquiring, holding, or disposing of Unit Shares or Warrant Shares, including the Canadian federal income tax consequences applicable to a foreign controlled Canadian corporation that acquires Unit Shares or Warrant Shares.

Unless otherwise noted, all currency amounts in this Prospectus are stated in Canadian dollars.

Certain legal matters in connection with the Unit Offering and this Prospectus have been or will be reviewed on behalf of the Corporation by DLA Piper (Canada) LLP and on behalf of the Agent by Vantage Law Corporation.

The head office of the Corporation is located at 220-333 Terminal Avenue, Vancouver, BC, V6A 4C1 and the registered and records office of the Corporation is located at 2700-1133 Melville Street, Vancouver, British Columbia V6E 4E5.

Mr. William Hessert, proposed executive officer and director of the Corporation following completion of the Arrangement Transaction (as defined herein), resides outside of Canada and will be providing a certificate under Part 5 of National Instrument 41-101 – *General Prospectus Requirements*. Mr. Hessert has appointed DLA Piper (Canada) LLP located at 2700-1133 Melville Street, Vancouver, British Columbia V6E 4E5, as his agent for service of process in Canada. Purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person or company that is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, even if the party has appointed an agent for service of process.

Prospective purchasers should rely only on the information contained in this Prospectus. Neither the Agent nor the Corporation has authorized anyone to provide you with different information. The Corporation is not making an offer of these securities in any jurisdiction where the offer is not permitted. Purchasers should not assume that the information contained in this Prospectus is accurate as of any date other than the date on the front of this Prospectus. If a material change occurs before the Closing Date of the Unit Offering, the Corporation would be required to file an amendment to this Prospectus as soon as practicable, and in any event, within 10 days after the material change occurred.

AGENT:

Research Capital Corporation

1920-1075 West Georgia Street
Vancouver, BC V6E 3C9

Telephone: 778-373-4100

TABLE OF CONTENTS

	Page
CAUTION REGARDING FORWARD-LOOKING STATEMENTS.....	1
MARKET AND INDUSTRY DATA.....	4
GENERAL MATTERS.....	5
FINANCIAL STATEMENT PRESENTATION IN THIS PROSPECTUS.....	5
GLOSSARY OF TERMS.....	6
SUMMARY OF PROSPECTUS.....	13
CORPORATE STRUCTURE.....	16
USE OF PROCEEDS.....	26
SELECTED FINANCIAL INFORMATION.....	32
MANAGEMENT'S DISCUSSION AND ANALYSIS.....	34
DESCRIPTION OF SHARE CAPITAL.....	34
DESCRIPTION OF SECURITIES BEING OFFERED.....	35
CONSOLIDATED CAPITALIZATION.....	35
OPTIONS TO PURCHASE SECURITIES.....	36
PRIOR SALES.....	39
TRADING PRICE AND VOLUME.....	40
ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTIONS ON TRANSFER.....	40
PRINCIPAL SHAREHOLDERS.....	41
DIRECTORS AND EXECUTIVE OFFICERS.....	41
EXECUTIVE COMPENSATION.....	47
DIRECTOR COMPENSATION.....	50
INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS.....	50
PLAN OF DISTRIBUTION.....	50
AUDIT COMMITTEE.....	52
CORPORATE GOVERNANCE.....	54
RISK FACTORS.....	58
CERTAIN FEDERAL INCOME TAX CONSIDERATIONS.....	73
LEGAL PROCEEDINGS.....	73
INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS.....	85
AUDITORS, TRANSFER AGENTS AND REGISTRARS.....	85
MATERIAL CONTRACTS.....	85
EXPERTS.....	86
PURCHASERS' STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION.....	86
OTHER MATERIAL FACTS.....	86
SCHEDULE A CORPORATION FINANCIAL STATEMENTS AND MD&A	
SCHEDULE B BLUSKY FINANCIAL STATEMENTS AND MD&A	
SCHEDULE C AUDIT COMMITTEE CHARTER	

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This Prospectus contains forward-looking statements or forward-looking information (collectively “**forward-looking statements**”) based on current expectations, estimates, forecasts, projections, beliefs and assumptions made by management of the Corporation about the industry in which it operates. Such statements include, in particular, statements about the Resulting Issuer’s (as defined herein below) plans, strategies and prospects under the sections entitled “*Summary of Prospectus*”, “*Description of the Business*”, “*Use of Available Funds*”, “*Selected Financial Information*”, “*Management’s Discussion and Analysis*” and “*Risk Factors*”. Forward-looking statements are not guarantees of future performance and involve assumptions and risks and uncertainties that are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed, implied or forecasted in such forward-looking statements. The Corporation does not intend, and disclaims any obligation, to update any forward-looking statements after it files this Prospectus, whether as a result of new information, future events or otherwise, except as required by the securities laws. These forward-looking statements are made as of the date of this Prospectus.

In some cases, forward-looking statements can be identified by words or phrases such as “may”, “might”, “will”, “expect”, “anticipate”, “estimate”, “intend”, “plan”, “indicate”, “seek”, “believe”, “predict” or “likely”, or the negative of these terms, or other similar expressions (or variations of such words) are intended to identify forward-looking statements. The Corporation has based these forward-looking statements on its current expectations and projections about future events and financial trends that it believes might affect its financial condition, results of operations, business strategy and financial needs. These forward-looking statements include, among other things, statements relating to:

- the intention to complete the Listing of the Common Shares on the CSE and the completion and timing of the Listing;
- the intention for the Resulting Issuer to rename following completion of the Listing;
- the expected issued and outstanding BluSky Shares and BluSky Warrants on the date prior to the completion of the Arrangement Transaction;
- the market price of the Common Shares may not be high enough to create positive return for current investors;
- high level of price and volume volatility in the capital markets;
- no dividends for the foreseeable future;
- risks associated with foreign operations;
- risks associated with acquisitions;
- competition in the Resulting Issuer’s industry;
- exposure to information systems and cyber security threats;
- changes in laws, regulations, and guidelines relating to the Resulting Issuer’s business, including tax (including carbon taxes) and accounting requirements;
- the Corporation’s expectations regarding its revenue, expenses and operations;
- the Resulting Issuer’s anticipated cash needs and its needs for additional financing;
- the Corporation’s intention to grow the business and its operations;
- reliance on secondary industries;
- expectations with respect to future production costs and capacity;
- the Corporation’s expectation that available funds will be sufficient to cover its expenses over the next twelve (12) months;
- limited public company experience of management;
- the Resulting Issuer’s expected business objectives and milestones, including costs of the foregoing, for the next twelve (12) months;
- adoption of new business models;
- delays due to shortage of raw materials;
- rapid technological change in the Resulting Issuer’s industry;
- the costs associated with this Prospectus and the Listing;
- the Resulting Issuer’s ability to obtain additional funds through the sale of equity or debt commitments;

- the timing, progress and timely completion of various stages of the regulatory approval process;
- expectations regarding product safety and efficacy;
- expectations regarding acceptance of products and technologies by the market;
- expectations about technical and regulatory milestones being achieved;
- disease outbreaks;
- failure to protect and maintain, and the consequential loss of intellectual property rights;
- ability to secure governmental support and financial assistance;
- failure to adhere to financial reporting obligations and other public company requirements;
- the intentions of the Board with respect to executive compensation plans and corporate governance plans described herein;
- the Resulting Issuer's ability to protect its intellectual property and to develop, maintain and enhance a strong brand;
- the Corporation's lack of operating history on which to judge our business prospects and management; and
- the Resulting Issuer's ability to compete in a highly competitive and evolving industry.

Certain of the forward-looking statements and other information contained in this Prospectus concerning the Resulting Issuer's industry and the markets in which it operates, including the Resulting Issuer's general expectations and market position, market opportunities and market share, is based on estimates prepared by the Corporation using data from publicly available governmental sources, as well as from market research and industry analysis, and on assumptions based on data and knowledge of this industry which the Corporation believes to be reasonable. While the Corporation is not aware of any misstatement regarding any industry or government data presented herein, the carbon capture technology industry involves risks and uncertainties that are subject to change based on various factors and the Corporation has not independently verified such third-party information.

Forward-looking statements are based on certain assumptions and analyses made by the Corporation in light of the experience and perception of historical trends, current conditions and expected future developments and other factors it believes are appropriate and are subject to risks and uncertainties. In making the forward-looking statements included in this Prospectus, the Corporation has made various material assumptions, including but not limited to: (i) the completion and timing of closing the Arrangement Transaction; (ii) obtaining the necessary regulatory approvals; (iii) that regulatory requirements will be maintained; (iv) general business, economic and political conditions; (v) the Corporation's ability to successfully execute its plans and intentions, including, without limitation, obtaining a Receipt and Listing the Common Shares on the CSE; (vi) the availability of financing on reasonable terms; (vii) the Corporation's ability to attract and retain skilled staff; (viii) market competition; (ix) the products and technology offered by the Resulting Issuer's competitors; (x) that good relationships with service providers and other third parties will be established and maintained; (xi) continued growth of the carbon capture technology industry; and (xii) positive public opinion with respect to the carbon capture technology industry. Although the Corporation believes that the assumptions underlying these statements are reasonable, they may prove to be incorrect, and the Corporation cannot assure that actual results will be consistent with these forward-looking statements. Whether actual results, performance or achievements will conform to the Corporation's expectations and predictions is subject to a number of known and unknown risks, uncertainties, assumptions and other factors, including those listed under "*Risk Factors*", which include:

- the Corporation has a limited operating history, which makes it difficult to evaluate its business prospects;
- the Corporation has a negative cash flow;
- the Resulting Issuer's financial position and results of operations may differ materially from expectations;
- the Resulting Issuer expects to incur future losses and may never become profitable;
- the Resulting Issuer may require additional capital to continue its operations;
- some of the Resulting Issuer's operations may rely on the third-party service providers;
- the Resulting Issuer faces strong competition from competitors in the carbon capture technology industry, including competitors who could duplicate the Resulting Issuer's model;

- continuing technological changes in relation to carbon capture technology could adversely affect adoption of current carbon capture technology and/or the Resulting Issuer's products;
- the supply and demand for the reduction of carbon emissions;
- product defects or improper installation could result in recalls and replacements, damages to reputation and lost revenue as well as possible liability for injury or damages;
- the Resulting Issuer could be exposed to product liability claims;
- the Resulting Issuer may face growth-related risks;
- the Resulting Issuer may face risks related to strategic acquisitions in the future;
- changes in regulatory environment could adversely affect the ability of the Resulting Issuer to continue providing its services;
- economic inflationary pressures may increase the Resulting Issuer's costs;
- the Corporation's internal estimates are based on market forecasts which may prove to be inaccurate;
- the size of the Resulting Issuer's target market is difficult to quantify, and investors will be reliant on their own estimates on the accuracy of market data;
- the Corporation is subject to pandemic related risks;
- any supply chain disruptions or shortages affecting the Resulting Issuer's suppliers, could adversely affect the Resulting Issuer's business and operating results;
- failure to develop the Resulting Issuer's internal controls over financial reporting as the Resulting Issuer grows could have an adverse impact;
- if the Resulting Issuer is unable to hire, retain or motivate key personnel, consultants, independent contractors, and advisors, it may not be able to grow effectively;
- unfavorable global economic conditions could adversely affect the Resulting Issuer's business, financial condition or results of operations;
- the Corporation could incur material losses relating to cyber-attacks or other information security breaches in the future;
- the Corporation may be forced to defend against claims by third parties against the Corporation relating to intellectual property rights;
- the Resulting Issuer may be unable to adequately protect its proprietary and intellectual property rights;
- the Corporation may suffer uninsured losses;
- the Resulting Issuer may not achieve its publicly announced milestones according to schedule, or at all;
- the Resulting Issuer's ability to retain customers or sell additional products and services to existing customers could suffer if its customer support is inadequate;
- existing and future environmental health and safety laws and regulations could result in increased compliance costs or additional operating costs or construction costs and restrictions. Failure to comply with such laws and regulations may result in substantial fines or other limitations that may adversely impact the Resulting Issuer's financial results or results of operation;
- failure to comply with United States federal and state laws relating to employment could subject the Resulting Issuer to penalties and other adverse consequences;
- changes to applicable United States tax laws and regulations or exposure to additional income tax liabilities could affect the Resulting Issuer's business and future profitability;
- the Resulting Issuer's proposed executive officers, directors and founders own approximately 39.23% of its Common Shares;
- the Resulting Issuer may be subject to various potential conflicts of interest;
- there is no existing market for the Common Shares, and the Corporation cannot assure that a public trading market for the Common Shares will ever be established;
- there may not be a liquid market for the Common Shares;
- the Resulting Issuer may need to raise additional capital and issue additional securities;
- if the Resulting Issuer issues additional Common Shares, shareholders may experience dilution in their ownership of the Resulting Issuer;
- the market price for the Common Shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the Resulting Issuer's control;

- the Resulting Issuer will be subject to additional regulatory burden resulting from its Listing on the CSE;
- the Resulting Issuer does not intend to pay dividends and there will thus be fewer ways in which the investors are able to make a gain on their investment;
- the Resulting Issuer may vary from its disclosed intended use of proceeds;
- the Resulting Issuer may lose its status as a foreign private issuer in the United States, which would result in increased costs related to regulatory compliance under United States securities laws;
- an investment in the Corporation's securities may have income tax consequences; and
- other factors discussed under "*Risk Factors*".

The factors identified above are not intended to represent a complete list of the risks and factors that could affect the Corporation. Some of the important risks and factors that could affect forward-looking statements are discussed in the section entitled "*Risk Factors*" in this Prospectus. Although the Corporation has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

These forward-looking statements are based on the beliefs of the Corporation's management as well as on assumptions, which such management believes to be reasonable based on information currently available at the time such statements were made. Although the Corporation believes its expectations are based upon reasonable assumptions and have attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended.

Forward-looking statements contained in this Prospectus are made as of the date of this Prospectus and, accordingly, are subject to change after such date. Except as otherwise indicated by the Corporation, these statements do not reflect the potential impact of any non-recurring or other special items or of any disposition, monetization, merger, acquisition, other business combination or other transaction that may be announced or that may occur after the date hereof. The Corporation does not intend or undertake to publicly update any forward-looking statements that are included in this Prospectus, whether as a result of new information, future events or otherwise, except in accordance with applicable securities laws.

All of the forward-looking statements contained in this Prospectus are expressly qualified by the foregoing cautionary statements. Readers should read this entire Prospectus and consult their own professional advisors to assess the income tax, legal, risk factors and other aspects of an investment in the Corporation.

MARKET AND INDUSTRY DATA

This Prospectus includes market and industry data that has been obtained from third party sources, including industry publications. The Corporation believes that the industry data is accurate and that its estimates and assumptions are reasonable, but there is no assurance as to the accuracy or completeness of this data. Third party sources generally state that the information contained therein has been obtained from sources believed to be reliable, but there is no assurance as to the accuracy or completeness of included information. Although the data is believed to be reliable, the Corporation has not independently verified any of the data from third party sources referred to in this Prospectus or ascertained the underlying economic assumptions relied upon by such sources.

Unless otherwise indicated, information contained in this Prospectus concerning the Corporation's industry and the markets in which it operates, including general expectations and market position, market opportunities and market share, is based on information from independent industry organizations, other third-party sources (including industry publications, surveys and forecasts) and management studies and estimates.

The Corporation's estimates are derived from publicly available information released by independent industry analysts and third-party sources as well as data from the Corporation's internal research, and knowledge of the carbon capture technology market and economy, and include assumptions made by the Corporation which management believes to be reasonable based on their knowledge of the Corporation's industry and markets. The Corporation's internal research and assumptions have not been verified by any independent source, and it has not independently verified any third-party information. While the Corporation believes the market position, market opportunity and market share information included in this Prospectus is generally reliable, such information is inherently imprecise. In addition, projections, assumptions and estimates of the Corporation's future performance and the future performance of the industry and markets in which it operates are necessarily subject to a high degree of uncertainty and risk due to a variety of factors, including those described under the heading "*Caution Regarding Forward-Looking Statements*" and "*Risk Factors*".

GENERAL MATTERS

Unless otherwise noted or the context indicates otherwise "we", "us", "our", or the "Corporation" refer to 1429798 B.C. Ltd. Certain terms used herein are defined in the "*Glossary of Terms*".

Unless otherwise indicated, references to \$ are to Canadian dollars and USD\$ are to U.S. dollars.

Readers should rely only on the information contained in this Prospectus. The Corporation has not authorized any other person to provide you with additional or different information. If anyone provides you with additional or different information or inconsistent information, including information or statements in media articles about the Corporation, you should not rely on it. Any graphs, tables or other information demonstrating our historical performance or of any other entity contained in this Prospectus are intended only to illustrate past performance and are not necessarily indicative of our or such entity's future performance. The information contained in this Prospectus is accurate only as of the date of this Prospectus or any other date specified herein, regardless of the time of delivery of this Prospectus. Our business, financial condition, results of operations and prospects may have changed since the date of this Prospectus or any other date specified herein in respect of such information.

FINANCIAL STATEMENT PRESENTATION IN THIS PROSPECTUS

All financial information herein has been presented in Canadian dollars in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretation Committee.

Schedule A – Corporation Financial Statements and MD&A

1. Audited financial statements of the Corporation for the period from incorporation on July 25, 2023 to November 30, 2023;
2. MD&A of the Corporation for the period from incorporation on July 25, 2023 to November 30, 2023; and
3. Unaudited pro-forma consolidated statement of financial position of the Corporation as at November 30, 2023 that gives effect to the Arrangement Transaction, as if it had occurred on November 30, 2023, respectively.

Schedule B – BluSky Financial Statements and MD&A

1. Unaudited interim financial statements of BluSky for the three month period ended November 30, 2023;
2. MD&A of BluSky for the three month period ended November 30, 2023;
3. Audited financial statements of BluSky for the year ended August 31, 2023;

4. MD&A of BluSky for year ended August 31, 2023;
5. Unaudited financial statements of BluSky for the year ended August 31, 2022; and
6. MD&A of BluSky for the year ended August 31, 2022.

GLOSSARY OF TERMS

The following is a glossary of certain defined terms used throughout this Prospectus. This is not an exhaustive list of defined terms used in this Prospectus and additional terms are defined throughout. Terms and abbreviations used in the financial statements of the Corporation are defined separately and the terms and abbreviations defined below are not used therein, except where otherwise indicated. Words importing the singular, where the context requires, include the plural and vice versa, and words importing any gender include all genders.

“\$” means Canadian dollars.

“**\$0.05 Units**” has the meaning ascribed thereto under “*Description of the Business – Corporation History*”.

“**\$0.30 Units**” has the meaning ascribed thereto under “*Description of the Business – Corporation History*”.

“**\$0.05 Unit Financing**” has the meaning ascribed thereto under “*Description of the Business – Corporation History*”.

“**\$0.30 Unit Financing**” has the meaning ascribed thereto under “*Description of the Business – Corporation History*”.

“**\$0.10 Warrants**” has the meaning ascribed thereto under “*Description of the Business – Corporation History*”.

“**\$0.50 Warrants**” has the meaning ascribed thereto under “*Description of the Business – Corporation History*”.

“**\$0.10 Warrant Share**” has the meaning ascribed thereto under “*Description of the Business – Corporation History*”.

“**\$0.50 Warrant Share**” has the meaning ascribed thereto under “*Description of the Business – Corporation History*”.

“**Acquireco**” means 1448451 B.C. Ltd., a company incorporated under the laws of the Province of British Columbia and a wholly-owned subsidiary of the Corporation.

“**Additional Units**” has the meaning ascribed thereto on the face page of this Prospectus.

“**Advisory Commissions**” has the meaning ascribed thereto on the face page of this Prospectus.

“**Advisory Options**” has the meaning ascribed thereto on the face page of this Prospectus.

“**Affiliate**” means a company that is affiliated with another company as described below:

A company is an “**Affiliate**” of another company if:

- (a) one of them is the subsidiary of the other; or
- (b) each of them is controlled by the same Person.

A company is “**controlled**” by a Person if:

- (a) voting securities of the company are held, other than by way of security only, by or for the benefit of that Person; and
- (b) the voting securities, if voted, entitle the Person to elect a majority of the directors of the company.

A Person beneficially owns securities that are beneficially owned by:

- (a) a company controlled by that Person, or
- (b) an Affiliate of that Person, or
- (c) an Affiliate of any company controlled by that Person.

“Agency Agreement” has the meaning ascribed thereto on the face page of this Prospectus.

“Agent’s Commission” has the meaning ascribed thereto on the face page of this Prospectus.

“Agent’s Fees” has the meaning ascribed thereto on the face page of this Prospectus.

“Agent’s Options” has the meaning ascribed thereto on the face page of this Prospectus.

“Agent” has the meaning ascribed thereto on the face page of this Prospectus.

“allowable capital loss” has the meaning ascribed thereto under *“Certain Canadian Federal Income Tax Considerations”*.

“Annual Financial Statements” means the audited financial statements of the Corporation for the period from incorporation on July 25, 2023 to August 31, 2023 together with the notes thereto and the auditors’ report thereon, as applicable, attached hereto at Schedule A.

“Annual MD&A” means the management’s discussion and analysis of the Corporation for the period from incorporation on July 25, 2023 to August 31, 2023, attached hereto at Schedule A.

“Applicable Securities Law” means applicable securities legislation, securities regulation and securities rules, as amended, and the policies, notices, instruments and blanket orders having the force of law, in force from time to time.

“Arrangement Agreement” has the meaning ascribed thereto under *“Description of the Business”*.

“Arrangement Transaction” means an arrangement pursuant to provisions of Division 5 of Part 9 of the BCBCA on the terms and conditions set forth in the plan of arrangement, subject to any amendment or supplement thereto made in accordance therewith, herewith or made at the direction of the Court either in the Interim Order or the Final Order with the consent of the Corporation and BluSky, each acting reasonably.

“ASC” means the Alberta Securities Commission.

“Assets” means the whole of the undertaking, property and assets of the Corporation currently used in, and materially necessary for the conduct of the Business.

“Associate” means when used to indicate a relationship with a person or company, means:

- (a) an issuer of which the person or company beneficially owns or controls, directly or indirectly, voting securities entitling them to more than 10% of the voting rights attached to outstanding securities of the issuer;
- (b) any partner of the person or company;

- (c) any trust or estate in which the person or company has a substantial beneficial interest or in respect of which a person or company serves as trustee or in a similar capacity;
- (d) in the case of a person, a relative of that person, including:
 - (i) that person's spouse or child; or
 - (ii) any relative of the person or of their spouse who has the same residence as that person; but
- (e) where the Exchange determines that two persons shall, or shall not, be deemed to be associates with respect to a Member firm, Member corporation or holding company of a Member corporation, then such determination shall be determinative of their relationships in the application of Rule D with respect to that Member firm, Member corporation or holding company.

"Audit Committee" means the audit committee of the Corporation.

"Audit Committee Charter" means the Audit Committee's Charter, attached hereto as Schedule C.

"BCBCA" means the *Business Corporations Act* (British Columbia).

"BCSC" means the British Columbia Securities Commission.

"Board" or **"Board of Directors"** means the board of directors of the Corporation.

"BluSky" means Bluski Inc., a company existing under the Connecticut Business Corporations Act.

"BluSky Financing" has the meaning ascribed thereto under *"Description of the Business"*.

"BluSky Securityholders" means the BluSky Shareholders and the BluSky Warrantholders.

"BluSky Shareholders" means the holders of BluSky Shares.

"BluSky Shares" means the common shares in the capital of BluSky.

"BluSky Warrantholders" means the holders of BluSky Warrants.

"BluSky Warrants" means the common share purchase warrants in the capital of BluSky.

"Business Day" means a day other than Saturday, Sunday or a statutory holiday in Vancouver, British Columbia, Canada.

"CEO" means Chief Executive Officer.

"CERCLA" means the *Comprehensive Environmental Response, Compensation and Liability Act*, and any amendments thereto.

"CFO" means Chief Financial Officer.

"Closing Date" means the date of closing of the Unit Offering.

"CMO" means Chief Marketing Officer.

"Common Shares" means the common shares in the capital of the Corporation.

"company" means, unless specifically indicated otherwise, a corporation, incorporated association or organization, body corporate, partnership, trust, association, or other entity other than an individual.

“Compensation Options” has the meaning ascribed thereto on the face page of this Prospectus.

“Concurrent Financing” means the \$0.05 Unit Financing, the \$0.30 Unit Financing, and the Unit Offering for an aggregate of up to 31,230,000 Units of the Corporation.

“Consideration Shares” means the Common Shares to be issued as consideration, pursuant to the Arrangement Transaction, being, in respect of each common share of BluSky, 4,900 Consideration Share, upon and subject to the terms and conditions of the Arrangement Agreement.

“Consideration Warrants” means warrants to acquire Common Shares to be issued as consideration pursuant to the Arrangement Transaction, being, in respect of each warrant of BluSky, 4,900 Warrants.

“COO” means Chief Operating Officer.

“Corporate Finance Fee” has the meaning ascribed thereto on the face page of this Prospectus.

“Corporation” means 1429798 B.C. Ltd., a company existing under the BCBCA.

“CRA” means the Canada Revenue Agency.

“CSA” means the Canadian Securities Administrators.

“CSE” or the **“Exchange”** means the Canadian Securities Exchange operated by the CNSX Markets Inc.

“DSUs” means the deferred share units issuable pursuant to the Equity Incentive Plan.

“Duval Employment Agreement” has the meaning ascribed thereto under *“Executive Compensation - Employment, Consulting and Management Agreements”*.

“Equity Incentive Plan” means the Corporation’s equity incentive plan (see *“Options to Purchase Securities”*).

“Escrow Agreement” means the arrangements between the Corporation, the Transfer Agent and William Hessert, pursuant to which 18,342,137 Common Shares are expected to be held in escrow.

“Escrow Convertible Securities” has the meaning ascribed thereto under *“Escrowed Securities and Securities Subject to Contractual Restrictions on Transfer”*.

“Escrow Securities” has the meaning ascribed thereto under *“Escrowed Securities and Securities Subject to Contractual Restrictions on Transfer”*.

“Escrow Shares” means the 18,342,137 Common Shares that are expected to be held in escrow pursuant to the Escrow Arrangements.

“ETs” means Emissions Trading Systems.

“Expiry Date” has the meaning ascribed thereto on the face page of this Prospectus.

“Final Prospectus” means the (final) prospectus of the Corporation prepared in accordance with NI 41-101.

“Final Receipt” means the receipt issued by the Principal Regulator, evidencing that a receipt has been, or has been deemed to be, issued for the Final Prospectus in the Qualifying Jurisdictions.

“GHG” means greenhouse gas emissions.

“Guidelines” means the best practice guidelines for effective corporate governance as set out in National Policy 58-201 - *Corporate Governance Guidelines* of the Canadian Securities Administrators

“Hessert Employment Agreement” has the meaning ascribed thereto under *“Executive Compensation - Employment, Consulting and Management Agreements”*.

“Holder” has the meaning ascribed thereto under *“Certain Canadian Federal Income Tax Considerations”*.

“IFRS” means the International Financial Reporting Standards as issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretation Committee.

“Insider” means:

- (a) a director or senior officer of the Corporation;
- (b) a director or senior officer of the Corporation that is an Insider or subsidiary of the Corporation;
- (c) a Person that beneficially owns or controls, directly or indirectly, voting shares carrying more than 10% of the voting rights attached to all outstanding voting shares of the Corporation; or
- (d) the Corporation itself if it holds any of its own securities.

“IPO” means the initial public offering of the Common Shares of the Corporation on the CSE.

“Listing” means the listing of the Common Shares for trading on the CSE.

“Listing Date” means the date the Corporation lists its Common Shares for trading on the CSE.

“Maximum Offering” has the meaning ascribed thereto on the face page of this Prospectus.

“MD&A” means management discussion and analysis.

“Merger” has the meaning ascribed thereto under *“Summary of Prospectus – Arrangement Transaction”*

“MI 11-102” means Multilateral Instrument 11-102 – *Passport System* of the Canadian Securities Administrators.

“Minimum Offering” has the meaning ascribed thereto on the face page of this Prospectus.

“Named Executive Officer” or **“NEO”** means:

- (a) the CEO, or comparable position;
- (b) the CFO, or comparable position;
- (c) each of the issuer’s three most highly compensated executive officers, other than the CEO and CFO, who were serving as executive officers at the end of the most recently completed financial year and whose total salary and bonus, individually, exceeds \$150,000 per year; or
- (d) any additional individuals for whom disclosure would have been provided under (c) except that the individual was not serving as an officer of the issuer at the end of the most recently completed financial year.

“NI 41-101” means National Instrument 41-101 – *General Prospectus Requirements*, of the Canadian Securities Administrators.

“**NI 52-110**” means National Instrument 52-110 – *Audit Committees*, of the Canadian Securities Administrators.

“**NI 58-101**” means National Instrument 58-101 – *Disclosure of Corporate Governance Practices*, of the Canadian Securities Administrators.

“**Non-Resident Holders**” has the meaning ascribed thereto under “*Certain Canadian Federal Income Tax Considerations*”.

“**NP 11-202**” means National Policy 11-202 - *Process for Prospectus Reviews in Multiple Jurisdictions* of the Canadian Securities Administrators.

“**NP 46-201**” means National Policy 46-201 – *Escrow for Initial Public Offerings*, of the Canadian Securities Administrators.

“**Offering Shares**” has the meaning ascribed thereto on the face page of this Prospectus.

“**OSC**” means the Ontario Securities Commission.

“**Options**” means the options issuable pursuant to the Equity Incentive Plan.

“**Over-Allotment Option**” has the meaning ascribed thereto on the face page of this Prospectus.

“**Person**”, unless specifically indicated otherwise, means a corporation, incorporated association or organization, body corporate, partnership, trust, association, or other entity other than an individual.

“**Principal Escrow Securities**” has the meaning ascribed thereto under “*Escrowed Securities and Securities Subject to Contractual Restrictions on Transfer*”

“**Principal Regulator**” means the British Columbia Securities Commission.

“**Promoter**” means (a) a person or company who, acting alone or in conjunction with one or more other persons, companies or a combination thereof, directly or indirectly, takes the initiative in founding, organizing or substantially reorganizing the business of an issuer, or (b) a person or company who, in connection with the founding, organizing or substantial reorganizing of the business of an issuer, directly or indirectly, receives in consideration of services or property, or both services and property, 10% or more of any class of securities of the issuer or 10% or more of the proceeds from the sale of any class of securities of a particular issue, but does not include a person or company who receives such securities or proceeds either solely as underwriting commissions or solely in consideration of property shall not be deemed a promoter within the meaning of this definition if such person or company does not otherwise take part in founding, organizing, or substantially reorganizing the business.

“**Prospectus**” means this amended and restated preliminary prospectus of the Corporation dated February 28, 2024, prepared in accordance with NI 41-101, and any amendments thereto.

“**Qualifying Jurisdictions**” means the Provinces of British Columbia, Alberta, and Ontario.

“**Resident Holders**” has the meaning ascribed thereto under “*Certain Canadian Federal Income Tax Considerations*”.

“**Resulting Issuer**” has the meaning ascribed thereto under “*Summary of Prospectus – Arrangement Transaction*”.

“**RSRs**” means the restricted share rights issuable pursuant to the Equity Incentive Plan.

“**SEDAR+**” means the System for Electronic Document Analysis and Retrieval maintained by the Canadian Securities Administrators.

“Shareholders” means the holders of Common Shares.

“Tax Act” means the Income Tax Act (Canada) and the regulations promulgated thereunder, as amended.

“Tax Proposals” has the meaning ascribed thereto under *“Certain Canadian Federal Income Tax Considerations”*.

“taxable capital gain” has the meaning ascribed thereto under *“Certain Canadian Federal Income Tax Considerations”*.

“Transfer Agent” means the transfer agent and registrar of the Corporation, Odyssey Trust Company.

“Treaty” means the Canada-United States Tax Convention (1980).

“Unit” has the meaning ascribed thereto on the face page of this Prospectus.

“Unit Offering” has the meaning ascribed thereto on the face page of this Prospectus.

“Unit Offering Price” has the meaning ascribed thereto on the face page of this Prospectus.

“Unit Share” has the meaning ascribed thereto on the face page of this Prospectus.

“U.S., U.S.A. or United States” means the United States of America, its territories and possessions, and any state of the United States, and the District of Columbia.

“U.S. Exchange Act” means the U.S. Securities Exchange Act of 1934, as amended.

“U.S. Holder” has the meaning ascribed thereto under *“Certain United States Federal Income Tax Considerations”*.

“U.S. Person” means a citizen or permanent resident of the United States of America.

“U.S. Securities Act” means the U.S. Securities Act of 1933, as amended.

“Warrant” has the meaning ascribed thereto on the face page of this Prospectus.

“Warrant Share” has the meaning ascribed thereto on the face page of this Prospectus.

SUMMARY OF PROSPECTUS

The following is a summary of the principal features of this Prospectus and should be read together with the more detailed information and financial data and statements contained elsewhere in this Prospectus. Capitalized used but not defined in this Summary of Prospectus have the meanings ascribed thereto in the Glossary of Terms.

The Corporation	The Corporation was incorporated on July 25, 2023 under the BCBCA. The Corporation's registered office is located at 2700-1133 Melville St, Vancouver, BC V6E 4E5 and its head office is located at 220-333 Terminal Avenue, Vancouver, BC, V6A 4C1.
Bluski Inc.	BluSky was incorporated on May 26, 2021 under the Connecticut Business Corporations Act.
Arrangement Transaction	<p>The Corporation entered into an arrangement agreement dated November 10, 2023, as amended on November 23, 2023 and February 27, 2024 with 1448451 B.C. Ltd. ("Acquireco") and BluSky (the "Arrangement Agreement"), whereby BluSky and Acquireco shall complete a merger (the "Merger") and the surviving company shall become a wholly-owned subsidiary of the Corporation, and in consideration for the Merger, the Corporation will issue the Consideration Shares and the Consideration Warrants to the BluSky Shareholders and the BluSky Warrantholders, respectively, on a pro rata basis (the "Arrangement Transaction"). The Merger will be completed in connection with the completion of the Arrangement Transaction.</p> <p>Assuming successful completion of the Arrangement Transaction pursuant to the terms of the Arrangement Agreement, BluSky's business will be the core business of the resulting issuer (the "Resulting Issuer"), being the conversion of organic and industrial wastes into biochar, renewable power and carbonate rocks, as well as the development and sale of carbon capture technology. The Arrangement Transaction will assist the Corporation in achieving its objective of acquiring assets and businesses in the carbon capture technology sector. The head office of the Resulting Issuer following closing of the Arrangement Transaction will be located at 35 Research Parkway, Old Saybrook, CT, 06475, United States and its registered and records office will continue to be located at 2700-1133 Melville St, Vancouver, BC V6E 4E5. The Arrangement Transaction with BluSky is at arm's length with the Corporation.</p>
The Listing	The Corporation is in the process of applying for a Listing of its Common Shares on the CSE. As of the date hereof, the Exchange has not conditionally accepted the Corporation's Listing, and there is no assurance that it will do. The Listing will be subject to the Corporation fulfilling all of the listing requirements of the Exchange, including meeting all minimum listing requirements which cannot be guaranteed.
Use of Proceeds	<p>Upon completion of the Offering, the Corporation expects to receive gross proceeds of between \$3,000,000 in the case of the Minimum Offering and \$5,000,000 in the case of the Maximum Offering (assuming no exercise of the Over-Allotment Option). The estimated net proceeds of the Offering, after deducting the balance of the Corporate Finance Fee payable, the Agent's Commission and payment of the remaining costs of the Offering, assuming no President's List purchasers (estimated to be \$455,000 for the Minimum Offering and \$605,000 for the Maximum Offering), are \$2,555,000 in the case of the Minimum Offering and \$4,395,000 in the case of the Maximum Offering. Estimated expenses of the Offering are set out in the table below.</p> <p>The proceeds of the Offering will be combined with the Corporation's working capital of approximately \$1,127,309 as at January 31, 2024.</p>

The Resulting Issuer intends to use the net proceeds of the Offering and its other available funds as follows:

Principal Purposes	Amount	
	Minimum Offering	Maximum Offering
Facility expansion ⁽¹⁾	\$660,000	\$845,000
Execution of marketing program	\$1,000,000	\$1,500,000
Market expansion	\$430,000	\$680,000
Research and development	\$250,000	\$375,000
System upgrades	Nil	\$430,000
General and administrative costs for 12 months ⁽²⁾	\$410,000	\$410,000
Unallocated working capital ⁽³⁾	\$932,309	\$1,282,309
Total	\$3,682,309	\$5,522,309

Notes:

- (1) See *"Business Objective and Milestones"*.
- (2) See *"Use of Proceeds"* for a breakdown of general and administrative costs.
- (3) This excludes the proceeds to the Corporation from the issuance of Additional Units that may be issued upon the exercise of the Over-Allotment Option. In the event that the Over-Allotment Option is exercised, any proceeds from the issuance will be added to unallocated working capital.

While the Corporation currently intends to use the available funds for the purposes set out herein, it will have discretion in the actual application of the available funds and may elect to use the net proceeds differently than as described herein, if the Resulting Issuer believes it is in its best interests to do so. See *"Use of Proceeds – Funds Available"*.

Directors and Officers of the Resulting Issuer

The Board of Directors of the Resulting Issuer is proposed to consist of:

Mr. William Hessert

Mr. Alex McAulay

Mr. Michael Malana

Two additional directors, one to be nominated by BluSky and the other to be nominated by the Corporation prior to the completion of the Arrangement Transaction.

The officers of the Resulting Issuer is proposed to consist of:

Mr. William Hessert, Chief Executive Officer

Mr. Andrew Duval, Chief Financial Officer

Risk Factors

See *"Risk Factors"*

**Summary of
Financial
Information**

The Corporation

The following selected financial information has been derived from the Corporation's Financial Statements (attached as Schedule A to this Prospectus) and should be read in conjunction with the Corporation's MD&A.

	From the period of incorporation until November 30, 2023
Statement of Operations Data	
Total revenues	Nil
Total expenses	\$(241,839)
Loss and comprehensive loss	\$(221,027)
Net loss per share (basic and diluted)	\$(0.04)
Balance Sheet Data	
Current assets	\$996,517
Total assets	\$996,517
Current and total liabilities	\$238,773

BluSky

The following selected financial information has been derived from BluSky's Financial Statements (attached as Schedule A to this Prospectus) and should be read in conjunction with BluSky's MD&A.

	For the three month period ended November 30, 2023⁽¹⁾⁽²⁾	For the financial year ended August 31, 2023⁽³⁾⁽⁴⁾	For the financial year ended August 31, 2022⁽³⁾⁽⁴⁾
Statement of Operations Data			
Total revenues	Nil	Nil	Nil
Total expenses	\$(1,209,024)	\$(186,492)	\$(246,540)
Loss and comprehensive loss	\$(1,209,024)	\$(183,847)	\$(246,540)
Net loss per share (basic and diluted)	\$(325.00)	\$(184.00)	\$(247.00)
Balance Sheet Data			
Current assets	\$661,579	\$9,763	\$19,650
Total assets	\$2,261,314	\$294,832	\$259,821

Current and total liabilities	\$2,831,327	\$756,483	\$527,278
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Notes:

- (1) Statement of operations data was converted from USD to Canadian dollar at the average foreign exchange rate for the three month period ended November 30, 2023 of 1.36539 Canadian dollars to 1 USD.
- (2) Balance sheet data was converted from USD to Canadian dollar at the spot foreign exchange rate on November 30, 2023 of 1.35834 Canadian dollars to 1 USD.
- (3) Statement of operations data was converted from USD to Canadian dollar at the average foreign exchange rate for the financial year ended August 31, 2023 of 1.3465 (August 31, 2022 – 1.2718) Canadian dollars to 1 USD.
- (4) Balance sheet data was converted from USD to Canadian dollar at the spot foreign exchange rate at the end of the financial year of 1.3531 (August 31, 2022 – 1.3103) Canadian dollars to 1 USD.

The Unit Offering

The Corporation is undertaking the Unit Offering and will issue on an IPO basis a minimum of 6,000,000 Units up to a maximum of 10,000,000 Units at a price of \$0.50 per Unit, which shall comprise of 6,000,000 to 10,000,000 Unit Shares and 3,000,000 to 5,000,000 Warrants. The Units are being sold pursuant to the Agency Agreement.

CORPORATE STRUCTURE

Name, Address, and Incorporation of the Corporation

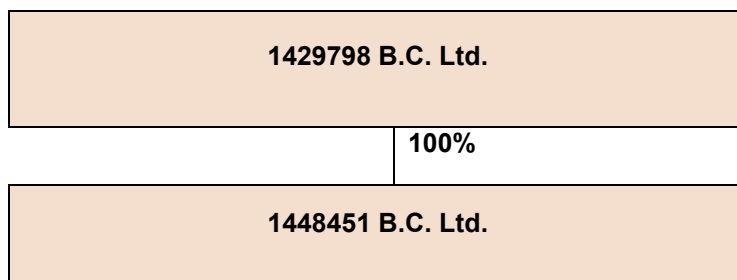
The Corporation was incorporated on July 25, 2023, under the BCBCA. The Corporation’s head office is located at 220-333 Terminal Avenue, Vancouver, BC, V6A 4C1 and its registered and records office is located at 2700-1133 Melville St, Vancouver, BC V6E 4E5.

Name, Address, and Incorporation of BluSky

BluSky was incorporated on May 26, 2021, under the Connecticut Business Corporations Act.

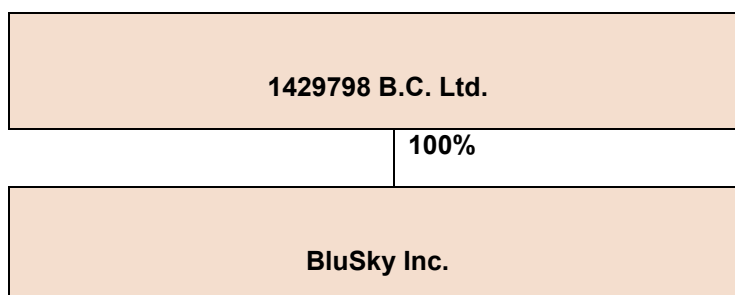
BluSky’s head office is located at 35 Research Parkway, Old Saybrook, CT, 06475, United States and its registered and records office is located at 19 Townwoods Road, Ivoryton, CT, 06442, United States.

Intercorporate Relationships and Subsidiaries



The Corporation incorporated its wholly-owned subsidiary, Acquireco, under the BCBCA on November 7, 2023.

Below is a chart depicting the organizational structure, assuming successful completion of the Arrangement Transaction. See “*The Arrangement Transaction*”.



DESCRIPTION OF THE BUSINESS

Corporation History

The Corporation has been active in establishing strategic relationships towards executing the goal of acquiring assets and businesses in the carbon capture technology sector (through the Arrangement Transaction). The Corporation does not currently have any operations.

Financings

- On July 25, 2023, the Corporation issued one (1) Common Share at a price of \$0.01 per Common Share for total proceeds of \$0.01 pursuant to incorporation.
- On October 19, 2023, the Corporation issued a total of 15,230,000 units at a price of \$0.05 per unit (“**\$0.05 Units**”) for total proceeds of \$761,500 pursuant to a non-brokered private placement (the “**\$0.05 Unit Financing**”). Each unit was comprised of one (1) Common Share and one-half (1/2) of one Common Share purchase warrant (“**\$0.10 Warrant**”). Each \$0.10 Warrant will entitle the holder to purchase one Common Share at an exercise price of \$0.10 per Common Share for a two (2) year period from the date of issuance (“**\$0.10 Warrant Share**”).
- On December 15, 2023, the Corporation issued a total of 6,231,859 units at a price of \$0.30 per unit (“**\$0.30 Units**”) for total proceeds of \$1,869,558 pursuant to a non-brokered private placement (the “**0.30 Unit Financing**”). Each unit was comprised of one (1) Common Share and one-half (1/2) of one Common Share purchase warrant (“**\$0.50 Warrant**”). Each \$0.50 Warrant will entitle the holder to purchase one Common Share at an exercise price of \$0.50 per Common Share for a two (2) year period from the date of issuance (“**\$0.50 Warrant Share**”).

Arrangement Transaction

The Corporation entered into the Arrangement Agreement on November 10, 2023, as amended, whereby BluSky and Acquireco shall complete the Merger and the surviving company shall become a wholly-owned subsidiary of the Corporation, and in consideration for the Merger, the Corporation will issue up to 25,545,489 Consideration Shares and up to 522,745 Consideration Warrants to the BluSky Shareholders and BluSky Warrantheolders, respectively, to be distributed pro rata to each of the BluSky Securityholders in accordance with their relative ownership of BluSky, subject to adjustment in the manner and circumstances contemplated by the Arrangement Agreement, on the basis set out in the plan of arrangement. The Merger will be completed in connection with, and concurrently with, the completion of the Arrangement Transaction. The Arrangement Transaction with BluSky is at arm's length with the Corporation.

Closing of the Arrangement Transaction is subject to, among other things:

- (a) receipt of all required governmental, regulatory, shareholder and third-party approvals necessary to complete the Arrangement Transaction;
- (b) the conditional approval of the CSE for the Listing, with Listing subject to fulfilling the customary listing requirements of the CSE;
- (c) completion of the Concurrent Financing; and
- (d) the restructuring of the Resulting Issuer's Board and management to consist of three (3) director nominees of the Corporation, and two (2) director nominees of BluSky. William Hessert shall be appointed as CEO, and Andrew Duval shall be appointed as CFO.

The Corporation notes that the restructuring of the Corporation's Board and management will occur concurrently with the completion of the Arrangement Transaction. The proposed nominees have not yet been finalized. The \$0.05 Unit Financing closed October 19, 2023 and the \$0.30 Unit Financing closed December 15, 2023. The Unit Offering is anticipated to close in May of 2024. Receipt of all regulatory, shareholder and third-party approvals required to complete the Arrangement Transaction have been obtained, apart from conditional approval of the CSE for Listing. The respective applications and process for the Listing and obtaining the Final Receipt for the Final Prospectus are underway.

In addition, in connection with the Arrangement Transaction, the Resulting Issuer will enter into executive employment agreements with Messrs. Hessert and Duval. See "*Executive Compensation – Employment, Consulting and Management Agreements*" and "*Termination and Change of Control Benefits*".

As a result of the Arrangement Transaction, BluSky will become a wholly-owned subsidiary of the Corporation and the business of BluSky will be the core business of the Corporation.

Prior to completion of the Arrangement Transaction, none of the BluSky Shareholders will have any direct or indirect ownership interest in the Corporation. Following completion of the Arrangement Transaction, the BluSky Shareholders will no longer have any direct ownership interest in BluSky, but will own approximately 54.34% of the issued and outstanding Common Shares on a non-diluted basis. See "*Consolidated Capitalization*".

The Corporation intends to close the Arrangement Transaction concurrently with the issuance of the Final Receipt.

The head office of the Corporation following closing of the Arrangement Transaction will be located at 35 Research Parkway, Old Saybrook, CT, 06475, United States and its registered and records office will continue to be located at 2700-1133 Melville St, Vancouver, BC V6E 4E5.

Promissory Note

On September 15, 2023 and as amended on October 31, 2023, December 4, 2023, December 18, 2023, and February 15, 2024 in connection with the Arrangement Transaction, the Corporation entered into a secured promissory note and loan agreement with BluSky with a principal balance of \$675,565 (US\$500,000) (the "**Note**"). The Note bears 12% interest per annum and is guaranteed by a general security agreement that ranks the Note senior to all current and future unsecured debt and other liabilities and any future debt of BluSky, and ranks in priority to all equity securities of the BluSky. The Note is due on February 29, 2024, if the Arrangement Transaction is not completed by March 15, 2024, and unless otherwise extended by mutual written agreement.

General Security Agreement

On September 15, 2023, the Corporation, as the secured party, and BluSky, as grantor, entered into a general security agreement (the "**GSA**") in connection with the Note. Pursuant to the GSA, BluSky granted to the Corporation, as security for all indebtedness, liabilities and obligations of any kind of BluSky to the Corporation under the Note, a security interest in all of BluSky's right, title or interest in all of the present

and after-acquired personal property, assets and undertaking of BluSky, including all accounts, money, personal property, goods and all proceeds of the secured property. The secured property becomes payable to the Corporation upon an event of default.

BluSky History

BluSky was incorporated on May 26, 2021, under the Connecticut Business Corporations Act. On May 26, 2021 and September 29, 2023, BluSky distributed 1,000 common shares and 4,000 common shares, respectively, to certain officers and employees of BluSky.

BluSky Financings

- On [◆], 2024, BluSky issued a total of 213.3653 units at a price of US\$1,078.00 per unit for total proceeds of US\$230,007.79 pursuant to a non-brokered private placement (the “**BluSky Financing**”). Each unit was comprised of one (1) BluSky Share and one-half (1/2) of one BluSky Share purchase warrant (“**BluSky Warrant**”). Each BluSky Warrant will entitle the holder to purchase one BluSky Share at an exercise price of \$1,788.50 per BluSky Share for a two (2) year period from the date of issuance.

Business of the Corporation Post-Arrangement Transaction

Assuming successful completion of the Arrangement Transaction, the business of the Resulting Issuer will be the business of BluSky.

BluSky is a renewable energy company, that primarily aims to (1) construct carbon removal equipment; (2) sell the biochar produced by the carbon removal equipment; and (3) sell carbon credits generated from the production of biochar. The business model is based on the growing need for carbon neutrality and the global demand to reduce carbon dioxide (“CO₂”). In order to prevent and reverse climate change, emissions must not just be reduced, they must also be removed from the atmosphere. BluSky is dedicated to both: it produces renewable energy while capturing CO₂ through the pyrolytic conversion of organic waste into biochar (biochar manufacturing) and industrial wastes into carbonate rocks (carbon mineralization).

As trees and plants grow, they take CO₂ out of the atmosphere and absorb carbon to build plant structures; likewise, when they die, they decompose and return carbon into the atmosphere as CO₂. This is called the carbon cycle. BluSky’s approach is to use the carbon freely captured by nature and prevent it from going back into the atmosphere. The process begins with pyrolysis where organic waste is heated up in a pyrolysis chamber to very high temperatures with very low oxygen levels. BluSky is anticipating scaling its capacity through the use of a much larger pyrolysis system, the Vulcan Heavy, which is under construction as of this writing.

BluSky works with local municipalities and businesses to procure brush waste, which is mostly wood by mass. When undergoing pyrolysis, this waste splits apart into a char and a gas. The char is known as biochar, and the carbon inside of it will stay in the soil for thousands of years. Among its purposes, biochar can act as a fertilizer, enhance concrete, improve asphalt, and filter water. BluSky anticipates selling the biochar produced by this mechanism to various potential purchasers described in the section titled “*Market Needs*” below.

The gas in turn will go into a condenser and be used to power the pyrolysis and provide surplus energy for BluSky’s system. When the gas is combusted, it leaves a solid stream of CO₂ that BluSky can mix with minerals to turn carbon into solid rock, otherwise known as carbonate rock. Any oils collected inside the chamber will be further refined into biocrude, which can be burned for energy or sold. The surplus energy will also be used to capture more CO₂ from the atmosphere (carbon solution) and turn the carbon into more rock (carbonate solution). This hybrid approach is designed to be capital efficient and scalable to better address climate change. BluSky will continue to work toward capturing gigatons of carbon every year, with the intent of building a larger carbon removal facility by 2024.

In addition to biochar manufacturing and carbon mineralization, BluSky’s business also includes the construction of, and upgrades to, carbon removal equipment. Currently, BluSky has entered into an agreement with the City of Minneapolis to provide biochar machinery to convert city tree waste into biochar.

BluSky will upgrade an existing system (a BST-05 carbonization unit from Beston Group Co., Ltd. (“Beston Group”), a China-based company that produces pyrolysis machines, with automation, safety features, and cloud monitoring and deliver it to the City of Minneapolis in early 2024. BluSky will be delivering the upgraded pyrolysis system to the City of Minneapolis for US\$575,000, with an additional US\$10,000 fee for delivery. BluSky will provide consultation on the set-up, operation and maintenance of the system, but the responsibility for the system lies with the City of Minneapolis.

Based on internal projections, BluSky anticipates that 50% of its revenue will be from carbon credits in general, 30% from equipment sales, 15% from biochar, and 5% from other byproducts, such as biocrude, carbonate rocks, and surplus energy. BluSky will continue to seek opportunities to sell carbon credits through brokers and to sell equipment to municipal governments; however, its aim is to be profitable primarily off carbon credits generated from the production of biochar given the supply constraint in the market. Currently, potential carbon credit clients are large corporations purchasing through a brokerage, while potential clients interested in equipment are primarily governmental entities and medium to large size enterprises.

Market Needs

The disposal of organic waste costs companies and governments large sums of money. This waste is often sent to landfills where it contributes to methane emissions and climate change, or to garbage incinerators where it contributes to air pollution. BluSky believes that offering pyrolysis systems as a service or offering pyrolysis machinery directly to end users is a profitable, environmentally-friendly, and carbon-negative alternative to existing means of organic waste disposal.

The global biochar market size was valued at US\$507.2 million in 2022 and is expected to grow at a compound annual growth rate (CAGR) of 12.1% from 2023 to 2030.¹ The growth of the market is driven by the increasing demand for biochar from a variety of applications, such as soil amendment, water filtration, and carbon sequestration (the process of capturing and storing atmospheric carbon dioxide). Biochar is a carbon-rich material that is produced from the pyrolysis of biomass. It has a number of beneficial properties, including the ability to improve soil quality, reduce water pollution, and sequester carbon.

As water needs increase, soil health degrades, and fertilizer prices spike, biochar provides a possible solution to the issues facing agriculture around the world. Biochar acts as a soil amendment that helps soil retain both water and fertilizer, reducing the needs for both. Biochar can also improve crop yields, reduce nutrient loss, and improve soil health. The alternative market uses for biochar include but are not limited to: water filtration, conversion to graphite and activated carbon, uses as a building material, and uses as an energy product.

If biochar is not properly produced, it can introduce heavy metals or polycyclic aromatic hydrocarbons (“**PAHs**”) into soil, contaminating it. Additionally, the pH of the biochar may disrupt the pH of the soil biochar is added into. To mitigate these risks, BluSky is undergoing certification processes to ensure the proper pH and required non-toxicity. BluSky is currently working with a carbon credit certification broker to determine the best certification process for the Resulting Issuer.

CO₂ removal (“**CDR**”) is the process of taking CO₂ out of the air and sequestering it, so it does not release back into the atmosphere. This is a process that contributes to the reversal of climate change. The United Nations (“**UN**”) Intergovernmental Panel on Climate Change (“**IPCC**”) has said in their annual report that in order for the world to avoid the worst effects of climate change and keep global warming below 1.5°C, the world will need to remove billions of tonnes of CO₂ from the atmosphere annually by 2050.² As companies and nations work to hit their climate goals, CDR is becoming a larger part of their strategy. Many companies have made advanced market commitments for CDR technology and are investing heavily in CDR suppliers to help reduce their corporate carbon footprints. Companies in the European Union (“**EU**”) are seeking CDR suppliers to deal with the growing need to decarbonize under the new regulatory frameworks for medium-to-large sized European enterprises.

¹ <https://www.grandviewresearch.com/industry-analysis/biochar-market>.

² <https://www.ipcc.ch/report/ar6/syrl/>.

Wood Waste Producers

BluSky anticipates selling biochar to organizations that produce wood waste, such as sawmills, paper mills, and forest product companies. BluSky expects that these organizations can use biochar to improve the quality of their soil, reduce their water pollution, and offset their carbon emissions. For example, a sawmill could use biochar to improve the drainage and aeration of its soil, which could lead to increased crop yields. A paper mill could use biochar to remove pollutants from its wastewater, which could help it meet environmental regulations.

Biochar buyers

BluSky also anticipates selling biochar to organizations that do not produce their own wood waste but would like to use biochar for its beneficial properties. These organizations include farmers, landscapers, and environmental remediation companies. For example, a farmer could use biochar to improve the fertility of their soil, which could lead to increased crop yields. A landscaper could use biochar to improve the drainage and aeration of their soil, which could help their plants grow healthier. An environmental remediation company could use biochar to help clean up contaminated soil or water.

While BluSky believes that the potential markets for biochar are massive in scope and growing, the majority of the current biochar market in the United States appear to be dominated by agricultural buyers. Agriculture made up 78.8% of biochar revenue in the United States in 2022 given its ability to organically improve crop yields.³

Pyrolysis machine buyers

BluSky also anticipates selling pyrolysis machines to organizations that want to produce their own biochar. These organizations include farmers, businesses, and governments. For example, a farmer could use a pyrolysis machine to convert their own wood waste into biochar, which they could then use to improve the quality of their soil. A business could use a pyrolysis machine to produce biochar for use in their own operations, such as in their wastewater treatment system. A government could use a pyrolysis machine to produce biochar for use in public projects, such as in the restoration of contaminated soil.

BluSky currently upgrades machines produced by Beston Group, bringing the machines up to the safety, automation, and technological standards expected of advanced manufacturing machinery used in the United States. BluSky is working to have a proprietary system developed and functional by the end of January 2024, which will allow BluSky to be able to control its supply chain to a greater degree.

BluSky's principal market is expected to be in North America.

Production and Services

BluSky's pilot facility will capture CO₂ in two main ways: conversion of organic waste into biochar and conversion of industrial wastes into carbonate rocks through a process called pyrolysis. The process of pyrolysis has four main steps using reactors and distillation equipment: (1) dissolution of industrial waste in acid to extract minerals; (2) capture of flue gas from CO₂ in an alkaline solvent; (3) mixture of the solvent and minerals to create carbonates; and (4) regeneration of solvent and acid.

Biochar manufacturing is the process of converting biomass (organic waste, in BluSky's case) into organic char to be used as a soil amendment. This generates revenue both from the sale of char and the sale of carbon credits off the char, which BluSky anticipates selling through a carbon credit certification brokerage.

For the smooth conversion of biomass into organic char, the biomass undergoes feedstock pretreatment, which typically includes grinding and drying the biomass before pyrolysis. BluSky is currently in discussions with a potential manufacturing partner, Beston Group, capable of producing grinding and drying equipment for its needs.

³ <https://www.grandviewresearch.com/industry-analysis/biochar-market>.

Grinding makes the material a uniform maximum size which prevents large pieces from jamming machinery and causing facility downtime. Additionally, if rocks or other debris are in the feedstock, grinding will remove them before they can cause serious damage downstream. This is why BluSky focuses on biomass grinding instead of shredding and chipping, which is an alternative to grinding: rocks wear a grinder but break a chipper.

Drying means less energy will be needed during the pyrolysis process. All moisture in biomass must evaporate before pyrolysis can occur. Accordingly, if feedstock is too moist, it could cause incomplete pyrolysis which worsens product quality, can stop the energy production needed to sustain the reaction, and even damage machinery if too much evaporated water is condensing, causing overflows.

As part of BluSky's carbon mineralization and direct air capture processes, it will also work with companies with permitting to properly transport and dispose hazardous materials between locations and within its facility. The energy generated from pyrolysis creates a stream of CO₂ that can be mixed with the mineral present in industrial wastes to securely sequester it. BluSky anticipates that the industrial waste will be initially supplied by local concrete and cement manufacturers and recyclers.

Interconnected System

One of the main causes of climate change is the act of removing sequestered carbon from underground, in the form of oil, and burning it. Through farming and other land use, humans have also depleted the carbon content in soils around the world. BluSky continues to develop its proprietary technology, being an interconnected system of three machines and mechanisms called the Vulcan (specifically the Vulcan Heavy), the Medusa, and the Kronos, to replace this lost carbon, improve crop yields, boost water retention and sequester CO₂ at the same time. Accordingly, the Vulcan series produces surplus energy from captured CO₂, which powers the Kronos to capture more CO₂ from the atmosphere. The CO₂ captured from both the Vulcan series and the Kronos will then be turned into carbonate rock by the Medusa. Throughout the pyrolysis process, biochar, bioenergy, and biocrude oil are also being produced.

This interconnected system is a novel approach, intended to reduce complexities in the system and to make BluSky more capital efficient and scalable to capture more carbon. Using its interconnected system, BluSky hopes to:

- create biochar, a biological charcoal-like material, by heating waste biomass in the absence of oxygen. For every tonne of biochar put in the soil, 2.7 tonnes of CO₂ will be sequestered securely for over a century.
- convert waste biomass into combustible gases to produce carbon-neutral power. This waste biomass would have decomposed and returned its carbon to the atmosphere, so harnessing it for power is considered low-to-zero emissions. BluSky will not only produce these biogases, but it will also capture the CO₂ coming off the process and convert it to carbonate minerals that will lock away the carbon for millions of years.
- produce a crude, low-energy bio-oil that crystallized underground in order to return oil to the wells it was extracted from, securely remaining for thousands of years.

Vulcan

BluSky has two models in its Vulcan series, being the Vulcan II and the Vulcan Heavy, both of which pyrolyze large amounts of biomass quickly to produce biochar and bioenergy of varying outputs. Vulcan II is currently operational and it is anticipated that Vulcan Heavy will be operational by the end of April 2024. Shipping arrangements for the Vulcan Heavy are currently being made as of the date of this writing. As designed and proposed, the Vulcan series is expected to be able to produce a portion of its own energy.

More than 30% of municipal waste is organic. In 2018, 39.9% of municipal solid waste in the United States was food waste, wood, and yard trimmings,⁴ meaning that it will likely, when landfilled, decompose into

⁴ <https://css.umich.edu/publications/factsheets/material-resources/municipal-solid-waste-factsheet#:~:text=23>

methane, a greenhouse gas more potent than CO₂. Additionally, there are millions of tonnes of brush waste, tens of millions of tonnes of forestry waste, and billions of tonnes of crop residues produced every single year around the world. By potentially harnessing some of this waste biomass and converting it into sequestered carbon, BluSky hopes to reduce methane emissions and capture CO₂.

Vulcan II and Heavy allow for rapidly-deployed, low-cost pyrolysis systems to produce large quantities of high-quality biochar, collect crude bio-oil, and capture biosyngas for power generation. The Vulcan II, in particular, is an upgrade to an existing biochar machine, the Beston Group BST-05 carbonization unit, and will be sold to the City of Minneapolis. It has a smaller output than the Vulcan Heavy, which is the largest of the Vulcan series. The Vulcan Heavy is a large and continuous rotary kiln pyrolysis system, which converts organic waste to biochar and energy, and is an upgrade to an existing biochar machine, the Beston Group BST-50 carbonization unit. Beston Group has provided oral consent to allow for the upgrading and reselling of its equipment and BluSky expects to enter into a formal contract with Beston Group in the near future.

Not all organic waste makes great biochar. For instance, food waste is so variable that it cannot be a consistently great feedstock. Waste like food waste goes through a process called hydrothermal liquefaction which produces an oil that can be refined into biofuels and other positive byproducts. BluSky anticipates using these fuels to reduce emissions in its operations to capture a greater net amount of carbon.

Turning organic waste into biogas through anaerobic digestion is not a new concept. Typically within 30 to 60 days, organic waste becomes methane, CO₂, and compost. Through its Vulcan series, BluSky hopes to speed up this process to under a week, to separate out the CO₂, to convert the methane into electricity and more CO₂, and then to mineralize the carbon emissions so they become stable carbonates.

BluSky's potential ability to pyrolyze large amounts of biomass as quickly as possible is the key to scaling out carbon capture technology. It intends to sell the Vulcan series, primarily the Vulcan II or Heavy, to municipal governments. Currently, the City of Minneapolis has purchased the Vulcan II series, with the purchase order to be fulfilled in 2024.

Medusa and Kronos

BluSky continues to develop and improve its proprietary carbon mineralization technology that can take CO₂ from flue gases and turn it into stone. BluSky can use this to make its biogases a source of carbon-negative power, capture and reduce emissions from fossil fuel power plants and extract valuable metals like nickel and cobalt from the process.

The Medusa was built in-house by BluSky to convert gaseous CO₂ into carbonate rocks, with the first prototype completed in mid-2023. Accordingly, it takes CO₂ out of exhaust from bioenergy from the Vulcan to form a dense stream of CO₂, levels of which are further increased through the push of massive amounts of air from a large fan. BluSky has constructed a larger module. The Medusa system has functioned on a prototype scale. A larger scale version of the Medusa is under development with an anticipated completion in January of 2024. This larger scale Medusa system will directly connect to BluSky's existing Vulcan II system to mineralize the CO₂ leaving the Vulcan II's exhaust stream.

The Kronos is a modified version of the Medusa system to remove further CO₂ from the atmospheric air using the surplus energy from the Vulcan. The first commercial-sized Kronos system is anticipated to be functional in May of 2024.

Growth Strategy

BluSky is developing technology to aid in the reaching of the 2050 IPCC carbon capture goal of 10 billion tonnes per year by storing the Earth's excess CO₂ in soil, rocks, and wells. In order to process material at a larger scale than the capability of its pilot facility, BluSky seeks to upgrade its pyrolysis units to largely include additional sensors for temperature and pressure; automatic safety shut off; automated gas flow redirect; exhaust system extension; pyrolysis gas condenser/biocrude collection; and cloud-based monitoring and controls. BluSky will also look toward the removal of biocrude oil vapors through a condenser system. These vapors can be sold to refiners or other carbon removal companies. Leaving such

vapors in the system would otherwise worsen carbon capture potential and potentially worsen the emission standards of the machinery.

BluSky is further looking to expand its facility to provide the necessary industrial space for new equipment and office space to scale the team.

Contractors, Specialized Skills, and Knowledge

As of the date of this Prospectus, the Corporation has no employees. The operations of the Corporation are otherwise managed by its directors and officers. However, pursuant to the Arrangement Agreement, Messrs. Hessert and Duval will enter into employment agreements with the Resulting Issuer. See “*Executive Compensation - Employment, Consulting and Management Agreements*” and “*Termination and Change of Control Benefits*”.

As of the date of this Prospectus, BluSky has a staff of 5 full-time employees and approximately 20 part-time contractors. BluSky often enlists the help of contractors for various projects, including for metal fabrication, welding, electrical work, plumbing work, heavy machinery, and construction management, so this number is subject to change.

The nature of BluSky’s business requires specialized skill and knowledge, including expertise in carbon capture technology, engineering, carbon markets, finance, operations, marketing, design and content creation. Increased competition for personnel may make it more difficult to hire and retain competent contractors and consultants and may affect BluSky’s ability to grow at the pace it desires. However, BluSky does not currently anticipate any significant difficulties in locating and retaining appropriate personnel by offering them moving benefits.

Competitor Comparison

Following completion of the Arrangement Transaction, the Resulting Issuer will be competing with a range of different entities. The services of BluSky currently compete with other entities that are providing carbon capture solutions, services and products.

Examples of some entities currently operating in businesses similar to the Resulting Issuer upon completion of the Arrangement Transaction are as follows:

Competitor	Description of Business	Operations Location	Exchange
Climeworks	Climeworks complements emission reductions efforts by removing a company’s residual and/or historic emissions to get to net zero.	Switzerland, Iceland	Private Company
Charm Industrial	Charm Industrial uses plants to capture CO ₂ from the atmosphere. Charm Industrial converts biomass into a stable, carbon-rich liquid and then pump it deep underground. This removes CO ₂ permanently from the atmosphere, out of reach of wildfires, soil erosion and land use change.	California, United States	Private Company
Global Thermostat	Global Thermostat is developing direct air capture (“DAC”) technologies to unlock new air-based sources of carbon for the global economy and to address climate change at scale.	Colorado, United States	Private Company
Carbon Engineering	Carbon Engineering is developing and deploying DAC technology to capture CO ₂ out of the atmosphere.	British Columbia, Canada	Private Company

Upon completion of the Arrangement Transaction, the Resulting Issuer will be well-placed in the U.S. carbon capture industry, which is a relatively nascent industry. Current competitive technologies such as DAC or geological sequestration are costly and require a lot of energy and complex infrastructure to be able to scale to the global demand. For example, certain competitors use separate processes or third parties to inject the carbon underground to turn it into rock. Conversely, BluSky's hybrid approach is custom-built with an aim to reduce costs and to scale rapidly by turning carbon into rock within its reactor, rather than injecting it into the ground. BluSky expects to scale in its new, larger facility at 35 Research Parkway, Old Saybrook, CT, United States. In addition, BluSky is able to produce energy itself by using its Vulcan series, whereas its competitors use processes that are more energy intensive.

The majority of carbon removal technology is solely focused on DAC, which uses chemical or physical processes to take carbon dioxide directly out of the atmosphere. This is typically done forcing large amounts of atmospheric air over chemicals that absorb the carbon dioxide. A large amount of electrical energy is required to draw in massive amounts of atmospheric air. Usually, a large amount of thermal energy is needed to remove the carbon dioxide from the absorbent and regenerate the absorbing material. This process can require upwards of 2,600 kWhs to capture a single tonne of carbon dioxide from the atmosphere.⁵

Because BluSky anticipates that it will be able to produce nearly all of its required energy through its processes, BluSky would require significantly less energy inputs than the majority of other carbon removal processes.

Proprietary Protection

As of the date of this Prospectus, neither the Corporation nor BluSky relies on trade secrets or proprietary knowledge. Following completion of the Arrangement Transaction, the Resulting Issuer will rely on the filing of its patent applications for its proprietary systems, including the Medusa, Vulcan and Kronos systems, as described herein, as well as potential patent applications for a hybrid pyrolysis, DAC, and carbon mineralization system. See intellectual property protection under "*Use of Proceeds*".

BluSky has engaged intellectual property attorneys to review its processes. This process was only recently initiated due to availability of funds. After reviewing the existing patent landscape, BluSky is moving forward with the filings of its patent applications for the Medusa and Kronos systems. The remaining systems and processes are undergoing a review of the existing patent landscape currently.

Economic Dependence

BluSky is not economically dependent on any customers.

Though BluSky is not dependent on any one service provider, the following are key to BluSky's business: (1) the City of Minneapolis, with respect to its Purchase Order (hereinafter defined) with BluSky for the acquisition and delivery of the Vulcan II system, a Beston Group BST-05 carbonization unit with a custom reactor to which BluSky will add automation, safety features, and cloud monitoring to as part of its improvements; and (2) Beston Group, with respect to its proforma invoices to BluSky for the acquisition of the BST-05 and BST-50 carbonization plants for the Vulcan II and Vulcan Heavy systems, respectively. These are both material contracts of BluSky, though BluSky has pre-significant revenue at this time.

Cycles

The Corporation believes that the carbon capture technology sector will not suffer from cyclical or seasonal variances.

Foreign Operations

BluSky is based in the State of Connecticut in the U.S. and has operations therein. BluSky carries on its business in the U.S. Accordingly, following completion of the Arrangement Transaction, the Corporation's business operations will be carried on in the U.S., and its BluSky subsidiary will be primarily located in the

⁵ <https://www.iea.org/energy-system/carbon-capture-utilisation-and-storage/direct-air-capture>

State of Connecticut in the U.S. with operations conducted therein. BluSky is also in discussion for potential partnerships to expand in North America, Europe and South America since many carbon credit clients are international. At this time, such expansions have undefined timelines and will depend on expertise and economic conditions, among other factors.

Bankruptcy and Similar Procedures

The Corporation has not been involved in any bankruptcy, receivership or similar proceedings or any voluntary bankruptcy, receivership or similar proceedings since incorporation or completed during or proposed for the current financial year.

To the knowledge of the Corporation, BluSky has not been involved in any bankruptcy, receivership or similar proceedings or any voluntary bankruptcy, receivership or similar proceedings since incorporation or completed during or proposed for the current financial year.

Social and Environmental Policies

As of the date of this Prospectus, the Corporation has not implemented any social or environmental policies that are fundamental to the Corporation's operations. While BluSky does not have a formal social or environmental policy, it is working toward an affirmative action policy and continually tracks its carbon emissions and carbon footprint.

USE OF PROCEEDS

Funds Available

Upon completion of the Offering, the Corporation expects to receive gross proceeds of \$3,000,000 in the case of the Minimum Offering and \$5,000,000 in the case of the Maximum Offering (assuming no exercise of the Over-Allotment Option). The estimated net proceeds of the Offering, after deducting the balance of the Corporate Finance Fee payable, the Agent's Commission and payment of the remaining costs of the Offering, assuming no President's List purchasers (estimated to be \$455,000 for the Minimum Offering and \$605,000 for the Maximum Offering), are \$2,555,000 in the case of the Minimum Offering and \$4,395,000 in the case of the Maximum Offering. Estimated expenses of the Offering are set out in the table below.

The proceeds of the Offering will be combined with the Corporation's working capital of approximately \$1,127,309 as at January 31, 2024.

Source of Funds	Available Funds	
	Minimum Offering	Maximum Offering
Gross proceeds from the Offering	\$3,000,000 ⁽¹⁾	\$5,000,000 ⁽¹⁾
Less: Agent's Commission	\$240,000	\$400,000
Less: Corporate Finance Fee payable, including GST	\$55,000	\$55,000
Less: Remaining Costs and Expenses of Offering ⁽²⁾	\$150,000	\$150,000
Net Proceeds	\$2,555,000	\$4,395,000
Working capital	\$932,309	\$1,282,309
Total	\$3,682,309	\$5,522,309

Notes:

- (1) This amount excludes the proceeds to the Corporation from the issuance of Additional Units that may be issued upon the exercise of the Over-Allotment Option.
- (2) This amount, amongst other items, includes the Agent's expenses including legal expenses and out of pocket reasonable expenses.
- (3) This amount represents the estimated net proceeds of the Offering (assuming no exercise of the Over-Allotment Option and assuming no President's List Purchasers) after payment of the Agent's Commission,

Corporate Finance Fee and the estimated expenses of the Offering. In the event that the Over-Allotment Option is exercised, the Corporation intends to use the additional proceeds for working capital.

The Corporation had a negative operating cash flow for the year ended August 31, 2023. The Corporation has allocated a certain percentage of the proceeds from the Offering to fund negative cash flow from its most recently completed financial period. To the extent that the Corporation has negative operating cash flow in future periods, it may need to allocate a portion of its cash reserves to fund such negative cash flow. The Corporation may also be required to raise additional funds through the issuance of equity or debt securities. There can be no assurance that the Corporation will be able to generate a positive cash flow from its operations, that additional capital or other types of financing will be available when needed or that these financings will be on terms favourable to the Corporation (see “*Risk Factors — Negative cash flows and going concern*”)

BluSky has spent a portion of the funds raised to date. BluSky ordered a BST-50 carbonized system from Beston Group that includes propane burners, conveyor belts, a trommel screen and a rotary dryer. This system requires a 30% deposit to begin construction. BluSky has received regular updates on its construction and the system is anticipated to be completed by the end of December 2023 and delivered to BluSky by mid to late February 2024. BluSky also paid a deposit to begin construction on a BST-05 carbonized system along with accompanying propane burners, grinder and dryer for its purchase order with the City of Minneapolis, with completion expected by the end of April 2024, and delivery expected by May 2024. Funds were also spent on rent, payroll, marketing, legal fees and other administrative items.

The Corporation intends to spend the funds available to it as stated in this Prospectus. There may be circumstances however, where, for sound business reasons, a reallocation of funds may be necessary. Due to the uncertain nature of the industry in which the Resulting Issuer will operate, projects may be frequently reviewed and reassessed. Accordingly, while it is currently intended by management that the available funds will be expended as set forth above, actual expenditures may in fact differ from these amounts and allocations (see “*Risk Factors*”).

Principal Purposes

The Resulting Issuer’s primary business objectives and milestones over the next twelve (12) months, assuming the closing of the Arrangement Transaction, are the following:

Principal Purposes	Estimated Cost	
	Minimum Offering	Maximum Offering
Facility expansion	\$660,000 ⁽¹⁾	\$845,000 ⁽²⁾
Market expansion	\$430,000 ⁽³⁾	\$680,000 ⁽⁴⁾
Execution of marketing program	\$1,000,000 ⁽⁵⁾	\$1,500,000 ⁽⁶⁾
Research and development	\$250,000 ⁽⁷⁾	\$375,000 ⁽⁸⁾
System upgrade	Nil	\$430,000 ⁽⁹⁾
General administrative expenses	\$410,000 ⁽¹⁰⁾	\$410,000 ⁽¹⁰⁾
Unallocated working capital	\$932,309	\$1,282,309
TOTAL	\$3,682,309	\$5,522,309

Notes:

- (1) Facility expansion expenses in the event of the Minimum Offering include: (i) \$305,000 for facility expenses; (ii) \$335,000 for expansion of modular systems at site; and (iii) \$20,000 for completing carbon credit certification.
- (2) Facility expansion expenses in the event of the Maximum Offering include: (i) \$305,000 for facility expenses; (ii) \$520,000 for expansion of modular systems at site; and (iii) \$20,000 for completing carbon credit certification.
- (3) Market expansion expenses in the event of the Minimum Offering include: (i) \$400,000 for hiring sales staff for leasing and sales of equipment in Canada and U.S.; and (ii) \$30,000 for introduction of sales enablement technologies.
- (4) Market expansion expenses in the event of the Maximum Offering include: (i) \$650,000 for hiring sales staff for leasing and sales of equipment in Canada and U.S.; and (ii) \$30,000 for introduction of sales enablement technologies.
- (5) Execution of marketing program expenses in the event of the Minimum Offering include: (i) \$870,000 for marketing outreach to create investor awareness; and (ii) \$130,000 for branding development to increase awareness of product through direct account marketing.
- (6) Execution of marketing program expenses in the event of the Maximum Offering include: (i) \$1,250,000 for marketing outreach to create investor awareness; and (ii) \$250,000 for branding development to increase awareness of product through direct account marketing.
- (7) Research and development expenses in the event of the Minimum Offering include \$250,000 for finalized design of (i) in-house Vulcan construction (next generation pyrolysis system) and (ii) conversion of biochar to graphite.
- (8) Research and development expenses in the event of the Maximum Offering include \$375,000 for finalized design of (i) in-house Vulcan construction (next generation pyrolysis system), (ii) conversion of biochar to graphite, and (iii) production of bioconcrete.
- (9) System upgrade expenses in the event of the Maximum Offering include: (i) \$400,000 expansion of Medusa carbon mineralization system; and (ii) \$30,000 expansion of Kronos DAC system.
- (10) General administrative expenses consist of advertising, salaries, rent, professional fees, office expenses, and miscellaneous expenses. See “Administrative Costs” below.

The Corporation may decide to raise more funds through additional equity financings in the next 12 months, if the Board believes it is in the best interest of the Corporation to do so, which may result in dilution of prospective Purchasers’ shareholders. There are no assurances that the Corporation will be able to raise such funds on terms acceptable to the Corporation or at all.

The Corporation intends to spend the net funds available to it as stated in this Prospectus. Notwithstanding the foregoing, there may be situations where, due to change of circumstance, outlook, research results and or business judgment, reallocation of funds is necessary in order for the Corporation to achieve its overall business objectives.

Administrative Costs

Upon completion of the Offering, the Corporation’s working capital available to fund ongoing operations will be sufficient to meet its administrative costs for the following twelve (12) months. An estimate of the general and administrative expenses of the Corporation for the twelve (12) following the completion of the Offering is as follows:

Item	Budget
Insurance	\$13,000
Professional fees	\$150,000
Salaries	\$247,000
TOTAL	\$410,000.00

Business Objectives and Milestones

Assuming the completion of the Maximum Offering, the primary business objectives for the next fiscal year are:

Objectives⁽¹⁾	Estimated Timeline⁽⁹⁾	Estimated Cost
Facility Expansion		\$845,000
Facility expenses	Q2 2025	\$305,000 ⁽²⁾
Expansion of modular systems at site	Q2 2025	\$520,000 ⁽³⁾
Completion of carbon credit Certification	Q3 2024	\$20,000 ⁽²⁾
Market Expansion		\$680,000
Hiring of sales staff	Q2 2025	\$650,000 ⁽⁴⁾
Sales enablement technologies	Q2 2025	\$30,000 ⁽²⁾
Marketing & Outreach	Q1 2025	\$1,500,000⁽⁵⁾
Public Relations	Q1 2025	\$1,250,000
Branding Development	Q1 2025	\$250,000
Research and Development		\$375,000
Design for next generation Vulcan	Q4 2024	\$125,000
Conversion of biochar to graphite	Q2 2025	\$125,000
Production of bioconcrete	Q2 2025	\$125,000 ⁽⁶⁾
System Upgrades		\$430,000
Expansion of Medusa	Q2 2024	\$400,000 ⁽⁷⁾
Expansion of Kronos	Q2 2024	\$30,000 ⁽⁸⁾

Notes:

- (1) These objectives reflect the Corporation's current expectations and are subject to a number of known and unknown risks, uncertainties, and other factors which may cause the Corporation's actual results, performance or achievements to be materially different from the above short-term objectives listed above. See "Risk Factors".
- (2) This amount will be applicable to the Minimum Offering as well.
- (3) If the Corporation only reaches the Minimum Offering, the Corporation expects it will only use \$335,000 of the proceeds to complete the expansion of modular systems at site. In this scenario, the Corporation anticipates the Resulting Issuer may have insufficient funds to purchase an additional Vulcan Heavy system and, accordingly, intends to leave these funds allocated to alternatives to expand modular systems at site, including in connection with the improvement of existing modular systems.
- (4) If the Corporation only reached the Minimum Offering, the Corporation expects it will only use \$400,000 of the proceeds to complete the hiring sales staff milestone. In this scenario, the Corporation intends to build a smaller sales team than if the Maximum Offering is reached.
- (5) If the Corporation only reached the Minimum Offering, the Corporation expects it will only use \$1,000,000 of the proceeds to complete the Marketing & Outreach milestone. In this scenario, the Corporation intends to initiate reduced Marketing & Outreach efforts than if the Maximum Offering is reached.
- (6) If the Corporation only reached the Minimum Offering, the Corporation does not expect to use its proceeds to complete the production of bioconcrete.
- (7) If the Corporation only reached the Minimum Offering the Corporation does not expect to use its proceeds to complete the expansion of Medusa carbon mineralization system milestone.
- (8) If the Corporation only reached the Minimum Offering the Corporation does not expect to use its proceeds to complete the expansion of Kronos DAC system milestone.
- (9) Quarters indicated are based on fiscal year end of August 31.

Facility Expansion

The Resulting Issuer intends to expand into a new facility with a larger footprint to accommodate a larger office space and production center. The Resulting Issuer has secured a lease agreement for a space that will allow for the Resulting Issuer to centralize its team by having an office space and production center under the same roof. This increase in production space will allow the Resulting Issuer to expand modular systems on site, resulting in the improvement of BluSky's Vulcan system. The new facility will also allow BluSky to obtain its carbon credit certification.

Facility expenses

The Resulting Issuer intends to use a portion of the proceeds for facility expenses which includes rent and utilities for industrial space at 35 Research Parkway to be able to operate the machinery. This space will also come with office and meeting space to keep the team all near the production center. The centralization of the team will lead to better collaboration between departments.

Expansion of modular systems on the site

The Resulting Issuer intends to use a portion of the proceeds to add an additional Vulcan Heavy system to double the output of biochar and biochar carbon credits. This machine, like the current Vulcan model, will be initially constructed by Beston Group for 2 to 3 months. Once it is done, after approximately 45 days of shipping time, it will arrive at BluSky's facility. At that point, BluSky would take the next 3 weeks to assemble the machinery. BluSky will then take 1 to 2 weeks to replace and upgrade the entirety of the electronics, connect the system to the cloud, create safety protocols, improve emissions monitoring and standards, and make the system significantly more automated.

Completion of carbon credit certification

BluSky is currently working with a carbon credit certification broker to determine the best carbon credit certification process for the Resulting Issuer. There are multiple private accreditations for converting and capturing CO₂ through the production of biochar, all following similar processes. Initially, biochar samples are sent to an accredited lab, which will test the biochar's carbon and hydrogen content to help determine the amount of CO₂ captured in the biochar and its residence time (how long before the CO₂ is released). The lab will also test various other containments like polycyclic aromatic hydrocarbons, a toxin that can enter biochar in the production process if not produced properly, and heavy metals. Once testing is completed, auditors will ensure samples came from BluSky's machines. Existing software used to monitor, report, and verify BluSky's carbon captured on an ongoing basis is then integrated into BluSky's systems.

Market Expansion

Sales team

As part of the expansion of the Resulting Issuer's equipment production and sales, the Resulting Issuer intends to build a sales team. Many entities, largely municipal governments, forestry companies, and farms, have masses of organic waste that need to be disposed of and the Resulting Issuer's sales team will focus on finding decision makers in these entities and present the Resulting Issuer's products as a solution. The Resulting Issuer intends to employ a team of four (4), with three (3) full time employees and one (1) part-time employee if the Minimum Offering is achieved and a team of six (6), three (3) full time, two (2) part time employees with the addition of one (1) sales engineer if the Maximum Offering is achieved. The sales team will consist of sales consultants, who will educate decision makers and close equipment deals, and business development representatives, who will set appointments for the consultants and act as a lead generation engine for the Resulting Issuer. If the Resulting Issuer achieves the Maximum Offering, it will seek to hire a sales engineer with an engineering background to collaborate with consultants to provide technical expertise to both proposals and the sales process directly.

Sales Automation/Enablement

To improve the effectiveness of individual salespeople, the team intends to utilize certain tools and software. The Resulting Issuer will organize its sales team and marketing efforts around a Customer Relationship Management tool. From here, tools can be built to automatically call leads, leave voicemails, send follow-up emails, and more.

Marketing and Outreach

If the Minimum Offering is completed, the Resulting Issuer intends to allocate \$730,000 for marketing and outreach activities. The Resulting Issuer intends to use \$600,000 of the funds to engage investor relations

agencies and \$130,000 for branding development. If the Maximum Offering, the Resulting Issuer intends to allocate \$1,250,000 for marketing and outreach activities. The Resulting Issuer intends to use \$1,000,000 of the funds to engage investor relations agencies and \$250,000 for branding development.

Public Relations

The Corporation has hired Audience Marketing Inc, and may hire additional public relations agencies to assist the Resulting Issuer. These additional firms have not been engaged as at the date of this Prospectus. The Resulting Issuer intends to use \$870,000 for the cost of hiring public relations agency within four months of the IPO and if the Minimum Offering is reached, and \$1,250,000 if the Maximum Offering is reached.

Branding Development

The Resulting Issuer plans to enhance its branding and market presence to its customers through content marketing, social media engagement, search engine optimization, email marketing, events and partnerships. A calendar of editorial content will be formed in order to disseminate relevant industry research and educational content to BluSky's target personas. Content will include case studies, white papers, customer testimonials, blog articles and other relevant forms. Social media has been identified as a core channel to generate demand for BluSky's business-to-consumer biochar product. The Resulting Issuer will aim to create engaging content that is relevant to its target audience. This could include blog posts, infographics, videos, and social media posts that explain the benefits of biochar, share case studies, and answer common questions about biochar. To expand its reach and enhance its brand reputation, the Resulting Issuer will seek out strategic partnerships with businesses and organizations that share a similar commitment to sustainable agriculture and environmental stewardship. These collaborations will provide opportunities for cross-promotion, joint product development, and expanded distribution channels. The Resulting Issuer intends to allocate \$130,000 if the Minimum Offering is achieved and \$250,000 if the Maximum Offering is achieved for the expense of engaging hiring agencies and multi-media consultants.

Research and Development

In-house Vulcan

The Vulcan II and Vulcan Heavy systems are currently built on top of a platform produced by another company. To reach the long-term goals of the Corporation and to improve the short-term profitability of the Corporation, being able to produce Vulcan systems entirely in-house will become a necessity. BluSky already has an outline of an in-house Vulcan system but will need to continue work to finalize the design and build a working full-scale system.

Conversion of Biochar into Graphite

Graphite is worth more than biochar given its importance in rechargeable batteries. Graphite is one of the largest materials used in electric vehicles. Biochar is a largely carbon substance. Hypothetically, through the removal of non-carbon substances to reach extremely high purity carbon, biochar could be converted to graphite. BluSky has a process designed to perform this process, but experimentation is needed to validate hypotheses.

Production of Bioconcrete

Cement, the material that binds concrete together, is usually produced by taking calcium carbonate, specifically limestone, and heating it to very hot temperatures, releasing the carbonate as CO₂. BluSky is producing calcium carbonate currently but cannot sell this to concrete companies as they would release the CO₂ captured in the carbonate, invalidating the calcium carbonate carbon credits. BluSky will work to produce its own concrete, capturing the entirety of CO₂ released using the absorption and Medusa processes that BluSky has developed. Additional CO₂ and biochar can then be added to concrete, acting as a carbon sequestration mechanism, and strengthening the final product.

While the Resulting Issuer intends to pursue these milestones, there may be circumstances where, for valid business reasons, a re-allocation of efforts may be necessary or advisable.

DIVIDENDS OR DISTRIBUTIONS

The Corporation has not declared dividends on any of its Common Shares in the past and does not intend to pay any in the foreseeable future. Any future determination to pay dividends will be at the discretion of the Board of Directors and will depend on the financial condition, business environment, operating results, capital requirements, any contractual restrictions on the payment of dividends and any other factors that the Board of Directors deems relevant.

BluSky has not declared dividends on any of its shares in the past and does not intend to pay any in the foreseeable future. Any future determination to pay dividends will be at the discretion of the board of directors of BluSky and will depend on the financial condition, business environment, operating results, capital requirements, any contractual restrictions on the payment of dividends and any other factors that the board of directors of BluSky deems relevant.

SELECTED FINANCIAL INFORMATION

The Corporation

The following table sets forth the selected financial information for the period from July 25, 2023 (date of incorporation) to November 30, 2023 which has been derived from the Corporation's financial statements, prepared in accordance with IFRS and attached as Schedule A to this Prospectus. The selected financial information should be read in conjunction with the Corporation's corresponding MD&A's in Schedule A.

	Period from incorporation on July 25, 2023 to November 30, 2023
Statement of Operations Data	
Total revenues	Nil
Total expenses	\$(241,839)
Loss and comprehensive loss	\$(221,027)
Net loss per share (basic and diluted)	\$(221,027)
Balance Sheet Data	
Current and total assets	\$996,517
Current and total liabilities	\$238,773

BluSky

The following table sets forth the selected financial information for the financial years ended August 31, 2023 and 2022, and the three month period ended November 30, 2023 which has been derived from BluSky's annual financial statements and interim financial statements, prepared in accordance with IFRS and attached as Schedule B to this Prospectus. The selected financial information should be read in conjunction with BluSky's MD&A for the financial years ended August 31, 2023 and 2022 and the MD&A for the three month period ended November 30, 2023 in Schedule B.

	For the three month period ended November 30, 2023 ⁽¹⁾⁽²⁾	For the financial year ended August 31, 2023 ⁽³⁾⁽⁴⁾	For the financial year ended August 31, 2022 ⁽³⁾⁽⁴⁾
Statement of Operations Data			
Total revenues	Nil	Nil	Nil
Total expenses	\$(1,209,024)	\$(186,492)	\$(246,540)
Loss and comprehensive loss	\$(1,209,024)	\$(183,847)	\$(246,540)
Net loss per share (basic and diluted)	\$(325.00)	\$(184.00)	\$(247.00)
Balance Sheet Data			
Current and total assets	\$2,261,314	\$294,832	\$259,821
Current and total liabilities	\$2,831,327	\$756,483	\$527,278

Notes:

- (1) Statement of operations data was converted from USD to Canadian dollar at the average foreign exchange rate for the three month period ended November 30, 2023 of 1.36539 Canadian dollars to 1 USD.
- (2) Balance sheet data was converted from USD to Canadian dollar at the spot foreign exchange rate on November 30, 2023 of 1.35834 Canadian dollars to 1 USD.
- (3) Statement of operations data was translated from USD to Canadian dollar at the average foreign exchange rate for the financial year ended August 31, 2023 of 1.3465 (August 31, 2022 – 1.2718) Canadian dollars to 1 USD.
- (4) Balance sheet data was translated from USD to Canadian dollar at the average foreign exchange rate for the financial year of 1.3531 (August 31, 2022 – 1.3103) Canadian dollars to 1 USD.

Pro-Forma

The following table sets out selected unaudited pro-forma financial information at and for the periods indicated. The following is a summary only and must be read in conjunction with the financial statements and pro-forma financial statements set out in the Schedules to this Prospectus.

The unaudited pro-forma consolidated financial statements of the Corporation included in this Prospectus and the following selected pro-forma financial information are presented for illustrative purposes only and are not necessarily indicative of: (i) the financial results that would have occurred had the Arrangement Transaction actually occurred at the times contemplated by the notes to the unaudited pro-forma consolidated financial statements of the Corporation; or (ii) the results expected in future periods.

	Unaudited proforma for the month ended November 30, 2023
Balance Sheet Data	
Current assets	\$7,515,870
Total assets	\$15,589,702
Current and total liabilities	\$1,785,151

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Corporation

The MD&A of the financial condition and results of operations of the Corporation for the period from July 25, 2023 (date of incorporation) to November 30, 2023 is attached to this Prospectus as Schedule A. The Corporation's MD&A should be read in conjunction with the financial statements of the Corporation for the corresponding periods, and the notes thereto respectively.

Certain information included in the Corporation's MD&A is forward-looking and based upon assumptions and anticipated results that are subject to uncertainties. Should one or more of these uncertainties materialize or should the underlying assumptions prove incorrect, actual results may vary significantly from those expected. See "*Caution Regarding Forward-Looking Statements*".

BluSky

The MD&A of the financial condition and results of operations of BluSky for the three month period ended November 30, 2023 and the years ended August 31, 2023 and 2022, are attached to this Prospectus as Schedule B. BlueSky's MD&A's should be read in conjunction with the financial statements of BluSky for the corresponding periods, and the notes thereto respectively.

Certain information included in BluSky's MD&A's are forward-looking and based upon assumptions and anticipated results that are subject to uncertainties. Should one or more of these uncertainties materialize or should the underlying assumptions prove incorrect, actual results may vary significantly from those expected. See "*Caution Regarding Forward-Looking Statements*".

DESCRIPTION OF SHARE CAPITAL

The Corporation

Common Shares

The Corporation's authorized capital consists of an unlimited number of Common Shares of which 21,461,859 Common Shares are issued and outstanding as at the date of this Prospectus. Holders of Common Shares are entitled to receive notice of, and to attend and vote at, all meetings of the shareholders of the Corporation, and each Common Share confers the right to one vote, provided that the shareholder is a holder on the applicable record date declared by the Board. The holders of Common Shares, subject to the prior rights, if any, of any other class of shares of the Corporation with special rights as to dividends, are entitled to receive such dividends in any financial year as the Board may determine. In the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, the holders of the Common Shares are entitled to receive, subject to the prior rights, if any, of the holders of any other class of shares of the Corporation, the remaining property and assets of the Corporation. The Common Shares are not subject to call or assessment rights, redemption rights, rights regarding purchase for cancellation or surrender, or any pre-emptive or conversion rights.

Warrants

\$0.10 Warrants

As at the date of this Prospectus, there are 7,615,000 \$0.10 Warrants issued and outstanding. \$0.10 Warrants entitle the holders thereof to acquire one additional Common Share at an exercise price of \$0.10 per \$0.10 Warrant for a period of two (2) years from the date of issuance.

\$0.50 Warrants

As at the date of this Prospectus, there are 3,115,930 \$0.50 Warrants issued and outstanding. \$0.50 Warrants entitle the holders thereof to acquire one additional Common Share at an exercise price of \$0.50 per \$0.50 Warrant for a period of two (2) years from the date of issuance.

Options

As of the date of this Prospectus, no Options have been granted pursuant to the Equity Compensation Plan.

Restricted Share Rights

As of the date of this Prospectus, no Restricted Share Rights have been granted pursuant to the Equity Compensation Plan.

BluSky

BluSky Shares

BluSky's authorized capital consists of 5,000 BluSky Shares, of which 5,000 BluSky Shares are currently issued and outstanding as of the date of this Prospectus. Prior to closing of the Arrangement Transaction, BluSky proposes to amend and restate its Certificate of Incorporation to, among other things, authorize an additional 5,000 BluSky Shares, increasing the authorized capital to 10,000 BluSky Shares. Holders of BluSky Shares are entitled to receive notice of, and to attend and vote at, all meetings of the shareholders of the BluSky, and each BluSky Share confers the right to one vote, provided that the shareholder is a holder on the applicable record date declared by the Board.

BluSky Warrants

As at the date prior to the completion of the Arrangement Transaction, there are expected to be 106.6826 BluSky Warrants issued and outstanding. BluSky Warrants entitle the holders thereof to acquire one additional Common Share at an exercise price of \$1,788.50 per BluSky Warrant, with an expiry date of two (2) years from the date of issuance.

DESCRIPTION OF SECURITIES BEING OFFERED

The Offering Shares will have the same rights as the Common Shares. See "*Description of Share Capital*" for a description of the rights of holders of Common Shares.

CONSOLIDATED CAPITALIZATION

The following table sets forth the capitalization of the Corporation as at the date of this Prospectus, and as at the date assuming closing of the Arrangement Transaction. This table should be read in conjunction with the financial statements and notes thereto included elsewhere in this Prospectus.

Description of the Security	Authorized	Outstanding as at the date of this Prospectus	Outstanding giving effect to the Arrangement Transaction after giving effect to the Minimum Offering	Outstanding giving effect to the Arrangement Transaction after giving effect to the Maximum Offering	Outstanding giving effect to the Arrangement Transaction after giving effect to the Maximum Offering and Over-Allotment Option
Common Shares (undiluted)	Unlimited	21,461,859	53,007,349 ⁽¹⁾	57,007,349 ⁽²⁾	58,507,349 ⁽³⁾
Warrants	N/A	10,730,930	14,253,672	16,253,672	17,003,672
Compensation Options	N/A	Nil	480,000	800,000	830,000
Options	N/A ⁽⁴⁾	Nil	Nil	Nil	Nil

Restricted Share Rights	N/A ⁽⁴⁾	Nil	Nil	Nil	Nil
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Notes:

- (1) Assuming closing of the Arrangement Transaction, includes the 25,545,489 Consideration Shares and BluSky Financing.
- (2) Does not include a maximum of 1,500,000 Additional Units issuable upon exercise of the Over-Allotment Option.
- (3) Includes 1,500,000 Additional Units issuable upon exercise of the Over-Allotment Option.
- (4) Pursuant to the Equity Incentive Plan, the aggregate number of Common Shares that may be subject to issuance under the Equity Incentive Plan shall not exceed 20% of the Corporation's issued and outstanding share capital from time to time.

The following table sets forth the capitalization of BluSky as at the date prior to the completion of the Arrangement Transaction, and as at the date immediately following completion of the BluSky Financing and prior to closing of the Arrangement Transaction and the related Merger. This table should be read in conjunction with the financial statements and notes thereto included elsewhere in this Prospectus.

Description of the Security	Authorized	Outstanding as at the date prior to completion of the Arrangement Transaction	Outstanding giving effect to the Arrangement Transaction
BluSky Shares	10,000	5,213.3653	1
BluSky Warrants	N/A	106.6827	1

OPTIONS TO PURCHASE SECURITIES

Equity Incentive Plan

As of the date of this Prospectus, no stock options ("**Options**"), deferred share units ("**DSUs**") or restricted share rights ("**RSRs**"), and collectively with the Options and DSUs, each an "**Award**") have been issued by the Corporation under its Equity Incentive Plan.

Overview

The following summary of certain provisions of the Equity Incentive Plan does not purport to be complete and is subject in its entirety to the detailed provisions of the Equity Incentive Plan, a copy of which will be filed on SEDAR+ and will be available without charge from the Corporation after such time.

The Equity Incentive Plan provides for the grant to eligible directors and employees (including officers) of Options and RSRs. The Equity Incentive Plan also provides for the grant to eligible directors of DSUs which the directors are entitled to redeem for 90 days following retirement or termination from the Board.

Stock Options

Option Grants

The Equity Incentive Plan authorizes the Board to grant Options. The number of Common Shares, the exercise price per Common Share, the vesting period and any other terms and conditions of Options granted from time to time pursuant to the Equity Incentive Plan, are determined by the Board at the time of the grant, subject to the defined parameters of the Equity Incentive Plan. The date of grant for the Options shall be the date such grant was approved by the Board.

Exercise Price

The exercise price of any Option cannot be less than the closing market price of the Common Shares on (a) the trading day prior to the date of grant of the Award; and (b) the date of grant of the Award (the “**Fair Market Value**”).

Exercise Period, Blackout Periods and Vesting

Options are exercisable for a period of five (5) years from the date the Option is granted or such greater or lesser period as determined by the Board. Options may be earlier terminated in the event of death or termination of employment or appointment. Vesting of Options is determined by the Board. Failing a specific vesting determination by the Board, Options automatically become exercisable incrementally over a period of eighteen months from the date of grant, as to: (i) 25% of the total number of shares under Option immediately upon the date of grant; and (ii) at each six-month interval thereafter, an additional 25% of the total number of shares under Option such that after the 18th month of the Option period, 100% of the Option will be exercisable. The right to exercise an Option may be accelerated in the event a takeover bid in respect of the Common Shares is made.

When the expiry date of an Option occurs during, or within ten (10) days following, a “blackout period”, the expiry date of such Option is deemed to be the date that is ten (10) days following the expiry of such blackout period.

Blackout periods are imposed by the Corporation to restrict trading of the Corporation’s securities by directors, officers, and certain others who hold Options to purchase Common Shares, in accordance with any similar policies in effect from time to time, in circumstances where material non-public information exists, including where financial statements are being prepared but results have not yet been publicly disclosed.

Cashless Exercise Rights

Provided the Common Shares are listed on an Exchange (as defined in the Equity Incentive Plan), an optionee has the right to exercise an Option on a “cashless” basis by electing to relinquish, in whole or in part, the right to exercise such Option and receive, in lieu thereof, a number of fully paid Common Shares. The number of Common Shares issuable on the cashless exercise right is equal to the quotient obtained by dividing the difference between the aggregate Fair Market Value and the aggregate Option price of all Common Shares subject to such Option by the Fair Market Value of one (1) Common Share.

Termination or Death

If an optionee dies while employed by the Corporation, any Option held by him or her will be exercisable for a period of 90 days or prior to the expiration of the Options (whichever is sooner) by the person to whom the rights of the optionee shall pass by will or applicable laws of descent and distribution. If an optionee is terminated for cause, no Option will be exercisable unless the Board determines otherwise. If an optionee ceases to be employed or engaged by the Corporation for any reason other than cause, then the Options will be exercisable for a period of 90 days or prior to the expiration of the Options (whichever is sooner).

RSRs

RSR Grant

The Equity Incentive Plan authorizes the Board to grant RSRs, in its sole and absolute discretion, to any eligible employee or director. Each RSR provides the recipient with the right to receive Common Shares as a discretionary payment in consideration of past services or as an incentive for future services, subject to the Equity Incentive Plan and with such additional provisions and restrictions as the Board may determine. Each RSR grant shall be evidenced by a restricted share right grant letter which shall be subject to the terms of the Equity Incentive Plan and any other terms and conditions which the Board deems appropriate.

Vesting of RSRs

Concurrent with the granting of the RSR, the Board shall determine the period of time during which the RSR is not vested and the holder of such RSR remains ineligible to receive Common Shares. Such period of time may be reduced or eliminated from time to time for any reason as determined by the Board. Once the RSR vests, the RSR is automatically settled through the issuance of an equivalent number of underlying Common Shares as RSRs held.

Retirement or Termination

In the event the participant retires or is terminated during the vesting period, any RSR held by the participant shall be terminated immediately provided however that the Board shall have the absolute discretion to accelerate the vesting date. In the event of death or total disability, the vesting period shall accelerate and the Common Shares underlying the RSRs shall be issued.

DSUs

DSU Grant

The Equity Incentive Plan authorizes the Board to grant DSUs, in its sole and absolute discretion in a lump sum amount or on regular intervals to eligible directors. Each DSU grant shall be evidenced by a DSU grant letter which shall be subject to the terms of the Equity Incentive Plan and any other terms and conditions which the Board deems appropriate.

Redemption of DSUs

The DSUs held by each eligible director (who is not a U.S. Taxpayer) shall be redeemed automatically and with no further action by the eligible director on the 20th business day following the date such director ceases to hold any directorship. Upon redemption, the director shall be entitled to receive (subject to any share issuance limits in the Equity Incentive Plan), the number of Common Shares equal to the number of DSUs in the director's account. If the director ceases to hold office during a year where DSUs have been granted in advance of being earned and they have not held office for the entire year, the director will only be entitled to a pro-rated issuance of shares.

Provisions applicable to all grants of Awards

Transferability

Pursuant to the Equity Incentive Plan, any Awards granted to a participant shall not be transferable except by will or by the laws of descent and distribution. During the lifetime of a participant, Awards may only be exercised by the Participant.

Amendments to the Plan

The Board may amend, suspend or terminate the Equity Incentive Plan or any Award granted under the Equity Incentive Plan without shareholder approval, including, without limiting the generality of the foregoing: (i) changes of a clerical or grammatical nature; (ii) changes regarding the persons eligible to participate in the Equity Incentive Plan; (iii) changes to the exercise price; (iv) vesting, term and termination provisions of Awards; (v) changes to the cashless exercise right provisions; (vi) changes to the authority and role of the Board under the Equity Incentive Plan; and (vii) any other matter relating to the Equity Incentive Plan and the Awards granted thereunder, provided however that:

- (a) such amendment, suspension or termination is in accordance with applicable laws and the rules of any stock exchange on which the Common Shares are listed;
- (b) no amendment to the Equity Incentive Plan or to an Award granted thereunder will have the effect of impairing, derogating from or otherwise adversely affecting the terms of an

Award which is outstanding at the time of such amendment without the written consent of the holder of such Award;

- (c) the terms of an Option will not be amended once issued; and
- (d) the expiry date of an Option shall not be more than ten (10) years from the date of grant of such Option, provided, however, that at any time the expiry date should be determined to occur either during a blackout period or within ten (10) business days following the expiry of a blackout period, the expiry date of such Option shall be deemed to be the date that is the tenth business day following the expiry of the blackout period.

If the Equity Incentive Plan is terminated, the provisions of the Equity Incentive Plan and any administrative guidelines and other rules and regulations adopted by the Board and in force on the date of termination will continue in effect as long as any Award pursuant thereto remain outstanding.

Share Issuance Limits

The aggregate number of Common Shares that may be subject to issuance under the Equity Incentive Plan shall not exceed 20% of the Corporation's issued and outstanding share capital from time to time.

PRIOR SALES

This table sets out particulars of the Common Shares that have been issued or sold since the period from incorporation to the date of this Prospectus.

Date of Issuance	Security Type	Number of Securities	Issue/Exercise Price
July 25, 2023 ⁽¹⁾	Common Shares	1	\$0.01
October 19, 2023 ⁽²⁾	Common Shares	15,230,000	\$0.05
December 15, 2023 ⁽³⁾	Common Shares	6,231,859	\$0.30

Notes:

- (1) Incorporator's share was issued and subsequently repurchased and cancelled by the Corporation.
- (2) Issued pursuant to the \$0.05 Unit Financing.
- (3) Issued pursuant to the \$0.30 Unit Financing.

This table sets out particulars of the Corporation securities exercisable for or exchangeable into Common Shares issued since the period of incorporation to the date of this Prospectus.

Date of Issuance	Security Type	Number of Securities	Issue/Exercise Price
October 19, 2023 ⁽¹⁾	\$0.10 Warrants	7,615,000	\$0.10 ⁽²⁾
December 15, 2023 ⁽³⁾	\$0.50 Warrants	3,115,930	\$0.50 ⁽⁴⁾

Notes:

- (1) Issued pursuant to the \$0.05 Unit Financing.
- (2) Each \$0.10 Warrant entitles the holder to purchase one Common Share at an exercise price of \$0.10 per Common Share for a two (2) year period from the date of issuance.
- (3) Issued pursuant to the \$0.30 Unit Financing.
- (4) Each \$0.50 Warrant entitles the holder to purchase one Common Share at an exercise price of \$0.50 per Common Share for a two (2) year period from the date of issuance.

The following table summarizes the issuances of securities of BluSky within the twelve (12) months prior to the date hereof.

Date of Issuance	Security Type	Number of Securities	Issue/Exercise Price
September 29, 2023	BluSky Shares	4,000	US\$0.000002
⬢, 2024 ⁽¹⁾⁶	BluSky Shares	213.3653	US\$1,078.00
⬢, 2024 ⁽¹⁾	BluSky Warrants	106.6827	US\$ 1,788.50

Notes:

(1) Issued pursuant to the BluSky Financing.

TRADING PRICE AND VOLUME

The Common Shares were not traded on any market or exchange since the period from incorporation to the date of this Prospectus.

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTIONS ON TRANSFER

Escrow Agreements

Following completion of the Listing, 18,342,137 Common Shares are expected to be held in escrow (the “**Escrow Shares**”). In addition, 8,069 Warrants, including any Common Shares received upon exercise thereof, are expected to be held in escrow following completion of the Listing (the “**Escrow Convertible Securities**”, and together with the Escrow Shares, the “**Escrow Securities**”).

The Escrow Securities that are owned or controlled by the holders of 18,350,206 Escrow Securities are expected to be held in escrow pursuant to an escrow agreement entered into on closing of the Arrangement Transaction among the Resulting Issuer, Odyssey Trust Company and William Hessert pursuant to which the Escrow Securities will be held in escrow (the “**Escrow Agreement**”).

The Escrow Securities are to be released from escrow in accordance with the following schedule:

Date of Release	Number of Escrow Securities Released
On the Listing Date	1/4 of the Escrow Securities
6 months after the Listing Date	1/3 of the remaining Escrow Securities
12 months after the Listing Date	1/2 of the remaining Escrow Securities
18 months after the Listing Date	The remaining Escrow Securities

The Escrow Securities that are owned or controlled by the Resulting Issuer’s principals (the “**Principal Escrow Securities**”) are expected to be held in escrow pursuant to the Escrow Agreement. The Principal Escrow Securities will be held in escrow as required by National Policy 46-201 – *Escrow for Initial Public Offerings* (“**NP 46-201**”) and CSE policy on completion of the Listing of the Common Shares on the CSE.

The Principal Escrow Securities are expected to be subject to the release schedule specified in NP 46-201 for emerging issuers and as set out in the form of escrow required by Policy 2 – *Qualifications for Listing of the CSE*. 10% of the Principal Escrow Securities are expected to be released upon the date of Listing on the CSE and an additional 15% are expected to be released every 6 months thereafter until all Principal Escrow Securities have been released (36 months following the date of Listing on the CSE).

⁶ Date of Issuance to be provided in subsequent filing.

Designation of class	Number of securities held in escrow or that are subject to a contractual restriction on transfer⁽¹⁾	Percentage of class
Common Shares	18,342,137 ⁽²⁾	39.02% ⁽³⁾
\$0.50 Warrants	8,069 ⁽⁴⁾	0.22% ⁽⁵⁾

Notes:

- (1) It is anticipated that the escrow agent under the Escrow Agreement will be Odyssey Trust Company.
- (2) All of the Escrowed Shares are Principal Escrow Securities and are held by William Hessert.
- (3) Based on assuming 47,007,349 issued and outstanding Common Shares after completion of the Arrangement Transaction (on a non-diluted basis).
- (4) 8,069 of the \$0.50 Warrant Shares are Principal Escrow Securities and are held by William Hessert.
- (5) Based on assuming 3,638,675 issued and outstanding \$0.50 Warrant Shares after completion of the Arrangement Transaction (on a non-diluted basis).

PRINCIPAL SHAREHOLDERS

The following table sets out all persons who will beneficially own, directly or indirectly, or exercise control or direction over voting securities carrying 10% or more of the voting rights attached to the voting securities of the Resulting Issuer as of the date of the completion of the Arrangement Transaction.

Name	Class of Shares	Number and percentage of all outstanding voting securities⁽¹⁾
William Hessert	Common Shares	3,740, 39.02%

Notes:

- (1) Based upon a total of 47,007,349 Common Shares issued and outstanding upon completion of the Arrangement Transaction.

DIRECTORS AND EXECUTIVE OFFICERS

As of the date of this Prospectus, the following persons are the directors and executive officers of the Corporation:

Name, Province/State Country of Residence	Principal Occupation for the Past Five (5) Years	Common Share Ownership and Percentage (%)
Alex McAulay British Columbia, Canada Director and Officer since July, 2023	Charter Professional Accountant ("CPA"), Chartered Accountant ("CA")	100,000 or 0.47%

Name, Province/State Country of Residence	Principal Occupation for the Past Five (5) Years	Common Share Ownership and Percentage (%)
	CEO of Treewalk Consulting Inc. (“Treewalk”) from 2016 to present.	
Michael Malana British Columbia, Canada Director since October, 2023	CPA, CMA Self Employed from October 2023 to present.	Nil

Notes:

- (1) Based upon a total of 21,461,859 issued and outstanding as of the date of this Prospectus.

As of the date of this Prospectus, the following persons are the directors and executive officers of BluSky:

Name, Province/State Country of Residence	Principal Occupation for the Past Five (5) Years	Common Share Ownership and Percentage (%)
William Hessert Connecticut, USA Director and Officer since April 2021	Chief Executive Officer and Director of BluSky. from April 2021 to present. Executive Director of Operations of Orion Business Group from July 2020 to April 2021. Sales Operations Manager, Sales Enablement Analyst, and IT Business Analyst of Foley from June 2018 to July 2020. Municipal Energy Consultant of Lantern Energy from April 2018 to present. Independent App Developer (Self-Employed) from November 2017 to June 2020.	3,740 or 71.7%

Notes:

- (1) Based upon a total of 5,213.3653 BluSky Shares issued and outstanding as of the date prior to the completion of the Arrangement Transaction.

The following table sets out, for each of the directors (proposed and current) and executive officers (proposed and current) of the Resulting Issuer, the person’s name, province or state and country of residence, proposed position with the Resulting Issuer, principal occupation and the date on which the

person became (or is expected to become a director and/or executive officer), upon completion of the Arrangement Transaction. The Resulting Issuer's directors are expected to hold office until the next annual general meeting of shareholders. Directors are elected annually and, unless re-elected, retire from office at the end of the next annual general meeting of shareholders. Upon completion of the Arrangement Transaction, as a group, the directors and executive officers of the Resulting Issuer will beneficially own, or control or direct, directly or indirectly, a total of 18,442,137 Common Shares, representing 39.23% of the Common Shares outstanding upon completion of the Arrangement Transaction. See "*Directors and Executive Officers - Share Ownership by Directors and Officers*" for additional details regarding the anticipated share ownership following completion of the Arrangement Transaction.

Name, Province or State and Country of Residence⁽¹⁾	Proposed Office or Position with the Resulting Issuer⁽²⁾	Director/Executive Officers since	Principal Occupation for the Past Five Years⁽³⁾	Number of Common Shares	Percentage of class⁽⁴⁾
William Hessert, Connecticut, USA	Chief Executive Officer and Director	-	See above	18,340,700	39.02%
Andrew Duval, British Columbia, Canada	Chief Financial Officer		CPA, CA Supervisor, Audit of DMCL LLP from December 2018 to May 2021 Senior Accountant of Seabord Services Corp. from May 2021 to September 2023 Manager, Financial Reporting of Treewalk from September 2023 to Present	Nil	Nil
Alex McAulay, British Columbia, Canada	Director	-	CPA, CA CEO of Treewalk Consulting Inc. 2016	100,000	0.21%
Michael Malana, British Columbia, Canada	Director	-	CPA, CMA Self Employed from October 2013	Nil	Nil

Notes:

- (1) Information as to province or state and country of residence, principal occupation, securities beneficially owned or over which a director or officer exercises control or direction has been furnished by the respective individuals as of the date of this Prospectus.
- (2) The term of office of each of the directors expires on the earlier of the Resulting Issuer's next annual general meeting or upon resignation. The term of office of the officers expires at the discretion of the directors.
- (3) See "*Directors and Executive Officers – Biographies*" for additional information regarding the principal occupations of the Resulting Issuer's directors and officers.
- (4) Based on assuming 47,007,349 issued and outstanding Common Shares after completion of the Arrangement Transaction.

Biographies

The following are brief profiles of the Resulting Issuer's proposed executive officers and directors, including a description of each individual's principal occupation within the past five years.

William Hessert, Proposed Chief Executive Officer and Director, Age 27

William Hessert is the Co-Founder and Chief Executive Officer of BluSky. Mr. Hessert studied Engineering Physics in the Honor Program at the University of Connecticut. Mr. Hessert went on to work in marketing and sales, eventually working in energy auditing and marketing solar energy. Mr. Hessert also pursued software development, taking these skills to then develop a software business and build software and mobile applications. In May 2021, Mr. Hessert took the capital earned from the software business, his skillset from running the business, and his engineering background, and co-founded BluSky. Mr. Hessert will be party to an employment agreement with the Resulting Issuer. Mr. Hessert intends to dedicate 95% of his time to the Resulting Issuer.

Andrew Duval, Proposed Chief Financial Officer, Age 38

Andrew Duval is a designated CPA with a Bachelor of Commerce degree from the University of British Columbia. Mr. Duval spent over seven years working in public accounting as an auditor for public companies with Canadian and US exchange listings. More recently, he has worked providing fractional CFO, accounting and financial reporting services to public companies and companies seeking a public listing. Andrew currently holds the position of Manager, Financial Reporting and Advisory Services at Treewalk. Mr. Duval intends to dedicate 20% of his time to the Resulting Issuer.

Alex McAulay, Proposed Director, Age 40

Alexander (Alex) McAulay CPA, CA is an entrepreneur and experienced public company CFO and director. Mr. McAulay's firm, Treewalk, is solely dedicated to providing fractional CFO and regulatory guidance to assist companies in going public. Mr. McAulay has served as the CFO of several listed companies and has assisted dozens of issuers in navigating the public markets. Mr. McAulay intends to dedicate 5% of his time to the Resulting Issuer.

Michael Malana, Proposed Director, Age 59

Michael Malana has extensive experience in the administration, accounting and corporate reporting for and corporate governance of public companies. Mr. Malana has worked with public companies in senior and/or executive roles for almost 20 years and is currently Interim CEO and Director of Nortec Minerals Corp. (TSXV) and CFO and Corporate Secretary of Panoro Minerals Ltd. (TSXV). Mr. Malana has previously served as CFO of WPD Pharmaceuticals Inc. (CSE), Director and CEO of Traction Uranium Corp. (CSE), Director of Beyond Medical Technologies Ince. (CSE), CFO and Corporate Secretary of Growmax Resources Corp. (TSXV), CFO and Corporate Secretary of First Responder Technologies Inc. (CSE), CFO and Corporate Secretary of Karam Minerals Inc. (CSE), Corporate Controller and Corporate Secretary of Tesoro Minerals Corp. (TSXV), CFO and Corporate Secretary of Patriot One Technologies Inc. (TSXV), CFO of Sunward Resources Inc. (TSX), CFO and Corporate Secretary of Orca Touchscreen Technologies Ltd. (CSE) and CFO and Corporate Secretary of Apivio Systems Inc. (TSXV). Mr. Malana is a Chartered Professional Accountant (CPA, CMA) in good standing and holds a Bachelor of Commerce degree in

Accounting from Concordia University. Mr. Malana intends to dedicate 10% of his time to the Resulting Issuer.

Share Ownership by Directors and Officers

The Resulting Issuer's directors and officers as a group, beneficially own, directly and indirectly, or exercise control or direction over, 18,442,137 Common Shares, representing approximately 39.23% of the issued and outstanding Common Shares (on a non-diluted basis).

Corporate Cease Trade Orders or Bankruptcies

To the Corporation's knowledge, other than as disclosed herein, no existing or proposed director, officer or promoter of the Corporation or a securityholder anticipated to hold a sufficient number of securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, within ten (10) years of the date of this Prospectus, has been a director, officer or promoter of any person or company that, while that person was acting in that capacity,

- (a) was the subject of a cease trade or similar order, or an order that denied the other issuer access to any exemptions under applicable securities law, for a period of more than 30 consecutive days; or
- (b) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

For the purposes of the foregoing, "**order**" means

- (a) a cease trade order;
- (b) an order similar to a cease trade order; or
- (c) an order that denied the relevant company access to any exemption under securities legislation,

that was in effect for a period of more than 30 consecutive days.

Other than as disclosed below, to the best of the Corporation's knowledge, no proposed director or executive officer of the Resulting Issuer, nor any shareholder holding sufficient securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, nor any personal holding company of any such person:

- (a) is, as at the date of this Prospectus, or has been within the 10 years before the date of this Prospectus, a director or executive officer of any company (including the Corporation) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (b) has, within the 10 years before the date of this Prospectus, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

Cease Trade Orders issued against companies while Alex McAulay acting as CFO

On May 3, 2021, a management cease trade order was issued against CBD Global Sciences Inc. ("**CBD Global**") (CSE: CBDN) for failing to file its audited financial statements and the related MD&A for the fiscal year ended December 31, 2020. On July 23, 2021, the management cease trade order was revoked, and a

cease trade order was issued against CBD Global for failing to file its audited and unaudited financial statements and related MD&A for the fiscal year ended December 31, 2020 and the interim period ended March 31, 2021. On September 22, 2021, CBD Global received a revocation letter from the ASC. On June 17, 2020, a cease trade order was issued against CBD Global for failing to file its audited financial statements for the year ended December 31, 2019 and the related MD&A. The cease trade order was revoked on August 6, 2020 upon CBD Global making the required filings.

On May 3, 2022, a management cease trade order was issued against Vegano Foods Inc. ("**Vegano**") (CSE:VAGN) by the BCSC for failing to file its audited financial statements and the related MD&A for the fiscal year ended December 31, 2021. On June 16, 2022, Vegano received a revocation letter from the BCSC upon making the required filings.

On May 6, 2022, a failure-to-file cease trade order was issued against Comprehensive Healthcare Systems Inc. ("**Comprehensive Healthcare**") (TSXV:CHS) by the ASC and the OSC as a result of it not having filed, on or before May 2, 2022, the annual financial statements, annual MD&A and certification of the annual filings for the year ended December 31, 2022. On May 19, 2022, Comprehensive Healthcare received a revocation letter from the ASC and OSC upon making the required filings.

Cease Trade Order issued against company while Michael Malana acting as CFO

On May 3, 2022, a management cease trade order (the "**WPD MCTO**") against insiders of WPD Pharmaceuticals Inc. ("**WPD**") for failure to file annual audited financial statements and management's discussion and analysis for the year ended December 31, 2021. On July 8, 2022, the BCSC issued a cease trade order (the "**WPD CTO**") against WPD for the same reason. The WPD MCTO and WPD CTO remain in effect as at the date of this Prospectus.

Penalties or Sanctions

To the Corporation's knowledge, no existing or proposed director, officer or promoter of the Resulting Issuer, or a securityholder anticipated to hold sufficient securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, has:

- (a) been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) been subject to any other penalties or sanctions imposed by a court or regulatory body, including a self-regulatory body that would be likely to be considered important to a reasonable securityholder making a decision in regards to the Resulting Issuer.

Personal Bankruptcies

To the Corporation's knowledge, no existing or proposed director, officer or promoter of the Resulting Issuer, or a securityholder anticipated to hold sufficient securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, or a personal holding company of such persons has, within the ten (10) years before the date of this Prospectus, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, officer or promoter.

Conflicts of Interest

Members of management are, and may in future be, associated with other firms involved in a range of business activities. Consequently, there are potential inherent conflicts of interest in their acting as officers and directors of the Resulting Issuer. Although the officers and directors are engaged in other business activities, the Corporation anticipates they will devote an important amount of time to its affairs.

The Resulting Issuer's proposed officers and directors are now and may in the future become shareholders, officers or directors of other companies, which may be formed for the purpose of engaging in business activities similar to the Resulting Issuer's. Accordingly, additional direct conflicts of interest may arise in the future with respect to such individuals acting on behalf of the Resulting Issuer or other entities. Moreover, additional conflicts of interest may arise with respect to opportunities which come to the attention of such individuals in the performance of their duties or otherwise. Currently, the Corporation does not have a right of first refusal pertaining to opportunities that come to their attention and may relate to the Corporation's business operations.

The Corporation's and the Resulting Issuer's directors and officers are subject to fiduciary obligations to act in the best interest of the Corporation and the Resulting Issuer. Conflicts, if any, will be subject to the procedures and remedies of the BCBCA, or other applicable corporate legislation, securities law, regulations and policies. See "*Risk Factors*".

EXECUTIVE COMPENSATION

Prior to obtaining a receipt for this Prospectus from the securities regulatory authorities in the Qualifying Jurisdictions, neither the Corporation nor BluSky was a reporting issuer in any jurisdiction in Canada. As a result, below is a discussion of all significant elements of the compensation to be awarded to, earned by, paid to, or payable to NEOs and directors of the Resulting Issuer once it becomes a reporting issuer, to the extent this compensation has been determined, pursuant to Section 1.3(8) of Form 51-102F6V – *Statement of Executive Compensation*.

As of the date of this Prospectus, neither the Corporation nor BluSky is a reporting issuer in any of the provinces or territories of Canada and in accordance with subsection 1.3(8)(a) of Form 51-102F6V – *Statement of Executive Compensation* is not required to provide information about executive compensation for prior financial years in which it was not a reporting issuer. See "*Executive Compensation – Compensation of Named Executive Officers*" for information about the compensation of Messrs. Hessert and Duval as proposed NEOs of the Resulting Issuer once it becomes a reporting issuer.

Compensation of Named Executive Officers

Securities legislation requires the disclosure of the compensation received by each NEO of the Corporation. "Named Executive Officer" ("**NEO**") is defined by securities legislation to mean: (i) the CEO; (ii) the CFO; (iii) each of the three most highly compensated executive officers of the Corporation, including any of its subsidiaries, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually more than \$150,000 for that financial year; and (iv) each individual who would be a NEO under paragraph (iii) but for the fact that the individual was neither an executive officer of the Corporation or its subsidiaries, nor acting in similar capacity, at the end of the most recently completed financial year. The following is a list of the proposed NEOs of the Resulting Issuer:

- William Hessert, Proposed CEO of the Resulting Issuer; and
- Andrew Duval, Proposed CFO of the Resulting Issuer.

Director and Named Executive Officer Compensation, Excluding Compensation Securities

The Corporation was incorporated in 2023, and was not a reporting issuer at any time during its most recently completed financial year. Accordingly, the following table sets forth information with respect to the compensation of each NEO and director of the Corporation for the period of July 25, 2023 to August 31, 2023, as well as the anticipated compensation of each NEO and director of the Resulting Issuer for the 12-month period subsequent to becoming a reporting issuer:

Table of Compensation Excluding Compensation Securities⁷

Name and Principal Position	Year	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Long-term incentive plans (\$)	Value of all other compensation(\$)	Total compensation (\$) ⁽⁶⁾
William Hessert CEO	2023	-	-	-	-	-	-	-
	2024	US\$[◆]	-	-	-	-	US\$[◆]	US\$[◆]
Andrew Duval CFO	2023	US\$[◆]	-	-	-	-	US\$[◆]	US\$[◆]
	2024	US\$[◆]	-	-	-	-	US\$[◆]	US\$[◆]
Alex McAulay Director	2023	US\$[◆]	-	-	-	-	US\$[◆]	US\$[◆]
	2024	US\$[◆]	-	-	-	-	US\$[◆]	US\$[◆]
Michael Malana Director	2023	US\$[◆]	-	-	-	-	US\$[◆]	US\$[◆]
	2024	US\$[◆]	-	-	-	-	US\$[◆]	US\$[◆]

The anticipated compensation set out above is based on current conditions in the industry and on the associated approximate allocation of time for each NEO and director.

Stock Options and Other Compensation Securities

The Corporation was not a reporting issuer at any time during its most recently completed financial year. The following table discloses all anticipated compensation securities the Resulting Issuer expects to grant or issue to each NEO and director once the Resulting Issuer becomes a reporting issuer:


Compensation Securities⁸

Name and Position	Type of compensation security	Number of compensation securities and percentage of class ⁽¹⁾	Date of issue or grant	Issue conversion of exercise price	Expiry Date
William Hessert, CEO and Director	[◆]	[◆] ([◆]%)	Completion of Arrangement Transaction	\$[◆]	[◆] years after the completion of the Arrangement Transactions
Andrew Duval, CFO	[◆]	[◆] ([◆]%)	Completion of Arrangement Transaction	\$[◆]	[◆] years after the completion of the Arrangement Transactions
Alex McAulay, Director	[◆]	[◆] ([◆]%)	Completion of Arrangement Transaction	\$[◆]	[◆] years after the completion of the Arrangement Transactions
Michael Malana, Director	[◆]	[◆] ([◆]%)	Completion of Arrangement Transaction	\$[◆]	[◆] years after the completion of the Arrangement Transactions

⁷ Table to be completed in subsequent filing.

⁸ Table to be completed in subsequent filing.

Notes:

- (1) Based on  expected to be outstanding at Listing.

Stock Option Plans and Other Incentive Plans

See “*Stock Options and Other Compensation Securities*” above.

Employment, Consulting and Management Agreements

On closing of the Arrangement Transaction, or shortly thereafter, the Resulting Issuer will enter into executive employment agreements (collectively, the “**Employment Agreements**”) with the following executives on the following terms:

- William Hessert, pursuant to an executive employment agreement (the “**Hessert Employment Agreement**”), will serve as CEO of the Resulting Issuer until the Hessert Employment Agreement is terminated in accordance with the terms set forth therein. Mr. Hessert will be entitled to aggregate annual compensation of US\$95,000. Mr. Hessert will also be eligible for a bonus at the Board’s discretion and will be eligible to participate in the Equity Incentive Plan.
- Andrew Duval, pursuant to an executive employment agreement (the “**Duval Employment Agreement**”), will serve as CFO of the Resulting Issuer until the Duval Employment Agreement is terminated in accordance with the terms set forth therein. Mr. Duval will be entitled to aggregate annual compensation of \$18,000. Mr. Duval will also be eligible for a bonus at the Board’s discretion and will be eligible to participate in the Equity Incentive Plan.

Termination and Change of Control Benefits

Currently, there is no employment agreement in place for any of the NEOs that provides for payments to a NEO following or in connection with any termination, resignation, retirement, change in control or the Corporation (or a subsidiary) or a change in an NEOs responsibility.

As indicated above, upon completion of the Arrangement Transaction, the Resulting Issuer will enter into the Hessert Employment Agreement with William Hessert and the Duval Employment Agreement with Andrew Duval, both of which will provide for payments to be made by the Resulting Issuer in the event of termination of the Employment Agreements by the Resulting Issuer without cause, change in control or following a death or total disability, the details of which are summarized below.

Oversight and Description of Director and Named Executive Officer Compensation

The Corporation does not have a compensation committee or a formal compensation policy. The Corporation relies solely on the directors to determine the compensation of the NEOs. In determining compensation, the directors consider industry standards and the Corporation’s financial situation, but the Corporation 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:

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

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

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

Pension Plan Benefits

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

DIRECTOR COMPENSATION

As of the date hereof, the Corporation has not paid any compensation to its sole director, being Alex McAulay, for his services to the Corporation in his capacity as director.

As of the date hereof, BluSky has not paid any compensation to its sole director, being William Hessert, for his services to BluSky in his capacity as director.

The Corporation contemplates that each independent director, if any, will be entitled to participate in the Equity Incentive Plan.

Directors' and Officers' Liability Insurance

The Corporation does not carry directors' and officers' liability insurance for any of its directors or officers. The Corporation will consider obtaining directors' and officers' liability insurance upon becoming a reporting issuer.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

As at the date of this Prospectus, none of the current or proposed directors and executive officers of the Corporation, or Associates of such persons is indebted to the Corporation, or another entity where the indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation.

As at the date of this Prospectus, none of the directors and executive officers of BluSky or their Associates is indebted to BluSky, or another entity where the indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by BluSky.

PLAN OF DISTRIBUTION

Pursuant to the Agency Agreement, the Corporation has appointed the Agent to act as its agent to offer for sale to the public, on a "commercially reasonable best efforts" basis, the Offering Shares at the Unit Offering Price for aggregate gross proceeds of a minimum of \$3,000,000 and up to a maximum of \$5,000,000 as provided in this Prospectus if, as and when issued by the Corporation and accepted by the Agent in accordance with the terms of the Agency Agreement, subject to compliance with all necessary legal requirements and to the conditions of the Agency Agreement. The Corporation has also granted the Agent the Over-Allotment Option, exercisable, subject to applicable regulatory requirements, in whole or in part, from time to time until the date which is 30 calendar days following the Closing Date, to purchase from the Corporation Additional Units up to an additional 15% of the aggregate number of Units issued pursuant to the Offering at the Offering Price to cover the Agent's over-allocation position, if any, and for market stabilization purposes. The Over-Allotment Option may be exercised by the Agent to acquire Additional Units at the Offering Price.

Prior to the Unit Offering, there was no public market for the Common Shares. The Unit Offering Price was determined by arm's length negotiation between the Corporation and the Agent, and bears no relationship to earnings, book value or other valuation criteria.

The Corporation and BluSky's directors, officers, employees and other investors who have an existing relationship with the Corporation or BluSky may purchase Offering Shares pursuant to the Unit Offering.

The Agent may form a selling group including other qualified investment dealers and determine the fee payable to the members of such group, which fee will be paid by the Agent out of its fees. The obligation to pay the sub-agency fee is an obligation of the Agent and the Corporation is not responsible for ensuring that any dealer receives this payment from the Agent.

The obligations of the Agent under the Agency Agreement are conditional and may be terminated in their sole discretion on the basis of their assessments of the state of the financial markets, their satisfaction with the results of their due diligence investigations and in certain other stated circumstances. While the Agent has agreed to use their "commercially reasonable efforts" to sell the Offering Shares, the Agent is not obligated to purchase any Offering Shares not sold.

Under applicable securities laws in Canada, certain persons and individuals, including the Corporation and the Agent, have statutory liability for any misrepresentation in this Prospectus, subject to available defences. Under the Agency Agreement, the Corporation has agreed to indemnify and save harmless the Agent, its affiliates, directors, officers, employees, agents and shareholders against certain liabilities, including civil liabilities under the Canadian provincial securities legislation, and to contribute to any payments the Agent may be required to make in respect thereof.

Subscriptions for the Offering Shares will be received subject to rejection or allotment in whole or in part and the Agent reserve the right to close the subscription books at any time without notice. All subscription funds received by the Agent will be held in trust, pending the closing of the Unit Offering.

There is currently no market through which the Offering Shares may be sold. This may affect the pricing of the Offering Shares in the secondary market, the transparency and availability of trading prices, the liquidity of the Offering Shares and the extent of issuer regulation. See "Risk Factors". The Corporation intends to apply to list its Common Shares on the Exchange. Listing of the Common Shares is subject to the Corporation fulfilling all the listing requirements of the Exchange. As of the date hereof, the CSE has not accepted the listing of the Corporation's Common Shares. The listing of the Common Shares will be subject to the Corporation fulfilling all of the listing requirements of the CSE, which cannot be guaranteed.

In connection with the Unit Offering, the Agent or certain securities dealers may distribute the Prospectus electronically.

On the Closing Date, assuming the Maximum Offering and no exercise of the Over-Allotment Option, the Corporation expects to have a total of approximately 57,007,349 Common Shares issued and outstanding on a non-diluted basis and, if the Over-Allotment Option is exercised in full, a total of 58,507,349 Common Shares issued and outstanding on a non-diluted basis.

The Unit Offering is being made in Alberta, British Columbia and Ontario. The Offering Shares will be offered in Alberta, British Columbia and Ontario through the Agent or its affiliates who are registered to offer the Offering Shares for sale in such provinces and such other registered dealers as may be designated by the Agent. Subject to applicable law, the Agent may offer the Offering Shares outside of Canada.

As at the date of the Prospectus, the Corporation does not have any of its securities listed or quoted, has not applied to list or quote any of its securities, and does not intend to apply to list or quote any of its securities, on the Toronto Stock Exchange, CBOE Canada, a U.S. marketplace, or a marketplace outside of Canada and the United States of America.

Certificates

Other than pursuant to certain exceptions, it is expected that one or more global certificates for the Offering Shares distributed by this Prospectus will be issued in registered and definitive form to CDS and will be deposited with CDS on the Closing Date. Purchasers of the Offering Shares will receive only a customer confirmation from the registered dealer from or through whom the Offering Shares are purchased.

Commissions and Expenses

Pursuant to the terms of the Agency Agreement, the Corporation will pay the Agent the Agent’s Commission equal to 8.0% of the aggregate gross proceeds of the Unit Offering in respect of purchasers of Units. As an additional compensation, the Corporation will: (i) pay the Agent the Corporate Finance Fee equal to \$55,000 (plus GST); and (ii) issue to the Agent such number of non-transferrable Compensation Options as is equal to 8.0% of the number of Units sold pursuant to the Unit Offering. Each Compensation Option is exercisable into one (1) Common Share at the Unit Offering Price for a period of 24 months from the date of issuance.

The Corporation is entitled to designate certain subscribers to be included in the Unit Offering designated by the Corporation under the President’s List. The Advisory Commission payable for the President’s List orders under the Unit Offering will be reduced to 2.0% cash commission and 2.0% Advisory Options.

AUDIT COMMITTEE


Audit Committee Charter

The full text of the charter of the Audit Committee is attached as Schedule C to this Prospectus.

Composition of the Audit Committee

Pursuant to applicable laws, the Resulting Issuer is required to have an audit committee comprised of at least three (3) directors, the majority of whom must not be officers or employees of the Resulting Issuer or an affiliate of the Resulting Issuer.

The following are the proposed members of the Audit Committee following the completion of the Arrangement Transaction:

Member	Independence	Financially Literate
Alex McAulay	Non-Independent ⁽¹⁾	Yes
Michael Malana	Independent ⁽¹⁾	Yes
 ⁹	Independent ⁽¹⁾	Yes

Notes:

(1) Within the meaning of NI 52-110.

Relevant Education and Experience

In addition to each member’s general business experience, the education and experience of each Audit Committee member is set out in “*Directors and Executive Officers*” above.

Mandate and Responsibilities of the Audit Committee

The Audit Committee’s mandate and responsibilities include: (i) reviewing and recommending for approval to the Board the financial statements, accounting policies that affect the statements, annual MD&A and associated press releases; (ii) being satisfied that adequate procedures are in place for the review of the

⁹ Final member of Audit Committee and Chair of Audit Committee to be provided in subsequent submission.

Resulting Issuer’s public disclosure of financial information extracted or derived from the Resulting Issuer’s financial statements and periodically assessing those procedures; (iii) establishing and maintaining compliant procedures regarding accounting, internal accounting controls, or auditing matters and the confidential, anonymous submission by employees of the Resulting Issuer of concerns regarding questionable accounting or auditing matters; (iv) overseeing the work of the external auditor engaged for the purpose of preparing or issuing an auditor’s report or performing such other audit, review or attest services for the Resulting Issuer, including the resolution of disagreements between management and the external auditor regarding financial reporting; (v) pre-approving all non-audit services to be provided to the Resulting Issuer or its subsidiary entities by the external auditor; (vi) reviewing and monitoring the processes in place to identify and manage the principal risks that could impact the financial reporting of the Resulting Issuer; and (vii) reviewing and approving the Resulting Issuer’s hiring policies regarding partners, employees, and former partners and employees of the present and former external auditor of the Resulting Issuer.

The Audit Committee is to meet at least quarterly to review financial statements and MD&A and to meet with the Resulting Issuer’s external auditors at least once a year.

Audit Committee Oversight

At no time since the date of incorporation on July 25, 2023 was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board.

Reliance on Certain Exemptions

At no time since the date of incorporation on July 25, 2023 has the Corporation relied on the exemption in section 2.4 of NI 52-110 (*De Minimis Non-audit Services*), or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110.

The Resulting Issuer will rely on the exemptions provided for “venture issuers” in section 6.1 of NI 52-110 with respect to Part 3 — Composition of the Audit Committee and Part 5 — Reporting Obligations.

Pre-Approval Policies and Procedures

The Audit Committee is required to approve the engagement of the Corporation’s external auditors in respect of non-audit services.

External Auditor Service Fees (By Category)

The Audit Committee has reviewed the nature and amount of the non-audit services provided by DMCL LLP to ensure auditor independence. The following table sets out the aggregate fees billed by DMCL LLP for the financial years ended August 31, 2022 and August 31, 2023, and the three month period ended November 30, 2023, for each category of fees described:

Financial Period Ending	Audit Fees⁽²⁾	Audit Related Fees⁽³⁾	Tax Fees⁽⁴⁾	All Other Fees⁽⁵⁾
August 31, 2022	Nil	Nil	Nil	Nil
August 31, 2023 ⁽¹⁾	\$47,000	\$5,000	Nil	Nil
November 30, 2023	\$17,000	\$20,000	Nil	Nil
August 31, 2024 ⁽⁶⁾	\$39,500	Nil	Nil	Nil

Notes:

(1) From the date of incorporation on July 25, 2023 to August 31, 2023.

(2) “Audit Fees” includes fees necessary to perform the annual audit and quarterly reviews of the Corporation’s financial statements. Audit Fees include fees for review of tax provisions and for accounting consultations on

- matters reflected in the financial statements. Audit Fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.
- (3) "Audit-Related Fees" include services that are traditionally performed by the auditor. These audit-related services include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.
 - (4) "Tax Fees" include fees for all tax services other than those included in "Audit Fees" and "Audit-Related Fees". This category includes fees for tax compliance, tax planning and tax advice. Tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.
 - (5) "All Other Fees" include all other non-audit services.
 - (6) Estimated fees for financial year ending August 31, 2024.

CORPORATE GOVERNANCE

National Policy 58-201 – *Corporate Governance Guidelines* of the CSA has set out best practice guidelines for effective corporate governance (the "**Guidelines**"). The Guidelines address matters such as the constitution and independence of corporate boards, the functions to be performed by boards of directors and their committees and the effectiveness and education of board members.

Set out below is a description of the Corporation's corporate governance practices in accordance with the Guidelines in NI 58-101.

Board of Directors

For the purposes of NI 58-101, a director is considered to be independent if they do not have any direct or indirect material relationship with the Corporation. A material relationship is in turn defined as a relationship which could, in the view of the Board, be reasonably expected to interfere with such member's independent judgement. The Board has determined that a majority of the directors of the Corporation are "independent" within the meaning of NI 58-101.

Pursuant to NI 52-110, a director is considered independent if he or she has no direct or indirect material relationship with the Corporation that the Board believes could reasonably be perceived to materially interfere with their ability to exercise independent judgment. NI 52-110 sets out certain situations where a director is deemed to have a material relationship with the Corporation.

The Board is currently comprised of one (1) director, being Alex McAulay, who is not considered independent within the meaning of NI 52-110.

Upon completion of the Arrangement Transaction, the Board of the Resulting Issuer will be comprised of five (5) directors, including Alex McAulay and William Hessert, who will not be considered independent within the meaning of NI 52-110, and Michael Malana, who will be considered independent within the meaning of NI 52-110. See "*Directors and Executive Officers*".

Directorships

Certain of the directors (or proposed directors) of the Resulting Issuer are directors or may become directors of other reporting issuers (or equivalent) in a jurisdiction or a foreign jurisdiction as follows:

Name of Director	Other Reporting Issuer (or equivalent in a foreign jurisdiction)				
	Issuer Name	Exchange	Position	From mm/yy	To mm/yy
Alexander (Alex) McAulay	Ambari Brands Inc.	CSE	CFO	12/23	Present
	Hybrid Power Solutions Inc.	CSE	CFO, Director	07/22	Present
	5D Acquisition Corp.	TSX-V	CFO, Director	04/23	11/23

	Troy Minerals Inc.	CSE	CFO	08/22	06/23
	Lite Access Technologies Inc.	TSX-V	Director	07/22	Present
	FRNT Financial Inc.	TSX-V	CFO	03/22	Present
	Volatus Capital Corp.	CSE	Director	02/22	08/23
	Vegano Foods Inc.	CSE	CFO	02/22	04/23
	Plantable Health Inc.	NEO	CFO	01/22	02/22
	Tiidal Gaming Group Corp. (Formerly Greenstone Capital Corp.)	CSE	CFO	11/21	04/22
	Doseology Sciences Inc.	CSE	CFO	11/21	01/22
	Comprehensive Healthcare Systems (formerly, Greenstone Capital Corp.)	TSX-V	CFO	09/21	05/23
	Neptra Foods Inc.	CSE	CFO/ Director	08/21	07/23
	Pacific Arc Resources Ltd.	NEX	CFO	08/21	Present
	Medaro Mining Corp.	CSE	CFO	08/21	Present
	ITOK Capital Corp		CFO	02/21	07/23
	CAVU Energy Metals Corp.	CSE	CFO	09/20	12/22
	Newpath Resources Inc.	TSX-V	CEO	08/20	Present
	RYU Apparel Inc.	TSX-V	CFO	07/20	05/22
	Mantaro Precious Metals Corp. (formerly Yuntone Capital Corp.)	NEX	Director	06/20	05/21
	Carbeeza Inc. (formerly HIT Technologies Inc.)	TSX-V	CFO	01/20	06/21
	CBD Global Sciences Inc.	CSE	CFO	10/19	04/22
	Lobe Sciences Ltd. (formerly GreenStar	CSE	CFO	03/19	12/19

	Biosciences Corp.)				
	Bow Energy Ltd.	TSX-V	CFO	03/17	03/18
Michael Malana	Urban Plus Capital Corp.	Anticipated to be listed on the CSE	Director	06/22	Present
	Panoro Minerals Ltd.	TSXV	CFO	06/22	Present
	Nortec Minerals Ltd.	TSXV	Interim CEO	06/21	Present
	Nortec Minerals Ltd.	TSXV	Director	10/20	Present
	WPD Pharmaceuticals Inc.	CSE	CFO	08/20	05/23
	Nortec Minerals Ltd.	TSXV	CFO & Corporate Secretary	02/17	06/21
	Traction Uranium Corp.	CSE	Director & CEO	07/20	03/22
	Beyond Medical Technologies Inc.	CSE	Director	01/20	04/21
	Growmax Resources Corp.	TSXV	CFO & Corporate Secretary	04/19	08/21
	First Responder Technologies Inc.	CSE	Director, CFO & Corporate Secretary	04/18	05/21
	Karam Minerals Inc.	CSE	CFO & Corporate Secretary	04/18	06/20
	Patriot One Technologies Inc.	TSXV	CFO & Corporate Secretary	02/16	02/17
	Orca Touchscreen Technologies Inc.	CSE	CFO & Corporate Secretary	08/15	10/16
	Apivio Systems Inc.	TSXV	CFO & Corporate Secretary	10/13	11/14
Sunward Resources Ltd.	TSX	CFO	11/11	10/13	
William Hessert	N/A				

Orientation and Continuing Education

While the Corporation currently has no formal orientation and education program for new Board members, sufficient information is provided to any new Board member to ensure that new directors are familiarized with the Corporation's business and the procedures of the Board. In addition, new directors are encouraged to visit and meet with management on a regular basis.

Ethical Business Conduct

The Board monitors the ethical conduct of the Corporation and ensures that it complies with applicable legal and regulatory requirements, such as those of relevant securities commissions and stock exchanges. The Board has found that the fiduciary duties placed on individual directors by the Corporation's governing corporate legislation and the common law and the restrictions placed by applicable corporate legislation on an individual director's participation in decisions of the Board in which the director has an interest have been sufficient to ensure that the Board operates independently of management and in the best interests of the Corporation.

Under corporate legislation, a director is required to act honestly and in good faith with a view to the best interests of the Corporation and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances, and disclose to the Board the nature and extent of any interest of the director in any material contract or material transaction, whether made or proposed, if the director is a party to the contract or transaction, is a director or officer (or an individual acting in a similar capacity) of a party to the contract or transaction or has a material interest in a party to the contract or transaction.

Nomination of Directors

The Board performs the functions of a nominating committee with responsibility for the appointment and assessment of directors. The Board believes that this is a practical approach at this stage of the Corporation's development. While there are no specific criteria for Board membership, the Corporation attempts to attract and maintain directors with a wealth of business knowledge and a particular knowledge of the Corporation's industry or other industries, which provide knowledge. As such, nominations tend to be the result of recruitment efforts by management of the Corporation and discussions among the directors prior to the consideration of the Board as a whole.

Compensation

The Corporation has not yet established a compensation committee and to date, the Board as a whole is responsible for determining the compensation of directors and the officers, and for reviewing the officers' recommendations regarding compensation of the other executive officers of the Corporation. No formal compensation program or benchmarking has been established given the size and stage of the Corporation. Notwithstanding the foregoing:

- Pursuant to the Hessert Agreement, Mr. Hessert will be entitled to aggregate annual compensation of US\$95,000. Mr. Hessert is also eligible for a bonus at the Board's discretion and is eligible to participate in the Equity Incentive Plan.
- Pursuant to the Duval Agreement, Mr. Duval will be entitled to aggregate annual compensation of \$18,000. Mr. Duval is also eligible for a bonus at the Board's discretion and is eligible to participate in the Equity Incentive Plan.

See "*Executive Compensation – Employment, Consulting and Management Agreements*".

Other Board Committees

The Board has no committees other than the Audit Committee. Going forward, the Board will review its corporate governance practices and consider, among other matters, whether it would be desirable to establish additional committees of the Board.

Assessments

The Board has not yet established a formal performance review process for assessing the effectiveness of the Board, the Audit Committee or the individual directors. It is expected that the contributions of an individual director are informally monitored by the other Board members, having in mind the business

strengths of the individual and the reasons for which the individual was nominated for appointment to the Board. The Corporation will continue to develop its approach to corporate governance in light of its own circumstances and what are recognized as best practices in this area.

RISK FACTORS

The Resulting Issuer's business and stated business objectives are the business and stated business objectives of BluSky. See "*Description of the Business*". All references to the Resulting Issuer's business and stated business objectives include the business and stated business objectives of both the Corporation and BluSky, assuming successful completion of the Arrangement Transaction. To the extent that the Corporation's business and stated business objectives differ from that of BluSky, further information is provided.

Risks Related to our Business and Industry

Limited History of Operations

The Corporation was formed in July 2023. We have a very limited operating history upon which to base an evaluation of our business and prospects. Operating results for future periods are subject to numerous uncertainties and the Corporation cannot assure investors that the Resulting Issuer will achieve or sustain profitability. The Resulting Issuer's prospects must be considered in light of the risks encountered by companies in the early stage of development, particularly companies in new and rapidly evolving markets. Future operating results will depend upon many factors, including, but not limited to, our success in attracting necessary financing, establishing credit or operating facilities, the Resulting Issuer's ability to control operational costs, and the Resulting Issuer's ability in retaining motivated and qualified personnel, as well as the general economic conditions which affect consumer businesses. The Resulting Issuer cannot make assurances that it will successfully address any of these risks.

Negative Cash Flows and Going Concern

Since inception, the Corporation has not generated revenues and has incurred losses and has a negative operating cash flow. There is no assurance that sufficient revenues will be generated in the near future. To the extent that the Resulting Issuer has negative operating cash flow in future periods, it may need to allocate a portion of its cash reserves to fund such negative cash flow. The Resulting Issuer may also be required to raise additional funds through the issuance of equity or debt securities. There can be no assurance that the Resulting Issuer will ever be able to generate a positive cash flow from its operations, that additional capital or other types of financing will be available when needed or that these financings will be on terms favourable to the Resulting Issuer.

To the extent that funds generated from any private placements, public offerings and/or bank financing are insufficient, the Resulting Issuer will have to raise additional working capital. No assurance can be given that additional financing will be available, or if available, will be on acceptable terms.

The Resulting Issuer's financial position and results of operations may differ materially from expectations

The Resulting Issuer's actual financial position and results of operations may differ materially from management's expectations. As a result, the Resulting Issuer's revenue, net income and cash flow may differ materially from the Resulting Issuer's projected revenue, net income and cash flow. The process for estimating the Resulting Issuer's revenue, net income and cash flow requires the use of judgment in determining the appropriate assumptions and estimates. These estimates and assumptions may be revised as additional information becomes available and as additional analyses are performed. In addition, the assumptions used in planning may not prove to be accurate, and other factors may affect the Resulting Issuer's financial condition or results of operations.

The Corporation expects to incur future losses and may never become profitable

The Corporation has incurred losses since incorporation and expects to incur an operating loss for the year ending December 31, 2023. The Corporation believes that operating losses will continue post Listing, as it is planning to incur significant costs associated with the research, development and market of its products. The Corporation's net losses have had and will continue to have an adverse effect on, among other things, shareholders' equity, total assets and working capital. The Corporation expects that losses will fluctuate from quarter to quarter and year to year, and that such fluctuations may be substantial. The Corporation cannot predict when it will become profitable, if at all.

The Resulting Issuer May Require Additional Capital

The Corporation has limited capital available to it. If the Resulting Issuer's entire original capital is fully expended and additional costs cannot be funded from borrowings or capital from other sources, then the Resulting Issuer's financial condition, results of operations, and business performance would be materially adversely affected. The Resulting Issuer's may require additional capital for the development of its business operations. The Resulting Issuer may also encounter unforeseen expenses, difficulties, complications, delays and other unknown factors that may increase the capital needs and/or cause the Resulting Issuer to spend its cash resources faster than it expects. Accordingly, the Resulting Issuer will need to obtain additional funding in order to continue its operations. The Resulting Issuer may not be able to raise needed additional capital or financing due to market conditions or for regulatory or other reasons. The Resulting Issuer cannot assure that it will have adequate capital to conduct business. If additional funding is not obtained, the Resulting Issuer may need to reduce, defer or cancel business development efforts, or overhead expenditures to the extent necessary. The failure to fund its operating and capital requirements could have a material adverse effect on the Resulting Issuer's business, financial condition, and results of operations.

Possible failure to complete the Arrangement Transaction

The Arrangement Transaction is subject to completion of the conditions described herein and normal commercial risk that the Arrangement Transaction may not be completed on the terms negotiated or at all. If closing of the Arrangement Transaction does not take place, the Listing of the Common Shares is not likely to occur, and the Corporation's business, financial conditions and results of operations will be materially adversely affected.

Failure to realize anticipated benefits of the Arrangement Transaction

The Corporation is proposing to complete the Arrangement Transaction for the purposes of positioning the Resulting Issuer to achieve its objective of acquiring assets and businesses in the carbon capture industry.

Assuming successful completion of the Arrangement Transaction, the business of the Corporation will be the business of BluSky.

Achieving the benefits of the Arrangement Transaction depends in part on successfully integrating BluSky in a timely and efficient manner. The integration of BluSky will require the dedication of substantial management effort, time and resources, which may divert management's focus and resources from other strategic opportunities. The integration process may result in the loss of key employees and service providers and the disruption of ongoing business and employee relationships that may adversely affect the Corporation's ability to achieve the anticipated benefits of the Arrangement Transaction. See "*Arrangement Transaction*".

Potential undisclosed liabilities associated with the Arrangement Transaction

In connection with the Arrangement Transaction, there may be liabilities that the Corporation failed to discover or were unable to quantify in their due diligence which was conducted prior to the execution of the Arrangement Agreement and the Corporation may not be indemnified for some or all of these liabilities.

Failure to successfully integrate acquired businesses and other assets

The consummation and integration of BluSky, as well as any other acquired business or other assets into the Resulting Issuer may be complex and time consuming and, if such businesses and assets are not successfully integrated, the Corporation may not achieve the anticipated benefits, cost-savings or growth opportunities. Furthermore, these acquisitions and other arrangements, even if successfully integrated, may fail to further the Resulting Issuer's business strategy as anticipated, expose the Resulting Issuer to increased competition or other challenges with respect to the Resulting Issuer's products/compounds or geographic markets, and expose the Resulting Issuer to additional liabilities associated with an acquired business, technology or other asset or arrangement.

Product Defects

Although the Resulting Issuer considers the products it distributes to be of high quality, the products distributed by the Resulting Issuer may contain undetected errors or defects, especially when first introduced or when new generations are released. Errors, defects, or poor performance can arise due to design flaws, defects in raw materials or components or manufacturing difficulties, which can affect both the quality and the yield of the product. Any actual or perceived errors, defects, or poor performance in the products distributed by the Resulting Issuer could result in the replacement or recall of such products, shipment delays, rejection of such products, damage to its reputation, lost revenue, and increases in customer service and support costs, all of which could have a material adverse effect on the Resulting Issuer's business, financial condition, and results of operations.

The Resulting Issuer may face growth-related risks

The Resulting Issuer may be subject to growth-related risks including pressure on its internal systems and controls. The Resulting Issuer's ability to manage its growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the Resulting Issuer to deal with this growth could have a material adverse impact on its business, operations and prospects. The Resulting Issuer may experience growth in the number of its employees and the scope of its operating and financial systems, resulting in increased responsibilities for the Resulting Issuer's personnel, the hiring of additional personnel and, in general, higher levels of operating expenses. In order to manage its future growth effectively, the Resulting Issuer will also need to continue to implement and improve its operational, financial and management information systems and to hire, train, motivate, manage and retain its employees. There can be no assurance that the Resulting Issuer will be able to manage such growth effectively, that its management, personnel or systems will be adequate to support the Resulting Issuer's operations or that the Resulting Issuer will be able to achieve the increased levels of revenue commensurate with the increased levels of operating expenses associated with this growth.

Acquisition of Businesses or Assets

The Resulting Issuer may pursue strategic acquisitions in the future. Risks in acquisition transactions include difficulties in the integration of acquired businesses into the Resulting Issuer's operations and control environment, difficulties in assimilating and retaining employees and intermediaries, difficulties in retaining the existing clients of the acquired entities, assumed or unforeseen liabilities that arise in connection with the acquired businesses, the failure of counterparties to satisfy any obligations to indemnify the Resulting Issuer against liabilities arising from the acquired businesses, and unfavorable market conditions that could negatively impact the Resulting Issuer's growth expectations for the acquired businesses. Fully integrating an acquired company or business into the Resulting Issuer's operations may take a significant amount of time. There is no certainty that the Resulting Issuer will be successful in overcoming these risks or any other problems encountered with acquisitions and other strategic transactions. These risks may prevent the Resulting Issuer from realizing the expected benefits from acquisitions and could result in the failure to realize the full economic value of a strategic transaction or the impairment of goodwill and/or intangible assets recognized at the time of an acquisition. These risks could be heightened if the Resulting Issuer completes a large acquisition or multiple acquisitions within a short period of time.

Changes in Regulatory Environment

The Resulting Issuer's business is subject to a variety of federal, provincial, state and international laws and regulations, including those with respect to government incentives promoting fuel efficiency and alternate forms of energy, electric vehicles and others. These laws and regulations, and the interpretation or application of these laws and regulations, could change. Any reduction, elimination or discriminatory application of government subsidies and economic incentives because of policy changes, fiscal tightening or other reasons may result in diminished revenues from government sources and diminished demand for the Resulting Issuer's products. In addition, new laws or regulations affecting the Resulting Issuer's business could be enacted. These laws and regulations are frequently costly to comply with and may divert a significant portion of management's attention. If the Resulting Issuer fails to comply with these applicable laws or regulations, the Resulting Issuer could be subject to significant liabilities which could adversely affect its business.

There are a number of significant matters under review and discussion with respect to government regulations which may affect the Resulting Issuer's business and/or harm its customers, and thereby adversely affect the Resulting Issuer's business, financial condition and results of operations.

Elimination of the Carbon Tax

The existence of the carbon tax is one the factors contributing to the demand for the Resulting Issuer's products and services. In the event that the carbon tax is eliminated from the current environmental policy and legislative regime, there is a risk of reduced revenue. While the Resulting Issuer does not anticipate a move away from the carbon tax regime, there is no guarantee that governments in Canada, which periodically see changes in leadership, will not eliminate carbon tax regimes.

Global Policy Developments

The Corporation and the Resulting Issuer is subject to changing and future global policy developments over which it has no control. Carbon markets are developing and are subject to developing global policy. There is uncertainty regarding impact of global policy developments, including resolution of Article 6 of the Paris Agreement and the role of Internationally Transferred Mitigation Outcomes ("ITMOs") and any developments arising from the United Nations Climate Change Conference (COP28). Future global policy development may positively or adversely affect the Resulting Issuer and its business.

Inaccurate Market Forecasts

Market opportunity estimates and growth forecasts, whether obtained from third-party sources or developed internally, are subject to significant uncertainty and are based on assumptions and estimates that may prove to be inaccurate. This is especially so at the present time due to the uncertain and rapidly changing projections of the COVID-19 pandemic recovery pace and impacts from the war in Ukraine. The Corporation's internal estimates relating to the size and expected growth of the target market, market demand, may also prove to be inaccurate. In particular, estimates regarding the current and projected market and the Resulting Issuer's market share capture are difficult to predict. The estimated addressable market may not materialize in the timeframe of the Corporation's internal projections, if ever, and even if the markets meet the size estimates and growth estimates of the Corporation, the Resulting Issuer's business could fail to grow at similar rates.

The size of the Resulting Issuer's target market is difficult to quantify, and investors will be reliant on their own estimates on the accuracy of market data

Because the Resulting Issuer's industry is in a relatively nascent stage with uncertain boundaries, there is a lack of information about comparable companies available for potential investors to review in deciding about whether to invest in the Corporation and, few, if any, established companies whose business model the Resulting Issuer can follow or upon whose success the Resulting Issuer can build. Accordingly, readers will have to rely on their own estimates about the Resulting Issuer. There can be no assurance that the Corporation's estimates are accurate or that the market size is sufficiently large for its business to grow as

projected, which may negatively impact its financial results. The Corporation regularly purchases and follows market research.

Supply Chain Disruptions

Global trade conditions and consumer trends that originated during the COVID-19 pandemic continue to persist and have created significant disruptions to the global supply chain, which may impact the Resulting Issuer's ability to obtain equipment and other supplies necessary for the Resulting Issuer's business on a timely basis and at anticipated costs. Any continued or new supply chain disruptions, or shortages affecting the Resulting Issuer's suppliers, could adversely affect the Resulting Issuer's business and operating results.

In addition, the conflict between Russia and Ukraine could lead to disruption, instability and volatility in global markets and industries that could negatively impact the Resulting Issuer's supply chain. The Canadian and U.S. governments and other governments have already imposed severe sanctions and export controls against Russia and Russian interests and may yet impose additional sanctions and controls. The impact of these measures, as well as potential responses to them by Russia, is currently unknown and could adversely affect the Resulting Issuer's supply chain, which, in turn, could affect the Resulting Issuer's business and operating results.

Failure to Develop Internal Controls

As the Resulting Issuer matures, the Resulting Issuer will need to continue to develop and improve its current internal control systems and procedures to manage growth. The Resulting Issuer is required to establish and maintain appropriate internal controls over financial reporting. Failure to establish appropriate controls, or any failure of those controls once established, could adversely impact the Resulting Issuer's public disclosures regarding its business, financial condition, or results of operations. In addition, management's assessment of internal controls over financial reporting may identify weaknesses and conditions that need to be addressed in the Resulting Issuer's internal controls over financial reporting or other matters that may raise concerns for investors. Any actual or perceived weaknesses and conditions that need to be addressed in the Resulting Issuer's internal control over financial reporting, disclosure of management's assessment of its internal controls over financial reporting or disclosure of the Resulting Issuer's public accounting firm's attestation to or report on management's assessment of its internal controls over financial reporting may have an adverse impact on the price of the Common Shares.

Dependence on Management Team and Personnel

The Resulting Issuer's performance will be largely dependent on the talents and efforts of highly skilled individuals. The loss of one or more members of the Resulting Issuer's management team or other key employees or consultants could materially harm its business, financial condition, results of operations and prospects. The Resulting Issuer's future success depends on the Resulting Issuer's continuing ability to identify, hire, develop, motivate and retain highly qualified personnel for all areas of its organization. The Resulting Issuer faces competition for personnel and consultants from other companies, universities, public and private research institutions, government entities and other organizations. If the Resulting Issuer does not succeed in attracting excellent personnel or in retaining or motivating them, it may be unable to grow effectively. In addition, the Resulting Issuer's future success will depend in large part on its ability to retain key consultants and advisors. The Resulting Issuer cannot assure that any skilled individuals will agree to become an employee, consultant, or independent contractor of the Resulting Issuer. The Resulting Issuer's inability to retain their services could negatively impact its business and its ability to execute its business strategy.

Unfavorable Global Economic Conditions

The Resulting Issuer's business prospects and results of operations could be adversely affected by general conditions in the global economy and in the global financial markets. The recent global financial crisis caused extreme volatility and disruptions in the capital and credit markets. A severe or prolonged economic downturn, such as the recent global financial crisis, could result in a variety of risks to the Resulting Issuer's

business, including weaker demand for product candidates and impairment of the Resulting Issuer's ability to raise additional capital when needed on acceptable terms, if at all. A weak or declining economy could also strain suppliers, possibly resulting in supply disruption, or cause our customers to delay making payments for the Resulting Issuer's services. Any of the foregoing could harm the Resulting Issuer's business, and the Resulting Issuer cannot anticipate all of the ways in which the current economic climate and financial market conditions could adversely impact the Resulting Issuer's business.

The markets in which the Resulting Issuer competes are characterized by rapid technological change, which requires the Resulting Issuer to develop new products and product enhancements, and could render the Resulting Issuer's existing products obsolete.

Continuing technological changes in the market for the Resulting Issuer's products could make its products less competitive or obsolete, either generally or for particular applications. The Resulting Issuer's future success will depend upon its ability to develop and introduce a variety of new capabilities and enhancements to its existing product and service offerings, as well as introduce a variety of new product offerings, to address the changing needs of the markets in which it offers products. Delays in introducing new products and enhancements, the failure to choose correctly among technical alternatives or the failure to offer innovative products or enhancements at competitive prices may cause existing and potential customers to purchase the Resulting Issuer's competitors' products. If the Resulting Issuer is unable to devote adequate resources to develop new products or cannot otherwise successfully develop new products or enhancements that meet customer requirements on a timely basis, its products could lose market share, its revenue and profits could decline, and the Resulting Issuer could experience operating losses.

Non-Issuer Submission to Jurisdiction

Mr. William Hessert resides outside of Canada. Mr. Hessert has appointed DLA Piper (Canada) LLP located at 2700-1133 Melville Street, Vancouver, British Columbia V6E 4E5, as his agent for service of process in Canada. Purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person or company that is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, even if the party has appointed an agent for service of process.

Technological Risks

Computer malware, viruses, physical or electronic break-ins and similar disruptions could lead to interruption and delays in the Corporation's services and operations and loss, misuse or theft of data. Computer malware, viruses, computer hacking and phishing attacks against online networking platforms have become more prevalent and may occur on the Corporation's systems in the future. Any attempts by hackers to disrupt the Corporation's website service or its internal systems, if successful, could harm the Corporation's business, be expensive to remedy and damage the Corporation's reputation or brand. The Corporation's insurance may not be sufficient to cover significant expenses and losses related to direct attacks on the Corporation's website or internal systems. Efforts to prevent hackers from entering the Corporation's computer systems are expensive to implement and may limit the functionality of its services. Though it is difficult to determine what, if any, harm may directly result from any specific interruption or attack, any failure to maintain performance, reliability, security and availability of the Corporation's products and services and technical infrastructure may harm its reputation, brand and its ability to attract customers. Any significant disruption to the Corporation's website or internal computer systems could result in a loss of customers and could adversely affect the Corporation's business and results of operations.

The Corporation may experience service disruptions, outages and other performance problems due to a variety of factors, including infrastructure changes, third-party service providers, human or software errors and capacity constraints. If the Corporation's mobile application is unavailable when customers attempt to access it or it does not load as quickly as they expect, customers may seek other services.

Reliance on information technology systems and risk of cyberattacks.

The Resulting Issuer may enter into agreements with third parties for hardware, software, telecommunications and other information technology (“IT”) services in connection with its operations, as a result of which, the Resulting Issuer’s operations would depend, in part, on how well it and its contractors and consultants protect networks, equipment, IT systems and software against damage from a number of threats, including, but not limited to, cable cuts, damage to physical plants, natural disasters, intentional damage and destruction, fire, power loss, hacking, computer viruses, vandalism and theft. The Resulting Issuer’s operations would also depend on the timely maintenance, upgrade and replacement of networks, equipment, IT systems and software, as well as pre-emptive expenses to mitigate the risks of failures. Any of these and other events could result in information system failures, delays and/or increase in capital expenses. The failure of information systems or a component of information systems could, depending on the nature of any such failure, adversely impact the Resulting Issuer’s reputation and results of operations.

There can be no assurance that the Resulting Issuer will not incur material losses relating to cyber-attacks or other information security breaches in the future. The Resulting Issuer’s risk and exposure to these matters cannot be fully mitigated because of, among other things, the evolving nature of these threats. As a result, cyber security and the continued development and enhancement of controls, processes and practices designed to protect systems, computers, software, data and networks from attack, damage or unauthorized access is a priority. As cyber threats continue to the Resulting Issuer, the Resulting Issuer may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any security vulnerabilities.

Third-Party Intellectual Property Claims

The carbon capture industry is characterized by the existence of many patents, copyrights, trademarks and trade secrets. As the Corporation faces increasing competition, the possibility of intellectual property rights claims against the Corporation grows. The Corporation’s products and technologies may not be able to withstand any third-party claims or rights against their use. Intellectual property infringement claims against the Corporation could harm its relationships with its customers, may deter future customers from subscribing to the Corporation’s services or could expose it to litigation with respect to these claims. Even if the Corporation is not a party to any litigation involving a customer and third party, an adverse outcome in any such litigation could make it more difficult for the Corporation to defend its intellectual property in any subsequent litigation in which it is a named party. Any of these results could harm the Corporation’s brand and operating results.

Any intellectual property rights claim against the Corporation or its customers, with or without merit, could be time-consuming, expensive to litigate or settle and could divert management resources and attention. An adverse determination also could prevent the Corporation from offering its services to its customers and may require that the Corporation procure or develop substitute services that do not infringe.

With respect to any intellectual property rights claim against the Corporation or its customers, the Corporation may have to pay damages or stop using technology found to be in violation of a third party’s rights. The Corporation may have to seek a license for the technology, which may not be available on reasonable terms, may significantly increase the Corporation’s operating expenses or require it to restrict its business activities in one or more respects. The technology also may not be available for license to the Corporation. As a result, the Corporation may also be required to develop alternative non-infringing technology, which could require significant effort and expense.

Protection of Intellectual Property

The Resulting Issuer may rely on a combination of copyright, service mark, trademark and trade secret laws, as well as confidentiality procedures and contractual restrictions, to establish and protect its proprietary rights, all of which provide only limited protection.

The Resulting Issuer may apply for trademarks with the Canadian Intellectual Property Office and the United States Patent and Trademark Office. The trademarking process can take up to 24 months to complete and can be challenged during the process. The Corporation cannot state whether the trademarks it may apply for will be approved, refused, and/or ultimately registered. In addition, the Corporation’s trademark rights

and related registrations may be challenged in the future and could be canceled or narrowed. Failure to protect its trademark rights could prevent the Resulting Issuer in the future from challenging third parties who use names and logos similar to the Resulting Issuer's trademarks, which may in turn cause consumer confusion or negatively affect consumers' perception of the Resulting Issuer's brand and products.

The Corporation endeavors to enter into agreements with its employees and contractors and agreements with parties with whom it does business to limit access to and disclosure of our proprietary information. The Corporation cannot be certain that the steps it has taken will prevent unauthorized use of its technology or the reverse engineering of its technology. Moreover, others may independently develop technologies that are competitive to the Corporation's or infringe the Corporation's intellectual property. The enforcement of the Corporation's intellectual property rights also depends on its legal actions against these infringers being successful, however, the Corporation cannot be sure these actions will be successful, even when its rights have been infringed.

Further, effective trademark, service mark, copyright and trade secret protection may not be available in every country in which the Corporation's services are available over the Internet. In addition, the legal standards relating to the validity, enforceability and scope of protection of intellectual property rights in carbon capture related industries are uncertain and evolving.

Uninsured Risks

The Corporation cannot guarantee that it will not incur uninsured liabilities and losses as a result of the conduct of its business. Should uninsured losses occur, they would have a material adverse effect on the Corporation's operating results, financial condition, and business performance.

The Resulting Issuer may not achieve its publicly announced milestones according to schedule, or at all

From time to time, the Resulting Issuer may announce the timing of certain events it expects to occur, such as the anticipated timing of results from its clinical trials. These statements are forward-looking and are based on the best estimates of management at the time relating to the occurrence of such events. However, the actual timing of such events may differ from what has been publicly disclosed. The Resulting Issuer undertakes no obligation to update or revise any forward-looking information or statements, whether as a result of new information, future events or otherwise, except as otherwise required by law. Any variation in the timing of previously announced milestones could have a material adverse effect on its business plan, financial condition or operating results and the trading price of Common Shares.

The Corporation's operations are subject to environmental health and safety laws and regulations

The Resulting Issuer and its operations, as well as those of its contractors, suppliers and customers, are subject to certain environmental laws and regulations, including laws related to the use, handling, storage, transportation and disposal of hazardous substances and wastes as well as electronic wastes and hardware, whether hazardous or not. These laws may require the Resulting Issuer or others in the Resulting Issuer's value chain to obtain permits and comply with procedures that impose various restrictions and obligations that may have material effects on its operations. If key permits and approvals cannot be obtained on acceptable terms, or if other operational requirements cannot be met in a manner satisfactory for the Resulting Issuer's operations or on a timeline that meets our commercial obligations, it may adversely impact the Resulting Issuer's business.

Environmental and health and safety laws and regulations can be complex and may be subject to change, such as through new requirements enacted at the supranational, national, sub-national and/or local level or new or modified regulations that may be implemented under existing law. The nature and extent of any changes in these laws, rules, regulations and permits may be unpredictable and may have material effects on the Resulting Issuer's business. Future legislation and regulations or changes in existing legislation and regulations, or interpretations thereof, including those relating to hardware manufacturing, electronic waste or batteries, could cause additional expenditures, restrictions and delays in connection with the Resulting Issuer's operations as well as other future projects, the extent of which cannot be predicted.

Further, the Resulting Issuer may rely on third-parties to ensure compliance with certain environmental laws, including those related to the disposal of hazardous and non-hazardous wastes. Any failure to properly handle or dispose of such wastes, regardless of whether such failure is the Resulting Issuer's or its contractors, may result in liability under environmental laws, including, but not limited to, the *Comprehensive Environmental Response, Compensation and Liability Act* ("**CERCLA**"), under which liability may be imposed without regard to fault or degree of contribution for the investigation and clean-up of contaminated sites, as well as impacts to human health and damages to natural resources. Additionally, the Resulting Issuer may not be able to secure contracts with third-parties to continue their key supply chain and disposal services for its business, which may result in increased costs for compliance with environmental laws and regulations.

Failure to comply with United States federal and state laws relating to employment could subject the Resulting Issuer to penalties and other adverse consequences.

The Resulting Issuer is subject to various employment-related laws in the jurisdictions in which its employees are based. The Resulting Issuer face risks if it fails to comply with applicable United States federal or state wage laws and wage laws of the international jurisdictions where it currently operates or may operate in the future. Any violation of applicable wage laws or other labor- or employment-related laws could result in complaints by current or former employees, adverse media coverage, investigations and damages or penalties which could have a material adverse effect on the Resulting Issuer's reputation, business, financial condition and results of operations. In addition, responding to any such proceedings may result in a significant diversion of management's attention and resources, significant defense costs and the incurrence of other professional fees.

Risks Related to our Common Shares

Substantial holdings by our Directors and Officers

As of February 28, 2024, the Resulting Issuer's proposed officers, directors, and founders beneficially own a total of 18,442,137 Common Shares, or approximately 31.23% of the total issued and outstanding Common Shares of the Resulting Issuer. These shareholders may have interests, with respect to their Common Shares, that are different from those of other shareholders, and the concentration of voting power among one or more of these shareholders may have a material adverse effect on the price of the Common Shares. These shareholders are able to exercise a significant level of control over all matters requiring shareholder approval, including the election of directors and approval of significant corporate transactions. This concentration of ownership may have the effect of delaying or preventing a change in control of the Resulting Issuer's or changes in management and will make the approval of certain transactions difficult or impossible without the support of these shareholders, which might adversely affect the market price of the Resulting Issuer's Common Shares. This concentration of ownership may not be in the best interests of all of the Resulting Issuer's shareholders.

The perceived risk associated with the possible sale of a large number of Common Shares by these shareholders, or the adoption of significant short positions by hedge funds or other significant investors, could cause some of the Resulting Issuer's shareholders to sell their Common Shares, thus causing the market price of the Resulting Issuer's Common Shares to decline. In addition, actual or anticipated downward pressure on the Resulting Issuer's stock price due to actual or anticipated sales of Common Shares by its directors or officers could cause other institutions or individuals to engage in short sales of the Common Shares, which may further cause the market price of the Common Shares to decline.

From time to time the Resulting Issuer's directors and executive officers may sell Common Shares on the open market. These sales will be publicly disclosed in filings made with securities regulators. In the future, the Resulting Issuer directors and executive officers may sell a significant number of Common Shares for a variety of reasons unrelated to the performance of the Resulting Issuer's business. The Resulting Issuer's shareholders may perceive these sales as a reflection on management's view of the business and result in some shareholders selling their Common Shares. These sales could cause the market price of the Common Shares to drop.

Conflicts of Interest

The Corporation may be subject to various potential conflicts of interest because of the fact that some of its officers and directors may be engaged in a range of business activities. In addition, the Corporation's executive officers and directors may devote time to their outside business interests, so long as such activities do not materially or adversely interfere with their duties to the Corporation. In some cases, the Corporation's executive officers and directors may have fiduciary obligations associated with these business interests that interfere with their ability to devote time to the Corporation's business and affairs and that could adversely affect the Corporation's operations. These business interests could require significant time and attention of the Corporation's executive officers and directors.

In addition, the Corporation may also become involved in other transactions which conflict with the interests of its directors and the officers who may from time to time deal with persons, firms, institutions or companies with which the Corporation may be dealing, or which may be seeking investments similar to those desired by it. The interests of these persons could conflict with those of the Corporation. In addition, from time to time, these persons may be competing with the Corporation for available investment opportunities. Conflicts of interest, if any, will be subject to the procedures and remedies provided under applicable laws. In particular, if such a conflict of interest arises at a meeting of the Corporation's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In accordance with applicable laws, the directors of the Corporation are required to act honestly, in good faith and in the best interests of the Corporation.

No Market for Securities

There is currently no market through which the Common Shares may be sold and there is no assurance that such securities of the Corporation will be listed for trading on a stock exchange, or if listed, will provide a liquid market for such securities. Until the Common Shares are listed on a stock exchange, holders of the Common Shares may not be able to sell their Common Shares. Even if a listing is obtained, there can be no assurance that an active public market for the Common Shares will develop or be sustained after listing. The holding of Common Shares involves a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. Common Shares should not be purchased by persons who cannot afford the possibility of the loss of their entire investment.

Liquidity of the Common Shares

Listing on the Exchange should not be taken as implying that there will be a liquid market for the Common Shares. An investment in the Common Shares may be difficult to realize. Investors should be aware that the value of the Common Shares may be volatile. Investors may, on disposing of Common Shares, realize less than their original investment, or may lose their entire investment. The Common Shares, therefore, may not be suitable as a short-term investment.

The market price of the Common Shares may not reflect the underlying value of the Corporation's net assets. The price at which the Common Shares will be traded, and the price at which investors may realize their Common Shares, will be influenced by a large number of factors, some specific to the Corporation and its proposed operations, and some which may affect the sectors in which the Corporation operates. Such factors could include the performance of the Corporation's operations, large purchases or sales of the Common Shares, liquidity or the absence of liquidity in the Common Shares, legislative or regulatory changes relating to the business of the Corporation, and general market and economic conditions.

Need for additional financing and issuance of additional securities

There is no guarantee that the Resulting Issuer will be able to achieve its business objectives. The continued development of the Resulting Issuer will require additional financing. The failure to raise such capital could result in the delay or indefinite postponement of current business objectives or the Resulting Issuer going out of business. There can be no assurance that additional capital or other types of financing

will be available if needed or that, if available, the terms of such financing will be favourable to the Resulting Issuer.

If additional funds are raised through issuances of equity or convertible debt securities, existing shareholders could suffer significant dilution, and any new equity securities issued could have rights, preferences and privileges superior to those of holders of Common Shares. The Corporation's articles permit the issuance of an unlimited number of Common Shares, and shareholders will have no pre-emptive rights in connection with such further issuance. The directors of the Corporation have discretion to determine the price and the terms of issue of further issuances. Moreover, additional Common Shares will be issued by the Corporation on the exercise of incentive awards granted under the Corporation's Equity Incentive Plan and upon the exercise of outstanding warrants. In addition, from time to time, the Corporation may enter into transactions to acquire assets or the shares of other companies. These transactions may be financed wholly or partially with debt, which may temporarily increase the Corporation's debt levels above industry standards. Any debt financing secured in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which may make it more difficult for the Corporation to obtain additional capital and to pursue business opportunities, including potential acquisitions. If adequate funds are not obtained, the Corporation may be required to reduce, curtail, or discontinue operations. There is no assurance that the Corporation's future cash flow, if any, will be adequate to satisfy its ongoing operating expenses and capital requirements.

Dilution

We have the right to raise additional capital or incur borrowings from third parties to finance our business. Our Board of Directors has the authority, without the consent of any of our shareholders, to cause us to issue more Common Shares. Consequently, shareholders may experience more dilution in their ownership of the Resulting Issuer in the future. Our Board of Directors and majority shareholders have the power to amend our notice of articles in order to effect forward and reverse stock splits, recapitalizations, and similar transactions without the consent of our other shareholders. The issuance of additional shares of capital stock would dilute shareholders' ownership in the Resulting Issuer.

The price of the Common Shares may fluctuate.

The market price of the Resulting Issuer Common Shares could be subject to wide fluctuations in response to, among other things, the risk factors described in this section of this Prospectus, and other factors beyond its control, such as fluctuations in the valuation of companies perceived by investors to be comparable to the Resulting Issuer. Furthermore, the stock markets have experienced price and volume fluctuations that have affected and continue to affect the market prices of equity securities of many companies. These fluctuations often have been unrelated or disproportionate to the operating performance of those companies. These broad market and industry fluctuations, as well as general economic, political, and market conditions, such as recessions, interest rate changes or international currency fluctuations, may negatively affect the market price of the Resulting Issuer's Common Shares. In the past, many companies that have experienced volatility in the market price of their stock have been subject to securities class action litigation. The Resulting Issuer may be the target of this type of litigation in the future. Securities litigation against the Resulting Issuer could result in substantial costs and divert its management's attention from other business concerns, which could seriously harm the Resulting Issuer's business.

Market Price of Common Shares and Volatility

The Common Shares do not currently trade on any exchange or stock market. Securities of small-cap companies have experienced substantial volatility in the past, often based on factors unrelated to the companies' financial performance or prospects. These factors include macroeconomic developments in North America and globally and market perceptions of the attractiveness of particular industries. Factors unrelated to the Resulting Issuer's performance that may affect the price of the Common Shares include the following: the extent of analytical coverage available to investors concerning the Resulting Issuer's business may be limited if investment banks with research capabilities do not follow the Resulting Issuer; lessening in trading volume and general market interest in the Common Shares may affect an investor's ability to trade significant numbers of Common Shares; the size of the Resulting Issuer's public float may

limit the ability of some institutions to invest in Common Shares; and a substantial decline in the price of the Common Shares that persists for a significant period of time could cause the Common Shares, if listed on an exchange, to be delisted from such exchange, further reducing market liquidity. As a result of any of these factors, the market price of the Common Shares at any given point in time may not accurately reflect our long-term value. Securities class action litigation often has been brought against companies following periods of volatility in the market price of their securities. The Resulting Issuer may in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert management's attention and resources. The fact that no market currently exists for the Common Shares may affect the pricing of the Common Shares in the secondary market, the transparency and availability of trading prices and the liquidity of the Common Shares.

The market price of the Common Shares is affected by many other variables which are not directly related to our success and are, therefore, not within our control. These include other developments that affect the breadth of the public market for the Common Shares, the release or expiration of lock-up, escrow or other transfer restrictions on the Common Shares, and the attractiveness of alternative investments. The effect of these and other factors on the market price of the Common Shares is expected to make the Common Share price volatile in the future, which may result in losses to investors.

Fluctuating Price of Carbon Credits

The price at which Common Shares are traded will be influenced by a number of factors, some specific to the Resulting Issuer and some which may affect listed companies generally. The principal factors anticipated to affect the price of the Common Shares are factors which may affect the price of carbon credits and are thus beyond the Resulting Issuer's control. Other factors could include the performance of the Resulting Issuer, the margins generated on its projects, project backlogs, legislative and regulatory changes and general economic, political or regulatory conditions, including the level of commitment to the goals of the Paris Agreement by both governments and corporations and other private and public initiatives aimed at reducing greenhouse gas (“GHG”) emissions. Changes in government priorities as a result of government deficits or as a result of changes in the prevailing views concerning the impact of GHG on climate change could adversely affect the demand for carbon credits and thereby their price. Interpretation and enforcement of environmental legislation will vary by country and is subject to sudden change. Carbon credit prices will also be influenced by infrastructure and technological advances in reducing and sequestering GHG emissions, and the economics associated with those activities. There can be no assurance that continual fluctuations in the price of carbon credits will not occur. In addition, carbon credits are traded in both the compliance and voluntary carbon markets and the price for a carbon credit varies according to not only the market on which it is traded, but also according to its type, location, vintage, accreditation and additional social and environmental attributes. It is likely that the market price for the Resulting Issuer's carbon credits will be subject to market trends generally.

Reduced Demand for Carbon Credits

The demand for, and the market price of, carbon credits can be adversely affected by any number of factors, including the implementation of lower emission infrastructure, an increase in the number of projects generating carbon credits, invention of new technology that assists in the avoidance, reduction or sequestration of emissions, increased use of alternative fuels, a decrease in the price of conventional fossil fuels, increased use of renewable energy, and the implementation and operation of carbon pricing initiatives such as carbon taxes and emission trading systems (“ETSs”). There can be no assurance that carbon pricing initiatives or compliance or voluntary carbon markets will continue to exist. Carbon pricing initiatives may be subject to policy and political changes and, may otherwise be diminished, terminated or may not be renewed upon their expiration. In addition, the demand for carbon credits is driven by the social and political will to reduce GHG emissions globally. Without such social and political will, the marketplace for carbon credits would cease to exist and there would be no place for the Resulting Issuer to buy and sell carbon credits. Even if such marketplaces still exist, without the social and political will to reduce GHG emissions, the price of carbon may fall to an unsustainably low price, preventing profitability of the Resulting Issuer.

Validation, Registration, Verification, Cancellation and Other Risks Associated with Carbon Credits

In seeking to acquire and grow over the long term a diversified and high-quality portfolio of projects that generate carbon credits over the long term, the Corporation's intention is to have all such project(s) validated through a compliance market or by an internationally recognized carbon credits standards body in the voluntary carbon market. Any actual or proposed changes to international carbon standards or verification requirements and/or the implementation of any national or international laws, treaties or regulations by governmental entities and/or any adverse changes to existing governmental policies with respect to carbon credits (including, without limitation, any changes to nationally determined contributions under the Paris Agreement or any other national or international initiatives) may result in a material and adverse effect on the Corporation's profitability, results of operation and financial condition. In addition, the Corporation's projects which generate carbon credits are subject to risks associated with natural disasters, which natural disasters could result in temporary or permanent damage to, or destruction of, projects that generate carbon credits. Any such natural disasters could impact the ability of the Corporation to generate carbon credits and therefore adversely affect the viability of any such projects, and may result in a material and adverse effect on the Corporation's profitability, results of operations and financial condition. Carbon pricing initiatives are based on scientific principles that are subject to debate. Carbon pricing initiatives, such as ETSs and carbon taxes, and carbon credits have arisen primarily due to relative international and scientific consensus with respect to scientific evidence indicating a correlative relationship between the rise in global temperatures and extreme weather events, on the one hand, and the rise in GHG emissions in the atmosphere, on the other hand. Failure to maintain international consensus, may negatively affect the value of carbon credits. There is no assurance that carbon markets will continue to exist. New technologies may arise that may diminish or eliminate the need for carbon markets. Ultimately, the price of carbon credits is determined by the cost of actually reducing emissions levels. If the price of credits becomes too high, it will be more economical for companies to develop or invest in lower emission technologies, thereby suppressing the demand and adversely affecting the price. Regulatory risk related to changes in regulation and enforcement of ETSs can adversely affect market behavior. If fines or other penalties for non-compliance are not enforced, incentives to purchase carbon credits will deteriorate, which can result in a fall in the price of carbon credits and a drop in the value of the Corporation's assets.

Carbon Trading May Become Obsolete

Carbon trading is regulated by specific jurisdictions pursuant to regional legislation or can be voluntary. When regulated (e.g., in the EU and in the Western Climate Initiative jurisdictions), governments compel emitters to reduce their GHG emissions through technological improvements or through the purchase of carbon credits. New legislation may arise in certain jurisdictions that may render the Resulting Issuer's business plan and knowledge obsolete with respect to carbon credits. With respect to the voluntary trade of carbon credits, there is a significant risk that certain voluntary purchasers of carbon credits may elect to cease the purchase of carbon credits for various reasons that are inherent to their business plans, or because of changing economic, political contexts or other conditions that cannot be controlled by the management of the Resulting Issuer.

Competitive Conditions

There are many organizations, companies, non-profits, governments, asset managers and individuals that are buyers of carbon credits, or rights to or interest in carbon credits, and there is currently a limited supply of carbon credits, projects to generate future carbon credits and investment opportunities in carbon credits. Many competitors are larger, more established companies with substantial financial resources, operational capabilities and long track-records in carbon markets. The Resulting Issuer may be at a competitive disadvantage in carbon projects, acquiring carbon credits or interests in carbon credits, whether by way of purchases in carbon markets or other projects, as many competitors have greater financial resources and technical staffs. Accordingly, there can be no assurance that the Resulting Issuer will be able to compete successfully against other companies. The Resulting Issuer's inability to acquire carbon credits may result in a material and adverse effect on the Resulting Issuer's profitability, results of operation and financial condition.

Increased Regulatory Burden as Reporting Issuer

Prior to the filing of this Prospectus, the Corporation has not been subject to the continuous and timely disclosure requirements of Canadian securities laws or other rules, regulations and policies of the CSE or other stock exchange. We are working with our legal, accounting and financial advisors to identify those areas in which changes should be made to our financial management control systems to manage our obligations as a public company. These areas include corporate governance, corporate controls, disclosure controls and procedures and financial reporting and accounting systems. We have made, and will continue to make, changes in these and other areas, including our internal controls over financial reporting. However, we cannot assure purchasers of Common Shares that these and other measures that we might take will be sufficient to allow the Resulting Issuer to satisfy its obligations as a public company on a timely basis. In addition, compliance with reporting and other requirements applicable to public companies will create additional costs for the Resulting Issuer and will require the time and attention of management. We cannot predict the amount of the additional costs that it might incur, the timing of such costs or the impact that management's attention to these matters will have on the Resulting Issuer's business.

No Dividends

We have never paid any cash or stock dividends and we do not intend to pay any dividends for the foreseeable future. To the extent that we require additional funding currently not provided for in our financing plan, our funding sources may prohibit the payment of any dividends. Because we do not intend to declare dividends, any gain on your investment will need to result from an appreciation in the price of our Common Shares. There will therefore be fewer ways in which you are able to make a gain on your investment.

Discretion and Uncertainty of Use of Funds

Although the Corporation has set out its intended use of proceeds, these intended uses are estimates only and subject to change. While management does not currently contemplate any material variation, management does retain broad discretion in the application of such proceeds. The results and the effectiveness of the application of the funds are uncertain. The failure by the Corporation to apply these funds effectively could have a material adverse effect on the Corporation's business, including the Corporation's ability to achieve its stated business objectives. In addition, the Corporation may use the funds in ways that an investor may not consider desirable.

Loss of Status as "Foreign Private Issuer" in the USA

The Corporation will cease to qualify as a "foreign private issuer," as defined in Rule 405 under the U.S. Securities Act and Rule 3b-4 under the U.S. Exchange Act, if, as of the last business day of our second fiscal quarter, more than 50 percent of the Resulting Issuer's outstanding Common Shares are directly or indirectly owned by residents of the United States. If the Resulting Issuer determines that it fail to qualify as a foreign private issuer, the Resulting Issuer will cease to be eligible to avail itself of the forms and rules designated for foreign private issuers beginning on the first day of the fiscal year following such determination. Among other things, this will result in loss of the exemption from registration under the U.S. Exchange Act provided by Rule 12g3-2(b) thereunder, and, if the Resulting Issuer is required to register its Common Shares under section 12(g) of the U.S. Exchange Act, the Resulting Issuer will have to do so as a domestic issuer. In addition, because only "foreign private issuers" are eligible to register transactions under the Multijurisdictional Disclosure System ("MJDS"), we will not qualify for the streamlined processes MJDS provides for cross-border Canadian-U.S. public financings, M&A transactions, and ongoing disclosure obligations. The resulting legal and administrative costs of complying with the resulting regulatory requirements are anticipated to be substantial, and to subject the Resulting Issuer to additional exposure to liability for which it may not be able to obtain insurance coverage on favorable terms or at all.

Tax Issues

Income tax consequences in relation to the securities offered will vary according to the circumstances of each purchaser. Prospective purchasers should seek independent advice from their own tax and legal advisers prior to subscribing for the securities.

U.S. Domestic Corporation for U.S. Federal Income Tax Purposes

Following the Arrangement Transaction, it is expected that the Corporation will be treated as a U.S. domestic corporation for U.S. federal income tax purposes under Section 7874(b) of the Code (as such term is defined under “*Certain United States Federal Income Tax Considerations*”). As a result, the Corporation will be subject to U.S. income tax on its worldwide income and any dividends paid by the Corporation to Non-U.S. Holders (as defined in the discussion under “*Certain United States Federal Tax Considerations*”) will be subject to U.S. federal income tax withholding at a 30% rate or such lower rate as provided in an applicable treaty. The Corporation will be subject to Canadian income tax on its worldwide income. Consequently, it is anticipated that the Corporation may be liable for both U.S. and Canadian income tax, which could have a material adverse effect on its financial condition and results of operations. It is anticipated that such U.S. and Canadian tax treatment will continue indefinitely and that the Common Shares will be treated indefinitely as shares in a U.S. domestic corporation for U.S. federal income tax purposes.

Because the Common Shares are treated as shares of a U.S. domestic corporation, the U.S. gift, estate and generation-skipping transfer tax rules generally apply to a Non-U.S. Holder of Common Shares.

Withholding Tax on Dividends

Dividends received by holders of Common Shares who are residents of Canada for purposes of the Tax Act will be subject to U.S. withholding tax. A foreign tax credit under the Tax Act in respect of such U.S. withholding taxes may not be available to such holder. See “*Certain Canadian Federal Income Tax Considerations — Holders Resident in Canada — Taxation of Dividends*”.

Dividends received by Non-Resident Holders of Common Shares who are U.S. Holders (as such term is defined under “*Certain United States Federal Income Tax Considerations*”) will not be subject to U.S. withholding tax but will be subject to Canadian withholding tax. Since the Corporation will be considered to be a U.S. domestic corporation for U.S. federal income tax purposes, dividends paid by the Corporation will be characterized as U.S. source income for purposes of the foreign tax credit rules under the Code. See “*Certain United States Federal Income Tax Considerations*”.

A holder that is both a Non-Resident Holder and a Non-U.S. Holder may be subject to (a) Canadian withholding tax (see “*Certain Canadian Federal Income Tax Considerations*”), and (b) United States withholding tax (see “*Certain United States Federal Income Tax Considerations*”) on dividends received on the Common Shares. Non-Resident Holders and Non-U.S. Holders should consult their own tax advisors with respect to the availability of any foreign tax credits or deductions in respect of any Canadian or United States withholding tax applicable to dividends on the Common Shares.

The foregoing discussion is subject in its entirety to the summaries set forth in “*Certain Canadian Federal Income Tax Considerations*” and “*Certain United States Federal Tax Considerations*”.

U.S. Tax Classification – United States Real Property Holding Corporation

Following the Arrangement Transaction, it is expected that the Corporation will be treated as a U.S. domestic corporation for U.S. federal income tax purposes under Section 7874 of the Code. As a U.S. domestic corporation for U.S. federal income tax purposes, the taxation of the Non-U.S. Holders upon a disposition of Offering Shares generally depends on whether the Corporation is classified as a United States real property holding corporation (a “USRPHC”) under the Code. The Corporation does not anticipate becoming one in the foreseeable future. However, the Corporation has not sought and does not intend to seek formal confirmation of its status as a non-USRPHC from the Internal Revenue Service (“IRS”). If the Corporation ultimately is determined by the IRS to constitute a USRPHC, its Non-U.S. Holders may be subject to U.S. federal income tax on any gain associated with the disposition of the Common Shares. See “*Certain United States Federal Tax Considerations*”. Changes to applicable United States tax laws and regulations or exposure to additional income tax liabilities could affect our business and future profitability.

Since the majority of our operations are located in the United States, we are subject to various United States federal, state and local taxes. New United States laws and policy relating to taxes may have an adverse

effect on our business and future profitability. Further, existing United States tax laws, statutes, rules, regulations or ordinances could be interpreted, changed, modified or applied adversely to us.

PROMOTERS

Except for Mr. William Hessert and Mr. Alex McAulay, no person or company has, within the two years immediately preceding the date of this Prospectus, been a promoter of the Corporation, within the meaning of applicable securities laws.

Other than as disclosed elsewhere in this Prospectus, no person who was a promoter of the Corporation within the last two years:

- received anything of value directly or indirectly from the Company or a subsidiary;
- sold or otherwise transferred any asset to the Corporation or a subsidiary within the last two years;
- has been a director, chief executive officer or chief financial officer of any company that during the past 10 years was the subject of a cease trade order or similar order or an order that denied the company access to any exemptions under securities legislation for a period of more than 30 consecutive days or became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver or receiver manager or trustee appointed to hold its assets;
- has been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority;
- has been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision; or
- has within the past 10 years become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver or receiver manager or trustee appointed to hold its assets.

CERTAIN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of DLA Piper (Canada) LLP, counsel to the Corporation, the following summary describes, as of the date hereof, the principal Canadian federal income tax considerations under the Tax Act, generally applicable to a holder who acquires Units, consisting of Unit Shares and Warrants, as beneficial owner pursuant to the Unit Offering and who, for the purposes of the Tax Act and at all relevant times, (i) acquires and holds Unit Shares, Warrants and any Warrants Shares acquired on the exercise of Warrants as capital property, and (ii) deals at arm's length and is not affiliated with the Corporation, the Agents and any subsequent purchaser of such securities. A holder who meets all of the foregoing requirements is referred to as a "**Holder**" herein, and this summary only addresses such Holders. Generally, Offering Shares and Warrants will be considered to be capital property to a Holder, provided that the Holder does not acquire or hold Offering Shares, or Warrants in the course of carrying on a business of trading or dealing in securities and has not acquired them in one or more transactions considered to be an adventure or concern in the nature of trade.

This summary is not applicable to a holder (i) that is a "financial institution", as defined in the Tax Act for the purposes of the mark-to-market rules contained in the Tax Act, (ii) that is a "specified financial institution", as defined in the Tax Act, (iii) that has an interest in which is a "tax shelter investment", as defined in the Tax Act, (iv) that has elected to determine its "Canadian tax results", as defined in the Tax

Act, in a currency other than the Canadian currency, (v) that has entered into or will enter into a “derivative forward agreement” or a “synthetic disposition arrangement”, each as defined in the Tax Act, with respect to the Offering Shares or the Warrants, (vi) that receives dividends on Offering Shares under or as part of a “dividend rental arrangement”, as defined in the Tax Act, or (vii) that is exempt from tax under the Tax Act. Any such holder should consult its own tax advisor with respect to an investment in Units.

Additional considerations, not discussed herein, may be applicable to a Holder that is a corporation resident in Canada and is or becomes (or does not deal at arm’s length with a corporation resident in Canada for purposes of the Tax Act that is or becomes) controlled by a non-resident person, or a group of non-resident persons, for the purposes of the Tax Act for purposes of the “foreign affiliate dumping” rules in section 212.3 of the Tax Act. Such Holders should consult their tax advisors with respect to the consequences of acquiring the Units.

This summary is based upon the provisions of the Tax Act in force as of the date hereof, all specific proposals to amend the Tax Act that have been publicly and officially announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the “**Proposed Amendments**”) and counsel’s understanding of the current administrative policies and assessing practices of the Canada Revenue Agency (the “**CRA**”), published in writing by it prior to the date hereof. This summary assumes the Proposed Amendments will be enacted in the form proposed. However, no assurance can be given that the Proposed Amendments will be enacted in their current form, or at all.

The Corporation is a Canadian corporation for purposes of the Tax Act. As referenced under “*Risk Factors – U.S. Domestic Corporation for U.S. Federal Income Tax Purposes*”, the Corporation also believes that, after the Arrangement Transaction, it should be treated as a U.S. domestic corporation for United States federal income tax purposes, with related consequences and potential consequences to the Corporation and its shareholders. Accordingly, all prospective investors, including Holders as defined above, should review the discussion under “*Risk Factors – U.S. Domestic Corporation for U.S. Federal Income Tax Purposes*” and “*Risk Factors – Withholding Tax on Dividends*”, and consult with their own tax advisors in this regard before making an investment in the Units. For purposes of the discussion of Canadian federal income tax considerations below, it has been assumed that the Corporation will be classified as a U.S. domestic corporation for United States federal income tax purposes at all relevant times, although no assurance can be given in this regard. Neither counsel for the Corporation nor the Agent expresses any opinion in this regard or with respect to any other assumptions made for purposes of this summary, and no tax ruling has been requested or obtained in this regard.

This summary is not exhaustive of all possible Canadian federal income tax considerations and, except for the Proposed Amendments, does not take into account or anticipate any changes in the law or any changes in the CRA’s administrative policies and assessing practices, whether by legislative, governmental or judicial action or decision, nor does it take into account or anticipate any other federal or any provincial, territorial or foreign tax considerations, which may differ significantly from those discussed herein. This summary is not intended to be, nor should it be construed to be, legal or tax advice to any particular Holder, and no representations with respect to the income tax consequences to any Holder are made. **Holders should consult their own tax advisors with respect to the tax consequences applicable to them, having regard to their own particular circumstances.**

Allocation of Offering Price

Holders will be required to allocate the cost of a Unit between the Unit Share and the one-half of one Warrant on a reasonable basis in order to determine their respective costs to the Holder for the purposes of the Tax Act. The Corporation intends to allocate \$0.499 of the issue price of each Unit as consideration for the issue of each Unit Share and \$0.001 of the issue price of each Unit for the issue of each one-half of one Warrant. As of the date of this Prospectus, the Corporation believes that such allocation is reasonable, but such allocation will not be binding on the CRA or a Holder, and neither counsel expresses an opinion with respect to such allocation. A Holder’s adjusted cost base of a Unit Share acquired as part of a Unit will be determined by averaging the cost of such Unit Share with the adjusted cost base of all Common Shares held by the Holder as capital property immediately before such acquisition.

Exercise of Warrants

The exercise of a Warrant to acquire a Warrant Share will be deemed not to constitute a disposition of property for purposes of the Tax Act and consequently no gain or loss will be realized by a Holder upon such exercise. When a Warrant is exercised, the Holder's cost of the Warrant Share acquired thereby will be equal to the aggregate of the Holder's adjusted cost base of such Warrant and the exercise price paid for the Warrant Share. A Holder's adjusted cost base of the Warrant Share so acquired will be determined by averaging the cost of the Warrant Share with the adjusted cost base to the Holder of all Common Shares held as capital property immediately before the exercise of the Warrant.

Taxation of Resident Holders

The following portion of this summary applies to Holders who at all relevant times, for the purposes of the Tax Act and any applicable income tax treaty or convention, are or are deemed to be resident in Canada (herein, "**Resident Holders**"). Certain Resident Holders who might not be considered to hold their Offering Shares as capital property may, in certain circumstances, be entitled to make an irrevocable election permitted by subsection 39(4) of the Tax Act to deem such shares and any other "Canadian security" (as defined in the Tax Act) held by them, in the taxation year of the election and each subsequent taxation year to be capital property. This election does not apply to Warrants. Resident Holders contemplating such election should consult their own tax advisors for advice as to whether it is available and, if available, whether it is advisable in their particular circumstances.

Expiry of Warrants

The expiry of an unexercised Warrant generally will result in a capital loss to the Resident Holder equal to the adjusted cost base of the Warrant to the Resident Holder immediately before its expiry. The taxation of capital gains and losses generally is described below under the heading "*Capital Gains and Capital Losses*".

Taxation of Dividends

A Resident Holder will be required to include in computing income for a taxation year any dividends received, or deemed to be received, in the year by the Resident Holder on the Offering Shares. In the case of a Resident Holder that is an individual (other than certain trusts), such dividends will be subject to the gross-up and dividend tax credit rules normally applicable under the Tax Act to taxable dividends received from "taxable Canadian corporations" (as defined in the Tax Act), including the enhanced gross-up and dividend tax credit provisions where the Corporation designates the dividend as an "eligible dividend" in accordance with the provisions of the Tax Act. There may be restrictions on the ability of the Corporation to designate any particular dividend as an "eligible dividend".

A dividend received or deemed to be received by a Resident Holder that is a corporation on the Offering Shares must be included in computing its income but will generally be deductible in computing the corporation's taxable income, subject to all of the rules and restrictions under the Tax Act in that regard. In certain circumstances, subsection 55(2) of the Tax Act will treat a taxable dividend received or deemed to be received by a Resident Holder that is a corporation as proceeds of disposition or a capital gain. Resident Holders that are corporations should consult their own tax advisors having regard to their own circumstances.

A Resident Holder that is a "private corporation" or a "subject corporation" (each as defined in the Tax Act), generally will be liable to pay an additional tax (refundable under certain circumstances) under Part IV of the Tax Act on dividends received or deemed to be received on the Offering Shares in a year to the extent such dividends are deductible in computing taxable income for the year.

As described under "*Risk Factors - Withholding Tax on Dividends*", a Resident Holder may be subject to United States withholding tax on dividends received on the Offering Shares. A foreign tax credit under the Tax Act in respect of tax (including withholding tax) paid to a foreign country is, in general terms, limited to the Canadian tax otherwise payable in respect of income from sources in that foreign country, and is subject to the other requirements of the Tax Act. Dividends received on the Offering Shares by a Resident Holder

may not be treated as income from a source in the United States for these purposes. Resident Holders should consult their own tax advisors regarding the availability of a foreign tax credit, or deduction, under the Tax Act in respect of any United States withholding tax applicable to dividends on the Offering Shares in their particular circumstances. See also “*Risk Factors – Withholding Tax on Dividends*”.

Disposition of Unit Shares, Warrants and Warrant Shares

A Resident Holder who disposes, or is deemed to dispose, of an Offering Share (other than on a disposition to the Corporation that is not a sale in the open market in the manner in which shares would normally be purchased by any member of the public in an open market) or a Warrant (other than on the expiry or exercise thereof) generally will realize a capital gain (or capital loss) in the taxation year of the disposition equal to the amount, if any, by which the proceeds of disposition, net of any reasonable costs of disposition, exceed (or are exceeded by) the adjusted cost base to the Resident Holder of such Offering Share or Warrant, as the case may be, immediately before the disposition or deemed disposition. The taxation of capital gains and losses is generally described below under the heading “*Capital Gains and Capital Losses*”.

Capital Gains and Capital Losses

Generally, a Resident Holder is required to include in computing income for a taxation year one-half of the amount of any capital gain (a “**taxable capital gain**”) realized by the Resident Holder in such taxation year. Subject to and in accordance with the rules contained in the Tax Act, a Resident Holder is required to deduct one-half of the amount of any capital loss (an “**allowable capital loss**”) realized in a particular taxation year against taxable capital gains realized by the Resident Holder in the year. Allowable capital losses in excess of taxable capital gains realized in a particular taxation year may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net taxable capital gains realized in such years, to the extent and under the circumstances described in the Tax Act.

The amount of any capital loss realized by a Resident Holder that is a corporation on the disposition or deemed disposition of an Offering Share may be reduced by the amount of any dividends received or deemed to have been received by such Resident Holder on such share or share substituted therefor, to the extent and under the circumstances described in the Tax Act. Similar rules may apply where a Resident Holder that is a corporation is a member of a partnership or a beneficiary of a trust that owns Offering Shares, directly or indirectly, through a partnership or trust. Resident Holders to whom these rules may be relevant should consult their own tax advisors.

As described under “*Risk Factors – U.S. Tax Classification – United States Real Property Holding Corporation*”, the Offering Shares may be treated as shares of a U.S. domestic corporation for relevant Code purposes. If a Resident Holder may be subject to United States tax on a gain realized in respect of a disposition of Offering Shares, such gain may not be treated as income from a source in the United States for purposes of the foreign tax credit under the Tax Act, and such foreign tax credit may not be available. Resident Holders should consult their own tax advisors in this regard (and with respect to the application of the Code) based on their particular circumstances.

Additional Refundable Tax

A Resident Holder that is a “Canadian-controlled private corporation” (as defined in the Tax Act) throughout the relevant taxation year or is a “substantive CCPC” (as proposed to be defined in the Proposed Amendments released on August 9, 2022) at any time in a taxation year may be liable to pay an additional refundable tax on its “aggregate investment income” (as defined in the Tax Act) for the year, including taxable capital gains and certain dividends. Resident Holders should consult their own tax advisors in this regard.

Alternative Minimum Tax

Capital gains realized and dividends received or deemed to be received by a Resident Holder that is an individual, other than certain specified trusts, may give rise to alternative minimum tax under the Tax Act. Resident Holders that are individuals should consult their own tax advisors in this regard.

Taxation of Non-Resident Holders

The following portion of this summary is generally applicable to Holders who, for the purposes of the Tax Act and any applicable income tax treaty or convention, and at all relevant times: (i) are neither resident nor deemed to be resident in Canada, and (ii) do not use or hold Offering Shares or Warrants in the course of business carried on or deemed to be carried on in Canada. Holders who meet all of the foregoing requirements are referred to herein as “**Non-Resident Holders**”. Special rules, which are not discussed in this summary, may apply to a Non-Resident Holder that is an insurer carrying on business in Canada and elsewhere or that is an “authorized foreign bank”, as defined in the Tax Act. Such Non-Resident Holders should consult their own tax advisors.

Receipt of Dividends

Dividends paid or credited or deemed to be paid or credited to a Non-Resident Holder on the Offering Shares are subject to Canadian withholding tax at the rate of 25% of the gross amount of the dividend unless reduced by the terms of an applicable tax treaty or convention between Canada and the country in which the Non-Resident Holder is resident. For example, under the Canada-United States Tax Convention (1980) as amended (the “**Treaty**”), the rate of withholding tax on dividends paid or credited to a Non-Resident Holder who is resident in the U.S. for purposes of the Treaty, is the beneficial owner of the dividends, and is entitled to full benefits under the Treaty is generally reduced to 15% of the gross amount of the dividend (or 5% in the case such Non-Resident Holder is a resident in the U.S. for purposes of the Treaty, is the beneficial owner of the dividends, is entitled to full benefits under the Treaty, and is a company which beneficially owns at least 10% of the Corporation’s voting shares). Non-Resident Holders should consult their own tax advisors in this regard.

Disposition of Unit Shares, Warrants and Warrant Shares

A Non-Resident Holder generally will not be subject to tax under the Tax Act in respect of a capital gain realized on the disposition or deemed disposition of an Offering Share or a Warrant, unless such Offering Share or Warrant, as the case may be, constitutes “taxable Canadian property” (as defined in the Tax Act) of the Non-Resident Holder at the time of disposition and the Non-Resident Holder is not entitled to relief under an applicable tax treaty or convention between Canada and the country in which the Non-Resident Holder is resident.

Provided the Common Shares are listed on a “designated stock exchange”, as defined in the Tax Act (which includes the CSE), at the time of disposition, the Unit Shares, Warrants and Warrant Shares will generally not constitute taxable Canadian property of a Non-Resident Holder at that time, unless at any time during the 60-month period immediately preceding the disposition the following two conditions are satisfied concurrently: (i) (a) the Non-Resident Holder; (b) persons with whom the Non-Resident Holder did not deal at arm’s length; (c) partnerships in which the Non-Resident Holder or a person described in (b) holds a membership interest directly or indirectly through one or more partnerships; or (d) any combination of the persons and partnerships described in (a) through (c), owned 25% or more of the issued shares of any class or series of shares of the Corporation; and (ii) more than 50% of the fair market value of such shares was derived directly or indirectly from one or any combination of: real or immovable property situated in Canada, “Canadian resource properties”, “timber resource properties” (each as defined in the Tax Act), or options in respect of, or interests in or for civil law rights in, such properties, whether or not such property exists.

Notwithstanding the foregoing, in certain circumstances set out in the Tax Act, the Offering Shares and the Warrants may be deemed to be taxable Canadian property to a Non-Resident Holder. In the event that an Offering Share or a Warrant is taxable Canadian property of a Non-Resident Holder, and any capital gain that would be realized on the disposition thereof is not exempt from tax under the Tax Act pursuant to the terms of an applicable income tax treaty or convention, the consequences under the heading “*Taxation of*

Resident Holders — Capital Gains and Capital Losses” will generally be applicable to the Non-Resident Holder. Non-Resident Holders who may hold Offering Shares or Warrants as taxable Canadian property should consult their own tax advisors.

CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

The following is a general summary of certain U.S. federal income tax considerations of the acquisition, ownership and disposition of Unit Shares and Warrants that are applicable to U.S. Holders and certain Non-U.S. Holders (as defined below), that acquire Units pursuant to the Unit Offering. This discussion is based on the U.S. Internal Revenue Code of 1986, as amended (the “**Code**”), U.S. Treasury regulations promulgated under the Code (“**Treasury Regulations**”), administrative pronouncements or practices and judicial decisions, all as of the date hereof. Future legislative, judicial, or administrative modifications, revocations, or interpretations, which may or may not be retroactive, may result in U.S. federal income tax considerations significantly different from those discussed herein. This discussion is not binding on the IRS. No ruling has been or will be sought or obtained from the IRS with respect to any of the U.S. federal tax considerations discussed herein. There can be no assurance that the IRS will not challenge any of the conclusions described herein or that a U.S. court will not sustain such a challenge. This summary assumes that the Unit Shares are held as capital assets within the meaning of Section 1221 of the Code (generally, property held for investment), in the hands of a shareholder at all relevant times and the Warrant Shares to be issued upon the exercise of the Warrants would be capital assets within the meaning of Section 1221 of the Code if acquired by the U.S. Holder.

This summary does not address U.S. federal income tax considerations to holders subject to special rules, including holders that (i) are banks, financial institutions, or insurance companies; (ii) are regulated investment companies or real estate investment trusts; (iii) are brokers, dealers, or traders in securities or currencies; (iv) are tax-exempt organizations; (v) hold the Unit Shares or Warrants as part of hedges, straddles, constructive sales, conversion transactions, or other integrated investments; (vi) acquire the Unit Shares or Warrants as compensation for services or through the exercise or cancellation of employee stock options or warrants; (vii) have a functional currency other than the U.S. dollar; (viii) own or have owned directly, indirectly, or constructively 10% or more of the voting power or value of the Corporation; or (ix) are controlled foreign corporations or passive foreign investment companies; (x) are subject to special tax accounting rules; (xi) are partnerships or other entities treated as a partnership or pass-through (or an investor therein); or (xii) are U.S. expatriates. In addition, this discussion does not address any U.S. federal estate, gift, or other non-income tax, or any state, local, or non-U.S. tax considerations of the ownership and disposition of the Unit Shares or Warrants or the impact of the U.S. federal alternative minimum tax or the U.S. Medicare contribution tax on net investment income.

If an entity classified as a partnership for U.S. federal income tax purposes holds the Unit Shares or Warrants, the U.S. federal income tax treatment of a partner in such partnership generally will depend on the status of such partner and on the activities of the partner and the partnership. A person that is a partner of an entity classified as a partnership for U.S. federal income tax purposes where such entity holds the Unit Shares or Warrants is urged to consult its own tax advisor.

THIS DISCUSSION IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT TAX ADVICE. PROSPECTIVE PURCHASERS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS REGARDING THE APPLICATION OF THE U.S. FEDERAL INCOME TAX RULES TO THEIR PARTICULAR CIRCUMSTANCES AS WELL AS THE STATE, LOCAL, AND NON-U.S. TAX CONSIDERATIONS TO THEM OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF UNIT SHARES OR WARRANTS.

U.S. Holders

The discussion in this section is addressed to a holder of Units acquired pursuant to the Unit Offering that is a “U.S. Holder” for U.S. federal income tax purposes. As used herein, “U.S. Holder” means a beneficial owner of the Units that is, for U.S. federal income tax purposes, (i) an individual who is a citizen or resident of the United States; (ii) a corporation (or entity classified as a corporation for U.S. federal income tax

purposes) created or organized under the laws of the United States or any political subdivision thereof, including any State thereof and the District of Columbia; (iii) an estate the income of which is subject to U.S. federal income tax regardless of its source; or (iv) a trust that (a) is subject to the primary jurisdiction of a court within the United States and for which one or more U.S. persons have authority to control all substantial decisions or (b) has a valid election in effect under applicable Treasury Regulations to be treated as a United States person (within the meaning of the Code).

Tax Classification of the Corporation as a U.S. Domestic Corporation

Following the Arrangement Transaction, it is expected that the Corporation will be classified as a U.S. domestic corporation for U.S. federal income tax purposes under Section 7874 of the Code. A number of significant and complicated U.S. federal income tax considerations may result from such classification, and this summary does not attempt to describe all such U.S. federal income tax considerations. Section 7874 of the Code and the Treasury Regulations promulgated thereunder do not address all the possible tax considerations that arise from the Corporation being treated as a U.S. domestic corporation for U.S. federal income tax purposes. Accordingly, there may be additional or unforeseen U.S. federal income tax considerations to the Corporation that are not discussed in this summary.

Generally, the Corporation will be subject to U.S. federal income tax on its worldwide taxable income (regardless of whether such income is "U.S. source" or "foreign source") and will be required to file a U.S. federal income tax return annually with the IRS. The Corporation anticipates that it will also be subject to tax in Canada (see "*Certain Canadian Federal Income Tax Considerations*"). It is unclear how the foreign tax credit rules under the Code will operate in certain circumstances, given the treatment of the Corporation as a U.S. domestic corporation for U.S. federal income tax purposes and the taxation of the Corporation in Canada. Accordingly, it is possible that the Corporation will be subject to double taxation with respect to all or part of its taxable income. Such U.S. and Canadian tax treatment may continue indefinitely and it is anticipated that the Unit Shares will be treated indefinitely as shares in a U.S. domestic corporation for U.S. federal income tax purposes, notwithstanding future transfers.

Tax Considerations for U.S. Holders

Allocation of Offering Price

Because the components of a Unit are immediately separable, the purchaser of a Unit generally will be treated, for U.S. federal income tax purposes, as the owner of the underlying Unit Share and Warrant components of the Unit. For U.S. federal income tax purposes, each purchaser of a Unit generally must allocate the purchase price of a Unit between the Unit Share and the Warrant that comprise the Unit based on the relative fair market value of each at the time of issuance. The price allocated to each Unit Share and Warrant generally will be the holder's tax basis in such Unit Share or Warrant, as the case may be. Each U.S. Holder is advised to consult its own tax advisor regarding the risks associated with an investment in a Unit (including alternative characterizations of a Unit) and regarding an allocation of the purchase price between the Unit Share and the Warrant that comprise a Unit. The balance of this discussion assumes that the characterization of the Units described above is respected for U.S. federal income tax purposes.

Exercise, Sale, Redemption or Expiration of Warrant

Generally, no U.S. federal income tax will be imposed upon the U.S. Holder of a Warrant upon exercise of such Warrant to acquire Warrant Shares. A U.S. Holder's tax basis in a Warrant will generally be the amount of the purchase price that is allocated to the Warrant as described above under the heading "Allocation of Offering Price." Upon exercise of a Warrant, the tax basis of the Warrant Shares acquired thereby would be equal to the sum of the tax basis of the Warrant in the hands of the U.S. Holder plus the exercise price paid, and the holding period of the Warrant Shares would begin on the date that the Warrant is exercised.

In general, if you are a U.S. Holder of a Warrant, you will recognize gain or loss upon the sale or other taxable disposition of the Warrant (provided that the Warrant Shares to be issued on the exercise of such Warrant would have been a capital asset within the meaning of Section 1221 of the Code if acquired by the U.S. Holder) in an amount equal to the difference between the amount realized on the sale and your adjusted tax basis in the Warrant. If a Warrant lapses without exercise, the U.S. Holder will generally realize a capital loss equal to its tax basis in the Warrant.

Distributions

The Corporation does not anticipate declaring or paying dividends to holders of Unit Shares in the foreseeable future. However, if the Corporation decides to make any such distributions, such distributions with respect to Unit Shares will be taxable as dividend income when paid to the extent of the Corporation's current or accumulated earnings and profits as determined for U.S. federal income tax purposes. To the extent that the amount of a distribution with respect to the Unit Shares exceeds its current and accumulated earnings and profits, such distribution will be treated first as a tax-free return of capital to the extent of the U.S. Holder's adjusted tax basis in the Unit Shares, and thereafter as a capital gain which will be a long-term capital gain if the U.S. Holder has held such stock at the time of the distribution for more than one year. Distributions on the Unit Shares constituting dividend income paid to U.S. Holders that are U.S. corporations may qualify for the dividends received deduction, subject to various limitations. Distributions on Unit Shares constituting dividend income paid to U.S. Holders that are individuals may qualify for the reduced rates applicable to qualified dividend income.

Dividends received by U.S. Holders will be subject to Canadian withholding tax under the Tax Act. For further discussion on Canadian taxes, see "*Certain Canadian Federal Income Tax Considerations.*"

Sale or Redemption

A U.S. Holder will generally recognize capital gain or loss on a sale, exchange, redemption (other than a redemption that is treated as a distribution) or other disposition of the Unit Shares equal to the difference between the amount realized upon the disposition and the U.S. Holder's adjusted tax basis in the shares so disposed. Such capital gain or loss will be a long-term capital gain or loss if the U.S. Holder's holding period for the shares disposed of exceeds one year at the time of disposition. Long-term capital gains of non-corporate taxpayers are generally taxed at a lower maximum marginal tax rate than the maximum marginal tax rate applicable to ordinary income. The deductibility of net capital losses by individuals and corporations is subject to limitations.

Foreign Tax Credit Limitations

Because it is anticipated that the Corporation will be subject to tax both as a U.S. domestic corporation and as a Canadian corporation, a U.S. Holder may pay, through withholding, Canadian tax, as well as U.S. federal income tax, with respect to dividends paid on its Unit Shares. For U.S. federal income tax purposes, a U.S. Holder may elect for any taxable year to receive either a credit or a deduction for all foreign income taxes paid by the holder during the year. Complex limitations apply to the foreign tax credit, including a general limitation that the credit cannot exceed the proportionate share of a taxpayer's U.S. federal income tax that the taxpayer's foreign source taxable income bears to the taxpayer's worldwide taxable income. In applying this limitation, items of income and deduction must be classified, under complex rules, as either foreign source or U.S. source. The status of the Corporation as a U.S. domestic corporation for U.S. federal income tax purposes will cause dividends paid by the Corporation to be treated as U.S. source rather than foreign source income for this purpose. As a result, a foreign tax credit may be unavailable for any Canadian tax paid on dividends received from the Corporation. Similarly, to the extent a sale or disposition of the Unit Shares of Warrants by a U.S. Holder results in Canadian tax payable by the U.S. Holder (for example, because the Unit Shares or Warrants constitute taxable Canadian property within the meaning of the Tax Act), a U.S. foreign tax credit may be unavailable to the U.S. Holder for such Canadian tax. In each case, however, the U.S. Holder should be able to take a deduction for the U.S. Holder's Canadian tax paid, provided that the U.S. Holder has not

elected to credit other foreign taxes during the same taxable year. The foreign tax credit rules are complex, and each U.S. Holder should consult its own tax advisor regarding these rules.

Foreign Currency

The amount of any distribution paid to a U.S. Holder in foreign currency, or the amount of proceeds paid in foreign currency on the sale, exchange or other taxable disposition of Unit Shares or Warrants, generally will be equal to the U.S. dollar value of such foreign currency based on the exchange rate applicable on the date of receipt (regardless of whether such foreign currency is converted into U.S. dollars at that time). A U.S. Holder will have a basis in the foreign currency equal to its U.S. dollar value on the date of receipt. Any U.S. Holder who converts or otherwise disposes of the foreign currency after the date of receipt may have a foreign currency exchange gain or loss that would be treated as ordinary income or loss, and generally will be U.S. source income or loss for foreign tax credit purposes. Different rules apply to U.S. Holders who use the accrual method of tax accounting. Each U.S. Holder should consult its own U.S. tax advisors.

Information Reporting and Backup Withholding

Information returns will be filed with the IRS in connection with payments of dividends and the proceeds from a sale or other disposition of Unit Shares or Warrants payable to a U.S. Holder that is not an exempt recipient, such as a corporation. Certain U.S. Holders may be subject to backup withholding with respect to the payment of dividends on the Unit Shares and to certain payments of proceeds on the sale or redemption of Unit Shares or Warrants unless such U.S. Holders provide proof of an applicable exemption or a correct taxpayer identification number, and otherwise comply with applicable requirements of the backup withholding rules.

Backup withholding is not an additional tax. Any amount withheld under the backup withholding rules from a payment to a U.S. Holder is allowable as a credit against such U.S. Holder's U.S. federal income tax, which may entitle the U.S. Holder to a refund, provided that the U.S. Holder timely provides the required information to the IRS. Moreover, certain penalties may be imposed by the IRS on a U.S. Holder who is required to furnish information but does not do so in the proper manner. U.S. Holders should consult their own tax advisors regarding the application of backup withholding in their particular circumstances and the availability of and procedure for obtaining an exemption from backup withholding under current Treasury Regulations.

Tax Considerations for Non-U.S. Holders

Non-U.S. Holders

For purposes of this discussion, a "Non-U.S. Holder" is any beneficial owner of the Units that is neither a "U.S. Holder" nor an entity treated as a partnership for U.S. federal income tax purposes.

Allocation of Offering Price

The rules applicable to Non-U.S. Holders for allocating the purchase price of a Unit between the Unit Share and the Warrant that comprise the Unit are generally the same as for U.S. Holders. See "*– Tax Considerations for U.S. Holders – Allocation of Offering Price*". Each Non-U.S. Holder is advised to consult its own tax advisor regarding the risks associated with an investment in a Unit (including alternative characterizations of a Unit) and regarding an allocation of the purchase price between the Unit Share and the Warrant that comprise a Unit.

Exercise, Sale, Redemption or Expiration of Warrant

The rules applicable to Non-U.S. Holders for exercise of a Warrant are generally the same as for U.S. Holders. See "*– Tax Considerations for U.S. Holders – Exercise, Sale, Redemption or Expiration of*

Warrant". The rules applicable to Non-U.S. Holders for sale, redemption or expiration of a Warrant are generally the same as for disposition of the Unit Shares by a Non-U.S. Holder. See "*Tax Considerations for Non-U.S. Holders – Sale or Redemption*".

Prospective Non-U.S. Holders should consult their own tax advisors regarding the tax consequences of acquiring, holding, exercising and disposing of Warrants.

Distributions

The rules applicable to Non-U.S. Holders for determining the extent to which distributions on the Unit Shares, if any, constitute dividends for U.S. federal income tax purposes are the same as for U.S. Holders. See "*Tax Considerations for U.S. Holders – Distributions*".

Generally, distributions treated as dividends paid to a Non-U.S. Holder of the Unit Shares will be subject to U.S. federal withholding tax at a rate of 30% of the gross amount of the dividends (or such lower rate specified by an applicable income tax treaty, provided the Non-U.S. Holder furnishes a valid IRS Form W-8BEN or W-8BEN-E, or other applicable documentation, certifying qualification for the lower treaty rate). A Non-U.S. Holder that does not timely furnish the required documentation for a reduced treaty rate, but that qualifies for a reduced treaty rate, may obtain a refund of any excess amounts withheld by timely filing an appropriate claim for refund with the IRS. Non-U.S. Holders should consult their own tax advisors regarding their entitlement to benefits under any applicable income tax treaty.

Notwithstanding the foregoing, dividends that are effectively connected with a Non-U.S. Holder's conduct of a trade or business within the United States and, where required by an income tax treaty, are attributable to a permanent establishment or fixed base of the Non-U.S. Holder, are not subject to the withholding tax described in the previous paragraph, but instead are subject to U.S. federal net income tax at graduated rates, provided the Non-U.S. Holder complies with applicable certification and disclosure requirements, generally by providing a properly completed IRS Form W-8ECI. Non-U.S. Holders that are corporations may also be subject to an additional branch profits tax at a 30% rate, except as may be provided by an applicable income tax treaty.

Sale or Redemption

Subject to the discussions below under "*Non-U.S. Holders – Information Reporting and Backup Withholding*" and "*Additional Withholding Tax on Payments Made to Foreign Accounts*", a Non-U.S. Holder will not be subject to U.S. federal income tax on any gain realized upon the sale or other taxable disposition of the Unit Shares unless:

- such gain is effectively connected with the conduct of a trade or business in the United States by such Non-U.S. Holder (or, if required by an applicable income tax treaty, is attributable to a U.S. permanent establishment, or fixed base, of the Non-U.S. Holder), in which event such Non-U.S. Holder generally will be subject to U.S. federal income tax on such gain in substantially the same manner as a U.S. person (except as provided by an applicable tax treaty) and, if it is treated as a corporation for U.S. federal income tax purposes, may also be subject to a branch profits tax at a rate of 30% (or a lower rate if provided by an applicable tax treaty), subject to certain adjustments;
- the Non-U.S. Holder is a non-resident alien individual present in the United States for 183 days or more during the taxable year of the disposition and certain other requirements are met; or
- Unit Shares constitute a U.S. real property interest, or USRPI, by reason of the Corporation's status as a U.S. real property holding corporation, or USRPHC, for U.S. federal income tax purposes.

Gain described in the second bullet point above will be subject to U.S. federal income tax at a rate of 30% (or such lower rate specified by an applicable income tax treaty), which may be offset by U.S. source capital

losses of the Non-U.S. Holder (even though the individual is not considered a resident of the United States), provided the Non-U.S. Holder has timely filed U.S. federal income tax returns with respect to such losses.

With respect to the third bullet point above, the Corporation believes it currently is not, and does not anticipate becoming, a USRPHC. Because the determination of whether the Corporation is a USRPHC depends, however, on the fair market value of Corporation's USRPIs relative to the fair market value of the Corporation's non-U.S. real property interests and other business assets, there can be no assurance the Corporation currently is not a USRPHC or will not become one in the future. Even if the Corporation is or were to become a USRPHC, gain arising from the sale or other taxable disposition by a Non-U.S. Holder of the Unit Shares will not be subject to U.S. federal income tax if the Unit Shares are "regularly traded," as defined by applicable Treasury Regulations, on an established securities market, and such Non-U.S. Holder owned, actually and constructively, 5% or less of the Common Shares throughout the shorter of the five-year period ending on the date of the sale or other taxable disposition or the Non-U.S. Holder's holding period.

Non-U.S. Holders should consult their own tax advisors regarding potentially applicable income tax treaties that may provide for different rules.

Information Reporting and Backup Withholding

Payments of dividends on the Unit Shares will not be subject to backup withholding, provided the applicable withholding agent does not have actual knowledge or reason to know the holder is a United States person and the holder either certifies its non-U.S. status, such as by furnishing a valid IRS Form W-8BEN or W-8BEN-E, or otherwise establishes an exemption. However, information returns are required to be filed with the IRS in connection with any dividends on the Unit Shares paid to the Non-U.S. Holder, regardless of whether any tax was actually withheld. In addition, proceeds of the sale or other taxable disposition of the Unit Shares within the United States or conducted through certain U.S.-related brokers generally will not be subject to backup withholding or information reporting, if the applicable withholding agent receives the certification described above and does not have actual knowledge or reason to know that such holder is a United States person, or the holder otherwise establishes an exemption. Proceeds of a disposition of Unit Shares conducted through a non-U.S. office of a non-U.S. broker generally will not be subject to backup withholding or information reporting.

Copies of information returns that are filed with the IRS may also be made available under the provisions of an applicable treaty or agreement to the tax authorities of the country in which the Non-U.S. Holder resides or is established.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against a Non-U.S. Holder's U.S. federal income tax liability, provided the required information is timely furnished to the IRS.

Additional Withholding Tax on Payments Made to Foreign Accounts

Withholding taxes may be imposed under Sections 1471 to 1474 of the Code and the Treasury Regulations and administrative guidance promulgated thereunder (such Sections commonly referred to as the Foreign Account Tax Compliance Act, or "**FATCA**"), on certain types of payments made to non-U.S. financial institutions and certain other non-U.S. entities. Specifically, a 30% withholding tax may be imposed on dividends on, or gross proceeds from the sale or other disposition of, the Unit Shares paid to a "foreign financial institution" or a "non-financial foreign entity" (each as defined in the Code), unless (1) the foreign financial institution undertakes certain diligence and reporting obligations, (2) the non-financial foreign entity either certifies it does not have any "substantial United States owners", as defined in the Code, or furnishes identifying information regarding each substantial United States owner, or (3) the foreign financial institution or non-financial foreign entity otherwise qualifies for an exemption from these rules. If the payee is a foreign financial institution and is subject to the diligence and reporting requirements in (1) above, it must enter into an agreement with the U.S. Department of the Treasury requiring, among other things, that it undertake to identify accounts held by certain "specified United States persons" or "United States-owned foreign entities"

(each as defined in the Code), annually report certain information about such accounts, and withhold 30% on certain payments to non-compliant foreign financial institutions and certain other account holders. Foreign financial institutions located in jurisdictions that have an intergovernmental agreement with the United States governing FATCA may be subject to different rules.

Under the applicable Treasury Regulations and administrative guidance, withholding under FATCA generally applies to payments of dividends on the Unit Shares. While withholding under FATCA would have also applied to payments of gross proceeds from the sale or other disposition of such stock, proposed Treasury Regulations eliminate FATCA withholding on payments of gross proceeds entirely. Taxpayers generally may rely on these proposed Treasury Regulations until final Treasury Regulations are issued.

Prospective investors should consult their own tax advisors regarding the potential application of withholding under FATCA to their investment in Unit Shares.

ELIGIBILITY FOR INVESTMENT

In the opinion of DLA Piper (Canada) LLP, counsel to the Corporation, based on the current provisions of the Tax Act in force on the date hereof and any proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof, the Offering Shares and Warrants, if issued on the date hereof, would each be a “qualified investment” for a trust governed by a “registered retirement savings plan”, “registered retirement income fund”, “registered education savings plan”, “registered disability savings plan”, “tax-free savings account”, “first home savings account” (collectively, the “**Registered Plans**”) and “deferred profit sharing plan”, as those terms are defined in the Tax Act, provided that at such time: (A) in the case of the Offering Shares, the Common Shares are listed on a “designated stock exchange” as defined in the Tax Act (which currently includes the CSE) or the Corporation otherwise qualifies as a “public corporation” for the purposes of the Tax Act, and (B) in the case of the Warrants, the Offering Shares are qualified investments as described in (A) above and the Corporation is not, and deals at arm’s length with each person who is, an annuitant, a beneficiary, an employer or a subscriber under or a holder of the particular Registered Plan or deferred profit sharing plan.

However, the Corporation is not currently a “public corporation” and the Common Shares are not currently listed on a “designated stock exchange”, and the timing of such a listing, if any, cannot be guaranteed. The Corporation has applied to list the Common Shares on the CSE. If the Common Shares are not listed on the Exchange on the Closing Date but become listed on the CSE prior to the date on which the Corporation must file a tax return under the Tax Act for its first taxation year, the Corporation may make an election in such income tax return to be deemed to have been a “public corporation” for purposes of the Tax Act from the beginning of its first taxation year. If this occurs, the Offering Shares and Warrants will be qualified investments for Registered Plans and deferred profit sharing plans at the closing of the Offering notwithstanding that the Common Shares were not listed on the Exchange at the closing of the Offering. The Corporation will provide a covenant in the Agency Agreement to file the public corporation election noted above. In general terms, adverse consequences under the Tax Act, not discussed in this summary, apply to a Registered Plan and deferred profit sharing plan and/or its annuitant, subscriber or holder (as the case may be) where such Registered Plan or deferred profit sharing plan acquires or holds a non-qualified investment. Notwithstanding that Offering Shares and Warrants may become a qualified investment for a Registered Plan, the holder, subscriber or annuitant of such Registered Plan, as the case may be, will be subject to a penalty tax as set out in the Tax Act if such Offering Shares or Warrants are a “prohibited investment” for the Registered Plan for purposes of the Tax Act. An Offering Share or Warrant will generally be a “prohibited investment” for a Registered Plan if the holder, subscriber or annuitant, as the case may be, does not deal at arm’s length with the Corporation for the purposes of the Tax Act or has a “significant interest” (as defined in the Tax Act) in the Corporation. However, the Offering Shares will not be prohibited investments if such Offering Shares are “excluded property” (as defined in the Tax Act) for a Registered Plan.

Investors who are considering holding Offering Shares or Warrants within a Registered Plan or deferred profit sharing plan should consult their own tax advisors in regard to the application of these rules in their particular circumstances.

LEGAL PROCEEDINGS

The Corporation is not aware of any material legal proceedings involving the Corporation nor are any such proceedings known by the Corporation to be contemplated.

There have not been any penalties or sanctions imposed against the Corporation by a court relating to provincial or territorial securities legislation or by a securities regulatory authority, nor have there been any other penalties or sanctions imposed by a court or regulatory body against the Corporation, and the Corporation has not entered into any settlement agreements before a court relating to provincial or territorial securities legislation or with a securities regulatory authority.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as set forth in this Prospectus, none of (i) the current or proposed directors or executive officers of the Corporation, (ii) the shareholders who beneficially own or control or direct, directly or indirectly, more than ten (10%) percent of the Corporation's outstanding voting securities, or (iii) any Associate or Affiliate of the foregoing Persons, in any transaction in which the Corporation has participated within the three years before the date of this Prospectus, that has materially affected or is reasonably expected to materially affect the Corporation.

AUDITORS, TRANSFER AGENTS AND REGISTRARS

The auditor of the Corporation is DMCL LLP, located at 1500-1140 West Pender St., Vancouver, British Columbia, V6J 4G1.

The transfer agent of the Common Shares is Odyssey Trust Company located at United Kingdom Building, 350-409 Granville Street, Vancouver, BC, V6C 1T2.

MATERIAL CONTRACTS

The following are material contracts that have been entered into by the Corporation or by BluSky, other than in the ordinary course of business, since incorporation and which are currently in force:

1. Arrangement Agreement dated November 10, 2023, as amended on November 23, 2023, and February 27, 2024 by and among the Corporation, 1448451 B.C. Ltd., a wholly owned subsidiary of the Corporation, and BluSky.
2. Amending Agreement dated November 23, 2023, among the Corporation, 1448451 B.C. Ltd., a wholly owned subsidiary of the Corporation, and BluSky.
3. Amending Agreement dated February 27, 2024 among the Corporation, 1448451 B.C. Ltd., a wholly owned subsidiary of the Corporation, and BluSky.
4. Purchase Order MPLMN-0000900266 dated July 28, 2023 (the "**Purchase Order**") in the amount of US\$585,000 for the Biochar Project, a public bid that BluSky won from the City of Minneapolis to convert city tree waste into biochar. The Purchase Order is for the acquisition and delivery of the Vulcan II system, a Beston Group BST-05 carbonization unit with a custom reactor that BluSky will add automation, safety features, and cloud monitoring to as part of its improvements. The deal for the Purchase Order will be fulfilled in early 2024.
5. General Security Agreement dated September 15, 2023 between the Corporation and BluSky in connection with the Note.

Copies of the above agreements or redacted versions thereof can be inspected at the Corporation's head office during regular business hours for a period of 30 days after a final receipt is issued for this Prospectus and will also be available electronically at www.sedarplus.com.

EXPERTS

No person or company whose profession or business gives authority to a report, valuation, statement or opinion made by such person or company and who is named in this Prospectus as having prepared or certified a part of this Prospectus, or a report, valuation, statement or opinion described in this Prospectus, has received or shall receive a direct or indirect interest in any securities or other property of the Corporation or any associate or affiliate of the Corporation. The following are persons or companies whose profession or business gives authority to a statement made in this Prospectus as having prepared or certified a part of that document or report described in the Prospectus:

- DMCL LLP is the external auditor of the Corporation and reported on the Corporation's audited annual financial statements for the period from incorporation on July 25, 2023 to August 31, 2023, attached as Schedule A.
- DMCL LLP is the external auditor of BluSky and reported on BluSky's audited financial statements for the years ended August 31, 2023 and 2022, attached as Schedule B.

DMCL LLP are independent auditors with respect to the Corporation within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulation.

Certain legal matters in connection with the Unit Offering and this Prospectus have been or will be reviewed on behalf of the Corporation by DLA Piper (Canada) LLP, and on behalf of the Agent by Vantage Law Corporation. As of the date of this Prospectus, the partners and associates of DLA Piper (Canada) LLP and Vantage Law Corporation, respectively, beneficially own, directly or indirectly, less than 1% of the outstanding securities of any class issued by the Corporation or any Associates or Affiliates of the Corporation.

PURCHASERS' STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two (2) Business Days after receipt or deemed receipt of a prospectus and any amendment thereto. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal advisor.

OTHER MATERIAL FACTS

To management's knowledge, there are no other material facts relating to the Corporation and its securities that are not otherwise disclosed in this Prospectus or are necessary for the Prospectus to contain full, true and plain disclosure of all material facts relating to the Corporation and its securities.

SCHEDULE A
CORPORATION FINANCIAL STATEMENTS AND MD&A

1429798 B.C. LTD.

Consolidated Financial Statements

November 30, 2023

(Expressed in Canadian dollars)



DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Independent Auditor's Report

To the Shareholders of 1429798 B.C. Ltd.:

Opinion

We have audited the financial statements of 1429798 B.C. Ltd. (the "Company"), which comprise the consolidated statement of financial position as at November 30, 2023, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the period from incorporation on July 25, 2023 to November 30, 2023, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at November 30, 2023, and its financial performance and its cash flows for the period from incorporation on July 25, 2023 to November 30, 2023 in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Vancouver

1500 - 1140 West Pender St.
Vancouver, BC V6E 4G1
604.687.4747

Surrey

200 - 1688 152 St.
Surrey, BC V4A 4N2
604.531.1154

Tri-Cities

700 - 2755 Lougheed Hwy
Port Coquitlam, BC V3B 5Y9
604.941.8266

Victoria

320 - 730 View St.
Victoria, BC V8W 3Y7
250.800.4694

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

February XX, 2024

1429798 B.C. Ltd.
Consolidated Statement of Financial Position
(Expressed in Canadian dollars)

As at	Note	November 30, 2023
ASSETS		
Current assets		
Cash		\$ 300,141
Promissory note receivable	4	696,376
Total assets		\$ 996,517
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	6	\$ 238,773
Total liabilities		238,773
SHAREHOLDERS' EQUITY		
Share capital	5	759,972
Obligation to issue units	5	218,799
Deficit		(221,027)
Total shareholders' equity		757,744
Total liabilities and shareholders' equity		\$ 996,517

Subsequent events (Notes 1, 4 and 10)

Approved and authorized for issue by the board of directors on February xx, 2024:

"Alex McAulay"	Director	"Michael Malana"	Director
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The accompanying notes are an integral part of these consolidated financial statements.

1429798 B.C. Ltd.

Consolidated Statement of Loss and Comprehensive Loss

(Expressed in Canadian dollars)

			Period from incorporation on July 25, 2023 to November 30, 2023
	Note		
Expenses			
Office		\$	252
Consulting fees	6		43,416
Professional fees			198,171
			(241,839)
Other income			
Interest income	4		17,295
Exchange gain			3,517
			20,812
Net loss and comprehensive loss for the period		\$	(221,027)
Basic and diluted loss per share		\$	(0.04)
Weighted average number of common shares outstanding – basic and diluted			4,997,344

The accompanying notes are an integral part of these consolidated financial statements.

1429798 B.C. Ltd.Consolidated Statement of Changes in Shareholders' Equity
(Expressed in Canadian dollars)

	Number of common shares	Share capital	Obligation to issue units	Deficit	Total
Balance at incorporation on July 25, 2023	-	\$ -	\$ -	\$ -	-
Issuance of seed share	1	-	-	-	-
Cancellation of seed share	(1)	-	-	-	-
Issuance of units	15,230,000	761,500	-	-	761,500
Share issuance costs	-	(1,528)	-	-	(1,528)
Unit subscription	-	-	218,799	-	218,799
Net loss for the period	-	-	-	(221,027)	(221,027)
Balance at November 30, 2023	15,230,000	\$ 759,972	\$ 218,799	\$ (221,027)	\$ 757,744

The accompanying notes are an integral part of these consolidated financial statements.

1429798 B.C. Ltd.

Consolidated Statement of Cash Flows

(Expressed in Canadian dollars)

		Period from incorporation on July 25, 2032 to November 30, 2023
Operating activities		
Net loss	\$	(221,027)
Non-cash items:		
Exchange gain		(3,516)
Accrued interest income		(17,295)
Changes in non-cash working capital items:		
Accounts payable and accrued liabilities		238,773
Net cash used in operating activities		(3,065)
Investing activities		
Issuance of promissory note receivable		(675,565)
Net cash used in investing activities		(675,565)
Financing activities		
Proceeds from issuance of units		761,500
Share issuance costs		(1,528)
Unit subscriptions received in advance		218,799
Net cash provided by financing activities		978,771
Change in cash		300,141
Cash, beginning of period		-
Cash, end of period	\$	300,141

The accompanying notes are an integral part of these consolidated financial statements.

1429798 B.C. Ltd.

Notes to Consolidated Financial Statements
(Expressed in Canadian dollars)

1. NATURE OF OPERATIONS

1429798 B.C. Ltd. (the “Company”) was incorporated under the Business Corporations Act of British Columbia on July 25, 2023. The principal address and registered office of the Company are located at Suite 2700, 1133 Melville Street, Vancouver, BC, V6E 4E5.

On August 1, 2023, the Company entered into a Letter of Intent (“LOI”) with Bluski Inc., a private company incorporated under the laws of the state of Connecticut (“Bluski”) to combine business operations (the “Proposed Transaction”), after which Company will file a non-offering prospectus to become a reporting issuer in British Columbia and apply to list its common shares for trading on the Canadian Securities Exchange. Bluski specializes in conversion of organic and industrial wastes into biochar, renewable power, and carbonate rocks. The Company filed its preliminary long form prospectus on November 30, 2023.

In connection with the Proposed Transaction, on November 10, 2023, the Company, Bluski and 1448451 B.C. Ltd. (“1448451”), the Company’s wholly-owned subsidiary, entered into an Arrangement Agreement whereby the Company agrees to acquire all issued and outstanding shares of Bluski by way of a plan of arrangement (the “Arrangement”). 1448451 will merge with Bluski to form and amalgamated entity under the name “Bluski Inc.”. Such an entity will become a wholly-owned subsidiary of the Company. The Company agrees to issue 4,900 common shares and 4,900 share purchase warrants of the Company in exchange for each common share and share-purchase warrant of Bluski. The Arrangement Agreement was subsequently amended on November 23, 2023 and February 27, 2024.

2. BASIS OF PRESENTATION, ESTIMATES AND JUDGEMENTS

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and Interpretation of the International Financial Reporting Issues Committee (“IFRIC”).

The consolidated financial statements were approved and authorized for issuance on February XX, 2024 by the board of directors of the Company.

Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis, except for financial instruments, which are stated at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

Basis of consolidation

The consolidated financial statements include the accounts of the Company and its controlled entity. The controlled entity is fully consolidated from the date of acquisition, being the date on which the Company obtains control and continues to be consolidated until the date such control ceases. Details of the controlled entity are as follows:

		Ownership Interest
Entity:	Country of incorporation:	November 30, 2023
1448451 BC Ltd.	Canada	100%

Inter-company balances and transactions have been eliminated upon consolidation.

2. BASIS OF PRESENTATION, ESTIMATES AND JUDGEMENTS (continued)

Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars. The Company's functional currency is the Canadian dollar which is the currency of the primary economic environment in which the Company operates.

Critical Accounting Estimates and Judgements

The preparation of these consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and income and expenses. Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

Estimates:

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods. These financial statements do not include any accounts that require significant estimates as the basis for determining the stated amounts.

Judgements:

Critical judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements include the assessment of the Company's ability to continue as a going concern.

Significant judgment is required in determining the provision for income taxes. There are transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law in the relevant jurisdiction. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. The Company recognizes deferred tax assets only to the extent it is probable that future taxable profit will be realized against which a deferred tax asset can be applied.

3. SIGNIFICANT ACCOUNTING POLICIES

Financial instruments

Financial Instruments are accounted for in accordance with IFRS 9 Financial instruments: Classification and Measurement. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

The following table shows the classification under IFRS 9:

Financial assets / liabilities	Classification
Cash	Fair value through profit or loss
Promissory note receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost

Recognition, classification and measurement

Financial assets are classified and measured based on the business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. IFRS 9 contains three primary measurement categories for financial assets: amortized cost, fair value through other comprehensive income and fair value through profit and loss. Financial assets are recognized in the statements of financial position if the Company has a contractual right to receive cash or other financial assets from another entity.

Financial assets are derecognized when the rights to receive cash flows from the asset have expired or were transferred and the Company has transferred substantially all risks and rewards of ownership. All financial liabilities are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instruments. The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

The Company has classified its accounts payable and accrued liabilities as liabilities measured at amortized cost. Such liabilities are recognized initially at fair value inclusive of any directly attributable transaction costs and subsequently carried at amortized cost using the effective interest method, less any impairment losses. The Company has classified its cash as a financial asset measured at fair value through profit and loss, and promissory note receivable at amortized cost.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Impairment of financial assets

The Company recognizes loss allowances for expected credit losses on financial assets measured at amortized cost. Loss allowances for accounts receivables are always measured at an amount equal to lifetime expected credit losses if the amount is not considered fully recoverable. A financial asset carried at amortized cost is considered credit-impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. Individually significant financial assets are tested for credit-impairment on an individual basis. The remaining financial assets are assessed collectively.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Impairment of financial assets (continued)

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

In assessing collective impairment, the Company uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

Losses are recognized in profit or loss and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Loss per share

Basic loss per share is calculated by dividing the net loss attributable to the common shareholders of the Company by the weighted average number of common shares outstanding and reduced by any shares held in escrow during the reporting period. Diluted loss per share is calculated by dividing the net income or loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding, all additional common shares that would have been outstanding if potentially dilutive instruments were converted and reduced by any shares held in escrow.

Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share purchase warrants are recognized as a deduction from equity, net of any tax effects. Common shares issued for consideration other than cash are valued based on their fair value at the date the shares are issued.

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The Company considers the fair value of common shares issued in a private placement to be the more easily measurable component and the common shares are valued at their fair value, as determined by the closing quoted bid price on the issue date. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded as reserves.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Income taxes

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used are those that are substantively enacted by the end of the reporting date.

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used are those that are substantively enacted by the end of the reporting date.

Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting. The change in the net deferred income tax asset or liability is included in income except for deferred income tax relating to equity items which is recognized directly in equity. The income tax effects of differences in the periods when revenue and expenses are recognized, in accordance with Company accounting practices, and the periods they are recognized for income tax purposes are reflected as deferred income tax assets or liabilities. Deferred income tax assets and liabilities are measured using the substantively enacted statutory income tax rates which are expected to apply to taxable income in the years in which the assets are realized or the liabilities settled. A deferred income tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized.

Deferred income tax assets and liabilities are offset only if a legally enforceable right exists to offset current tax assets against liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity and are intended to be settled on a net basis.

The determination of current and deferred taxes requires interpretations of tax legislation, estimates of expected timing of reversal of deferred tax assets and liabilities, and estimates of future earnings.

Accounting standards issued but not yet effective

Certain accounting standards or amendments to existing accounting standards were issued but the Company anticipates that the application of these standards, amendments and interpretations in future periods will have no material impact on the results and financial position of the Company except for additional disclosures. The Company is assessing the impact of the new or revised IFRS standards on its financial position and financial performance.

1429798 B.C. Ltd.

Notes to Consolidated Financial Statements
(Expressed in Canadian dollars)

4. PROMISSORY NOTE RECEIVABLE

In connection with the Proposed Transaction, on September 15, 2023, the Company entered into a secured promissory note and loan agreement with Bluski whereby the Company agrees to loan a balance of US\$500,000 (\$675,565) (the "Note"). The Note was subsequently amended on October 31, 2023, December 4, 2023 and December 18, 2023 with the principal amount increasing to US\$1,650,000 (Note 10). The Note bears 12% interest per annum and is guaranteed by a general security agreement that ranks the Note senior to all current and future unsecured debt and other liabilities and any future debt of Bluski and ranks in priority to all equity securities of the Bluski.

The Note is due on the earliest of the following:

- i) if the letter of intent is terminated, then payable on the termination date (not terminated);
- ii) if an Arrangement Agreement was not entered into by November 10, 2023 (entered into on November 10, 2023), then payable on December 8, 2023; or
- iii) if the Proposed Transaction is not completed by January 31, 2024, unless otherwise extended by mutual written agreement, then on February 29, 2024.

Changes in the Note are as follows:

		CAD
Outstanding, Incorporation Date - July 25, 2023	\$	-
Principal		675,565
Interest income accrued		17,295
Foreign exchange		3,516
Outstanding, November 30, 2023	\$	696,376

In December 2023, the Company advanced an additional US\$1,100,000.

5. SHARE CAPITAL***Authorized capital***

The authorized share capital consists of an unlimited number of common shares without par value.

Issued share capital

On July 25, 2023, the Company issued 1 seed common share which was returned to treasury in October 2023.

In October 2023, the Company issued 15,230,000 units for gross proceeds of \$761,500. Each unit is comprised of one common share and one-half of one share purchase warrant. Each warrant entitles the holder to purchase one common share at \$0.10 for a period of 24 months following the closing of the financing.

In November 2023, the Company commenced a round of financing for the issuance of up to 6,231,859 units at \$0.30 per unit (the "\$0.30 Unit Financing"). Each unit is comprised of one common share and one-half of one share purchase warrant. Each warrant entitles the holder to purchase one common share at \$0.50 for a period of 24 months following the closing of the financing. As of November 30, 2023, the Company recorded subscription proceeds received in advance of \$218,799.

5. SHARE CAPITAL (continued)

Issued share capital (continued)

Warrants

A continuity of the Company's warrants is as follows:

	Number of warrants	Weighted average exercise price
Outstanding, Incorporation Date - July 25, 2023	-	-
Issued	7,615,000	\$0.10
Outstanding, November 30, 2023	7,615,000	\$0.10

The following table summarizes information about the unit warrants outstanding and exercisable as at November 30, 2023:

Exercise price	Number of warrants outstanding	Weighted-average remaining contractual life (years)	Expiration date
\$0.10	7,615,000	1.89	October 19, 2025

6. RELATED PARTY TRANSACTIONS

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include members of the Company's Board of Directors

During the period ended November 30, 2023, the Company incurred consulting fees of \$38,076 to an entity controlled by a director of the Company. The consulting fees were related to financial reporting and consulting services in relation to the Proposed Transaction. As at November 30, 2023, the balance in accounts payable and accrued liabilities is \$38,818.

1429798 B.C. Ltd.

Notes to Consolidated Financial Statements
(Expressed in Canadian dollars)

7. FAIR VALUE AND FINANCIAL RISK FACTORS

In the normal course of business, the Company is exposed to a number of risks that can affect its operating performance. These risks and the actions taken to management them are as follows:

Fair value

The Company has designated its cash as FVTPL which are measured at fair value. Fair value of cash is determined based on transaction value and is categorized as a Level One measurement.

- Level One - includes quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level Two - includes inputs that are observable other than quoted prices included in Level One.
- Level Three - includes inputs that are not based on observable market data.

The carrying value of the Company's financial assets and liabilities as at November 30, 2023 approximate their fair value due to their short terms to maturity.

November 30, 2023	Level 1	Level 2	Level 3	Total
Financial assets				
Cash	\$ 300,141	-	\$ -	\$ 300,141

During the period ended November 30, 2023, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

Financial risk management

The Company's activities are exposed to a variety of financial risks in the normal course of business. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize the Company's capital costs by using suitable means of financing and to manage and control the Company's financial risks effectively.

The principal financial risks arising from financial instruments are liquidity risk and credit risk.

Liquidity risk

As at November 30, 2023, the Company's liabilities consist of accounts payable and accrued liabilities. The Company manages its liquidity risk by reviewing its capital requirements on an ongoing basis.

As at November 30, 2023, the Company has sufficient cash to satisfy its financial liabilities, and as such, is not exposed to significant liquidity risk.

The following table outlines the undiscounted contractual maturities of the Company's financial liabilities at November 30, 2023:

	Less than 1 year	1-5 years	Thereafter
Accounts payable and accrued liabilities	\$ 238,733	\$ -	\$ -

7. FAIR VALUE AND FINANCIAL RISK FACTORS (continued)

Credit risk

Credit risk is the risk of an unexpected loss if a third party fails to meet its contractual obligations. Financial instruments that potentially subject the Company to credit risk consists of cash. The Company manages credit risk by depositing its cash with major financial institutions, which have been assigned high credit ratings by internationally recognized credit rating agencies, and by only paying security deposits to reputable, well-established third parties.

8. CAPITAL MANAGEMENT

The Company manages its capital to ensure that there are adequate capital resources to safeguard the Company's ability to continue as a going concern through the optimization of its capital structure. The capital structure consists of shareholder's equity. The basis for the Company's capital structure is dependent on the Company's expected business growth and changes in business environment. To maintain or adjust the capital structure, the Company may issue new shares through private placement, incur debt or return capital to shareholders.

The Company relies upon management to manage capital in order to accomplish the objectives of:

- Ensuring sufficient financial flexibility to achieve ongoing business objectives, including funding of future growth opportunities, and pursuit of accretive acquisitions; and,
- Maintaining a flexible capital structure, which optimizes the cost of capital at acceptable risk.

The Company's current capital consists of equity funding through issuance of common shares and subscription units. There have been no changes in the way in which the Company manages capital in the period. The Company is not subject to any externally or internally imposed capital requirements as at November 30, 2023.

1429798 B.C. Ltd.

Notes to Consolidated Financial Statements
(Expressed in Canadian dollars)

9. INCOME TAXES

The following table reconciles the amount of income tax recoverable on application of the statutory Canadian federal and provincial income tax rates:

		Period from incorporation on July 25, 2023 to November 30, 2023
Net loss for the period	\$	221,027
Statutory income tax rate		27%
Expected income tax recovery		(59,677)
Unrecognized benefit from income tax losses		59,677
Income tax recovery	\$	-

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amounts of assets and liabilities. Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

	November 30, 2023
Non-capital losses	\$ 59,677

As at November 30, 2023, the Company had non-capital tax loss carry forwards of approximately \$221,000 which can be applied to reduce future Canadian taxable income and will expire in 2044.

10. SUBSEQUENT EVENTS

In connection with the \$0.30 Unit Financing, on December 5, 2023, the Company entered into an agreement with an agent whereby the Company agrees to pay a 7% cash finder's fee based on the gross proceeds brokered by the agent and an additional 7% in share purchase warrants based on the number of common shares brokered by the agent. Each warrant entitles a holder to purchase one common share at \$0.50 for a period of 24 months from the closing of the \$0.30 Unit Financing.

On December 15, 2023, the Company closed the \$0.30 Unit Financing with issuance of 6,231,859 units for gross proceeds of \$1,869,558. The Company paid \$94,171 in cash commissions and issued 313,903 finders warrants as share issuance costs.

On February 27, 2024, the Company amended the Arrangement Agreement with Bluski and 1448451 B.C. Ltd. whereby the Company agrees to exchange 4,900 common shares and 4,900 share purchase warrants of the Company for each common share and share purchase warrant, respectively, of Bluski outstanding at closing.

1429798 BC LTD.

**MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE PERIOD ENDED NOVEMBER 30, 2023**

The following management's discussion and analysis ("**MD&A**") should be read in conjunction with the Company's interim audited financial statements for the period ended November 30, 2023 and the related notes contained therein which have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**").

All dollar figures included therein and in the following discussion analysis are quoted in Canadian dollars unless otherwise noted.

DATE

This MD&A is dated February xx, 2024 and is in respect of for the period from incorporation on July 25, 2024 to November 30, 2023. The discussion in this MD&A focuses on this period. Estimates and forward-looking information are based on assumptions of future events and actual results may vary from these estimates.

DISCLAIMER FOR FORWARD-LOOKING STATEMENTS

This MD&A contains forward-looking statements relating to future events. In some cases, forward looking statements can be identified by such words as "anticipate", "continue", "estimate", "expect", "may", "will", "project", "should", "believe" or similar expressions. These statements represent management's best projections, but under reliance should not be placed upon them as they are derived from numerous assumptions. These assumptions are subject to known and unknown risks and uncertainties, including the business risks discussed in the MD&A which may cause actual performance and financial results to differ materially from any projections of future performance or results expressed or implied by such forward-looking statements. Accordingly, readers are cautioned that events or circumstances could cause results to differ materially from those predicted.

DESCRIPTION OF BUSINESS AND OVERALL PERFORMANCE

1429798 BC Ltd. (the "**Company**") was incorporated under the *Business Corporations Act* of British Columbia on July 25, 2023.

On August 1, 2023, the Company entered into a Letter of Intent ("**LOI**") with Bluski Inc., a private company incorporated under the laws of the state of Connecticut to combine business operations (the "**Proposed Transaction**"), after which Company will file a non-offering prospectus to become a reporting issuer in British Columbia and apply to list its common shares for trading on the Canadian Securities Exchange. Bluski Inc. specializes in conversion of organic and industrial wastes into biochar, renewable power, and carbonate rocks.

On November 7, 2023, the Company incorporated a wholly-owned subsidiary, 1448451 BC Ltd., under the Business Corporations Act of British Columbia, for the sole purpose of completing the Proposed Transaction with Bluski Inc.

On November 10, 2023, as amended on February 27, 2024, in connection with the Proposed Transaction, the Company, Bluski Inc., and 1448451 B.C. Ltd. entered into an Arrangement Agreement. Under the Arrangement Agreement, the Company will acquire all of the issued and outstanding shares of Bluski Inc. by way of a plan of arrangement. Pursuant to the plan of arrangement, 1448451 B.C. Ltd. will merge with Bluski Inc. to form and amalgamated entity under the name "Bluski Inc." and Bluski Inc. will become a wholly-owned subsidiary of the Company. In connection with the plan of arrangement, the Company will issue 4,900 common shares and 4,900 outstanding share purchase warrants in exchange for each common

1429798 BC Ltd.
Pro Forma Consolidated Statement of Financial Position
(Expressed in Canadian dollars)
(Unaudited)

As at	Bluski Inc. November 30, 2023	1429798 BC Ltd. November 30, 2023	Pro Forma adjustments	Notes	Pro Forma consolidated balance
ASSETS	\$	\$	\$		\$
Current assets					
Cash	42,359	300,141	6,554,052	3(a,b)	6,896,552
Prepaid expenses and deposits	619,318	-	-		619,318
Promissory note receivable	-	696,376	(696,376)	3(c)	-
	661,677	996,517	5,857,376		7,515,870
Equipment	167,710	-	-		167,710
Lease deposits	51,024	-	-		51,024
Right-of-use asset	1,381,236	-	-		1,381,236
Intangible asset	-	-	6,473,862	3(d)	6,473,862
Total assets	2,261,647	996,517	12,331,538		15,589,702
LIABILITIES					
Current liabilities					
Accounts payable and accrued liabilities	174,408	238,773	-		413,181
Due to related parties	588,888	-	(588,888)	3(e)	-
Promissory note	696,376	-	(696,376)	3(c)	-
Lease liability	422,111	-	-		422,111
	1,881,783	238,773	(1,285,264)		835,292
Lease liability	949,859	-	-		949,859
Total liabilities	2,831,642	238,773	(1,285,264)		1,785,151
SHAREHOLDERS' EQUITY					
Share capital	804,532	759,972	12,411,303	3(a,b,d), 4	13,975,807
Units to be issued	293,241	218,799	(512,040)	3(b), 4	-
Accumulated other comprehensive income	8,800	-	(8,800)		-
Reserves	-	-	49,771	3(d), 4	49,771
Deficit	(1,676,568)	(221,027)	1,676,568		(221,027)
Total shareholders' equity (deficiency)	(569,995)	757,744	13,616,802		13,804,551
Total liabilities and shareholders' equity	2,261,647	996,517	12,331,538		15,589,702

1429798 BC Ltd.

Notes to the Pro Forma Consolidated Statement of Financial Position

(Expressed in Canadian dollars)

(Unaudited)

1. Basis of Presentation and Preparation

Bluski Inc. (the "Bluski", or the "Company") was incorporated under Connecticut law on May 26, 2021. The principal address and registered office of the Company are located at 19 Townwoods Road, Ivoryton, CT, 06442.

1429798 BC Ltd. ("1429798") was incorporated under the Business Corporations Act of British Columbia on July 25, 2023. The principal address and registered office of 1429798 are located at Suite 2700, 1133 Melville Street, Vancouver, BC, V6E 4E5.

On November 10, 2023, as amended on February 27, 2024, the Company entered into an arrangement agreement (the "Agreement") with 1429798, whereby 1429798 will acquire all of the common shares of the Company by way of a plan of arrangement.

The unaudited Pro Forma Consolidated Statement of Financial Position has been prepared by management of 1429798 and are derived from, and should be read in conjunction with; (i) the unaudited condensed interim financial statements of Bluski as at November 30, 2023 and for the three months ended November 30, 2023, and (ii) the audited financial statements of 1429798 as at November 30, 2023 and for the period from incorporation on July 25, 2023 to November 30, 2023. The unaudited Pro Forma Consolidated Statement of Financial Position give effect to the proposed transaction (the "Transaction") as described in Note 2 as if it had occurred as at November 30, 2023.

The unaudited Pro Forma Consolidated Statement of Financial Position are compiled through combining the unaudited statement of financial position of Bluski and the audited statement of financial position of 1429798 as at November 30, 2023, which were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The unaudited Pro Forma Consolidated Statement of Financial Position is presented in Canadian dollars, being the functional currency of 1429798. The functional currency of Bluski is the United States dollar.

The unaudited Pro Forma Consolidated Statement of Financial Position has been prepared for illustrative purposes only and may not be indicative of the combined entities' financial performance that would have occurred if the acquisition had been in effect at the date indicated. Actual amounts recorded upon consummation of the Transaction will likely differ from those recorded in the unaudited Pro Forma Consolidated Statement of Financial Position. The pro forma adjustments and allocations of the purchase price are based in part on estimates of the fair value of assets acquired and liabilities to be assumed. The actual fair values of the assets and liabilities will be determined as of the effective date of the Transaction and may differ materially from the amounts disclosed in the assumed pro forma purchase price allocation because of changes in fair value of the assets and liabilities up to the date of effective date of the Transaction, and as further analysis is completed.

Consequently, the actual allocation of the purchase price may result in different adjustments than those presented in the unaudited Pro Forma Consolidated Statement of Financial Position. Similarly, the calculation and allocation of the purchase price has been prepared on a preliminary basis and is subject to change between the time such preliminary estimations were made and closing as a result of a number of factors.

The unaudited Pro Forma Consolidated Statement of Financial Position has been prepared consistently with the accounting policies disclosed in Bluski's unaudited condensed interim financial statements as at November 30, 2023 and for the three months ended November 30, 2023 and 1429798's audited financial statements as at November 30, 2023 and for the period from incorporation on July 25, 2023 to November 30, 2023. There are no material differences in accounting policies between Bluski and 1429798.

2. Summary of Proposed Transaction

On November 10, 2023, Bluski and 1429798, entered into the Agreement.

Under the Agreement:

- a) 1429798 is to issue up to a maximum of 31,230,000 units, each comprising one common share and one-half of one common share purchase warrant, for gross proceeds up to \$7,515,128 (Note 3(a));
- b) Bluski will have no more than 5,213.3653 common shares and 106.6826 warrants outstanding prior to closing of the transaction;
- c) Each outstanding Bluski Share shall be exchanged for 4,900 fully paid and non-assessable 1429798 Shares; and Bluski shall become a wholly owned subsidiary of 1429798;
- d) The board of directors of 1429798 after the business combination shall consist of five directors, three of whom shall be nominated by the shareholders of 1429798, and two of whom shall be nominated by the current board of directors of Bluski.

Immediately after the completion of the Transaction, on a non-diluted basis, the former holders of Bluski shares will own approximately 25,545,485 resulting issuer shares, representing 45% of the shares of the resulting issuer. The pre-existing holders of 1429798 will own 31,230,000 shares, representing 55% of the total resulting issuer shares.

3. Pro Forma Assumptions and Adjustments

The unaudited Pro Forma Consolidated Statement of Financial Position was prepared based on the following assumptions and adjustments:

- a. Under the Agreement, 1429798 is to complete the following unit financing rounds, for gross proceeds of approximately \$7,515,128:
 - i) \$0.05 for 15,230,000 units (the "First Round"). Each unit is comprised of one common share and one-half of one common share purchase warrant. Each warrant entitles the holder to purchase one additional share at a price of \$0.10 for a period of 24 months;
 - ii) \$0.30 for 6,000,000 units (the "Second Round"). Each unit is comprised of one common share and one-half of one common share purchase warrant. Each warrant entitles the holder to purchase one additional share at a price of \$0.50 for a period of 24 months; and
 - iii) \$0.50 for up to 10,000,000 units (the "Third Round"). Each unit is comprised of one common share and one-half of one common share purchase warrant. Each warrant entitles the holder to purchase one additional share at a price of \$0.70 for a period of 24 months.

On October 19, 2023, the First Round was closed, and 1429798 issued a total of 15,230,000 shares and 7,615,000 share purchase warrants for gross proceeds of \$761,500, less \$108,446 in share issuance costs.

As at November 30, 2023, \$218,799 had been received toward the Second Round. On December 15, 2023, the Second Round was closed, and 1429798 issued a total of 6,231,859 shares and 3,115,929 warrants for gross proceeds of \$1,869,558.

On closing of the Third Round, 1429798 will issue up to 10,000,000 units for gross proceeds of \$5,000,000.

- b. Under the Agreement, Bluski is to close a private placement at a price of US\$1,078.00 (approximately \$1,454) for 213.3653 units, for aggregate gross proceeds of approximately US\$230,007 (\$312,464). Each unit is comprised of one common share and one-half of one share purchase warrant. Each warrant entitles the holder to purchase one additional share at a price of approximately US\$1,788.50 (approximately \$2,450) for a period of 24 months.

As at November 30, 2023, US\$218,850 (\$293,241) had been received in advance towards the private placement. The remaining US\$11,157 (\$19,223) was received subsequent to November 30, 2023, and on closing of the private placement the gross proceeds of US\$230,007 (\$312,464) will be recorded as share capital under Bluski.

- c. In connection with the Transaction, on September 15, 2023 1429798 and Bluski entered into a secured promissory note and loan agreement, with 1429798 as the lender. The principal balance was US\$500,000 (\$675,565) (the "Note"). The Note was subsequently amended on October 31, 2023, December 4, 2023 and December 18, 2023 with the principal amount increasing to up US\$1,650,000. As of November 30, 2023, US\$500,000 (\$679,081) had been advanced under the Note and US\$12,667 (\$17,295) accrued in interest. On closing of the Agreement, intercompany loans will consolidate.

3. Pro Forma Assumptions and Adjustments (continued)

- d. The Transaction will result in 1429798 having control over Bluski. Management's preliminary analysis has concluded that Bluski does not meet the criteria of a business under IFRS 3, "Business Combinations" and the Transaction will be accounted for as the acquisition of assets using IFRS guidance for asset acquisitions.

The purchase price is allocated as follows:

	\$
Fair value of shares issued to former Bluski shareholders	6,462,206
Fair value of warrants issued to former Bluski shareholders	49,771
Total consideration paid	6,511,978
Net assets (liabilities) of Bluski:	
Cash	61,582
Prepaid expenses	619,318
Equipment	167,710
Lease deposit	51,024
Right-of-use asset	1,381,236
Accounts payable and accrued liabilities	(174,408)
Promissory note	(696,376)
Lease liabilities	(1,371,970)
	38,116
Intangible assets acquired	6,473,862

The fair value of the common shares and warrants issued to former Bluski shareholders of \$6,462,206 and \$49,771, respectively, are based on the estimated fair value of approximately \$0.25 per share and \$0.05 per warrant assuming the Transaction closing date is November 30, 2023. For the purposes of the unaudited Pro Forma Consolidated Statement of Financial Position, the fair value of the shares was based on the Second Round financing that closed in December 15, 2023 (Note 3(a)). The estimated fair value of the consideration is \$6,473,862 higher than the fair value of the net assets of Bluski acquired. This will be recorded as an intangible asset.

- e. Under the Agreement, the amount of \$588,888 owing to due to related parties by Bluski is extinguished for \$Nil consideration.

1429798 BC Ltd.

Notes to the Pro Forma Consolidated Statement of Financial Position

(Expressed in Canadian dollars)

(Unaudited)

4. Pro Forma Capitalization

1429798's unaudited pro forma capitalization after closing of the Agreement has been determined as follows:

	Share Capital					Total
	Number of Shares	Share Capital	Units to be issued	Reserves	Deficit	
		\$	\$	\$	\$	\$
Balance, November 30, 2023	15,230,000	759,972	218,799	-	(221,027)	757,744
Issuance of units in First, Second and Third Round financings	16,000,000	6,753,628	(218,799)	-	-	6,534,829
Issuance of units on closing of the Agreement	25,545,485	6,462,206	-	49,771	-	6,511,978
Pro forma balances	56,775,485	13,975,807	-	49,771	(221,027)	13,804,551

share and each share purchase warrant, respectively, of Bluski Inc. The principal address and registered office of the Company are located at Suite 2700, 1133 Melville Street, Vancouver, BC, V6E 4E5.

RISKS AND UNCERTAINTIES

The Company does not have a history of earnings, nor has it paid any dividends. The Company has only limited funds and there is no assurance that the Company will identify a business or asset that warrants acquisition or participation within the time limitations permissible under the policies of the Exchange, at which time the exchange may suspend or de-list the Company's shares from trading.

RESULTS OF OPERATIONS

Total assets as at November 30, 2023 were \$996,517. Cash was generated primarily from proceeds from subscriptions received. Total liabilities as at November 30, 2023 are \$238,773. This primarily consists of consulting and professional fees.

For the period ended November 30, 2023, the Company incurred a loss of \$221,027. This primarily consists of consulting and professional fees related to the Proposed Transaction with Bluski Inc.

SELECTED FINANCIAL INFORMATION

The following table is a summary of selected financial information (in Canadian dollars) derived from the Company's audited financial statements prepared in accordance with IFRS:

		For the period ended November 30, 2023
Total assets	\$	996,517
Total liabilities	\$	238,773
Net loss and comprehensive loss for the period	\$	(221,027)
Basic and diluted net loss per share for the period	\$	(0.04)
Weighted average number of common shares outstanding		4,997,344

OUTSTANDING SHARE DATA

Common Shares

As at the date of this MD&A, the Company had 21,461,859 common shares issued and outstanding and 10,730,930 warrants outstanding.

In August 2023, the Company commenced a round of financing (the "0.05 unit financing") for the issuance of 15,230,000 units of the Company at a price of \$0.05 per unit. Each unit is comprised of one common share and one-half of one share purchase warrant. Each full warrant entitles the holder to purchase one common share of the Company at a price of \$0.10 for a period of 24 months following the closing of the \$0.05 unit financing.

In October 2023, the one common share issued on incorporation was returned to treasury and the Company closed the \$0.05 unit financing, issuing 15,230,000 units for gross proceeds of \$761,500.

In November 2023, the Company commenced a round of financing for the issuance of up to 6,231,859 units at \$0.30 per unit (the "\$0.30 Unit Financing"). Each unit is comprised of one common share and one-half of one share purchase warrant. Each warrant entitles the holder to purchase one common share at \$0.50 for a period of 24 months following the closing of the financing. As of November 30, 2023, the Company recorded subscription proceeds received in advance of \$218,799.

The Company will pay to the agent a cash commission equal to 8.0% of the aggregate gross proceeds arising from the IPO, and non-transferrable options exercisable to purchase units in an amount equal to 8.0% of the number of units sold in connection with the IPO including any amounts subscribed in the over-allotment option. The options will be exercisable into units at an exercise price of \$0.50 per unit at anytime 24 months following the closing of the IPO.

LIQUIDITY AND CAPITAL RESOURCES

As at November 30, 2023, the Company had working capital of \$757,744, comprised of \$300,141 in cash, \$696,376 in promissory note receivable, and \$238,773 in accounts payable and accrued liabilities, which management considers to be sufficient for the Company to meet its ongoing obligations for the next year.

OFF-BALANCE SHEET ARRANGEMENTS

None.

PROPOSED TRANSACTIONS

On August 1, 2023, the Company entered into a Letter of Intent (“LOI”), and subsequently on November 10, 2023, an Arrangement Agreement with Bluski Inc., a private company incorporated under the law of the state of Connecticut to combine business operations, after which Company will file a non-offering prospectus to become a reporting issuer in British Columbia and apply to list its common shares for trading on the Canadian Securities Exchange. Bluski Inc. specializes in conversion of organic and industrial wastes into biochar, renewable power, and carbonate rocks.

TRANSACTIONS WITH RELATED PARTIES

The Company has identified its directors and certain officers as its key management personnel. As at November 30, 2023, the directors and officers of the Company were as follows:

Alex McAulay, President, Director
Michael Malana, Director

All related party transactions are carried out in the normal course of operations. There were no compensation costs for key management personnel during the period ended November 30, 2023. The Company incurred consulting fees of \$38,076 to Treewalk Consulting Inc., an entity controlled by a Alex McAulay, a director of the Company. The consulting fees were related to financial reporting and consulting services. As at November 30, 2023, included in accounts payable and accrued liabilities was \$38,818 owing to Treewalk Consulting Inc. These amounts are non-interest bearing, unsecured and due on demand.

FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash and accounts payable and accrued liabilities. It is management's opinion that the Company is not exposed to significant interest rate, currency or credit risks arising from the financial instruments and that the fair values of these instruments approximate their carrying values due to their short-term nature.

The Board of Directors reviews and agrees on policies for managing each of the risks summarized below:

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 financial assets consist of cash. The Company's maximum exposure to credit risk, as at period-end, is the carrying value of its financial assets. The Company mitigates credit risk by holding financial instruments within financial institutions of high creditworthiness. As at November 30, 2023, the Company is not exposed to significant credit risk.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they come due. The Company currently settles its financial obligations with cash. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs. 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 at November 30, 2023, the Company had a cash balance of \$300,141 and accounts payable and accrued liabilities of \$238,773.

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 is not exposed to any significant interest rate risk.

Foreign currency risk

The Company is not currently exposed to foreign currency risk as all of its assets, liabilities and operations are denominated in Canadian dollars.

CRITICAL ACCOUNTING ESTIMATES

This MD&A is based on the financial statements which have been prepared in accordance with IFRS. The preparation of the financial statements requires that certain estimates and judgments are based on historical experience and on various other assumptions that are believed to be reasonable under the circumstances.

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and income and expenses. Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates. The financial statements do not include any accounts that require significant estimates as the basis for determining the stated amounts.

CAPITAL RISK MANAGEMENT

The Company's capital currently consists of common shares. The Company defines capital as total shareholder's equity, which was \$757,744 at November 30, 2023. Its principal source of cash is from proceeds from subscriptions received. The Company's capital management objectives are to safeguard its ability to continue as a going-concern and to have sufficient capital to be able to identify, evaluate and then acquire an interest in a business or assets.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new debt or equity. The Company is highly dependent on capital markets as its source of operating capital.

SUBSEQUENT EVENTS

In connection with the \$0.30 Unit Financing, on December 5, 2023, the Company entered into an agreement with an agent whereby the Company agrees to pay a 7% cash finder's fee based on the gross proceeds brokered by the agent and an additional 7% in share purchase warrants based on the number of common

shares brokered by the agent. Each warrant entitles a holder to purchase one common share at \$0.50 for a period of 24 months from the closing of the \$0.30 Unit Financing.

On December 15, 2023, the Company closed the \$0.30 Unit Financing with issuance of 6,231,859 units for gross proceeds of \$1,869,558. The Company paid \$94,171 in cash commissions and issued 313,903 finders warrants as share issuance costs.

On February 27, 2024, the Company amended the Arrangement Agreement with Bluski and 1448451 B.C. Ltd. whereby the Company agrees to exchange 4,900 common shares and 4,900 share purchase warrants of the Company for each common share and share purchase warrant, respectively, of Bluski outstanding at closing.

**SCHEDULE B
BLUSKY FINANCIAL STATEMENTS AND MD&A**

Bluski Inc.

Condensed Interim Financial Statements

Three Months Ended November 30, 2023

(Expressed in United States dollars)

(Unaudited)

Bluski Inc.
Condensed Interim Statements of Financial Position
(Expressed in United States Dollars)

As at	November 30, 2023	August 31, 2023
	(Unaudited)	(Audited)
ASSETS		
Current assets		
Cash	\$ 31,180	\$ -
Prepaid expenses and deposits (Note 4)	455,870	6,985
Other receivables	-	230
	487,050	7,215
Equipment (Note 5)	123,449	121,173
Prepaid expenses and deposits (Note 4)	37,558	-
Right-of-use assets (Note 6)	1,016,706	89,507
Total assets	\$ 1,664,763	\$ 217,895
LIABILITIES AND SHAREHOLDERS' DEFICIENCY		
Current liabilities		
Bank indebtedness	\$ -	\$ 9
Accounts payable and accrued liabilities	128,379	27,419
Due to related parties (Note 10)	433,471	433,403
Promissory note (Note 7)	512,667	-
Lease liabilities (Note 8)	310,709	54,486
	1,385,226	515,317
Lease liabilities (Note 8)	699,176	43,761
Total liabilities	2,084,402	559,078
Shareholders' deficiency		
Share capital (Note 9)	592,203	1,000
Obligation to issue units (Note 9)	215,850	-
Obligation to issue shares (Note 9)	-	30
Deficit	(1,227,692)	(342,213)
Total shareholders' deficiency	(419,639)	(341,183)
Total liabilities and shareholders' deficiency	\$ 1,664,763	\$ 217,895

Subsequent events (Notes 1, 7 and 13)

Approved and authorized for issue by the Board of Directors on February XX, 2024:

"William Hessert" Director

 "Javaughn Henry" Director

The accompanying notes are an integral part of these condensed interim financial statements.

Bluski Inc.Condensed Interim Statements of Loss and Comprehensive Loss
(Expressed in United States Dollars - Unaudited)

	Three months ended November 30, 2023		Three months ended November 30, 2022	
Expenses				
Depreciation (Notes 5 and 6)	\$	23,928	\$	14,021
Interest expense (Note 7)		12,985		-
Interest on lease liability (Note 8)		7,221		5,298
Legal and professional fees		117,262		-
Marketing		7,276		1,372
Office expenses		21,965		4,833
Salaries and benefits (Note 10)		88,510		3,501
Share-based compensation (Note 10)		591,133		-
Consulting fees		6,031		-
Subcontractor fees		8,151		8,236
Foreign exchange		1,017		-
		(885,479)		(37,261)
Other income				
Other income (Note 10)		-		181
		-		181
Net loss and comprehensive loss for the period	\$	(885,479)	\$	(37,080)
Basic and diluted loss per share	\$	(237.71)	\$	(37.08)
Weighted average number of common shares outstanding – basic and diluted		3,725		1,000

The accompanying notes are an integral part of these condensed interim financial statements.

Bluski Inc.

Condensed Interim Statements of Changes in Shareholders' Deficiency

(Expressed in United States Dollars - Unaudited)

	Number of common shares	Share capital \$	Obligation to issue shares \$	Obligation to issue units \$	Deficit \$	Total \$
Balance at August 31, 2022	1,000	1,000	30	-	(205,681)	(204,651)
Net loss for the period	-	-	-	-	(37,080)	(37,080)
Balance at November 30, 2022	1,000	1,000	30	-	(242,761)	(241,731)
Balance at August 31, 2023	1,000	1,000	30	-	(342,213)	(341,183)
Shares issued for obligation to issue shares	150	30	(30)	-	-	-
Subscription received in advance	-	-	-	215,850	-	215,850
Share-based compensation	3,850	591,173	-	-	-	591,173
Net loss for the period	-	-	-	-	(885,479)	(885,479)
Balance at November 30, 2023	5,000	592,203	-	215,850	(1,227,692)	(419,639)

The accompanying notes are an integral part of these condensed interim financial statements.

Bluski Inc.Condensed Interim Statements of Cash Flows
(Expressed in United States Dollars - Unaudited)

	Three months ended November 30, 2023	Three months ended November 30, 2022
Operating activities		
Net loss	\$ (885,479)	\$ (37,080)
Items not affecting cash:		
Depreciation	23,928	14,021
Share-based compensation	591,133	-
Interest on promissory note	12,667	-
Changes in non-cash working capital items:		
Prepaid expenses	(448,885)	(23,473)
Accounts receivable and other receivables	230	-
Accounts payable and accrued liabilities	100,960	(7,743)
Net cash used in operating activities	(605,446)	(48,977)
Investing activity		
Purchase of equipment	(3,701)	(31,866)
Lease deposit	(55,415)	-
Net cash used in investing activity	(59,116)	(31,866)
Financing activities		
Due to related parties	68	92,790
Lease payments	(20,207)	(16,245)
Proceeds from share issuance	40	-
Proceeds from promissory note	500,000	-
Unit subscriptions received in advance	215,850	-
Net cash provided by financing activities	695,751	76,545
Change in cash	31,189	(4,298)
Cash (bank indebtedness), beginning of period	(9)	4,351
Cash, end of period	\$ 31,180	\$ 53
Supplemental cash flow information:		
Interest received	\$ -	\$ -
Interest paid	\$ 318	\$ -
Income taxes paid	\$ -	\$ -

The accompanying notes are an integral part of these condensed interim financial statements.

Bluski Inc.

Notes to the Condensed Interim Financial Statements
For the Three Month Period Ended November 30, 2023
(Expressed in United States Dollars - Unaudited)

1. NATURE OF OPERATIONS

Bluski Inc. (the “Company”), was incorporated under the law of the state of Connecticut on May 26, 2021. The principal business is converting organic and industrial wastes into biochar, renewable power, and carbonate rocks. The principal address and registered office of the Company are located at 19 Townwoods Road, Ivoryton, CT, 06442.

On August 1, 2023, the Company entered into a Letter of Intent (“LOI”) with 1429798 B.C. Ltd. (the “Number Co.”), a private company incorporated under the Business Corporation Act of British Columbia to combine business operations, after which the Number Co. will file a non-offering prospectus to become a reporting issuer in British Columbia and apply to list its common shares for trading on the Canadian Securities Exchange (the “Proposed Transaction”).

On November 10, 2023, and as amended on February 27, 2024 (Note 13), in connection with the Proposed Transaction, the Company, the Number Co., and 1448451 B.C. Ltd. (a wholly-owned subsidiary of the Number Co.) entered into an Arrangement Agreement (the “Arrangement”). Under the Arrangement, the Number Co. will acquire all of the issued and outstanding shares of the Company by way of exchanging 4,900 common shares and 4,900 share purchase warrants of the Number Co. for each common share and share purchase warrant of the Company, respectively, outstanding at closing. 1448451 B.C. Ltd. will merge with the Company to form and amalgamated entity under the name “Bluski Inc.” and Bluski Inc. will become a wholly-owned subsidiary of the Number Co.

Going concern

These financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. For the three months ended November 30, 2023, the Company incurred a net loss of \$885,479 (2022 - \$37,080). As of November 30, 2023, the Company had a working capital deficiency of \$898,176 (August 31, 2023 - \$508,102) and has an accumulated deficit of \$1,227,692 (August 31, 2023 - \$342,213). These circumstances indicate that material uncertainties exist that may cast significant doubt about the Company's ability to continue as a going concern and, accordingly, the ultimate use of accounting principles applicable to a going concern.

The Company's ability to continue as a going concern is dependent upon raising additional capital to meet its present and future commitments, the continued support of certain shareholders and trade creditors, and on achieving profitable commercial operations. These financial statements do not reflect the adjustments to the carrying values of assets and liabilities, the reported expenses, and the statement of financial position classification used, that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

Bluski Inc.

Notes to the Condensed Interim Financial Statements
For the Three Month Period Ended November 30, 2023
(Expressed in United States Dollars - Unaudited)

2. BASIS OF PRESENTATION**Statement of compliance**

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) applicable to the preparation of interim financing statements, including International Accounting Standard (“IAS”) 34, Interim Financial Reporting (“IAS 34”) as issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”). These Interim Financial Statements do not include all disclosures required for annual audited financial statements. Accordingly, they should be read in conjunction with the notes to the Company’s audited financial statements for the year ended August 31, 2023, which have been prepared in accordance with IFRS issued by the IASB.

The financial statements were approved and authorized for issuance on February XX, 2024 by the board of directors of the Company.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies followed by the Company are set out in Note 3 to the audited financial statements for the year ended August 31, 2023, and have been consistently followed in the preparation of these condensed interim financial statements.

4. PREPAID EXPENSES AND DEPOSITS

	November 30, 2023		August 31, 2023	
Equipment deposits	\$	258,117	\$	-
Security deposits (Note 6)		37,558		5,415
Prepaid rent		182,988		-
Other		14,765		1,570
	\$	493,428	\$	6,985
Current	\$	455,870	\$	6,985
Non-current		37,558		-
	\$	493,428	\$	6,985

Bluski Inc.

Notes to the Condensed Interim Financial Statements
For the Three Month Period Ended November 30, 2023
(Expressed in United States Dollars - Unaudited)

5. EQUIPMENT

	Equipment	Asset under construction	Total
Cost			
Balance, August 31, 2022	\$ 20,065	\$ -	\$ 20,065
Additions	6,215	101,550	107,765
Balance, August 31, 2023	26,280	\$ 101,550	\$ 127,830
Additions	3,701	-	3,701
Balance, November 30, 2023	\$ 29,981	\$ 101,550	\$ 131,531
Accumulated depreciation			
Balance, August 31, 2022	\$ 2,153	\$ -	\$ 2,153
Depreciation	4,504	-	4,504
Balance, August 31, 2023	6,657	-	6,657
Depreciation	1,425	-	1,425
Balance, November 30, 2023	\$ 8,082	\$ -	\$ 8,082
Net book value			
Balance, August 31, 2022	\$ 19,623	\$ 101,550	\$ 121,173
Balance, November 30, 2023	\$ 21,899	\$ 101,550	\$ 123,449

6. RIGHT-OF-USE ASSETS

	Building
Cost	
Balance, August 31, 2022	\$ 157,184
Additions	-
Balance, August 31, 2023	157,184
Additions	949,875
Balance, November 30, 2023	\$ 1,107,059
Accumulated depreciation	
Balance, August 31, 2022	\$ 15,282
Depreciation	52,395
Balance, August 31, 2023	67,677
Depreciation	22,676
Balance, November 30, 2023	\$ 90,353
Net book value	
Balance, August 31, 2023	\$ 89,507
Balance, November 30, 2023	\$ 1,016,706

Bluski Inc.

Notes to the Condensed Interim Financial Statements
For the Three Month Period Ended November 30, 2023
(Expressed in United States Dollars - Unaudited)

6. RIGHT-OF-USE ASSETS (continued)

On initial recognition, the Company capitalized the discount on a security deposit of \$18,030 to its right-of-use assets. The security deposit will be amortized using the effective interest rate over the lease term in accordance with IFRS 16 – Leases, at an effective interest rate of approximately 15%, and has been recorded as prepaid expenses and deposits (Note 4).

A reconciliation of the lease deposit is as follows:

Balance, August 31, 2023	\$	5,415
Addition		50,000
Discount on initial recognition		(18,030)
Accretion		173
Balance, November 30, 2023	\$	37,558

7. PROMISSORY NOTE

In connection with the Proposed Transaction, on September 15, 2023 the Company entered into a secured promissory note and loan agreement with the Number Co. with a principal balance of \$500,000 (the “Note”). The Note was subsequently amended on October 31, 2023, December 4, 2023 and December 18, 2023 with the principal amount increasing to \$1,650,000. The Note bears 12% interest per annum and is guaranteed by a general security agreement that ranks the Note senior to all current and future unsecured debt and other liabilities and any future debt of the Company and ranks in priority to all equity securities of the Company. The Note is due on the earlier of the following:

- i) if the letter of intent is terminated, then the date of termination (not terminated);
- ii) if the definitive agreement is not entered into by November 10, 2023 (entered into on November 10, 2023), then December 8, 2023; or
- iii) if the Proposed Transaction is not completed by January 31, 2024, unless otherwise extended by mutual written agreement, then on February 29, 2024.

During the three months ended November 30, 2023, the Company accrued interest of \$12,667 (2022 - \$nil).

Changes in the promissory note are as follows:

Promissory note		
Balance, August 31, 2023	\$	-
Addition		500,000
Interest expense accrued		12,667
Balance, November 30, 2023	\$	512,667

Subsequent to November 30, 2023, an additional \$1,100,000 was advanced under the Note.

Bluski Inc.

Notes to the Condensed Interim Financial Statements
 For the Three Month Period Ended November 30, 2023
 (Expressed in United States Dollars - Unaudited)

8. LEASE LIABILITIES

The Company leases a building under lease arrangements with a three-year term expiring on April 30, 2025. The lease is calculated using an incremental borrowing rate of 15% per annum. The following continuity table presents the lease liability.

On November 17, 2023, the Company entered into a lease agreement for a facility located at 35 Research Parkway, Old Saybrook, Connecticut (the "Facility"). The lease commences on November 19, 2023 and ends on November 30, 2026, and was calculated using an incremental borrowing rate of 15% per annum.

Changes in the lease liabilities are as follows:

		Building
Lease Liability		
Balance, August 31, 2022	\$	145,046
Accretion		18,141
Payments		(64,940)
Balance, August 31, 2023		98,247
Additions		931,845
Accretion		7,221
Payments		(27,428)
Balance, November 30, 2023	\$	1,009,885
	November 30, 2023	August 31, 2023
Current portion	\$	310,709
Non-current portion		699,176
	\$	1,009,885
		\$
		98,247

The maturity analysis of the undiscounted contractual balances of lease payments is as follows:

		November 30, 2023
Maturity analysis		
Less than one year	\$	430,167
One to two years		406,584
Three to four years		388,277
Total undiscounted lease payments		1,225,028
Amount representing implicit interest		(215,932)
Lease liability	\$	1,009,885

Bluski Inc.

Notes to the Condensed Interim Financial Statements
 For the Three Month Period Ended November 30, 2023
(Expressed in United States Dollars - Unaudited)

9. SHARE CAPITAL**Authorized capital**

The authorized share capital consists of 5,000 common shares without par value.

Issued and outstanding capital

Three months ended November 30, 2023

On September 29, 2023, the Company issued 3,850 common shares to the key management team members for gross proceeds of \$40. The fair value of the shares was estimated to be \$591,173 based on a concurrent equity financing of the Number Co and the share exchange ratio with the Number co. under the Arrangement. The fair value amount in excess of the proceeds, \$591,133 is recognized as share-based compensation. The fair value was estimated using the Black-Scholes Options Pricing Model using the following assumptions: Exercise price - \$0.10, expected dividend yield – 0%, expected volatility – 100%, risk-free interest rate – 4.55%, and an expected remaining life – 2 years.

On September 29, 2023, the Company issued 150 common shares to settle its obligation to issue shares of \$30 as at August 31, 2023.

In connection with the Proposed Transaction, in November 2023, the Company commenced a round of equity financing with the issuance of up to 213.3653 units at \$1,078.00 per unit for gross proceeds of up to \$230,007. Each unit consists of one common share and one-half of one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share at a price of \$1,788.50 for 24 months following the closing of the equity financing. As of November 30, 2023, the Company received unit subscriptions in advance of \$215,850 and recorded as obligation to issue units.

There were no share capital transactions during the three months ended November 30, 2022.

10. RELATED PARTY TRANSACTIONS

Related parties consist of the directors, officers and companies owned or controlled in whole or in part by them. 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 members of the Company's Board of Directors and corporate officers.

All related party transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. All amounts are non-interest bearing, unsecured, and have no fixed terms of repayments.

Remuneration attributed to key management personnel is summarized as follows:

Three months ended	November 30, 2023		November 30, 2022	
Salaries and benefits	\$	87,225	\$	3,501
Share-based compensation		583,456		-
	\$	670,681	\$	3,501

Bluski Inc.

Notes to the Condensed Interim Financial Statements
For the Three Month Period Ended November 30, 2023
(Expressed in United States Dollars - Unaudited)

10. RELATED PARTY TRANSACTIONS (continued)**Balance due from / to related parties**

As at November 30, 2023, \$Nil (August 31, 2023 - \$230) is owed from a director of the Company. As at November 30, 2023, the balance due to related parties is \$433,471 (August 31, 2023 – \$433,403). As at November 30, 2023, included in accounts payable are balances owed to related parties of \$3,600 (August 31, 2023 - \$nil). Included in obligation to issue units is \$4,550 (August 31, 2023 - \$Nil) related to subscriptions received from directors.

During the three months ended November 30, 2023, the Company recognized \$nil (2022 - \$181) in other income from the CEO of the Company in connection with subscription of its online carbon offset program.

11. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

In the normal course of business, the Company is exposed to a number of risks that can affect its operating performance. These risks and the actions taken to management them are as follows:

Fair value

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level One - includes quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level Two - includes inputs that are observable other than quoted prices included in Level One.
- Level Three - includes inputs that are not based on observable market data.

The carrying value of the Company's financial liabilities as at November 30, 2023 approximate their fair value due to their short terms to maturity.

November 30, 2023	Level 1	Level 2	Level 3	Total
Financial assets				
Cash	\$ 31,180	\$ -	\$ -	\$ 31,180

During the three months ended November 30, 2023, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

Financial risk management

The Company's activities are exposed to a variety of financial risks in the normal course of business. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize the Company's capital costs by using suitable means of financing and to manage and control the Company's financial risks effectively. The principal financial risks arising from financial instruments are liquidity risk. Management has assessed credit risk as low.

Bluski Inc.

Notes to the Condensed Interim Financial Statements
For the Three Month Period Ended November 30, 2023
(Expressed in United States Dollars - Unaudited)

11. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)**Liquidity risk**

As at November 30, 2023, the Company's liabilities consist of accounts payable and accrued liabilities and due to related parties. The Company manages its liquidity risk by reviewing its capital requirements on an ongoing basis.

The following table outlines the undiscounted contractual maturities of the Company's financial liabilities at November 30, 2023:

	Less than 1 year	1-5 years	Thereafter
Accounts payable and accrued liabilities	\$ 128,379	\$ -	\$ -
Promissory note	512,667	-	-
Due to related parties	433,471	-	-
Lease liabilities	430,167	794,861	
	\$ 1,504,684	\$ 794,861	\$ -

Credit risk

Credit risk is the risk of an unexpected loss if a third party fails to meet its contractual obligations. Financial instruments that potentially subject the Company to credit risk consist of cash and cash equivalents, and other receivables. The Company manages credit risk by depositing its cash with major financial institutions, which have been assigned high credit ratings by internationally recognized credit rating agencies, and by only paying security deposits to reputable, well-established third parties.

12. CAPITAL MANAGEMENT

The Company manages its capital to ensure that there are adequate capital resources to safeguard the Company's ability to continue as a going concern through the optimization of its capital structure. The capital structure consists of shareholder's equity. The basis for the Company's capital structure is dependent on the Company's expected business growth and changes in business environment. To maintain or adjust the capital structure, the Company may issue new shares through private placement, incur debt or return capital to shareholders.

The Company relies upon management to manage capital in order to accomplish the objectives of:

- Ensuring sufficient financial flexibility to achieve ongoing business objectives, including funding of future growth opportunities, and pursuit of accretive acquisitions; and,
- Maintaining a flexible capital structure, which optimizes the cost of capital at acceptable risk.

The Company's current capital consists of equity funding through issuance of common shares and subscription units. There have been no changes in the way in which the Company manages capital in the period. The Company is not subject to any externally or internally imposed capital requirements as at November 30, 2023.

Bluski Inc.

Notes to the Condensed Interim Financial Statements
For the Three Month Period Ended November 30, 2023
(Expressed in United States Dollars - Unaudited)

13. SUBSEQUENT EVENTS

On February 27, 2024, the Company amended its Arrangement Agreement with the Number Co., and 1448451 B.C. Ltd. so that the Number Co. exchanges 4,900 common shares and 4,900 share purchase warrants of the Number Co. for each common share and share purchase warrant of the Company, respectively, outstanding at closing.

BLUSKI INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the three months ended November 30, 2023

BLUSKI INC.

Management's Discussion and Analysis
For the three months ended November 30, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management Discussion and Analysis ("MD&A") has been prepared by management, in accordance with the requirements of National Instrument 51-102 and should be read in conjunction with the condensed interim financial statements from the periods ended November 30, 2023 and 2022 and the related notes contained therein which have been prepared under International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

All financial information in this MD&A has been prepared in accordance with IFRS and all dollar amounts are quoted in United States dollars, the reporting and functional currency of Bluski Inc. ("Bluski" or the "Company") unless specifically noted.

DATE

This MD&A is dated February XX, 2024 and is in respect of for the three months ending November 30, 2023. The discussion in this MD&A focuses on this period. Estimates and forward-looking information are based on assumptions of future events and actual results may vary from these estimates.

FORWARD-LOOKING STATEMENTS

This MD&A may contain "forward-looking statements" which reflect the Company's current expectations regarding future results of operations, performance, and achievements of the Company. The Company has tried, wherever possible, to identify these forward-looking statements by, among other things, using words such as "anticipate," "believe," "estimate," "expect" and similar expressions. The statements reflect the current beliefs of the management of the Company and are based on currently available information. Accordingly, these statements are subject to known and unknown risks, uncertainties, and other factors, which could cause the actual results, performance, or achievements of the Company to differ materially from those expressed in, or implied by, these statements.

The Company undertakes no obligation to publicly update or review the forward-looking statements whether as a result of new information, future events or otherwise.

Historical results of operations and trends that may be inferred from the following discussions and analysis may not necessarily indicate future results from operations.

DESCRIPTION OF BUSINESS

Bluski Inc. (the "Company"), was incorporated under the law of the state of Connecticut on May 26, 2021. The principal business is converting organic and industrial wastes into biochar, renewable power, and carbonate rocks. The principal address and registered office of the Company are located at 19 Townwoods Road, Ivoryton, CT, 06442.

On August 1, 2023, the Company entered into a Letter of Intent ("LOI") with 1429798 BC Ltd. (the "Number Co."), a private company incorporated under the Business Corporation Act of British Columbia to combine business operations, after which the Number Co. will file a non-offering prospectus to become a reporting issuer in British Columbia and apply to list its common shares for trading on the Canadian Securities Exchange (the "Proposed Transaction").

BLUSKI INC.

Management's Discussion and Analysis
For the three months ended November 30, 2023

On November 10, 2023, and as amended on February 27, 2024 in connection with the Proposed Transaction, the Company, the Number Co., and 1448451 B.C. Ltd. (a wholly-owned subsidiary of the Number Co.) entered into an Arrangement Agreement (the "Arrangement"). Under the Arrangement, the Number Co. will acquire all of the issued and outstanding shares of the Company by way of exchanging 4,900 common shares and 4,900 share purchase warrants for each common share and share purchase warrant of the Company, respectively, outstanding at closing. 1448451 B.C. Ltd. will merge with the Company to form and amalgamated entity under the name "Bluski Inc." and Bluski Inc. will become a wholly-owned subsidiary of the Number Co.

GOING CONCERN

As at November 30, 2023, the Company had a net working capital deficiency of \$898,176 and an accumulated deficit of \$1,227,692. The accompanying financial statements do not reflect adjustments that would be necessary if the going concern assumption was not appropriate. If the going concern assumption was not appropriate for the accompanying financial statements, adjustments would be necessary to the statement of financial position classifications used. Such adjustments could be material. Additional funds will be required to enable the Company to continue operations and fund its working capital needs.

Management believes that the going concern assumption is appropriate for these financial statements and that the Company will be able to meet its budgeted capital and administrative costs as well as other potential commitments during the upcoming year and beyond. There is no guarantee that the Company will be successful in either its operating or financing endeavors.

SELECTED FINANCIAL INFORMATION

The following table presents a summary of selected annual financial information prepared under IFRS.

	For the three months ended November 30, 2023	For the three months ended November 30, 2022
Total revenue	\$ -	\$ -
Net income (loss)	(885,479)	(37,080)
Basic and diluted earnings (loss) per share	-	-
Total assets	\$ 1,664,763	\$ 235,305
Total non-current financial liabilities	\$ 699,176	\$ 48,605

Net loss increased by \$848,399 for the three months ended November 30, 2023 compared to the three months ended November 30, 2022. The increase in loss is explained by increased share-based compensation and increased legal and professional fees for the three months ended November 30, 2023. Further details of the losses incurred for the three months ended November 30, 2023 and 2022 are described in "Results of Operations".

Total assets as of November 30, 2023 increased by \$1,429,458 compared to total assets as of November 30, 2022, due to an increase in assets under construction as a result of the company's investing activities and prepaid expenses.

BLUSKI INC.

Management's Discussion and Analysis
 For the three months ended November 30, 2023

During the three months ended November 30, 2023, non-current financial liabilities increased by \$650,571 as a result of the new lease liability entered into during the period.

RESULTS OF OPERATIONS

The following table summarizes the Company's financial results for the three months ended November 30, 2023 and 2022.

Three months ended November 30,	2023	2022	Change	Change
	\$	\$	\$	%
Consulting fees	6,031	-	6,031	100%
Depreciation	23,928	14,021	9,907	71%
Interest expense	12,985	-	12,985	100%
Interest on lease liability	7,221	5,298	1,923	36%
Marketing	7,276	1,372	5,904	430%
Legal and professional fees	117,262	-	117,262	100%
Office expenses	21,965	4,833	17,132	354%
Salaries and benefits	88,510	3,501	85,009	2428%
Share-based compensation	591,133	-	591,133	100%
Subcontractor fees	8,151	8,236	(85)	(1%)
Foreign exchange	1,017	-	1,017	100%
Total operating expenses	885,479	37,261	848,218	2276%
Other income	-	(181)	181	(100%)
Net income (loss)	(885,479)	(37,080)	(848,399)	2288%

For the three months ended November 30, 2023, the Company incurred a loss of \$885,479 compared to a loss of \$37,080 in the comparative period. The increase in loss of \$848,399 is explained below.

The Company experienced an increase of \$17,132 in office expenses during the three months ended November 30, 2023. This increase is attributable to additional expenses the Company incurred as it has increased operating activities in the current period as compared to three months ended November 30, 2022.

During the three months ended November 30, 2023 and 2022 the Company incurred salary expense of \$88,510 and \$3,501, respectively. The increase of \$85,009 is due to employees and management taking salary which did not occur during the three months ended November 30, 2022.

Subcontractor fees incurred for the three months ended November 30, 2023 and 2022, totaled \$8,151 and \$8,236, respectively. The amounts incurred are comparable between periods.

Depreciation expenses for the three months ended November 30, 2023, increased to \$23,928, as compared to \$14,021 for the three months ended November 30, 2022. The increase of \$9,907 was primarily a result of additional depreciation on the new right-of-use asset recognized in the period.

Interest on lease liability expense for the three months ended November 30, 2023, increased to \$7,221, as compared to \$5,298 for the three months ended November 30, 2022. The increase of \$1,923 is due to the interest being recorded on the new lease liability which was recognized in the period.

BLUSKI INC.

Management's Discussion and Analysis
For the three months ended November 30, 2023

SUMMARY OF QUARTERLY RESULTS

The following table summarizes the financial results of the Company for each of the eight most recently completed three-month periods prepared under IFRS.

Three months ended	November 30, 2023	August 31, 2023	May 31, 2023	February 28, 2023
	\$	\$	\$	\$
Total Revenue	-	-	-	-
Income (loss) for the period	(885,479)	(38,895)	(33,943)	(26,613)
Income (loss) per share (basic and diluted)	-	-	-	-
Weighted average number of shares outstanding – basic and diluted	3,725	1,000	1,000	1,000

Three months ended	November 30, 2022	August 31, 2022	May 31, 2022	February 28, 2022
	\$	\$	\$	\$
Total Revenue	-	-	-	-
Income (loss) for the period	(37,080)	(84,832)	(52,837)	(37,529)
Income (loss) per share (basic and diluted)	-	-	-	-
Weighted average number of shares outstanding – basic and diluted	1,000	1,000	1,000	1,000

The Company earned no revenue due to the nature of current operations.

The factors that have caused variations in results over the quarters are:

The Company incurred a net loss of \$885,479 for the three months ended November 30, 2023 as compared to net loss of \$38,895 for the previous quarter. The increase in net loss is primarily due to an \$99,683 increase in legal and professional fees due to the Company entering into an LOI with 1429798 BC Ltd, a \$591,133 increase in share-based compensation due to the Company issuing shares where the difference between the proceeds received and the fair value of the shares was recorded to share-based compensation, and a \$88,379 increase in salaries and benefits due to the Company having additional employees and management on payroll where they were not in the prior period.

The Company incurred a net loss of \$38,895 for the three months ended August 31, 2023 as compared to net loss of \$33,943 for the previous quarter. The increase in net loss is primarily due to a \$17,579 increase in legal and professional fees due to the Company entering into an LOI with 1429798 BC Ltd. This is partially offset by a \$6,243 decrease in office expense due to a decrease in purchases of tools and supplies and \$5,976 decrease in subcontractor fees as a result of no subcontractor used.

The Company incurred a net loss of \$33,943 for the three months ended May 31, 2023 as compared to a net loss of \$26,613 for the previous quarter. The increase in net loss is primarily due to an increase in office expenses of \$6,365 due to purchases of tools and supplies and \$5,895 increase in subcontractor fees due to no subcontractors used in the previous quarter. This is partially offset by a \$6,727 decrease in marketing expenses due to no marketing expense incurred in the three months ended May 31, 2023.

BLUSKI INC.

Management's Discussion and Analysis
For the three months ended November 30, 2023

The Company incurred a net loss of \$26,613 for the three months ended February 28, 2023 as compared to a net loss of \$37,080 for the previous quarter. The decrease in net loss is primarily due to a decrease in salary and benefit expenses of \$3,509 as no employees were employed during this period and \$8,155 decrease in subcontractor fees due to no subcontractors were used during the three months ended February 28, 2023. This is partially offset by a \$5,355 increase in marketing expenses.

The Company incurred a net loss of \$37,080 for the three months ended November 30, 2022 as compared to a net loss of \$84,832 for the previous quarter. The decrease in net loss is primarily due to a decrease in office expenses of \$20,942 due to decrease in purchases of tools and supplies, salary and benefit expenses of \$10,842 due to a stop in payroll for an employee and \$19,755 decrease in subcontractor fees due to a decreased use of subcontractors.

The Company incurred a net loss of \$84,832 for the three months ended August 31, 2022 as compared to a net loss of \$52,837 for the previous quarter. The increase in net loss is primarily due to an increase in depreciation expense of \$6,742 due to a full quarter of depreciation of the right-of-use asset, office expense of \$7,307 due to increase in purchases of tools and supplies and \$14,182 increase in subcontractor fees due to an increased use of subcontractors.

The Company incurred a net loss of \$52,837 for the three months ended May 31, 2022 as compared to a net loss of \$37,529 for the previous quarter. The increase in net loss is primarily due to an increase in depreciation expense of \$4,425 due to the Company acquiring a right-of-use asset and \$10,326 increase in subcontractor fees due to an increased use of subcontractors.

OUTSTANDING SHARE DATA

As of November 30, 2023 the Company has 5,000 common shares. As of the date of this MD&A the Company had 5,000 common shares issued and outstanding.

RELATED PARTY TRANSACTION

The Company has identified its directors and certain officers as its key management personnel. Current directors and officers of the Company are as follows:

William Hessert, President, CEO, Treasurer, Secretary and Director
Javaughn Henry, Chief Marketing Officer and Director
Carissa Chandler, Chief Operations Officer
Gregory Pakiela, Chief Revenue Officer

The remuneration of directors and other members of key management for the three months ended November 30, 2023 and 2022 are as follows:

		Three months ended November 30, 2023		Three months ended November 30, 2022
Salaries and benefits	\$	87,225	\$	3,501
Share-based compensation		583,456		-
	\$	670,681	\$	3,501

As at November 30, 2023, \$4,550 (August 31, 2023 - \$230) is owed from a director of the Company. As at November 30, 2023, the balance due to related parties is \$433,471 (August 31, 2023 - \$433,403). As at

BLUSKI INC.

Management's Discussion and Analysis
For the three months ended November 30, 2023

November 30, 2023, included in accounts payable are balances owed to related parties of \$3,600 (August 31, 2023 - \$nil)

Other transactions

During the three months ended November 30, 2023, the Company recognized \$nil (2022 - \$181) in other income from the CEO of the Company in connection with subscription of its online carbon offset program.

LIQUIDITY AND CAPITAL RESOURCES

As at November 30, 2023, the Company had cash of \$31,180 (August 31, 2023 - \$Nil) and working capital deficiency of \$898,176 (August 31, 2023 - \$508,102). The increase in working capital deficiency of \$390,074 during the three months ended November 30, 2023 is primarily due to the increase in accounts payable and accrued liabilities of \$100,960, an increase in promissory note payable of \$512,667, and an increase in the current portion of lease liabilities of \$256,223, partially offset by an increase in cash of \$31,180, and an increase in prepaid expenses of 448,885.

The Company may have capital requirements in excess of its currently available resources. In the event the Company's plans change, its assumptions change or prove inaccurate, or its capital resources in addition to projected cash flow, if any, prove to be insufficient to fund operations, the Company may be required to seek additional financing. There can be no assurance that the Company will have sufficient financing to meet its future capital requirements or that additional financing will be available on terms acceptable to the Company in the future.

The Company's cash flows for the three months ended November 30, 2023 and 2022 are summarized below.

	2023	2022
Three months ended November 30,	\$	\$
Cash used in operating activities	(605,446)	(48,977)
Cash used in investing activities	(59,116)	(31,866)
Cash provided by financing activities	695,751	76,545
Change in cash during the year	31,189	(4,298)
Cash, beginning of the year	(9)	4,351
Cash, end of the year	31,180	53

Operating activities

Cash used in operating activities for the three months ended November 30, 2023 was \$605,446. The increase in cash used in operating activities primarily relates to the increase in net loss during the period from \$37,080 to a net loss of \$885,479, along with the increase in prepaid expenses of \$448,885, partially offset by an increase in share-based compensation expense of \$591,133, and an increase in accounts payable and other accrued liabilities relating to operating activities of \$100,960.

Investing activities

Cash used in investing activities for the three months ended November 30, 2023 consisted of \$3,701 for costs incurred to purchase equipment and asset under construction, and \$55,415 in lease deposit. During the three months ended November 30, 2022, the Company spent \$31,866 to purchase equipment.

BLUSKI INC.

Management's Discussion and Analysis
For the three months ended November 30, 2023

Financing activities

Cash provided by financing activities for the three months ended November 30, 2023 was \$695,751 which consisted of \$68 cash received from related parties, \$40 from the issuance of shares, \$500,000 from proceeds from promissory note, and \$215,850 from subscriptions received in advance, which is partially offset by principal lease liability payments of \$20,207. During the three months ended November 30, 2022, the Company received \$92,790 cash from related parties, which is partially offset by principal lease liability payments of \$10,947.

FINANCIAL INSTRUMENTS AND RISKS

Financial instruments

The Company's financial instrument classified as level 1 in the fair value hierarchy is cash.

Financial risk management

The Company's activities are exposed to a variety of financial risks in the normal course of business. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize the Company's capital costs by using suitable means of financing and to manage and control the Company's financial risks effectively.

The principal financial risks arising from financial instruments are liquidity risk and credit risk.

Liquidity risk

As at November 30, 2023, the Company's liabilities consist of accounts payable and accrued liabilities and due to related parties. The Company manages its liquidity risk by reviewing its capital requirements on an ongoing basis.

The following table outlines the undiscounted contractual maturities of the Company's financial liabilities at November 30, 2023:

	Less than 1 year	1-5 years	Thereafter
Accounts payable and accrued liabilities	\$ 128,379	\$ -	\$ -
Promissory note	512,667	-	-
Due to related parties	433,471	-	-
Lease liability	430,167	794,861	-
	\$ 1,504,684	\$ 794,861	\$ -

Credit risk

Credit risk is the risk of an unexpected loss if a third party fails to meet its contractual obligations. Financial instruments that potentially subject the Company to credit risk consist of cash and cash equivalents, and other receivables. The Company manages credit risk by depositing its cash with major financial institutions, which have been assigned high credit ratings by internationally recognized credit rating agencies, and by only paying security deposits to reputable, well-established third parties.

BLUSKI INC.

Management's Discussion and Analysis
For the three months ended November 30, 2023

Fair value hierarchy

As at November 30, 2023, the Company held the following financial instruments measured at fair value: cash (level 1).

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level One: includes quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level Two: includes inputs that are observable other than quoted prices included in Level One.

Level Three: includes inputs that are not based on observable market data.

During the three months ended November 30, 2023, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

OFF BALANCE SHEET ARRANGEMENTS

The Company does not utilize off-balance sheet arrangements.

ADOPTION OF NEW STANDARDS AND INTERPRETATIONS AND RECENT ACCOUNTING PRONOUNCEMENTS

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not early adopted any new standards and has determined that there are no new standards that are relevant to the Company.

EVENTS SUBSEQUENT TO NOVEMBER 30, 2023

On February 27, 2024, the Company amended its Arrangement Agreement with the Number Co., and 1448451 B.C. Ltd. so that the Number Co. exchanges 4,900 common shares and 4,900 share purchase warrants for each common share and share purchase warrant of the Company, respectively, outstanding at closing.

APPROVAL

The Board of Directors of the Company has approved the disclosure contained in this MD&A.

Bluski Inc.

Financial Statements

For the years ended August 31, 2023 and 2022

(Expressed in United States dollars)

Independent Auditor's Report

To the Shareholders of Bluski Inc.

Opinion

We have audited the financial statements of Bluski Inc. (the "Company"), which comprise the statement of financial position as at August 31, 2023, and the statements of loss and comprehensive loss, changes in shareholders' deficiency and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at August 31, 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements, which indicates that the Company incurred a net loss of \$136,532 during the year ended August 31, 2023 and, as of that date, the Company had a working capital deficiency of \$508,102 and has an accumulated deficit of \$342,213. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Matter

The statement of financial position as at August 31, 2022, and the statements of loss and comprehensive loss, changes in shareholders' deficiency and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies are unaudited.

Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Yours truly,

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
February XX, 2024

Bluski Inc.
Statements of Financial Position
(Expressed in United States Dollars)

As at	August 31, 2023	August 31, 2022
		(Unaudited)
ASSETS		
Current assets		
Cash	\$ -	\$ 4,351
Prepaid expenses	6,985	10,415
Receivable (Note 8)	230	230
	7,215	14,996
Equipment (Note 4)	121,173	17,912
Right-of-use asset (Note 5)	89,507	141,902
Prepaid expenses	-	23,474
Total assets	\$ 217,895	\$ 198,284
LIABILITIES AND SHAREHOLDERS' DEFICIENCY		
Current liabilities		
Bank indebtedness	\$ 9	\$ -
Accounts payable and accrued liabilities	27,419	7,743
Due to related parties (Note 8)	433,403	250,146
Lease liability (Note 6)	54,486	46,799
	515,317	304,688
Lease liability (Note 6)	43,761	98,247
Total liabilities	559,078	402,935
Shareholders' deficiency		
Share capital (Note 7)	1,000	1,000
Obligation to issue shares (Note 12)	30	30
Deficit	(342,213)	(205,681)
Total shareholders' deficiency	(341,183)	(204,651)
Total liabilities and shareholders' deficiency	\$ 217,895	\$ 198,284

Subsequent events (Note 12)

Approved and authorized for issue by the Board of Directors on February XX, 2024:

"William Hessert"

Director

"Javaughn Henry"

Director

The accompanying notes are an integral part of these financial statements.

Bluski Inc.

Statements of Loss and Comprehensive Loss

(Expressed in United States Dollars)

	Year ended August 31, 2023	Year ended August 31, 2022
		(Unaudited)
Expenses		
Depreciation (Notes 4 and 5)	\$ 56,899	\$ 17,435
Interest expense	1,695	-
Interest on lease liability (Note 6)	18,141	6,814
Legal and professional fees	17,579	13,624
Marketing	8,171	1,510
Office expenses	18,217	57,359
Salaries and benefits (Note 8)	3,501	51,527
Share-based compensation	-	30
Subcontractor fees	14,293	45,554
	(138,496)	(193,853)
Other item		
Other income (Note 8)	1,964	-
	1,964	-
Net loss and comprehensive loss for the year	\$ (136,532)	\$ (193,853)
Basic and diluted loss per share	\$ (137.53)	\$ (193.85)
Weighted average number of common shares outstanding – basic and diluted	1,000	1,000

The accompanying notes are an integral part of these financial statements.

Bluski Inc.

Statements of Changes in Shareholders' Deficiency

(Expressed in United States Dollars)

	Number of common shares	Share capital \$	Obligation to issue share \$	Deficit \$	Total \$
Balance at August 31, 2021 - Unaudited	1,000	1,000	-	(11,828)	(10,828)
Share-based compensation	-	-	30	-	30
Net loss for the year - Unaudited	-	-	-	(193,853)	(193,853)
Balance at August 31, 2022	1,000	1,000	30	(205,681)	(204,651)
Net loss for the year	-	-	-	(136,532)	(136,532)
Balance at August 31, 2023	1,000	1,000	30	(342,213)	(341,183)

The accompanying notes are an integral part of these financial statements.

Bluski Inc.
 Statements of Cash Flows
 (Expressed in United States Dollars)

	Year ended August 31, 2023	Year ended August 31, 2022
		(Unaudited)
Operating activities		
Net loss	\$ (136,532)	\$ (193,853)
Items not affecting cash:		
Depreciation	56,899	17,435
Share-based compensation	-	30
Changes in non-cash working capital items:		
Prepaid expenses	3,431	(33,889)
Accounts payable and accrued liabilities	19,677	7,743
Net cash used in operating activities	(56,525)	(202,534)
Investing activity		
Purchase of equipment	(84,292)	(20,065)
Net cash used in investing activity	(84,292)	(20,065)
Financing activities		
Due to related parties	183,257	236,598
Lease payments	(46,799)	(12,138)
Net cash provided by financing activities	136,457	224,460
Change in cash	(4,360)	1,861
Cash, beginning of year	4,351	2,490
(Bank indebtedness) cash, end of year	\$ (9)	\$ 4,351
Supplemental cash flow information:		
Interest received	\$ -	\$ 2
Interest paid	\$ 19,836	\$ 6,814
Income taxes paid	\$ -	\$ -

The accompanying notes are an integral part of these financial statements.

Bluski Inc.

Notes to the Financial Statements

Years ended August 31, 2023 and 2022

(Expressed in United States Dollars)

(Year ended August 31, 2022 – Unaudited)

1. NATURE OF OPERATIONS

Bluski Inc. (the “Company”), was incorporated under the law of the state of Connecticut on May 26, 2021. The principal business is converting organic and industrial wastes into biochar, renewable power, and carbonate rocks. The principal address and registered office of the Company are located at 19 Townwoods Road, Ivoryton, CT, 06442.

On August 1, 2023, the Company entered into a Letter of Intent (“LOI”) with 1429798 BC Ltd. (the “Number Co.”), a private company incorporated under the Business Corporation Act of British Columbia to combine business operations, after which the Number Co. will file a non-offering prospectus to become a reporting issuer in British Columbia and apply to list its common shares for trading on the Canadian Securities Exchange (the “Proposed Transaction”). On November 10, 2023, the Company entered into an Arrangement Agreement with the Number Co. in connection with the Proposed Transaction (Note 12).

Going concern

These financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. For the year ended August 31, 2023, the Company incurred a net loss of \$136,532. As of August 31, 2023, the Company had a working capital deficiency of \$508,102 and has an accumulated deficit of \$342,213. These circumstances indicate that material uncertainties exist that may cast significant doubt about the Company's ability to continue as a going concern and, accordingly, the ultimate use of accounting principles applicable to a going concern. The Company's ability to continue as a going concern is dependent upon raising additional capital to meet its present and future commitments, the continued support of certain shareholders and trade creditors, and on achieving profitable commercial operations. These financial statements do not reflect the adjustments to the carrying values of assets and liabilities, the reported expenses, and the statement of financial position classification used, that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

2. BASIS OF PRESENTATION

Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and Interpretation of the International Financial Reporting Issues Committee (“IFRIC”).

The financial statements were approved and authorized for issuance on February xx, 2024 by the directors of the Company.

Basis of measurement

These financial statements have been prepared on a historical cost basis, except for financial instruments, which are stated at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

Functional and presentation currency

These financial statements are presented in United States dollars. The Company's functional currency is United States dollars which is the currency of the primary economic environment in which the Company operates.

Bluski Inc.

Notes to the Financial Statements

Years ended August 31, 2023 and 2022

*(Expressed in United States Dollars)**(Year ended August 31, 2022 – Unaudited)***2. BASIS OF PRESENTATION (continued)****Critical Accounting Estimates and Judgements**

The preparation of these financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and income and expenses. Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

Estimates:

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods. These financial statements do not include any accounts that require significant estimates as the basis for determining the stated amounts.

Useful lives of equipment

Estimates of the useful lives of equipment are based on the period over which the assets are expected to be available for use. The estimated useful lives are reviewed annually and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence, and legal or other limits on the use of the relevant assets. In addition, the estimation of the useful lives of the relevant assets may be based on internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in the factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the equipment would increase the recorded expenses and decrease the non-current assets.

Leases

Under IFRS 16, the Company assesses whether a contract contains a lease and, if so, recognizes a lease liability by discounting the future lease payments over the non-cancellable term of the lease, using the Company's estimated incremental borrowing rate. Differences in the estimated incremental borrowing rate could result in materially different lease liabilities and assets.

Share-based compensation

The Company has applied estimates with respect to the valuation of shares to be issued for non-cash consideration. Shares to be issued are valued at the fair value of the equity instruments granted at the date the Company receives the goods or services for share-based compensation made to those other than employees or others providing similar services. The Company measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted for share-based compensation made to employees or others providing similar services. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant.

Bluski Inc.

Notes to the Financial Statements
Years ended August 31, 2023 and 2022
(Expressed in United States Dollars)
(Year ended August 31, 2022 – Unaudited)

2. BASIS OF PRESENTATION (continued)**Critical Accounting Estimates and Judgements (continued)****Judgements:**

Critical judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements include the assessment of the Company's ability to continue as a going concern.

Going concern

The assessment of the Company's ability to continue as a going concern and its ability to execute its strategy by funding future working capital requirements requires judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, such as expectations of future events that are believed to be reasonable under the circumstances.

Income taxes

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law in the relevant jurisdiction. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. The Company recognizes deferred tax assets only to the extent it is probable that future taxable profit will be realized against which a deferred tax asset can be applied.

Determination of functional currency

The Company determines the functional currency through the analysis of several indicators such as expenses and cash flows and financing activities.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**Cash and cash equivalent**

Cash and cash equivalents Cash and cash equivalents consist of bank balances and highly liquid short-term investments that are readily convertible to cash and have maturities with terms of less than ninety days and/or with original maturities over ninety days but redeemable on demand without penalty.

Foreign currency translation

The functional currency of each entity is determined using the currency of the primary economic environment in which that entity operates.

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Bluski Inc.

Notes to the Financial Statements
Years ended August 31, 2023 and 2022
(Expressed in United States Dollars)
(Year ended August 31, 2022 – Unaudited)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Foreign currency translation (continued)**

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in the consolidated statement of loss and comprehensive loss in the period in which they arise.

Financial instruments

Financial Instruments are accounted for in accordance with IFRS 9 Financial instruments: Classification and Measurement. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

The following table shows the classification under IFRS 9:

Financial assets / liabilities	Classification
Cash / bank indebtedness	Fair value through profit or loss
Receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Due to related parties	Amortized cost

Recognition, classification and measurement

Financial assets are classified and measured based on the business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. IFRS 9 contains three primary measurement categories for financial assets: amortized cost, fair value through other comprehensive income and fair value through profit and loss. Financial assets are recognized in the statements of financial position if the Company has a contractual right to receive cash or other financial assets from another entity.

Financial assets are derecognized when the rights to receive cash flows from the asset have expired or were transferred and the Company has transferred substantially all risks and rewards of ownership. All financial liabilities are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instruments. The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

The Company has classified its accrued liabilities as liabilities measured at amortized cost. Such liabilities are recognized initially at fair value inclusive of any directly attributable transaction costs and subsequently carried at amortized cost using the effective interest method, less any impairment losses. The Company has classified its cash as a financial asset measured at fair value through profit and loss.

Financial assets and financial liabilities are offset and the net amount presented in the statements of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Bluski Inc.

Notes to the Financial Statements

Years ended August 31, 2023 and 2022

*(Expressed in United States Dollars)**(Year ended August 31, 2022 – Unaudited)***3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****Financial instruments (continued)***Impairment of financial assets*

The Company recognizes loss allowances for expected credit losses on financial assets measured at amortized cost. Loss allowances for accounts receivables are always measured at an amount equal to lifetime expected credit losses if the amount is not considered fully recoverable. A financial asset carried at amortized cost is considered credit-impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. Individually significant financial assets are tested for credit-impairment on an individual basis. The remaining financial assets are assessed collectively.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

In assessing collective impairment, the Company uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

Losses are recognized in the statements of loss and comprehensive loss and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the statements of comprehensive loss.

Equipment and right-of-use asset

Equipment and right-of-use asset are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

Assets under construction are depreciated when they are substantially complete and available for their intended use, over their estimated useful lives.

An asset is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying value of the asset) is included in profit or loss in the period the asset is derecognized.

The estimated useful lives are:

Type of assets	Estimated useful life
Equipment	5 years
Right-of-use asset	Lease term

Bluski Inc.

Notes to the Financial Statements

Years ended August 31, 2023 and 2022

*(Expressed in United States Dollars)**(Year ended August 31, 2022 – Unaudited)***3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****Impairment of non-financial assets**

The Company performs impairment tests on its long-lived assets, including equipment and right-of-use assets, when new events or circumstances occur, or when new information becomes available relating to their recoverability. When the recoverable amount of each separately identifiable asset or cash generating unit (“CGU”) is less than its carrying value, the asset or CGU’s assets are written down to their recoverable amount with the impairment loss charged against profit or loss. A reversal of the impairment loss in a subsequent period will be charged against profit or loss if there is a significant reversal of the circumstances that caused the original impairment. The impairment will be reversed up to the amount of depreciated carrying value that would have otherwise occurred if the impairment loss had not occurred.

The CGU’s recoverable amount is evaluated using fair value less costs to sell calculations. In calculating the recoverable amount, the Company utilizes discounted cash flow techniques to determine fair value when it is not possible to determine fair value from active markets or a written offer to purchase. Management calculates the discounted cash flows based upon its best estimate of a number of economic, operating, engineering, environmental, political and social assumptions. Any changes in the assumptions due to changing circumstances may affect the calculation of the recoverable amount.

Leases

At inception of a contract, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company recognizes a lease liability and a right-of-use asset at the lease commencement date. The lease liability is initially measured as the present value of future lease payments discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company’s applicable incremental borrowing rate. The incremental borrowing rate is the rate which the Company would have to pay to borrow, over a similar term and with a similar security, the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate;
- amounts expected to be payable under residual value guarantees;
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
- payments of penalties for early termination of the lease, if the Company is reasonably certain to terminate early.

Lease payments are discounted using the interest rate implicit in the lease, or if this rate cannot be determined, the Company’s incremental borrowing rate. The Company also evaluates any renewal options included in a lease contract and the likelihood of exercising a lease renewal when assessing the lease term and total payments.

Bluski Inc.

Notes to the Financial Statements

Years ended August 31, 2023 and 2022

*(Expressed in United States Dollars)**(Year ended August 31, 2022 – Unaudited)***3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****Leases (continued)**

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made. The lease liability is remeasured when the expected lease payments change as a result of a change in an index or rate, if there is a change in the amount expected to be payable under a residual value guarantee, or if there is a change in the assessment of whether the Company will exercise a purchase, extension, or termination option that is within the Company's control. The Company recognizes the amount of any remeasurement of a lease liability as an adjustment to the right-of-use-asset. If the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company shall recognize any remaining amount of the remeasurement in the statement of loss and comprehensive loss.

Right-of-use assets are initially measured at cost comprising the following:

- the amount of the initial measurement of the lease obligation;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- rehabilitation costs.

The right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses, if any. Right of-use assets are depreciated over the shorter of its estimated useful life and the lease term on a straight-line basis.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in the statements of loss and comprehensive loss. Short-term leases are leases with a lease term of 12 months or less.

Loss per share

Basic loss per share is calculated by dividing the net loss attributable to the common shareholders of the Company by the weighted average number of common shares outstanding and reduced by any shares held in escrow during the reporting period. Diluted loss per share is calculated by dividing the net income or loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding, all additional common shares that would have been outstanding if potentially dilutive instruments were converted and reduced by any shares held in escrow.

Income taxes

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used are those that are substantively enacted by the end of the reporting date.

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used are those that are substantively enacted by the end of the reporting date.

Bluski Inc.

Notes to the Financial Statements

Years ended August 31, 2023 and 2022

*(Expressed in United States Dollars)**(Year ended August 31, 2022 – Unaudited)***3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****Income taxes (continued)**

Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting. The change in the net deferred income tax asset or liability is included in income except for deferred income tax relating to equity items which is recognized directly in equity. The income tax effects of differences in the periods when revenue and expenses are recognized, in accordance with Company accounting practices, and the periods they are recognized for income tax purposes are reflected as deferred income tax assets or liabilities. Deferred income tax assets and liabilities are measured using the substantively enacted statutory income tax rates which are expected to apply to taxable income in the years in which the assets are realized or the liabilities settled. A deferred income tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized.

Deferred income tax assets and liabilities are offset only if a legally enforceable right exists to offset current tax assets against liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity and are intended to be settled on a net basis.

The determination of current and deferred taxes requires interpretations of tax legislation, estimates of expected timing of reversal of deferred tax assets and liabilities, and estimates of future earnings.

Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share purchase warrants are recognized as a deduction from equity, net of any tax effects. For unit offerings, the proceeds from issuance of units are allocated between shares and share purchase warrants using the residual method, allocating fair value of the common shares first, and then to the share purchase warrants.

Share-based compensation

Share-based compensation to employees are measured at the fair value of the instruments issued. Share-based compensation to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received.

Accounting standards issued but not yet effective

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not early adopted any new standards and determined that there are no standards that are relevant to the Company.

Bluski Inc.

Notes to the Financial Statements

Years ended August 31, 2023 and 2022

*(Expressed in United States Dollars)**(Year ended August 31, 2022 – Unaudited)***4. EQUIPMENT**

		Equipment	Asset under construction	Total
Cost				
Balance, August 31, 2021 - unaudited	\$	-	\$ -	\$ -
Additions		20,065	-	20,065
Balance, August 31, 2022		20,065	-	20,065
Additions		6,215	101,550	107,765
Balance, August 31, 2023	\$	26,280	\$ 101,550	\$ 127,830
Accumulated depreciation				
Balance, August 31, 2021	\$	-	\$ -	\$ -
Depreciation		2,153	-	2,153
Balance, August 31, 2022		2,153	-	2,153
Depreciation		4,504	-	4,504
Balance, August 31, 2023	\$	6,657	\$ -	\$ 6,657
Net book value				
Balance, August 31, 2022	\$	17,912	\$ -	\$ 17,912
Balance, August 31, 2023	\$	19,623	\$ 101,550	\$ 121,173

Bluski Inc.
Notes to the Financial Statements
Years ended August 31, 2023 and 2022
(Expressed in United States Dollars)
(Year ended August 31, 2022 – Unaudited)

5. RIGHT-OF-USE ASSET

		Building
Cost		
Balance, August 31, 2021 - unaudited	\$	-
Additions		157,184
Balance, August 31, 2023 and 2022	\$	157,184
Accumulated depreciation		
Balance, August 31, 2021 - unaudited	\$	-
Depreciation		15,282
Balance, August 31, 2022		15,282
Depreciation		52,395
Balance, August 31, 2023	\$	67,677
Net book value		
Balance, August 31, 2022	\$	141,902
Balance, August 31, 2023	\$	89,507

Bluski Inc.

Notes to the Financial Statements

Years ended August 31, 2023 and 2022

*(Expressed in United States Dollars)**(Year ended August 31, 2022 – Unaudited)***6. LEASE LIABILITY**

The Company leases a building under lease arrangements with a three-year term expiring on April 30, 2025. The lease is calculated using an incremental borrowing rate of 15% per annum. The following continuity table presents the lease liability.

		Building
Lease Liability		
Balance, August 31, 2021 - unaudited	\$	-
Additions		157,184
Accretion		6,814
Lease payments		(18,952)
Balance, August 31, 2022		145,046
Accretion		18,141
Lease payments		(64,940)
Balance, August 31, 2023	\$	98,247

		August 31, 2023		August 31, 2022
Current portion	\$	54,486	\$	46,799
Non-current portion		43,761		98,247
Balance, August 31, 2023	\$	98,247	\$	145,046

The maturity analysis of the undiscounted contractual balances of lease payments is as follows:

Maturity analysis		August 31, 2023
Less than one year	\$	64,980
One to two years		45,861
Total undiscounted lease payments		110,841
Amount representing implicit interest		(12,594)
Lease liability	\$	98,247

Bluski Inc.

Notes to the Financial Statements

Years ended August 31, 2023 and 2022

*(Expressed in United States Dollars)**(Year ended August 31, 2022 – Unaudited)***7. SHARE CAPITAL****Authorized capital**

The authorized share capital consists of 5,000 common shares without par value.

Issued and outstanding capital

For the year ended August 31, 2023, the Company issued nil share (2022 – nil).

8. RELATED PARTY TRANSACTIONS

Related parties consist of the directors, officers and companies owned or controlled in whole or in part by them. 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 members of the Company's Board of Directors and corporate officers.

All related party transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. All amounts are non-interest bearing, unsecured, and have no fixed terms of repayments.

Remuneration attributed to key management personnel is summarized as follows:

	2023		2022	
				(unaudited)
Salaries and benefits	\$	3,501	\$	51,527
	\$	3,501	\$	51,527

Balance due from / to related parties

As at August 31, 2023, \$230 (2022 - \$230) in receivable is owed by a director of the Company. As at August 31, 2023, the balance due to related parties is \$433,403 (2022 – \$250,146).

Transactions with related parties:

During the year ended August 31, 2023, the Company recognized \$279 (2022 - \$Nil) in other income from the CEO of the Company in connection with subscription of its online carbon offset program.

During the year ended August 31, 2023, the Company recognized \$nil (2022 - \$1,000) in office expenses from a company controlled by a director of the Company.

Bluski Inc.

Notes to the Financial Statements

Years ended August 31, 2023 and 2022

*(Expressed in United States Dollars)**(Year ended August 31, 2022 – Unaudited)***9. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS**

In the normal course of business, the Company is exposed to a number of risks that can affect its operating performance. These risks and the actions taken to management them are as follows:

Fair value

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level One - includes quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level Two - includes inputs that are observable other than quoted prices included in Level One.
- Level Three - includes inputs that are not based on observable market data.

The carrying value of the Company's financial liabilities as at August 31, 2023 approximate their fair value due to their short terms to maturity.

August 31, 2023	Level 1	Level 2	Level 3	Total
Cash / (Bank Indebtedness)	\$ (9)	\$ -	\$ -	\$ (9)

The carrying value of the Company's financial liabilities as at August 31, 2023 approximate their fair value due to their short terms to maturity. During the year ended August 31, 2023, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

Financial risk management

The Company's activities are exposed to a variety of financial risks in the normal course of business. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize the Company's capital costs by using suitable means of financing and to manage and control the Company's financial risks effectively.

The principal financial risks arising from financial instruments are liquidity risk. Management has assessed credit risk as low.

Liquidity risk

As at August 31, 2023, the Company's liabilities consist of accounts payable and accrued liabilities and due to related parties. The Company manages its liquidity risk by reviewing its capital requirements on an ongoing basis.

The following table outlines the undiscounted contractual maturities of the Company's financial liabilities at August 31, 2023:

	Less than 1 year	1-5 years	Thereafter
Bank indebtedness	\$ 9	\$ -	\$ -
Accounts payable and accrued liabilities	27,419	-	-
Due to related parties	433,403	-	-
Lease liability	64,980	45,861	-
	\$ 525,811	\$ 45,861	\$ -

Bluski Inc.

Notes to the Financial Statements

Years ended August 31, 2023 and 2022

*(Expressed in United States Dollars)**(Year ended August 31, 2022 – Unaudited)***9. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)****Credit risk**

Credit risk is the risk of an unexpected loss if a third party fails to meet its contractual obligations. Financial instruments that potentially subject the Company to credit risk consist of cash and cash equivalents, and other receivables. The Company manages credit risk by depositing its cash with major financial institutions, which have been assigned high credit ratings by internationally recognized credit rating agencies, and by only paying security deposits to reputable, well-established third parties.

10. CAPITAL MANAGEMENT

The Company manages its capital to ensure that there are adequate capital resources to safeguard the Company's ability to continue as a going concern through the optimization of its capital structure. The capital structure consists of shareholder's equity. The basis for the Company's capital structure is dependent on the Company's expected business growth and changes in business environment. To maintain or adjust the capital structure, the Company may issue new shares through private placement, incur debt or return capital to shareholders.

The Company relies upon management to manage capital in order to accomplish the objectives of:

- Ensuring sufficient financial flexibility to achieve ongoing business objectives, including funding of future growth opportunities, and pursuit of accretive acquisitions; and,
- Maintaining a flexible capital structure, which optimizes the cost of capital at acceptable risk.

The Company's current capital consists of equity funding through issuance of common shares and subscription units. There have been no changes in the way in which the Company manages capital in the period. The Company is not subject to any externally or internally imposed capital requirements as at August 31, 2023.

11. INCOME TAXES

The following table reconciles the amount of income tax recoverable on application of the United States statutory income tax rates:

	2023	2022 (unaudited)
Net loss	\$ (136,532)	\$ (193,853)
Statutory income tax rate	26.93%	26.93%
Expected income tax recovery	(36,768)	(52,205)
Non-deductible expenditures	12	-
Unrecognized benefit from income tax losses	36,756	52,205
Income tax recovery	\$ -	\$ -

Bluski Inc.

Notes to the Financial Statements

Years ended August 31, 2023 and 2022

*(Expressed in United States Dollars)**(Year ended August 31, 2022 – Unaudited)***11. INCOME TAXES (continued)**

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amounts of assets and liabilities. Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

	August 31, 2023		August 31, 2022	
Non-capital losses	\$	94,620	\$	59,367
Capital assets		(5,284)		(4,824)
Right-of-use asset		(24,104)		(38,214)
Lease liability		26,458		39,061
Interest expenses		456		-
	\$	92,146	\$	55,390

As at August 31, 2023, the Company had net operating losses carry forwards of approximately \$351,000 which can be applied to against taxable income. These losses can be carried forward indefinitely, but its utilization is limited to 80% of taxable income in any future year.

12. SUBSEQUENT EVENTS

In connection with the Proposed Transaction, on September 15, 2023 the Company entered into a secured promissory note and loan agreement with the Number Co. with a principal balance of \$500,000 (the "Note"). The Note was subsequently amended on October 31, 2023, December 4, 2023 and December 18, 2023 with the principal amount increasing to \$1,650,000. The Note bears 12% interest per annum and is guaranteed by a general security agreement that ranks the Note senior to all current and future unsecured debt and other liabilities and any future debt of the Company and ranks in priority to all equity securities of the Company. The Note is due on the earlier of the following:

- i) if the letter of intent is terminated, then the date of termination (not terminated);
- ii) if the definitive agreement is not entered into by November 10, 2023 (entered into on November 10, 2023), then December 8, 2023; or
- iii) if the Proposed Transaction is not completed by January 31, 2024, unless otherwise extended by mutual written agreement, then on February 29, 2024.

Subsequent to August 31, 2023, an additional \$1,600,000 was advanced under the Note.

On September 29, 2023, the Company issued 3,850 common shares to the key management team members for gross proceeds of \$40. The fair value of the shares was estimated to be \$591,173 based on a concurrent equity financing of the Number Co and the share exchange ratio with the Number co.

On November 10, 2023, in connection with the Proposed Transaction, the Company, the Number Co., and 1448451 BC Ltd., a fully owned subsidiary of the Number Co. entered into an Arrangement Agreement. The Number Co. will acquire all issued and outstanding shares of Bluski Inc. 1448451 BC Ltd. will merge with the Company and cease to exist, and the Company will become a wholly-owned subsidiary of the Number Co. The Number Co. will issue one common share and one share purchase warrant in exchange for each common share and each share purchase warrant, respectively, of the Company.

Bluski Inc.

Notes to the Financial Statements

Years ended August 31, 2023 and 2022

(Expressed in United States Dollars)

(Year ended August 31, 2022 – Unaudited)

12. SUBSEQUENT EVENTS (continued)

On November 17, 2023, the Company entered into a lease agreement for a facility located at 35 Research Parkway, Old Saybrook, Connecticut (the “Facility”) with a 3 year term and a monthly payment ranging from \$30,400 to \$32,356.

BLUSKI INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three months ended November 30, 2023

BLUSKI INC.

Management's Discussion and Analysis
For the three months ended November 30, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management Discussion and Analysis ("MD&A") has been prepared by management, in accordance with the requirements of National Instrument 51-102 and should be read in conjunction with the condensed interim financial statements from the periods ended November 30, 2023 and 2022 and the related notes contained therein which have been prepared under International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

All financial information in this MD&A has been prepared in accordance with IFRS and all dollar amounts are quoted in United States dollars, the reporting and functional currency of Bluski Inc. ("Bluski" or the "Company") unless specifically noted.

DATE

This MD&A is dated February XX, 2024 and is in respect of for the three months ending November 30, 2023. The discussion in this MD&A focuses on this period. Estimates and forward-looking information are based on assumptions of future events and actual results may vary from these estimates.

FORWARD-LOOKING STATEMENTS

This MD&A may contain "forward-looking statements" which reflect the Company's current expectations regarding future results of operations, performance, and achievements of the Company. The Company has tried, wherever possible, to identify these forward-looking statements by, among other things, using words such as "anticipate," "believe," "estimate," "expect" and similar expressions. The statements reflect the current beliefs of the management of the Company and are based on currently available information. Accordingly, these statements are subject to known and unknown risks, uncertainties, and other factors, which could cause the actual results, performance, or achievements of the Company to differ materially from those expressed in, or implied by, these statements.

The Company undertakes no obligation to publicly update or review the forward-looking statements whether as a result of new information, future events or otherwise.

Historical results of operations and trends that may be inferred from the following discussions and analysis may not necessarily indicate future results from operations.

DESCRIPTION OF BUSINESS

Bluski Inc. (the "Company"), was incorporated under the law of the state of Connecticut on May 26, 2021. The principal business is converting organic and industrial wastes into biochar, renewable power, and carbonate rocks. The principal address and registered office of the Company are located at 19 Townwoods Road, Ivoryton, CT, 06442.

On August 1, 2023, the Company entered into a Letter of Intent ("LOI") with 1429798 BC Ltd. (the "Number Co."), a private company incorporated under the Business Corporation Act of British Columbia to combine business operations, after which the Number Co. will file a non-offering prospectus to become a reporting issuer in British Columbia and apply to list its common shares for trading on the Canadian Securities Exchange (the "Proposed Transaction").

BLUSKI INC.

Management's Discussion and Analysis
For the three months ended November 30, 2023

On November 10, 2023, and as amended on February 27, 2024 in connection with the Proposed Transaction, the Company, the Number Co., and 1448451 B.C. Ltd. (a wholly-owned subsidiary of the Number Co.) entered into an Arrangement Agreement (the "Arrangement"). Under the Arrangement, the Number Co. will acquire all of the issued and outstanding shares of the Company by way of exchanging 4,900 common shares and 4,900 share purchase warrants for each common share and share purchase warrant of the Company, respectively, outstanding at closing. 1448451 B.C. Ltd. will merge with the Company to form and amalgamated entity under the name "Bluski Inc." and Bluski Inc. will become a wholly-owned subsidiary of the Number Co.

GOING CONCERN

As at November 30, 2023, the Company had a net working capital deficiency of \$898,176 and an accumulated deficit of \$1,227,692. The accompanying financial statements do not reflect adjustments that would be necessary if the going concern assumption was not appropriate. If the going concern assumption was not appropriate for the accompanying financial statements, adjustments would be necessary to the statement of financial position classifications used. Such adjustments could be material. Additional funds will be required to enable the Company to continue operations and fund its working capital needs.

Management believes that the going concern assumption is appropriate for these financial statements and that the Company will be able to meet its budgeted capital and administrative costs as well as other potential commitments during the upcoming year and beyond. There is no guarantee that the Company will be successful in either its operating or financing endeavors.

SELECTED FINANCIAL INFORMATION

The following table presents a summary of selected annual financial information prepared under IFRS.

	For the three months ended November 30, 2023	For the three months ended November 30, 2022
Total revenue	\$ -	\$ -
Net income (loss)	(885,479)	(37,080)
Basic and diluted earnings (loss) per share	-	-
Total assets	\$ 1,664,763	\$ 235,305
Total non-current financial liabilities	\$ 699,176	\$ 48,605

Net loss increased by \$848,399 for the three months ended November 30, 2023 compared to the three months ended November 30, 2022. The increase in loss is explained by increased share-based compensation and increased legal and professional fees for the three months ended November 30, 2023. Further details of the losses incurred for the three months ended November 30, 2023 and 2022 are described in "Results of Operations".

Total assets as of November 30, 2023 increased by \$1,429,458 compared to total assets as of November 30, 2022, due to an increase in assets under construction as a result of the company's investing activities and prepaid expenses.

BLUSKI INC.

Management's Discussion and Analysis
 For the three months ended November 30, 2023

During the three months ended November 30, 2023, non-current financial liabilities increased by \$650,571 as a result of the new lease liability entered into during the period.

RESULTS OF OPERATIONS

The following table summarizes the Company's financial results for the three months ended November 30, 2023 and 2022.

Three months ended November 30,	2023	2022	Change	Change
	\$	\$	\$	%
Consulting fees	6,031	-	6,031	100%
Depreciation	23,928	14,021	9,907	71%
Interest expense	12,985	-	12,985	100%
Interest on lease liability	7,221	5,298	1,923	36%
Marketing	7,276	1,372	5,904	430%
Legal and professional fees	117,262	-	117,262	100%
Office expenses	21,965	4,833	17,132	354%
Salaries and benefits	88,510	3,501	85,009	2428%
Share-based compensation	591,133	-	591,133	100%
Subcontractor fees	8,151	8,236	(85)	(1%)
Foreign exchange	1,017	-	1,017	100%
Total operating expenses	885,479	37,261	848,218	2276%
Other income	-	(181)	181	(100%)
Net income (loss)	(885,479)	(37,080)	(848,399)	2288%

For the three months ended November 30, 2023, the Company incurred a loss of \$885,479 compared to a loss of \$37,080 in the comparative period. The increase in loss of \$848,399 is explained below.

The Company experienced a increase of \$17,132 in office expenses during the three months ended November 30, 2023. This increase is attributable to additional expenses the Company incurred as it has increased operating activities in the current period as compared to three months ended November 30, 2022.

During the three months ended November 30, 2023 and 2022 the Company incurred salary expense of \$88,510 and \$3,501, respectively. The increase of \$85,009 is due to employees and management taking salary which did not occur during the three months ended November 30, 2022.

Subcontractor fees incurred for the three months ended November 30, 2023 and 2022, totaled \$8,151 and \$8,236, respectively. The amounts incurred are comparable between periods.

Depreciation expenses for the three months ended November 30, 2023, increased to \$23,928, as compared to \$14,021 for the three months ended November 30, 2022. The increase of \$9,907 was primarily a result of additional depreciation on the new right-of-use asset recognized in the period.

Interest on lease liability expense for the three months ended November 30, 2023, increased to \$7,221, as compared to \$5,298 for the three months ended November 30, 2022. The increase of \$1,923 is due to the interest being recorded on the new lease liability which was recognized in the period.

BLUSKI INC.

Management's Discussion and Analysis
For the three months ended November 30, 2023

SUMMARY OF QUARTERLY RESULTS

The following table summarizes the financial results of the Company for each of the eight most recently completed three-month periods prepared under IFRS.

Three months ended	November 30, 2023	August 31, 2023	May 31, 2023	February 28, 2023
	\$	\$	\$	\$
Total Revenue	-	-	-	-
Income (loss) for the period	(885,479)	(38,895)	(33,943)	(26,613)
Income (loss) per share (basic and diluted)	-	-	-	-
Weighted average number of shares outstanding – basic and diluted	3,725	1,000	1,000	1,000

Three months ended	November 30, 2022	August 31, 2022	May 31, 2022	February 28, 2022
	\$	\$	\$	\$
Total Revenue	-	-	-	-
Income (loss) for the period	(37,080)	(84,832)	(52,837)	(37,529)
Income (loss) per share (basic and diluted)	-	-	-	-
Weighted average number of shares outstanding – basic and diluted	1,000	1,000	1,000	1,000

The Company earned no revenue due to the nature of current operations.

The factors that have caused variations in results over the quarters are:

The Company incurred a net loss of \$885,479 for the three months ended November 30, 2023 as compared to net loss of \$38,895 for the previous quarter. The increase in net loss is primarily due to an \$99,683 increase in legal and professional fees due to the Company entering into an LOI with 1429798 BC Ltd, a \$591,133 increase in share-based compensation due to the Company issuing shares where the difference between the proceeds received and the fair value of the shares was recorded to share-based compensation, and a \$88,379 increase in salaries and benefits due to the Company having additional employees and management on payroll where they were not in the prior period.

The Company incurred a net loss of \$38,895 for the three months ended August 31, 2023 as compared to net loss of \$33,943 for the previous quarter. The increase in net loss is primarily due to a \$17,579 increase in legal and professional fees due to the Company entering into an LOI with 1429798 BC Ltd. This is partially offset by a \$6,243 decrease in office expense due to a decrease in purchases of tools and supplies and \$5,976 decrease in subcontractor fees as a result of no subcontractor used.

The Company incurred a net loss of \$33,943 for the three months ended May 31, 2023 as compared to a net loss of \$26,613 for the previous quarter. The increase in net loss is primarily due to an increase in office expenses of \$6,365 due to purchases of tools and supplies and \$5,895 increase in subcontractor fees due to no subcontractors used in the previous quarter. This is partially offset by a \$6,727 decrease in marketing expenses due to no marketing expense incurred in the three months ended May 31, 2023.

BLUSKI INC.

Management's Discussion and Analysis
For the three months ended November 30, 2023

The Company incurred a net loss of \$26,613 for the three months ended February 28, 2023 as compared to a net loss of \$37,080 for the previous quarter. The decrease in net loss is primarily due to a decrease in salary and benefit expenses of \$3,509 as no employees were employed during this period and \$8,155 decrease in subcontractor fees due to no subcontractors were used during the three months ended February 28, 2023. This is partially offset by a \$5,355 increase in marketing expenses.

The Company incurred a net loss of \$37,080 for the three months ended November 30, 2022 as compared to a net loss of \$84,832 for the previous quarter. The decrease in net loss is primarily due to a decrease in office expenses of \$20,942 due to decrease in purchases of tools and supplies, salary and benefit expenses of \$10,842 due to a stop in payroll for an employee and \$19,755 decrease in subcontractor fees due to a decreased use of subcontractors.

The Company incurred a net loss of \$84,832 for the three months ended August 31, 2022 as compared to a net loss of \$52,837 for the previous quarter. The increase in net loss is primarily due to an increase in depreciation expense of \$6,742 due to a full quarter of depreciation of the right-of-use asset, office expense of \$7,307 due to increase in purchases of tools and supplies and \$14,182 increase in subcontractor fees due to an increased use of subcontractors.

The Company incurred a net loss of \$52,837 for the three months ended May 31, 2022 as compared to a net loss of \$37,529 for the previous quarter. The increase in net loss is primarily due to an increase in depreciation expense of \$4,425 due to the Company acquiring a right-of-use asset and \$10,326 increase in subcontractor fees due to an increased use of subcontractors.

OUTSTANDING SHARE DATA

As of November 30, 2023 the Company has 5,000 common shares. As of the date of this MD&A the Company had 5,000 common shares issued and outstanding.

RELATED PARTY TRANSACTION

The Company has identified its directors and certain officers as its key management personnel. Current directors and officers of the Company are as follows:

William Hessert, President, CEO, Treasurer, Secretary and Director
Javaughn Henry, Chief Marketing Officer and Director
Carissa Chandler, Chief Operations Officer
Gregory Pakiela, Chief Revenue Officer

The remuneration of directors and other members of key management for the three months ended November 30, 2023 and 2022 are as follows:

	Three months ended November 30, 2023	Three months ended November 30, 2022
Salaries and benefits	\$ 87,225	\$ 3,501
Share-based compensation	583,456	-
	\$ 670,681	\$ 3,501

As at November 30, 2023, \$4,550 (August 31, 2023 - \$230) is owed from a director of the Company. As at November 30, 2023, the balance due to related parties is \$433,471 (August 31, 2023 - \$433,403). As at

BLUSKI INC.

Management's Discussion and Analysis
For the three months ended November 30, 2023

November 30, 2023, included in accounts payable are balances owed to related parties of \$3,600 (August 31, 2023 - \$nil)

Other transactions

During the three months ended November 30, 2023, the Company recognized \$nil (2022 - \$181) in other income from the CEO of the Company in connection with subscription of its online carbon offset program.

LIQUIDITY AND CAPITAL RESOURCES

As at November 30, 2023, the Company had cash of \$31,180 (August 31, 2023 - \$Nil) and working capital deficiency of \$898,176 (August 31, 2023 - \$508,102). The increase in working capital deficiency of \$390,074 during the three months ended November 30, 2023 is primarily due to the increase in accounts payable and accrued liabilities of \$100,960, an increase in promissory note payable of \$512,667, and an increase in the current portion of lease liabilities of \$256,223, partially offset by an increase in cash of \$31,180, and an increase in prepaid expenses of 448,885.

The Company may have capital requirements in excess of its currently available resources. In the event the Company's plans change, its assumptions change or prove inaccurate, or its capital resources in addition to projected cash flow, if any, prove to be insufficient to fund operations, the Company may be required to seek additional financing. There can be no assurance that the Company will have sufficient financing to meet its future capital requirements or that additional financing will be available on terms acceptable to the Company in the future.

The Company's cash flows for the three months ended November 30, 2023 and 2022 are summarized below.

	2023	2022
Three months ended November 30,	\$	\$
Cash used in operating activities	(605,446)	(48,977)
Cash used in investing activities	(59,116)	(31,866)
Cash provided by financing activities	695,751	76,545
Change in cash during the year	31,189	(4,298)
Cash, beginning of the year	(9)	4,351
Cash, end of the year	31,180	53

Operating activities

Cash used in operating activities for the three months ended November 30, 2023 was \$605,446. The increase in cash used in operating activities primarily relates to the increase in net loss during the period from \$37,080 to a net loss of \$885,479, along with the increase in prepaid expenses of \$448,885, partially offset by an increase in share-based compensation expense of \$591,133, and an increase in accounts payable and other accrued liabilities relating to operating activities of \$100,960.

Investing activities

Cash used in investing activities for the three months ended November 30, 2023 consisted of \$3,701 for costs incurred to purchase equipment and asset under construction, and \$55,415 in lease deposit. During the three months ended November 30, 2022, the Company spent \$31,866 to purchase equipment.

BLUSKI INC.

Management's Discussion and Analysis
For the three months ended November 30, 2023

Financing activities

Cash provided by financing activities for the three months ended November 30, 2023 was \$695,751 which consisted of \$68 cash received from related parties, \$40 from the issuance of shares, \$500,000 from proceeds from promissory note, and \$215,850 from subscriptions received in advance, which is partially offset by principal lease liability payments of \$20,207. During the three months ended November 30, 2022, the Company received \$92,790 cash from related parties, which is partially offset by principal lease liability payments of \$10,947.

FINANCIAL INSTRUMENTS AND RISKS

Financial instruments

The Company's financial instrument classified as level 1 in the fair value hierarchy is cash.

Financial risk management

The Company's activities are exposed to a variety of financial risks in the normal course of business. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize the Company's capital costs by using suitable means of financing and to manage and control the Company's financial risks effectively.

The principal financial risks arising from financial instruments are liquidity risk and credit risk.

Liquidity risk

As at November 30, 2023, the Company's liabilities consist of accounts payable and accrued liabilities and due to related parties. The Company manages its liquidity risk by reviewing its capital requirements on an ongoing basis.

The following table outlines the undiscounted contractual maturities of the Company's financial liabilities at November 30, 2023:

	Less than 1 year	1-5 years	Thereafter
Accounts payable and accrued liabilities	\$ 128,379	\$ -	\$ -
Promissory note	512,667	-	-
Due to related parties	433,471	-	-
Lease liability	430,167	794,861	-
	\$ 1,504,684	\$ 794,861	\$ -

Credit risk

Credit risk is the risk of an unexpected loss if a third party fails to meet its contractual obligations. Financial instruments that potentially subject the Company to credit risk consist of cash and cash equivalents, and other receivables. The Company manages credit risk by depositing its cash with major financial institutions, which have been assigned high credit ratings by internationally recognized credit rating agencies, and by only paying security deposits to reputable, well-established third parties.

BLUSKI INC.

Management's Discussion and Analysis
For the three months ended November 30, 2023

Fair value hierarchy

As at November 30, 2023, the Company held the following financial instruments measured at fair value: cash (level 1).

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level One: includes quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level Two: includes inputs that are observable other than quoted prices included in Level One.

Level Three: includes inputs that are not based on observable market data.

During the three months ended November 30, 2023, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

OFF BALANCE SHEET ARRANGEMENTS

The Company does not utilize off-balance sheet arrangements.

ADOPTION OF NEW STANDARDS AND INTERPRETATIONS AND RECENT ACCOUNTING PRONOUNCEMENTS

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not early adopted any new standards and has determined that there are no new standards that are relevant to the Company.

EVENTS SUBSEQUENT TO NOVEMBER 30, 2023

On February 27, 2024, the Company amended its Arrangement Agreement with the Number Co., and 1448451 B.C. Ltd. so that the Number Co. exchanges 4,900 common shares and 4,900 share purchase warrants for each common share and share purchase warrant of the Company, respectively, outstanding at closing.

APPROVAL

The Board of Directors of the Company has approved the disclosure contained in this MD&A.

SCHEDULE C
AUDIT COMMITTEE CHARTER

AUDIT COMMITTEE CHARTER

1429798 BC Ltd.

AUDIT COMMITTEE CHARTER

1. PURPOSE

The main purpose of the Audit Committee (the **“Committee”**) of the Board of Directors (the **“Board”**) of 1429798 BC Ltd. (the **“Company”**) is to assist the Board in fulfilling its statutory responsibilities in relation to internal control and financial reporting, and to carry out certain oversight functions on behalf of the Board, including the oversight of:

- (a) the integrity of the Company’s financial statements and other financial information provided by the Company to securities regulators, governmental bodies and the public to ensure that the Company’s financial disclosures are complete, accurate, in accordance with International Financial Reporting Standards (**“IFRS”**) as issued by the International Accounting Standards Board and interpretations by the International Financial Reporting Interpretations Committee and fairly present the financial position and risks of the Company;
- (b) assessing the independence, qualifications and performance of the Company’s independent auditor (the **“Auditor”**), appointing and replacing the Auditor, overseeing the audit and non-audit services provided by the Auditor and approving the compensation of the Auditor;
- (c) Senior Management’s (as defined below) responsibility for assessing and reporting on the effectiveness of internal controls;
- (d) financial matters and management of financial risks;
- (e) compliance with regulatory and statutory requirements as they relate to financial statements, taxation matters and disclosure of financial information;
- (f) the prevention and detection of fraudulent activities; and
- (g) investigation of complaints and submissions regarding accounting or auditing matters and unethical or illegal behavior,

all as delegated by the Board, whether pursuant to this charter or otherwise.

The Committee provides an avenue for communication between the Auditor, the Company’s executive officers and other senior managers (**“Senior Management”**) and the Board, and has the authority to communicate directly with the Auditor. The Committee shall have a clear understanding with the Auditor that they must maintain an open and transparent relationship with the Committee. The Auditor is ultimately accountable to the Committee and the Board.

It is the intention of the Board, through the Committee, that the external audit will be conducted independently of Senior Management to ensure that the Auditor serves the interests of shareholders rather than the interests of Senior Management.

2. COMPOSITION

- (a) The Committee shall consist of at least, while not a reporting issuer, two members of the Board, and, while a reporting issuer, three members of the Board.

- (b) Upon becoming a reporting issuer, at least two (2) members of the Committee shall be “independent” in accordance with Sections 1.4 and 1.5 of National Instrument 52-110 *Audit Committees* (“**NI 52-110**”), which sections are reproduced in Appendix “A” of this charter, and the Board shall endeavour to appoint a majority of “independent” directors to the Committee who, in the opinion of the Board, would be free from a relationship which would interfere with the exercise of the Committee members’ independent judgment. All members of the Committee that are not “financially literate” in accordance with the definition set out in Section 1.6 of NI 52-110, which definition is reproduced in Appendix “A” of this charter, will work towards becoming “financially literate” to obtain a working familiarity with basic finance and accounting practices applicable to the Company.

For purposes of subparagraph (b) above, the position of non-executive Chair of the Board is considered to be an executive officer of the Company.

Committee members and the chair of the Committee (the “**Committee Chair**”) shall be appointed annually by the Board at the first Board meeting that is held after every annual general meeting of the Company’s shareholders, provided that if the composition of the Committee is not so determined, each director who was then serving as a member of the Committee shall continue as a member of the Committee until their successor is appointed. If a Committee Chair is not appointed by the Board, the members of the Committee shall designate a Committee Chair by majority vote of the full Committee membership, provided that if the designation of the Committee Chair is not made, then the director who was then serving as Committee Chair shall continue as Committee Chair until their successor is appointed. Each member of the Committee shall serve at the pleasure of the Board, until the member resigns, is removed or ceases to be a member of the Board. The Board may, at any time, remove or replace any member of the Committee and may fill any vacancy on the Committee.

3. MEETINGS

The Committee shall meet at least once per financial quarter and as many additional times as the Committee deems necessary to carry out its duties effectively.

The Committee shall meet:

- (a) within 60 days following the end of each of the first three financial quarters to review and discuss the unaudited financial results for the preceding quarter and the related management’s discussion and analysis (“**MD&A**”); and
- (b) within 120 days following the end of the Company’s fiscal year end to review and discuss the audited financial results for the year and related MD&A.

As part of its job to foster open communication, as the Committee deems appropriate, the Committee shall periodically meet, at unscheduled or regularly scheduled meetings or portions of meetings, in executive sessions or otherwise, with Senior Management and the Auditor in separate sessions to discuss

any matters that the Committee or any of these groups believe should be discussed privately. Notwithstanding the foregoing, at least once per year, the Committee shall meet with Senior Management to discuss any matters that the Committee or Senior Management consider appropriate.

A majority of the members of the Committee shall constitute a quorum for any Committee meeting. No business may be transacted by the Committee except at a meeting of its members at which a quorum of the Committee is present or by unanimous written consent of the Committee members. Members may be present in person or by telephone or other telecommunication device that permits all persons participating in the meeting to speak and to hear each other.

The Committee Chair shall preside at each Committee meeting. In the event the Committee Chair is unable to attend or chair a Committee meeting, the Committee will appoint a chair for that meeting from the other Committee members.

A Committee member other than the Committee Chair, or such individual as appointed by the Committee, shall act as secretary for the Committee (the “**Committee Secretary**”) and, upon receiving a request to convene a Committee meeting from any Committee member, the Auditor, the Board or any member of Senior Management, shall arrange for such meeting to be held.

The Committee Chair, in consultation with the other Committee members, shall set the agenda of items to be addressed at each Committee meeting. The Committee Secretary shall ensure that the agenda and any supporting materials for each upcoming Committee meeting are circulated to each Committee member in advance of such meeting. As part of each meeting of the Committee, the Committee shall hold an *in camera* session, at which management and non-independent directors of the Board are not present, and the agenda for each Committee meeting will afford an opportunity for such a session.

The Committee may invite such officers, directors and employees of the Company and other advisors as it may see fit from time to time to attend at one or more Committee meetings and assist in the discussion and consideration of any matter. For purposes of performing their duties, members of the Committee shall, upon request, have immediate and full access to all corporate information and shall be permitted to discuss such information and any other matters relating to the duties and responsibilities of the Committee with officers, directors and employees of the Company, with the Auditor and with other advisors subject to appropriate confidentiality agreements being in place.

Unless otherwise provided herein or as directed by the Board, proceedings of the Committee shall be conducted in accordance with the Articles of the Company or, if the articles are silent, with the rules applicable to meetings of the Board.

4. DUTIES AND RESPONSIBILITIES

Subject to the powers and duties of the Board and the Articles of the Company, in order to carry out its oversight responsibilities, the Committee shall have the functions and responsibilities set out below. In addition to these functions and responsibilities, the Committee shall perform the functions and responsibilities required of an audit committee by any exchange upon which securities of the Company are traded or any governmental or regulatory body exercising authority over the Company as are in effect from time to time.

4.1 Financial Reporting Process – In general, the Committee is responsible for overseeing the Company's financial statements and financial disclosures, including the following, having regard for the fact that management is responsible for the preparation, presentation and integrity of the Company's financial statements and financial disclosures and for the appropriateness of the accounting principles and the reporting policies used by the Company, and that the Company's Auditor is responsible for auditing the Company's annual financial statements and may be responsible for reviewing the Company's unaudited interim financial statements:

- (a) Regularly review the Company's critical accounting policies followed and critical accounting and other significant estimates and judgments underlying the Company's financial statements, including any material changes in accounting policies and any significant changes in accounting practices and their impact on the financial statements of the Company.
- (b) Consider the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.
- (c) Review Senior Management's process for formulating sensitive accounting estimates and the reasonableness of these estimates.
- (d) Review with the Auditors alternative accounting treatments that have been discussed with Senior Management.
- (e) Consider any matter required to be communicated to the Committee by the Auditor under generally accepted auditing standards, applicable law and stock exchange rules, if applicable, or any other matters related to the financial statements that are brought forward by the Auditor or Senior Management, including the Auditor's report to the Committee (and the response of Senior Management thereto) and specifically:
 - (i) the contents of such report;
 - (ii) the scope and quality of the audit work performed;
 - (iii) adequacy of the Company's financial and auditing personnel;
 - (iv) co-operation received from the Company's personnel during the audit;
 - (v) internal resources used;
 - (vi) significant transactions outside of the normal business of the Company;
 - (vii) significant proposed adjustments and recommendations for improving internal accounting controls, accounting principles or management systems; and
 - (viii) the non-audit services provided by the Auditors.
- (f) Discuss with the Auditor and Senior Management, at least annually, their views about the quality, not just the acceptability, of accounting principles and policies used by the Company, including estimates and judgements made by Senior Management and their selection of accounting principles, and whether there are any concerns relative to the quality or aggressiveness of Senior Management's accounting policies.

- (g) Discuss with Senior Management and the Auditor:
 - (i) any recorded and unrecorded audit adjustments;
 - (ii) any accounting adjustments that were noted or proposed (immaterial or otherwise) by the Auditor but were not reflected in the financial statements;
 - (iii) any material correcting adjustments that were identified by the Auditor in accordance with IFRS or applicable law;
 - (iv) any communication reflecting a difference of opinion between the audit team and the Auditor's national office on material auditing or accounting issues raised by the engagement; and
 - (v) any "management" or "internal control" letter issued, or proposed to be issued, by the Auditor to the Company.
- (h) Discuss with Senior Management and the Auditor any significant financial reporting issues considered during the fiscal period and the method of resolution, and resolve disagreements between Senior Management and the Auditor regarding financial reporting.
- (i) Review with Senior Management and the Auditor:
 - (i) any off-balance sheet financing mechanisms being used by the Company and their effect on the Company's financial statements; and
 - (ii) the effect of regulatory and accounting initiatives on the Company's financial statements, including the potential impact of proposed initiatives, requirements relating to complex or unusual transactions, significant changes to accounting principles and alternative treatments under IFRS.
- (j) Review with Senior Management any significant changes in IFRS, as well as emerging accounting and auditing issues, and their potential effects.
- (k) Review with Senior Management and the Auditor and legal counsel, if necessary, any litigation, claim or other contingency, including tax assessments, that could have a material effect on the financial statements of the Company, and the manner in which these matters have been disclosed or reflected in the financial statements.
- (l) Review with Senior Management matters that may have a material effect on the financial statements.
- (m) Review the factors identified by Senior Management as factors that may affect future financial results.
- (n) Review with the Auditor any audit problems or difficulties experienced by the Auditor in performing the audit, including any restrictions or limitations imposed by Senior Management, and the response of Senior Management, and resolve any disagreements between Senior Management and the Auditor regarding these matters.

- (o) Review the results of the Auditor’s work, including findings and recommendations, Senior Management’s response and any resulting changes in accounting practices or policies and the impact such changes may have on the financial statements.
- (p) Review and discuss with Senior Management and the Auditor the audited annual financial statements, the Auditor’s report thereon and the related MD&A and, after completing its review, if advisable, the Committee shall make recommendations to the Board with respect to approval thereof before their release to the public.
- (q) Review and discuss with Senior Management and, if such financial statements are reviewed, the Auditor all interim unaudited financial statements, including the impact of unusual items and changes in accounting principles, the review report, if any, prepared thereon and the related interim MD&A and, after completing its review, if advisable, the Committee shall make recommendations to the Board with respect to the approval thereof before their release to the public.
- (r) In connection with Sections 4.1 and 5.1 of National Instrument 52-109 *Certification of Disclosure in Issuers’ Annual and Interim Filings (“NI 52-109”)*, obtain confirmation from the Chief Executive Officer (“CEO”) and the Chief Financial Officer (“CFO”) (and considering the Auditor’s comments, if any, thereon) to their knowledge, having exercised reasonable diligence:
 - (i) that the audited financial statements, together with any financial information included in the annual MD&A and annual information form, fairly present in all material respects the Company’s financial condition, financial performance and cash flows; and
 - (ii) that the interim financial statements, together with any financial information included in the interim MD&A, fairly present in all material respects the Company’s financial condition, financial performance and cash flows.
- (s) Review news releases to be issued in connection with the audited annual financial statements and related MD&A and the interim unaudited financial statements and related interim MD&A, before being disseminated to the public.
- (t) Review financial disclosure in a prospectus or other securities offering document of the Company, as well as press releases disclosing, or based upon, financial results of the Company and any other publicly disseminated material financial disclosure, including material financial outlook (e.g. earnings guidance) and future-oriented financial information (e.g., forecasted financial information) provided to analysts, rating agencies or otherwise publicly disseminated, and material non-IFRS financial measures.
- (u) Review and approve any disclosure regarding the Committee required by applicable laws in the Company’s public disclosure documents.
- (v) Review regulatory filings and decisions as they relate to the Company’s financial statements.

- (w) Ensure that satisfactory procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements and periodically assess those procedures.
- (x) Review the appointment of the CFO and have the CFO report to the Committee on the qualifications of new key financial personnel involved in the financial reporting process.

4.2 Internal Controls

- (a) The Committee shall require Senior Management to implement and maintain appropriate systems of internal controls in accordance with applicable laws, including internal controls over financial reporting and disclosure and to review, evaluate and approve these procedures.
- (b) The Committee shall consider and review with Senior Management and the Auditor, at least annually, the adequacy and effectiveness of, or weaknesses or deficiencies in, the design or operation of the Company's internal controls over accounting and financial reporting within the Company, the overall control environment for managing business risks and accounting, financial and disclosure controls, non-financial controls, legal and regulatory controls, management reporting, the policies and business practices of the Company which impact on the financial integrity of the Company, including those relating to internal auditing, insurance and accounting information services and systems, and the impact of any identified weaknesses in any of the foregoing;
- (c) The Committee shall consider and review with Senior Management and the Auditor, at least annually, any proposed significant changes in internal controls over financial reporting that are disclosed, or considered for disclosure, including those in the Company's periodic regulatory filings.
- (d) The Committee shall consider and discuss any Auditor's comments on the Company's internal controls, together with Senior Management responses thereto, including the timetable for implementation of recommendations to correct weaknesses in internal controls over financial reporting and disclosure controls.
- (e) The Committee shall discuss, at least annually, with Senior Management and the Auditor any material issues raised by any inquiry or investigation by the Company's regulators any other material issues as to the adequacy of the Company's internal controls and any special audit steps in light of any such issues.
- (f) The Committee shall consider and review with Senior Management and the Auditor, at least annually, the Company's fraud prevention and detection program, including deficiencies in internal controls that may impact the integrity of financial information, or may expose the Company to other significant internal or external fraud losses and the extent of those losses and any disciplinary action in respect of fraud taken against management or other employees who have a significant role in financial reporting.
- (g) The Committee shall review annually the Company's disclosure controls and procedures.
- (h) The Committee shall receive confirmation from the CEO and the CFO of the effectiveness of disclosure controls and procedures, and whether there are any significant deficiencies and

material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information or any fraud, whether or not material, that involves Senior Management or other employees who have a significant role in the Company's internal control over financial reporting. In addition, receive confirmation from the CEO and the CFO that they are prepared to sign the annual and quarterly certificates required by Sections 4.1 and 5.1 of NI 52-109, as amended from time to time.

- (i) The Committee shall periodically review the Company's financial and auditing procedures, including policies and procedures used in the preparation of the Company's financial statements and other required disclosure documents, and the extent to which recommendations made by the Auditor have been implemented, and consider recommendations for any material change to such policies and procedures.

4.3 The Auditor

Oversight

- (a) The Committee shall be directly responsible for the oversight of the work of the Auditor, including the Auditor's work in preparing or issuing an audit report, performing other audit, review or attest services or any other related work. When a change of Auditor is proposed, the Committee shall review all issues related to the change, including the information required to be disclosed by applicable legal requirements, and the planned steps for an orderly transition.

Qualifications and Selection

- (b) The Committee shall review and, if advisable, recommend for Board approval the Company's Auditor to be nominated and shall approve the compensation of such Auditor. The Committee shall have ultimate authority to approve all audit engagement terms and fees, including the Auditor's audit plan.
- (c) The Committee shall instruct the Auditor that:
 - (i) they are ultimately accountable to the Board and the Committee; and
 - (ii) they must report directly to the Committee.
- (d) The Committee shall ensure that the Auditor has direct and open communication with the Committee and that the Auditor meets with the Committee once each financial quarter without the presence of Senior Management to discuss any matters that the Committee or the Auditor believe should be discussed privately.
- (e) The Committee shall evaluate the Auditor's qualifications, performance and independence. As part of that evaluation:
 - (i) at least annually, request and review a formal report by the Auditor describing: the firm's internal quality-control procedures; any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry

or investigation by governmental or professional authorities within the preceding five years respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues;

- (ii) annually, and before the Auditor issues their report on the annual financial statements, obtain from the auditors a formal written statement describing all relationships between the Auditor and the Company and confirming that the Auditor is objective and independent within the meaning of the applicable rules of professional conduct/code of ethics adopted by the provincial institute or order of chartered accountants to which the auditors belong and other applicable requirements; and review, discuss and confirm with Senior Management and the Auditor any disclosed relationships that may affect the objectivity and independence of the Auditors, the amount of fees received by the Auditors for the audit services, the extent of non-audit services and fees therefor, the extent to which the compensation of the audit partners of the Auditor is based upon selling non-audit services, the timing and process for implementing the rotation of the lead audit partner, reviewing partner and other partners providing audit services for the Company and whether there should be a regular rotation of the audit firm itself;
- (iii) annually review and evaluate senior members of the audit team of the Auditor, including their expertise and qualifications; in making this evaluation, the Committee should consider the opinions of Senior Management;
- (iv) at least annually, discuss with the Auditor such matters as are required by applicable auditing standards to be discussed by the Auditor with the Committee; and
- (v) regularly assess the effectiveness of the working relationship of the Auditor with Senior Management.

The Committee shall take appropriate action to oversee the independence of the Auditor. Conclusions on the independence of the Auditor should be reported by the Committee to the Board.

- (f) The Committee shall approve and review, and verify compliance with, the Company's policies for hiring of partners, former partners, employees and former employees of the Auditor and former auditors. Such policies shall include, at minimum, a one-year hiring "cooling off" period.

Other Matters

- (g) The Committee shall meet with the Auditor to review and approve the annual audit plan of the Company's financial statements prior to the annual audit being undertaken by the Auditor, including reviewing the year-to-year co-ordination of the audit plan and the planning, staffing and extent of the scope of the annual audit. This review should include an explanation from the Auditor of the factors considered by the Auditor in determining their audit scope, including major risk factors. The Auditor shall report to the Committee all significant changes to the approved audit plan.

- (h) To the extent that the Company's financial statements are reviewed, the Committee shall review the review report in respect of each of the interim financial statements of the Company.
- (i) The Committee shall review and pre-approve in advance any and all audit and permissible non-audit services to be performed by the Auditor, and the associated and engagement fees and terms in accordance with applicable law, including those provided to the Company's subsidiaries by the Auditor or any other person in its capacity as independent auditor of such subsidiary. The Committee shall consider the impact of such service and fees on the independence of the Auditor. Between scheduled Committee meetings, the Committee Chair, on behalf of the Committee, is authorized to pre-approve any audit or non-audit services and engagement fees and terms up to \$25,000. At the next Committee meeting, the Committee Chair shall report to the Committee on any such pre-approval given.
- (j) The Committee shall review all reportable events, including disagreements, unresolved issues and consultations with the Auditor, whether or not there is to be a change of auditors, and receive and review all reports prepared by the auditors.
- (k) The Committee shall establish and adopt procedures for all of the foregoing matters.

4.4 Compliance

- (a) The Committee shall monitor compliance by the Company with all payments and remittances required to be made in accordance with applicable law, where the failure to make such payments could render the Company's directors personally liable.
- (b) The Committee shall review the Company's compliance with regulatory and statutory requirements as they relate to financial statements, tax matters and disclosure of financial information.
- (c) The Committee shall receive regular updates from Senior Management regarding compliance with applicable laws and regulations, the effectiveness of the process in place to monitor such compliance, any material communications received from regulators and Senior Management's plans to remediate any deficiencies identified; provided that such oversight shall exclude legal compliance matters subject to the oversight of the Corporate Governance and Nominating Committee of the Board, if any.
- (d) The Committee shall establish and oversee the procedures in the Company's Whistleblower Policy to address:
 - (i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters or unethical or illegal behaviour; and
 - (ii) confidential, anonymous submissions by employees of concerns regarding questionable accounting and auditing matters or unethical or illegal behaviour.

Any such complaints or concerns that are received shall be reviewed by the Committee and, if the Committee determines that the matter requires further investigation, it will direct the

Committee Chair to engage outside advisors, as necessary or appropriate, to investigate the matter and will work with Board and (if appropriate) Senior Management and legal counsel to reach a satisfactory conclusion.

- (e) The Committee shall ensure that political and charitable donations conform with policies and budgets approved by the Board.
- (f) The Committee shall oversee Senior Management's identification and assessment of the principal risks to the operations of the Company and the establishment and management of appropriate systems to manage such risks, with a view to achieving a proper balance between risks incurred and potential return to holders of securities of the Company and to the long-term viability of the Company. In this regard, the Committee shall require Senior Management to report on a quarterly basis to the Committee, and the Committee shall review such reports provided by Senior Management, on the risks inherent in the business of the Company (including appropriate crisis preparedness, business continuity, information system controls, cybersecurity and disaster recovery plans), the appropriate degree of risk mitigation and risk control, overall compliance with and the effectiveness of the Company's risk management policies and residual risks remaining after implementation of risk controls. The Committee shall report to the Board on a quarterly basis, with respect to the principal risks faced by the Company and the steps implemented by management to manage these risks.
- (g) The Committee shall monitor the management of hedging, debt and credit, make recommendations to the Board respecting policies for management of the risks associated with such financial instruments and review the Company's compliance therewith.
- (h) The Committee shall approve the review and approval process for the expenses submitted for reimbursement by the CEO.

4.5 Financial Oversight

- (a) The Committee shall assist the Board in its consideration and ongoing oversight of matters pertaining to:
 - (i) capital structure and funding, including finance and cash flow planning;
 - (ii) capital management planning and initiatives;
 - (iii) property and corporate acquisitions and divestitures including proposals which may have a material impact on the Company's capital position;
 - (iv) the Company's annual budget;
 - (v) the Company's insurance program;
 - (vi) directors' and officers' liability insurance and indemnity agreements; and
 - (vii) matters the Board may refer to the Committee from time to time.

4.6 Other

- (a) The Committee shall perform such other duties as may be specifically delegated to the Committee by the Board and that the Board is authorized to delegate by applicable laws and regulations.
- (b) The Committee shall annually review and assess the adequacy of its charter and recommend any proposed changes to the Corporate Governance and Nominating Committee.
- (c) The Committee shall review its own performance annually, and provide the results of such evaluation to the Board for its review.
- (d) The Committee shall review the Company's policies relating to the avoidance of conflicts of interest and review and approve all payments to be made pursuant to any related party transactions involving executive officers and members of the Board or any significant shareholders of the Company, as may be necessary or desirable under applicable laws. The Committee shall consider the results of any review of these policies and procedures by the Auditor.

5. AUTHORITY

The Committee shall have the resources and authority appropriate to discharge its duties and responsibilities, including the authority to:

- a. conduct or authorize investigations into or studies of matters within the Committee's scope of responsibilities and duties as described above;
- b. select, retain and terminate special or independent counsel, accountants, consultants or other experts, as it deems appropriate, and set and approve the fees and other retention terms of any such counsel, accountants, consultants or other experts; and
- c. obtain appropriate funding to pay, or approve the payment of, such approved fees, without seeking approval of the Board or Senior Management, but with notice to the Board.

The Committee may, to the extent permissible by applicable laws, designate a sub-committee to review any matter within this mandate as the Committee deems appropriate.

6. ACCOUNTABILITY

The Committee Chair shall make periodic reports to the Board, as requested by the Board, on matters that are within the Committee's area of responsibility.

The Committee shall maintain minutes or other records of its meetings and activities in sufficient detail as to convey the substance of all discussions held, and shall provide an oral report to the Board at the next Board meeting that is held after a Committee meeting.

7. NO RIGHTS CREATED

This Charter is a statement of broad policies and is intended as a component of the flexible governance framework within which the committees of the Board assist the Board in directing the affairs of the Company. While it should be interpreted in the context of all applicable laws, as well as in the context of the Company's articles and notice of articles, it is not intended to establish any legally binding obligations.

Appendix "A"

Definitions from National Instrument 52-110 Audit Committees

Section 1.4 *Meaning of Independence*

- (1) An audit committee member is independent if he or she has no direct or indirect material relationship with the issuer.
- (2) For the purposes of subsection (1), a "material relationship" is a relationship which could, in the view of the issuer's board of directors, be reasonably expected to interfere with the exercise of a member's independent judgement.
- (3) Despite subsection (2), the following individuals are considered to have a material relationship with an issuer:
 - (a) an individual who is, or has been within the last three years, an employee or executive officer of the issuer;
 - (b) an individual whose immediate family member is, or has been within the last three years, an executive officer of the issuer;
 - (c) an individual who:
 - (i) is a partner of a firm that is the issuer's internal or external auditor,
 - (ii) is an employee of that firm, or
 - (iii) was within the last three years a partner or employee of that firm and personally worked on the issuer's audit within that time;
 - (d) an individual whose spouse, minor child or stepchild, or child or stepchild who shares a home with the individual:
 - (i) is a partner of a firm that is the issuer's internal or external auditor,
 - (ii) is an employee of that firm and participates in its audit, assurance or tax compliance (but not tax planning) practice, or
 - (iii) was within the last three years a partner or employee of that firm and personally worked on the issuer's audit within that time;
 - (e) an individual who, or whose immediate family member, is or has been within the last three years, an executive officer of an entity if any of the issuer's current executive officers serves or served at that same time on the entity's compensation committee; and
 - (f) an individual who received, or whose immediate family member who is employed as an executive officer of the issuer received, more than \$75,000 in direct compensation from the issuer during any 12 month period within the last three years.

- (4) Despite subsection (3), an individual will not be considered to have a material relationship with the issuer solely because
 - (a) he or she had a relationship identified in subsection (3) if that relationship ended before March 30, 2004; or
 - (b) he or she had a relationship identified in subsection (3) by virtue of subsection (8) if that relationship ended before June 30, 2005.
- (5) For the purposes of clauses (3)(c) and (3)(d), a partner does not include a fixed income partner whose interest in the firm that is the internal or external auditor is limited to the receipt of fixed amounts of compensation (including deferred compensation) for prior service with that firm if the compensation is not contingent in any way on continued service.
- (6) For the purposes of clause (3)(f), direct compensation does not include:
 - (a) remuneration for acting as a member of the board of directors or of any board committee of the issuer, and
 - (b) the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the issuer if the compensation is not contingent in any way on continued service.
- (7) Despite subsection (3), an individual will not be considered to have a material relationship with the issuer solely because the individual or his or her immediate family member
 - (a) has previously acted as an interim chief executive officer of the issuer, or
 - (b) acts, or has previously acted, as a chair or vice-chair of the board of directors or of any board committee of the issuer on a part-time basis.
- (8) For the purpose of Section 1.4, an issuer includes a subsidiary entity of the issuer and a parent of the issuer.

Section 1.5 Additional Independence Requirements

- (1) Despite any determination made under Section 1.4, an individual who
 - (a) accepts, directly or indirectly, any consulting, advisory or other compensatory fee from the issuer or any subsidiary entity of the issuer, other than as remuneration for acting in his or her capacity as a member of the board of directors or any board committee, or as a part-time chair or vice-chair of the board or any board committee; or
 - (b) is an affiliated entity of the issuer or any of its subsidiary entities, is considered to have a material relationship with the issuer.
- (2) For the purposes of subsection (1), the indirect acceptance by an individual of any consulting, advisory or other compensatory fee includes acceptance of a fee by
 - (a) an individual's spouse, minor child or stepchild, or a child or stepchild who shares the individual's home; or

- (b) an entity in which such individual is a partner, member, an officer such as a managing director occupying a comparable position or executive officer, or occupies a similar position (except limited partners, non-managing members and those occupying similar positions who, in each case, have no active role in providing services to the entity) and which provides accounting, consulting, legal, investment banking or financial advisory services to the issuer or any subsidiary entity of the issuer.
- (3) For the purposes of subsection (1), compensatory fees do not include the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the issuer if the compensation is not contingent in any way on continued service.

Section 1.6 *Meaning of Financial Literacy*

For the purposes of this Instrument, an individual is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the issuer's financial statements.

CERTIFICATE OF THE CORPORATION

Dated: February 28, 2024

This amended and restated prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this amended and restated prospectus as required by the securities legislation of the Provinces of British Columbia, Alberta, and Ontario.

"Alex McAulay"

Alex McAulay, Chief Executive Officer

"Alex McAulay"

Alex McAulay Chief Financial Officer

"Alex McAulay"

Alex McAulay, Director

"Michael Malana"

Michael Malana, Director

CERTIFICATE OF THE AGENT

Dated: February 28, 2024

To the best of our knowledge, information and belief, this amended and restated prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this Prospectus as required by the securities legislation of each of the British Columbia, Alberta and Ontario.

RESEARCH CAPITAL CORPORATION

"Jovan Stupar"

Jovan Stupar
Managing Director