

**FORM 51-102F3
MATERIAL CHANGE REPORT**

Item 1 Name and Address of Company

BluSky Carbon Inc. (the “Company”)
35 Research Parkway,
Old Saybrook, CT 06475
United States

Item 2 Date of Material Change

September 24, 2024

Item 3 News Release

The Company disseminated a news release announcing the material change described herein through the news dissemination services of Accesswire on September 24, 2024 and a copy was subsequently filed on SEDAR+.

Item 4 Summary of Material Change

On September 24, 2024, the Company announced that it has entered into a sales agreement (“**Sales Agreement**”) with a U.S. based purchaser (“**Purchaser**”) pursuant to which the Company has agreed to supply, and the Purchaser has agreed to purchase, up to 382,213 tonnes of biochar over a period of 10 years.

Item 5 Full Description of Material Change

5.1 Full Description of Material Change

Please see the news release attached as Schedule “A” for a full description of the material change.

5.2 Disclosure for Restructuring Transactions

Not applicable.

Item 6 Reliance on Subsection 7.1(2) of National Instrument 51-102

Not applicable.

Item 7 Omitted Information

Not applicable.

Item 8 Executive Officer

For further information, please contact William Hessert, Chief Executive Officer of the Company, at (860) 577-2080 or via email to info@bluskycarbon.com.

Item 9 Date of Report

September 25, 2024



Blusky Carbon Secures US\$105 Million Biochar Sales Agreement

--Ten-year contract for agricultural grade soil amendments in Southern USA

OLD SAYBROOK, CT/VANCOUVER, BC / ACCESSWIRE / September 24, 2024 / BluSky Carbon Inc. (CSE: BSKY) (OTCQB: BSKCF) (FWB: QE4 /WKN A401NM) (“Blusky” or the “Company”), an innovative entry into the carbon removal clean technology sector is very pleased to announce that it has entered into a sales agreement (“**Sales Agreement**”) with a U.S. based purchaser (“**Purchaser**”) pursuant to which the Company has agreed to supply, and the Purchaser has agreed to purchase, up to 382,213 tonnes of biochar over a period of 10 years substantially on the schedule and pricing terms as set forth below:

YEAR 1			YEARS 2-10		
Month	Tonnage	Est. Value	Month	Tonnage	Est. Value
1	537	\$147,675	1	3,333	\$916,667
2	1,075	\$295,625	2	3,333	\$916,667
3	1,254	\$344,850	3	3,333	\$916,667
4	1,254	\$344,850	4	3,333	\$916,667
5	1,254	\$344,850	5	3,333	\$916,667
6	1,791	\$492,525	6	3,333	\$916,667
7	2,508	\$689,700	7	3,333	\$916,667
8	2,508	\$689,700	8	3,333	\$916,667
9	2,508	\$689,700	9	3,333	\$916,667
10	2,508	\$689,700	10	3,333	\$916,667
11	2,508	\$689,700	11	3,333	\$916,667
12	2,508	\$689,700	12	3,333	\$916,667
22,213			40,000		
\$6,108,575			\$11,000,000		

Table 1 (Left) Blusky Carbon monthly biochar scale-up sales for year 1.

Table 2 (Right) Blusky Carbon monthly biochar sales for years 2 to 10

*All currency stated as US dollars. Net 60 days. Delivery: FOB Blusky production site.
(as of September 24, 2024)*

10-YEAR TERM

Year	Tonnage	Est. Value
1	22,213	\$6,108,575
2	40,000	\$11,000,000
3	40,000	\$11,000,000
4	40,000	\$11,000,000
5	40,000	\$11,000,000
6	40,000	\$11,000,000
7	40,000	\$11,000,000
8	40,000	\$11,000,000
9	40,000	\$11,000,000
10	40,000	\$11,000,000
382,213		\$105,108,575

Table 3: BluSky Carbon annual biochar sales for years 1 to 10 (as of September 24, 2024)

The Agreement sets forth a delivery schedule (see tables 1 to 3 above) designed to achieve an initial volume of approximately 22,200 short tons¹ within the first year of operation, scaling up to approximately 40,000 tons per year for the remainder of the of the Agreement. Biochar will be supplied on as-is basis. The moisture content will be verified with a Certificate of Analysis (CoA) at delivery. Based upon a negotiated rate of two hundred and seventy-five dollars (US\$275) per ton, the sales value under the Agreement is approximately US\$105 million.

Biochar is black carbon produced from biomass sources (i.e., wood chips, plant residues, manure or other agricultural waste products) for the purpose of transforming the biomass carbon into a more stable form (carbon sequestration).² It can persist for long periods of time in the soil at various depths, typically thousands of years. Biochar is produced by heating biomass or waste materials containing carbon through pyrolysis. Pyrolysis involves thermal and chemical decomposition of biomass in limited or zero supply of oxygen, typically at temperatures ranging from 300°C to 1000°C. Biochar can be used as a soil amendment to improve soil physical and chemical properties, enhance water retention, and sequester carbon. It also contributes to climate change mitigation by stabilizing carbon in soils for thousands of years, preventing it from being released as carbon dioxide into the atmosphere. Biochar has shown promise in increasing crop yields, improving soil fertility, and reducing environmental pollution through its ability to retain nutrients and minimize greenhouse gas emissions.³

The Company notes that its ability to meet scheduled delivery of biochar beyond year 1 is conditional upon its commissioning and receiving an additional two (2) Vulcan Heavy biomass pyrolysis systems (Vulcan Heavy). The Company anticipates that each Vulcan Heavy will cost approximately US\$3 million and take up to nine months to be manufactured and delivered to the job site. BluSky's ability to commission any Vulcan Heavy will be contingent on its ability to secure financing on acceptable terms, and no assurance can be given this will occur. At present, the Company believes that it will have the ability to produce 15,000 tons annually (with a sales value of approximately US\$4 million under the Agreement) once it completes the build out of its "Kiloplex" facility, including testing and optimization of its Vulcan Heavy system.

The Company notes further that if either party fails to fulfill the terms of this Agreement, the other party may give written notice detailing the breach; thereafter, if the defaulting party does not remedy the breach within ninety (90) days, the Agreement may be terminated for cause. Moreover, the Agreement provides that if congressional funding to the United States Department of Agriculture (USDA) is reduced relative to the funding provided to USDA in 2024, then either party shall have the right to require the other to engage in good faith negotiations to amend the price and material terms of this Agreement; in the event such terms cannot be renegotiated, the Agreement will terminate with no further obligation or liability owed by either party.

The Agreement was concluded with the assistance of Emlia Partners (Emlia), an entity which provides specialized consulting services and an extensive network of brokers and developers with the aim of facilitating access for project financing opportunities focused on biochar solutions for agricultural enterprises.

Notes Emlia Partners' Managing Director, Mr. John Harty, "Biochar's inherent properties are vital to building a sustainable circular economy, offering long-term environmental benefits, while sequestering carbon. The Agreement is a testament to BluSky's innovation and leadership, positioning them at the forefront of the biochar and carbon removal industry. We are proud to be working with their team."

BluSky CEO Will Hessert comments, "This sale positions BluSky as a growing force in the increasingly important carbon removal economy. As with any emerging sector, there is a lot of work yet to be done. Operationally, many of the key elements are already in place, including our first large-scale Vulcan Heavy biomass pyrolysis unit. The system is currently undergoing setup and testing. The Vulcan Heavy is designed

to be a capital-efficient module that can produce industrial quantities of biochar. We founded BluSky Carbon to remove gigatonnes of carbon dioxide from the atmosphere. This Agreement is a great step forward in that direction, and we aim to take many more.”

About BluSky Carbon Inc. (CSE: BSKY) (OTCQB: BSKCF) (FWB: QE4 /WKN: A401NM)

BluSky is a renewable energy company that is in the business of putting Carbon back into the ground – where it belongs! The Company converts organic and industrial waste into biochar, renewable power and carbonate rocks, as well as the development and sale of carbon capture technology. BluSky’s primary objectives are 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 Company’s business model is based on the growing need for carbon neutrality and demand to reduce CO2 emissions.

BluSky Carbon is publicly listed in Canada on the CSE with the trading symbol BSKY, on the OTCQB as BSKCF, and in Frankfurt, Germany (FWB) with the identifier QE4. BluSky’s public filings and related documents are available on the Company’s profile page on SEDAR+ at www.sedarplus.ca. For more information about the Company, please visit <https://bluskycarbon.com/>, watch our [video](#), and sign up to receive [news alerts](#) or join us on social media at [Facebook](#), [X \(formerly twitter\)](#), [Instagram](#), or [LinkedIn](#).

ON BEHALF OF THE COMPANY

William (“Will”) Hessert
Chief Executive Officer

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Forward Looking Information Disclaimer

This news release contains statements and information that constitute “forward-looking information” within the meaning of applicable securities laws. Such information is based on current expectations, estimates, forecasts, projections, beliefs and assumptions made by management of BluSky. Forward-looking information may include financial and other projections, as well as statements regarding future plans, strategies, prospects, objectives or economic performance, or the assumption underlying any of the foregoing. In some cases, forward-looking statements can be identified by terms such as “may”, “would”, “could”, “will”, “likely”, “except”, “anticipate”, “believe”, “intend”, “plan”, “forecast”, “project”, “estimate”, “outlook”, or the negative thereof or other similar expressions concerning matters that are not historical facts. Examples of such statements within this news release include, but are not limited to: the anticipated term of the Agreement; that the counterparty thereunder will fulfill its obligations; that the Company will be successful in scaling its operations, which requires, among other things, the acquisition of multiple Vulcan Heavy machines; that the Company will be successful in completing the buildout of its Kiloplex facility, including testing and optimization of its Vulcan Heavy system; that the Company will be able to complete financings required to scale its operations; and that the Company will be able to meet its commitments under the Agreement.

Forward-looking information is based on current expectations, assumptions, estimates, forecasts, projections, analysis and opinions of management made considering its experience and its perception of

trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such statements are made, but which may prove to be incorrect. The material factors and assumptions used to develop the forward-looking information contained in this news release include, but are not limited to: regulatory requirements being maintained; general business, economic and political conditions; the Company's ability to successfully execute its plans and intentions; the availability of financing on reasonable terms; the Company's ability to attract and retain skilled staff; market competition; the products and technology offered by competitors; that good relationships with service providers and other third parties will be established and maintained; continued growth of the carbon capture technology industry and positive public opinion with respect to the carbon capture technology industry.

Forward-looking information involves known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company to differ materially from any future results, performance or achievements expressed or implied by the forward-looking information, including, without limitation the Company's limited operating history; negative cash flow; financial position and results of operations differing materially from expectations; the expectation of incurring future losses and never becoming profitable; requiring additional capital to continue operations; reliance on the third-party service providers; strong competition from competitors in the carbon capture technology industry; technological changes in relation to carbon capture that may adversely affect adoption of current technology or the Company's products; supply and demand for the reduction of carbon emissions; and other risk factors described in the Amended Prospectus. Accordingly, readers should not place undue reliance on any such forward-looking information. Further, any forward-looking information speaks only as of the date on which such statement is made. New factors emerge from time to time, and it is not possible for the Company's management to predict all such factors and to assess in advance the impact of each such factor on the Company's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking information. The Company does not undertake any obligation to update any forward-looking information to reflect information or events after the date on which it is made or to reflect the occurrence of unanticipated events, except as required by law, including securities laws.

Investors are cautioned to not place undue reliance on forward-looking information, and to carefully review the risk factors described in the Company's Final Prospectus dated May 27, 2024, as amended by Amended No. 1 dated June 11, 2024, available on www.sedarplus.ca under the Company's profile

The CSE has not reviewed and does not accept responsibility for the accuracy or adequacy of this release.

¹ The short ton is a measurement unit equal to 2,000 pounds (907.18 kg). It is commonly used in the United States, where it is known simply as a ton.

² <https://www.ars.usda.gov/midwest-area/stpaul/swmr/people/kurt-spokas/biochar/>

³ <https://edis.ifas.ufl.edu/publication/SS585>