

*This short form prospectus is a base shelf prospectus. This short form prospectus has been filed under legislation in British Columbia, Alberta and Ontario, that permits certain information about these securities to be determined after this prospectus has become final and that permits the omission from this prospectus of that information. The legislation requires the delivery to purchasers of a prospectus supplement containing the omitted information within a specified period of time after agreeing to purchase any of these securities.*

*No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This short form prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and only by persons permitted to sell 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 any state securities laws. These securities may not be offered or sold in the United States and this short form base shelf prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of these securities in the United States. See “Plan of Distribution”.*

*Information has been incorporated by reference in this short form base shelf prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request, without charge, from the Chief Financial Officer of BluSky Carbon Inc. at 214-257 12<sup>th</sup> Street E, North Vancouver, British Columbia, V7L 2J8, Canada, telephone +1 (860) 577-2080 and are also available electronically at [www.sedarplus.ca](http://www.sedarplus.ca).*

## SHORT FORM BASE SHELF PROSPECTUS

NEW ISSUE

November 20, 2024

**BLUSKY CARBON INC.**  
**\$30,000,000**  
**Common Shares**  
**Warrants**  
**Subscription Receipts**  
**Units**  
**Debt Securities**

BluSky Carbon Inc. (“**BluSky**” or the “**Company**”) may offer and sell, from time to time (the “**Offerings**”), (i) common shares in the authorized share structure of the Company (“**Common Shares**”); (ii) warrants (“**Warrants**”) to purchase other Securities (as defined below) of the Company; (iii) subscription receipts (“**Subscription Receipts**”) convertible into other Securities of the Company; (iv) debentures, notes or other evidence of indebtedness of any kind, nature or description and which may be issuable in series (collectively, “**Debt Securities**”); and (v) units (“**Units**”) comprised of one or more of any of the other Securities, or any combination of such Securities (the Common Shares, Warrants, Subscription Receipts, Debt Securities and Units are collectively referred to herein as the “**Securities**”) up to an aggregate initial offering price of (or the equivalent thereof, at the date of issue, in any other currency or currencies, as the case may be) at any time during the 25-month period that this short form base shelf prospectus (including any amendments hereto) (the “**Prospectus**”), remains effective. Securities offered hereby may be offered separately or together, in separate series, in amounts, at prices and on terms to be determined based on market conditions at the time of sale and set forth in an accompanying prospectus supplement (a “**Prospectus Supplement**”). In addition, Securities may be offered and issued in consideration for the acquisition of other businesses, assets or securities by us or one of our subsidiaries. The consideration for any such acquisition may consist of any of the Securities separately, a combination of Securities or any combination of among other things, Securities, cash and assumption of liabilities.

The specific terms of any Securities with respect to a particular offering will be described in the applicable Prospectus Supplement including, where applicable: (i) in the case of Common Shares, the number of Common Shares offered, the offering price, whether the Common Shares are being offered for cash, and any other terms specific to the Common Shares; (ii) in the case of Warrants, the number of Warrants being offered, the offering price, whether the Warrants are being offered for cash, the designation, number and terms of the other Securities issuable upon exercise of the Warrants, and any procedures that will result in the adjustment of those numbers, the exercise price, the dates and periods of exercise, the currency in which the Warrants are issued and any other specific terms; (iii) in the case of Subscription Receipts, the number of Subscription Receipts being offered, the offering price, whether the Subscription Receipts are being offered for cash, the terms, conditions and procedures for the conversion of the Subscription Receipts into other Securities, the designation, number and terms of such other Securities, the currency in which such other Securities are issued and any other terms specific to the Subscription Receipts; (iv) in the case of Debt Securities, the specific designation of the Debt Securities, whether such Debt Securities are senior or subordinated, the aggregate principal amount of the Debt Securities being offered, the currency or currency unit in which the Debt Securities may be purchased, authorized denominations, any limit on the aggregate principal amount of the Debt Securities of the series being offered, the issue and delivery date, the maturity date, the offering price (at par, at a discount or at a premium), the interest rate or method of determining the interest rate, the

interest payment date(s), any conversion or exchange rights that are attached to the Debt Securities, any redemption provisions, any repayment provisions, and any other specific terms; and (v) in the case of Units, the number of Units being offered, the offering price and the designation, number and terms of the Securities comprising the Units. A Prospectus Supplement relating to a particular offering of Securities may include terms pertaining to the Securities being offered thereunder that are not within the terms and parameters described in this Prospectus. Where required by statute, regulation or policy, and where the Securities are offered in currencies other than Canadian dollars, appropriate disclosure of foreign exchange rates applicable to the Securities will be included in the Prospectus Supplement describing the Securities.

All shelf information permitted under applicable laws to be omitted from this Prospectus will be contained in one or more Prospectus Supplements that will be delivered to purchasers together with this Prospectus. Each Prospectus Supplement will be incorporated by reference into this Prospectus for the purposes of securities legislation as of the date of the Prospectus Supplement and only for the purposes of the distribution of the Securities to which the Prospectus Supplement pertains.

This Prospectus constitutes a public offering of the Securities only in those jurisdictions where they may be lawfully offered for sale and only by persons permitted to sell the Securities in such jurisdictions. We may offer and sell Securities to, or through, underwriters or dealers purchasing as principals, directly to one or more other purchasers, or through agents pursuant to applicable statutory exemptions.

The Company may sell the Securities to or through underwriters or dealers purchasing as principals and may also sell the Securities to one or more purchasers directly, through applicable statutory exemptions, or through agents designated by the Company from time to time. The Prospectus Supplement relating to a particular offering of Securities will identify each underwriter, dealer or agent engaged in connection with the offering and sale of the Securities, as well as the method of distribution and the terms of the offering of such Securities, including the net proceeds to the Company and, to the extent applicable, any fees, discounts, concessions or any other compensation payable to underwriters, dealers or agents and any other material terms. See “Plan of Distribution”.

The Securities may be sold from time to time in one or more transactions at a fixed price or prices or at non-fixed prices. If offered on a non-fixed price basis, the Securities may be offered at market prices prevailing at the time of sale, at prices determined by reference to the prevailing price of a specified security in a specified market or at prices to be negotiated with purchasers, in which case the compensation payable to an underwriter, dealer or agent in connection with any such sale will be decreased by the amount, if any, by which the aggregate price paid for the Securities by the purchasers is less than the gross proceeds paid by the underwriter, dealer or agent to the Company. The price at which the Securities will be offered and sold may vary from purchaser to purchaser and during the period of distribution.

In connection with any offering of Securities, unless otherwise specified in a Prospectus Supplement, the underwriters, dealers or agents, as the case may be, may over-allot or effect transactions which stabilize, maintain or otherwise affect the market price of the Securities at a level other than those which otherwise might prevail on the open market. Such transactions may be commenced, interrupted or discontinued at any time. A purchaser who acquires Securities forming part of the underwriters’, dealers’ or agents’ over-allocation position acquires those securities under this Prospectus and the Prospectus Supplement relating to the particular offering of Securities, 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”.

Our outstanding Common Shares are listed and posted for trading on the Canadian Securities Exchange (the “CSE”) under the symbol “BSKY”, on the Frankfurt Stock Exchange under the symbol “QE4”, and on the US-based OTCQB Market under the symbol “BSKCF”. On November 19, 2024, the last trading day of the Common Shares prior to the date of this Prospectus, the closing price of the Common Shares on the CSE was \$0.495. **Unless otherwise specified in the applicable Prospectus Supplement, no Securities other than the Common Shares will be listed on any securities exchange. There is no market through which the Securities, other than the Common Shares, may be sold and purchasers may not be able to resell these Securities purchased under this Prospectus. This may affect the pricing of these Securities in the secondary market, the transparency and availability of trading prices, the liquidity of these Securities, and the extent of issuer regulation. See “Risk Factors”.**

**Prospective investors should be aware that the acquisition of the Securities may have tax consequences that may not be fully described in this Prospectus or in any Prospectus Supplement, and should carefully review the tax discussion, if any, contained in the applicable Prospectus Supplement with respect to a particular Offering of Securities and consult their own tax advisors with respect to their own particular circumstances.**

**Investing in the Securities involves significant risks. Prospective investors should carefully consider the risk factors described under the heading “Risk Factors” in this Prospectus, in the applicable Prospectus Supplement with respect to a particular Offering of Securities and in the documents incorporated by reference herein and therein.**

**No underwriter has been involved in the preparation of this Prospectus or performed any review of the content of this Prospectus.**

Our head office is located at 214-257 12th Street E, North Vancouver, BC V7L 2J8 and our registered and records office is located at 214-257 12th Street E, North Vancouver, BC V7L 2J8.

William Hessert is a director and Chief Executive Officer of the Company and resides outside of Canada and has appointed Gowling WLG (Canada) LLP located at 2300-550 Burrard Street, Vancouver, British Columbia V6C 2B5 as his agent for service of process in Canada. Prospective investors are advised that it may not be possible for investors to enforce judgments obtained in Canada against Mr. Hessert, even though he has appointed an agent for service of process.

Kyle Kornack is a director of the Company and resides outside of Canada and has appointed Gowling WLG (Canada) LLP located at 2300-550 Burrard Street, Vancouver, British Columbia V6C 2B5 as his agent for service of process in Canada. Prospective investors are advised that it may not be possible for investors to enforce judgments obtained in Canada against Mr. Kornack, even though he has appointed an agent for service of process.

Securities legislation in some provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase the Securities. Information with respect to a purchaser’s right to withdraw from or rescind an agreement to purchase Securities is provided below. See “Purchaser Statutory Rights”.

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**You should rely only on the information contained in or incorporated by reference in this Prospectus and any applicable Prospectus Supplement in connection with an investment in the Securities. We have not authorized anyone to provide you with different information. We are not making an offer of the Securities in any jurisdiction where such offer is not permitted. You should assume that the information appearing in this Prospectus or any Prospectus Supplement is accurate only as of the date on the front of those documents and that information contained in any document incorporated by reference herein or therein is accurate only as of the date of that document unless specified otherwise. Our business, financial condition, results of operations and prospects may have changed since those dates.**

In this Prospectus and any Prospectus Supplement, unless the context otherwise requires, the terms “we”, “our”, “us” and the “Company” refer to BluSky Carbon Inc. and our direct and indirect subsidiaries. References to dollars or “\$” are to Canadian Currency unless otherwise indicated.

## CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain of the statements made and information contained in this Prospectus and the documents incorporated by reference herein are “forward-looking statements” or “forward-looking information” within the meaning of applicable securities laws (collectively, “**forward-looking statements**”). All statements, other than statements of historical fact that address activities events or developments that BluSky Carbon Inc. (“we”, “us”, “our”, or the “Company”) believes, expects or anticipates will or may occur in the future are forward-looking statements. Forward-looking statements are often, but not always, identified by: the use of words such as “seek”, “anticipate”, “believe”, “plan”, “estimate”, “expect” and “intend”; statements that an event or result is “due” on or “may”, “will”, “should”, “could”, or “might” occur or be achieved; and, other similar expressions. 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 Company 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. These forward-looking statements include, among other things, statements relating to:

- securities issued by the Company, including the Common Shares;
- 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 Company’s industry;
- exposure to information systems and cyber security threats;
- changes in laws, regulations, and guidelines relating to the Company’s business, including tax (including carbon taxes) and accounting requirements;
- the Company’s expectations regarding its revenue, expenses and operations;
- the Company’s anticipated cash needs and its needs for additional financing;
- the Company’s intention to grow the business and its operations;
- reliance on secondary industries;
- expectations with respect to future production costs and capacity;
- the Company’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 Company’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;
- availability of raw materials;
- rapid technological change in the Company’s industry;
- the Company’s ability to obtain additional funds through the sale of equity or debt commitments;
- obligations of the Company and other parties to contracts entered into by the Company;
- expectations regarding product safety, defects and efficacy;
- expectations regarding acceptance of products and technologies by the market;
- expectations about technical and regulatory milestones being achieved;
- disease outbreaks;
- uninsured liabilities;
- the ability of the Company to hire and retain employees and consultants;
- 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;
- conflicts of interest;
- the intentions of the Company’s board of directors (the “**Board**”) with respect to executive compensation plans and corporate governance plans described herein;

- the Company's ability to protect its intellectual property and to develop, maintain and enhance a strong brand; and
- the Company's ability to compete in a highly competitive and evolving industry.

Certain of the forward-looking statements and other information contained in this Prospectus and the documents incorporated by reference herein concerning the Company's industry and the markets in which it operates, including the Company's general expectations and market position, market opportunities and market share, is based on estimates prepared by the Company 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 Company believes to be reasonable. While the Company 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 Company has not independently verified such third-party information.

Forward-looking statements are based on certain assumptions and analyses made by the Company 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 and the documents incorporated by reference herein, the Company has made various material assumptions, including but not limited to: (i) obtaining the necessary regulatory approvals; (ii) that regulatory requirements will be maintained; (iii) general business, economic and political conditions; (iv) the availability of financing on reasonable terms; (v) the Company's ability to attract and retain skilled staff; (vi) market competition; (vii) the products and technology offered by the Company's competitors; (viii) that good relationships with service providers and other third parties will be established and maintained; (ix) continued growth of the carbon capture technology industry; and (x) positive public opinion with respect to the carbon capture technology industry. Although the Company believes that the assumptions underlying these statements are reasonable, they may prove to be incorrect, and the Company cannot assure that actual results will be consistent with these forward-looking statements. Whether actual results, performance or achievements will conform to the Company'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" in the Company's annual information form, which include:

- the Company has a limited operating history, which makes it difficult to evaluate its business prospects;
- the Company has a negative cash flow;
- the Company's financial position and results of operations may differ materially from expectations;
- the Company expects to incur future losses and may never become profitable;
- the Company may require additional capital to continue its operations;
- some of the Company's operations may rely on third-party service providers;
- the Company faces strong competition from competitors in the carbon capture technology industry, including competitors who could duplicate the Company's model;
- continuing technological changes in relation to carbon capture technology could adversely affect adoption of current carbon capture technology and/or the Company'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 Company could be exposed to product liability claims;
- the Company may face growth-related risks;
- the Company may face risks related to strategic acquisitions in the future;
- changes in regulatory environment could adversely affect the ability of the Company to continue providing its services;
- economic inflationary pressures may increase the Company's costs;
- the Company's internal estimates are based on market forecasts which may prove to be inaccurate;
- the size of the Company's target market is difficult to quantify, and investors will be reliant on their own estimates on the accuracy of market data;
- the Company is subject to pandemic related risks;
- any supply chain disruptions or shortages affecting the Company's suppliers, could adversely affect the Company's business and operating results;
- failure to develop the Company's internal controls over financial reporting as the Company grows could have an adverse impact;

- if the Company 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 Company's business, financial condition or results of operations;
- the Company could incur material losses relating to cyber-attacks or other information security breaches in the future;
- the Company may be forced to defend against claims by third parties against the Company relating to intellectual property rights;
- the Company may be unable to adequately protect its proprietary and intellectual property rights;
- the Company may suffer uninsured losses;
- the Company may not achieve its publicly announced milestones according to schedule, or at all;
- the Company'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 Company's financial results or results of operation;
- failure to comply with United States federal and state laws relating to employment could subject the Company 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 Company's business and future profitability;
- the Company's executive officers and directors own approximately 27.70% of its Common Shares as of the date of this Prospectus;
- the Company may be subject to various potential conflicts of interest;
- there is no existing market for the Common Shares, and the Company 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 Company may need to raise additional capital and issue additional securities;
- if the Company issues additional Common Shares, shareholders may experience dilution in their ownership of the Company;
- 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 Company's control;
- the Company 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 Company may vary from its disclosed intended use of proceeds;
- the Company 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 Company'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 Company. Some of the important risks and factors that could affect forward-looking statements are discussed in the section entitled "Risk Factors" in the Company's annual information form. Although the Company 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 Company's management as well as on assumptions, which the Company's management believes to be reasonable based on information currently available at the time such statements were made. Although the Company 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 Company, 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 Company does not intend or undertake to publicly update any forward-looking statements that are included in this Prospectus or the documents incorporated by reference herein, whether as a result of new information, future events or otherwise, except in accordance with applicable securities law.

## DOCUMENTS INCORPORATED BY REFERENCE

**Information has been incorporated by reference in this Prospectus from documents filed with securities commissions or similar authorities in British Columbia, Alberta and Ontario (collectively, the “Commissions”).** *Copies of the documents incorporated herein by reference may be obtained on request without charge from the secretary of the Company at 214-257 12<sup>th</sup> Street E, North Vancouver, British Columbia, V7L 2J8, Canada, telephone +1 (860) 577-2080. These documents are also available through the internet on SEDAR+, which can be accessed online at [www.sedarplus.ca](http://www.sedarplus.ca).*

The following documents of the Company, filed by the Company with the Commissions, are specifically incorporated by reference into, and form an integral part of, this Prospectus:

- (a) the Company’s annual information form dated October 16, 2024 (the “**AIF**”);
- (b) the Company’s condensed interim consolidated financial statements (as re-filed on October 11, 2024) and management discussion and analysis (as filed on July 29, 2024) for the three and nine months ended May 31, 2024;
- (c) the audited financial statements of Bluski Inc. (“**Bluski**”) for the years ended August 31, 2023 and 2022 included in schedule B to the final long form prospectus of the Company dated May 27, 2024 and filed on SEDAR+ on May 28, 2024 (the “**Long Form Prospectus**”);
- (d) management’s discussion and analysis for Bluski for the year ended August 31, 2023 included in schedule B to the Long Form Prospectus;
- (e) the audited financial statements and management’s discussion and analysis of the Company for the period from incorporation on July 25, 2023 to March 31, 2024 included in schedule A to the Long Form Prospectus;
- (f) the disclosure in the Long Form Prospectus under the headings “Executive Compensation”, “Directors and Executive Officers”, “Indebtedness of Directors and Executive Officers” and “Options to Purchase Securities”, excluding the sentence “As of the date of this Prospectus, no Awards have been issued by the Corporation under the Plan” (the “**Long Form Prospectus Disclosure**”);
- (g) the material change report of the Company dated June 21, 2024, announcing the Company’s common shares have been listed for trading on the CSE;
- (h) the material change report of the Company dated June 21, 2024, announcing that the Company closed its initial public offering;
- (i) the material change report of the Company dated July 18, 2024, announcing that Company’s CEO, Mr. William Hessert joined the board of the US Biochar Coalition, an organization aiming to elevate awareness among the public, policy makers, and end markets of the biochar industry;
- (j) the material change report dated August 7, 2024 announcing that the Company granted stock options and restricted share units (“**RSUs**”) to certain employees and a director/officer of the Company;
- (k) the material change report dated August 9, 2024 announcing that the Company entered into a binding letter of intent with Glen Scharer and Carbon Alliance Group Inc. (“**Carbon Alliance**”) dated August 9, 2024, to acquire from Glen Scharer of all of the issued and outstanding shares of Carbon Alliance;
- (l) the material change report dated September 6, 2024 announcing that the Company granted stock options and RSUs to certain employees and a director/officer of the Company. Thereafter, on August 29, 2024, the Company announced that, further to its August 9, 2024 news release, it terminated the letter of intent with Carbon Alliance;
- (m) the material change report of the Company dated September 25, 2024, announcing that the Company entered into a sales agreement with a U.S. based purchaser pursuant to which the Company has agreed to supply up to 382,213 tonnes of biochar over a period of 10 years; and

- (n) the material change report of the Company dated October 22, 2024, announcing that the Company intends to complete a private placement offering of up to 6,000,000 special warrants of the Company (the “**Special Warrants**”) at a price of \$0.50 per Special Warrant, for gross proceeds of up to \$3,000,000.

Any document of the types referred to in the preceding paragraph (excluding press releases and confidential material change reports) or of any other type required to be incorporated by reference into a short form prospectus pursuant to National Instrument 44-101 – *Short Form Prospectus Distributions* that are filed by us with a Commission after the date of this Prospectus and prior to the termination of an Offering under any Prospectus Supplement shall be deemed to be incorporated by reference in this Prospectus.

**Any statement contained in this Prospectus or in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this Prospectus to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not constitute a part of this Prospectus, except as so modified or superseded.**

A Prospectus Supplement containing the specific terms of an Offering will be delivered to purchasers of such Securities together with this Prospectus and will be deemed to be incorporated by reference into this Prospectus as of the date of such Prospectus Supplement, but only for the purposes of the Offering covered by that Prospectus Supplement.

Reference to the Company’s website in any documents that are incorporated by reference into this Prospectus do not incorporate by reference the information on such website into this Prospectus, and the Company disclaims any such incorporation by reference.

## **BUSINESS OF THE COMPANY**

The principal business of the Company is converting organic and industrial wastes into biochar, renewable power, and carbonate rocks.

### **Project Update**

#### *Kiloplex Facility*

In August 2024, the Company expanded into a new facility with a larger footprint to accommodate a larger production center located in Arkansas (the “**Kiloplex Facility**”). The Kiloplex Facility has allowed BluSky to continue to grow its operations and add to its existing production capacity. The Kiloplex Facility provides the Company the space to add modular systems on site, resulting in the improvement of BluSky’s operations.

The Kiloplex Facility is intended to be the smallest of a set of three plants: the Kiloplex, Megaplex and Gigaplex. A Kiloplex facility is designed to house the infrastructure that is easily replicable for future production orders. BluSky’s next infrastructure goal would be to build a Megaplex, a facility that can house multiple systems that can capture up to a million tonnes per year. Once there is sufficient market demand to do so, BluSky intends to build a Gigaplex, a facility to build more Megaplex’s and Kiloplex’s. The Company does not have any plans to build a Megaplex or Gigaplex in the next 12 months or near future. The Company anticipates that a Megaplex facility would cost approximately US\$75 million to construct. The estimated cost to construct a Gigaplex is in the range of US\$10 billion.

#### *Design of in-house Vulcan Heavy System*

As of October 29, 2024, BluSky’s first entirely in-house Vulcan Heavy biomass pyrolysis systems (“**Vulcan Heavy System**”) became operational at its Kiloplex Facility in Arkansas. The completion of this project will assist the Company in reaching its long-term goals and to improve the short-term profitability of the Company. The ability to produce Vulcan Heavy Systems entirely in-house was a necessity for the Company’s growth.

### *Addition and Expansion of modular systems on the site*

As of the date of this Prospectus, the Company has not used any portion of the proceeds under the expansion of modular system objective to complete the addition of a modular system to its Kiloplex Facility. The Company intends to add a larger scale Medusa system to convert gaseous CO<sub>2</sub> into carbonate rocks and in turn to directly connect to BluSky's existing Vulcan Heavy System in order to mineralize the CO<sub>2</sub> leaving the Vulcan Heavy System's exhaust stream. This machine, like the prototype of the Medusa, will be constructed on site by BluSky. The Company anticipates that it would require approximately \$500,000 to complete this project. The Company anticipates that the next stage of the project will be completed by Q3 2025, based on BluSky's fiscal year end of August 31.

### *Maximization of energy production*

As of the date of this Prospectus, the Company has not used any portion of the proceeds under the maximization of energy production objective. The Vulcan Heavy system currently produces a syngas that can be converted into electricity. In order to build it, BluSky needs to be able to identify the exact chemical make up the syngas. From there, BluSky will be able to create a system that can turn that syngas with its exact make up into electricity. BluSky has an outline as to how it intends to harness the syngas emission to create electricity but will need to continue work to finalize the design in order to make it operational within the Vulcan Heavy System. As at the date of this Prospectus, the Company has not used any funds to complete the next stage of this project. The Company anticipates that it would require approximately \$200,000 to complete this project. The Company anticipates that the next stage of the project will be completed by Q2 2025, based on BluSky's fiscal year end of August 31.

### *Design for production of carbon mineralization and direct capture systems*

Using advanced modelling and external consultants, BluSky is looking to maximize the efficiency in which the Medusa and Kronos system absorbs CO<sub>2</sub>. BluSky has begun experimenting with novel thermal stripping techniques, which is using heat to strip the CO<sub>2</sub> from the absorbent. From there, BluSky began its design process and conducted experimental work with external consultants to optimize the mineralization reaction. BluSky has an understanding as to how it will be able to optimize the gas to liquid techniques with the assistance of its external consultants. BluSky is currently completing its research methods to optimize the mineralization reaction and will subsequently finalize the design to be implemented into the next models of the Medusa and Kronos systems. The Company anticipates that it would require approximately \$35,000 to complete the next stage of this project. The Company anticipates that the next stage of the project will be completed by Q2 2025, based on BluSky's fiscal year end of August 31.

Further information regarding the business of the Company or its operations can be found in the materials incorporated by reference into this Prospectus. See "*Documents Incorporated by Reference*".

## **Recent Developments**

On November 12, 2024, the Company announced that it had entered into a preliminary joint venture agreement with Ikigai Carbon Corporation ("**Ikigai**"), aimed at establishing and deploying future biochar projects in the African Republic of Namibia ("**Namibia**"). The project is to be structured as a 50/50 joint venture between the Company and Ikigai under which both parties intend to collaborate regarding project financing, formation of Namibian entities, and securing local partnerships. The partnership will focus on deploying biochar technology and related projects in Namibia utilizing the Company's pyrolysis technology, operational and consulting services for biochar production, and biomass carbon removal.

On November 6, 2024, the Company announced that the JV (as described below) entered into preliminary agreements with two commercial prospects focused on earning Carbon Credit revenues through BioChar production in Orlando, Florida and the United Republic of Tanzania. In the United Republic of Tanzania, the JV entered into a binding letter of intent with Carbon Market Exchange Inc. ("**CMX**") to collaborate on the development and operation of biochar production facilities utilizing local biomass feedstock provided by an existing agreement (to which CMX is a party) with a regional growers' association and other parties in Tanzania. The intention is for the facility to utilize the Company's pyrolysis equipment, operational and consulting services to produce biochar, carbon removal credits, bio-oils and other products. In Orlando, Florida, the JV entered into a preliminary agreement with Neutralizing Environmental Trash Inc. ("**NET**") whereby NET and the JV would create a 50/50 joint venture under which the JV would provide pyrolysis equipment, operational and consulting service for biochar production, bioenergy production, and biomass carbon removal.

On November 5, 2024, the Company announced that in connection with an agreement entered into with Canaccord Genuity Corp. (the "**Agent**"), it intends to complete a best-efforts private placement offering of up to 6,000,000 special warrants of

the Company (the “**Special Warrants**”) at a price of \$0.50 per Special Warrant for gross proceeds of up to \$3,000,000 (the “**Special Warrant Offering**”). Each Special Warrant will entitle the holder thereof to receive, for no additional consideration and subject to customary anti-dilution adjustments, one unit of the Company (a “**Special Warrant Unit**”) on the earlier of: (i) four months and one day following the closing date of the Special Warrant Offering, or (ii) the fifth business day after the Company obtains a receipt for a final prospectus qualifying the distribution of the Special Warrant Units issuable upon the conversion of the Special Warrants. Each Unit will be comprised of one Common Share and one-half of one Common Share purchase warrant. Each Common Share purchase warrant will entitle the holder to acquire one Common Share at an exercise price of \$0.65 for a period of 24 months. The Company has granted the Agent an option to purchase up to an additional 15% of the number of Special Warrants issued pursuant to the Special Warrant Offering, exercisable at any time prior to the closing of the Special Warrant Offering.

On October 29, 2024, the Company announced that it had commenced production of biochar at its dedicated facility in Arkansas.

On October 25, 2024, the Company announced it entered into a master services agreement with Scotia BioChar Inc. (“**Scotia**”) pursuant to which Scotia may, from time to time, issue statements of work for provision by the Company of manufacturing equipment and/or professional consulting services relating to the production of biochar.

On October 15, 2024, the Company announced that it intended to complete a private placement offering of up to 6,000,000 special warrants of the Company for gross proceeds of \$3,000,000.

On October 11, 2024, the Company announced the entering into of a joint venture agreement (the “**JV Agreement**”). The JV Agreement, dated October 9, 2024, was entered into between Bluski and Red Mountain Biochar, LLC (“**Red Mountain**”) to create a joint venture (the “**JV**”). The JV Agreement was entered into for the purposes of pursuing and executing various project opportunities related to the (i) production and processing of biochar, (ii) deployment of carbon removal technologies, and (iii) exploration and deployment of opportunities in related industries and technologies, as well as other commercial opportunities that the JV may identify. Pursuant to the JV Agreement, the JV established a board of control (the “**Board of Control**”), consisting of two members appointed by each of Bluski and Red Mountain, respectively. The Board of Control is responsible for overall general management of the operations, affairs, and project management of the JV. In accordance with the JV Agreement, each of Bluski and Red Mountain have a 50% interest in the profits and losses of the JV. The JV Agreement contains a shot-gun clause whereby Red Mountain may at any time give notice to Bluski of its intention to buy Bluski’s interest in the JV (the “**Buy-Sell Notice**”). Upon receipt of the Buy-Sell Notice, Bluski has the option to either (i) sell its interest in the JV to Red Mountain; or (ii) buy Red Mountain’s interest in the JV, pursuant to the terms of the original offer. The term of the JV Agreement will continue until (i) the JV Agreement is terminated mutually by both parties or (ii) the JV Agreement is terminated by one party upon 10 days’ written notice if a force majeure remains uncured for a period of 45 consecutive days.

On October 1, 2024, the Company announced that an invitation to join the German Deutscher Verband für negative Emissionen e.V. (DVNE) organization resulted in application acceptance as a general member of the organization.

On September 24, 2024, the Company entered into a sales agreement with a U.S. based 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 for aggregate consideration of US\$105,108,575. 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 Systems. The Company anticipates that each Vulcan Heavy System will cost approximately US\$3 million and take up to nine months to be manufactured and delivered to the job site. The Company’s ability to commission any Vulcan Heavy System 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 wet short tons annually (with a sales value of approximately US\$4 million under the sales agreement) once it completes the build out of the Kiloplex Facility, including testing and optimization of its Vulcan Heavy System. The Vulcan Heavy System is designed to produce an estimated 15,000 wet short tons per year, based on forecasted data and calculations. As the Vulcan Heavy System became operational on October 24, 2024, the Company will be monitoring the output to ensure the Company’s calculations are accurate. The Company intends to finance the additional two Vulcan Heavy Systems through the issuance of securities in the future. The Company anticipates that the first biochar delivery will be completed by the end of November 2024.

On September 16, 2024, the Company announced that it granted 50,000 RSUs and 100,000 options to a consultant of the Company, with the options exercisable at a price of \$0.57 per Common Share and expiring two years from the date of grant.

On August 29, 2024, the Company announced that its common shares were trading on the U.S. based OTCQB Market under the symbol “BSKCF.”

On August 27, 2024, the Company announced that it granted an aggregate of 100,000 options to certain consultants of the Company at an exercise price of \$0.495, expiring five years from the date of grant. The options are subject to vesting provisions corresponding to the achievement of certain milestones. In addition, the Company granted an aggregate of 903,542 RSUs to certain consultants of the Company, subject to vesting provisions.

On July 17, 2024, the Company’s Common Shares began trading on the Frankfurt Stock Exchange.

On July 2, 2024, the Company announced that it entered into a multi-year brokerage and monitoring, reporting & verification services agreement with Carbonfuture GmbH with immediate effect.

On June 25, 2024, the Company announced that it secured its first specialized biomass pyrolysis carbon removal equipment sale valued at US\$686,155 with the city of Minneapolis, Minnesota, U.S.A. The sale value includes US\$76,155 for customs charges, and US\$25,000 for storage. Delivery was anticipated in Q3 of 2024, and initial payments of US\$393,000 have been received to date against the order. As of the date of this prospectus, BluSky has performed the work pursuant to the agreement, but the Vulcan II System has not been delivered to the city of Minneapolis due to the city’s delays in the building of the its structure to house the Vulcan II System. BluSky has provided the goods by way of Vulcan II System; and the City of Minneapolis has paid BluSky a \$25,000 storage fee so that the Vulcan II System would be stored at BluSky’s facility until the Minneapolis structure has been completed.

On June 25, 2024, the Company announced that it entered into a US\$1.25 Million agreement with SQUAKE.earth GmbH (“**SQUAKE**”) dated March 21, 2024, a Berlin-based provider of technical solutions for the integration of CO2 calculations and CO2 emission reductions for the travel and logistics industry. The SQUAKE Agreement details the sale of carbon removal credits by the Company to SQUAKE for permanent retirement (i.e., no longer tradeable). Under the terms of the SQUAKE Agreement, SQUAKE will purchase from the Company a minimum volume in tonnes of CO2 per year as specified in the SQUAKE Agreement. The specifications identify the sale of Biochar CO2 removal credits based on mutually agreed quality standards subject to minimum quantities of tCO2e (tonnes of carbon dioxide equivalent or carbon credits) purchased commencing in 2024 to Q1 2026 with an estimated term value of €1,162,000 EU (approx. US\$1.25 Million) per the date of the SQUAKE Agreement (subject to currency fluctuations). SQUAKE has the option to request, by no later than January 18, 2026, an extension of the term of the SQUAKE Agreement by one year, upon which the parties will enter into mutual negotiations regarding term extensions encompassing future volumes and delivery dates of carbon removal credits. As of the date of this prospectus, SQUAKE has purchased from BluSky, and BluSky has delivered carbon removal credits to SQUAKE as per the purchasing schedule (as defined in the SQUAKE Agreement). The next allotment of carbon removal credits is estimated to be delivered by BluSky on later than the beginning of Q2 2025, based on BluSky’s fiscal year end of August 31.

On June 25, 2024, the Company announced that its Vulcan II biomass pyrolysis system was successfully activated on January 29, 2024. The system is capable of removing up to 800 tonnes of CO2 per year.

The Company filed its final long form prospectus on May 28, 2024 and amendment to its final long form prospectus on June 12, 2024, and began trading on the CSE under symbol “BSKY” on June 20, 2024. The Company also began trading on the Frankfurt Stock Exchange under the symbol “QE4”.

On November 10, 2023, the Company, Bluski and 1448451 B.C. Ltd. (a wholly-owned subsidiary of the Company) entered into an arrangement agreement (the “**Arrangement**”). Under the Arrangement, the Company acquired all of the issued and outstanding shares of Bluski by way of exchanging 4,900 common shares and 4,900 share purchase warrants of the Company for each common share and share purchase warrant of Bluski, respectively, outstanding at closing. 1448451 B.C. Ltd. merged with Bluski to form an amalgamated entity under the name “BluSki Inc.” which became a wholly-owned subsidiary of the Company. The Arrangement was amended on November 23, 2023, February 27, 2024, and April 30, 2024. The Arrangement closed on May 24, 2024. The Arrangement constitutes a reverse takeover of the Company by BluSki with Bluski deemed as the acquirer for accounting purposes.

## **RISK FACTORS**

An investment in the securities of the Company is highly speculative and involves numerous and significant risks. Such investment should be undertaken only by investors whose financial resources are sufficient to enable them to assume these risks and who have no need for immediate liquidity in their investment. Prospective investors should carefully consider the

risk factors that have affected, and which in the future are reasonably expected to affect, the Company and its financial position.

In addition to the risks outlined below, the Company has identified the extreme volatility occurring in the financial markets as a significant risk for the Company. As a result of the market turmoil, investors are moving away from assets they perceive as risky to those they perceive as less so. Companies like the Company are considered risk assets and as mentioned above are highly speculative. The volatility in the markets and investor sentiment may make it difficult for the Company to access the capital markets to raise the funds required for its future expenditures.

## **Business and Operations Risks**

### *Limited History of Operations*

The Company was formed in July 2023. The Company has a very limited operating history upon which to base an evaluation of the business and prospects of the Company. Operating results for future periods are subject to numerous uncertainties and the Company cannot assure investors that the Company will achieve or sustain profitability. The Company'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, the Company's success in attracting necessary financing, establishing credit or operating facilities, the Company's ability to control operational costs, and the Company's ability in retaining motivated and qualified personnel, as well as the general economic conditions which affect consumer businesses. The Company cannot make assurances that it will successfully address any of these risks.

### *Negative Cash Flows and Going Concern*

Since inception, the Company has not generated revenues and has incurred losses, resulting in a negative operating cash flow. There is no assurance that the Company will generate sufficient revenues in the near future. To the extent that the Company 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 Company may also be required to raise additional funds through the issuance of equity or debt securities. There can be no assurance that the Company 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 Company.

To the extent that funds generated from any private placements, public offerings and/or bank financing are insufficient, the Company 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 Company's financial position and results of operations may differ materially from expectations*

The Company's actual financial position and results of operations may differ materially from management's expectations. As a result, the Company's revenue, net income and cash flow may differ materially from the Company's projected revenue, net income and cash flow. The process for estimating the Company'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 Company's financial condition or results of operations.

### *The Company expects to incur future losses and may never become profitable*

The Company has incurred losses since incorporation and expects to incur an operating loss for its next fiscal year-end subsequent to the date the Company became listed for trading on the CSE. The Company believes that operating losses will continue, as it is planning to incur significant costs associated with the research, development and market of its products. The Company'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 Company expects that losses will fluctuate from quarter to quarter and year to year, and that such fluctuations may be substantial. The Company cannot predict when it will become profitable, if at all.

### *Contract Dependency Risk*

Though the Company is not dependent on any one service provider, certain material contracts are key to the Company's business. If the Company loses key contracts and programs, there is no guarantee that it will be able to replace the lost revenue by engaging new customers or contracts. The operating results and revenue of the Company may be significantly impacted by loss of key contracts and programs, which could in the future impact operations.

### *The Company May Require Additional Capital*

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

### *Potential undisclosed liabilities associated with the Arrangement Transaction*

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

### *Product Defects*

Although the Company considers the products it distributes to be of high quality, the products distributed by the Company 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 Company 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 Company's business, financial condition, and results of operations.

### *The Company may face growth-related risks*

The Company may be subject to growth-related risks including pressure on its internal systems and controls. The Company'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 Company to deal with this growth could have a material adverse impact on its business, operations and prospects. The Company may experience growth in the number of its employees and the scope of its operating and financial systems, resulting in increased responsibilities for the Company's personnel, the hiring of additional personnel and, in general, higher levels of operating expenses. In order to manage its future growth effectively, the Company 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 Company will be able to manage such growth effectively, that its management, personnel or systems will be adequate to support the Company's operations or that the Company 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 Company may pursue strategic acquisitions in the future. Risks in acquisition transactions include difficulties in the integration of acquired businesses into the Company'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 Company against liabilities arising from the acquired businesses, and unfavorable market



conditions that could negatively impact the Company's growth expectations for the acquired businesses. Fully integrating an acquired company or business into the Company's operations may take a significant amount of time. There is no certainty that the Company will be successful in overcoming these risks or any other problems encountered with acquisitions and other strategic transactions. These risks may prevent the Company 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 Company completes a large acquisition or multiple acquisitions within a short period of time.

#### *Changes in Regulatory Environment*

The Company'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 among 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 Company's products. In addition, new laws or regulations affecting the Company'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 Company fails to comply with these applicable laws or regulations, the Company 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 Company's business and/or harm its customers, and thereby adversely affect the Company's business, financial condition and results of operations.

#### *Elimination of the Carbon Tax*

The existence of the carbon tax is one of the factors contributing to the demand for the Company'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 Company 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 Company 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 the impact of global policy developments, including resolution of Article 6 of the Paris Agreement and the role of Internationally Transferred Mitigation Outcomes and any developments arising from the United Nations Climate Change Conference. Future global policy development may positively or adversely affect the Company 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 impacts from the war in Ukraine. The Company'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 Company's market share capture are difficult to predict. The estimated addressable market may not materialize in the timeframe of the Company's internal projections, if ever, and even if the markets meet the size estimates and growth estimates of the Company, the Company's business could fail to grow at similar rates.

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

Because the Company'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 Company and, few, if any, established companies whose business model the Company can follow or upon whose success the Company can build. Accordingly, investors will have to rely on their own estimates about the Company. There can be no assurance that the Company'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 Company 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 Company's ability to obtain equipment and other supplies necessary for the Company's business on a timely basis and at anticipated costs. Any continued or new supply chain disruptions, or shortages affecting the Company's suppliers, could adversely affect the Company's business and operating results.

In addition, the ongoing conflict between Russia and Ukraine could lead to disruption, instability and volatility in global markets and industries that could negatively impact the Company'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 Company's supply chain, which, in turn, could affect the Company's business and operating results.

### *Failure to Develop Internal Controls*

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

### *Unfavorable Global Economic Conditions*

The Company'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 Company's business, including weaker demand for product candidates and impairment of the Company'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 Company's services. Any of the foregoing could harm the Company's business, and the Company cannot anticipate all of the ways in which the current economic climate and financial market conditions could adversely impact the Company's business. The markets in which the Company competes are characterized by rapid technological change, which requires the Company to develop new products and product enhancements, and could render the Company's existing products obsolete

Continuing technological changes in the market for the Company's products could make its products less competitive or obsolete, either generally or for particular applications. The Company'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 Company's competitors' products. If the Company 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 Company could experience operating losses.

#### *Technological Risks*

Computer malware, viruses, physical or electronic break-ins and similar disruptions could lead to interruption and delays in the Company'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 Company's systems in the future. Any attempts by hackers to disrupt the Company's website service or its internal systems, if successful, could harm the Company's business, be expensive to remedy and damage the Company's reputation or brand. The Company's insurance may not be sufficient to cover significant expenses and losses related to direct attacks on the Company's website or internal systems. Efforts to prevent hackers from entering the Company'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 Company's products and services and technical infrastructure may harm its reputation, brand and its ability to attract customers. Any significant disruption to the Company's website or internal computer systems could result in a loss of customers and could adversely affect the Company's business and results of operations.

The Company 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.

#### *Reliance on information technology systems and risk of cyberattacks*

The Company 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 Company'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 Company'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 Company's reputation and results of operations.

There can be no assurance that the Company will not incur material losses relating to cyber-attacks or other information security breaches in the future. The Company'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 Company, the Company 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 Company faces increasing competition, the possibility of intellectual property rights claims against the Company grows. The Company'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 Company could harm its relationships with its customers, may deter future customers from subscribing to the Company's services or could expose it to litigation with respect to these claims. Even if the Company 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 Company to defend its intellectual property in any subsequent litigation in which it is a named party. Any of these results could harm the Company's brand and operating results.

Any intellectual property rights claim against the Company 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 Company from offering its services to its customers and may require that the Company procure or develop substitute services that do not infringe.

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

#### *Protection of Intellectual Property*

The Company 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 Company 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 Company cannot state whether the trademarks it may apply for will be approved, refused, and/or ultimately registered. In addition, the Company'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 Company in the future from challenging third parties who use names and logos similar to the Company's trademarks, which may in turn cause consumer confusion or negatively affect consumers' perception of the Company's brand and products.

The Company 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 Company 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 Company's or infringe the Company's intellectual property. The enforcement of the Company's intellectual property rights also depends on its legal actions against these infringers being successful, however, the Company 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 Company'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 Company 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 Company's operating results, financial condition, and business performance.

#### *The Company may not achieve its publicly announced milestones according to schedule, or at all*

From time to time, the Company 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 Company 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 Company's operations are subject to environmental health and safety laws and regulations*

The Company 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 Company or others in the Company'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 Company's operations or on a timeline that meets our commercial obligations, it may adversely impact the Company'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 Company'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 Company's operations as well as other future projects, the extent of which cannot be predicted.

Further, the Company 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 Company's or its contractors, may result in liability under environmental laws, including, but not limited to, 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 Company 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 Company to penalties and other adverse consequences*

The Company is subject to various employment-related laws in the jurisdictions in which its employees are based. The Company 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 labour 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 Company'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.

#### *Conflicts of Interest*

The Company 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 Company'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 Company. In some cases, the Company's executive officers and directors may have fiduciary obligations associated with these business interests that interfere with their ability to devote time to the Company's business and affairs and that could adversely affect the Company's operations. These business interests could require significant time and attention of the Company's executive officers and directors.

In addition, the Company 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 Company 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 Company. In addition, from time to time, these persons may be competing with the Company 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 Company'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 Company are required to act honestly, in good faith and in the best interests of the Company.

#### *Non-Issuer Submission to Jurisdiction*

Messrs. William Hessert and Kyle Kornack reside outside of Canada and each has respectively appointed Gowling WLG (Canada) LLP located at 2300-550 Burrard Street, Vancouver, British Columbia V6C 2B5, as their 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.

#### *Fluctuating Price of Carbon Credits*

The price at which Common Shares are traded are influenced by a number of factors, some specific to the Company 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 Company's control. Other factors could include the performance of the Company, 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 Company'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 Company 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 Company.

#### *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 Company'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 Company's profitability, results of operation and financial condition. In addition, the Company'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 Company 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 Company'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 Company'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 Company'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 Company.

#### *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 Company 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 Company will be able to compete successfully against other companies. The Company's inability to acquire carbon credits may result in a material and adverse effect on the Company's profitability, results of operation and financial condition.

#### **Risk Related to Common Shares**

##### *Substantial holdings by Directors and Officers of the Company*

As of the date of the Prospectus, the Company's officers and directors beneficially own a total of 18,617,137 Common Shares, or approximately 27.70% of the total issued and outstanding Common Shares of the Company. 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 Company 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 Company's Common Shares. This concentration of ownership may not be in the best interests of all of the Company'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 Company's shareholders to sell their Common Shares, thus causing the market price of the Company's Common Shares to decline. In addition, actual or anticipated downward pressure on the Company'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 Company'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 Company directors and executive officers may sell a significant number of Common Shares for a variety of reasons unrelated to the performance of the Company's business. The Company'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.

### *Liquidity of 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 Company'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 Company and its proposed operations, and some which may affect the sectors in which the Company operates. Such factors could include the performance of the Company'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 Company, and general market and economic conditions.

### *Need for additional financing and issuance of additional securities*

There is no guarantee that the Company will be able to achieve its business objectives. The continued development of the Company will require additional financing. The failure to raise such capital could result in the delay or indefinite postponement of current business objectives or the Company 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 Company.

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 Company'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 Company have discretion to determine the price and the terms of issue of further issuances. Moreover, additional Common Shares will be issued by the Company on the exercise of incentive awards granted under the Company's Plan and upon the exercise of outstanding warrants. In addition, from time to time, the Company 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 Company'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 Company to obtain additional capital and to pursue business opportunities, including potential acquisitions. If adequate funds are not obtained, the Company may be required to reduce, curtail, or discontinue operations. There is no assurance that the Company'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 Company 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 in the authorized share structure of the Company would dilute existing shareholders' ownership in the Company. The price of the Common Shares may fluctuate.

The market price of the Company's 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 Company. 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 Company'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 Company may be the target of this type of litigation in the future. Securities litigation against the Company could result in substantial costs and divert its management's attention from other business concerns, which could seriously harm the Company's business.



### *Market Price of Common Shares and Volatility*

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 Company's performance that may affect the price of the Common Shares include the following: the extent of analytical coverage available to investors concerning the Company's business may be limited if investment banks with research capabilities do not follow the Company; 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 Company'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 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 the Company's 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 Company 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 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.

### *No Dividends*

The Company has never paid any cash or stock dividends and they do not intend to pay any dividends for the foreseeable future. To the extent that the Company requires additional funding is currently not provided for in the financing plan, and the funding sources may prohibit the payment of any dividends. Because the Company does not intend to declare dividends, any gain on the investment will need to result from an appreciation in the price of the common shares of the Company. There will therefore be fewer ways in which investors are able to make a gain on their investment.

### *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*

The Company is 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 Company is subject to U.S. income tax on its worldwide income and any dividends paid by the Company 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 Company will be subject to Canadian income tax on its worldwide income. Consequently, it is anticipated that the Company 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.

Dividends received by Non-Resident Holders of Common Shares who are U.S. Holders will not be subject to U.S. withholding tax but will be subject to Canadian withholding tax. Since the Company will be considered to be a U.S. domestic corporation for U.S. federal income tax purposes, dividends paid by the Company 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, and (b) United States withholding tax 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.

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

The Company is 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 Company is classified as a United States real property holding corporation (a “**USRPHC**”) under the Code. The Company does not anticipate becoming one in the foreseeable future. However, the Company 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 Company 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. 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.

#### *Loss of Status as “Foreign Private Issuer” in the USA*

The Company 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 the Company’s second fiscal quarter, more than 50 percent of the Company’s outstanding Common Shares are directly or indirectly owned by residents of the United States. If the Company determines that it fail to qualify as a foreign private issuer, the Company 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 Company is required to register its Common Shares under section 12(g) of the U.S. Exchange Act, the Company 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 Company to additional exposure to liability for which it may not be able to obtain insurance coverage on favorable terms or at all.

## **BANKRUPTCIES**

No director or executive officer (or any of their personal holding companies) or, to the best of the Company’s knowledge, shareholder holding a sufficient number of securities to materially affect the control of the Company:

- (a) is, as at the date of this Prospectus, or was within ten years before the date of the Prospectus, a director or executive officer, of any company, including the Company, 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 ten 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 that individual.

## USE OF PROCEEDS

Unless otherwise specified in the applicable Prospectus Supplement, the net proceeds from the sale of Securities will be used to advance our business objectives and for general corporate purposes, including funding ongoing operations and/or working capital requirements, repaying indebtedness outstanding from time to time, discretionary capital programs and potential future acquisitions. Each Prospectus Supplement will contain specific information concerning the use of proceeds from that sale of Securities.

The Company had negative operating cash flow in recent years. To the extent that the Company has negative cash flow in future periods, the Company may need to deploy a portion of proceeds from Offerings to fund such negative cash flow.

All expenses relating to an Offering and any compensation paid to underwriters, dealers or agents, as the case may be, will be paid out of the proceeds from the sale of such Securities, unless otherwise stated in the applicable Prospectus Supplement.

On June 19, 2024 the Company closed its IPO issuing 11,500,000 units, including exercise in full of an over allotment option, at a price of \$0.50 per unit for gross proceeds of \$5,750,000. Net proceeds received after broker cash commissions of \$396,580, a corporate finance fee of \$57,750 (including GST), and other cash share issuance costs of \$82,250 were \$5,213,420. The principal purposes for the use of proceeds from the Company's IPO were provided in the Company's Long Form Prospectus dated May 27, 2024 and filed on SEDAR+ on May 28, 2024 under the heading "Use of Proceeds."

An analysis of the actual use of net proceeds from the date of the Long Form Prospectus until September 30, 2024, and any material variances are set out below:

Objective	Cost projected in IPO Prospectus (Maximum offering)	Approximate amount distributed through September 30, 2024	Estimated Timeline	Explanation and impact of variance, as applicable
<b>Facility expansion</b>	<b>\$1,458,829</b>	<b>\$518,250</b>		
Facility expenses	101,829	111,250	Completed Q4 2024	
Finishing the facility and completing the Vulcan system	407,000	407,000	Completed Q4 2024	
Expansion of the Medusa System	500,000	Nil	Q3 2025	Timeline was pushed from Q4 2024 to Q3 2025 due to Facility relocation
Engineering staff salaries	450,000	Nil	Q3 2025	
<b>Execution of marketing program</b>	<b>\$929,000</b>	<b>\$829,700</b>		
Public Relations	879,000	829,700	Q2 2025	
Branding development	50,000	Nil	Q2 2025	
<b>Research and development</b>	<b>\$400,000</b>	<b>165,000</b>		
Design of in-house Vulcan	150,000	150,000	Q4 2025	Timeline was pushed from Q1 2025 to Q4 2025 due to strategic focus on other R&D items.
Maximization of energy production	200,000	Nil	Q2 2025	
Design for production of carbon mineralization and direct capture systems	50,000	15,000	Q3 2025	
<b>General and administrative <sup>(1)</sup></b>	<b>\$2,425,591</b>	<b>\$1,486,656</b>	<b>Q3 2025</b>	
<b>TOTAL</b>	<b>\$5,213,420</b>	<b>\$2,999,606</b>		

### Notes:

(1) The Long Form Prospectus disclosed general and administrative expenses in its use of proceeds to be \$1,844,000. As the full over-allotment option was exercised in the Company's IPO, additional proceeds of \$581,591 are allocated to general and administrative expenses to reconcile the net proceeds actually received on closing of the IPO of \$5,213,420.

## CONSOLIDATED CAPITALIZATION

The following tables sets forth the capitalization of the Company as at the date of this Prospectus, and as at the date following the completion of the Company initial public offering (“IPO”) on June 19, 2024. This table should be read in conjunction with the financial statements and notes thereto included elsewhere in this Prospectus. Since the date of the condensed interim consolidated financial statements of the Company for the three and nine months ended May 31, 2024, which are incorporated by reference in this Prospectus, there has been no material change to the share and loan capital of the Company on a consolidated basis, other than as disclosed in this Prospectus. Subsequent to May 31, 2024 and prior to the date of this Prospectus, no Common Shares reserved for issuance pursuant to outstanding stock options have been issued pursuant to the exercise of outstanding options. See “Prior Sales”.

Description of the Security	Authorized	Outstanding as at the closing date of the IPO	Outstanding as at the date of this Prospectus
Common Shares (undiluted)	Unlimited	63,204,849	67,215,206
Warrants	N/A	19,678,580	15,563,927
Finder’s Warrants	N/A	369,903	369,903
Compensation Options	N/A	793,160	793,160
Options	N/A <sup>(1)</sup>	850,000	6,096,000
Restricted Stock Units	N/A <sup>(1)</sup>	350,000	2,151,973

Notes:

- (1) Pursuant to the Plan, the aggregate number of Common Shares that may be subject to issuance under the Plan shall not exceed 20% of the Corporation’s issued and outstanding share capital from time to time.

## PLAN OF DISTRIBUTION

The Company may sell the Securities, separately or together: (a) to one or more underwriters or dealers; (b) through one or more agents; or (c) directly to one or more other purchasers. Each Prospectus Supplement will set forth the terms of the applicable Offering, including the name or names of any underwriters or agents, the purchase price or prices of the Securities and the proceeds to the Company from the sale of the Securities. In addition, Securities may be offered and issued in consideration for the acquisition of other businesses, assets or securities by us or our subsidiaries. The consideration for any such acquisition may consist of any of the Securities separately, a combination of Securities or any combination of, among other things, securities, cash and assumption of liabilities.

The Securities may be sold from time to time in one or more transactions at a fixed price or prices which may be changed or at market prices prevailing at the time of sale, at prices related to such prevailing market prices or at negotiated prices. The prices at which the Securities may be offered may vary as between purchasers and during the period of distribution. If, in connection with an Offering at a fixed price or prices, the underwriters have made a bona fide effort to sell all of the Securities at the initial offering price fixed in the applicable Prospectus Supplement, the public offering price may be decreased and thereafter further changed, from time to time, to an amount not greater than the initial public offering price fixed in such Prospectus Supplement, in which case the compensation realized by the underwriters will be decreased by the amount that the aggregate price paid by purchasers for the Securities is less than the gross proceeds paid to us by the underwriters.

Underwriters, dealers or agents who participate in the distribution of Securities may be entitled under agreements to be entered into with the Company to indemnification by us against certain liabilities, including liabilities under Canadian securities legislation, or to contribution with respect to payments which such underwriters, dealers or agents may be required to make in respect thereof. The underwriters, dealers or agents with whom we enter into agreements may be customers of, engage in transactions with, or perform services for, us in the ordinary course of business.

In connection with any offering of Securities, except as otherwise set out in a Prospectus Supplement relating to a particular Offering, the underwriters or dealers, as the case may be, may over-allot or effect transactions intended to fix or stabilize the market price of the Securities at a level above that which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time.

### PRIOR SALES

During the 12 months preceding the date of this Prospectus, the Company has issued the following Common Shares:

Date of Issuance	Number of Securities Issued	Type of Security	Issue / Exercise Price (\$)
November 19, 2024	187,500 <sup>(1)</sup>	Common Shares	0.10
November 15, 2024	281,250 <sup>(2)</sup>	Common Shares	0.10
November 14, 2024	50,000 <sup>(3)</sup>	Common Shares	0.50
November 14, 2024	1,200,000 <sup>(3)</sup>	Common Shares	0.10
November 6, 2024	750,000 <sup>(4)</sup>	Common Shares	0.10
November 1, 2024	250,000 <sup>(5)</sup>	Common Shares	0.10
October 29, 2024	37,500 <sup>(6)</sup>	Common Shares	0.50
October 24, 2024	556,250 <sup>(7)</sup>	Common Shares	0.10
October 21, 2024	87,500 <sup>(8)</sup>	Common Shares	0.65
October 21, 2024	343,750 <sup>(9)</sup>	Common Shares	0.10
October 21, 2024	13,500 <sup>(10)</sup>	Common Shares	0.50
October 11, 2024	75,000 <sup>(11)</sup>	Common Shares	0.10
September 05, 2024	50,000 <sup>(12)</sup>	Common Shares	0.55
September 03, 2024	106,177 <sup>(13)</sup>	Common Shares	0.49
July 29, 2024	21,930 <sup>(14)</sup>	Common Shares	0.57
June 19, 2024	11,500,000 <sup>(15)</sup>	Common Shares	0.50
June 19, 2024	87,500 <sup>(16)</sup>	Common Shares	0.82
May 24, 2024	25,545,490 <sup>(17)</sup>	Common Shares	0.30
May 2, 2024	4,610,000 <sup>(18)</sup>	Common Shares	0.40
December 15, 2023	6,231,859 <sup>(19)</sup>	Common Shares	0.30
October 19, 2023	15,230,000 <sup>(20)</sup>	Common Shares	0.05

#### Notes:

- (1) On November 19, 2024, the Company issued 187,500 Common Shares pursuant to a warrant exercise.
- (2) On November 15, 2024, the Company issued 281,250 Common Shares pursuant to a warrant exercise.
- (3) On November 14, 2024, the Company issued 1,250,000 Common Shares pursuant to warrant exercises.
- (4) On November 6, 2024, the Company issued 750,000 Common Shares pursuant to warrant exercises.
- (5) On November 1, 2024, the Company issued 250,000 Common Shares pursuant to a warrant exercise.
- (6) On October 29, 2024, the Company issued 37,500 Common Shares pursuant to a warrant exercise.
- (7) On October 24, 2024, the Company issued 556,250 Common Shares pursuant to a warrant exercise.
- (8) On October 21, 2024, the Company settled 87,500 vested RSUs through the issuance of 87,500 Common Shares, pursuant the vesting schedule of the RSUs granted to management and directors on June 19, 2024.
- (9) On October 21, 2024, the Company issued 343,750 Common Shares pursuant to a warrant exercise.
- (10) On October 21, 2024, the Company issued 13,500 Common Shares pursuant to a warrant exercise.
- (11) On October 11, 2024, the Company issued 75,000 Common Shares pursuant to a warrant exercise.
- (12) On September 5, 2024, the Company issued 50,000 RSU's to a consultant, vesting immediately. The Company settled 50,000 vested RSUs on grant date through the issuance of 50,000 Common Shares.
- (13) On September 3, 2024, the Company settled 106,177 vested RSUs through the issuance of 106,177 Common Shares.
- (14) On July 29, 2024, the Company issued 1,201,538 RSUs to certain employees and officers, subject to vesting provisions. The Company settled 21,930 vested RSUs on grant date through the issuance of 21,930 common shares.

- (15) Issued in connection with the Company's initial public offering of 11,500,000 units at \$0.50 per unit. Each unit consists of one Common Share and one-half of one share purchase warrant.
- (16) On June 19, 2024, the Company issued 350,000 RSUs to management and directors. The RSUs vest 25% on the grant date, and then 25% every four months thereafter. The Company settled 87,500 vested RSUs on grant date through the issuance of 87,500 Common Shares.
- (17) The Common Shares were issued as consideration pursuant to the closing of the Arrangement.
- (18) Subscription Receipts issued on May 2, 2024 automatically converted into units on closing of the Arrangement, consisting of one Common Share and one-half of one Common Share purchase warrant.
- (19) The Company issue units consisting of one Common Share and one-half of one Common Share purchase warrant.
- (20) The Company issued units consisting of one Common Share and one-half of one Common Share purchase warrant.

During the 12 months preceding the date of this Prospectus, the Company has issued the following, RSUs, warrants, subscription receipts and options:

Date of Issuance	Number of Securities Issued	Type of Security	Issue / Exercise Price (\$)
September 05, 2024	50,000 <sup>(1)</sup>	RSUs	N/A
September 05, 2024	100,000 <sup>(2)</sup>	Options	0.57
August 23, 2024	903,542 <sup>(3)</sup>	RSUs	N/A
August 23, 2024	100,000 <sup>(4)</sup>	Options	0.495
July 29, 2024	1,201,538 <sup>(5)</sup>	RSUs	N/A
July 29, 2024	5,046,000 <sup>(6)</sup>	Options	0.58
June 19, 2024	5,750,000 <sup>(7)</sup>	Warrants	0.75
June 19, 2024	793,160 <sup>(8)</sup>	Options	0.50
June 19, 2024	350,000 <sup>(9)</sup>	RSUs	N/A
June 19, 2024	850,000 <sup>(10)</sup>	Options	0.50
May 24, 2024	522,754 <sup>(11)</sup>	Warrants	0.50
May 02, 2024	2,305,000 <sup>(12)</sup>	Warrants	0.75
March 26, 2024	56,000 <sup>(13)</sup>	Warrants	0.40
December 15, 2023	3,115,929 <sup>(14)</sup>	Warrants	0.50
December 15, 2023	313,903 <sup>(15)</sup>	Warrants	0.50
October 19, 2023	7,615,000 <sup>(16)</sup>	Warrants	0.10

**Notes:**

- (1) On September 5, 2024, the Company issued 50,000 RSU's to a consultant, vesting immediately. The Company settled 50,000 vested RSUs on grant date through the issuance of 50,000 Common Shares.
- (2) On September 5, 2024, the Company issued 100,000 stock options with an exercise price of \$0.57 to a consultant, expiring two years from the date of grant vesting immediately.
- (3) On August 23, 2024, the Company issued 903,542 RSUs to certain consultants, subject to vesting provisions.
- (4) On August 23, 2024, the Company issued 100,000 stock options with an exercise price of \$0.495 to certain consultants, expiring five years from the date of grant. The stock options are subject to vesting provisions corresponding to the achievement of certain milestones.
- (5) On July 29, 2024, the Company issued 1,201,538 RSUs to certain employees and officers, subject to vesting provisions. The Company settled 21,930 vested RSUs on grant date through the issuance of 21,930 Common Shares. The Company further settled 106,177 vested RSUs on September 3, 2024 through the issuance of 106,177 Common Shares.
- (6) On June 29, 2024, the Company issued 5,046,000 stock options with an exercise price of \$0.58 to certain employees and a director/officer, expiring five years from the date of grant. The stock options are subject to vesting provisions corresponding to the achievement of certain milestones.
- (7) Issued in connection with the Company's initial public offering of 11,500,000 units at \$0.50 per unit. Each unit consisted of one Common Share and one-half of one share purchase warrant. Each whole warrant entitles the holder to purchase one common share for an exercise price of \$0.75 until June 19, 2026.
- (8) Issued as compensation options to the Company's agents in connection with the Company's initial public offering. Each option is exercisable into units of the Company at a price of \$0.50. Each unit consists of one common share and one-half of one share purchase warrant. Each whole warrant entitles the holder to purchase one common share for an exercise price of \$0.75 until June 19, 2026.
- (9) On June 19, 2024, the Company issued 350,000 RSUs to management and directors. The RSUs vest 25% on the grant date, and then 25% every four months thereafter. The Company settled 87,500 vested RSUs on grant date through the issuance of 87,500 Common Shares.
- (10) On June 19, 2024, the Company issued 850,000 stock options with an exercise price of \$0.50 to directors, expiring five years from the date of the grant. The stock options vest 25% on the grant date, and then 25% every four months thereafter.

- (11) Warrants were issued as consideration pursuant to the closing of the Arrangement. Each whole warrant entitles the holder to purchase one common share for an exercise price of \$0.50 for a period of two (2) years from the date of issuance.
- (12) Warrants issued upon automatic conversion of subscription receipts (\$0.40 per subscription receipt) into units on closing of the Arrangement, with each unit consisting of one Common Share and one-half of one Common Share purchase warrant exercisable into one Common Share at an exercise price of \$0.75 per share for a period of two (2) years from the date of issuance.
- (13) The Company issued 56,000 finder's warrants to certain finders in connection with the issue and sale of its subscription receipt offering.
- (14) Warrants were issued in connection with unit offering at price of \$0.30 per unit, with each unit comprised of one (1) Common Share and one-half (1/2) of one Common Share purchase warrant, with each warrant entitling 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.
- (15) The Company issued 313,903 finder's warrants to certain finders in connection with the issue and sale of the December 15, 2023 unit offering.
- (16) Warrants issued in connection with unit offering at a price of \$0.05 per unit, with each unit comprised of one (1) Common Share and one-half (1/2) of one Common Share purchase warrant, with each warrant entitling 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.

## SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table provides information regarding compensation plans under which securities of the Company are authorized for issuance to employees, officers, non-employee directors, and consultants:

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options and RSUs <sup>(1)</sup> (a)	Weighted-Average Exercise Price of Outstanding Options (b)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans <sup>(2)</sup> (Excluding Securities Reflected in Column (a)) (c)
Equity Compensation Plans Approved By Shareholders <sup>(3)</sup>	8,247,973	0.57	5,195,068
Equity Compensation Plans Not Approved by Shareholders	N/A	N/A	N/A
<b>Total</b>	<b>8,247,973</b>		<b>5,195,068</b>

**Notes:**

- (1) The holders of RSUs are entitled to receive a Common Share or a cash payment equal to the fair market value of a Common Share for each RSU held.
- (2) Based on a maximum of issuance of 13,443,041 Common Shares in accordance with the Plan, being 20% of the total issued and outstanding Common Shares of the Company as at the date of this Prospectus.
- (3) Granted pursuant to the Company's Stock and Incentive Plan (the "Plan").

## PRICE RANGE AND TRADING VOLUME

The Company completed its initial public offering on June 19, 2024 and its common shares commenced trading on the CSE on June 20, 2024. The following chart sets out the high and low trading prices, and volume of Common Shares traded, for the period June 20, 2024 to November 19, 2024 for the Company:

Common Shares (Trading Symbol: "BSKY")				
Month	High (\$)	Low (\$)	Average Close (\$)	Total Volume for Month
November 1, 2024- November 19, 2024	0.58	0.37	0.49	3,283,253
October 2024	0.67	0.47	0.57	8,568,464
September 2024	0.65	0.45	0.56	2,969,105
August 2024	0.63	0.45	0.507	1,080,766
July 2024	0.87	0.51	0.676	1,062,009
June 20, 2024 to June 28, 2024	0.90	0.75	0.857	576,227

## **DIVIDEND POLICY**

We have not declared any dividends or distributions on the Common Shares since our incorporation. We intend to retain our earnings, if any, to finance the growth and development of our operations and do not presently anticipate paying any dividends or distributions in the foreseeable future. The Board may, however, declare from time to time such cash dividends or distributions out of the monies legally available for dividends or distributions as the Board considers advisable. Any future determination to pay dividends or make distributions will be at the discretion of the Board and will depend on our capital requirements, results of operations and such other factors as the Board considers relevant.

## **DESCRIPTION OF COMMON SHARES**

Our authorized share structure consists of an unlimited number of Common Shares. As at the date of this Prospectus, 67,215,206 Common Shares are issued and outstanding.

The holders of Common Shares are entitled to dividends, if, as and when declared by the Board. The holders of Common Shares are entitled to one vote per Common Share at meetings of the shareholders and, upon liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, to share equally in such assets of the Company as are distributable to the holders of the Common Shares.

There are no pre-emptive rights, no conversion or exchange rights, no redemption, retraction, purchase for cancellation or surrender provisions. There are no sinking or purchase fund provisions, no provisions permitting or restricting the issuance of additional securities or any other material restrictions and there are no provisions which are capable of requiring a securityholder to contribute additional capital.

Except as disclosed elsewhere in this Prospectus and the documents incorporated by reference herein, no person or company beneficially owns, or controls or directs, directly or indirectly, voting securities carrying 10 per cent or more of the voting rights attached to the Common Shares.

## **DESCRIPTION OF WARRANTS**

We may issue Warrants to purchase Common Shares. This section describes the general terms that will apply to any Warrants issued pursuant to this Prospectus.

Warrants may be offered separately or together with other Securities and may be attached to or separate from any other Securities. Unless the applicable Prospectus Supplement otherwise indicates, each series of Warrants will be issued under a separate warrant indenture to be entered into between us and one or more banks or trust companies acting as Warrant agent. The Warrant agent will act solely as our agent and will not assume a relationship of agency with any holders of Warrant certificates or beneficial owners of Warrants. The applicable Prospectus Supplement will include details of the warrant indentures, if any, governing the Warrants being offered. The specific terms of the Warrants, and the extent to which the general terms described in this section apply to those Warrants, will be set out in the applicable Prospectus Supplement.

The Prospectus Supplement relating to any Warrants that we offer will describe the Warrants and the specific terms relating to the Offering. The description will include, where applicable:

- the designation and aggregate number of Warrants;
- the price at which the Warrants will be offered;
- the currency or currencies in which the Warrants will be offered;
- the date on which the right to exercise the Warrants will commence and the date on which the right will expire;
- the designation, number and terms of the Common Shares that may be purchased upon exercise of the Warrants, and the procedures that will result in the adjustment of those numbers;
- the exercise price of the Warrants;



- the designation and terms of the Securities, if any, with which the Warrants will be offered, and the number of Warrants that will be offered with each Security;
- if the Warrants are issued as a Unit with another Security, the date, if any, on and after which the Warrants and the other Security will be separately transferable;
- any minimum or maximum amount of Warrants that may be exercised at any one time;
- any terms, procedures and limitations relating to the transferability, exchange or exercise of the Warrants;
- whether the Warrants will be subject to redemption or call and, if so, the terms of such redemption or call provisions;
- material Canadian federal income tax consequences of owning the Warrants; and
- any other material terms or conditions of the Warrants.

Warrant certificates will be exchangeable for new Warrant certificates of different denominations at the office indicated in the Prospectus Supplement. Prior to the exercise of their Warrants, holders of Warrants will not have any of the rights of holders of the Securities subject to the Warrants. We may amend the warrant indenture(s) and the Warrants, without the consent of the holders of the Warrants, to cure any ambiguity, to cure, correct or supplement any defective or inconsistent provision or in any other manner that will not prejudice the rights of the holders of outstanding Warrants, as a group.

#### **DESCRIPTION OF UNITS**

We may issue Units comprised of one or more of the other Securities described in this Prospectus in any combination. Each Unit will be issued so that the holder of the Unit is also the holder of each of the Securities included in the Unit. Thus, the holder of a Unit will have the rights and obligations of a holder of each included Security. The unit agreement, if any, under which a Unit is issued may provide that the Securities included in the Unit may not be held or transferred separately, at any time or at any time before a specified date. The particular terms and provisions of Units offered by any Prospectus Supplement, and the extent to which the general terms and provisions described below may apply thereto, will be described in the Prospectus Supplement filed in respect of such Units.

#### **DESCRIPTION OF SUBSCRIPTION RECEIPTS**

The following is a brief summary of certain general terms and provisions of the Subscription Receipts that may be offered pursuant to this Prospectus. This summary does not purport to be complete. The particular terms and provisions of the Subscription Receipts as may be offered pursuant to this Prospectus will be set forth in the applicable Prospectus Supplement pertaining to such offering of Subscription Receipts, and the extent to which the general terms and provisions described below may apply to such Subscription Receipts will be described in the applicable Prospectus Supplement.

Subscription Receipts may be offered separately or together with other Securities, as the case may be. The Subscription Receipts may be issued under one or more subscription receipt agreements, each to be entered into between the Company and an escrow agent (the “**Escrow Agent**”), which will establish the terms and conditions of the Subscription Receipts. Each Escrow Agent will be a financial institution organized under the laws of Canada or a province or territory thereof and authorized to carry on business as at trustee. The applicable Prospectus Supplement will include details of the subscription receipt agreement, if any, governing the Subscription Receipts being offered. The Company will file a copy of any subscription receipt agreement relating to an offering of Subscription Receipts with the relevant securities regulatory authorities in Canada after it has been entered into by the Company.

Each applicable Prospectus Supplement will set forth the terms and other information with respect to the Subscription Receipts being offered thereby, which may include, without limitation, the following (where applicable):

- the aggregate number of Subscription Receipts offered;
- the price at which the Subscription Receipts will be offered;
- the currency in which the Subscription Receipts will be offered and whether the price is payable in installments;

- the terms, conditions and procedures for the conversion or exchange of the Subscription Receipts into other Securities;
- the dates or periods during which the Subscription Receipts may be converted or exchanged into other Securities;
- the designation, number and terms of the other Securities that may be issued upon exercise or deemed conversion of each Subscription Receipt;
- the designation, number and terms of any other Securities with which the Subscription Receipts will be offered, if any, and the number of Subscription Receipts that will be offered with each Security;
- conditions to the conversion or exchange of Subscription Receipts into Securities and the consequences of such conditions not being satisfied;
- the circumstances, if any, which will cause the Subscription Receipts to be deemed to be automatically converted or exchanged;
- provisions applicable to any escrow of the gross or net proceeds from the sale of the Subscription Receipts plus any interest or income earned thereon, and for the release of such proceeds from such escrow;
- the identity of the Subscription Receipt agent;
- whether the Subscription Receipts will be listed on any securities exchange;
- any minimum or maximum subscription amount;
- whether such Subscription Receipts are to be issued in registered form, “book-entry only” form, non-certificated inventory system form, bearer form or in the form of temporary or permanent global securities and the basis of exchange, transfer and ownership thereof;
- terms applicable to the gross or net proceeds from the sale of the Subscription Receipts plus any interest earned thereon;
- certain material tax consequences of owning or converting or exchanging the Subscription Receipts; and
- any other material terms and conditions of the Subscription Receipts.

Prior to the exchange of their Subscription Receipts, holders of Subscription Receipts will not have any of the rights of holders of the Securities to be received on the exchange of the Subscription Receipts.

The terms and provisions of any Subscription Receipts offered under a Prospectus Supplement may differ from the terms described above, and may not be subject to or contain any or all of the terms described above.

### **DESCRIPTION OF DEBT SECURITIES**

The following sets forth certain general terms and provisions of the Debt Securities. The particular terms and provisions of a series of Debt Securities offered pursuant to this Prospectus will be set forth in the applicable Prospectus Supplement, and the extent to which the general terms and provisions described below may apply to such Debt Securities, will be described in the applicable Prospectus Supplement. The Company may issue Debt Securities, separately or together, with Common Shares, Subscription Receipts, Warrants or Units or any combination thereof, as the case may be. The Company may issue Debt Securities and incur additional indebtedness other than through the offering of Debt Securities pursuant to this Prospectus.

The Debt Securities may be issued in one or more series under an indenture (the “**Indenture**”) to be entered into between the Company and one or more trustees (the “**Trustee**”) that will be named in a Prospectus Supplement for a series of Debt Securities. A copy of any such trust indenture will be filed with the relevant securities regulatory authorities in Canada after it has been entered into by the Company.

Prospective investors should read both the Prospectus and the Prospectus Supplement for a complete summary of all material terms relating to a particular series of Debt Securities. Prospective investors should be aware that information in the applicable Prospectus Supplement may update and supersede the following information regarding the general material terms and provisions of the Debt Securities. Prospective investors also should refer to the Indenture, as it may be supplemented by any supplemental indenture, for a complete description of all terms relating to the Debt Securities.

The Indenture will not limit the aggregate principal amount of Debt Securities that we may issue under the Indenture and will not limit the amount of other indebtedness that we may incur. The Indenture will provide that we may issue Debt Securities from time to time in one or more series and may be denominated and payable in Canadian dollars or any foreign currency. Unless otherwise indicated in the applicable Prospectus Supplement, the Debt Securities will be unsecured obligations of the Company. The Indenture will also permit us to increase the principal amount of any series of the Debt Securities previously issued and to issue that increased principal amount.

The description of certain provisions of the Indenture in this section do not purport to be complete and are subject to, and are qualified in their entirety by reference to, the provisions of the Indenture. Terms used in this summary that are not otherwise defined herein have the meaning ascribed to them in the Indenture. The particular terms relating to Debt Securities offered by a Prospectus Supplement will be described in the related Prospectus Supplement. The description in any such Prospectus Supplement may include, but may not be limited to, any of the following, if applicable:

- the specific designation of the Debt Securities;
- any limit on the aggregate principal amount of the Debt Securities;
- the date or dates, if any, on which the Debt Securities will mature and the portion (if less than all of the principal amount) of the Debt Securities to be payable upon declaration of acceleration of maturity;
- the rate or rates (whether fixed or variable) at which the Debt Securities will bear interest, if any, the date or dates from which any such interest will accrue and on which any such interest will be payable and the record dates for any interest payable on the Debt Securities that are in registered form;
- whether and under what circumstances we will be required to pay any additional amounts for withholding or deduction for Canadian taxes with respect to the Debt Securities, and whether and on what terms we will have the option to redeem the Debt Securities rather than pay the additional amounts;
- the terms and conditions under which we may be obligated to redeem, repay or purchase the Debt Securities pursuant to any sinking fund or analogous provisions or otherwise;
- the terms and conditions upon which we may redeem the Debt Securities, in whole or in part, at our option;
- the covenants applicable to the Debt Securities;
- the terms and conditions for any conversion or exchange of the Debt Securities for any other Securities;
- the extent and manner, if any, to which payment on or in respect of the Debt Securities of the series will be senior or will be subordinated to the prior payment of other liabilities and obligations of the Company;
- whether the Debt Securities will be secured or unsecured;
- whether the Debt Securities will be issuable in registered form or bearer form or both, and, if issuable in bearer form, the restrictions as to the offer, sale and delivery of the Debt Securities which are in bearer form and as to exchanges between registered form and bearer form;
- whether the Debt Securities will be issuable in the form of registered global securities (“**Global Securities**”), and, if so, the identity of the depositary for such registered Global Securities;

- the denominations in which registered Debt Securities will be issuable, if other than denominations of \$1,000, integral multiples of \$1,000 and the denominations in which bearer Debt Securities will be issuable, if other than \$5,000;
- each office or agency where payments on the Debt Securities will be made and each office or agency where the Debt Securities may be presented for registration of transfer or exchange;
- if other than Canadian dollars, the currency in which the Debt Securities are denominated or the currency in which we will make payments on the Debt Securities;
- material Canadian federal income tax consequences of owning the Debt Securities;
- any index, formula or other method used to determine the amount of payments of principal of (and premium, if any) or interest, if any, on the Debt Securities;
- any changes or additions to, or deletions of, events of default or covenants whether or not such events of default or covenants are consistent with the events of default or covenants in the Indenture;
- the applicability of, and any changes or additions to, the provisions for defeasance described under “Defeasance” below;
- whether the holders of any series of Debt Securities have special rights if specified events occur; and
- any other terms, conditions, rights or preferences of the Debt Securities which apply solely to the Debt Securities.

If we denominate the purchase price of any of the Debt Securities in a currency or currencies other than Canadian dollars or a non-Canadian dollar unit or units, or if the principal of and any premium and interest on any Debt Securities is payable in a currency or currencies other than Canadian dollars or a non-Canadian dollar unit or units, we will provide investors with information on the restrictions, elections, general tax considerations, specific terms and other information with respect to that issue of Debt Securities and such non-Canadian dollar currency or currencies or non-Canadian dollar unit or units in the applicable Prospectus Supplement. Each series of Debt Securities may be issued at various times with different maturity dates, may bear interest at different rates and may otherwise vary.

The terms on which a series of Debt Securities may be convertible into or exchangeable for Common Shares or other securities of the Company will be described in the applicable Prospectus Supplement. These terms may include provisions as to whether conversion or exchange is mandatory, at the option of the holder or at the option of the Company, and may include provisions pursuant to which the number of Common Shares or other securities to be received by the holders of such series of Debt Securities would be subject to adjustment.

To the extent any Debt Securities are convertible into Common Shares or other securities of the Company, prior to such conversion the holders of such Debt Securities will not have any of the rights of holders of the securities into which the Debt Securities are convertible, including the right to receive payments of dividends or the right to vote such underlying securities.

### ***Guarantees***

Our payment obligations under any series of Debt Securities may be guaranteed by certain of our direct or indirect subsidiaries. The terms of such guarantees will be set forth in the applicable Prospectus Supplement.

### ***Ranking and Other Indebtedness***

Unless otherwise indicated in an applicable Prospectus Supplement, and except to the extent prescribed by law, each such series of Debt Securities shall be senior, unsubordinated and unsecured obligations of the Company and shall rank *pari passu* and ratably without preference among themselves and *pari passu* with all other senior, unsubordinated and unsecured obligations of the Company. The Debt Securities will be structurally subordinated to all existing and future liabilities, including trade payable and other indebtedness, of our subsidiaries.

Our Board may establish the extent and manner, if any, to which payment on or in respect of a series of Debt Securities will be senior, senior subordinated or will be subordinated to the prior payment of the Company's other liabilities and obligations, and whether the payment of principal, premium, if any, and interest, if any, will be guaranteed by any other person and the nature and priority of any security.

### ***Debt Securities in Global Form***

#### *The Depositary and Book-Entry*

Unless otherwise specified in the applicable Prospectus Supplement, a series of the Debt Securities may be issued in whole or in part in global form as a "global security" and will be registered in the name of or issued in bearer form and be deposited with a depository, or its nominee, each of which will be identified in the applicable Prospectus Supplement relating to that series. Unless otherwise permitted by the terms of the Indenture or until exchanged, in whole or in part, for the Debt Securities in definitive registered form, a global security may not be transferred except as a whole by the depository for such global security to a nominee of the depository, by a nominee of the depository to the depository or another nominee of the depository or by the depository or any such nominee to a successor of the depository or a nominee of the successor.

The specific terms of the depository arrangement with respect to any portion of a particular series of the Debt Securities to be represented by a global security will be described in the applicable Prospectus Supplement relating to such series. The Company anticipates that the provisions described in this section will apply to all depository arrangements.

Upon the issuance of a global security, the depository therefor or its nominee will credit, on its book entry and registration system, the respective principal amounts of the Debt Securities represented by the global security to the accounts of such persons, designated as "participants", having accounts with such depository or its nominee. Such accounts shall be designated by the underwriters, dealers or agents participating in the distribution of the Debt Securities or by the Company if such Debt Securities are offered and sold directly by the Company. Ownership of beneficial interests in a global security will be limited to participants or persons that may hold beneficial interests through participants. Ownership of beneficial interests in a global security will be shown on, and the transfer of that ownership will be effected only through, records maintained by the depository therefor or its nominee (with respect to interests of participants) or by participants or persons that hold through participants (with respect to interests of persons other than participants). The law of some states in the United States may require that certain purchasers of securities take physical delivery of such securities in definitive form. So long as the depository for a global security or its nominee is the registered owner of the global security or holder of a global security in bearer form, such depository or such nominee, as the case may be, will be considered the sole owner or holder of the Debt Securities represented by the global security for all purposes under the Indenture. Except as provided below, owners of beneficial interests in a global security will not be entitled to have a series of the Debt Securities represented by the global security registered in their names, will not receive or be entitled to receive physical delivery of such series of the Debt Securities in definitive form and will not be considered the owners or holders thereof under the Indenture.

Any payments of principal, premium, if any, and interest, if any, on global securities registered in the name of a depository or securities registrar will be made to the depository or its nominee, as the case may be, as the registered owner of the global security representing such Debt Securities. None of the Company, any trustee or any paying agent for the Debt Securities represented by the global securities will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests of the global security or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests. The Company expects that the depository for a global security and its nominee, upon receipt of any payment of principal, premium, if any, or interest, if any, will credit participants' accounts with payments in amounts proportionate to their respective beneficial interests in the principal amount of the global security as shown on the records of such depository or its nominee. The Company also expects that payments by participants to owners of beneficial interests in a global security held through such participants will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers registered in "street name", and will be the responsibility of such participants.

#### *Discontinuation of Depositary's Services*

If a depository for a global security representing a particular series of the Debt Securities is at any time unwilling or unable to continue as depository or, if at any time the depository for such series shall no longer be registered or in good standing under the Exchange Act, and a successor depository is not appointed by us within 90 days, the Company will issue such series of the Debt Securities in definitive form in exchange for a global security representing such series of the Debt Securities. If an event of default under the Indenture has occurred and is continuing, Debt Securities in definitive form will be printed and delivered upon written request by the holder to the appropriate trustee. In addition, the Company may at any

time and in the Company's sole discretion determine not to have a series of the Debt Securities represented by a global security and, in such event, will issue a series of the Debt Securities in definitive form in exchange for all of the global securities representing that series of Debt Securities.

### ***Debt Securities in Definitive Form***

A series of the Debt Securities may be issued in definitive form, solely as registered securities, solely as unregistered securities or as both registered securities and unregistered securities. Registered securities will be issuable in denominations of \$1,000 and integral multiples of \$1,000 and unregistered securities will be issuable in denominations of \$5,000 and integral multiples of \$5,000 or, in each case, in such other denominations as may be set out in the terms of the Debt Securities of any particular series. Unless otherwise indicated in the applicable Prospectus Supplement, unregistered securities will have interest coupons attached.

Unless otherwise indicated in the applicable Prospectus Supplement, payment of principal, premium, if any, and interest, if any, on the Debt Securities in definitive form will be made at the office or agency designated by the Company, or at the Company's option the Company can pay principal, interest, if any, and premium, if any, by check mailed to the address of the person entitled at the address appearing in the security register of the trustee or electronic funds wire transfer to an account of persons who meet certain thresholds set out in the Indenture who are entitled to receive payments by wire transfer. Unless otherwise indicated in the applicable Prospectus Supplement, payment of interest, if any, will be made to the persons in whose name the Debt Securities are registered at the close of business on the day or days specified by the Company.

At the option of the holder of Debt Securities, registered securities of any series will be exchangeable for other registered securities of the same series, of any authorized denomination and of a like aggregate principal amount. If, but only if, provided in an applicable Prospectus Supplement, unregistered securities (with all unmatured coupons, except as provided below, and all matured coupons in default) of any series may be exchanged for registered securities of the same series, of any authorized denominations and of a like aggregate principal amount and tenor. In such event, unregistered securities surrendered in a permitted exchange for registered securities between a regular record date or a special record date and the relevant date for payment of interest shall be surrendered without the coupon relating to such date for payment of interest, and interest will not be payable on such date for payment of interest in respect of the registered security issued in exchange for such unregistered security, but will be payable only to the holder of such coupon when due in accordance with the terms of the Indenture. Unless otherwise specified in an applicable Prospectus Supplement, unregistered securities will not be issued in exchange for registered securities.

The applicable Prospectus Supplement may indicate the places to register a transfer of Debt Securities in definitive form. Service charges may be payable by the holder for any registration of transfer or exchange of the Debt Securities in definitive form, and the Company may, in certain instances, require a sum sufficient to cover any tax or other governmental charges payable in connection with these transactions.

We shall not be required to:

- issue, register the transfer of or exchange any series of the Debt Securities in definitive form during a period beginning at the opening of 15 days before any selection of securities of that series of the Debt Securities to be redeemed and ending on the relevant date of notice of such redemption, as provided in the Indenture;
- register the transfer of or exchange any registered security in definitive form, or portion thereof, called for redemption, except the unredeemed portion of any registered security being redeemed in part;
- exchange any unregistered security called for redemption except to the extent that such unregistered security may be exchanged for a registered security of that series and like tenor; provided that such registered security will be simultaneously surrendered for redemption; or
- issue, register the transfer of or exchange any of the Debt Securities in definitive form which have been surrendered for repayment at the option of the holder, except the portion, if any, of such Debt Securities not to be so repaid.

### ***Events of Default***

Unless otherwise specified in the applicable Prospectus Supplement relating to a particular series of Debt Securities, the following is a summary of events which will, with respect to any series of the Debt Securities, constitute an event of default under the Indenture with respect to the Debt Securities of that series:

- the Company fails to pay principal of, or any premium on any Debt Security of that series when it is due and payable;
- the Company fails to pay interest payable on any Debt Security of that series when it becomes due and payable, and such default continues for 30 days;
- the Company fails to make any required sinking fund or analogous payment when due for that series of Debt Securities;
- the Company fails to observe or perform any of its covenants or agreements in the Indenture that affect or are applicable to the Debt Securities of that series for 90 days after written notice to the Company by the trustees or to the Company and the trustees by holders of at least 25% in aggregate principal amount of the outstanding Debt Securities of that series;
- certain events involving the Company's bankruptcy, insolvency or reorganization; and
- any other event of default provided for in that series of Debt Securities.

A default under one series of Debt Securities will not necessarily be a default under another series. A trustee may withhold notice to the holders of the Debt Securities of any default, except in the payment of principal or premium, if any, or interest, if any, if in good faith it considers it in the interests of the holders to do so and so advises the Company in writing.

If an event of default for any series of Debt Securities occurs and continues (other than a bankruptcy-related event of default), a trustee or the holders of at least 25% in aggregate principal amount of the Debt Securities of that series may require the Company to repay immediately:

- the entire principal and interest of the Debt Securities of the series; or
- if the Debt Securities are discounted securities, that portion of the principal as described in the applicable Prospectus Supplement.

If an event of default relates to events involving the Company's bankruptcy, insolvency or reorganization, the principal of all Debt Securities will become immediately due and payable without any action by the trustee or any holder.

Subject to certain conditions, the holders of a majority of the aggregate principal amount of the Debt Securities of the affected series can rescind and annul an accelerated payment requirement. If Debt Securities are discounted securities, the applicable Prospectus Supplement will contain provisions relating to the acceleration of maturity of a portion of the principal amount of the discounted securities upon the occurrence or continuance of an event of default.

Other than its duties in case of a default, a trustee is not obligated to exercise any of the rights or powers that it will have under the Indenture at the request or direction of any holders, unless the holders offer the trustee reasonable security or indemnity. If they provide this reasonable security or indemnity, the holders of a majority in aggregate principal amount of any series of Debt Securities may, subject to certain limitations, direct the time, method and place of conducting any proceeding for any remedy available to a trustee, or exercising any trust or power conferred upon a trustee, for any series of Debt Securities.

The Company will be required to furnish to the trustees a statement annually as to its compliance with all conditions and covenants under the Indenture and, if the Company is not in compliance, the Company must specify any defaults.

No holder of a Debt Security of any series will have any right to institute any proceeding with respect to the Indenture, or for the appointment of a receiver or a trustee, or for any other remedy, unless:

- the holder has previously given to the trustees written notice of a continuing event of default with respect to the Debt Securities of the affected series;
- the holders of at least 25% in principal amount of the outstanding Debt Securities of the series affected by an event of default have made a written request, and the holders have offered reasonable indemnity, to the trustees to institute a proceeding as trustees; and
- the trustees have failed to institute a proceeding, and have not received from the holders of a majority in aggregate principal amount of the outstanding Debt Securities of the series affected by an event of default a direction inconsistent with the request, within 60 days after receipt of the holders' notice, request and offer of indemnity.

However, such above-mentioned limitations do not apply to a suit instituted by the holder of a Debt Security for the enforcement of payment of the principal of or any premium, if any, or interest on such Debt Security on or after the applicable due date specified in such Debt Security.

### ***Modification and Waiver***

Modifications and amendments of the Indenture may be made by the Company and the trustees pursuant to one or more Supplemental Indentures (a "**Supplemental Indenture**") with the consent of the holders of at least a majority in aggregate principal amount of the outstanding Debt Securities of each series affected by the modification. However, without the consent of each holder affected, no such modification may:

- change the stated maturity of the principal of, premium, if any, or any instalment of interest, if any, on any Debt Security;
- reduce the principal, premium, if any, or rate of interest, if any, or change any obligation of the Company to pay any additional amounts;
- reduce the amount of principal of a debt security payable upon acceleration of its maturity or the amount provable in bankruptcy;
- change the place or currency of any payment;
- affect the holder's right to require the Company to repurchase the Debt Securities at the holder's option;
- impair the right of the holders to institute a suit to enforce their rights to payment;
- adversely affect any conversion or exchange right related to a series of Debt Securities;
- reduce the percentage of Debt Securities required to modify the Indenture or to waive compliance with certain provisions of the Indenture; or
- reduce the percentage in principal amount of outstanding Debt Securities necessary to take certain actions.

The holders of at least a majority in principal amount of outstanding Debt Securities of any series may on behalf of the holders of all Debt Securities of that series waive, insofar as only that series is concerned, past defaults under the Indenture and compliance by the Company with certain restrictive provisions of the Indenture. However, these holders may not waive a default in any payment or principal, premium if any, or interest on any Debt Security or compliance with a provision that cannot be modified without the consent of each holder affected.

The Company may modify the Indenture pursuant to a Supplemental Indenture without the consent of any holders to:

- evidence its successor under the Indenture;



- add covenants of the Company or surrender any right or power of the Company for the benefit of holders;
- add events of default;
- provide for unregistered securities to become registered securities under the Indenture and make other such changes to unregistered securities that in each case do not materially and adversely affect the interests of holders of outstanding Debt Securities;
- establish the forms of the Debt Securities as permitted by the Indenture;
- appoint a successor trustee under the Indenture;
- add provisions to permit or facilitate the defeasance and discharge of the Debt Securities as long as there is no material adverse effect on the holders;
- cure any ambiguity, correct or supplement any defective or inconsistent provision or make any other provisions in each case that would not materially and adversely affect the interests of holders of outstanding Debt Securities, if any; or
- change or eliminate any provisions of the Indenture where such change takes effect when there are no Debt Securities outstanding which are entitled to the benefit of those provisions under the Indenture.

### ***The Trustee***

The Trustee under the Indenture or its affiliates may provide banking and other services to the Company in the ordinary course of their business.

The Indenture will contain certain limitations on the rights of the Trustee, as long as it or any of its affiliates remains the Company's creditor, to obtain payment of claims in certain cases or to realize on certain property received on any claim as security or otherwise. The Trustee and its affiliates will be permitted to engage in other transactions with the Company.

### ***Resignation and Removal of Trustee***

A trustee may resign or be removed with respect to one or more series of the Debt Securities and a successor trustee may be appointed to act with respect to such series.

## **CERTAIN FEDERAL INCOME TAX CONSIDERATIONS**

The applicable Prospectus Supplement will describe certain Canadian income tax consequences to investors described therein of acquiring any Securities offered thereunder.

## **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 Company, within the meaning of applicable securities law.

Mr. Hessert has received the following from the Company within the past two years:

- Salary of \$US95,000;
- 2,285,000 Options; and
- 90,667 RSUs.

Mr. McAulay has received the following from the Company within the past two years:

- Salary of \$12,000;
- 100,000 Options; and
- 100,000 RSUs.

Other than as disclosed above, under the heading “Corporate Cease Trade Orders or Bankruptcies” in the Company’s AIF, under the heading “Executive Compensation” in the Company’s Long Form Prospectus and elsewhere in this Prospectus and the documents incorporated by reference herein, no person who was a promoter of the Company 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 Company 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.

#### **LEGAL MATTERS**

Certain legal matters related to the Securities offered by this Prospectus will be passed upon on our behalf by Gowling WLG (Canada) LLP.

#### **TRANSFER AGENT AND REGISTRAR**

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

#### **INTEREST OF 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 Company or any associate or affiliate of the Company. 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 has been the external auditor of the Company since July 25, 2023 and reported on the Company’s audited annual financial statements for the period from July 25, 2023 to March 31, 2024.
- DMCL LLP is the external auditor of Bluski and reported on BluSki’s audited financial statements for the years ended August 31, 2023 and 2022.

#### **INDEPENDENT AUDITOR**

DMCL LLP located at 1500-1140 West Pender St., Vancouver, British Columbia, V6E 4G1, Chartered Professional Accountants, of Vancouver, British Columbia, report that they are independent from us within the meaning of the Code of Professional Conduct of Chartered Professional Accountants of British Columbia, Canada.

## **PURCHASER'S STATUTORY RIGHTS**

Securities legislation in some provinces of Canada provides purchasers of Securities with the right to withdraw from an agreement to purchase Securities and with remedies for rescission or, in some jurisdictions, revisions of the price, or damages if the Prospectus, Prospectus Supplement, and any amendment relating to securities purchased by a purchaser are not sent or delivered to the purchaser. The right to withdraw may be exercised within 2 business days after the later of (a) the date that the issuer (i) filed the prospectus or any amendment on SEDAR+ and a receipt is issued and posted for the document, and (ii) issued and filed a news release on SEDAR+ announcing that the documents is accessible through SEDAR+, and (b) the date that the purchaser or subscriber has entered into an agreement to purchase the securities or a contract to purchase or a subscription for the securities.

Securities legislation in some provinces of Canada further provides purchasers with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the Prospectus, Prospectus Supplement, and any amendment relating to Securities purchased by a purchaser contains a misrepresentation. Those remedies must be exercised by the purchaser within the time limit prescribed by securities legislation.

In an Offering of convertible, exchangeable or exercisable Securities, investors are cautioned that the statutory right of action for damages for a misrepresentation contained in this Prospectus is limited, in certain provincial securities legislation, to the price at which the convertible, exchangeable or exercisable Securities is offered to the public under an Offering. This means that, under the securities legislation of certain provinces, if the purchaser pays additional amounts upon conversion, exchange or exercise of the Security, those amounts may not be recoverable under the statutory right of action for damages that applies in those provinces. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of this right of action for damages or consult with a legal adviser.

A purchaser should refer to applicable securities legislation for the particulars of these rights and should consult a legal adviser.

## **PURCHASER'S CONTRACTUAL RIGHTS**

Original purchasers of Securities which are convertible, exchangeable or exercisable for other securities of the Company, including Warrants, if offered separately, will have a contractual right of rescission against the Company in respect of the conversion, exchange or exercise of such Securities. These contractual rights of rescission will entitle such original purchasers to receive the amount paid upon conversion, exchange or exercise, upon surrender of the underlying securities gained thereby, in the event that this Prospectus, the applicable Prospectus Supplement or an amendment thereto contains a misrepresentation, provided that: (i) the conversion, exchange or exercise takes place within 180 days of the date of the purchase of such Securities under this Prospectus and the applicable Prospectus Supplement; and (ii) the right of rescission is exercised within 180 days of the date of the purchase of such Securities under this Prospectus and the applicable Prospectus Supplement. This contractual right of rescission will be consistent with the statutory right of rescission described under section 131 of the *Securities Act* (British Columbia), and is in addition to any other right or remedy available to original purchasers under section 131 of the *Securities Act* (British Columbia) or otherwise at law.

**CERTIFICATE OF BLUSKY CARBON INC.**

November 20, 2024

This short form base shelf prospectus, together with the documents incorporated in this prospectus by reference, 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 British Columbia, Alberta and Ontario.

(signed) "William Hessert"  
William Hessert  
Chief Executive Officer

(signed) "Andrew Duval"  
Andrew Duval  
Chief Financial Officer

**ON BEHALF OF THE BOARD OF DIRECTORS**

(signed) "Alexander McAulay"  
Alexander McAulay  
Director

(signed) "Michael Malana"  
Michael Malana  
Director

## CERTIFICATE OF THE PROMOTERS

November 20, 2024

This short form base shelf prospectus, together with the documents incorporated in this prospectus by reference, 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 British Columbia, Alberta and Ontario.

(signed) "William Hessert"

William Hessert  
Promoter

(signed) "Alexander McAulay"

Alexander McAulay  
Promoter