

FORM 51-102F3
MATERIAL CHANGE REPORT

Item 1 Name and Address of Company

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

Item 2 Date of Material Change

December 2, 2024

Item 3 News Release

The Company disseminated a news release announcing the material change described herein through the news dissemination services of Globe Newswire on December 2, 2024 and a copy was subsequently filed on SEDAR+.

Item 4 Summary of Material Change

On December 2, 2024, the Company announced that it has entered into an engagement letter with Canaccord Genuity Corp. (“**Canaccord Genuity**” or the “**Agent**”) pursuant to which Canaccord Genuity has agreed to lead, on a “best-efforts” marketed basis, a public offering (“**Offering**”) of up to 6,000,000 units of the Company (“**Units**”) at a price of \$0.50 per Unit (“**Offering Price**”), for gross proceeds of up to \$3,000,000.

Item 5 Full Description of Material Change

5.1 Full Description of Material Change

The Company announced that it has entered into an engagement letter with Canaccord Genuity pursuant to which Canaccord Genuity has agreed to lead, on a “best-efforts” marketed basis, the Offering of up to 6,000,000 Units at the Offering Price for gross proceeds of up to \$3,000,000. Closing of the Offering is expected to take place on or about December 19, 2024, or on such other date as may be mutually agreed upon by the Company and the Agent (“**Closing Date**”).

The Offering

Each Unit will be comprised of **one common share** of the Company (a “**Common Share**”) and **one-half of one Common Share purchase warrant** (each whole warrant, a “**Warrant**”). Each Warrant will entitle the holder to acquire one Common Share (each, a “**Warrant Share**”) at an exercise price of **\$0.65 per Warrant Share** for a period of **24 months**.

The Company has also granted the Agent an option (“**Over-Allotment Option**”), exercisable in whole or in part, to purchase up to an additional 900,000 Units for a period of 30 days from and including the Closing Date to cover over-allotment, if any, and for market stabilization purposes. If the Over-Allotment Option is exercised in full, the gross proceeds of the Offering will be approximately \$3,450,000.

The Units sold under the Offering will be offered by way of a prospectus supplement (“**Prospectus Supplement**”) to the Company’s short form base shelf prospectus dated November 20, 2024

(“**Shelf**”), which Prospectus Supplement will be filed with the securities commissions in each of the Provinces of British Columbia, Alberta and Ontario (and in such other Provinces, other than Quebec, as agreed to by the Company and Agent); and in the United States or to or for the account or benefit of “U.S. persons” as defined by Regulation S under the United States Securities Act of 1933, as amended (“**U.S. Securities Act**”), by way of private placement pursuant to exemptions from registration provided for under the U.S. Securities Act and the applicable securities laws of any state of the United States; and in jurisdictions outside of Canada and the United States as agreed to by the Company and Canaccord Genuity.

The Offering is subject to certain conditions including, but not limited to, the receipt of all necessary regulatory and stock exchange approvals, including the approval of the Canadian Securities Exchange, and the entering into of an agency agreement between the Company and the Agent.

The net proceeds raised under the Offering will be used for working capital and other general corporate purposes.

Prospective investors under the Offering should read the Shelf, the Prospectus Supplement, once filed, and the documents incorporated by reference therein before making an investment decision. Copies of the Shelf and the Prospectus Supplement, following filing thereof, are, or will be, as applicable, available on the Company’s SEDAR+ profile at www.sedarplus.ca.

Neither the news release nor this material change report constitutes an offer to sell or the solicitation of an offer to buy the securities in the United States or in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to qualification or registration under the securities laws of such jurisdiction. The securities being offered have not been, nor will they be, registered under the United States Securities Act of 1933, as amended, and such securities may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons absent registration or an applicable exemption from U.S. registration requirements and applicable U.S. state securities laws.

5.2 Disclosure for Restructuring Transactions

Not applicable.

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

Not applicable.

Item 7 Omitted Information

Not applicable.

Item 8 Executive Officer

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

Item 9 Date of Report

December 13, 2024