



**bluesky**  
DIGITAL ASSETS

**NOTICE OF THE ANNUAL GENERAL AND SPECIAL  
MEETING OF  
SHAREHOLDERS**



## NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS

**NOTICE IS HEREBY GIVEN** that the annual general and special meeting (the “**Meeting**”) of holders of common shares (the “**Shareholders**”) of the Bluesky Digital Assets Corp. (the “**Corporation**”) is to be held at the offices of the Corporation’s legal counsel Garfinkle Biderman LLP, located at 1 Adelaide Street East, Suite 801, Toronto, Ontario, Canada M5C 2V9 and broadcast via teleconference at (416) 874-8100, conference code 5640789 on May 1, 2024 at 11:00 a.m. (Toronto time) for the following purposes:

1. to receive and consider the audited consolidated financial statements of the Corporation for the years ended December 31, 2022, and 2021, together with the report of the auditors thereon;
2. to re-appoint Kenway Mack Slusarchuck Stewart LLP as auditors of the Corporation for the ensuing year and authorize the board of directors of the Corporation (the “**Board**”) to fix their remuneration;
3. to elect directors of the Corporation for the ensuing year, as more particularly set forth in the accompanying management information circular dated April 1, 2024 (the “**Circular**”);
4. to consider and, if thought advisable, to pass, with or without variation, an ordinary resolution of Shareholders re-approving the Corporation’s existing stock option plan, in the form attached as Schedule “B” to the Circular; and
5. to consider, and if deemed appropriate, pass, with or without variation a special resolution to authorize the Board to elect, in its sole discretion, to direct the Corporation to file one or more Articles of Amendment to amend the Corporation’s Articles in order to effect one or more consolidations of the Corporation’s issued shares into a lesser number of issued shares (collectively, the “**Consolidations**”) and to determine, in its sole discretion, a consolidation ratio within the range of one of the Corporation’s post consolidation shares for every 10 of the Corporation’s pre-consolidation shares of the same class (the “**Consolidation Ratio**”) and to effect, at such time as the Board deems appropriate, but in any event no later than three years after the Meeting, Consolidations of all of the Corporation’s issued and outstanding shares on the basis of such Consolidation Ratio, subject to the Board’s authority to decide not to proceed with any Consolidations; and
6. to transact such further or other business as may properly come before the Meeting or any adjournment or adjournments thereof.

**For a more detailed discussion of the above listed items, please see “Particulars of Matters to Be Acted upon at the Meeting” in the accompanying Circular.**

This notice of meeting (the “**Notice of Meeting**”) should be read together with the management information circular (“**Circular**”) and form of proxy (the “**Form of Proxy**”) or a voting instruction form (“**VIF**”), as applicable.

Shareholders may attend the Meeting in person or may be represented by proxy. Shareholders unable to attend the Meeting or any adjournment(s) thereof in person are requested to date, sign and return the enclosed Form of Proxy to the Corporation’s registrar and transfer agent, TSX Trust Company, located at: 100 Adelaide St W #301, Toronto, ON M5H 1S3, by fax: 416-595-9593, by email to

[tsxtrustproxyvoting@tmx.com](mailto:tsxtrustproxyvoting@tmx.com), or via internet at <https://www.voteproxyonline.com/pxlogin>. To be effective, a proxy must be received not later than 11:00 a.m. (Toronto time) on April 29, 2024, or in the event that the Meeting is adjourned or postponed, not less than 48 hours (excluding Saturdays, Sundays and holidays) immediately preceding any adjournment(s) or postponement(s) thereof. Instead of mailing your proxy, registered Shareholders may choose to vote using the Internet in accordance with the instructions set out in the Form of Proxy.

The Board has fixed the close of business on April 1, 2024, as the record date (the “**Record Date**”) for the determination of the Shareholders entitled to notice of, and to vote at, the Meeting, and any adjournment or postponement thereof. Only Shareholders of record at the close of business on the Record Date will be entitled to vote at the Meeting. Late proxies may be accepted or rejected by the chair (the “**Chair**”) of the Meeting at his discretion. The Chair is under no obligation to accept or reject any particular late proxy. If you vote by the Internet, do not mail back your proxy. Voting by mail or by Internet are the only methods by which a holder may appoint a person as proxyholder other than the management nominees named on the Form of Proxy. Non-registered Shareholders who receive these materials through their broker or other intermediary are requested to follow the instructions for voting provided by their broker or intermediary, which may include the completion and delivery of a VIF.

**DATED** at Toronto, Ontario, this 1 day of April, 2024.

**BY ORDER OF THE BOARD OF DIRECTORS OF BLUESKY DIGITAL ASSETS CORP.**

*/s/ Frank Kordy*  
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**Frank Kordy**  
**Secretary and Director**



**bluesky**  
DIGITAL ASSETS

**MANAGEMENT INFORMATION CIRCULAR**

## BLUESKY DIGITAL ASSETS CORP.

First Canadian Place | 100 King Street West, Suite 5700  
Toronto, Ontario | M5X 1C9  
Telephone: +1 (647) 466-4037

### MANAGEMENT INFORMATION CIRCULAR (As at April 1, 2024, except as otherwise noted)

This management information circular (this “**Circular**”) is furnished in connection with the solicitation of proxies by the management of Bluesky Digital Assets Corp. (the “**Corporation**”) to be voted at the annual general and special meeting (the “**Meeting**”) of holders of common shares (“**Common Shares**”) of the Corporation (the “**Shareholders**”) to be held at the offices of the Corporation’s legal counsel Garfinkle Biderman LLP, located at 1 Adelaide Street East, Suite 801, Toronto, Ontario, Canada M5C 2V9 and broadcast via teleconference at (416) 874-8100, conference code 5640789 on May 1, 2024, at 11:00 am (Toronto time) , and at any adjournment(s) or postponement(s) thereof.

In this Circular, (i) all information provided is current as of the close of business on April 1, 2024, unless otherwise indicated, (ii) references to “\$” are to Canadian dollars, (iii) “**Beneficial Shareholders**” means Shareholders who do not hold Common Shares in their own name, (iv) “**Intermediaries**” refers to brokers, investment firms, clearing houses and similar entities that own securities on behalf of Beneficial Shareholders, (v) “**Registered Shareholder**” means the person whose name appears on the shareholder registry maintained on behalf of the Corporation and who holds Common Shares in their own name, and (vi) “**Transfer Agent**” means TSX Trust Company, the Corporation’s registrar and transfer agent.

### SOLICITATION OF PROXIES

The solicitation of proxies will be primarily by mail, but proxies may also be solicited personally or by telephone by directors, officers and employees of the Corporation without special compensation. All costs of solicitations will be borne by the Corporation. The officers and employees will receive no compensation other than their regular salaries. In accordance with National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* (“**NI 54-101**”), arrangements have been made with brokerage houses and other securities Intermediaries, clearing agencies, custodians, nominees and fiduciaries to mail solicitation materials to Non-Objecting Beneficial Owners (“**NOBOs**”) and Objecting Beneficial Owners (“**OBOs**”) of record as of April 1, 2024 (the “**Record Date**”). The Corporation may reimburse such persons for reasonable fees and disbursements incurred by them in doing so.

### REGISTERED SHAREHOLDERS

#### Voting & Appointment of Proxyholders

Regardless of whether you expect to attend the Meeting, please exercise your right to vote. Shareholders who have voted by proxy may still attend the Meeting. Please complete and return the form of proxy (“**Form of Proxy**”) in the envelope provided. The Form of Proxy must be dated and executed by the Registered Shareholder or attorney of such Registered Shareholder, duly authorized in writing. Proxies to be used at the Meeting must be deposited with the Transfer Agent in the envelope provided or otherwise by fax: 416-595-9593, by email to [tsxtrustproxyvoting@tmx.com](mailto:tsxtrustproxyvoting@tmx.com), or by mail to TSX Trust Company at: 100 Adelaide Street West, Suite 301, Toronto, ON M5H 4H1, or via internet at <https://www.voteproxyonline.com/pxlogin>, no later than 11:00 a.m. (Toronto time) on April 29, 2024 or 48 hours (excluding Saturdays, Sundays and holidays) prior to any adjournment(s) or postponement(s) thereof. Late proxies may be accepted or rejected or rejected by the chair of the Meeting (the “**Chair**”) at their discretion. The Chair is under no obligation to accept or reject any late proxy.

The individuals named in the accompanying Form of Proxy are officers and/or directors of the Corporation, or persons designated by management of the Corporation. **If you are a Registered Shareholder entitled**

to vote at the Meeting, you have the right to appoint a person or company other than the persons designated in the Form of Proxy, who need not be a Registered Shareholder, to attend and act for you and on your behalf at the Meeting. A Registered Shareholder who wishes to appoint some other person to attend and act for him, her or it and on his, her or its behalf at the Meeting other than the management nominee designated in the Form of Proxy may do so by either: (i) crossing out the names of the management nominees AND legibly printing the other person's name in the blank space provided in the accompanying Form of Proxy; or (ii) completing another valid form of proxy. In either case, the completed form of proxy must be delivered to the Transfer Agent, at the place and within the time specified herein for the deposit of proxies. A Registered Shareholder who appoints a proxy who is someone other than the management representatives named in the Proxy should notify such alternative nominee of the appointment, obtain the nominee's consent to act as proxy, and provide instructions on how the Common Shares are to be voted. The nominee should bring personal identification to the Meeting. In any case, the Form of Proxy should be dated and executed by the Registered Shareholder, or an attorney authorized in writing, with proof of such authorization attached (where an attorney executed the Proxy).

The Common Shares represented by the Form of Proxy will be voted or withheld from voting in accordance with the instructions of the Shareholder on any ballot that may be called for and, if the Shareholder specifies a choice with respect to any matter to be acted upon, the Common Shares will be voted accordingly.

**Please note that in order to vote your Common Shares in person at the Meeting, you must attend the Meeting and register with the scrutineer before the Meeting. If you have already submitted a Form of Proxy but choose to change your method of voting and attend the Meeting to vote, then you should register with the scrutineer before the Meeting and inform them that your previously submitted Form of Proxy is revoked and that you personally will vote your Common Shares at the Meeting.**

### **Revocation of Proxy**

A Registered Shareholder who has validly given a proxy pursuant to this solicitation may revoke it as to any matter upon which a vote has not already been cast pursuant to its authority by an instrument in writing executed by the Registered Shareholder or by the attorney of such Registered Shareholder, duly authorized in writing, or if the Registered Shareholder is a corporation, by an officer or attorney thereof duly authorized, and deposited either with: (i) the Transfer Agent, on or before the last business day preceding the day of the Meeting or any adjournment(s) or postponement(s) thereof at which the Form of Proxy is to be used, (ii) the Chair of the Meeting on the day of the Meeting or any adjournment(s) or postponement(s) thereof, or (iii) in any other manner permitted by law.

## **BENEFICIAL SHAREHOLDERS**

**The following information is of significant importance to Shareholders who do not hold Common Shares in their own name.** Beneficial Shareholders should note the only proxies that can be recognized and acted upon at the Meeting are those deposited by Registered Shareholders (those whose names appear on the records of the Corporation as the registered holders of Common Shares) or as set out in the following disclosure.

If Common Shares are listed in an account statement provided to a Shareholder by an Intermediary, then in almost all cases those Common Shares will not be registered in the Shareholder's name on the records of the Corporation. Such Common Shares will more likely be registered under the name of the Shareholder's broker or an agent of that broker. In Canada, the vast majority of such Common Shares are registered under the name of CDS & Co. (the registration name for The Canadian Depository for Securities Limited, which acts as nominee for many Canadian brokerage firms).

If you are a Beneficial Shareholder, and the Corporation or its agent sent these materials directly to you,

your name, address and information about your holdings of Common Shares, were obtained in accordance with applicable securities regulatory requirements from the Intermediary holding Common Shares on your behalf. In accordance with the requirements of NI 54-101, the Corporation has distributed copies of the Shareholder materials, including a voting instruction form (“**VIF**”) to Intermediaries for onward distribution to Beneficial Shareholders.

Intermediaries are required to forward the Shareholder materials to Beneficial Shareholders unless a Beneficial Shareholder has waived the right to receive them. Very often, Intermediaries will use service companies to forward the proxy-related materials to Beneficial Shareholders. Generally, Beneficial Shareholders who have not waived the right to receive proxy-related materials will either:

- a. be given a Form of Proxy which has already been signed by the Intermediary (typically by a facsimile, stamped signature), which is restricted as to the number of Common Shares beneficially owned by the Beneficial Shareholder, but which is otherwise not completed. Because the Intermediary has already signed the Form of Proxy, the Form of Proxy is not required to be signed by the Beneficial Shareholder when submitting the Form of Proxy. In this case, the Beneficial Shareholder who wishes to submit an instrument of proxy should otherwise properly complete the Form of Proxy and deposit it with the Corporation as provided above; or
- b. more typically, be given a VIF which is not signed by the Intermediary, and which, when properly completed and signed by the Beneficial Shareholder and returned to the Intermediary or its service company, will constitute voting instructions which the Intermediary must follow. Typically, the VIF will consist of a one-page, pre-printed form. Sometimes, instead of the one-page, pre-printed form, the VIF will consist of a regular printed Form of Proxy accompanied by a page of instructions which contains a removable label containing a bar-code and other information. In order for the Form of Proxy to validly constitute a proxy authorization form, the Beneficial Shareholder must remove the label from the instructions and affix it to the Form of Proxy, properly complete and sign the Form of Proxy and return it to the Intermediary or its service company in accordance with the instructions of the Intermediary or its service company.

In either case, the purpose of this procedure is to permit Beneficial Shareholders to direct the voting of the Common Shares they beneficially own. Should a Beneficial Shareholder who receives one of the above forms wish to vote at the Meeting in person, the Beneficial Shareholder should strike out the names of management’s representatives named in the Form of Proxy and insert the Beneficial Shareholder’s name in the blank space provided.

The majority of Intermediaries now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. (“**Broadridge**”). Broadridge typically mails the VIFs or Forms of Proxies to the Beneficial Shareholders and asks the Beneficial Shareholders to return the VIFs or Forms of Proxies to Broadridge. Broadridge then tabulates the results of all instructions received and provides appropriate instructions with respect to the voting of Common Shares to be represented at the Meeting by such Intermediary. A Beneficial Shareholder receiving a VIF from Broadridge cannot use that proxy to vote Common Shares directly at the Meeting. The VIF must be returned to Broadridge well in advance of the Meeting in order to have the Common Shares voted. If you have any questions with respect to the voting of Common Shares held through a broker or other Intermediary, please contact the broker or other Intermediary for assistance.

**Every Intermediary has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting. OBOs and NOBOs should carefully follow the instructions on the Form of Proxy or VIF that they receive from their Intermediary in order to vote the Common Shares that are held through that Intermediary.**

## INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON

No (a) director or executive officer of the Corporation who has held such position at any time since the beginning of the Corporation's last financial year; (b) person by or on behalf of management of the Corporation; (c) proposed nominee for election as director of the Corporation; or (d) associate or affiliate of any of the persons or companies listed in (a) to (c) have any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, other than the re-approval of the stock option plan (the "**Stock Option Plan**").

## VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

### Record Date

The Record Date for the purpose of determining the Shareholders entitled to receive notice of and vote at the Meeting has been fixed as April 1, 2024. All Shareholders of record at the close of business on the Record Date are entitled to vote the Common Shares registered in such Shareholder's name at that date on each matter to be acted upon at the Meeting.

### Description of Voting Securities

As of the Record Date, the Corporation had 169,200,196 issued and outstanding Common Shares. Each Common Share carries the right to one vote. The outstanding Common Shares of the Corporation are listed and posted for trading on the Canadian Securities Exchange ("**CSE**").

No other voting securities are issued and outstanding as of the Record Date.

### Quorum

A quorum will be present at the Meeting if two or more Shareholders entitled to vote at the Meeting are present in person or by proxy and hold at least 10% of the issued and outstanding Common Shares.

### Principal Shareholders

To the knowledge of the directors and executive officers of the Corporation, and based on the Corporation's review of the records maintained by the Transfer Agent, electronic filings with the System for Electronic Document Analysis and Retrieval Plus ("**SEDAR+**") and insider reports filed with System for Electronic Disclosure by Insiders ("**SEDI**"), as at the date of this Circular, no person beneficially owned, directly or indirectly, or exercised control or direction over 10% or more of the voting rights attached to the outstanding Common Shares.

## PARTICULARS OF MATTERS TO BE ACTED UPON AT THE MEETING

### 1. **Financial Statements**

The Corporation's audited consolidated financial statements of the Corporation for the years ended December 31, 2022 and 2021 (the "**Annual Financial Statements**"), together with the report of the auditors thereon, are available under the Corporation's profile on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca). At the Meeting, the Corporation will submit to Shareholders the Annual Financial Statements and the report of the auditors thereon. No formal action will be taken at the Meeting to approve the Annual Financial Statements.

### 2. **Election of Directors**

The Corporation currently has three (3) directors, and the term of each of the Corporation's present directors expires at the close of the Meeting. It is intended that such three (3) directors be re-elected for the ensuing year. The board of directors (the "**Board**") has determined that a board of three (3) members will



be effective in the governance and supervision of the Corporation's business and affairs upon the completion of the Meeting.

The following three (3) persons whose names are set out below (the "Nominees") have been nominated by the Board for election as directors at the Meeting. Each elected director will hold office until the next annual meeting of Shareholders of the Corporation or until his or her successor is duly elected or appointed, unless his or her office is earlier vacated in accordance with the by-laws of the Corporation.

The following table sets forth the names and jurisdictions of residence of the Nominees for election as directors of the Corporation, the offices in the Corporation, if any, held by them, their principal occupations (for the past five (5) years) and the number of Common Shares beneficially owned, or over which control or direction is exercised. If any such individual should be unable or unwilling to serve, an event not presently anticipated, the persons named in the Form of Proxy will have the right to vote, at their discretion, for another nominee, unless a proxy withholds authority to vote for the election of directors:

Name, Province, and Country of Residence and Position with the Corporation	Principal Occupation, Business or Employment for Last Five Years	Date Elected/Appointed Director <sup>(1)</sup>	Common Shares Owned or Over Which Control or Direction is Exercised <sup>(2)</sup>
<b>Ben Gelfand</b> <sup>(2)(3)</sup> Ontario, Canada <i>Chief Executive Officer and Director</i>	<i>See Nominee biographies below.</i>	May 27, 2019	753,333
<b>Frank Kordy</b> <sup>(2)(3)</sup> Ontario, Canada <i>Secretary and Director</i>	<i>See Nominee biographies below.</i>	December 27, 2013	6,302,628
<b>Alan Grant</b> <sup>(2)(3)</sup> Ontario, Canada <i>Director</i>	<i>See Nominee biographies below.</i>	February 16, 2022	1,200,000

**Notes:**

- (1) The number of Common Shares beneficially owned, or over which control or direction is exercised, not being within the direct knowledge of the Corporation, has been furnished by the respective Nominee or obtained from SEDI and may include Common Shares owned or controlled by their spouses and/or children and/or companies controlled by them or their spouses and/or children.
- (2) Member of the Audit Committee (as defined below).
- (3) Member of CG&N Committee (as defined below).

**Biographies of Director Nominees**

The following are brief biographies of the Nominees:

**Ben Gelfand (Chief Executive Officer & Director)** Mr. Gelfand began his career with Fidelity Investments in October of 1987 and has worked for Merrill Lynch, TD Waterhouse and others in sales, investment management, trading, private equity and investment banking roles. Mr. Gelfand earned his Bachelor's degree in Political Science from Ohio University. Mr. Gelfand served as the Managing Director of Investment Banking at a Canadian investment firm and served as the Chief Executive Officer ("CEO") and director of Meryllion Resources Corp., a Canadian exploration company, from January 13, 2020 until August 4, 2020 (CSE: MYR). Mr. Gelfand has been the CEO and a director of the Corporation since May 27, 2019.

**Frank Kordy (Secretary & Director)** Mr. Kordy currently serves as the Secretary and as a Director of the Corporation (CSE: BTC), (OTCQB: BTCWF), the Secretary of Hole Medical Ltd., an integrated healthcare company, and as the Secretary of Boosh Plant-Based Brands Inc., a food and beverage company (CSE: VEGI) (OTC PINK: VGGIF). Mr. Kordy served as the Secretary and Director of Advantagewon Oil Corp., a

junior exploration company, from December 2017 until April 20, 2023(CSE: AOC) (OTC Pink: ANTGF), the Secretary and Director of Meryllion Resources Corp., a Canadian exploration company from January 13, 2020 until August 4, 2020 (CSE: MYR), and as the Interim CFO and as a Director of New World Solutions Inc., a technology company, from August 14, 2023 until January 15, 2024 (CSE: NEWS) (OTC Pink: REGRF). Since 1997, Mr. Kordy has assisted numerous publicly traded companies in both Canada and the United States with their corporate communication, corporate compliance, corporate disclosure, corporate financing, marketing, and investor relations endeavors. Mr. Kordy has successfully assisted several companies, with their Canadian “go public” mandates. Furthermore, Mr. Kordy assists Canadian listed companies in gaining access to the U.S. capital trading markets by providing them guidance and navigating them through the OTC Markets listing process.

### ***Alan Grant (Director)***

Mr. Grant is currently the President and CEO of Signal Fire Communications, a company focused on assisting other companies with branding and identity. This has been his primary occupation for the past 18 years. Additionally, Alan was a director of Meryllion Resources Corporation from January 13, 2020 until January 25, 2019.

**At the Meeting, Shareholders will be entitled to cast their votes for, or withhold their votes from, the election of each Nominee. Unless the Shareholder directs that his or her Common Shares are to be withheld from voting in respect of any particular Nominee or Nominees, the persons named in the Form of Proxy intend to vote FOR the election of each of the three (3) Nominees as directors of the Corporation.**

### **Cease Trade Orders**

Other than as described below, as at the date of this Circular, no Nominee of the Corporation is, or was within ten (10) years prior to the date of this Circular, a director, CEO or chief financial officer (“**CFO**”) of any company that:

- (i) was subject to a cease trade order (“**CTO**”), an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than thirty (30) consecutive days, that was issued while the director, executive officer or promoter was acting in the capacity as director, chief executive officer or chief financial officer of the relevant company; or
- (ii) was subject to a CTO, an order similar to a CTO or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than thirty (30) consecutive days, that was issued after the director, executive officer or promoter ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

### **Frank Kordy**

Mr. Kordy was a director and officer of the Corporation on May 8, 2014, when the Corporation was subject to a CTO from the British Columbia Securities Commission (“**BCSC**”). Furthermore, the Corporation received CTOs from the Ontario Securities Commission (“**OSC**”) and Alberta Securities Commission (“**ASC**”) on May 20, 2014 and June 19, 2014, respectively. The three CTOs were issued for the following violations:

- (i) the Corporation had failed to file its audited annual financial statements for the year ended December 31, 2013;
- (ii) the Corporation had failed to file management’s discussion and analysis relating to the audited annual financial statements for the year ended December 31, 2013; and

- (iii) the Corporation had failed to file the certification of the foregoing filings as required by National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings*.

On May 8, 2015, the Corporation had filed all outstanding continuous disclosure documents as required to be filed under Ontario securities law and is currently up to date in all of its required disclosure filings. As a result of this, on May 8, 2015, the BCSC, OSC and ASC granted full revocations of the respective CTOs that were previously filed against the Corporation.

#### Penalties or Sanctions

As at the date of this Circular, no Nominee of the Corporation, is or has been, within ten (10) years prior to the date of this Circular, subject to:

- (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable Shareholder in deciding whether to vote for a Nominee.

#### Bankruptcies

As of the date of this Circular, no Nominee of the Corporation:

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

### **3. Appointment of Auditor**

The Board appointed Kenway Mack Slusarchuk Stewart LLP on March 8, 2024, as the auditors of the Corporation. The Corporation filed a reporting package with respect to its change of auditor under the Corporation's SEDAR+ profile on March 8, 2024 (the "**Change of Auditor Reporting Package**"). The Change of Auditor Reporting Package includes notice from the Corporation regarding the change of auditor, a letter from the Corporation's former auditor, Raymond Chabot Grant Thornton LLP (the "**Former Auditors**"), and a letter from Kenway Mack Slusarchuk Stewart LLP as successor auditor. The Change of Auditor Reporting Package is attached as Schedule "A" to this Circular, in accordance with Section 4.11 5(c) of National Instrument 51-102 – *Continuous Disclosure Obligations* ("**NI 51-102**").

At the Meeting, Shareholders will be asked to consider and, if thought fit, to pass, with or without variation, the resolution appointing Kenway Mack Slusarchuk Stewart LLP as auditors of the Corporation as an ordinary resolution, subject to such amendments, variations, or additions as may be approved at the Meeting.

The Board recommends that Shareholders vote **FOR** the appointment of Kenway Mack Slusarchuk Stewart LLP as auditors of the Corporation and authorizing the directors to fix the auditor's remuneration. To be effective, the resolution requires the affirmative vote of at least a majority of the votes cast by the Shareholders present in person, or represented by proxy, and entitled to vote at the Meeting. **Unless the**

Shareholder directs that his or her Common Shares are to be voted against the resolution, the persons named in the Form of Proxy intend to vote FOR the appointment of Kenway Mack Slusarchuk Stewart LLP as auditors of the Corporation.

#### 4. Re-Approval of the Stock Option Plan

The policies of the CSE require that the Corporation obtain Shareholder approval of the Stock Option Plan every three years. The Stock Option Plan was last approved by the Shareholders at the last annual general meeting of Shareholders held on November 6<sup>th</sup>, 2019, and there have not been any amendments made to the Stock Option Plan since that time. As at the date hereof, there are 9,755,763 Common Shares reserved for issuance pursuant to stock options (“**Options**”) issued under the Stock Option Plan.

The Stock Option Plan was established to provide incentive to qualified parties to increase their proprietary interest in the Corporation and thereby encourage their continuing association with the Corporation. A summary of the Stock Option Plan is provided below under the heading “*Stock Option Plan*”. However, the information related to the Stock Option Plan in this Circular is intended as a summary only and is qualified in its entirety by the full text of the Stock Option Plan, which is attached as Schedule “B” hereto.

##### ***Stock Option Plan***

###### Administration

The Board may appoint a committee to administer the Stock Option Plan (the “**Stock Option Plan Committee**”). In the event such a Stock Option Plan Committee is not appointed by the Board, then the Board shall, for the purposes herein, be deemed to constitute the Stock Option Plan Committee. The Stock Option Plan enables the Stock Option Plan Committee to grant *bona fide* directors, employees, and consultants of the Corporation (collectively, “**Admissible Persons**”) Options to purchase authorized but unissued Common Shares. Options may be granted under the Stock Option Plan to such Admissible Persons, as the Stock Option Plan Committee may from time to time designate. “**Optionees**” refer to Admissible Person that have been granted Options.

###### Purpose of the Stock Option Plan

The purpose of the Stock Option Plan is to encourage the participation of the Admissible Persons in the Corporation’s growth and development by providing them, through the grant of Options, with the opportunity to acquire or increase a financial interest in the Corporation.

###### Number of Common Shares Reserved for Issuance

Subject to adjustment as provided for in the Stock Option Plan, the aggregate number of Common Shares which will be available for purchase pursuant to Options granted under to the Stock Option Plan will not exceed 10% of the outstanding listed Common Shares at the time of the grant. If any Option is cancelled, expires, or terminates for any reason without having been exercised in full, the unpurchased Common Shares in respect of such cancelled, expired, or terminated Option shall again be available for the purposes of the Stock Option Plan.

The allotment of Common Shares and the Corporation’s obligation to issue Common Shares pursuant to the Stock Option Plan are subject to the following conditions:

- a) Subject to subsections 5(b) and 5(c) of the Stock Option Plan, no Optionee may be granted Options to acquire more than 5% of the issued and outstanding Common Shares of the Corporation (calculated as at the time of the grant of such Options) in any 12-month period unless the Corporation has obtained disinterested shareholder approval in connection therewith;

(b) No consultant Optionee may be granted Options to acquire more than 2% of the issued and outstanding Common Shares of the Corporation (calculated as at the time of the grant of such Options) in any 12-month period; and

(c) The aggregate number of Options granted to Optionees that are employees conducting investor relations activities shall not exceed 2% of the issued and outstanding Common Shares of the Corporation (calculated as at the time of the grant of such Options) in any 12-month period

### Price

The purchase price of the Common Shares, upon exercise of each Option granted under the Plan, (the “**Option Price**”) shall be a price fixed for such Option by the Stock Option Plan Committee upon grant of each such Option provided that such Option Price shall not be lower than the Discounted Market Price (as defined in CSE policies) at the time of grant. In the event that the Corporation proposes to reduce the Option Price of Options granted to an Optionee who is an Insider of the Corporation at the time of the proposed amendment, such amendment shall not be effective until disinterested shareholder approval has been obtained in respect of the Option Price reduction.

### Maximum Term of Options

Each Option, unless sooner terminated in accordance with the terms, conditions and limitations thereof, or unless sooner exercised, shall expire at 5:00 p.m. (Toronto time) on the date (“**Expiry Date**”) determined by the Board or by the Stock Option Plan Committee when the Option is granted or, failing such determination and in any event, not later than that date which is 10 years after the grant of the Option. Subject to the rules, policies or regulations of the CSE, in the event that the expiry of an Option occurs during a blackout period imposed by management, by the Board or by the Stock Option Committee in accordance with the Corporation’s insider trading policy, if any, the expiry date of such Option shall be deemed to be amended to that date which is seven business days following the end of such blackout period.

### Termination

In the event that an Optionee ceases to be an Admissible Person for any reason other than death, including the resignation, retirement or termination of employment of the Optionee, each Option held by the Optionee (or their wholly-owned holding company) may be exercised to the extent that each Option was entitled to be exercised at the date of such cessation, at any time up to and including the earlier of:

a) the close of business on the expiration date of the Option; and

(b) a date that is ninety days (or such other period as may be determined by the Committee, provided that such period is not more than one year) following the effective date of such resignation, retirement or termination, after which date each Option shall forthwith expire and terminate and be of no further force or effect whatsoever.

The date the Optionee ceases to be an Admissible Person, in the case of termination of employment with the Corporation, shall be the last day upon which the employee provides services to the Corporation at its premises and not the last day of any notice period or upon which the Corporation pays wages or salaries in lieu of notice of termination, statutory, contractual or otherwise.

In the event of the death of an Admissible Person on or prior to the Expiry Date, such Options held by the Admissible Person (including Options held by a holding corporation that is wholly-owned and controlled by the Admissible Person) may be exercised as to such of the Common Shares in respect of which such Options have not previously been exercised (and as the Optionee would have been entitled to purchase), by the legal personal representatives of the Admissible Person at any time up to and including (but not after) a date one year from the date of death of the Admissible Person, after which date each Option shall forthwith expire and terminate and be of no further force or effect whatsoever.

For greater certainty, Options shall not be affected by any change of employment of the Optionee or by the Optionee ceasing to be a Director of the Corporation provided that the Optionee continues to be an Admissible Person.

### **Shareholder Re-Approval of the Stock Option Plan**

Since the Stock Option Plan is a “rolling plan”, Shareholder approval of the Stock Option Plan is required by the CSE three years after institution and within every three years thereafter.

In accordance with the policies of the CSE, the Corporation requests Shareholders to consider, and if thought fit, approve an ordinary resolution substantially in the form set forth below (the “**Stock Option Plan Resolution**”):

“BE IT RESOLVED, AS AN ORDINARY RESOLUTION, THAT:

- i. The Stock Option Plan of the Corporation approved by the Shareholders of the Corporation on November 6<sup>th</sup>, 2019 (the “**Stock Option Plan**”), is hereby confirmed, ratified and approved, and the Corporation has the ability to grant awards under the Stock Option Plan until May 1, 2027, which is the date that is three years from the date of the meeting of the Shareholders of the Corporation at which Shareholder approval of the Stock Option Plan is being sought.
- ii. The awards to be issued under the Stock Option Plan, and all unallocated awards under the Stock Option Plan, be and are hereby approved.
- iii. The board of directors of the Corporation (the “**Board**”) is hereby authorized to make such amendments to the Stock Option Plan from time to time, as may be required by the applicable regulatory authorities, or as may be considered appropriate by the Board, in its sole discretion, provided always that such amendments be subject to the approval of the regulatory authorities, if applicable, and in certain cases, in accordance with the terms of the Stock Option Plan, the approval of the Shareholders.
- iv. Any one director or officer of the Corporation is hereby authorized and directed, acting for, in the name of and on behalf of the Corporation, to execute or cause to be executed, under the seal of the Corporation or otherwise and to deliver or to cause to be delivered, all such other deeds, documents, instruments and assurances and to do or cause to be done all such other acts as, in the opinion of such director or officer of the Corporation, may be necessary or desirable to carry out the terms of the foregoing resolutions.”

**The Board unanimously recommends that Shareholders vote FOR the approval of the Stock Option Plan. It is intended that all Forms of Proxies received will be voted in favour of the approval of the Stock Option Plan unless a Form of Proxy contains instructions to vote against the approval of the Stock Option Plan.**

## **5. Approval of Consolidations**

At the Meeting, Shareholders will be asked to consider and, if thought advisable, pass a special resolution (the “**Consolidation Resolution**”) authorizing the Board to elect, in its sole discretion, to direct the Corporation to file one or more Articles of Amendment (collectively, the “**Articles of Amendment**”) to amend the Corporation’s Articles in order to effect one or more consolidations of the Corporation’s issued Common Shares into a lesser number of issued Common Shares (collectively, the “**Consolidations**”). The Consolidation Resolution will authorize the Board to:

1. select one or more Consolidation ratios of up to ten (10) pre-consolidation Common Shares for one (1) post-Consolidation Common Shares, provided that, (a) the cumulative effect of the



Consolidations shall not result in a Consolidation ratio that exceeds ten (10) pre-Consolidation Common Shares for one (1) post-Consolidation Common Share; and (b) such Consolidations occur prior to the earlier of the 36-month anniversary of the Meeting; and

2. file the Articles of Amendment to give effect to each Consolidation at the selected Consolidation ratio(s).

### ***Background to and Reasons for the Consolidations***

The Board believes that it is in the best interests of the Corporation to provide the Board with the flexibility to elect to reduce the number of outstanding Common Shares by way of the Consolidations. Some of the potential benefits of the Consolidations include:

- ***Increased Investor Interest.*** The current share structure of the Corporation may make it more difficult for the Corporation to attract additional equity financing that may be required or desirable to maintain the Corporation or to further develop its products. The Consolidations may have the effect of raising, on a proportionate basis, the price of the Common Shares, which could appeal to certain investors that find shares valued above certain prices to be more attractive from an investment perspective.
- ***Reduced Volatility.*** The higher anticipated price of the post-Consolidation Common Shares may result in less volatility as a result of small changes in the share price of the Common Shares. For example, a nominal price movement will result in a less significant change (in percentage terms) in the market capitalization of the Corporation.
- ***Improving the Prospects of Raising Additional Capital.*** The higher anticipated price of the post-Consolidation Common Shares will allow the Corporation to raise additional capital through the sale of additional Common Shares at a higher price per Common Share than would be possible in the absence of the Consolidations.
- ***Other Transactions.*** The Board believes that Shareholder approval of the Consolidation Resolution is advisable so as to enable the Corporation to pursue future mergers, acquisitions and business opportunities. If the Corporation enters into a share-based transaction, the Consolidations may lead to increased interest by a wider audience of potential investors, resulting in a more efficient market for the Common Shares.

The Corporation believes that providing the Board with the authority to select within a range of Consolidation ratios and to effect the Consolidations in one or more Consolidations provides the flexibility to implement the Consolidations in a manner intended to maximize the anticipated benefits of the Consolidations for the Corporation and Shareholders. In determining which precise Consolidation ratio within the range of ratios to implement, if any, following the receipt of Shareholder approval, the Board may consider, among other things, factors such as:

- the historical trading prices and trading volume of the Common Shares;
- the then prevailing trading price and trading volume of the Common Shares and the anticipated impact of the Share Consolidation on the trading of the Common Shares;
- threshold prices of brokerage houses or institutional investors that could impact their ability to invest or recommend investment in the Common Shares;
- minimum ongoing listing requirements of the CSE; and
- prevailing general market and economic conditions and outlook for the trading of the Common Shares.

The Consolidations are subject to certain conditions, including the approval of the Shareholders. If the requisite approvals are obtained and the Board elects to proceed with any Consolidations, the Consolidations will take place at a time to be determined by the Board through one or more Consolidations.

No further action on the part of Shareholders would be required for the Board to implement the Consolidations. Shareholders will be notified and Registered Shareholders will receive a letter of transmittal containing instructions for exchange of their share certificates in connection with each Consolidation. The Consolidation Resolution also authorizes the Board to elect not to proceed with, and abandon, the Consolidations at any time if it determines, in its sole discretion, to do so.

Following a vote by the Board to implement the Consolidations, the Corporation will file Articles of Amendment in accordance with the *Business Corporations Act* (Ontario) (the “**OBCA**”) as applicable to amend the Articles. A particular Consolidation will become effective on the date shown in the certificate of amendment issued in accordance OBCA.

### **Effects of Consolidations**

As of the date hereof, the Corporation had 169,200,196 Common Shares issued and outstanding. Following the completion of the proposed Consolidations, the number of Common Shares issued and outstanding will depend on the ratio selected by the Board. The following table sets out the approximate number of Common Shares that would be outstanding as a result of a Consolidation at different suggested ratios. As outlined in the Consolidation Resolution, the final ratio of post-Consolidation Common Shares that are issued in exchange for pre-Consolidation Common Shares will be determined by the Board.

<b>Proposed Consolidation Ratio<sup>(1)</sup></b>	<b>Approximate Number of Outstanding Post-Consolidation Common Shares<sup>(2)</sup></b>
10:1	16,920,020
9:1	18,800,021
8:1	21,150,024
7:1	24,171,456
6:1	28,200,032
5:1	33,840,039
4:1	42,300,049
3:1	56,400,065

Notes:

- (1) The ratios above are for illustrative purposes only and are not indicative of the actual ratio that may be adopted by the Board to effect a Consolidation.
- (2) Based on 169,200,196 Common Shares issued and outstanding as at the date hereof.

If approved and implemented, each respective Consolidation will occur simultaneously for all of the Common Shares at the same Consolidation ratio. Except for any variances attributable to fractional shares, the change in the number of issued and outstanding Common Shares that will result from a Consolidation will cause no change in the capital attributable to the Common Shares and will not materially affect any shareholder’s percentage ownership in the Corporation, even though such ownership will be represented by a smaller number of Common Shares.

A Consolidation will not materially affect any Shareholder’s proportionate voting rights. Each Common Share outstanding after a Consolidation will be entitled to one vote and will be fully paid and non-assessable.

The implementation of a Consolidation would not affect the total shareholders’ equity of the Corporation, or any components of shareholders’ equity as reflected on the Corporation’s financial statements except: (i) to change the number of issued and outstanding Common Shares; and (ii) to change the stated capital of the Common Shares to reflect a Consolidation.

Each stock option, warrant or other security of the Corporation exercisable into pre-Consolidation Common Shares (together, the “**Other Securities**”) that has not been exchanged or cancelled prior to the effective date of the implementation of a Consolidation will be adjusted pursuant to the terms thereof on the same



exchange ratio as described above, and each holder of pre-Consolidation Other Securities will become entitled to receive post-Consolidation Common Shares pursuant to such adjusted terms.

### ***No Fractional Shares to be Issued***

No fractional Common Shares will be issued upon implementation of a Consolidation. If a Consolidation would otherwise result in the issuance of a fractional Common Share, such fraction will be rounded up to the next whole number of Common Shares.

### ***Implementation***

The implementation of the proposed Consolidations is conditional upon the Corporation obtaining the necessary regulatory consents. The Consolidation Resolution provides that the Board is authorized, in its sole discretion, to determine not to proceed with any Consolidations without further approval of the Shareholders. In particular, if the Consolidation Resolution is approved at Meeting, the Board may determine after the Meeting not to proceed with any Consolidation. If the Board does not implement any or all of the Consolidations within 36 months following the Meeting, the authority granted by the Consolidation Resolution to implement the Consolidations on the approved terms would lapse and be of no further force or effect.

### ***Consolidation Resolution***

At the Meeting, Shareholders will be asked to consider and, if deemed advisable, approve the Consolidation Resolution authorizing the Board to elect, in its sole discretion, to file Articles of Amendment giving effect to the Consolidations. The Consolidation Resolution is a special resolution and, as such, requires approval by not less than 66 2/3% of the votes cast by the Shareholders at the Meeting. The full text of the Consolidation Resolution is as follows:

#### **“BE IT RESOLVED AS A SPECIAL RESOLUTION THAT:**

1. the Articles of the Corporation be amended to change the number of issued and outstanding Common Shares of the Corporation by consolidating the issued and outstanding Common Shares of the Corporation on the basis of a ratio to be selected by the board of directors of the Corporation (the “**Board**”), in its sole discretion, up to ten (10) pre-consolidation Common Shares of the Corporation for one (1) post-consolidation Common Share of the Corporation (the “**Consolidation**”), with such Consolidation to be effected through one or more consolidations, in the sole discretion of the Board, provided, (A) that the cumulative effect of the one or more consolidations shall not result in a consolidation ratio that exceeds ten (10) pre-Consolidation Common Shares of the Corporation for one post-Consolidation Common Share of the Corporation, and (B) such Consolidations occur prior to the earlier of the 36 month anniversary of the date of this resolution, with such amendment(s) to become effective at a date(s) in the future to be determined by the Board in its sole discretion if and when the Board considers it to be in the best interests of the Corporation to implement such Consolidation, all as more fully described in the management information circular of the Corporation dated April 1, 2024 (the “**Circular**”), and subject to all necessary approvals;
2. the amendment(s) to the Articles of the Corporation giving effect to a Consolidation will provide that no fractional Common Share will be issued but the number of Common Shares to be received by a Shareholder shall be rounded down to the nearest whole share in the event that such shareholder would otherwise be entitled to a receive fractional share;
3. any director or officer of the Corporation be, and each of them is, hereby authorized and directed for and in the name of and on behalf of the Corporation to execute and deliver or cause to be executed and delivered one or more Articles of Amendment of the Corporation to the registrar under the *Corporations Act* (Ontario), and to execute and deliver or cause to be executed and

delivered all documents and to take any action which, in the opinion of that person, is necessary or desirable to give effect to this special resolution;

4. notwithstanding that this special resolution has been duly passed by the holders of the Common Shares of the Corporation, the Board may, in its sole discretion (including in the circumstances described in the Circular), revoke this special resolution in whole or in part at any time prior to its being given effect without further notice to, or approval of, the holders of the Common Shares of the Corporation; and
5. any one director or officer of the Corporation be, and each of them is, hereby authorized and directed for and in the name of and on behalf of the Corporation, to execute or cause to be executed, whether under corporate seal of the Corporation or otherwise, and to deliver or cause to be delivered all such documents, and to do or cause to be done all such acts and things, as in the opinion of such director or officer may be necessary or desirable in order to carry out the terms of this resolution, such determination to be conclusively evidenced by the execution and delivery of such documents or the doing of any such act or thing.”

**The Board unanimously recommends a vote in favour of the Consolidation Resolution. The persons named in the accompanying Form of Proxy (if named and absent contrary directions) intend to vote the Common Shares represented thereby FOR the Consolidation Resolution unless otherwise instructed on a properly executed and validly deposited proxy.**

## **6. Other Matters**

Management of the Corporation knows of no matters to come before the Meeting other than those referred to in the Notice of Meeting and this Circular. However, if any other matters properly come before the Meeting, it is the intention of the persons named in the Form of Proxy accompanying this Circular to vote the same in accordance with their best judgment of such matters.

## **STATEMENT OF EXECUTIVE COMPENSATION**

### **Named Executive Officers**

For the purposes of this Circular, “**Named Executive Officer**” or “**NEO**” of the Corporation means the following individuals: (i) CEO of the Corporation; (ii) CFO of the Corporation; (iii) each of the Corporation’s next most highly compensated executive officer, or the next most highly compensated individual acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was more than \$150,000 for that financial year; and (iv) each individual who would be a NEO under (iii) except that the individual was neither an executive officer of the Corporation nor acting in a similar capacity at the end of the most recently completed financial year.

For the year ended December 31, 2023, the Corporation’s NEOs were as follows:

- (a) Ben Gelfand, CEO and Director;
- (b) Remantra Sheopaul, CFO;
- (c) Victor Hugo, former CFO; and
- (d) Frank Kordy, Corporate Secretary, and Director.

### **Director and Named Executive Officer Compensation**

The following table sets forth the compensation paid by the Corporation to each NEO and director for the two most recently completed financial years of the Corporation, excluding options and compensation securities (see “*Statement of Executive Compensation – Stock Options and Other Compensation Securities*” below):

Name and position	Year	Annual Salary, Consulting Fee, Retainer or Commission (\$)	Bonus (\$)	Committee or Meeting Fees (\$)	Value of Prerequisites (\$)	Value of All Other Compensation (\$)	Total Compensation (\$)
<b>Ben Gelfand</b> <i>Director, CEO</i>	2023	\$199,000	Nil	Nil	Nil	\$56,000	\$255,000
	2022	\$163,000	\$97,000	Nil	Nil	Nil	\$260,000
<b>Remantra Sheopaul<sup>(1)</sup></b> <i>CFO</i>	2023	\$6,300	Nil	Nil	Nil	Nil	\$6,300
	2022	Nil	Nil	Nil	Nil	Nil	Nil
<b>Victor Hugo<sup>(2)</sup></b> <i>Former CFO</i>	2023	\$69,700	Nil	Nil	Nil	Nil	Nil
	2022	\$76,000	Nil	Nil	Nil	Nil	\$76,000
<b>Frank Kordy</b> <i>Director, Secretary</i>	2023	\$125,000	Nil	Nil	Nil	\$33,000	\$158,000
	2022	\$118,000	Nil	Nil	Nil	\$37,000	\$155,000

**Notes:**

- (1) Mr. Sheopaul was appointed as the CFO of the Corporation on November 6, 2023.  
(2) Mr. Hugo served as the Corporation's CFO from June 2021 until November 6, 2023.

**Stock Options and Other Compensation Securities**

During the most recently completed financial year, no Options or other compensation securities were issued to directors or officers of the Corporation for compensation purposes.

**Exercise of Compensation Securities**

During the most recently completed financial year, no compensation securities were exercised by NEOs and/or directors of the Corporation.

**Long Term Incentive Plan and Stock Appreciation Rights**

Other than the Stock Option Plan, the Corporation does not currently have any other long-term incentive or other plan pursuant to which cash or non-cash compensation has been or will be paid or distributed to any director or executive officer. A summary of the Stock Option Plan is set forth under the heading "Re-Approval of the Stock Option Plan - Stock Option Plan" and the full text of the Stock Option Plan is attached as Schedule "B" to this Circular.

**Pension Disclosure**

The Corporation does not have and does not intend to implement a pension plan for its directors or NEOs.

**Oversight and Description of Director and Named Executive Officer Compensation**

The Corporation does not have a formal compensation committee. Accordingly, responsibility for matters relating to the overall compensation philosophy and guidelines for the directors and officers of the Corporation lies with the Board as a whole. The Board seeks to ensure that, at all times, its compensation arrangements adequately reflect the responsibilities and risks involved in being an effective director or officer of the Corporation.

The Board is responsible for ensuring that the Corporation has in place an appropriate plan for executive compensation with respect to the compensation of the Corporation's NEOs, directors and senior management. The compensation for the Corporation's NEOs, in particular, its CEO and CFO, and for directors of the Corporation was, in each case, determined and reviewed, from time to time, by the Board as it deems appropriate. Going forward, this practice is expected to be continued by the Board.

### Elements of Compensation

The compensation of NEOs and senior management of the Corporation typically includes three major elements: (a) base salaries; (b) equity-based compensation; and (c) performance bonuses.

#### *Base Salaries*

Base salaries are intended to provide an appropriate level of fixed compensation that will assist in employee retention and recruitment. Base salaries will be determined on an individual basis, taking into consideration the past, current and potential contribution to the Corporation's success, the position and responsibilities of such NEO and competitive industry pay practices for other high growth, premium brand companies of similar size and revenue growth potential.

#### *Equity-Based Compensation*

Shareholders approved the Stock Option Plan which enables the Corporation and its affiliated companies to: (i) promote and retain employees, officers, consultants, advisors and directors capable of assuring the future success of the Corporation, (ii) to offer such persons incentives to put forth maximum efforts, and (iii) to compensate such persons through various stock and cash- based arrangements and provide them with opportunities for stock ownership, thereby aligning the interests of such persons and Shareholders.

#### *Performance Bonuses*

Annual bonuses will be awarded based on qualitative and quantitative performance standards and will reward performance of each NEO individually. The determination of an NEO's performance may vary from year to year depending on economic conditions and conditions in the Corporation's industry and may be based on measures such as stock price performance, the meeting of financial targets against budget (such as adjusted funds from operations), the meeting of acquisition objectives and balance sheet performance.

### Compensation and Measurement of Performance

The Board is of the view that all elements of the total program should be considered, rather than any single element. As such, the Corporation does not use fixed criteria in determining the mix of compensation and instead determines compensation based on a contextual analysis of the Corporation. While the Corporation does not have a formally established peer group in determining compensation, the Board will on occasion reference other comparable publicly traded Canadian companies to align its compensation practices with market practice while taking into account the financial and other resources of the Corporation.

The performance of each NEO and director is informally monitored by the Board, having in mind the business strengths of the individual and the purpose of originally appointing the individual as an officer. In establishing compensation for executive officers, the Board as a whole seeks to accomplish the following goals:

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

through participation in the Stock Option Plan.

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

### **Employment, Consulting and Management Agreements**

Other than as set forth herein, the Corporation does not have any agreements or arrangements under which compensation was provided during the most recently completed financial year ended December 31, 2023, or is payable in respect of services provided to the Corporation or any of its subsidiaries that were performed by a director or NEO. There are no agreements containing provisions with respect to change of control, severance, termination, or constructive dismissal that are not disclosed below.

#### Ben Gelfand

Mr. Ben Gelfand and the Corporation entered into an executive employment agreement on August 27, 2021, pursuant to which Mr. Gelfand serves as the CEO and Chairman of the Corporation. Under the terms of the agreement, Mr. Gelfand receives remuneration for services rendered to the Corporation, including a gross monthly payment of C\$12,650 plus harmonized sales tax ("**HST**") for his role as CEO. In addition, Mr. Gelfand receives a gross monthly payment of C\$2,000.00 plus HST for acting as Chairman of the Corporation, as well as benefits, a bonus, and share incentives.

#### *Change of Control*

In the event that Mr. Gelfand's contract is terminated, or Mr. Gelfand resigns for "good reason" (as defined in his employment agreement), within 12 months following a change of control, he will be entitled to payment equal to 24 times his then monthly salary and such payment is to be made to Mr. Gelfand within 10 days of such termination or resignation.

If, within the period commencing on the ninetieth (90th) day following the change of control and ending on the date that is 12 months following the change of control, Mr. Gelfand resigns other than for "good reason" (as defined in his employment agreement), then Mr. Gelfand shall be entitled to a payment equal to 18 times his then monthly salary, such payment to be made to Mr. Gelfand within 10 days of such resignation or such other later date that Mr. Gelfand advises the Corporation.

#### *Termination without cause*

In addition, the Corporation may terminate Mr. Gelfand's engagement at any time without cause on providing payment of 24 months' then monthly salary and that such payment constitutes full satisfaction of any of his entitlement to notice, pay in lieu of notice, damages in lieu of notice and severance pay pursuant to applicable engagement standards legislation and at common law.

If Mr. Gelfand's engagement is terminated without cause, any stock options held by Mr. Gelfand on the date notice of termination is given shall immediately vest and shall, notwithstanding the provisions of the Stock Option Plan, be exercisable by Mr. Gelfand for a period of 2 years from the date of termination.

#### Frank Kordy

Mr. Frank Kordy and the Corporation entered into a consulting agreement on September 1, 2019, which was amended as of September 1, 2021, pursuant to which Mr. Kordy serves as a director and the secretary

of the Corporation. Under the terms of the agreement and the amendments thereto, Mr. Kordy receives remuneration for services rendered to the Corporation in the amount of C\$9,200 plus HST and the Corporation is to provide all reasonable information required by Mr. Kordy to support activities carried out.

#### Alan Grant

Mr. Alan Grant and the Corporation entered into a consulting agreement on February 17, 2022, pursuant to which Mr. Grant serves as a director of the Corporation. Under the terms of the agreement, Mr. Grant receives remuneration for services rendered to the Corporation in the amount of C\$3,000 plus HST, and the Corporation is to provide all reasonable information required by Mr. Grant to support activities carried out.

### **SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS**

The following table sets forth details, as at December 31, 2023, of the number of securities to be issued upon exercise of outstanding options and the remaining securities available for issuance, under equity compensation plans of the Corporation:

<b>Plan Category</b>	<b>Number of Securities to be Issued upon Exercise of Outstanding Options, Warrants and Rights (#)</b>	<b>Weighted-average Exercise Price of Outstanding Options, Warrants and Rights (\$)</b>	<b>Number of Securities remaining available for Future Issuance under Equity Compensation Plans (#)</b>
Equity compensation plans approved by securityholders	4,859,166 Stock Options	\$0.33	9,755,763
Equity compensation plans not approved by securityholders	Nil	Nil	Nil
<b>Total</b>	4,859,166	\$0.33	9,755,763 Options <sup>(1)</sup>

**Note:**

(1) Calculated based on 146,149,296 Common Shares issued and outstanding as at December 31, 2023.

### **AUDIT COMMITTEE**

The overall purpose of the audit committee (the “**Audit Committee**”) of the Corporation is to assist the Board in its oversight of the integrity of the Corporation’s financial statements and other relevant public disclosure, the Corporation’s compliance with legal and regulatory requirements relating to financial reporting, the external auditors’ qualifications and independence and the performance of the internal audit function and the external auditors.

#### **Audit Committee Charter**

The Board has adopted a written charter for the Audit Committee which sets out the Audit Committee’s responsibility in reviewing the financial statements of the Corporation and public disclosure documents containing financial information and reporting on such review to the Board, review of the Corporation’s public disclosure documents that contain financial information, oversight of the work and review of the independence of the external auditors and reviewing, evaluating and approving the internal control procedures that are implemented and maintained by management. A copy of the charter of the Audit Committee is set forth in Schedule “C” to this Circular (the “**Audit Committee Charter**”).



## Reliance on Certain Exemptions

The Corporation is a “venture issuer” as defined in NI 52-110 and relies on the exemption in section 6.1 of NI 52-110 relating to Parts 3 (Composition of Audit Committee) and 5 (Reporting Obligations).

## Composition of the Audit Committee

Section 6.1.1 of NI 52-110 provides that an audit committee of a venture issuer must be composed of a minimum of three (3) members, that each member must be a director, and a majority of the members must not be executive officers, employees, or control persons.

The following persons are members of the Audit Committee:

Member Name	Independence <sup>(1)</sup>	Financial Literacy <sup>(2)</sup>
Frank Kordy	Independent	Financially Literate
Ben Gelfand	Not independent	Financially Literate
Alan Grant	Independent	Financially Literate

### Notes:

- (1) As defined by National Instrument 51-110 – *Audit Committees* (“**NI 52-110**”), a member of an audit committee is “independent” if the member has no direct or indirect material relationship with the Corporation, which could, in the view of the Board, reasonably interfere with the exercise of the member’s independent judgment.
- (2) As defined by NI 52-110, an individual is financially literate if they have the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation’s financial statements.

The Audit Committee assists the Board in fulfilling its responsibilities for oversight of financial and accounting matters. The Audit Committee, among other responsibilities, reviews the financial reports and other financial information provided by the Corporation to regulatory authorities and its Shareholders and reviews the Corporation’s system of internal controls regarding finance and accounting including auditing, accounting and financial reporting processes.

In addition, the Audit Committee is responsible for directing the auditors’ examination of specific areas, for the selection of the Corporation’s independent auditors and for the approval of all non-audit services for which its auditors may be engaged.

## Relevant Education and Experience

Each member of the Corporation’s Audit Committee has adequate education and experience relevant to their performance as an audit committee member and, in particular, the requisite education and experience that provides the member with:

- i. an understanding of the accounting principles used by the Corporation to prepare its financial statements and the ability to assess the general application of those principles in connection with estimates, accruals and reserves;
- ii. experience preparing, auditing, analyzing or evaluating financial statements that

present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Corporation's financial statements or experience actively supervising individuals engaged in such activities; and

- iii. an understanding of internal controls and procedures for financial reporting.

### **Audit Committee Oversight**

At no time since the commencement of the Corporation's most recently completed fiscal year was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board.

### **Pre-Approval Policies and Procedures**

The Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services. The Audit Committee will review the engagement of the Corporation's auditors to provide non-audit services, as and when required.

### **External Auditor Service Fees**

In the Corporation's most recently completed financial year, the Audit Committee made the recommendation to the Board to nominate or compensate the Corporation's Former Auditors, who were the Corporation's auditors from November 30, 2021, until March 8, 2024.

The Audit Committee has reviewed the nature and amount of the non-audit services provided by the Former Auditors, to the Corporation to ensure auditor independence. Fees incurred with the Former Auditors for audit and non-audit services for the last two fiscal years are outlined in the following table.

<b>Fiscal Year</b>	<b>Audit Fees <sup>(1)</sup></b>	<b>Audit Related Fees <sub>(2)</sub></b>	<b>Tax Fees <sup>(3)</sup></b>	<b>Other Fees <sup>(4)</sup></b>	<b>Total Fees</b>
December 31, 2023	\$185,000	\$9,000	\$6,000	N/A	\$200,000
December 31, 2022	\$240,000	\$16,000	\$6,000	N/A	\$262,000

#### **Notes:**

- (1) "Audit Fees" are the aggregate fees billed by the Corporation's Former Auditors in each of the last two fiscal years for audit fees. These include fees necessary to perform the annual audit and quarterly reviews of the Corporation's consolidated financial statements. Audit Fees include fees for review of tax provisions and for accounting consultations on matters reflected in the consolidated financial statements. Audit Fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.
- (2) "Audit-Related Fees" include services that are traditionally performed by the auditor. These audit-related services include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.
- (3) "Tax Fees" include fees for all tax services other than those included in "Audit Fees" and "Audit-Related Fees". This category includes fees for tax compliance, tax planning and tax advice. Tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.
- (4) "All Other Fees" include all other non-audit services.



## CORPORATE GOVERNANCE

In accordance with National Instrument 58-101 — *Disclosure of Corporate Governance Practices*, the following describes the corporate governance practices of the Corporation.

### Board of Directors

The Board facilitates its exercise of independent supervision over the Corporation's management through frequent meetings of the Board.

The Board is currently comprised of three (3) directors, being: Ben Gelfand, Frank Kordy and Alan Grant. Alan Grant is "independent" within the meaning of NI 52-110. Frank Kordy and Ben Gelfand are not considered to be "independent" for the purposes of NI 52-110, as they are currently officers of the Corporation. The independent directors maintain their independence by having no direct or indirect material participation with management of the Corporation. In the view of the Board, no independent directors' other directorships or principal occupations would reasonably be expected to interfere with the exercise of a member's independent judgment.

The Board has taken reasonable steps to ensure that adequate structures and processes are in place to permit the Board to function independently of management. The Board is of the opinion that the size of the Board is adequate and facilitates the efficiency of its deliberations, while ensuring a diversity of opinion and experience. It believes that each and every director is eager to fulfil his or her obligations and assume his or her responsibilities in the Corporation's best interests, with due regard to the best interests of the Corporation's shareholders. To enhance its ability to act independently of management, the independent members of the Board may meet without management and the non-independent directors as they deem appropriate after board meetings. In the event of a conflict of interest at a meeting of the Board, the conflicted director will, in accordance with corporate law and his or her fiduciary obligations as a director of the Corporation, disclose the nature and extent of his or her interest to the meeting and abstain from voting on the matter at issue. In addition, the members of the Board who are not members of management are encouraged to obtain advice from external advisors and legal counsel as they may deem necessary in order to reach a conclusion with respect to issues brought before the Board. The Board provides leadership for its independent directors through formal Board meetings, by encouraging independent directors to bring forth agenda items, and by providing independent directors with access to senior management, outside advisors, and unfettered access to information regarding our activities. The relatively small size of the Board facilitates this process.

The Board has determined that a board of three (3) members will be effective in the governance and supervision of the management of the Corporation's business and affairs at this time.

### Directorships

None of the current directors of the Corporation presently serve on the board of directors of any other reporting issuers (or the equivalent) in a Canadian jurisdiction or a foreign jurisdiction.

### Orientation and Continuing Education

Corporate governance relates to the activities of the Board, the members of which are elected by and accountable to the shareholders, and accounts for the role of management who are appointed by the Board and charged with the day-to-day management of the Corporation. The Board and senior management consider good corporate governance to be central to the effective and efficient operation of the Corporation, and the Board has therefore formed a Corporate Governance and Nominating Committee ("**CG&N Committee**") to oversee the Corporation's operations as they relate to corporate governance matters. The CG&N Committee is currently composed of the following three members: Ben Gelfand, Alan Grant, and Frank Kordy.

The CG&N Committee is responsible for producing a director's manual to use in the orientation program for new Board members. In addition, information such as recent annual reports, prospectuses, proxy solicitation materials, various other operating and budget reports and Board and committee mandates are provided to new Board members to ensure that they are familiar with the Corporation's business and the procedures of the Board. Furthermore, directors are encouraged to visit and meet with management on a regular basis. The Corporation also encourages continuing education of its directors and officers where appropriate in order to ensure that they have the necessary skills and knowledge to meet their respective obligations to the Corporation.

### **Ethical Business Conduct**

Ethical business behavior is of great importance to the Board and the management of the Corporation. The Corporation has instituted a policy on insider trading, a comprehensive code of business ethics and conduct, as well as a whistleblower policy for all staff and personnel to report any fraudulent or illegal acts on an anonymous basis directly to the Audit Committee chair. In addition, as some of the directors of the Corporation also serve as directors and officers of other companies engaged in similar activities, board members are required to comply with the conflict of interest provisions of the OBCA, as well as the relevant securities regulatory instruments, in order to ensure that directors exercise independent judgment in considering transactions and agreements in respect of which a director or officer has a material interest. Each director is required to declare the nature and extent of his interest and is not entitled to vote at meetings that involve such conflicts.

### **Nomination of Directors**

The CG&N Committee is responsible for reviewing the composition, compensation and contribution of the Board and its members and recommending Board nominees. While there are no specific criteria for Board membership, the CG&N Committee attempts to attract directors with business knowledge in areas relevant to the Corporation's operations, accounting and finance who may provide insights that will assist in guiding the management of the Corporation. As such, nominations tend to be the result of recruitment efforts by management of the Corporation and discussions among the members of the CG&N Committee prior to consideration by the Board as a whole.

### **Director Term Limits**

The Corporation does not have a policy that limits the term of the directors on its Board and has not provided other mechanisms of board renewal. At this time, the Board does not believe that it is in the best interest of the Corporation to establish term limits on a director's mandate or a mandatory retirement age. The Board is of the opinion that term limits may disadvantage the Corporation through the loss of beneficial contributions of directors who have developed increasing knowledge of the Corporation, its operations, and the industry over a period.

### **Assessment of Board Performance**

As noted above the CG&N Committee is responsible for reviewing the contribution and effectiveness of the Board, its committees and its members. The CG&N Committee:

- (a) reviews and reports to the Board annually on the size, composition and profile of the Board (age, geographical representation, disciplines, related vs. unrelated, etc.). In its review of the size of the Board, the Committee will evaluate the impact of the number of Board members upon its effectiveness and, if required, implement a program to modify the number of directors to facilitate more effective decision-making;
- (b) reviews annually the continued compliance by nominees to the Board to be named in

the management proxy circular for re-election with the criteria underlying the appointment of each director;

- (c) reviews annually: (i) compliance by Board members with the Corporation's policy on conflicts of interest; (ii) the status and contribution of members of the Board and committees of the Board; and (iii) the performance of the Board and its committees, and reports to the Board thereon; and
- (d) reviews annually the Board/management relationship and recommends to the Board structures and procedures to ensure that the Board can continue to function independently of management.

### **Diversity Policy**

The Corporation's senior management and the members of its Board have diverse backgrounds and expertise and were selected on the belief that the Corporation and its stakeholders would benefit from such a broad range of talent and experiences. The Board considers merit as the key requirement for Board and executive appointments, and as such, it has not adopted any target number or percentage, or a range of target numbers or percentages, respecting the representation of women, Indigenous peoples, persons with disabilities, or members of visible minorities (collectively, "members of designated groups") on the Board or in senior management roles.

The Corporation has not adopted a written diversity policy and seeks to attract and maintain diversity at the executive and board of directors' levels informally through the recruitment efforts of management in discussion with directors prior to proposing nominees to the Board as a whole for consideration. Although the level of representation of members of designated groups is one of many factors taken into consideration in making Board and executive officer appointments, emphasis is placed on hiring or advancing the most qualified individuals. As at the date of this Circular, one member of designated groups currently holds positions on the Board or in senior management.

### **Compensation**

See "*Statement of Executive Compensation – Oversight and Description of Director and Named Executive Officer Compensation*" for disclosure pertaining to the determination of director and NEO compensation.

### **Other Board Committees**

Other than the Audit Committee and the CG&N Committee, the Board has no other committees. The directors are regularly informed of or are actively involved in the operations of the Corporation. The scope and size of the Corporation's operations and development does not currently warrant an increase in the size of the Board or the formation of additional committees, however, the Board periodically examines its size and constitution and may from time to time establish ad hoc committees to deal with specific situations.

### **Assessments**

Individual director and board effectiveness assessments are done on an informal basis and are determined by examining a number of factors including, but not limited to, attendance at and participation in meetings, meeting preparedness, ability to communicate ideas clearly and overall contribution to effective Board performance.

## **INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

None of the current or former directors, executive officers or employees of the Corporation or any of its

subsidiaries, no Nominee, and no associate or affiliate of any of them is or has been indebted to the Corporation or any of its subsidiaries at any time since the beginning of the Corporation's most recently completed financial year nor has any such person been indebted to any other entity where such indebtedness is the subject of a guarantee, support agreement, letter of credit or similar arrangement or understanding provided by the Corporation.

#### **MANAGEMENT CONTRACTS**

No other management contracts have been entered into by the Corporation, other than those disclosed in the section of this Circular titled "*Statement of Executive Compensation – Employment, Consulting, and Management Agreements.*"

#### **INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

To the best of the knowledge of the directors and executive officers of the Corporation, since the commencement of the Corporation's last completed financial year and the commencement of the preceding financial year, no "informed person" (as such term is defined in NI 51-102) of the Corporation, any Nominee, or any associate or affiliate of an informed person, has or had any material interest, direct or indirect, in any transaction or any proposed transaction that has materially affected or will materially affect the Corporation or any of its subsidiaries, except as described below.

#### **ADDITIONAL INFORMATION**

Financial information is provided in the Corporation's Annual Financial Statements and associated MD&A for the years ended December 31, 2022 and 2021 (the "**2022 MD&A**"). Additional information relating the Corporation and copies of the Annual Financial Statements and 2022 MD&A may be obtained under the Corporation SEDAR+ profile at [www.sedarplus.ca](http://www.sedarplus.ca) or upon request from the Corporation at First Canadian Place, 100 King Street West, Suite 5700, Toronto, Ontario M5X 1C9. The Corporation may require payment of a reasonable charge from any person or company who is not a securityholder of the Corporation, who requests a copy of any such document.

## CERTIFICATION

The undersigned hereby certifies that the contents and the mailing of this Circular to Shareholders have been approved by the Corporation's Board of Directors.

**DATED** at Toronto, Ontario, this 1<sup>st</sup> day of April 2024.

**BY ORDER OF THE BOARD OF DIRECTORS OF BLUESKY DIGITAL ASSETS CORP.**

/s/ Frank Kordy  
**Frank Kordy**  
**Secretary and Director**

**SCHEDULE "A"**

**CHANGE OF AUDITOR REPORTING PACKAGE**

*(See attached)*

**CHANGE OF AUDITOR NOTICE**  
**Pursuant to National Instrument 51-102 ("NI 51-102"), Section 4.11**

**Item 1 – Former Auditors:**

- 1) Raymond Chabot Grant Thornton LLP ("RCGT") resigned as auditors of Bluesky Digital Asset Corp., (the "Corporation") effective as of March 8<sup>th</sup>, 2024;
- 2) RCGT resigned as the auditors of the Corporation at the request of the Corporation due to the Corporations' exit from "Crypto Currency Mining";
- 3) The resignation of RCGT as auditors of the Corporation was approved by the Board of Directors of the Corporation on March 8<sup>th</sup>, 2024;
- 4) RCGT had been appointed auditors of the Corporation effective November 30<sup>th</sup>, 2021. There is no report produced by RCGT on any of the financial statements of the Corporation up to and ending on the date of resignation;
- 5) To the date hereof, there have been no reportable events involving RCGT. A reportable event means a disagreement, a consultation or an unresolved issue, all as further defined in NI 51-102.

**Item 2 – Successor Auditors:**

- 1) The Board of Directors of the Corporation approved the appointment of Kenway Mack Slusarchuck Stewart LLP, ("KMSS") as successor auditors of the Corporation on March 8<sup>th</sup>, 2024;
- 2) To the date hereof, there have been no reportable events involving KMSS.

**Dated** at Toronto on this 8<sup>th</sup> day of March, 2024

**Bluesky Digital Assets Corp.**

By: /s/ Frank Kordy  
Frank Kordy, Secretary & Director



Raymond Chabot  
Grant Thornton

March 8, 2024

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**Raymond Chabot  
Grant Thornton LLP**  
Suite 2000  
National Bank Tower  
600 De La Gauchetière Street West  
Montréal, Quebec  
H3B 4L8

T 514-878-2691

Ontario Securities Commission  
Alberta Securities Commission  
British Columbia Securities Commission

Dear Sirs / Mesdames:

**Subject: Bluesky Digital Assets Corp. (the “Company”)  
Notice Pursuant to NI 51-102 of Change of Auditor**

In accordance with National Instrument 51-102, we have read the Company’s Change of Auditor Notice dated March 8, 2024 and agree with the information contained therein, based upon our knowledge of the information at this date.

Should you require clarification or further information, please do not hesitate to contact the write.

Yours very truly,

*Raymond Chabot Grant Thornton LLP*



Ontario Securities Commission  
British Columbia Securities Commission  
Alberta Securities Commission

March 8, 2024

**Re: Bluesky Digital Assets Corp. (the “Company”)  
Change of Auditors – Notice Pursuant to Section 4.11 of National Instrument 51-102**

Pursuant to Section 4.11 of National Instrument 51-102, *Continuous Disclosure Obligations*, we confirm that we have reviewed the change of auditor notice (“Notice”) dated March 8, 2024 sent to us by the Company in connection with a change of auditor and, based on our knowledge of the information at the time, agree with the information contained in the said Notice.

Yours very truly,



Kenway Mack Slusarchuk Stewart LLP  
Chartered Professional Accountants  
Calgary, Alberta

**SCHEDULE "B"**

**STOCK OPTION PLAN**

*(See attached)*



## GUNPOWDER CAPITAL CORP STOCK OPTION PLAN

### 1. THE PLAN

Gunpowder Capital Corp. (the "**Corporation**") has established a stock option plan (the "**Plan**") for *bona fide* Directors, Employees and Consultants of the Corporation (collectively, the "**Admissible Persons**"), to purchase authorized but unissued common shares of the Corporation (the "**Common Shares**") on the terms and conditions hereinafter set out. The board of directors of the Corporation (the "**Board of Directors**") may appoint a committee to administer the Plan (the "**Committee**"). In the event such a Committee is not appointed by the Board of Directors, then the Board of Directors shall, for the purposes herein, be deemed to constitute the Committee.

### 2. PURPOSE

The purpose of the Plan is to encourage the participation of the Admissible Persons in the Corporation's growth and development by providing them, through the grant of options exercisable for Common Shares (the "**Options**"), with the opportunity to acquire or increase a financial interest in the Corporation.

### 3. DEFINITIONS

All capitalized terms used but not otherwise defined herein shall have the meaning ascribed thereto in the Canadian Securities Exchange ("**CSE**").

### 4. GRANT OF OPTIONS

The Committee may, from time to time, in its discretion, grant to any Admissible Person (the "**Optionee**"), the irrevocable (subject to the terms hereof) option to acquire Common Shares (the "**Optioned Shares**") upon and subject to such terms, conditions and limitations as are herein contained and as the Committee may from time to time determine with respect to each Option. The Options may be granted to a holding corporation that is wholly-owned and controlled by the Optionee. Notwithstanding the foregoing, the exercise of any Option granted hereunder is subject to the vesting provisions contained in Section 9 hereof. The Committee may impose performance thresholds, which thresholds will need to be met prior to vesting of any Options granted.

Subject to the Plan, the Committee may impose limitations, restrictions and conditions, in addition to those set out in the Plan, that are applicable to the exercise of an Option including, without limitation, the nature and duration of any restrictions applicable to a sale or other disposition of Optioned Shares acquired upon exercise of an Option and the nature of events, if any, that may cause any Optionee's rights in respect of Optioned Shares acquired upon exercise of an Option to be forfeited and the duration of the period of such forfeiture.

The granting of any Option to an Optionee does not confer upon the Optionee any right to continue in the employment of the Corporation or as a member of the Board, as the case may be, nor does it interfere in any way with the rights of the Optionee or of the Corporation's rights to terminate the Optionee's employment at any time or of any shareholder's right to nominate or elect one or more Directors of the Corporation.

For options granted to Employees, Consultants or Management Company Employees, the Corporation shall represent that the Optionee is a bona fide Employee, Consultant or Management Company Employee, as the case may be.

## 5. AUTHORIZED SHARES PURSUANT TO THE PLAN

Subject to adjustment as provided in Section 13 hereof, the aggregate number of Optioned Shares to be delivered upon the exercise of all Options granted under the Plan shall not exceed 10% of the outstanding listed Common Shares at the time of grant. If any Option granted hereunder is cancelled, expires or terminates for any reason without having been exercised in full, the unpurchased Optioned Shares subject thereto shall again be available for the purposes of the Plan.

The allotment of the Common Shares and the Corporation's obligation to issue Common Shares pursuant to the Plan are subject to the following conditions:

- (a) Subject to subsections 5(b) and 5(c) hereof, no Optionee may be granted Options to acquire more than 5% of the issued and outstanding Common Shares of the Corporation (calculated as at the time of the grant of such Options) in any 12-month period unless the Corporation has obtained disinterested shareholder approval in connection therewith;
- (b) No Consultant Optionee may be granted Options to acquire more than 2% of the issued and outstanding Common Shares of the Corporation (calculated as at the time of the grant of such Options) in any 12-month period; and
- (c) The aggregate number of Options granted to Employee Optionees conducting investor relations activities shall not exceed 2% of the issued and outstanding Common Shares of the Corporation (calculated as at the time of the grant of such Options) in any 12-month period.

## 6. OPTION PRICE

The purchase price of the Common Shares, upon exercise of each Option granted under the Plan, (the "**Option Price**") shall be a price fixed for such Option by the Committee upon grant of each such Option provided that such Option Price shall not be lower than the Discounted Market Price at the time of grant. In the event that the Corporation proposes to reduce the Option Price of Options granted to an Optionee who is an Insider of the Corporation at the time of the proposed amendment, such amendment shall not be effective until disinterested shareholder approval has been obtained in respect of the Option Price reduction.

The allotment of the Common Shares and the Corporation's obligation to issue Common Shares pursuant to the Plan are subject to the Corporation having obtained the required authorizations from the regulatory authorities pertaining to the allotment of the Options or to the issuance and distribution of the Optioned Shares and the listing of the Optioned Shares on the CSE. The Corporation undertakes to use its best efforts to obtain all the required approvals to give effect to the Plan.

## 7. METHOD OF EXERCISE OF OPTION

Each Option or part thereof may be exercised by the Optionee, or his or her heirs or legal personal representatives, by giving notice in writing in the form annexed hereto as Schedule "A" hereto addressed to the Corporation at its head office in Toronto, Ontario, and delivered or mailed by registered mail to the Chief Financial Officer of the Corporation. Such notice shall specify the number of Optioned Shares with respect to which the Option is being exercised and shall be accompanied by payment in full, by certified cheque or other form of payment acceptable to the Corporation, of the aggregate Option Price for such number of Optioned Shares so specified therein.

Upon any such exercise of an Option as aforesaid, the Corporation shall forthwith deliver or, as applicable, cause the transfer agent and registrar of the Corporation to deliver to the Optionee, or to his legal personal representatives or to the order thereof, a certificate representing the aggregate number of fully paid and non-assessable Common Shares as the Optionee or his or her heirs or legal personal representatives shall have then paid for. Notwithstanding the foregoing, no Option shall be exercisable unless the Corporation shall be satisfied that the issuance of Optioned Shares, upon exercise thereof, will be in compliance with the applicable laws of Canada or any province therein and the rules of the CSE. Upon receipt of payment in full, the number of Optioned Shares in respect of which the Option is exercised will be duly issued as fully paid and non-assessable.

No fractional Common Shares shall be issued upon the exercise of Options. If an Optionee otherwise becomes entitled to a fractional Common Share upon exercise of an Option, such Optionee shall only have the right to purchase the next lowest whole number of Common Shares and no payment or adjustment shall be made with respect to the fractional interest so disregarded.

The exercise of each Option granted under this Plan is subject to the condition that if at anytime the Corporation determines, in its discretion, that the satisfaction of withholding tax or other withholding liabilities is necessary or desirable in respect of such exercise, such exercise is not effective unless such withholding has been effected to the satisfaction of the Corporation. In such circumstances, the Corporation may require that an Optionee pay to the Corporation, in addition to and in the same manner as the Option Price for the Optioned Shares, such amount that the Corporation is obliged to remit to the relevant taxing authority in respect of the exercise of the Option. Any such additional payment is due no later than the date as of which any amount with respect to the Option exercised first becomes includable in the gross income of the Optionee for tax purposes.

## **8. TERM**

Each Option, unless sooner terminated in accordance with the terms, conditions and limitations thereof, or unless sooner exercised, shall expire at 5:00 p.m. (Toronto time) on the date ("**Expiry Date**") determined by the Board of Directors or by the Committee when the Option is granted or, failing such determination and in any event, not later than that date which is 10 years after the grant of the Option.

Subject to the rules, policies or regulations of the CSE, in the event that the expiry of an Option occurs during a blackout period imposed by management, by the Board of Directors or by the Committee in accordance with the Corporation's insider trading policy, if any, the expiry date of such Option shall be deemed to be amended to that date which is seven business days following the end of such blackout period.

## **9. VESTING**

Subject to the rules, policies or regulations of the CSE, the Board may, in its sole discretion, determine the time during which each Option shall vest and the method of vesting, or that no vesting restriction shall exist.

## **10. CEASING TO BE AN ADMISSIBLE PERSON, AND DEATH OF ADMISSIBLE PERSON**

Subject to this Section 10 or the terms of the applicable stock option agreement, in the event that an Optionee ceases to be an Admissible Person for any reason other than death, including the resignation, retirement or termination of employment of the Optionee, each Option held by the Optionee (or their wholly-owned holding company) may be exercised to the extent that each Option was entitled to be exercised at the date of such cessation, at any time up to and including the earlier of: (a) the close of business on the expiration date of the Option; and (b) a date that is ninety days (or such other period as may be determined by the Committee, provided that such period is not more than one year) following the effective date of such resignation, retirement or termination, after which date each Option shall forthwith expire and terminate and be of no further force or effect whatsoever.

The date the Optionee ceases to be an Admissible Person, in the case of termination of employment with the Corporation, shall be the last day upon which the employee provides services to the Corporation at its premises and not the last day of any notice period or upon which the Corporation pays wages or salaries in lieu of notice of termination, statutory, contractual or otherwise.

In the event of the death of an Admissible Person on or prior to the Expiry Date, such Options held by the Admissible Person (including Options held by a holding corporation that is wholly-owned and controlled by the Admissible Person) may be exercised as to such of the Common Shares in respect of which such Options have not previously been exercised (and as the Optionee would have been entitled to purchase), by the legal personal representatives of the Admissible Person at any time up to and including (but not after) a date one year from the date of death of the Admissible Person, after which date each Option shall forthwith expire and terminate and be of no further force or effect whatsoever.

For greater certainty, Options shall not be affected by any change of employment of the Optionee or by the Optionee ceasing to be a Director of the Corporation provided that the Optionee continues to be an Admissible Person.

## **11. ISSUE OF COMMON SHARES**

No Optionee shall have any of the rights of a shareholder with respect to any Optioned Shares until the Optioned Shares have been paid for in full and issued to him or her.

## 12. TRANSFERABILITY AND ASSIGNMENT

Subject to the provisions of this Section 12, Options are personal to the Optionee. No Optionee may deal with any Option or any interest in it or Transfer any Option now or hereafter held by the Optionee except in accordance with the Plan. A purported Transfer of any Option in violation of the Plan will not be valid and the Corporation will not issue any Optioned Shares upon the attempted exercise of an improperly Transferred Option. No Option shall be Transferable or assignable other than by will or the laws of succession and distribution.

For the purposes of this Section 12, "**Transfer**" means any sale, exchange, assignment, gift, bequest, disposition, mortgage, charge, pledge, encumbrance, grant of security interest or other arrangement by which, directly or indirectly, possession, legal title or beneficial ownership passes from an Optionee to another person, or to the Optionee in a different capacity, whether or not voluntary or by operation of law and whether or not for value, and any agreement to effect any of the foregoing; and the words "**Transferred**", "**Transferring**", "**Transferrable**" and similar words have corresponding meanings; and

## 13. ALTERATION OF NUMBER OF SHARES SUBJECT TO THE PLAN

The number of Common Shares subject to the Plan shall be increased or decreased proportionately in the event of the subdivision or consolidation of Common Shares of the Corporation, and in any such event a corresponding adjustment shall be made changing the number of shares deliverable upon the exercise of any Option theretofore granted without change in the total price applicable to the unexercised portion of the Option, but with a corresponding adjustment in the price for each Optioned Share. In case the Corporation is reorganized or merged or consolidated or amalgamated with another corporation, appropriate provisions shall be made for the continuance of the Options outstanding under the Plan and to prevent their dilution or enlargement.

## 14. TERMINATION

Notwithstanding any vesting schedule determined in accordance with Section 9 hereto or any other provision of this Plan, in the event that the Corporation or its shareholders receive and accept an offer to acquire all of the shares or substantially all of the assets of the Corporation, whether effected through an acquisition for cash or securities, and whether structured as a purchase, amalgamation, merger, arrangement, reorganization or other business combination (in each case, a "**Sale Transaction**"), the Committee may, in its sole discretion, deal with the Options issued under the Plan in the manner it deems fair and reasonable in light of the circumstances of the Sale Transaction provided all Optionees to whom Options have been granted under the Plan and remain outstanding are treated similarly. In this regard, in the event of a proposed Sale Transaction, the Committee may, in its sole discretion, by written notice (the "**Notice**") to any Optionee, accelerate the vesting of some or all the Options such that such Options become immediately fully vested. In such circumstances, the Committee may by written notice compel the Optionee to exercise his or her Options within 30 days of the date of such written notice to exercise, failing which the Optionee's right to purchase Optioned Shares under such Options lapses. In addition, and without limiting the generality of the foregoing, in connection with a Sale Transaction, the Committee may, without any action or consent required on the part of any such Optionee, (i) deem any or all Options (vested or unvested) under the Plan to have been exercised and the Optioned Shares to have been tendered to the Sale Transaction, (ii) apply a portion of the Optionee's proceeds from the closing of the Sale Transaction to the Option Price payable by that Optionee for the exercise of his or her Options, (iii) cancel the Options and pay to an Optionee the amount that the Optionee would have received, after deducting the Option Price of the Options, had the Options been exercised, (iv) exchange Options, or any portion of them, for options to purchase shares in the capital of the acquiror or any corporation which results from an amalgamation, merger or similar transaction involving the Corporation made in connection with the Sale Transaction, or (v) take such other actions, and combinations of the foregoing actions, as it deems fair and reasonable under the circumstances.

If the proposed Sale Transaction is not completed within 180 days after the date of Notice, any affected Optionee, within a period of 10 days following the 180-day period, may elect to cancel an exercise pursuant to the Notice. In respect of any Optionee who makes this election, the Corporation will return to the Optionee all rights under such Optionee's Options as if no exercise had been effected, subject to the appropriate adjustment of accounts to the position that would have existed had there been no exercise of Options.

The Committee may at any time terminate the Plan with respect to Common Shares not being, at that time, Optioned Shares, and the Committee may at any time amend any provision of the Plan subject to obtaining the necessary approval of the CSE and any other applicable regulatory authorities, provided that any such amendment shall not adversely affect or impair any Option previously granted to an Optionee under the Plan, without its consent.

#### **15. ADMINISTRATION**

Within the limitations set forth in the Plan, the Committee is authorized to provide for the grant, vesting, exercise and method of exercise of Options, on such terms (which may vary as between Options) as it shall determine. All decisions and interpretations made by the Committee shall be binding and conclusive on the Corporation and all Admissible Persons who participate in the Plan. With respect to the Plan and to its administration, time shall be of the essence.

With the consent of the affected Optionee, the Committee may amend or modify any outstanding Option in any manner to the extent that the Committee would have had the initial authority to grant the Option as so modified or amended, including without limitation, to change the date or the price at which an Option becomes exercisable, subject to any required prior approval of any applicable regulatory authority.

#### **16. WITHHOLDINGS**

For certainty and notwithstanding any other provision of the Plan, if the Corporation is required under the *Income Tax Act* (Canada) or any other applicable law to remit to any governmental authority an amount on account of tax on the value of any taxable benefit associated with the exercise or disposition of Options by an Optionee, then the Optionee shall, concurrently with the exercise or disposition:

- (a) pay to the Corporation, in addition to the exercise price for the Options, if applicable, sufficient cash as is determined by the Corporation to be the amount necessary to fund the required tax remittance;
- (b) authorize the Corporation, on behalf of the Optionee, to sell in the market on such terms and at such time or times as the Corporation determines such portion of the Optioned Shares being issued upon exercise of the Options as is required to realize cash proceeds in the amount necessary to fund the required tax remittance; or
- (c) make other arrangements acceptable to the Corporation to fund the required tax remittance.

#### **17. GENERAL**

This Plan is to be governed by and interpreted in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

This Plan is effective as of January 28th, 2016.

**SCHEDULE "C"**

**AUDIT COMMITTEE CHARTER**

*(See attached)*





## **AUDIT COMMITTEE CHARTER**

### **1 OVERALL PURPOSE / OBJECTIVES**

The committee will assist the Board of Directors (the "Board") of Bluesky Digital Assets Corp. (the "Corporation" or the "Company") in fulfilling its responsibilities. The committee will review the financial reporting process, the system of internal control and management of financial risks, the audit process, and the Corporation's process for monitoring compliance with laws and regulations and its own code of business conduct. In performing its duties, the committee will maintain effective working relationships with the Board, management, and the external auditors and monitor the independence of those auditors. The committee will also be responsible for reviewing the Corporation's financial strategies, its financing plans and its use of the equity and debt markets. To perform his or her role effectively, each committee member will obtain an understanding of the responsibilities of committee membership as well as the Corporation's business, operations and risks.

### **2 AUTHORITY**

The Board authorizes the committee, within the scope of its responsibilities, to seek any information it requires from any employee and from external parties, to obtain outside legal or professional advice and set compensation for such outside parties, to ensure the attendance of Corporation officers at meetings as appropriate, and to communicate and meet directly with the Corporation's internal and/or external auditors.

### **3 ORGANIZATION**

#### **3.1 Membership**

- (a) The committee will be comprised of at least three directors of the Corporation, a majority of whom are "independent" for the purposes of Multilateral Instrument 52-110 – Audit Committees.
- (b) The chairman of the audit committee will be nominated by the committee from time to time.
- (c) Quorum for any meeting will be two members.
- (d) The secretary of the committee will be the company secretary, or such person as is nominated by the Chairman.

#### **3.2 Attendance at Meetings**

- (a) The committee may invite such other persons (e.g. the CEO) to its meetings, as it deems appropriate.
- (b) The external auditors should be present at each quarterly audit committee meeting and be expected to comment on the financial statements in accordance with best practices.
- (c) Meetings shall be held not less than four times a year. Special meetings shall be convened as required. External auditors may convene a meeting if they consider that it is necessary.
- (d) The proceedings of all meetings will be minuted.

### **3 ROLES AND RESPONSIBILITIES**

The committee will:

- 3.1 Gain an understanding of whether internal control recommendations made by external auditors have been implemented by management.
- 3.2 Gain an understanding of the current areas of greatest financial risk and whether management is managing these effectively.
- 3.3 Review the Company's strategic and financing plans to assist the Board's understanding of the underlying financial risks and the financing alternatives.
- 3.4 Review management's plans to access the equity and debt markets and to provide the Board with advice and commentary.
- 3.5 Review significant accounting and reporting issues, including recent professional and regulatory pronouncements, and understand their impact on the financial statements.
- 3.6 Review any legal matters which could significantly impact the financial statements as reported on by the Company's professional advisors and meet with such advisors whenever deemed appropriate.

- 3.7 Review the annual and quarterly financial statements including Management's Discussion and Analysis and determine whether they are complete and consistent with the information known to committee members; determine that the auditors are satisfied that the financial statements have been prepared in accordance with generally accepted accounting principles.
- 3.8 Pay particular attention to complex and/or unusual transactions such as those involving derivative instruments and consider the adequacy of disclosure pertaining thereto.
- 3.9 Focus on judgmental areas, for example those involving valuation of assets and liabilities and other commitments and contingencies.
- 3.10 Review audit issues related to the Company's material associated and affiliated companies that may have a significant impact on the Company's equity investment.
- 3.11 Meet with management and the external auditors to review the annual financial statements and the results of the audit.
- 3.12 Assess the fairness of the interim financial statements and disclosures, and obtain explanations from management on whether:
- (a) actual financial results for the interim period varied significantly from budgeted or projected results;
  - (b) generally accepted accounting principles have been consistently applied;
  - (c) there are any actual or proposed changes in accounting or financial reporting practices;
  - (d) there are any significant or unusual events or transactions which require disclosure and, if so, consider the adequacy of that disclosure.
- 3.13 Review the external auditors' proposed audit scope and approach and ensure no unjustifiable restriction or limitations have been placed on the scope.
- 3.14 Review the performance of the external auditors and approve in advance provision of services other than auditing.
- 3.15 Consider the independence of the external auditors, including reviewing the range of services provided in the context of all consulting services bought by the Company.
- 3.16 Make recommendations to the Board regarding the reappointment of the external auditors and the compensation of such auditors.
- 3.17 Meet separately with the external auditors to discuss any matters that the committee or auditors believe should be discussed privately.
- 3.18 Endeavour to cause the receipt and discussion on a timely basis of any significant findings and recommendations made by the external auditors.
- 3.19 Obtain regular updates from management and the Company's legal counsel regarding compliance matters, as well as certificates from the Chief Financial Officer as to required statutory payments and bank covenant compliance and from senior operating personnel as to permit compliance.
- 3.20 Ensure that the Board is aware of matters which may significantly impact the financial condition or affairs of the business.
- 3.21 Perform other functions as requested by the Board.
- 3.22 If necessary, institute special investigations and, if appropriate, hire special counsel or experts to assist.
- 3.23 Review and update the charter; receive approval of changes from the Board.



