

FORM 7

MONTHLY PROGRESS REPORT

Name of Listed Issuer: Bluesky Digital Assets Corp. Formally Gunpowder Capital Corp.
(the "Issuer").

Trading Symbol: BTC & BTC.PR.A

Number of Outstanding Listed Securities: (As At September 8th, 2020) 18,336,887*
Common Shares | 493,020 "Class - A" Preferred Shares | 1,250 "Class-B" Preferred
Shares *Denotes please see supplemental disclosure in Section #2 of this report

Date: September 8th, 2020

This Monthly Progress Report must be posted before the opening of trading on the fifth trading day of each month. This report is not intended to replace the Issuer's obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by Exchange Policies. If material information became known and was reported during the preceding month to which this report relates, this report should refer to the material information, the news release date and the posting date on the Exchange website.

This report is intended to keep investors and the market informed of the Issuer's ongoing business and management activities that occurred during the preceding month. Do not discuss goals or future plans unless they have crystallized to the point that they are "material information" as defined in the Policies. The discussion in this report must be factual, balanced and non-promotional.

General Instructions

- (a) Prepare this Monthly Progress Report using the format set out below. The sequence of questions must not be altered nor should questions be omitted or left unanswered. The answers to the items must be in narrative form. State when the answer to any item is negative or not applicable to the Issuer. The title to each item must precede the answer.
- (b) The term "Issuer" includes the Issuer and any of its subsidiaries.
- (c) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation and General Provisions.

Report on Business

1. Provide a general overview and discussion of the development of the Issuer's business and operations over the previous month. Where the Issuer was inactive disclose this fact.

Bluesky mines digital currencies, such as Bitcoin and Ether, and is developing value-added technology services for the digital currency

market, such as digital mining proprietary software. Offering a complete ecosystem of value-creation, Bluesky digital currency mining will re-invest mining profit. A percentage of these profit will be invested in the development of a proprietary Artificial Intelligence ("AI") based technology. Overall, Bluesky takes an approach that enables the Corporation to scale, and respond to changing conditions, within the still-emerging digital currency industry. Part of a wave of emerging technologies, digital currencies are indivisible from a new virtual economy that is powered in part by smart contract and other AI-based integrations. The Corporation acting on its Merchant Banking will from time to time consider making strategic investments in other companies in the technology space.

For the month stated in this report, the Corporation continued its business development objectives of expanding its current operation(s) and raising the Corporation's corporate brand awareness to the market and to potential new investors.

2. Provide a general overview and discussion of the activities of management.

The Management Team continued its corporate and business development endeavours as stated in point #1 of this form.

August 24th, 2020 – The Corporation announced its membership in the Crypto Valley Association ("CVA") www.cryptovalley.swiss The CVA is an independent, government-supported organization located in the Swiss canton of Zug. The CVA's mission is to build the world's leading ecosystem for blockchain and cryptographic technologies in Switzerland. The CVA's main focus is developing and executing a community-driven program targeted at establishing and growing its ecosystem. This includes supporting start-ups and established businesses, making policy recommendations, initiating research projects, and hosting conferences, hackathons, and other industry events. The CVA is also working to be a bridge between Crypto Valley and the global cryptographic technologies community - building on our already active connections to international centers of blockchain innovation in London, Singapore, Silicon Valley and New York. Bluesky is intending contribute to the CVA and to leverage the contacts and expertise of the Crypto Valley Association to assist with projects and where possible, fundraising.

August 18th, 2020 – The Corporation announced that it had engaged Regent Capital Partners of Toronto to act as financial advisors and to provide consulting services to the Corporation. The Corporation will commence a private placement raise of equity and it will use Regent to assist in that endeavor. The Corporation will announce the terms of the private placement once it commences. Furthermore, the Corporation is also announced that it had completed the acquisition of the ASIC mining machines ("ASIC equipment") that the Corporation previously announced, via press release, back on May 12th of this year. The previous owners of the

ASIC equipment were co-located within the same hosting facility as Bluesky. The former owners of the ASIC equipment elected to hold off on receiving payment so they could observe how the Corporation could enhance the ASIC equipment's performance and digital mining capabilities. Based on the successful test period results, the former owners of the ASIC equipment have elected to accept Common Shares of the Corporation instead of cash as compensation for the ASIC equipment at an above market price of Eighteen Cents ("0.18") per Common Share. As at market close on Monday August 17th, the Corporation's Common Shares closed at a price of \$0.165 CDN per Common Share. The Corporation agreed to issue 1,277,778 Common Shares to settle \$230,000.00 CDN of debt that is owed to the former owners of the ASIC equipment that Bluesky has acquired. The Corporation has also agreed to issue an additional 25,556 at a price of \$0.18 CDN per Common Share as an interest payment on the \$230,000.00 CDN owed to the former owners which the Corporation agreed to be paid if the transaction was finalized in Common Shares versus cash. The Corporation has also agreed to issue 138,888 Common Shares at a price of \$0.18 CDN per Common Share to settle debt owed to one Director of the Corporation.

August 17th, 2020 – The Corporation announced the launch of its new DeFi subsidiary. Consistent with the Corporation's previously announced digital asset custody positioning and partnership with Brane Inc. on June 15th of this year; and the August 4th announcement of the Corporation's Stablecoin initiative, Bluesky announced that it had created a separate "DeFi" Assets division or subsidiary in order to fund and develop its early stage research and development into a potential additional diversified market position for Bluesky separate from digital mining. The "DeFi" abbreviation refers to "Decentralized Finance" which is representative of a new ecosystem comprised of financial applications that have been created on top of public distributed ledgers like today's blockchain infrastructure. DeFi can be best described as a broader approach of generally decentralizing the traditional financial industry and making these services open and available to everyone with better accountability and significantly lowered cost of usage to all users. Bluesky will consider a token or other source of funding to assist in the development of a stable of DeFi projects. Bluesky is targeting to have definitive market intelligence over the next quarter that should validate and justify Bluesky's consideration for a significant investment in executing on its DeFi projects.

August 4th, 2020 – The Corporation announced the commencement of its "Stablecoin" program initiative. Consistent with the company's previously announced digital asset custody positioning and partnership with Brane Inc. on June 15th of this year; Bluesky announced that it had commenced its early stage research and development into a potential diversified market position for Bluesky with a "Stablecoin" offering. Stablecoins are fundamentally a unique digital currency that is positioned to significantly

reduce the traditional volatility of value associated with main stream digital currencies. A Stablecoin can be tied in value and or pegged to standard acceptable backed assets like gold and other precious metals, fiat currency, and commodity based trading instruments. Bluesky is targeting to have definitive market intelligence over the next quarter that should validate and justify Bluesky's consideration for a significant investment in executing on a Stablecoin offering.

*** Supplemental Disclosure** – As of the date of this report, the Corporation had 18,336,887 issued and outstanding common shares. On August 29th, 2019 the Corporation announced that it had closed the third tranche of its non-brokered private placement raise of Units. In total \$2,134,900.00 CDN was raised via the selling of 42,698,000 Units on a pre-consolidated basis (3,558,167 Units on a post-consolidated basis). Holders of both the Corporation's Class - A and Class - B Preferred Shares were granted the ability to participate in the offering. The Corporation accepted ownership of 190,490 Preferred Shares as payment (the "Private Placement-in-Kind") from the Preferred Share shareholders who participated in the Private Placement-in-Kind offering. As At the date of this report, the Corporation was currently still in the process of receiving / obtaining ownership of the 190,490 Preferred Shares it received through the Private Placement-in-Kind. As At the date of this report, the Corporation had received / completed the ownership transfer of 121,520 of the 190,490 Preferred Shares announced in the August 29th, 2019 press release. In regards to the 121,520 Preferred Shares acquired, in total 119,920 were Class - A and 1,600 were Class – B's. As At the date of this report, the Corporation had issued 24,304,000 Units on a pre-consolidated basis (2,025,334 Units on a post-consolidated basis) out of the 38,098,000 Units required to acquire all of the 190,490 Preferred Shares. The Corporation will issue the remaining 1,149,500 in Units in either tranches, or in one issuance, once the transfer of ownership of the remaining 68,970 Preferred Shares is completed. Should the failure of the transfer of ownership of any of the remaining 68,970 Preferred Shares occur, the Corporation will not issue any Units for any Preferred Share it fails to acquire ownership of. Should the transaction be completed in full, an additional 1,149,500 Units will be issued to acquire the remaining 68,970 Preferred Shares and therefore the current O/S total of 18,336,887 stated in this report will increase to 19,486,387.

Describe and provide details of any new products or services developed or offered. For resource companies, provide details of new drilling, exploration or production programs and acquisitions of any new properties and attach any mineral or oil and gas or other reports required under Ontario securities law.

Not Applicable

3. Describe and provide details of any products or services that were discontinued. For resource companies, provide details of any drilling, exploration or production programs that have been amended or abandoned.

Not Applicable

4. Describe any new business relationships entered into between the Issuer, the Issuer's affiliates or third parties including contracts to supply products or services, joint venture agreements and licensing agreements etc. State whether the relationship is with a Related Person of the Issuer and provide details of the relationship.

Please refer to the disclosure dated August 24th, 2020 in section #2 of this report for full details.

5. Describe the expiry or termination of any contracts or agreements between the Issuer, the Issuer's affiliates or third parties or cancellation of any financing arrangements that have been previously announced.

Not Applicable

6. Describe any acquisitions by the Issuer or dispositions of the Issuer's assets that occurred during the preceding month. Provide details of the nature of the assets acquired or disposed of and provide details of the consideration paid or payable together with a schedule of payments if applicable, and of any valuation. State how the consideration was determined and whether the acquisition was from or the disposition was to a Related Person of the Issuer and provide details of the relationship.

Please refer to the disclosure dated August 18th, 2020 in section #2 of this report for full details.

7. Describe the acquisition of new customers or loss of customers.

Not Applicable

Describe any new developments or effects on intangible products such as brand names, circulation lists, copyrights, franchises, licenses, patents, software, subscription lists and trade-marks.

Not Applicable

8. Report on any employee hirings, terminations or lay-offs with details of anticipated length of lay-offs.

Not Applicable

9. Report on any labour disputes and resolutions of those disputes if applicable.

Not Applicable

10. Describe and provide details of legal proceedings to which the Issuer became a party, including the name of the court or agency, the date instituted, the principal parties to the proceedings, the nature of the claim, the amount claimed, if any, if the proceedings are being contested, and the present status of the proceedings.

Not Applicable

11. Provide details of any indebtedness incurred or repaid by the Issuer together with the terms of such indebtedness.

Not Applicable

12. Provide details of any securities issued and options or warrants granted.

Security	Number Issued	Details of Issuance	Use of Proceeds ⁽¹⁾
Common Shares	1,277,778	1,277,778 Common Shares issued @ \$0.18 CDN per Common Share to complete an acquisition of \$230,000.00 in equipment	Acquisition
Common Shares	138,888	138,888 Common Shares issued @ \$0.18 CDN per Common Share to settle \$25,000.00 CDN in debt	Debt Settlement

(1) *State aggregate proceeds and intended allocation of proceeds.*

13. Provide details of any loans to or by Related Persons.

Not Applicable

14. Provide details of any changes in directors, officers or committee members.

Not Applicable

Discuss any trends which are likely to impact the Issuer including trends in the Issuer's market(s) or political/regulatory trends.

Not Applicable

Certificate Of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Certificate of Compliance.
2. As of the date hereof there were is no material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to the Exchange that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in CNSX Policy 1).
4. All of the information in this Form 7 Monthly Progress Report is true.

Dated: Sept 8th, 2020.

Frank Kordy
Name of Director or Senior
Officer

/s/ Frank Kordy
Signature

Secretary & Director
Official Capacity

<i>Issuer Details</i> Name of Issuer	For Month End	Date of Report YY/MM/DD
Bluesky Digital Assets Corp. Formally Gunpowder Capital Corp.	August	2020/09/08
Issuer Address		
First Canadian Place, 100 King Street West, Suite 5700		
City/Province/Postal Code	Issuer Fax No.	Issuer Telephone No.
Toronto / Ontario / M5X 1C9	(N/A)	(647) 466-4037
Contact Name	Contact Position	Contact Telephone No.
Frank Kordy	Secretary & Director	(647) 466-4037
Contact Email Address frank.kordy@blueskydigitalassets.com	Web Site Address www.blueskydigitalassets.com	