



CLEAR BLUE TECHNOLOGIES INTERNATIONAL INC.

SUPPLEMENT TO THE MANAGEMENT INFORMATION CIRCULAR DATED JUNE 25, 2020 FOR THE ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS OF CLEAR BLUE TECHNOLOGIES INTERNATIONAL INC. TO BE HELD ON JULY 28, 2020

July 2, 2020

These materials are important and require your immediate attention. Please carefully read this supplement together with the management information circular dated June 25, 2020. If you are in doubt as to how to deal with these materials or the matters they describe, please contact your financial, legal, income tax and/or professional advisors. If you have any questions or require more information, please contact Clear Blue Technologies International Inc. at +1 (855) 733-0119 x200, or email to investors@clearbluetechologies.com.

CLEAR BLUE TECHNOLOGIES INTERNATIONAL INC.

SUPPLEMENT TO MANAGEMENT INFORMATION CIRCULAR

This supplement (the "**Supplement**") to Clear Blue Technologies International Inc.'s (the "**Corporation**") management information circular of the Corporation dated June 25, 2020 (the "**Information Circular**") for the annual and special meeting of shareholders of the Corporation to be held on July 28, 2020 (the "**Meeting**") supplements and forms part of, and is deemed to be incorporated into, the Information Circular.

As described in greater detail in the Information Circular, at the Meeting shareholders of the Corporation will be asked to: (i) elect the directors of the Corporation for the ensuing year; (ii) appoint the auditor of the Corporation for the ensuing year and authorize the directors to fix the remuneration of the auditor; and (iii) consider and, if deemed appropriate, pass, with or without variation, a resolution of disinterested shareholders approving the equity incentive plan of the Corporation.

This Supplement, together with the Supplement to Notice of Annual and Special Meeting of Shareholders enclosed herewith, sets out an additional matter to be considered at the Meeting, namely, to consider and, if deemed appropriate, to approve an ordinary resolution of disinterested shareholders, substantially in the form presented in this Supplement, to issue 1,762,867 common shares of the Corporation (the "**Common Shares**") to certain directors and officers of the Corporation to settle an aggregate of \$297,925 of cash performance bonuses owing by the Corporation (the "**Shares for Debt Resolution**").

This Supplement sets out information with respect to the Shares for Debt Resolution. The information contained in this Supplement is given as of July 2, 2020. For information on instructions regarding the manner of appointment and revocation of a proxy to vote the common shares of a shareholder that is unable to attend the Meeting in person and provisions for voting, please see "*Solicitation of Proxies*", "*Appointment and Revocation of Proxies*", "*Voting Your Shares*" and "*Advice to Beneficial Holders*" in the Information Circular.

PROPOSED SHARES FOR DEBT TRANSACTION OF THE CORPORATION

On May 29, 2020, the Corporation entered into debt settlement agreements (collectively, the "**Debt Settlement Agreements**") with Miriam Tuerk, John Tuerk, Mark Windrim PLK Accounting & Finance Inc. ("**PLK**"), Paul Desjardins and Jason Woerner to settle indebtedness owing to such persons in the aggregate amount of \$297,925 in exchange for the issuance of 1,762,867 Common Shares at a deemed price of \$0.169 per share (the "**Shares for Debt Transaction**"), the details of which are as follows:

- Miriam Tuerk is the Chief Executive Officer of the Corporation, and for services provided by Ms. Tuerk the Corporation is indebted to Ms. Tuerk in the amount of \$60,000;
- John Tuerk is the Chief Power Officer of the Corporation, and for services provided by Mr. Tuerk the Corporation is indebted to Mr. Tuerk in the amount of \$60,000;
- Mark Windrim is the Chief Technology Officer of the Corporation, and for services provided by Mr. Windrim the Corporation is indebted to Mr. Windrim in the amount of \$60,000;
- PLK provides accounting and finance services to the Corporation and the principal of PLK is Paul Kania, who is the Chief Financial Officer of the Corporation. For services provided by PLK, the Corporation is indebted to PLK in the amount of \$27,375;
- Paul Desjardins serves as the Vice-President of Sales and Business Development of the Corporation, and for services provided Mr. Desjardins the Corporation is indebted to Mr. Desjardins in the amount of \$60,000; and
- Jason Woerner is the Vice-President Solutions of the Corporation, and for services provided by Mr. Woerner the Corporation is indebted to Mr. Woerner in the amount of \$30,550.

The Corporation intends to settle and extinguish this indebtedness by issuing 355,029 Common Shares to Paul Desjardins, 355,029 Common Shares to John Tuerk, 355,029 Common Shares to Miriam Tuerk, 355,029 Common Shares to Mark Windrim, 180,769 Common Shares to Jason Woerner, and 161,982 Common Shares to PLK. None of these creditors have received nor charged any interest or any other additional consideration for the indebtedness owed to them by the Corporation.

The indebtedness owing by the Corporation to Miriam Tuerk, John Tuerk, Mark Windrim, Paul Desjardins and Jason Woerner relate, in part, to unpaid management fees of more than \$2,500.00 per month, and as required by the TSX Venture Exchange (the "**TSXV**") in accordance with its Policy 4.3 – *Shares for Debt*, disinterested shareholder approval of the Debt Resolution approving the issuance of 1,600,885 Common Shares of the Corporation for such indebtedness is required. When issued, all Common Shares will be subject to a statutory four month hold period in accordance with applicable securities legislation. The issuance of the Common Shares is subject to approval from the TSXV.

In order to become effective, the Shares for Debt Resolution must be approved, with or without variation, by a simple majority of the disinterested votes cast by shareholders present in person or represented by proxy at the Meeting, excluding any votes cast by Miriam Tuerk, John Tuerk, Mark Windrim, Paul Desjardins and Jason Woerner, and any of their affiliates and associates (the "**interested parties**"), in respect of any Common Shares owned by them.

Based on information provided by the interested parties, as of July 2, 2020 Miriam Tuerk held 2,625,823 Common Shares (5.54% of the issued and outstanding Common Shares), John Tuerk held 2,608,073 Common Shares (5.50% of the issued and outstanding Common Shares), Mark Windrim held 3,341,054 Common Shares (7.04% of the issued and outstanding Common Shares), Paul Desjardins held 170,009 Common Shares (0.003% of the Corporation's issued and outstanding Common Shares) and Jason Woerner held 56,340 Common Shares (0.001% of the issued and outstanding Common Shares).

The Shares for Debt Transaction constitutes a "related party transaction" within the meaning of Policy 5.9 of the TSXV and Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**") because Miriam Tuerk, John Tuerk and Mark Windrim are each a director and senior officer of the Corporation and Paul Kania is a senior officer of the Corporation. MI 61-101 is intended to regulate certain transactions to ensure the protection and fair treatment of minority security holders.

The Corporation is relying on the exemptions from the valuation and the minority approval requirements of MI 61-101 provided for in subsections 5.5(a) and 5.7(1)(a) of MI 61-101, respectively, as the fair market value of the subject of, and the consideration paid under, the Shares for Debt Transaction, in relation to the interested parties, will not represent more than 25% of the Corporation's market capitalization, as determined in accordance with MI 61-101. The participation by the interested parties in the Shares for Debt Transaction has been approved by directors of the Corporation who are independent in connection with such transaction. No special committee was established in connection with the Shares for Debt Transaction, and no materially contrary view or abstention was expressed or made by any director of the Corporation in relation to the Shares for Debt Transaction.

The purpose of the Shares for Debt Transaction is to reduce the Corporation's current liabilities, preserve cash and improve its balance sheet. If the requisite disinterested shareholder approval or TSXV approval is not obtained, the Corporation will not be able to complete the Shares for Debt Transaction and will continue to owe this indebtedness to the above-noted creditors.

The directors of the Corporation believe the Shares for Debt Resolution is in the Corporation's best interest and unanimously recommend that shareholders vote FOR the Shares for Debt Resolution.

Shares for Debt Resolution

The text of the Shares for Debt Resolution to be voted on at the Meeting by the disinterested shareholders of the Corporation is set forth below:

"BE IT RESOLVED THAT:

1. subject to approval of the TSX Venture Exchange, the Corporation is hereby authorized to issue an aggregate of 1,762,867 common shares of the Corporation at a deemed price of \$0.169 per common share (the

"Common Shares") in settlement of indebtedness in the aggregate amount of \$297,925 owing by the Corporation through the issuance of: (a) 355,029 Common Shares to Miriam Tuerk; (b) 355,029 Common Shares to John Tuerk; (c) 355,029 Common Shares to Mark Windrim; (d) 355,029 Common Shares to Paul Desjardins; (e) 180,769 Common Shares to Jason Woerner; and (f) 161,982 Common Shares to PLK Accounting & Finance Inc.;

2. any officer or director of the Corporation (the "**Authorized Signatory**") is hereby authorized and directed in the name and on behalf of the Corporation to take all such actions, do all such things, enter into, execute and deliver or cause to be delivered all such agreements, instruments and other documents as he or she may in his or her sole discretion deem necessary or advisable in connection with any of the matters referred to in the foregoing resolution, or in respect thereof, or in connection with any actions to be taken by the Corporation in the performance and fulfillment of its obligations as contemplated by the matters referred to in the foregoing resolution, the execution of any such document or the doing of any such other act or thing being conclusive evidence of his or her authority to act on behalf of the Corporation;
3. any and all agreements, instruments and other documents whatsoever, including, without limitation, the debt settlement agreements entered into by the Corporation with Miriam Tuerk, John Tuerk, Mark Windrim, Paul Desjardins, Jason Woerner and PLK Accounting & Finance Inc., and any and all actions whatsoever, heretofore or hereafter executed, delivered and/or taken by any Authorized Signatory for and on behalf of the Corporation in connection with the subject matter of these resolutions be and they are hereby approved, ratified and confirmed in all respects as the acts and deeds of the Corporation; and
4. notwithstanding the approval of the shareholders of the Corporation as herein provided, the board of directors of the Corporation may, in its sole discretion, revoke this resolution before it is acted upon, without further approval of the shareholders."

Except where authority to vote in respect of the Shares for Debt Resolution is withheld, the persons named in the accompanying form of proxy intend to vote the Common Shares represented thereby FOR the Shares for Debt Resolution.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

Miriam Tuerk, John Tuerk and Mark Windrim, each a director and officer of the Corporation, and Paul Kania, an officer of the Corporation, confirm that they are to be regarded as having a material interest in the Shares for Debt Transaction to be considered and voted upon by shareholders at the Meeting. The Debt Settlement Agreements in connection therewith were approved by the independent directors of the Corporation and determined by such directors to be in the best interest of the Corporation. In accordance with subsection 132(5) of the *Business Corporations Act* (Ontario) (the "**Act**"), Miriam Tuerk, John Tuerk and Mark Windrim abstained from voting on the directors' resolution approving the Shares for Debt Transaction. Instead, such directors' resolution were passed by the remaining directors of the Corporation entitled to vote thereon in accordance with subsection 132(5.1) of the Act on May 29, 2020.

OTHER MATTERS WHICH MAY COME BEFORE THE MEETING

Management of the Corporation knows of no matters to come before the Meeting other than the matters referred to in this Supplement. **HOWEVER, IF OTHER MATTERS WHICH ARE NOT KNOWN TO THE MANAGEMENT SHOULD PROPERLY COME BEFORE THE MEETING, THE ACCOMPANYING FORM OF PROXY WILL BE VOTED ON SUCH MATTERS IN ACCORDANCE WITH THE BEST JUDGMENT OF THE PERSON OR PERSONS VOTING THE PROXY.**

ADDITIONAL INFORMATION

Additional information relating to the Corporation is available on SEDAR at www.sedar.com.

APPROVAL OF BOARD

The undersigned hereby certifies that the contents and the sending of this Supplement have been approved by the directors of the Corporation.

The foregoing constitutes full, true and plain disclosure of all material facts relating to the particular matters to be acted upon by the shareholders of the Corporation.

The foregoing contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it is made.

DATED as of the 2nd day of July, 2020.

"Miriam Tuerk"

Miriam Tuerk
Co-founder and Chief Executive Officer
Clear Blue Technologies International Inc.