

FORM 51-102F3
MATERIAL CHANGE REPORT

Item 1 Name and Address of Company

Plaintree Systems Inc.
10 Didak Drive
Arnprior, ON
K7S 0C3

Item 2 Date of Material Change

October 3, 2019

Item 3 News Release

The news release was disseminated on October 3, 2019 through a newswire distribution service and filed on SEDAR.

Item 4 Summary of Material Change

On October 3, 2019, the Issuer announced that a non-binding letter of intent and negotiations to sell the business and assets of its Hypernetics division (“Hypernetics”) that was previously announced on July 26, 2019 has been terminated.

Item 5 Full Description of Material Change

See attached as “Schedule “A”, the news release dated October 2, 2019 and filed on SEDAR at www.sedar.com.

Item 6 Reliance on subsection 7.1(2) or (3) of National Instrument 51-102

N/A

Item 7 Omitted Information

N/A

Item 8 Executive Officer

The following executive officer of the Company is knowledgeable about the material change disclosed in this report and may be contacted as follows:

David Watson, President and Chief Executive Officer
Tel: (613) 623-3434 x2222

Item 9 Date of Report

October 3, 2019

SCHEDULE “A”

Plaintree Systems Inc. Announces Terminations of Negotiations for the Sale of Its Hypernetics Business

Arnprior, Ontario (October 3, 2019) – Plaintree Systems Inc. (CSE: NPT) (“Plaintree” or the “Company”).

Plaintree today announced that the negotiations, that were previously announced on July 26, 2019, have ceased regarding the potential sale of the business and assets of its Hypernetics division (“Hypernetics”) to a large privately held US company and a non-binding letter of intent with this company has been terminated. The Company is currently considering evaluating interest from other parties regarding its Hypernetics business and as a result the assets and business of Hypernetics will continue to be classified as being assets held for sale in its financial statements.

David Watson, President and CEO of Plaintree, commented, “As happens many times in the sale process of a company, deal terms and issues arise that do not allow the transaction to come to fruition. The Hypernetics division is now, and always has been an excellent financial performer and should a credible buyer not be found, Hypernetics will continue to operate within the Plaintree portfolio.”

About Plaintree Systems

Plaintree has two diversified product lines consisting of Specialty Structures and Electronics.

The Specialty Structures Division includes the former Triodetic Group with over 40 years of experience, is a design/build manufacturer of steel, aluminum and stainless steel specialty structures such as mining domes, free form structures, barrel vaults, space frames and industrial dome coverings and geodesic foundations specifically designed for unstable or contaminated soils and flood zones. This division also includes Spotton Corporation, a design and manufacturer of high end custom hydraulic and pneumatic valves and cylinders.

The Electronics Division includes the legacy Hypernetics and Summit Aerospace USA Inc. businesses. Hypernetics was established in 1972 and is a manufacturer of avionic components for various applications including aircraft antiskid braking, aircraft instrument indicators, solenoids, high purity valves and permanent magnet alternators. Summit Aerospace USA Inc. provides high precision machining to the aerospace and defense markets. Our facility includes 5 axis CNC precision machining of complex castings and large ring parts such as turbine and assembly shrouds as well as assembly & pressure seals. Summit will support requirements from concept, prototype and throughout production.

Plaintree’s shares are traded under the symbol “NPT”. Shareholders and Investors can access Company information on CSE’s website and receive full Company disclosure monthly. For more information on Plaintree or to receive stock quotes, complete with trading summaries, bid size and ask price, brokerage house participation, insider reports, news releases, disclosure information, and CSE and SEDAR filings, visit the CSE website at www.cnsx.ca or the Company’s website at www.plaintree.com.

Plaintree is publicly traded in Canada on the CSE (NPT) with **12,925,253** common shares and 18,325 class A preferred shares outstanding.

This press release may include statements that are forward-looking and based on current expectations. The actual results of the company may differ materially from current expectations. The business of the company is subject to many risks and uncertainties, including changes in markets for the company's products, delays in product development and introduction to manufacturing and intense competition. For a more detailed discussion of the risks and uncertainties related to the company's business, please refer to documents filed by the company with the Canadian regulatory authorities, including the annual report of the Company for the fiscal year ended March 31, 2019 and related management discussion and analysis.

Canadian Securities Exchange has not reviewed and does not accept responsibility for the adequacy or accuracy of the content of this news release.

For further information: Lynn Saunders, CFO (613) 623-3434 x2223