

FORM 51-102F3
MATERIAL CHANGE REPORT

1. Name and Address of Company

Legible Inc. (“**Legible**” or the “**Company**”)
Suite 250, 997 Seymour Street
Vancouver, BC V6B 3M1

2. Date of Material Change

July 16, 2024.

3. News Release

News release dated July 16, 2024 was disseminated through the facilities of News Wire and subsequently filed on SEDAR at www.sedar.com.

4. Summary of Material Change

On July 16, 2024, Legible announced the closing of a private placement of 150 convertible debenture units for gross proceeds of \$1,050,000.00.

5. Full Description of Material Change

The Company announced the closing of the announced non brokered private placement offering (the “Offering”) of convertible debenture units (the “Unit(s)”) pursuant to exemptions from applicable Canadian securities laws.

Legible closed on 150 Units at \$7,000 per Unit for gross proceeds of \$1,050,000 under the Offering. The gross proceeds included the issuance of 60 Units in settlement of \$420,000 of indebtedness.

Each Unit consists of: (i) a 15% unsecured convertible debenture of the Company (“Debenture”) in the principal amount of \$7,000; and (b) 100,000 common share purchase warrants (“Warrant(s)”). The Debentures mature on the date that is two (2) years following the closing and are convertible at the holder’s option, at any time into common shares of the Company (“Common Share(s)”) at a conversion price of \$0.08 per Common Share.

The Debentures bear simple interest at a rate of fifteen percent (15%) per annum (“Interest”), payable quarterly in arrears. Interest is payable in cash and or Common Shares by way of the issuance of Common Shares of the Corporation at the maximum allowable discount as prescribed by the applicable regulatory authority, based on the closing price of the Corporation’s Common Shares, on the date the election is made to take payment of the Interest in Common Shares.

The holders of Debentures shall be entitled to convert the principal amount thereunder (excluding accrued but unpaid Interest), in whole or in part into Common Shares at a conversion price of \$0.07 per Common Share.

Each Warrant entitles the holder to purchase one Common Share at a price of \$0.08 for a period of two (2) years from closing; provided that if, at any time, after the date that is four months and one day following the closing, the volume weighted average trading price of the common shares on the Canadian Securities Exchange (the “CSE”) is at least \$0.25 per share for a period of 10 consecutive trading days, the expiry date of the Warrants may be accelerated by the Company to a date that is not less than 21 days after the date that notice of such acceleration is provided to the Warrant holders, which notice may be by way of general press release.

Jaret Wilson, is a “related party” under Multilateral Instrument 61-101 (the “Policy”) by virtue of having beneficial ownership of more than 10% of outstanding Common Shares of Legible on a partially diluted basis, subscribed for 90 Units under the Offering. Legible has determined that exemptions from the various requirements of the Policy are available for the issuance of the Units (Formal Valuation and Minority Approval – Fair Market Value less than 25% of Market Capitalization). For more detail refer to the Material Change Report filed on SEDAR in connection with this disclosure.

Legible will use the proceeds for general working capital purposes, including technology development, product and feature releases, marketing, and conversion campaigns. All securities issued in connection with the Offering are subject to a hold period that expires on November 16, 2024. There were no finders’ fees paid with respect to the closing of the Private Placement.

The following supplementary information is provided in accordance with Section 5.2 of MI 61-101.

(a) a description of the transaction and its material terms:

See 5 above.

(b) the purpose and business reasons for the transaction:

The purpose of the Related Party Participation is to provide working capital for the Company.

(c) the anticipated effect of the transaction on the issuer’s business and affairs:

The Related Party Participation resulted in proceeds of \$630,000.00 to the Company under the Private Placement.

(d) a description of:

(i) the interest in the transaction of every interested party and of the related parties and associated entities of the interested parties:

Jaret Wilson, a related party of the Company, subscribed for 150 Units under the Private Placement for \$630,000.

(ii) the anticipated effect of the transaction on the percentage of securities of the issuer, or of an affiliated entity of the issuer, beneficially owned or controlled by each person or company referred to in subparagraph (i) for which there would be a material change in that percentage:

Prior to the Related Party Participation, Jaret Wilson held 2,083,333 Common Shares, 8,083,333 whole Common Share purchase warrants and debentures convertible into up to 6,000,000 Common Shares (1.56% of the issued and outstanding Common Shares on an un-diluted basis and 10.96% of the outstanding Common Shares on a partially diluted basis). Immediately after the Related Party Participation, Jaret Wilson held 2,083,333 Common Shares, 17,083,333 whole Common Share purchase warrants and debentures convertible into up to 15,000,000 Common Shares (1.56% of the issued and outstanding Common Shares on an un-diluted basis and 20.65% of the outstanding Common Shares on a partially diluted basis). Please refer to SEDI for current holdings as at the date of this Material Change Report.

(e) unless this information will be included in another disclosure document for the transaction, a discussion of the review and approval process adopted by the board of directors and the special committee, if any, of the issuer for the transaction, including a discussion of any materially contrary view or abstention by a director and any material disagreement between the board and the special committee:

A resolution of the board of directors was passed on July 16, 2024 approving the Private Placement. No special committees were established in connection with these transactions. The Related Party Participation was considered by the independent members of the board of directors, who determined that they were in the best interest of the Company and necessary to reduce accounts payable of the Company. No materially contrary view was expressed or made by any director and as such, it was not considered necessary to establish any special committees as the independent directors effectively fulfilled the same role that a special committee would have performed.

- (f) **A summary in accordance with section 6.5 of MI 61-101, of the formal valuation, if any, obtained for the transaction, unless the formal valuation is included in its entirety in the material change report or will be included in its entirety in another disclosure document for the transaction:**

Not applicable.

- (g) **disclosure, in accordance with section 6.8 of MI 61-101, of every prior valuation in respect of the issuer that relates to the subject matter of or is otherwise relevant to the transaction:**

- (i) **that has been made in the 24 months before the date of the material change report:**

- (ii) **the existence of which is known, after reasonable enquiry, to the issuer or to any director or officer of the issuer:**

There have not been any “prior valuations” of the Company made in the 24 months before the date of the Related Party Participation or the date of this material change report, the existence of which is known, after reasonable enquiry, to the Company or to any director or officer of the Company, relating to the subject matter of, or that is otherwise relevant to the Private Placement or Debt Settlement.

- (h) **the general nature and material terms of any agreement entered into by the issuer, or a related party of the issuer, with an interested party or a joint actor with an interested party, in connection with the transaction:**

Not applicable.

- (i) **disclosure of the formal valuation and minority approval exemptions, if any, on which the issuer is relying under sections 5.5 and 5.7 of MI 61-101 respectively, and the facts supporting reliance on the exemptions:**

The Related Party Participation constitutes related party transactions within the meaning of MI 61-101. The Company is exempt from the valuation requirements of MI 61-101 pursuant to section 5.5(a) of MI 61-101 as at the time of the Related Party Participation, the Fair Market Value of the subject matter thereof was less than 25% of the market capitalization of the Company. The Company is exempt from the minority shareholder approval requirements of MI 61-101 pursuant to section 5.7(1)(a) of MI 61-101 as, at the time of the Related Party Participation, the Fair Market Value of the subject matter thereof was less than 25% of the market capitalization of the Company.

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

Not applicable.

7. Omitted Information

Not applicable.

8. Executive Officer

The name and business number of the executive officer of the Company who is knowledgeable about the material change and this report is:

Kaleeg Hainsworth
Chief Executive Officer
Phone: 1-672-514-2665

9. Date of Report

July 16, 2023.