

**MATERIAL CHANGE REPORT
FORM 51-102F3**

Item 1. Name and Address

AI/ML Innovations Inc. (the “Company”)
#203, 645 Fort Street
Victoria, BC
V8W 1G2

Item 2. Date of Material Change

August 19, 2024

Item 3. News Release

The news release describing the material change was disseminated on August 19, 2024, through Accesswire, and filed on SEDAR+.

Item 4. Summary of Material Change

The Company announced that it closed its previously announced non-brokered private placement (the “Financing”) on August 19, 2024. The Company accepted subscriptions of 7,845,000 units at a price of \$0.05 per unit, for gross proceeds of \$392,250. The Company paid finders fees to qualified finders of \$18,200 and issued 364,000 broker warrants, which are on the same terms as the warrants forming part of the Units.

Securities issued on this closing are subject to a statutory hold period until December 20, 2024.

The Company intends to use net proceeds of the Private Placement for working capital requirements.

Item 5. Full Description of Material Change

5.1 Full Description of Material Change

The Company announced it has completed its previously announced non-brokered private placement (the “Financing”) on August 19, 2024. The Company accepted subscriptions of 7,845,000 units at a price of \$0.05 per unit, for gross proceeds of \$392,250. The Company paid finders fees to qualified finders of \$18,200 and issued 364,000 broker warrants, which are on the same terms as the warrants forming part of the Units.

Each Unit is comprised of one Common Share and one Warrant which will be exercisable into one (1) Common Share of the Company (each a “Warrant Share”). Each Warrant will have a term of two (2) years and will entitle the holder to purchase one (1) Warrant Share at a price of \$0.10 per share following the closing date, subject to the Company’s right to accelerate expiry upon 30 days’ notice if the shares trade at \$0.25 for a for a period of at least 20 consecutive trading days.

Securities issued on this closing are subject to a statutory hold period until December 20, 2024.

The Company intends to use net proceeds of the Private Placement for working capital requirements.

Insider Participation

As a subscriber in the Financing, ThreeD Capital Inc., an insider holding over 10% of the issued and outstanding shares of the Company, acquired, directly, 2,000,000 Units (the "Insider Placee").

The Insider Placee and its Common Share position before and after completion of the closing of the Financing are as follows:

Insider Placee	Number of Common Shares Owned Prior to the Financing	Number of Common Shares Acquired Under the Financing	Number of Common Shares Owned After the Financing	Percentage of Common Shares After the Financing ⁽¹⁾	Number of Common Shares Owned After the Financing (Diluted)	Percentage of Common Shares After the Financing (Diluted) ⁽²⁾
ThreeD Capital Inc.	6,339,000	2,000,000	8,339,000	7.12%	10,339,000	8.27%

Notes:

- (1) Based on 117,120,864 issued and outstanding Common Shares on an undiluted basis after completion of the Financing.
- (2) Based on 124,965,864 issued and outstanding Common Shares on a partially diluted basis taking into account the Common Shares issuable upon exercise of the Warrants issued under this Financing, but excluding Common Shares underlying other outstanding convertible securities of the Corporation.

The Insider Placee participated in the Financing in order to assist the Corporation in raising the required funds to pursue its business objectives and for investment purposes. The Insider Placee's subscription contributed \$100,000 of gross proceeds to the Corporation under the Financing. The Insider Placee entered into a subscription agreement with the Corporation that contains customary terms and in the same form that was entered into by other subscribers under the Financing.

The participation by the Insider Placee in the Private Placement is considered to be a "related party transaction" within the meaning of Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**"). The transaction is exempt from the formal valuation and minority shareholder approval requirements of MI 61-101, as neither the fair market value of the securities being issued nor the consideration being paid exceeds 25 per cent of the Corporation's market capitalization (as calculated in accordance with MI 61-101). The Corporation did not file a material change report 21 days prior to the closing of the Private Placement as the details of the participation of the insiders had not been confirmed at that time.

The Financing, and the Insider Placee participation was approved by the board of directors of the Company, without the establishment of a special committee. No materially contrary views were expressed.

No formal valuations have been obtained within the prior 24 months.

No agreement has been entered into by the Company, or a related party of the Company, with an interested party or a joint actor with an interested party, in connection with this transaction.

5.2 *Disclosure for Restructuring Transactions*

Not applicable.

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

Not applicable.

Item 7. Omitted Information

No information has been omitted in respect of this material change.

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:

Tim Daniels, Interim Chief Financial Officer
Telephone: 778 405-0882

Item 9. Date of Report

August 29, 2024