

Form 51-102F3

Material Change Report

Item 1 Name and Address of Company

Affinor Growers Inc. (“**Affinor**” or the “**Company**”)
250-750 W. Pender Street
Vancouver, BC
V6C 2T7

Item 2 Date of Material Change

February 7, 2024

Item 3 News Release

A news release was issued by the Company on February 8, 2024 and subsequently filed on SEDAR+.

Item 4 Summary of Material Change

The Company announced that it had completed a non-brokered private placement and debt settlement.

Item 5 Full Description of Material Change

5.1 Full Description of Material Change

The Company announced that, further to its news releases dated January 9, January 16, and January 24, it has completed a non-brokered private placement of 1,000,000 units of the Company (the “**Units**”) at a price of \$0.08 per Unit for aggregate gross proceeds of \$80,000 (the “**Offering**”). Each Unit consist of one common share in the capital of the Company (a “**Share**”) and one Share purchase warrant (a “**Warrant**”). Each Warrant entitles the holder thereof to acquire one Share (a “**Warrant Share**”) at a price of \$0.10 per Warrant Share for a period of 24 months from the closing date of the Offering. The Company intends to use the proceeds raised from the Offering for the production and development of strawberries.

In connection with closing of the Offering, the Company paid cash finder’s fees in the amount of \$4,000 to an eligible finder and issued the same finder 50,000 non-transferable Share purchase warrants (the “**Finder’s Warrants**”), with each Finder’s Warrant exercisable into a Share for a period of 24 months from the date of issuance at a price of \$0.10 per Share.

Additionally, the Company settled an aggregate of \$610,889 of debt (the “**Debt**”) owed to eight creditors of the Company (the “**Creditors**”). In settlement of the Debt, the Company issued an aggregate of 7,636,111 Units (the “**Settlement Units**”) at a deemed price of \$0.08 per Settlement Unit (the “**Debt Settlement**”).

One of the Creditors, Nicholas Brusatore (“**Brusatore**”), is an officer and director of the Company, and a second Creditor, 1825864 Ontario Inc. (“**Ontario Co.**”), is a corporation wholly-owned by an officer and director of the Company (together, the “**Insiders**”). The

Insiders were issued an aggregate of 5,723,887 Settlement Units to settle \$457,911 in debt. The issuance of the Settlement Units to the Insiders constitute “related party transactions” as defined in Multilateral Instrument 61-101 - *Protection of Minority Securityholders in Special Transactions* (“MI 61-101”). The Company is relying on the exemption from valuation requirement and minority approval pursuant to subsection 5.5(a) and 5.7(1)(a) of MI 61-101, respectively, for the Debt Settlement with the Insiders, as the deemed value of the Settlement Units issued to the Insiders does not represent more than 25% of the Company’s market capitalization, as determined in accordance with MI 61-101.

All securities issued in connection with the Offering and the Debt Settlement are subject to a statutory hold period of four months and one day following the date of issuance in accordance with applicable Canadian securities laws.

Related Party Disclosure

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 Item 5.1 above.

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

See Item 5.1 above.

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

See Item 5.1 above.

(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:

Prior to the completion of the Debt Settlement and Offering, Brusatore beneficially owned or controlled 819,850 Shares of the Company, representing approximately 3.15% of the issued and outstanding Shares of the Company on an undiluted basis. Brusatore acquired 4,387,862 Settlement Units. After completion of the Debt Settlement and Offering, the number of Shares beneficially owned or controlled by Brusatore is 5,207,712 Shares or approximately 15.04% of the outstanding Shares of the Company on an undiluted basis. Brusatore also owns (i) an aggregate of 4,387,862 Warrants issued as part of the Settlement Units, entitling Brusatore to purchase 4,387,862 Shares, and (ii) 400,000 stock options (“Options”) to acquire 400,000 Shares. If Brusatore were to exercise all of his Warrants and Options he would then own 9,995,574 Shares, representing approximately 25.36% of the issued and outstanding Shares of the Company on a partially diluted basis.

Prior to the completion of the Debt Settlement and Offering, Ontario Co. beneficially owned or controlled 1,821,428 Shares of the Company, representing approximately 7.01% of the issued and outstanding Shares of the Company on an

undiluted basis. Ontario Co. acquired 1,336,025 Settlement Units. After completion of the Debt Settlement and Offering, the number of Shares beneficially owned or controlled by Ontario Co. is 3,157,453 Shares or approximately 9.12% of the outstanding Shares of the Company on an undiluted basis. Ontario Co. also owns (i) an aggregate of 1,821,428 Warrants issued as part of the Settlement Units, entitling the Ontario Co. to purchase 1,821,428 Shares, (ii) an aggregate of 1,250,000 previously owned Share purchase warrants (the “**Prior Warrants**”), entitling Ontario Co. to purchase 1,250,000 Shares, and (iii) 300,000 stock options (“**Options**”) to acquire 300,000 Shares. If Ontario Co. were to exercise all its Warrants, Prior Warrants and Options it would then beneficially own or control 6,043,478 Shares, representing approximately 16.11% of the issued and outstanding Shares of the Company on a partially diluted basis.

- (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:**

The Debt Settlement resulted in an approximately 11.89% change in Brusatore’s beneficial ownership of Shares of the Company on an undiluted basis.

The Debt Settlement resulted in an approximately 2.11% change in Ontario Co.’s beneficial ownership of Shares of the Company on an undiluted basis.

- (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:**

Resolutions passed by the board of directors of the Company on January 16, 2024 and February 1, 2024. No special committee was established in connection with the transaction.

- (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:**

Not applicable.

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

Not applicable.

- (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:**

Other than the settlement agreements entered into with each of Brusatore and Ontario Co., the Company did not enter into any agreement with an interested party or a joint actor with an interested party in connection with the Debt Settlement or the Offering. To the Company's knowledge, no related party to the Company entered into any agreement with an interested party or a joint actor with an interested party, in connection with the Debt Settlement or the concurrent Offering.

- (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 participation of the Insiders in the Debt Settlement each constitutes a related party transaction under MI 61-101. The Company is relying on exemptions from the formal valuation and minority shareholder approval requirements provided under sections 5.5(a) and 5.7(a) of MI 61-101 as neither the fair market value (as determined under MI 61-101) of the subject matter of, nor the fair market value of the consideration for, the transaction, insofar as it involves the Insiders, exceeded 25% of the Company's market capitalization.

The Company did not file a Material Change Report in respect of the related party transactions at least 21 days before the closing of the Debt Settlement and Offering, which the Company deems reasonable in the circumstances so as to be able to complete and avail itself of the proceeds of the Offering and to complete the Debt Settlement in an expeditious manner.

5.2 Disclosure for Restructuring Transactions

Not applicable

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

Not applicable.

Item 7 Omitted Information

Not applicable.

Item 8 Executive Officer

The following executive officer of the Company is knowledgeable about the material change and this Material Change Report and may be contacted at:

Nick Brusatore
Director/CEO
Telephone: 604 356 0411
Email: nick@affinorgrowers.com

Item 9 Date of Report

February 9, 2024