

FORM 51-102F3
Material Change Report

1. Name and Address of Company:

TraceSafe Inc.
("TraceSafe" or the "Company")
Craigmuir Chambers, PO Box 71
Road Town, Tortola VG1110
British Virgin Islands

2. Date of Material Change:

January 10, 2022

3. News Release:

The news release with respect to the material change was disseminated through Newsfile Corp. on January 11, 2022 and filed on SEDAR.

4. Summary of Material Change:

TraceSafe closed a convertible note financing with institutional investor Arena Investors LP, for gross proceeds of USD \$3.0 million.

5. Full Description of Material Change:

5.1 Full Description of Material Change

The material change described in item 4 is fully described in the Company's press release of January 11, 2022, attached hereto and as filed on SEDAR.

5.2 Disclosure of Restructuring Transactions

Not applicable.

6. Reliance on Subsection 7.1(2) or (3) of National Instrument 51-102 *Continuous Disclosure Obligations*:

Not Applicable

7. Omitted Information:

Not Applicable

8. Executive Officer:

Betty Anne Loy, Corporate Secretary
Telephone: 604-283-2339 xt 702

9. Date of Report:

January 12, 2022

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TraceSafe Secures USD \$3.2 Million in Financing to Accelerate Growth

January 11, 2022: Vancouver, BC – [Tracesafe, Inc.](#) (“TraceSafe”) (CSE: TSF), a global leader in location-aware Internet of Things (IoT) for large-scale industrial and enterprise operations announced today that it has closed a convertible note financing with institutional investor Arena Investors LP, for gross proceeds of USD \$3.0 million (the "Financing"). The Financing was conducted in the United States as a private placement exempt from registration under section 4(a)(2) of the U.S. Securities Act of 1933, as amended, and in Canada as a non-brokered private placement. The financing will help drive TraceSafe's growth agenda, including a significant focus towards solutions in sustainable operations. The transaction, structured by New York-based investment bank EF Hutton, will help pave the way for executing on larger value creating products and milestones for customers and shareholders in the upcoming months.

The convertible note will be issued at a total face value of USD \$3.2 million, bears interest at a rate of 12% per annum, payable quarterly, and may be converted into shares of common stock of TraceSafe in whole or part at any time upon delivery of a conversion notice by Arena Investors to TraceSafe. The note is convertible, at the option of Arena Investors, at the lower of the following specified discount methodologies:

- 20% discount to a public offering of newly listed U.S. securities for shares registered in said public offering accounting for half of face value of the note and
- 20% discount to a public offering or 5% discount to 5-day VWAP price (subject to the Nasdaq floor requirements and 50% maximum discount to public offering) of newly listed U.S. securities via public offering immediately prior to registration of Arena Investors' shares being deemed effective.

“It has been a remarkable year in performance for TraceSafe. This financing will propel us into the next phase of our growth that starts with expanding our reach into the U.S. capital markets and client pool.” said Wayne Lloyd, TraceSafe CEO. “Every organization is facing unique challenges in driving sustainability and efficiency in their operations. With our proven ability to evolve quickly and solve problems effectively, we are well-placed to become a one-stop solution for the organizations that are ready to transform for a sustainable future.”

TraceSafe has agreed to register 50% of the shares issuable upon conversion of the note as part of any public offering made in the United States and to register the remaining shares underlying the note as part of a separate resale registration within 45 days of such public offering. In the

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event there is no public offering in the United States in 18 months following closing of the Financing, TraceSafe shall register all the shares issuable upon conversion of the Notes within 45 days.

About TraceSafe

TraceSafe is a full suite of real-time location management services and contact tracing solutions enabled through advanced low power bluetooth beacons and enterprise cloud management. TraceSafe's leading cloud management solution ensures both user privacy and comprehensive administrative control. TraceSafe's patented contact tracing bracelet has already been deployed in mission critical quarantine applications around the world in partnership with leading governments. In addition to their government work, TraceSafe is developing leading edge solutions for Enterprise, Healthcare, Education, Government and large-scale venue management.

For further information, please contact:

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The Canadian Securities Exchange has in no way approved or disapproved the contents of this news release.

Statements in this news release may contain forward-looking statements that are based on TraceSafe's expectations, estimates and projections regarding its business and the economic environment in which it operates, including with respect to expectations regarding use of proceeds received under the Financing, expected impact on growth from use of such proceeds, scaling of the business of TraceSafe, TraceSafe's future growth and rate of future expansion, future business plans and relationships, future developments in respect of COVID-19 and solutions adopted in response to the virus, and the deployment and acceptance of the TraceSafe technology. Although TraceSafe believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and involve risks and uncertainties that are difficult to control or predict, including the suitability of our products to help businesses and governments reopen, competition, the spread or containment of COVID-19 and government responses thereto and general economic and market conditions. Therefore, outcomes and results may differ materially from those expressed in these forward-looking statements and readers should not place undue reliance on such statements. These forward-looking statements speak only as of the date on which they are made, and TraceSafe undertakes no obligation to update them publicly to reflect new information or the occurrence of future events or circumstances unless otherwise required to do so by law.