

Form 51-102F3
Material Change Report Under
National Instrument 51-102

1. Name & Address of Company

Sixth Wave Innovations Inc.
210 Waterfront Drive – Suite 110
Bedford, NS, Canada
B4A 0H3

2. Date of Material Change

December 18, 2020, December 21, 2020, December 22, 2020 and December 30, 2020.

3. News Release

A news release with respect to the material change referred to in this report was issued through newswire services on December 30, 2020 and was subsequently filed on the system for electronic document analysis and retrieval (SEDAR).

4. Summary of Material Change

The Company has refinanced certain debt instruments through the closing of a non-brokered private placement of unsecured convertible debentures (“**Convertible Debentures**”), and partial repayment of other debt.

Pursuant to the private placement, the Company sold and issued an aggregate of 1,523 Convertible Debentures at a price and principal amount of \$1,000 per Convertible Debentures for gross proceeds totaling \$1,523,000. Interest on the Convertible Debentures can be paid in either cash or common shares of the Company (“**Common Shares**”), at the Company’s election, at a rate of 7.5% per annum if paid in cash or 10% per annum if paid in Common Shares, payable semi-annually on the last day of June and December of each year, commencing on June 30, 2021.

Concurrent with the closing of the private placement, the Company repaid USD\$600,000 out of a total of USD\$871,368 of debt owed (the “**Repaid Debt**”) to Affinity Nanotechnology Inc. (“**Affinity Nanotechnology**”). The Repaid Debt carried monthly repayments of USD\$25,000, bore interest at 10% and had a maturity date of July 31, 2021. The remaining amount of Repaid Debt was refinanced and settled by the issuance of 350 Convertible Debentures with the terms outlined herein.

5. Full Description of Material Change

The Company sold and issued an aggregate of 1,523 Convertible Debentures at a price and principal amount of \$1,000 per Convertible Debentures for gross proceeds totaling \$1,523,000. Interest on the Convertible Debentures can be paid in either cash or Common Shares, at the Company’s election, at a rate of 7.5% per annum if paid in cash or 10% per

annum if paid in Common Shares, payable semi-annually on the last day of June and December of each year, commencing on June 30, 2021. If the Company elects to pay the accrued interest by issuing Common Shares, then such interest payment will be based upon the market value of the Common Shares at the time the Company makes such election. The Convertible Debentures have a three-year term (the “**Term**”), with the principal amount being due to be repaid on December 31, 2023 (the “**Maturity Date**”).

The Company has the right, at any time during the Term, to repay in full the principal amount and any accrued and unpaid interest on the Convertible Debentures, provided that the Company gives 10 days’ notice prior to doing so.

At any time during the Term, a holder of Convertible Debentures may elect to convert the outstanding net principal amount, or any portion thereof, into units (“**Units**”) at a conversion price of \$0.275 per Unit (the “**Conversion Price**”). Each Unit shall consist of one Common Share and one half of a warrant (“**Warrant**”), with each whole Warrant entitling its holder to acquire a Common Share at an exercise price of \$0.55 for a period ending on the Maturity Date.

The outstanding principal amount of each Convertible Debenture will automatically be converted into Units at the Conversion Price (\$0.275) if the Common Shares trade at a closing price of \$0.65 or more on the Canadian Securities Exchange (the “**CSE**”) for 10 consecutive trading days.

During the third year of the Term, the Company shall have the option to extend the Term by up to one additional year. If extended, then the Company shall pay a cash extension fee to the holders of Convertible Debentures in the amount of six months of interest.

Concurrent with the closing of the private placement of Convertible Debentures, the Company repaid USD\$600,000 out of a total of USD\$871,368 of debt owed to Affinity Nanotechnology. The Repaid Debt carried monthly repayments of USD\$25,000, bore interest at 10% and had a maturity date of July 31, 2021. The remaining amount of Repaid Debt, being USD\$271,368 or CAD\$350,000, was refinanced and settled by the issuance of 350 Convertible Debentures with the terms outlined above.

The issuance of the Convertible Debentures and the Commitment Warrants (defined below) was (and, if applicable, the Units and any underlying Common Shares and Warrants shall be) completed on a private placement and prospectus-exempt basis, as applicable, such that the issuances are (or in the case of the Units and any underlying Common Shares and Warrants, shall be) exempt from applicable prospectus and securities registration requirements.

Each initial holder of the Convertible Debentures received a one-time commitment fee comprised of 150 commitment warrants (“**Commitment Warrants**”) per Convertible Debenture. Each Commitment Warrant entitles its holder to acquire one Common Share at an exercise price of \$0.55 per Common Share for a period of 24 months.

Pursuant to National Instrument 45-102 – *Resale of Securities*, the Convertible Debentures, the Commitment Warrants and any underlying Units, Common Shares or Warrants to be issued upon conversion or exchange of these securities will be subject to a four-month hold period commencing on the closing date. Additional hold periods and/or trading or resale restrictions may also apply in the United States. In addition, the Company paid a total of 150,272 compensation warrants (“**Finders Warrants**”) with respect to certain arms-length investors equal to 7% of the Units which ultimately could be issued as a result of the transaction. The Finders Warrants allow their holders to acquire one Common Share of the Company at a price of \$0.35 for a period of 36 months.

The Company intends to use the remaining proceeds of the Convertible Debenture financing for the deployment of the Company’s Affinity™ cannabis purification units, as well as research into its AMIPs virus detection technology.

Since Affinity Nanotechnology holds greater than 10% of the issued and outstanding Common Shares, the repayment of the Repaid Debt and the issuance of the Convertible Debentures to Affinity Nanotechnology is considered 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 subject matter of the transaction, nor the considered paid, exceed 25% of the Company’s market capitalization. No new insiders and no control persons were created in connection with the closing of the transaction. The transaction was reviewed and unanimously approved by the Company’s Board of Directors, which determined that the transaction was in the overall best interests of the Company and the best option for the Company to eliminate a significant portion of its debt and liabilities owed to Affinity Nanotechnology and to refinance the remaining portion of such debt and liabilities. No special committee was created to review the transactions since Affinity Nanotechnology does not have a representative or appointed nominee on the Company’s Board of Directors. Affinity will file insider reports on the System for Electronic Disclosure by Insiders (SEDI) as required.

This material change report was filed less than 21 days before the closing date of the transactions contemplated herein because in the view of the Company, it was reasonable in the circumstances due to the fact that the terms of the related party transaction and the applicable documentation were not settled and accepted by the parties until shortly prior to closing.

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

Not applicable

7. Omitted Information

Not applicable

8. Senior Officer

John Veltheer
Chief Financial Officer
Telephone: (604) 562-6915
Email: john@veltheer.com

DATED at Bedford, Nova Scotia this 31st day of December, 2020

SIXTH WAVE INNOVATIONS INC.

By:(signed) "Peter Manuel"
Director