

51-102F3
MATERIAL CHANGE REPORT

Item 1 Name and Address of Company

TruTrace Technologies Inc. (the “**Company**”)
L120, 2303 4 Street SW
Calgary, AB T2S 2S7

Item 2 Date of Material Change

October 24, 2019

Item 3 News Release

The news release dated October 24, 2019 was disseminated through Stockwatch and Market News on October 24, 2019.

Item 4 Summary of Material Change

On October 24, 2019, the Company announced that it has closed the first tranche of a non-brokered private placement financing (the “**Financing**”) of secured convertible debentures (each, a “**Debenture**”) pursuant to which the Company issued a Debenture in the principal amount of \$200,000 (the “**Principal Amount**”) to one subscriber. The Company expects to close a second tranche of the Financing in a timely manner.

The terms of the Debenture include:

- a maturity date of three years from the date of issuance (the “**Maturity Date**”) and the principal amount of the Debenture, together with any accrued and unpaid interest, will be payable on the Maturity Date, unless earlier converted in accordance with its terms;
- the Debenture bears interest (the “**Interest**”) at the rate of 8.25% per annum, which Interest will be payable on maturity, unless earlier converted;
- the principal amount of the Debenture, together with all accrued and unpaid interest thereon, is convertible into units of the Company (each, a “**Debenture Unit**”), at the option of the holder, at a conversion price of \$0.25 per Debenture Unit (the “**Conversion Price**”), with each Debenture Unit comprised of one common share of the Company (each, a “**Debenture Share**”) and one transferable share purchase warrant (each, a “**Debenture Warrant**”), with each Debenture Warrant exercisable into one additional Debenture Share (each, a “**Debenture Warrant Share**”) at an exercise price of \$0.30 per Debenture Warrant Share for a period equal to the later of: (i) ninety days from the date of conversion, or (ii) three years from the date of issue; and

- the Company has the right, at its sole option and, at any time prior to the Maturity Date, to require the holder to convert all or any portion of the outstanding Principal Amount and any accrued but unpaid Interest thereon into Debenture Units at the Conversion Price if the daily volume-weighted average price of the common shares of the Company on the Canadian Securities Exchange (or such other stock exchange on which the common shares may be traded at such time) for any 10 day consecutive trading day period is greater than \$0.50, subject to adjustment as provided for in the certificate representing the Debenture.

Repayment by the Company of the amount owing under the Debenture is secured by a charge over all of the assets of the Company. The subscriber to the Financing entered into an agency and inter-lender agreement with the Company, pursuant to which the subscriber has been appointed as agent to act on behalf of all subscribers to the Financing as to certain matters relating to the Debentures, including with respect to enforcement of the security interest.

The Company paid a cash finder's fee of \$10,000 to one finder in connection with the closing of the first tranche of the Financing.

All securities issued in the first tranche of the Financing are subject to a statutory hold period expiring February 25, 2020.

Item 5 Full Description of Material Change

5.1 Full Description of Material Change

A full description of the material change is described in Item 4 above and in the attached news release which was filed on SEDAR.

5.1 Disclosure for Restructuring Transactions

N/A

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

N/A

Item 7 Omitted Information

None

Item 8 Executive Officer

Robert Galarza, Chief Executive Officer, 1-844-656-3629

Item 9 Date of Report

October 25, 2019



TruTrace Technologies Closes First Tranche of Secured Convertible Debenture Private Placement

VANCOUVER, Canada - October 24, 2019 - TruTrace Technologies Inc. (CSE: TTT; OTCQB: TTTSF) ("TruTrace" or the "Company") today announced that it has closed the first tranche of a non-brokered private placement financing (the "Financing") of secured convertible debentures (each, a "Debenture") pursuant to which the Company issued a Debenture in the principal amount of \$200,000 (the "Principal Amount") to one subscriber. The Company expects to close a second tranche of the Financing in a timely manner.

The terms of the Debenture include:

- a maturity date of three years from the date of issuance (the "Maturity Date") and the principal amount of the Debenture, together with any accrued and unpaid interest, will be payable on the Maturity Date, unless earlier converted in accordance with its terms;
- the Debenture bears interest (the "Interest") at the rate of 8.25% per annum, which Interest will be payable on maturity, unless earlier converted;
- the principal amount of the Debenture, together with all accrued and unpaid interest thereon, is convertible into units of the Company (each, a "Debenture Unit"), at the option of the holder, at a conversion price of \$0.25 per Debenture Unit (the "Conversion Price"), with each Debenture Unit comprised of one common share of the Company (each, a "Debenture Share") and one transferable share purchase warrant (each, a "Debenture Warrant"), with each Debenture Warrant exercisable into one additional Debenture Share (each, a "Debenture Warrant Share") at an exercise price of \$0.30 per Debenture Warrant Share for a period equal to the later of: (i) ninety days from the date of conversion, or (ii) three years from the date of issue; and
- the Company has the right, at its sole option and, at any time prior to the Maturity Date, to require the holder to convert all or any portion of the outstanding Principal Amount and any accrued but unpaid Interest thereon into Debenture Units at the Conversion Price if the daily volume-weighted average price of the common shares of the Company on the Canadian Securities Exchange (or such other stock exchange on which the common shares may be traded at such time) for any 10 day consecutive trading day period is greater than \$0.50, subject to adjustment as provided for in the certificate representing the Debenture.

Repayment by the Company of the amount owing under the Debenture is secured by a charge over all of the assets of the Company. The subscriber to the Financing entered into an agency and inter-lender agreement with the Company, pursuant to which the subscriber has been appointed as agent to act on behalf of all subscribers to the Financing as to certain matters relating to the Debentures, including with respect to enforcement of the security interest.

The Company paid a cash finder's fee of \$10,000 to one finder in connection with the closing of the first tranche of the Financing.

All securities issued in the first tranche of the Financing are subject to a statutory hold period expiring February 25, 2020.

About TruTrace Technologies:

TruTrace Technologies has developed the first integrated blockchain platform to register and track intellectual property in the cannabis industry. TruTrace's technology allows cannabis growers and breeders to identify and secure rights to their intellectual property. It also streamlines the administrative process and reduces the costs of genetic and mandatory quality-control testing for legal cannabis. TruTrace's technology is proprietary, immutable and cryptographically secure, thereby establishing an accurate and permanent account for cannabis strains from ownership to market.

For More Information:

TruTrace Technologies Inc.: Robert Galarza, Chief Executive Officer and Director

Media Relations: Corey Herscu, RNMKR Agency, 416-300-3030

Investor Inquiries: Swapan Kakumanu, Chief Financial Officer, 844-656-3629, swapan@trutrace.co

Disclaimer for Forward-Looking Information

This news release contains forward-looking information that involves various risks and uncertainties regarding future events. Such forward-looking information can include without limitation statements based on current expectations involving a number of risks and uncertainties and are not guarantees of future performance of the Company, such as statements that the Company expects to close a second tranche of the Financing in a timely manner. There are numerous risks and uncertainties that could cause actual results and the Company's plans and objectives to differ materially from those expressed in the forward-looking information, including: (i) adverse market conditions; or (ii) the inability of the Company to close a second tranche of the Financing in a timely manner at all or on the terms announced. Actual results and future events could differ materially from those anticipated in such information. These and all subsequent written and oral forward-looking information are based on estimates and opinions of management on the dates they are made and are expressly qualified in their entirety by this notice. The Company disclaims any intent or obligation to update publicly any forward-looking information, whether as a result of new information, future events or results or otherwise, other than as required by applicable securities laws.