

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

June 26, 2020 and July 3, 2020

Item 3 News Release

The news release dated June 26, 2020 was disseminated through Stockwatch and Market News on June 26, 2020 and the news release dated July 3, 2020 was disseminated through TheNewsWire.com on July 3, 2020.

Item 4 Summary of Material Change

On June 26, 2020, the Company settled \$950,000 of indebtedness (the “**Indebtedness**”) previously owed to Heated Details, Inc. (“**HD**”) the primary vendor responsible for software development, design and maintenance of the Company’s proprietary StrainSecure™ platform, thereby securing valuable rights to the Company’s intellectual property.

Pursuant to the settlement of the Indebtedness (the “**Debt Settlement**”), the Company issued 9,500,000 common shares of the Company (each, a “**Common Share**”) at a deemed price of \$0.05 per Common Share to an assignee of HD and 9,500,000 Common Shares at a deemed price of \$0.05 per Common Share to an officer of the Company, Thomas Stephenson, who was a second assignee of HD. The Company chose to settle the Indebtedness through the issuance of Common Shares to preserve cash and improve the Company’s balance sheet. Furthermore, concurrent to the Debt Settlement, HD has agreed to advance credit for additional services to the Company.

The Common Shares issued in the Debt Settlement are subject to resale restrictions imposed by applicable law or regulation, including a statutory hold period expiring October 27, 2020.

On July 2, 2020, the Company signed a software license agreement with OrionOne Global, Inc. (“**OrionOne**”), a global supply chain provider that delivers best-in-class technology which serves as a logistics and tracking smart-hub to navigate shipments and logistics worldwide.

Under the agreement (the “**License Agreement**”), the Company will be able to leverage the OrionOne platform to support commercialization of its core products, and the companies will work together to discover mutually beneficial opportunities in markets around the world.

Under the License Agreement, the Company issued 7,700,000 Common Shares at a deemed price of \$0.05 per Common Share to OrionOne, a company controlled by an officer of the Company, Tommy Stephenson. In addition, the Company agreed to pay OrionOne a fee of US\$25,000 within 30 days of the closing of the Company’s next equity financing, or six months from the date of the License Agreement, whichever is sooner. The Company also agreed to pay OrionOne an annual license fee.

The Common Shares issued in connection with the License Agreement are subject to resale restrictions imposed by applicable law or regulation, including a statutory hold period expiring November 3, 2020.

The Debt Settlement with Thomas Stephenson (the “**Officer Settlement**”) and the License Agreement with OrionOne (the “**License**”) were each a “related party transaction” within the meaning of Multilateral Instrument 61-101 Protection of Minority Security Holders in Special Transactions (“**MI 61-101**”). Each of the Officer Settlement and the License was exempt from the valuation requirement of MI 61-101 by virtue of the exemptions contained in section 5.5(b) of MI 61-101 as the Company’s Common Shares are not listed on a specified market and from the minority shareholder approval requirements of MI 61-101 by virtue of the exemption contained in section 5.7(1)(b) of MI 61-101 in that the fair market value of each of the Officer Settlement and the License did not exceed \$2,500,000 and the other conditions set out in section 5.7(1)(b) of MI 61-101 were met. As the material change report disclosing the Officer Settlement and the License is being filed less than 21 days before the transaction, there is a requirement under MI 61-101 to explain why the shorter period was reasonable or necessary in the circumstances. In the view of the Company it was necessary to immediately close the Officer Settlement and the License and therefore, such shorter period was reasonable and necessary in the circumstances to improve the Company’s financial position and secure valuable rights.

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 releases which were filed on SEDAR.

Disclosure Required by MI 61-101

Pursuant to MI 61-101, the Offering constituted a “related party transaction” as an insider of the Company participated in the Officer Settlement and the License.

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 4 above for a description of the Debt Settlement and License Agreement.

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

The purpose of the Debt Settlement is to reduce the Company’s liabilities while preserving its cash. The purpose of the License Agreement is to leverage the OrionOne platform to support commercialization of its core products.

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

The Company does not anticipate that the Debt Settlement will reduce the Company’s liabilities while preserving its cash. The purpose of the License Agreement is to leverage the OrionOne platform to support commercialization of its core products, and the companies will work together to discover mutually beneficial opportunities in markets around the world.

(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:

Thomas Dermonte Stephenson was issued 9,500,000 Common Shares in settlement of \$475,000 worth of debt.

OrionOne, a company owned by Thomas Dermonte Stephenson, was issued 7,700,000 Common Shares for the License.

- (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 following table sets out the effect of the Officer Settlement and the License on the percentage of securities of the Company beneficially owned or controlled by Thomas Dermonte Stephenson:

Name and Position	Dollar Amount of Shares Purchased	Number of Shares Issued	No. of Securities Held prior to Closing of the Offering	Percentage of Issued and Outstanding Securities prior to Closing of the Offering	No. of Securities Held After Closing of the Offering	Percentage of Issued and Outstanding Securities After Closing of the Offering
Thomas Dermonte Stephenson Chief Technology Officer	\$860,000	8,650,000 Common Shares ⁽¹⁾	Undiluted: 2,500,000 Diluted: 3,475,000 ⁽²⁾	Undiluted: 3.0% ⁽³⁾ Diluted: 4.12% ⁽⁴⁾	Undiluted: 19,700,000 ⁽⁵⁾ Diluted: 20,675,000 ⁽⁶⁾	Undiluted: 17.90% ⁽⁷⁾ Diluted: 18.62% ⁽⁸⁾

- (1) Comprised of 2,500,000 Common Shares held directly and 7,700,000 Common Shares held by OrionOne.
- (2) Comprised of: (i) 2,500,000 Common Shares held directly, and (ii) 975,000 options held directly, each of which is exercisable into one Common Share, of which 800,000 are exercisable at an exercise price of \$0.30 per Common Share until September 18, 2020 and 175,000 are exercisable at an exercise price of \$0.25 per Common Share until July 30, 2024.
- (3) Based on 83,361,732 Common Shares outstanding prior to the completion of the Debt Settlement and License Agreement.
- (4) Based on 84,336,732 Common Shares outstanding on a partially diluted-basis following the completion of the Offering, comprised of: (i) 83,361,732 Shares outstanding following the completion of the Offering and (ii) 975,000 Common Shares that may be issuable on exercise of options held directly.
- (5) Comprised of 12,000,000 Common Shares held directly and 7,700,000 Common Shares held by OrionOne.
- (6) Comprised of: (i) 12,000,000 Common Shares held directly, (ii) 7,700,000 Common Shares held by OrionOne, and (iii) all of the convertible securities set out in footnote (2) above.
- (7) Based on 110,061,732 Shares outstanding after the completion of the Offering.
- (8) Based on 111,036,732 Common Shares outstanding on a partially diluted-basis following the completion of the Offering, comprised of: (i) 110,061,732 Shares outstanding following the completion of the Offering and (ii) 975,000 Common Shares that may be issuable on exercise of options held directly.

- (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:

The board of directors of the Company approved the Debt Settlement and the License Agreement at a meeting of the directors of the Company held on June 14 and 15, 2020. A special committee was not established in connection with the approval of the Debt Settlement

and License Agreement, and no materially contrary view or abstention was expressed or made by any director.

- (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 related 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 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:*

The Company entered into a debt settlement and subscription agreement with Thomas Dermonte Stephenson, pursuant to which Mr. Stephenson acquired 9,500,000 Common Shares in settlement of \$485,000 worth of debt.

The Company entered into the License Agreement with OrionOne, pursuant to which OrionOne acquired 7,700,000 Common Shares allowing it to leverage the OrionOne platform to support commercialization of its core products, and the companies will work together to discover mutually beneficial opportunities in markets around the world.

- (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:*

Each of the Officer Settlement and the License is exempt from the valuation and minority shareholder approval requirements of MI 61-101 by virtue of the exemptions contained in Sections 5.5(b) as the Company's shares are not listed on a specified market and from the minority shareholder approval requirements of MI 61-101 by virtue of the exemption contained in section 5.7(a) of MI 61-101 in that the fair market value of the consideration of the Shares issued to the related party did not exceed 25% of the Company's market capitalization.

As the material change report disclosing the Officer Settlement and the License is being filed less than 21 days before the transaction, there is a requirement under MI 61-101 to explain why the shorter period was reasonable or necessary in the circumstances. In the view of the Company it was necessary to immediately close the Officer Settlement and the License and therefore, such shorter period was reasonable and necessary in the circumstances to improve the Company's financial position and secure valuable rights.

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

July 7, 2020



TruTrace Technologies Announces Shares for Debt Transactions to Secure Rights to Intellectual Property

June 26, 2020. **TruTrace Technologies Inc.** (CSE: TTT; OTCQB: TTTSF) ("**TruTrace**" or the "**Company**"), creator of a fully-integrated blockchain platform that registers and tracks intellectual property for the cannabis industry, today announced it has settled \$950,000 of indebtedness (the "**Indebtedness**") previously owed to Heated Details, Inc. ("**HD**") the primary vendor responsible for software development, design and maintenance of the Company's proprietary StrainSecure™ platform, thereby securing valuable rights to the Company's intellectual property.

Pursuant to the settlement of the Indebtedness (the "**Debt Settlement**"), the Company issued 9,500,000 common shares of the Company (each, a "**Common Share**") at a deemed price of \$0.05 per Common Share to an assignee of HD and 9,500,000 Common Shares at a deemed price of \$0.05 per Common Share to an officer of the Company, Thomas Stephenson, who was a second assignee of HD. The Company chose to settle the Indebtedness through the issuance of Common Shares to preserve cash and improve the Company's balance sheet. Furthermore, concurrent to the Debt Settlement, HD has agreed to advance credit for additional services to the Company.

"With the changes in the global market, and the desire for trust and transparency at an all time high, it became imperative for TruTrace to secure rights to its intellectual property and ensure that the commitment of its key technology partner" stated TruTrace CEO Robert Galarza "The willingness and desire of Heated Details to invest into the future of our Company is a testament to our vision and global opportunity.

The Common Shares issued in the Debt Settlement are subject to resale restrictions imposed by applicable law or regulation, including a statutory hold period expiring October 27, 2020.

The Debt Settlement with Thomas Stephenson (the "**Officer Settlement**") was a "related party transaction" within the meaning of Multilateral Instrument 61-101 Protection of Minority Security Holders in Special Transactions ("**MI 61-101**"). The Officer Settlement was exempt from the valuation requirement of MI 61-101 by virtue of the exemptions contained in section 5.5(b) of MI 61-101 as the Company's Common Shares are not listed on a specified market and from the minority shareholder approval requirements of MI 61-101 by virtue of the exemption contained in section 5.7(1)(b) of MI 61-101 in that the fair market value of the Officer Settlement did not exceed \$2,500,000 and the other conditions set out in section 5.7(1)(b) of MI 61-101 were met. As the material change report disclosing the Officer Settlement is being filed less than 21 days before the transaction, there is a requirement under MI 61-101 to explain why the shorter period was reasonable or necessary in the circumstances. In the view of the Company it was

necessary to immediately close the Officer Settlement and therefore, such shorter period was reasonable and necessary in the circumstances to improve the Company's financial position.

For More Information:

Robert Galarza, Chief Executive Officer and Director, 844-656-3629



TruTrace Technologies Signs Software Licensing Agreement with Global Supply Chain and Logistics Software Provider OrionOne Global

July 3, 2020, TruTrace Technologies Inc. (CSE: TTT; OTCQB: TTTSF) (“TruTrace” or the “Company”), creator of a fully-integrated blockchain platform that registers and tracks intellectual property for the cannabis industry, is pleased to announce it has signed a software license agreement with OrionOne Global, Inc. (“OrionOne”), a global supply chain provider delivering best-in-class technology which serves as a logistics and tracking smart-hub for navigating shipments and logistics worldwide.

Under the agreement (the “License Agreement”), TruTrace will be able to leverage the OrionOne platform to support commercialization of its core products for its customers. “Finalizing this license agreement with OrionOne not only assures the long-term functionality of StrainSecure™, but we believe it will open up market opportunities for TruTrace in other key industries,” stated Robert Galarza, CEO of TruTrace. “Our core mission was built on traceability of quality assurance and testing details at a very granular level and we believe the incorporation of logistics tracking will significantly expand our client base.”

“We are thrilled to bring together these synergetic technologies. Licensing OrionOne will give TruTrace the ability to maximize its commercial opportunities, as well as begin to expand its offering beyond the cannabis industry,” said Tommy Stephenson, Founder and CEO of OrionOne. “When we developed OrionOne over four years ago it was done so with a macro view of shipping and logistics which will compliment the precise level of detail provided by TruTrace incredibly well.”

About TruTrace Technologies

TruTrace Technologies is the developer of fully integrated software, secured on a blockchain infrastructure, that gives clients the ability to store, manage, share and immediately access quality assurance and testing details, COAs, as well as motion and movement intelligence on inventory from batches and lots to serialized items.

The platform was specifically designed to power the traceability of testing standards within the legal cannabis, nutraceutical, food and pharmaceutical space with a focus on the authentication of source materials or ingredients used in formulation.

Highlights of the system include:

- Interoperable and collaborative

- Master registry for source ingredients
- Data secured and immutable
- API integrations to 3rd party systems for record management, reporting and e-commerce
- Real-time testing details connected to each inventory item
- Master testing dashboard for manufacturers and laboratories, including financials
- Digital management of LOD (Limits of Detection) and LOQ (Limits of Quantification) to power transparent testing
- Dynamic batch/lot management
- Quality assurance specs and threshold alert capabilities

Under the License Agreement, the Company has agreed to pay OrionOne, a company controlled by an officer of the Company, Tommy Stephenson, an initial license fee of CAD \$385,000 which shall be paid through the issuance of 7,700,000 common shares of the Company (each, a “**Common Share**”) at a deemed price of \$0.05 per Common Share to OrionOne. The initial term of the License Agreement is five years, renewable for consecutive five year terms with the license being perpetual in nature. In addition, the Company agreed to pay OrionOne a fee of US\$25,000 within 30 days of the closing of the Company’s next equity financing, or six months from the date of the License Agreement, whichever is sooner. The Company also agreed to pay OrionOne a nominal annual license fee in lieu of royalty payments.

The Common Shares issued in connection with the License Agreement are subject to resale restrictions imposed by applicable law or regulation, including a statutory hold period expiring November 3, 2020.

The License Agreement with OrionOne (the “**License**”) was a “related party transaction” within the meaning of Multilateral Instrument 61-101 Protection of Minority Security Holders in Special Transactions (“**MI 61-101**”). The License was exempt from the valuation requirement of MI 61-101 by virtue of the exemptions contained in section 5.5(b) of MI 61-101 as the Company’s Common Shares are not listed on a specified market and from the minority shareholder approval requirements of MI 61-101 by virtue of the exemption contained in section 5.7(1)(b) of MI 61-101 in that the fair market value of the License did not exceed \$2,500,000 and the other conditions set out in section 5.7(1)(b) of MI 61-101 were met. As the material change report disclosing the License is being filed less than 21 days before the transaction, there is a requirement under MI 61-101 to explain why the shorter period was reasonable or necessary in the circumstances. In the view of the Company it was necessary to immediately close the Licenses and therefore, such shorter period was reasonable and necessary in the circumstances to secure valuable rights for the Company.

For More Information:

Robert Galarza, Chief Executive Officer and Director, 844-656-3629

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 TruTrace will be able to leverage the OrionOne platform to support commercialization of its core products, and the companies will work together to discover mutually beneficial opportunities in markets around the world; the License Agreement assures the long-term functionality of StrainSecure™, the Company's hopes that it will open up market opportunities for TruTrace in other key markets; the Company's belief that linking into global freight will significantly expand its client base; and that licensing OrionOne will give TruTrace the ability to maximize its commercial opportunities, as well as begin to expand its offering beyond the cannabis industry. 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 adverse market conditions and other factors beyond the Company's control. 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.