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TruTrace Technologies Closes Subordinated Secured Convertible Debenture Financing

Toronto, Canada – September 2, 2020 - TruTrace Technologies Inc. (CSE: TTT; OTCQB: TTTSF) (“TruTrace” or the “Company”), developer of a fully-integrated blockchain platform for the legal cannabis, food and pharmaceutical industries, is pleased to announce that it has closed a non-brokered private placement financing (the “Financing”) of subordinated secured convertible debentures (each, a “Debenture”) pursuant to which the Company issued Debentures in the aggregate principal amount of \$360,000 (the “Principal Amount”) to subscribers to the Financing.

The terms of the Debentures include:

- a maturity date of three years from the date of issuance (the “Maturity Date”) and the principal amount of a Debenture, together with any accrued and unpaid interest, will be payable on the Maturity Date, unless earlier converted in accordance with its terms;
- each Debenture bears interest (the “Interest”) at the rate of 8.25% per annum, which Interest will be payable monthly in arrears, unless earlier converted;
- the principal amount of a 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 \$0.05 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 \$0.05 per Debenture Warrant Share for a period of two 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 \$0.20, 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 subscribers to the Financing entered into an agency and inter-lender agreement with the Company, pursuant to which the subscribers have appointed an 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 subordinated security interest.

All securities issued in the Financing are subject to a statutory hold period expiring four months and one day from the date of issue.

The Company also announces that a holder of a debenture issued in October 2019 has agreed to convert an outstanding debenture with an amount owing of \$213,538 into 4,273,160 common shares in the capital of the Company, at a revised conversion price of \$0.05 per share, in full settlement of the amount owing under the debenture. The debenture had been previously convertible into a conversion unit at a price of \$0.25 per conversion unit, with each such conversion unit comprised of a common share and a share purchase warrant exercisable at \$0.30 per share. For more information regarding this debenture, please see the Company's news release dated October 24, 2019.

None of the securities issued in connection with the Financing or the debenture conversion will be registered under the United States Securities Act of 1933, as amended (the "1933 Act"), and none of them may be offered or sold in the United States absent registration or an applicable exemption from the registration requirements of the 1933 Act. This news release shall not constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of the securities in any state where such offer, solicitation, or sale would be unlawful.

The subscription by Cameron Chell, a director of the Company, in the Financing and the debenture conversion with CESFJS Holdings Inc., a company controlled by Cesare Fazari, a director of the Company (together, the "**Director Transactions**") were "related party transactions" within the meaning of Multilateral Instrument 61-101 Protection of Minority Security Holders in Special Transactions ("**MI 61-101**"). The Director Transactions were 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 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)(a) of MI 61-101 in that the fair market value of the Director Transactions did not exceed 25% of the Company's market capitalization. As the material change report disclosing the Director Transactions 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 Director Transactions and therefore, such shorter period was reasonable and necessary in the circumstances to improve the Company's financial position.

About TruTrace Technologies Inc. (CSE: TTT; OTCQB: TTTSF):

TruTrace Technologies is the developer of a fully integrated software platform, secured on the blockchain, offering 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. 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.

On behalf of the Board of Directors:

Robert Galarza, Chief Executive Officer and Director

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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 regarding the future business plans of the Company. 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. 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.