

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

February 12, 2021

Item 3 News Release

The news release dated February 12, 2021 was disseminated through Stockwatch and Market News on February 12, 2021.

Item 4 Summary of Material Change

On February 12, 2021, the Company closed a non-brokered private placement of 30,000,000 units of the Company (each, a "Unit") at a price of \$0.05 per Unit for gross proceeds of \$1,500,000, (the "Placement"). Each Unit consists of a common share of the Company (each a "Common Share") and one non-transferable common share purchase warrant (each a "Warrant"). Each Warrant will entitle the holder to purchase one additional Common Share for a period of 24 months from closing at a price of \$0.05. Proceeds from the Units will be used to advance the Company's long-term international strategy of providing blockchain secured and standardized process for managing testing and quality data of medical products, as well as general working capital.

All securities issued in connection with the Placement will be subject to a statutory hold period expiring four months and one day after the closing of the Placement in accordance with applicable securities legislation.

The Company paid an aggregate of \$29,100 and issued an aggregate of 384,000 broker warrants in connection with the closing of the Placement. Each broker warrant entitles the holder to purchase one additional share at a price of \$0.05 per share for a period of two years from closing of the Placement.

The strong interest from new sophisticated investors, both local and international, the uptake by many of the existing shareholders and by the Company's management has meant that the non-brokered Placement was oversubscribed. The Company is now well financed to advance its core initiatives and implement a revenue focused strategy.

The subscriptions by each of Robert Galarza, the Chief Executive Officer and a director of the Company, Thomas Stephenson, the Chief Technology Officer of the Company, Allan O'Dette, a director of the Company and 2596543 Ontario Inc., a company controlled by Pradeep Soop, 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.

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 news release filed on SEDAR.

Disclosure Required by MI 61-101

Pursuant to MI 61-101, the Placement constituted a "related party transaction" as insiders of the Company participated in the Director Transactions.

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 Director Transactions.

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

The purpose of the Placement will be used to advance the Company's long-term international strategy of providing blockchain secured and standardized process for managing testing and quality data of medical products, as well as general working capital.

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

The Company does not anticipate any material effect on the Company's business and affairs.

(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:

Robert Galarza, the Chief Executive Officer and a director of the Company, was issued 500,000 Units for gross proceeds of \$25,000.

Thomas Stephenson, the Chief Technology Officer of the Company, was issued 500,000 Units for gross proceeds of \$25,000.

Allan O'Dette, a director of the Company, was issued 800,000 Units for gross proceeds of \$40,000.

2596543 Ontario Inc., a company controlled by Pradeep Sood, was issued 500,000 Units for gross proceeds of \$25,000.

(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 Director Transactions on the percentage of securities of the Company beneficially owned or controlled by Robert Galarza, Thomas Stephenson, Allan O'Dette and Pradeep Sood:

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
Robert Galarza Chief Executive Officer and Director	\$25,000	500,000 Units	Undiluted: 2,000,000 ⁽¹⁾ Diluted: 2,975,000 ⁽²⁾	Undiluted: 1.68% ⁽³⁾ Diluted: 2.47% ⁽⁴⁾	Undiluted: 2,500,000 ⁽⁵⁾ Diluted: 3,975,000 ⁽⁶⁾	Undiluted: 1.67% ⁽⁷⁾ Diluted: 2.64% ⁽⁸⁾
Thomas Stephenson Chief Technology Officer	\$25,000	500,000 Units	Undiluted: 19,700,000 ⁽⁹⁾ Diluted: 20,675,000 ⁽¹⁰⁾	Undiluted: 16.51% ⁽³⁾ Diluted: 17.18% ⁽⁴⁾	Undiluted: 20,200,000 ⁽¹¹⁾ Diluted: 21,675,000 ⁽¹²⁾	Undiluted: 13.52% ⁽⁷⁾ Diluted: 14.37% ⁽⁸⁾
Allan O'Dette Director	\$40,000	800,000 Units	Undiluted: 0 Diluted: 200,000 ⁽¹³⁾	Undiluted: 0% Diluted: 0.17% ⁽¹⁴⁾	Undiluted: 800,000 Diluted: 1,800,000 ⁽¹⁵⁾	Undiluted: 0.54% ⁽⁶⁾ Diluted: 1.20% ⁽¹⁶⁾
Pradeep Sood Director	\$25,000	500,000 Units ⁽¹⁷⁾	Undiluted: 0 Diluted: 0	Undiluted: 0% Diluted: 0	Undiluted: 500,000 Diluted: 1,000,000 ⁽¹⁸⁾	Undiluted: 0.33% ⁽⁶⁾ Diluted: 0.67% ⁽¹⁹⁾

⁽¹⁾ These Shares are held indirectly through Ignite Holdings Ltd. ("**Ignite**"), a company wholly owned by Robert Galarza.

⁽²⁾ Comprised of: (i) 2,000,000 Common Shares held indirectly through Ignite, 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 May 18, 2023 and 175,000 are exercisable at a price of \$0.25 per Common Share until July 30, 2024, all of which may be exercisable within sixty days.

⁽³⁾ Based on 119,377,605 Common Shares outstanding prior to the completion of the Director Transactions.

⁽⁴⁾ Based on 120,352,605 Common Shares outstanding on a partially diluted-basis prior to the completion of the Director Transactions, comprised of: (i) 119,377,605 Common Shares outstanding prior to the completion of the Director Transactions and (ii) 975,000 Common Shares that may be issuable on exercise of options held directly, all of which may be exercisable within sixty days.

⁽⁵⁾ Comprised of: (i) 500,000 Common Shares held directly and (ii) 2,000,000 Common Shares held indirectly through Ignite.

⁽⁶⁾ Comprised of: (i) 500,000 Common Shares held directly, (ii) 2,000,000 Common Shares held indirectly through Ignite, (iii) all of the convertible securities set out in footnote 4 above and (iv) 500,000 Common Shares that may be issued on exercise of Warrants at an exercise price of \$0.05 per Common Share until February 12, 2023, all of which may be exercisable within sixty days.

⁽⁷⁾ Based on 149,377,605 Common Shares outstanding following the completion of the Director Transactions.

⁽⁸⁾ Based on 150,852,605 Common Shares outstanding on a partially diluted-basis following the completion of the Director Transactions, comprised of: (i) 149,377,605 Shares outstanding following the completion of the Director Transactions, (ii) 975,000 Common Shares that may be issuable on exercise of options held directly and (iii) 500,000 Common Shares that may be issued on exercise Warrants held directly, all of which may be exercisable within sixty days.

⁽⁹⁾ Comprised of: (i) 9,500,000 Common Shares held directly, (ii) 7,700,000 Common Shares held indirectly through OrionOne Global Inc. ("**OrionOne**") and (iii) 2,500,000 Common Shares held indirectly through Ember Technology Partners Ltd. ("**Ember**").

- (10) Comprised of: (i) 9,500,000 Common Shares held directly, (ii) 7,700,000 Common Shares held indirectly through OrionOne, (iii) 2,500,000 Common Shares held indirectly through Ember and (iv) 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, all of which may be exercisable within sixty days.
 - (11) Comprised of: (i) 10,000,000 Common Shares held directly, (ii) 7,700,000 Common Shares held indirectly through OrionOne and (iii) 2,500,000 Common Shares held indirectly through Ember.
 - (12) Comprised of: (i) 10,000,000 Common Shares held directly, (ii) 7,700,000 Common Shares held indirectly through OrionOne, (iii) 2,500,000 Common Shares held indirectly through Ember (iv) all of the convertible securities set out in footnote 10 above and (v) 500,000 Common Shares that may be issued on exercise of Warrants at an exercise price of \$0.05 per Common Share until February 12, 2023, all of which may be exercisable within sixty days.
 - (13) Comprised of 200,000 Common Shares that may be issued on conversion of a convertible debenture in the principal amount of \$10,000, at a deemed conversion price of \$0.10 per Common Share until September 2, 2023, all of which may be convertible within sixty days.
 - (14) Based on 119,577,605 Common Shares outstanding on a partially diluted-basis prior to the completion of the Director Transactions, comprised of: (i) 119,377,605 Common Shares outstanding prior to the completion of the Director Transactions and (ii) 200,000 Common Shares that may be issued on conversion of debentures, all of which may be convertible within sixty days.
 - (15) Comprised of: (i) all of the convertible securities set out in footnote 13 above and (ii) 800,000 Common Shares that may be issued on exercise of Warrants at an exercise price of \$0.05 per Common Share until February 12, 2023, all of which may be exercisable within sixty days.
 - (16) Based on 150,377,605 Common Shares outstanding on a partially diluted-basis following the completion of the Director Transactions, comprised of: (i) 149,377,605 Shares outstanding following the completion of the Director Transactions, (ii) 200,000 Common Shares that may be issued on conversion of debentures held directly and (iii) 800,000 Common Shares that may be issued on exercise warrants held directly, all of which may be exercisable within sixty days.
 - (17) These Units are held indirectly by 2596543 Ontario Inc. ("**2596543**"), a company wholly owned by Pradeep Sood.
 - (18) Comprised of 500,000 Common Shares that may be issued on exercise of Warrants held indirectly by 2596543 at an exercise price of \$0.05 per Common Share until February 12, 2023, all of which may be exercisable within sixty days.
 - (19) Based on 149,877,605 Common Shares outstanding on a partially diluted-basis following the completion of the Director Transactions, comprised of: (i) 149,377,605 Shares outstanding following the completion of the Director Transactions and (ii) 500,000 Common Shares that may be issued on exercise Warrants held indirectly by 2596543, all of which may be exercisable within sixty days.
- (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 Director Transactions by Directors Resolution dated February 12, 2021. A special committee was not established in connection with the approval of the Director Transactions, 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 private placement subscription agreement with Robert Galarza, pursuant to which Mr. Galarza was issued 500,000 Units for gross proceeds of \$25,000.

The Company entered into a private placement subscription agreement with Thomas Stephenson, pursuant to which Mr. Stephenson was issued 500,000 Units for gross proceeds of \$25,000.

The Company entered into a private placement subscription agreement with Allan O'Dette, pursuant to which Mr. O'Dette was issued 800,000 Units for gross proceeds of \$40,000.

The Company entered into a private placement subscription agreement with 2596543, pursuant to which 2596543 was issued 500,000 Units for gross proceeds of \$25,000.

(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 Director Transactions 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(12)(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.

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

February 19, 2021