

FORM 51-102F3

MATERIAL CHANGE REPORT

1. **Name and Address of Company**

Aquarius AI Inc. (the “**Company**” or “**Aquarius**”)
Suite 150 - 1090 Homer Street
Vancouver, British Columbia
V6B 2W9

2. **Date of Material Change**

October 14, 2022

3. **News Release**

A news release with respect to the material change referred to in this report was issued on October 5, 2022 and disseminated through the facilities of recognized newswire services. A copy of the news release was filed on SEDAR.

4. **Summary of Material Change**

The Company has entered into a definitive agreement (the “**Share Purchase Agreement**”) to acquire (the “**Acquisition**”) a minimum of 70% of the issued and outstanding common shares of Jellyworks Inc. (“**Jellyworks**”) in exchange for approximately 60,565,708 common shares of Aquarius (“**Common Shares**”), representing approximately 33% of the Common Shares that will be issued and outstanding as of closing of the Acquisition. The closing of the Acquisition is subject to a number of conditions including the satisfactory completion of due diligence and satisfaction of other customary closing conditions.

5. **Full Description of Material Change**

The Company has entered into the Share Purchase Agreement to acquire a minimum of 70% of the issued and outstanding common shares of Jellyworks in exchange for approximately 60,565,708 Common Shares, representing approximately 33% of the Common Shares that will be issued and outstanding as of closing of the Acquisition. The closing of the Acquisition is subject to a number of conditions including the satisfactory completion of due diligence and satisfaction of other customary closing conditions.

The Acquisition will constitute a “related party transaction” within the meaning of Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transaction* (“**MI 61-101**”), as certain insiders of the Company are shareholders of Jellyworks and will acquire certain Common Shares of the Company upon completion of the Acquisition.

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:

The Company has entered into the Share Purchase Agreement to acquire a minimum of 70% of the issued and outstanding common shares of Jellyworks in exchange for approximately 60,565,708 Common Shares, representing approximately 33% of the Common Shares that will be issued and outstanding as of closing of the Acquisition.

The closing of the Acquisition is subject to a number of conditions including the satisfactory completion of due diligence and satisfaction of other customary closing conditions.

The Acquisition will constitute a “related party transaction” as such term is defined in MI 61-101 as: (i) Mr. Chris Bradley is an insider of the Company and will receive 6,130,050 Common Shares in exchange for 613,005 common shares of Jellyworks (“**Jellyworks Shares**”) held by Mr. Bradley and 5,018,940 Common Share purchase warrants of the Company (the “**Warrants**”) in exchange for 501,894 common share purchase warrants of Jellyworks (the “**Jellyworks Warrants**”) held by Mr. Bradley, upon completion of the Acquisition; and (ii) Mr. Michael Woodman (a/k/a Jesse Dylan) is an insider of the Company and will receive 5,443,170 Common Shares in exchange for 544,317 Jellyworks Shares held by Mr. Woodman and 4,443,170 Warrants in exchange for 444,317 Jellyworks Warrants held by Mr. Woodman, upon completion of the Acquisition.

(b) The purposes and business reason for the transaction:

The Acquisition represents an opportunity for the Company to combine the expertise of Jellyworks and the Company in order to accelerate the growth of the Company’s non-fungible token business and its cryptocurrency mining operations.

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

Upon completion of the Acquisition, the Company aims to combine the expertise of Jellyworks and the Company in order to accelerate the growth of the Company’s non-fungible token business and its cryptocurrency mining operations.

(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:

In connection with the completion of the Acquisition, 6,130,050 Common Shares are to be issued to Mr. Bradley, a director and Chief Executive Office of the Company, in exchange for 613,005 Jellyworks Shares held by Mr. Bradley and 5,018,940 Warrants in exchange for 501,894 Jellyworks Warrants held by Mr. Bradley, upon completion of the Acquisition.

In connection with the completion of the Acquisition, 5,443,170 Common Shares are to be issued to Mr. Woodman, a director and Executive Chair of the Company, in exchange for 544,317 Jellyworks Shares held by Mr. Woodman and 4,443,170 Warrants in exchange for 444,317 Jellyworks Warrants held by Mr. Woodman, upon completion of the Acquisition.

- ii. the anticipated effect of the transaction on the percentage of securities of the Company, or of an affiliated entity of the Company, beneficially owned or controlled by each person or company referred to in subparagraph (i) for which there would be a material change in that percentages:

In connection with the Acquisition, 6,130,050 Common Shares and 5,018,940 Warrants will be issued to Mr. Bradley upon completion of the Acquisition. Prior to the completion of the Acquisition, Mr. Bradley will hold, directly or indirectly, 1,250,000 Common Shares and 875,000 Warrants, representing

1.02% of the Common Shares of the Company on an undiluted basis and 1.75% on a partially diluted basis. Upon closing of the Acquisition, Mr. Bradley will hold an aggregate of 7,380,050 Common Shares, representing 3.53% of the Common Shares of the Company on an undiluted basis and 6.19% on a partially diluted basis, upon closing of the Acquisition.

In connection with the Acquisition, 5,443,170 Common Shares and 4,443,170 Warrants will be issued to Mr. Woodman upon completion of the Acquisition. Prior to the completion of the Acquisition, Mr. Woodman will hold, directly or indirectly, 3,311,000 Common Shares and 2,150,000 Warrants, representing 2.70% of the Common Shares of the Company on an undiluted basis and 4.49% on a partially diluted basis. Upon closing of the Acquisition, Mr. Woodman is expected to hold an aggregate of 8,754,170 Common Shares and 6,593,170 Warrants, representing 4.19% of the Common Shares of the Company on an undiluted basis and 7.18% on a partially diluted basis upon closing of the Acquisition.

- (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:

A resolution of the board of directors was passed on October 4, 2022 approving the Acquisition. No special committee was established in connection with the Acquisition, and no materially contrary view or abstention was expressed or made by any director. Mr. Woodman and Mr. Bradley reserved from voting.

- (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 relates 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 Company or to any director or officer of the Company:

Not applicable.

- (h) The general nature and material terms of any agreement entered into by the Company, or a related party of the Company, with an interested party or a joint actor with an interested party, in connection with the transaction:

Other than the Share Purchase Agreement, the Company did not enter into any agreement with an interested party or a joint actor with an interested party in connection

with the Acquisition. To the Company's knowledge, no related party to the Company entered into any agreement with an interested party or a joint actor with an interested party, in connection with the Acquisition.

- (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:

The Company is relying on the exemptions from the valuation and minority shareholder approval requirements of MI 61-101 contained in sections 5.5(a) and 5.7(1)(a) of MI 61-101, as the fair market value of the participation in the Acquisition by the insiders does not exceed 25% of the market capitalization of the Company in accordance with MI 61-101. The Company did not file a material change report in respect of the related party transaction at least 21 days before the announcement of the entry into the Share Purchase Agreement in respect of the Acquisition, which the Company deems reasonable in the circumstances in order to enter into the Acquisition in an expeditious manner and to ensure exclusive dealings with Jellyworks in respect of the Acquisition.

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

Not Applicable.

7. Omitted Information

Not Applicable.

8. Executive Officer

The name and business number of the executive officer of the Company who is knowledgeable about the material change and this report is:

Michael Woodman (a/k/a Jesse Dylan), Executive Chair and Director
604-265-7511

9. Date of Report

October 14, 2022

Cautionary note regarding forward-looking information:

Certain statements contained in this report constitute "forward-looking information" as such term is defined in applicable Canadian securities legislation. The words "may", "would", "could", "should", "potential", "will", "seek", "intend", "plan", "anticipate", "believe", "estimate", "expect" and similar expressions as they relate to the Company, including statements with respect to the Acquisition, Jellyworks, the Company and certain insiders of the Company, are intended to identify forward-looking information. All statements other than statements of historical fact may be forward-looking information, including but not limited to: the timely completion of the Acquisition on the terms set out in this report, if at all; the integration of the Company's and Jellyworks' businesses and any anticipated operational efficiencies or synergies; the anticipated securityholdings of certain insiders of the Company, who are also holders of Jellyworks Shares, upon completion of the Acquisition. Such statements reflect the Company's current views and intentions with respect to future events, and current information available to the Company, and are subject to certain risks, uncertainties and assumptions. Many factors could cause the actual results, performance or achievements that may be expressed or implied by such forward-looking information to vary from those described herein should

one or more of these risks or uncertainties materialize. Examples of such risk factors include, without limitation: risk that the Acquisition may not be completed as currently contemplated, or at all; risk that the integration of the Company's and Jellyworks' businesses will not generate the anticipated operational efficiencies or synergies; credit; market (including equity, commodity, foreign exchange and interest rate); liquidity; operational (including technology and infrastructure); reputational; insurance; strategic; regulatory; legal; environmental; capital adequacy; the general business and economic conditions in the regions in which the Company operates; the ability of the Company to execute on key priorities, including the successful completion of acquisitions, business retention, and strategic plans and to attract, develop and retain key executives; difficulty integrating newly acquired businesses; the ability to implement business strategies and pursue business opportunities; disruptions in or attacks (including cyberattacks) on the Company's information technology, internet, network access or other voice or data communications systems or services; the evolution of various types of fraud or other criminal behavior to which the Company is exposed; the failure of third parties to comply with their obligations to the Company or its affiliates; the impact of new and changes to, or application of, current laws and regulations; decline of reimbursement rates; a novel business model; dependence on key suppliers; the overall difficult litigation environment; increased competition; increased funding costs and market volatility due to market illiquidity and competition for funding; the availability of funds and resources to pursue operations; critical accounting estimates and changes to accounting standards, policies, and methods used by the Company; the occurrence of natural and unnatural catastrophic events and claims resulting from such events; as well as those risk factors discussed or referred to in the Company's disclosure documents filed with the securities regulatory authorities in certain provinces of Canada and available at www.sedar.com. Should any factor affect the Company in an unexpected manner, or should assumptions underlying the forward-looking information prove incorrect, the actual results or events may differ materially from the results or events predicted. Any such forward-looking information is expressly qualified in its entirety by this cautionary statement. Moreover, the Company does not assume responsibility for the accuracy or completeness of such forward-looking information. The forward-looking information included in this report is made as of the date of this report and the Company undertakes no obligation to publicly update or revise any forward-looking information, other than as required by applicable law.