

## Material Change Report

### FORM 51-102F3

#### Item 1 Name and Address of Company

eXeBlock Technology Corporation (the "**Company**" or "**eXeBlock**")  
Suite 280 - 1090 W Georgia Street  
Vancouver, BC V6E 3V7

#### Item 2 Date of Material Change

February 15, 2019

#### Item 3 News Release

The news releases describing the material change referred to herein were issued by the Company and released on February 15, 2019 and March 26, 2019, respectively, and disseminated through the facilities of a recognized newswire service and filed on SEDAR.

#### Item 4 Summary of Material Change

On February 15, 2019, the Company announced that it had entered into a purchase agreement (the "**Agreement**") with Peerplays Blockchain Standards Association ("**PBSA**"), Data Security Node Inc., Fallout Complex Inc., 10353027 Canada Corporation ("**10353027**"), and Jonathan Baha'i.

#### Item 5.1 Full Description of Material Change

##### Transaction Terms

On February 15, 2019, the Company announced that it had entered into the Agreement with PBSA, Data Security Node Inc., Fallout Complex Inc., 10353027, and Jonathan Baha'i (collectively the "**Purchaser**"). Material terms of the Agreement include: (1) sale of software including 50/50 Labs, Sidechain and eXeChain (collectively, the "**Software**") to PBSA for the payment to eXeBlock of \$250,000 in cash plus applicable taxes, on closing; (2) the assumption by PBSA of amounts owing by eXeBlock to a third party developer in the development of the Software totaling approximately \$463,419 USD; (3) the purchase of up to 9,965,000 common shares ("**Shares**") of eXeBlock held by 10353027, an entity wholly-owned by Jonathan Baha'i (which represents approximately 16.2% of the Company's common shares outstanding as of February 15, 2019) for cancellation by the Company (the "**Share Reduction**") for an aggregate amount not exceeding \$1.00; (4) the termination of the software development agreement between eXeBlock and PBSA and release by eXeBlock in any interest in any consideration, including any PPY tokens, if any, which were to be transferred as payment for software development under such agreement; (5) the forgiveness of amounts owing by eXeBlock to each of Data Security Node Inc., Fallout Complex Inc., and Jonathan Baha'i for certain equipment, furniture, fixtures and Company expenses totaling approximately \$74,912.35; and (6) the termination of the bunker lease between eXeBlock and Fallout Complex Inc., (collectively, the "**Transaction**"). On March 25, 2019, the parties agreed that the Share Reduction would occur for no consideration rather than consideration up to \$1.00.

Completion of the Transaction is subject to customary closing conditions, including acceptance and approval of the shareholders of the Company by resolution, if required, and regulatory approvals. The outside date under the Agreement to satisfy all conditions and close the Transaction (other than the Share Reduction) is May 1, 2019. eXeBlock will be seeking all required regulatory approvals to complete the Share Reduction at closing. In the event less than the 9,965,000 common shares of eXeBlock held by 10353027 are acquired by eXeBlock at closing, the Company may continue to seek all necessary regulatory approvals to acquire any remaining common shares until November 30, 2020.

#### Update on Regulatory Approvals

eXeBlock has concluded that the Share Reduction will not be an “issuer bid”, and no regulatory approvals will be sought under issuer bid rules.

10353027 currently holds an aggregate of 9,965,000 Shares of eXeBlock, including 6,000,000 Shares that remain in escrow pursuant to the terms of an escrow agreement with National Issuer Services Ltd. dated October 4, 2017 in Form 46-201F1 (the "**Escrow Agreement**"). The escrowed Shares are scheduled for release in tranches between May 2019 and November 2020, subject to the terms and conditions of the Escrow Agreement. eXeBlock may seek the necessary regulatory approval from the British Columbia Securities Commission (the "**BCSC**") to allow for the accelerated release and purchase of the escrowed Shares. The Transaction agreements contemplate that eXeBlock can obtain the escrowed Shares over time as they are released from escrow.

#### Related Party Transaction

The Company understands that Mr. Baha'i controls each of 10353027, Data Security Node Inc. and Fallout Complex Inc. Through his control of 10353027, Mr. Baha'i beneficially owns approximately 16.2% of the outstanding Shares. eXeBlock is required to treat Mr. Baha'i as a “related party” under Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions ("**MI 61-101**") and treat the Transaction as a “related party transaction” under MI 61-101.

If the 3,965,000 Shares that are not escrowed Shares are repurchased for cancellation at closing, the issued and outstanding Shares will be reduced to 57,476,531 of which Mr. Baha'i will indirectly own approximately 10.4% which will be subject to the Company's rights to acquire additional Shares, as permitted by law. If the maximum 9,965,000 Shares are repurchased for cancellation, the issued and outstanding Shares of the Company will be reduced to 51,476,531 of which Mr. Baha'i will own none.

The Transaction is exempt from the formal valuation requirements provided in section 5.5(b) of MI 61-101, as the Shares are only listed on the Canadian Stock Exchange and not on any of the markets specified in section 5.5(b) of MI 61-101. There have been no prior valuations, as such term is defined in MI 61-101, in the 24 months prior to the date of this Material Change Report.

The Transaction will be subject to minority approval. For the purposes of the Transaction, the minority approval will exclude the 9,965,000 Shares beneficially owned by Mr. Baha'i.

The Company did not establish a special committee of its Board of Directors (the "**Board**"), as the Board consists of only three directors all of whom are independent of the Purchaser. The Board concluded that a separate special committee was not necessary and that the negotiations were arms-length. Mr. Baha'i resigned as a director and officer of eXeBlock in November 2017 and undertook to the BCSC that his Shares would not be voted for a 5-year period commencing on

November 10, 2017. This undertaking was a condition of eXeBlock obtaining a receipt from the BCSC for eXeBlock's final non-offering prospectus dated November 9, 2017. Mr. Baha'i's only role at eXeBlock since November 2017 was as an employee, and that relationship ended in December 2019.

### Transaction Background

The Board has considered all relevant factors and unanimously determined that the Transaction is in the best interests of the Company and its shareholders. The Board unanimously recommends that its shareholders vote in favour of the Transaction. After an extensive review of the Software along with a considerable effort to sell or partner with others, it was decided that the direction of the Company would be better served if the capital remaining was protected and other opportunities explored. The decentralized blockchain business, while perhaps a viable opportunity for certain groups, seems less attractive for eXeBlock especially given the time and costs to produce the assets and the long-term return on investment. The open nature of decentralized blockchain and its reliance on large scale adoption of the tokenomics structure would likely work better for a consortium group that may also bring traction to bear. The Company is currently looking at other opportunities within the private blockchain space.

eXeBlock had been attempting to get expressions of interest in these assets from third parties starting in August 2018. Management had reached out to no less than 15 -20 firms or possible partners in attempt to determine whether there were potential purchasers for these assets. These assets were developed using the graphene protocol and bitshares, which was one of the challenges with selling the assets to a third party. The number of organizations interested in that specific protocol and chain is very limited. After multiple unsuccessful meetings and conference calls, Mr. Davison mentioned to Mr. Baha'i in October 2018 that perhaps PBSA may have an interest in purchasing the assets given its platform "Peerplays" was also developed leveraging graphene protocol and bitshares. Mr. Baha'i acknowledged that PBSA may have an interest and consulted with his PBSA colleagues. PBSA suggested it would be more appropriate for Mr. Davison to enter into discussions and negotiations with its VP Strategy and Partnerships.

The negotiations were fairly fluid and progressed with multiple meetings and discussions and the parameters of the deal changed from strictly a monetary transaction to a transaction that included the relief of outstanding debt, the assumption of liability to a third party contractor, the cancellation of the facility lease, the return of Mr. Baha'i's shares and the cancellation of the software development agreement between the two parties as well as a monetary payment and the acceptance of Mr. Baha'i's resignation. After numerous rounds of discussions the negotiations ended in December without a deal solidified. Representatives of Numus Financial, being shareholders of eXeBlock, reached out to Mr. Baha'i in January and eventually reached an agreement in February which would ultimately be subject to shareholder approval.

### Meeting and Other Information

The annual and special meeting of the Company has been called for April 2, 2019 (the "**Meeting**") and will be held at 1969 Upper Water Street, Suite 2001, Purdy's Wharf Tower II, Halifax, Nova Scotia B3J 3R7 at 2:00 p.m. (Halifax Time). At the Meeting, the shareholders will be asked to consider a resolution approving and authorizing the Transaction.

Further details regarding the Transactions are provided in a management information circular mailed to the Company's shareholders in March 2019. Copies of the management information circular and the Agreement are available at [www.sedar.com](http://www.sedar.com).

**Item 5.2 Disclosure for Restructuring Transactions**

Not applicable.

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

Not applicable.

**Item 7 Omitted Information**

No significant facts remain confidential in, and no information has been omitted from, this report.

**Item 8 Executive Officer**

For further information please contact:

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**Item 9 Date of Report**

March 26, 2019