

MATERIAL CHANGE REPORT

- Item 1.** **Name and Address of Company** – Nexco Resources Inc. (the “**Company**”), 1095 West Pender Street, Suite 750, Vancouver, BC V6E 2M6
- Item 2.** **Date of Material Change** – May 25, 2021
- Item 3.** **News Release** – News Release issued May 25, 2021.
- Item 4.** **Summary of Material Change** – Nexco Resources Inc. announces that, further to its news release dated December 2, 2020, it has signed a definitive securities exchange agreement (the “**Definitive Agreement**”) with Soter Technologies, LLC.
- Item 5.** **Full Description of Material Change** - Nexco Resources Inc. (the “**Company**” or “**Nexco**”) announces that, further to its news release dated December 2, 2020, it has signed a definitive securities exchange agreement (the “**Definitive Agreement**”) with Soter Technologies, LLC (“**Soter**” or the “**Target**”), a private arm’s length limited liability company incorporated under the laws of the State of New York, and the owners of the Target (the “**Vendors**”) pursuant to which the Company has agreed to purchase all of the issued and outstanding equity securities of the Target (the “**Target Securities**”) from the Vendors (the “**Transaction**”). Upon completion of the Transaction, the Target will become a wholly owned subsidiary of the Company and the Company will carry on the business of the Target, which includes the business of its subsidiary, SymptomSense, LLC. The Transaction will constitute a Fundamental Change of the Company in accordance with the policies of the Canadian Securities Exchange (the “**CSE**”). The Company had previously entered into a letter of intent dated November 30, 2020 to acquire only SymptomSense, but the parties have now agreed to acquire Soter, as the parent company to SymptomSense.

About Soter

Ronkonkoma, New York-based Soter Technologies is committed to protecting the health and wellbeing of students and the public with advanced technology and creative solutions. Using advanced sensor, IoT and software technology, Soter Technologies develops and delivers innovative solutions for environmental intelligence – to make the world a safer and healthier place, from schools to enterprises to public spaces. Taking a holistic approach to safety and security, Soter provides technology tools to detect and deter without invading privacy. The company was founded as Digital Fly™ in 2015 – focused on social media awareness. The company is the first in the world to introduce a vape and bullying detection and alert system for schools - FlySense™ Vaping & Elevated Sound Detector. The company now has technology called SymptomSense™ that was designed to detect illness and protect critical facilities from those who may have or be carriers of viruses or other communicable illnesses. The company’s technology has been embraced by schools across the United States and around the world. The Soter name is inspired by Greek mythology wherein Soter is the personification of safety, deliverance, and preservation from harm. For more information about the company and its services and products, visit: www.sotertechnologies.com.

A wholly-owned subsidiary of Soter, SymptomSense™ is the world’s most advanced full body vital sign scanner. SymptomSense™ made national and international news when it was released and featured on NBC’s Today Show in April 2020 in the midst of the COVID-19 pandemic.

SymptomSense™ has gained international attention for its ability to rapidly scan the vitals of individuals and identify if they are expressing symptoms correlated with known illnesses, including COVID-19. The SymptomSense™ gateway scans individuals blood oxygen level, temperature, respiratory rate and heart rate in 10 to 20 seconds. Individuals who express symptoms of known illnesses are prohibited from entering buildings or venues. Large commercial property owners and managers, mall owners, professional sports venue managers, entertainment venues, government agencies, hospitals, international hotel chains and nursing home operators are all interested in leveraging this technology.

“Pandemic hot-spots in the United States and around the world show us that we must remain vigilant and use all means necessary to protect health. This will allow us to reopen and keep open the international economy. SymptomSense™ is proving to be a critical part of the solution. With SymptomSense™, workers, customers, vendors, sports fans and students are scanned, thus reducing the risk of the spread of illness and creating a safer environment,” said Derek Peterson, CEO of Soter.

Transaction

The Definitive Agreement provides that the Company will acquire all of the outstanding Target Securities from the Vendors in exchange for the issuance of common shares of the Company (each, a “**Consideration Share**”) to the Vendors at a deemed price of \$0.25 per Consideration Share as follows: (i) the issuance of 18,266,200 Consideration Shares on the Closing; and (ii) the issuance of up to 38,815,675 Consideration Shares as a post-Closing performance earn-out upon the Company achieving certain business objective and revenue milestones following the closing (the “**Closing**”) of the Transaction.

On Closing, the Company will also issue an aggregate of 1,000,000 performance share units to senior executive personnel of the Target that will vest and become exercisable into common shares of the Company (each, a “**Share**”) upon the Company achieving US\$20,000,000 in last twelve months revenue following the Closing. On Closing, the Company has also agreed to: (i) issue an aggregate of 7,233,800 restricted share units (“**RSUs**”) to employees and consultants of the Target and Nexco which will vest and become exercisable into Shares immediately upon the Closing; and (ii) issue an aggregate of 4,184,325 performance share units (“**PSUs**”) to employees and consultants of the Target which will vest and become exercisable into Shares upon the Company achieving certain business objective and revenue milestones following the Closing.

The Company has agreed to pay a finder’s fee of 1,000,000 common shares in connection with the Transaction.

In addition to any escrow conditions imposed by the CSE, all of the Consideration Shares, RSUs and PSUs will be subject to a pooling agreement between the Company and the recipients of such securities providing for the release of such securities as follows: 1/8th on the date that is nine months from issuance (the “**First Release Date**”) and an additional 1/8th every three months after the First Release Date.

Change of Control Fee

In the event that the Company completes a change of control having a transaction value of greater than US\$300,000,000 within three years of the Closing, each of Sal Ianuzzi and Derek Peterson will be paid a transaction fee equal to 1% of the transaction value, provided that they have maintained their status as an employee or consultant of the Target’s business since the date of Closing to the date of the change of control transaction.

Bridge Loan

In connection with the execution of the Definitive Agreement, the Company has agreed to advance a secured bridge loan in the amount of up to US\$3,600,000 to the Target (the “**Bridge Loan**”), which is secured against all present and after acquired property of the Target, and which includes the following terms: an interest rate of 5.0% per annum, commencing on March 31, 2021; (ii) a maturity date (the “**Maturity Date**”) of November 17, 2021; (iii) principal and accrued interest payable on the Maturity Date, with no obligation to make payment of either principal or interest prior to the Maturity Date; and (iv) covenants limiting the Target’s ability to use proceeds from the Bridge Loan for purposes other than maintenance of working capital. The Company advanced US\$1,200,000 of the Bridge Loan prior to the date of the Definitive Agreement and US\$1,100,000 upon execution of the Definitive Agreement and has agreed to advance the remaining amount of the Bridge Loan to the Target within 45 days of the date of the Definitive Agreement. On Closing, the Bridge Loan will be deemed to be an inter-company loan.

Concurrent Financing

As announced on December 31, 2020 and January 20, 2021, the Company completed a non-brokered private placement of units of the Company for aggregate gross proceeds of \$3,449,949.90 at a price of \$0.15 per unit in connection with the Transaction (the “**Bridge Loan Financing**”). The net proceeds from the Bridge Loan Financing will be primarily used to advance the Bridge Loan to the Target.

The Company also intends to close a concurrent equity financing in one or more tranches in connection with the Closing for minimum aggregate gross proceeds of \$6,500,000 (the “**Concurrent Financing**”).

The Company may pay corporate advisory fees by the issuance of up to 12,000,000 securities of the Company in connection with the Concurrent Financing and a post-Closing financing in the event the Concurrent Financing and post-Closing financing result in gross proceeds to the Company in excess of \$6,500,000 and \$5,000,000, respectively.

Upon the Closing, the board of directors of the Company will be comprised of five directors, of which two will be nominees of the Company, two will be nominees of the Target, and one will be a nominee mutually agreed upon by the Company and the Target.

In connection with the Closing, the Company is expected to change its name to “Soter Technologies Inc.” The officers of the Company following the Closing will include Derek Peterson as Chief Executive Officer.

Conditions of the Transaction

Completion of the Transaction remains subject to, among other things: approval of the CSE; closing of the Concurrent Financing; certain senior executive personnel of the Target having entered into new executive consulting or employment agreement with the Target; the Target having no more than US\$3,000,000 in liabilities at the Closing, excluding the Bridge Loan; and other conditions which are customary for transactions of this nature.

The Transaction will be completed pursuant to available exemptions under applicable legislation.

Closing of the proposed Transaction is expected to be on or before September 30, 2021.

- Item 6.** **Reliance on Section 7.1(2) or (3) 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** – Mr. Zayn Kalyan, Interim CEO of the Issuer, is knowledgeable about the material change and this report. He can be contacted at (778) 938-3367.
- Item 9.** **Date of Report** –May 26, 2021.