

FORM 51-102F3
MATERIAL CHANGE REPORT

1. Name and Address of Company

POSaBIT Systems Corporation (the "**Company**")
15 Lake Bellevue Drive, Unit 101
Bellevue, Washington, 98005
United States of America

2. Date of Material Change

December 29, 2023.

3. News Release

A news release dated December 29, 2023, was disseminated through the facilities of CNW Newswire and subsequently filed on SEDAR+ at www.sedarplus.ca.

4. Summary of Material Change

On December 29, 2023, the Company announced that it had closed a non-brokered private placement of 3,107,142 units of the Company for aggregate gross proceeds of approximately CAD\$870,000 or USD\$650,000.

5. Full Description of Material Change

5.1 Full Description of Material Change

On December 29, 2023, the Company announced that it had closed a non-brokered private placement of 3,107,142 units of the Company (the "**Units**"), at a price of CAD\$0.28 per Unit, for aggregate gross proceeds of approximately CAD\$870,000 or USD\$650,000 (the "**Offering**") to fund the repayment of certain convertible promissory notes at maturity.

Each Unit is comprised of one (1) common share in the capital of the Company (each, a "**Common Share**") and 0.88 Common Share purchase warrants (each whole warrant, a "**Warrant**"). Each Warrant is exercisable into one Common Share in the capital of the Company (each, a "**Warrant Share**") at a price of CAD\$0.40 per Warrant Share for a period of 60 months.

On November 13, 2020, the Company announced the close of USD\$1,040,000 principal amount of 12% convertible unsecured notes due December 31, 2023 (the "**2020 Notes**"), convertible into Common Shares at a conversion price of CAD\$0.12 per Common Share. As of the conversion deadline, USD\$565,000 principal amount of 2020 Notes did not convert and such notes were repaid at maturity.

In connection with the Offering, Perga Capital Partners LP ("**Perga**"), an insider of the Company, purchased 2,857,929 Units, for aggregate gross proceeds of approximately CAD\$800,220. Perga also entered into a warrant cancellation agreement with the Company, pursuant to which Perga agreed to cancel 3,850,000 Common Share purchase warrants previously issued to Perga. The Offering did not result in a material change in the percentage holdings of Perga in the Company.

Pursuant to the Offering, the Company issued 3,107,142 Common Shares and 2,734,284 Warrants, which are partially offset by the cancellation of 3.85 million warrants previously issued to Perga. This compares to the potential issuance of approximately 6.3 million Common Shares if the 2020 Notes had converted under their original terms.

The Common Shares and Warrants, and any securities issuable upon exercise thereof, are subject to a four-month statutory hold period, in accordance with applicable securities legislation.

Perga is a related party (within the meaning of Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* ("MI 61-101")) and the issuance to Perga is considered a "related party transaction" for the purposes of MI 61-101. Such related party transaction is exempt from the formal valuation and minority shareholder approval requirements of MI 61-101 as neither the fair market value of the securities issued to the related party, nor the consideration paid by the related party exceeds 25% of the Company's market capitalization. The Company's board of directors has approved the Offering. The proceeds raised under the Offering from such related party will be used in accordance with the use of proceeds described above. The Company does not expect the Offering to have any impact on the Company's business and affairs. A material change report in respect of the related party transaction could not be filed earlier than 21 days prior to the closing of the Offering due to the limited time between the commitment by Perga to purchase the subject Units and the closing of the Offering.

6. Disclosure for Restructuring Transaction

Not applicable.

7. Reliance on subsection 7.1(2) or (3) of National Instrument 51-102

Not applicable.

8. Omitted Information

Not applicable.

9. Executive Officer

For further information, contact Ryan Hamlin, Chief Executive Officer; +1 (855) 767-2248.

10. Date of Report

January 8, 2024.