

**51-102F3**  
**MATERIAL CHANGE REPORT**

**Item 1 Name and Address of Company**

Izotropic Corporation (the “**Company**”)  
800-15355 24th Avenue  
Suite 424  
Surrey, BC V4A 2H9

**Item 2 Date of Material Change**

October 20, 2020

**Item 3 News Release**

The news release dated October 20, 2020 was disseminated via The Newswire and Newsfile Corp.

**Item 4 Summary of Material Change**

On October 20 2020, the Company announced a non-brokered private placement financing (the “**Offering**”) of up to 6,000,000 units of the Company (each, a “**Unit**”) at a price of \$0.55 per Unit for gross proceeds of up to \$3,300,000. Each Unit will consist of one common share and one transferable warrant (each, a “**Warrant**”), and each Warrant will entitle the holder to purchase one additional share at a price of \$0.75 per share for a period of two years from closing of the Offering, subject to the Acceleration Right (as defined below) such that:

- (i) at any time after the date that is four months and one day after the issue date of the Warrants, if, for at least ten (10) consecutive trading days, the closing price at which the Shares trade on the Canadian Securities Exchange (the “**Exchange**”) each day exceeds \$1.25 per Share, the Company may issue a notice (the “**Acceleration Notice**”) to the holder (which Acceleration Notice will be given to the holder by the Company by disseminating a press release) to accelerate the expiry date of the Warrants (the “**First Acceleration Right**”);
- (ii) 50% of the then unexercised Warrants will terminate on the date that is thirty (30) days from the date of the Acceleration Notice in the event that the holder has not exercised the Warrants in accordance with the terms of the Acceleration Notice by such date;
- (iii) at any time after the date that is four months and one day after the issue date, if, for at least ten (10) consecutive trading days, the closing price at which the Shares trade on the Exchange each day exceeds \$1.75 per Share, the Company may issue a notice (the “**Second Acceleration Notice**”) to the holder (which Second Acceleration Notice will be given to the holder by the Company by disseminating a press release) to accelerate the expiry date of the Warrants (the “**Second Acceleration Right**” and together with the First Acceleration Right, the “**Acceleration Right**”), and
- (iv) 50% of the then outstanding Warrants will terminate on the date that is thirty (30) days from the date of the Second Acceleration Notice in the event that the holder has not exercised the Warrants in accordance with the terms of the Second Acceleration Notice by such date.

Completion of the Offering is subject to a number of conditions, including, without limitation, receipt of all necessary regulatory approvals.

The Company also announced that it has completed the first tranche of the Offering and has issued 4,517,066 Units for gross proceeds of \$2,484,386.30. The Company expects to close a second tranche of the Offering in due course.

An insider of the Company acquired 10,000 Units in the Offering which constituted a related party transaction under Multilateral Instrument 61-101 - Protection of Minority Security Holders in Special Transactions ("**MI 61-101**"). The issuance to the insider is exempt from the valuation requirement of MI 61-101 by the virtue of the exemption contained in section 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(1)(a) as the value of the Units did not exceed 25% of the Company's market capitalization.

The use of proceeds from the Offering will be used for final engineering and product development of the Company's first commercial breast CT unit; production of commercial units; the initial FDA study; and general working capital.

All securities issued in connection with the Offering will be subject to a statutory hold period of four months and one day from the date of issuance in accordance with applicable securities legislation.

None of the securities issued in the Offering will be registered under the *United States Securities Act of 1933*, as amended (the "**1933 Act**"), and none of them may be offered or sold in the United States absent registration or an applicable exemption from the registration requirements of the 1933 Act. This news release shall not constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of the securities in any state where such offer, solicitation, or sale would be unlawful.

#### **Item 5 Full Description of Material Change**

The material change is fully described in Item 4 above and in the news release which has been filed on SEDAR.

##### **Disclosure Required by MI 61-101**

Pursuant to MI 61-101, the Offering constituted a "related party transaction" as an officer of the Company participated in the Offering.

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 Offering.

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

(c) The use of proceeds from the Offering will be used for final engineering and product development of the Company's first commercial breast CT unit; production of commercial units; the initial FDA study; and general working capital.

*(d) 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.

(e) 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:

Jody Bellefleur, the Chief Financial Officer of the Company, was issued 10,000 Units for gross proceeds of \$5,500.

(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 Offering on the percentage of securities of the Company beneficially owned or controlled by Ms. Bellefleur:

Name and Position	Dollar Amount of Offering	Number of Securities to be 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
Jody Bellefleur, Chief Financial Officer	\$5,500	10,000	Undiluted and Diluted: 0	Undiluted and Diluted: 0%	Undiluted: 10,000 Diluted: 20,000 <sup>(1)</sup>	Undiluted: 0.03% <sup>(2)</sup> Diluted: 0.06% <sup>(3)</sup>

<sup>(1)</sup> Comprised of: (i) 10,000 Shares held directly by Ms. Bellefleur, and (ii) 10,000 Warrants held directly by Ms. Bellefleur, each of which is exercisable into one Share at a price of \$0.75 per Share until October 20, 2022.

<sup>(2)</sup> Based on 34,732,565 Shares outstanding following the completion of the Offering.

<sup>(3)</sup> Based on 34,742,565 Shares outstanding on a partially diluted-basis following the completion of the Offering, comprised of: (i) 34,732,565 Shares outstanding following the completion of the Offering, and (ii) 10,000 Shares that may be issuable on exercise of Warrants held directly by Ms. Bellefleur.

(f) 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 special committee was not established in connection with the approval of the Offering, and no materially contrary view or abstention was expressed or made by any director.

(g) 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.

(h) 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.

(i) *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:*

Ms. Bellefleur entered into a subscription agreement on the Company's standard form of subscription agreement, as did the other subscribers in the Offering.

(j) *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 Offering 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(1) (a) of MI 61-101 in that the fair market value of the consideration of the Shares issued to the related party did not exceed 25% of the Company's market capitalization.

As this material change report is being filed less than 21 days before the closing of the Offering, there is a requirement under MI 61-101 to explain why the shorter period is reasonable or necessary in the circumstances. In the view of the Company, such shorter period is reasonable and necessary in the circumstances because the Company wished to complete the Offering in a timely manner.

**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 L. Thast, Chief Executive Officer  
Telephone: 1 (833) 496-2677

**Item 9 Date of Report**

October 28, 2020