

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

1. **Name and Address of Company**

American Aires Inc. (the “**Company**”)  
400 Applewood Crescent, Suite 100  
Vaughan, ON L4K 0C3

2. **Date of Material Change**

December 17, 2021

3. **News Release**

A press release disclosing the material change was released on December 21, 2021, through the facilities of Newsfile Corp.

4. **Summary of Material Change**

On December 17, 2021, the Company closed a private placement through the issuance of 2,460,000 units (the “**Units**”) at a price of \$0.10 per Common Share for gross proceeds of \$246,000 (the “**Offering**”).

5. **Full Description of Material Change**

Pursuant to the Offering, the Company issued 2,460,000 Units at a price of \$0.10 per Unit for gross proceeds of \$246,000. Each Unit is comprised of one common share of the Company (“**Common Share**”) and one Common Share purchase warrant (“**Warrant**”) of the Company. Each Warrant entitles the holder thereof to purchase one Common Share of the Company for a period of twenty-four (24) months from the date of issuance at a price of \$0.15 per Common Share, provided that, in the event that the closing price of the Common Shares on the Canadian Securities Exchange (“**CSE**”) is greater than \$0.30 for ten consecutive trading days, the Company may give notice to the holders of the Warrants that the expiry time of the Warrants has been accelerated and the Warrant will expire on the thirtieth (30<sup>th</sup>) business day following the date of such notice at the price of \$0.15 for each Warrant exercised (“**Warrant Acceleration Period**”).

The proceeds of the Offering will be used for general corporate working capital purposes.

In connection with the Offering, the Company paid certain eligible finders (the “**Finders**”) aggregate cash commissions of \$19,350 and issued an aggregate of 193,500 broker warrants (each, a “**Broker Warrant**”). Each Broker Warrant entitles the holder thereof to acquire one Common Share at an exercise price of \$0.15 per Common Share expiring December 17, 2023.

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

The closing of the Offering is subject to certain conditions including, but not limited to, the receipt of all necessary regulatory and other approvals, including the approval of the Canadian Securities Exchange (“**CSE**”).

A portion of the Offering constituted a “related party transaction” within the meaning of Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* (“**MI 61-101**”), as certain insiders of the Company acquired an aggregate of 460,000 Units under 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:**

The Offering constituted a “related party transaction” as such term is defined by MI 61-101 as Igor Serov, Ruslan Elensky, and Serov Holdings Inc. (a corporation beneficially owned and controlled by Dimitry Serov), insiders of the Company, subscribed for an aggregate of 460,000 Units pursuant to the Offering.

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

The proceeds of the Offering will be used for general corporate working capital purposes.

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

The completion of the Offering will provide the Company with funds for working capital and for other general and administrative costs.

**(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 Offering, the following Common Shares were issued to the Insiders of the Company.

<b>Name</b>	<b>Position</b>	<b>Number of Common Shares</b>	<b>Aggregate Price</b>
Igor Serov	Director	100,000	\$10,000
Ruslan Elensky	Director	50,000	\$5,000
Serov Holdings Inc.	Director	310,000	\$31,000

**(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:**

Prior to the completion of the Offering, Mr. Serov held, directly or indirectly no Common Shares. Upon closing of the Offering, Mr. Serov holds an aggregate of 100,000 Common Shares and 100,000 Warrants representing approximately 0.06% of the issued and outstanding Common Shares on an undiluted basis. In the event that Mr. Serov exercises his Warrants, he would hold an aggregate of 200,000 Common Shares, or approximately 0.12% of the issued and outstanding Common Shares of the Company, on a partially diluted basis.

Prior to the completion of the Offering, Mr. Elensky held, directly or indirectly 1,323,166 Common Shares and 350,000 stock options. Upon closing of the Offering, Mr. Elensky holds an aggregate of 1,373,166 Common Shares and 50,000 Warrants representing approximately 0.88% of the issued and outstanding Common Shares on an undiluted basis. In the event that Mr. Serov exercises his Warrants and stock options he would hold an aggregate of 1,773,166 Common

Shares, or approximately 1.1% of the issued and outstanding Common Shares of the Company, on a partially diluted basis.

Prior to the completion of the Offering, Serov Holdings Inc. held, directly or indirectly 39,420,000 Common Shares and 1,500,000 stock options. Upon closing of the Offering, Serov Holdings Inc. holds an aggregate of 39,730,000 Common Shares and 310,000 Warrants, representing approximately 25.7% of the issued and outstanding Common Shares on an undiluted basis. In the event that Mr. Serov exercises his stock options and Warrants he would hold an aggregate of 41,230,000 Common Shares, or approximately 26.4% of the issued and outstanding Common Shares of the Company, on a partially diluted basis.

- (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 December 14, 2021 approving the Offering. No special committee was established in connection with the Offering, and no materially contrary view or abstention was expressed or made by any director.

- (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 issuer or to any director or officer of the issuer:**

Not applicable.

- (h) **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:**

Other than subscription agreements for the Units, the Company did not enter into any agreement with an interested party or a joint actor with an interested party in connection with the Offering. 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 Offering.

- (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 Offering by insiders does not exceed 25% of the market capitalization of the Company, as determined 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 closing of the Offering, which the Company deems reasonable in the circumstances in order to complete the Offering in an expeditious manner. The Offering was approved by all independent directors of the Company.

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

The report is not being filed on a confidential basis.

#### **7. Omitted Information**

No significant facts have been omitted from this Material Change Report.

#### **8. Executive Officer**

For further information, contact Dimitry Serov, Chief Executive Officer at (905) 482-4667.

#### **9. Date of Report**

This report is dated at Toronto, this 21<sup>st</sup> of December, 2021.

### **Cautionary Statement Regarding Forward-Looking Information**

*Certain information set forth in this material change report may contain forward-looking statements that involve substantial known and unknown risks and uncertainties. All statements other than statements of historical fact are forward-looking statements, including, without limitation, statements regarding future financial position, business strategy, use of proceeds, corporate vision, proposed acquisitions, partnerships, joint-ventures and strategic alliances and co-operations, budgets, cost and plans and objectives of or involving the Company. Such forward-looking information reflects management's current beliefs and is based on information currently available to management. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "predicts", "intends", "targets", "aims", "anticipates" or "believes" or variations (including negative variations) of such words and phrases or may be identified by statements to the effect that certain actions "may", "could", "should", "would", "might" or "will" be taken, occur or be achieved. A number of known and unknown risks, uncertainties and other factors may cause the actual results or performance to materially differ from any future results or performance expressed or implied by the forward-looking information. These forward-looking statements are subject to numerous risks and uncertainties, certain of which are beyond the control of the Company including, but not limited to, the impact of general economic conditions, industry conditions and dependence upon regulatory approvals. Certain material assumptions regarding such forward-looking statements may be discussed in this material change report and the Company's annual and quarterly management's discussion and analysis filed at [www.sedar.com](http://www.sedar.com). Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking statements. The Company does not assume any obligation to update or revise its forward-looking statements, whether as a result of new information, future events, or otherwise, except as required by securities laws.*

*No securities regulatory authority has either approved or disapproved of the contents of this material change report. The Shares have not been, nor will they be, registered under the United States Securities Act of 1933, as amended, or any state securities laws, and may not be offered or sold in the United States, or to or for the account or benefit of any person in the United States, absent registration or an applicable exemption from the registration requirements. This material change report shall not constitute an offer to sell or the solicitation of an offer to buy any common shares in the United States, or in any other jurisdiction in which such offer, solicitation or sale would be unlawful. We seek safe harbour.*

*Neither the Canadian Securities Exchange nor its Market Regulator (as that term is defined in the policies of the Canadian Securities Exchange) accepts responsibility for the adequacy or accuracy of this material change report.*

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