

Form 51-102F3
Material Change Report

Item 1 **Name and Address of Company**

Yellow Stem Tech Inc.
Suite 750 – 580 Hornby Street
Vancouver, B.C. V6C 3B6

Item 2 **Date of Material Change**

April 14, 2023

Item 3 **News Release**

Issued in Vancouver, British Columbia on April 14, 2023, disseminated via Canada Stockwatch and Market News, and filed on SEDAR.

Item 4 **Summary of Material Change**

Yellow Stem Tech Inc. (“YY” or the “Company”) announced that its Board of Directors approved resolutions regarding a consolidation and debt settlement.

Item 5

5.1 **Full Description of Material Change**

See attached news release as filed on SEDAR.

5.2 **Disclosure for Restructuring Transactions**

Not applicable.

Item 6 **Reliance on subsection 7.1(2) or (3) of National Instrument 51-102**

This report is not being filed on a confidential basis.

Item 7 **Omitted Information**

There are no significant facts required to be disclosed herein which have been omitted.

Item 8 **Executive Officer**

Contact: Robert Eadie, President & CEO
Telephone: (604) 602-4935

Item 9 **Date of Report**

April 17, 2023



April 14, 2023

Trading Symbol: YY

News Release

Yellow Stem to Consolidate its Share Capital

Vancouver, British Columbia – Yellow Stem Tech Inc. (CSE: YY) (“Yellow Stem” or the “Company”) announces that its Board of Directors has approved resolutions regarding a consolidation and debt settlement.

Consolidation: The Company’s outstanding common shares will be consolidated on the basis of two existing shares for one new share (the “Consolidation”). Currently, the Company’s authorized share capital is an unlimited number of common shares without par value, of which 52,201,501 shares are issued and outstanding, with a further 12,495,000 shares reserved for issuance upon the exercise of outstanding warrants. Upon completion of the Consolidation, there will be approximately 26,100,751 common shares issued and outstanding, subject to any shares being issued upon exercise of warrants prior to the effective date of the Consolidation and subject to adjustment for fractional shares. The Consolidation is subject to approval by the CSE. A subsequent news release will be issued prior to the date of implementing the Consolidation.

The Company does not intend to undergo a name change in conjunction with the Consolidation.

Debt Settlement: The Company also announces that it has arranged to settle certain outstanding debt with two insiders in the aggregate amount of \$452,270 through the issuance of up to 4,522,700 post-consolidated shares at a post-consolidated price of \$0.10 per share (the “Debt Settlement”).

The proposed Debt Settlement involves amounts owing to non-arm’s length parties, with \$415,520 owing to the Company’s CEO and \$36,750 owing to the CFO, as follows:

- (a) to the CEO: \$373,520 in funds advanced and \$42,000 in unpaid management fees over the last 14 months. The advances of \$373,520 have been outstanding since November 2021 and have been recognized in the Company’s audited statements as an unsecured non-interest bearing loan; and
- (b) the amount owing to the CFO represents unpaid management fees over a period of 14 months.

ON BEHALF OF THE BOARD

Signed “Robert Eadie”

Robert Eadie, President, Chief Executive Officer and Director

FOR FURTHER INFORMATION PLEASE CONTACT:

Telephone: 1-604-602-4935 ♦ Facsimile: 1-604-602-4936

Contact: Robert Eadie

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Neither the Canadian Securities Exchange nor its Regulation Services Provider (as that term is defined in the policies of the Canadian Securities Exchange) accepts responsibility for the adequacy or accuracy of this release.

Certain statements and information herein, including all statements that are not historical facts, contain forward-looking statements and forward-looking information within the meaning of applicable securities laws. Such forward-looking statements or information include but are not limited to statements or information with respect to closing of agreements and future operations.

Forward-looking statements and information by their nature are based on assumptions and involve known and unknown risks, uncertainties and other factors which may cause the Company's actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or information. There is no assurance the Company will implement either or both of the Consolidation and Debt Settlement on the terms outlined above, or at all. The Company does not undertake to update any forward-looking information, except in accordance with applicable securities laws.