

51-102F3
MATERIAL CHANGE REPORT

Item 1 Name and Address of Company

Zinc8 Energy Solutions (the "Company")
#1 - 8765 Ash Street
Vancouver, BC V6P 6T3

Item 2 Date of Material Change

September 4, 2020

Item 3 News Release

The news release was disseminated on September 4, 2020 through ACCESSWIRE.

Item 4 Summary of Material Change

The Company announce that it has completed its previously announced non-brokered private placement (the "**Private Placement**"), as described in its News Release dated August 5, 2020, pursuant to which it has issued an aggregate of 8,750,000 units (each, a "**Unit**") at a price of \$0.16 per Unit for gross proceeds of \$1,400,000.

Item 5 Full Description of Material Change

5.1 Full Description of Material Change

The Company announced it has completed its previously announced Private Placement, as described in its News Release dated August 5, 2020, pursuant to which it has issued an aggregate of 8,750,000 Units at a price of \$0.16 per Unit for gross proceeds of \$1,400,000.

Each Unit will be comprised of one common share in the capital of the Company (each, a "**Share**") and one non-transferable share purchase warrant (each, a "**Warrant**"). Each Warrant will entitle the holder to purchase one additional Share in the capital of the Company (each, a "**Warrant Share**") for a period of 24 months from the closing date at an exercise price of \$0.30. Insiders may participate in the Private Placement.

The Company paid finder's fees of \$37,560.00 and issued 234,750 share purchase warrants to certain finders in connection with the Private Placement.

All securities issued in respect of the Private Placement will be subject to a hold period of four (4) months and a day from closing of the Private Placement in accordance with securities laws.

The proceeds of the Private Placement will be used for general working capital.

Disclosure Required by MI 61-101

Pursuant to Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions* ("MI 61-101"), the Private Placement constitutes a "related party transaction" as related parties of the Company participated in the Private Placement.

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 Company entered into a subscription agreement with Zimtu Capital Corp., a 10% shareholder of the Company, whereby Zimtu Capital Corp. agreed to purchase 1,912,500 Units of the Company at a price of \$0.16 per Unit for proceeds of \$306,000.

The Company entered into a subscription agreement with Michael Reimann, the Chief Financial Officer and a director of the Company, whereby Mr. Reimann agreed to purchase 81,250 Units of the Company at a price of \$0.16 per Unit for proceeds of \$13,000.

The Company entered into a subscription agreement with John McLeod, the Chief Operating Officer of the Company, whereby Mr. McLeod agreed to purchase 60,000 Units of the Company at a price of \$0.16 per Unit for proceeds of \$9,600.

The Company entered into a subscription agreement with 2562100 Ontario Ltd., a company owned and controlled by Ron MacDonald, the President, Chief Executive Officer, Executive Chairman and a director of the Company, whereby 2562100 Ontario Ltd. agreed to purchase 212,500 Units of the Company at a price of \$0.16 per Unit for proceeds of \$34,000.

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

Proceeds of the Private Placement are anticipated to be used for general working capital.

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

The Private Placement will provide funds for general working capital.

(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:

See item (a).

(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 Private Placement on the percentage of securities of the Company beneficially owned or controlled by Zimtu Capital Corp., Mr. Reimann, Mr. McLeod and 2562100 Ontario Ltd.:

Name and Position	Dollar Amount of Shares Purchased	Number of Securities Purchased	No. of Shares Held prior to Closing of the Private Placement	Percentage of Issued and Outstanding Shares prior to Closing of the Private Placement	No. of Shares Held After Closing of the Private Placement	Percentage of Issued and Outstanding Shares After Closing of the Private Placement
Zimtu Capital Corp. 10% Shareholder	\$306,000	1,912,500 Units	Undiluted: 6,249,236 ⁽¹⁾ Diluted: 10,432,569 ⁽²⁾	Undiluted: 7.63% ⁽³⁾ Diluted: 12.13% ⁽⁴⁾	Undiluted: 8,161,736 ⁽⁵⁾ Diluted: 14,257,569 ⁽⁶⁾	Undiluted: 9.012% ⁽⁷⁾ Diluted: 14.75% ⁽⁸⁾
Michael Reimann Chief Financial Officer and Director	\$13,000	81,250 Units	Undiluted: 981,204 ⁽⁹⁾ Diluted: 1,612,454 ⁽¹⁰⁾	Undiluted: 1.20% ⁽³⁾ Diluted: 1.96% ⁽¹¹⁾	Undiluted: 1,062,454 ⁽¹²⁾ Diluted: 1,744,954 ⁽¹³⁾	Undiluted: 1.17% ⁽⁷⁾ Diluted: 1.91% ⁽¹⁴⁾
John McLeod Chief Operating Officer	\$9,600	60,000 Units	Undiluted: 215,948 ⁽¹⁵⁾ Diluted: 717,029 ⁽¹⁶⁾	Undiluted: 0.26% ⁽³⁾ Diluted: 0.87% ⁽¹⁷⁾	Undiluted: 275,948 ⁽¹⁸⁾ Diluted: 837,029 ⁽¹⁹⁾	Undiluted: 0.30% ⁽⁷⁾ Diluted: 0.92% ⁽²⁰⁾
2562100 Ontario Ltd., a company wholly owned by Ron MacDonald President, Chief Executive Officer, Executive Chairman and Director	\$34,000	212,500 Units	Undiluted: 863,636 ⁽²¹⁾ Diluted: 3,627,678 ⁽²²⁾	Undiluted: 1.06% ⁽³⁾ Diluted: 4.29% ⁽²³⁾	Undiluted: 1,076,136 ⁽²⁴⁾ Diluted: 4,052,678 ⁽²⁵⁾	Undiluted: 1.19% ⁽⁷⁾ Diluted: 4.33% ⁽²⁶⁾

⁽¹⁾ Comprised of: (i) 6,249,236 Shares held directly;

⁽²⁾ Comprised of: (i) 6,249,236 Shares held directly, and (ii) 4,183,333 share purchase warrants (each, a "Warrant") held directly, each of which is exercisable into one Share.

⁽³⁾ Based on 81,813,457 Shares outstanding prior to the completion of the Private Placement.

⁽⁴⁾ Based on 85,996,790 Shares outstanding on a partially-diluted basis prior to the completion of the Private Placement, comprised of: (i) 81,813,457 outstanding prior to the completion of the Private Placement, and (ii) 4,183,333 Shares that may be issued on exercise of Warrants held directly.

⁽⁵⁾ Comprised of: (i) 8,161,736 Shares held directly.

⁽⁶⁾ Comprised of: (i) 8,161,736 Shares held directly, (ii) all of the convertible securities of the Company set out in footnote (2) above, and (iii) 1,913,500 warrants held directly, each of which is exercisable into one share at a price of \$0.30 per Share until September 4, 2022.

⁽⁷⁾ Based on 90,563,457 Shares outstanding following the completion of the Private Placement.

- ⁽⁸⁾ Based on 96,659,290 Shares outstanding on a partially diluted-bases following the completion of the Private Placement, comprised of: (i) 90,563,457 Shares outstanding following the completion of the Private Placement, and (ii) 6,095,833 Shares that may be issuable on exercise of warrants held directly.
- ⁽⁹⁾ Comprised of: (i) 981,204 Shares held directly;
- ⁽¹⁰⁾ Comprised of: (i) 981,204 Shares held directly, and (ii) 631,250 Warrants held directly, each of which is exercisable into one Share.
- ⁽¹¹⁾ Based on 82,444,707 Shares outstanding on a partially-diluted basis prior to the completion of the Private Placement, comprised of: (i) 81,813,457 outstanding prior to the completion of the Private Placement, and (ii) 631,250 Shares that may be issued on exercise of Warrants held directly.
- ⁽¹²⁾ Comprised of: (i) 1,062,454 Shares held directly.
- ⁽¹³⁾ Comprised of: (i) 1,062,454 Shares held directly, (ii) all of the convertible securities of the Company set out in footnote (2) above, and (iii) 81,250 warrants held directly, each of which is exercisable into one share at a price of \$0.30 per Share until September 4, 2022.
- ⁽¹⁴⁾ Based on 91,257,957 Shares outstanding on a partially diluted-bases following the completion of the Private Placement, comprised of: (i) 90,563,457 Shares outstanding following the completion of the Private Placement, and (ii) 712,500 Shares that may be issuable on exercise of warrants held directly.
- ⁽¹⁵⁾ Comprised of: (i) 215,948 Shares held directly;
- ⁽¹⁶⁾ Comprised of: (i) 215,948 Shares held directly, (ii) 200,000 Warrants held directly, each of which is exercisable into one Share, and (iii) 301,081 stock options (each, an “**Option**”) held directly, each of which is exercisable into one Share.
- ⁽¹⁷⁾ Based on 82,314,538 Shares outstanding on a partially-diluted basis prior to the completion of the Private Placement, comprised of: (i) 81,813,457 outstanding prior to the completion of the Private Placement, (ii) 200,000 Shares that may be issued on exercise of Warrants held directly, and (iii) 301,081 Shares that may be issued on exercise of Options held directly.
- ⁽¹⁸⁾ Comprised of: (i) 275,948 Shares held directly.
- ⁽¹⁹⁾ Comprised of: (i) 275,948 Shares held directly, (ii) all of the convertible securities of the Company set out in footnote (2) above, and (iii) 60,000 warrants held directly, each of which is exercisable into one share at a price of \$0.30 per Share until September 4, 2022.
- ⁽²⁰⁾ Based on 91,124,538 Shares outstanding on a partially diluted-bases following the completion of the Private Placement, comprised of: (i) 90,563,457 Shares outstanding following the completion of the Private Placement, (ii) 301,081 Shares that may be issuable on exercise of Options held directly, and (iii) 260,000 Shares that may be issuable on exercise of warrants held directly.
- ⁽²¹⁾ Comprised of: (i) 863,636 Shares held indirectly through 2562100 Ontario Ltd., a company wholly owned and controlled by Ron MacDonald;
- ⁽²²⁾ Comprised of: (i) 215,948 Shares held directly, (ii) 863,636 Warrants held directly, each of which is exercisable into one Share, and (iii) 1,900,406 Options held directly, each of which is exercisable into one Share.
- ⁽²³⁾ Based on 84,577,499 Shares outstanding on a partially-diluted basis prior to the completion of the Private Placement, comprised of: (i) 81,813,457 outstanding prior to the completion of the Private Placement, (ii) 863,636 Shares that may be issued on exercise of Warrants held indirectly through 2562100 Ontario Ltd., and (iii) 1,900,406 Shares that may be issued on exercise of Options held directly.
- ⁽²⁴⁾ Comprised of: (i) 1,076,136 Shares held indirectly through 2562100 Ontario Ltd.
- ⁽²⁵⁾ Comprised of: (i) 1,076,136 Shares held indirectly through 2562100 Ontario Ltd, (ii) all of the convertible securities of the Company set out in footnote (2) above, and (iii) 212,500 warrants held directly, each of which is exercisable into one share at a price of \$0.30 per Share until September 4, 2022.

⁽²⁶⁾ Based on 93,539,999 Shares outstanding on a partially diluted-bases following the completion of the Private Placement, comprised of: (i) 90,563,457 Shares outstanding following the completion of the Private Placement, (ii) 1,900,406 Shares that may be issuable on exercise of Options held directly, and (iii) 1,076,136 Shares that may be issuable on exercise of warrants held directly.

(d) 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 September 4, 2020 which approved the Private Placement. No special committee was established in connection with the transaction, 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 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.

(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:

See item (a).

(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 Private Placement is exempt from the valuation and minority shareholder approval requirements of MI 61-101 by virtue of the exemptions contained in section 5.5(a) and 5.7(1)(a) of MI 61-101, since neither the fair market value of the subject matter of, nor the fair market value of the consideration for, the Private Placement, insofar as it involves interested parties, exceeds 25% of the Company's market capitalization.

As this material change report is being filed less than 21 days before the closing of the Private Placement, there is a requirement under MI 61-101 to explain why the shorter period was reasonable or necessary in the circumstances. In the view of the Company, such shorter period was reasonable and necessary in the circumstances to improve the Company's financial position.

See attached new release with respect to the matter described above.

5.2 *Disclosure for Restructuring Transactions*

N/A

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

Contact: Ron MacDonald, Chief Executive Officer
Telephone: 604.366.5918

Item 9 Date of Report

September 9, 2020



Zinc8 Energy Solutions Announces Closing of Private Placement

Vancouver, British Columbia, Canada – September 4th, 2020 Zinc8 Energy Solutions Inc. ("Zinc8" or the "Company") (CSE: ZAIR / OTC: MGXRF / FSE: 0E9) is pleased to announce that it has completed its previously announced non-brokered private placement (the "**Private Placement**"), as described in its News Release dated August 5th, 2020, pursuant to which it has issued an aggregate of 8,750,000 units (each, a "**Unit**") at a price of \$0.16 per Unit for gross proceeds of \$1,400,000.

Each Unit will be comprised of one common share in the capital of the Company (each, a "**Share**") and one non-transferable share purchase warrant (each, a "**Warrant**"). Each Warrant will entitle the holder to purchase one additional Share in the capital of the Company (each, a "**Warrant Share**") for a period of 24 months from the closing date at an exercise price of \$0.30. Insiders may participate in the Private Placement.

The Company paid finder's fees of \$37,560.00 and issued 234,750 share purchase warrants to certain finders in connection with the Private Placement.

Certain insiders of the Company subscribed for a total of 2,266,250 Units under the Private Placement, which is a "related party transaction" within the meaning of Multilateral Instrument 61-101 Protection of Minority Security Holders in Special Transactions ("MI 61-101"). The issuances to the insiders are exempt from the valuation requirement of MI 61-101 by 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(a) of MI 61-101 in that the fair market value of the consideration of the securities issued to the related parties did not exceed 25% of the Company's market capitalization.

All securities issued in respect of the Private Placement will be subject to a hold period of four (4) months and a day from closing of the Private Placement in accordance with securities laws.

The proceeds of the Private Placement will be used for general working capital.

About Zinc8 Energy Solutions Inc.

Zinc8 has assembled an experienced team to execute the development and commercialization of a dependable low-cost zinc-air battery. This mass storage system offers both environmental and efficiency benefits. Zinc8 strives to meet the growing need for secure and reliable power.

To watch a short video outlining Zinc8's technology, please visit:

<https://zinc8energy.com>

More about the Zinc8 Energy Storage System (ESS)

The *Zinc8* ESS is a modular Energy Storage System designed to deliver power in the range 20kW - 50MW with capacity of 8 hours of storage duration or higher. With the advantage of rechargeable zinc-air flow battery technology, the system can be configured to support a wide range of long-duration applications for microgrids and utilities. Since the energy storage capacity of the system is determined only by the size of the zinc storage tank, a very cost-effective and scalable solution now exists as an alternative to the fixed power/energy ratio of the lithium ion battery.

Technology

The *Zinc8* ESS is based upon unique patented zinc-air battery technology. Energy is stored in the form of zinc particles, similar in size to grains of sand. When the system is delivering power, the zinc particles are combined with oxygen drawn from the surrounding air. When the system is recharging, zinc particles are regenerated, and oxygen is returned to the surrounding air.



Applications

The flexibility of the *Zinc8* ESS enables it to service a wide range of applications. Typical examples include:

- Smoothing energy derived from renewable sources such as wind and solar
- Commercial/Industrial backup replacing diesel generators
- Industrial and grid scale, on-demand power for peak shaving and standby reserves
- Grid-scale services such as alleviating grid congestion, deferring transmission/distribution upgrades, energy trading and arbitrage, and increasing renewable energy penetration.

Architecture

The *Zinc8* ESS is designed according to a modular architecture that enables a wide variety of system configurations to be created from a small number of common subsystems. Each subsystem implements a single element of the technology:

- The Zinc Regeneration Subsystem (ZRS) provides the recharging function
- The Fuel Storage Subsystem (FSS) provides the energy storage function
- The Power Generation Subsystem (PGS) provides the discharging function

Notice Regarding Forward Looking Statements

This news release contains certain statements or disclosures relating to Zinc8 Energy Solutions that are based on the expectations of its management as well as assumptions made by and information currently available to Zinc8 Energy Solutions which may constitute forward-looking statements or information ("forward-looking statements") under applicable securities laws. All such statements and disclosures, other than those of historical fact, which address activities, events, outcomes, results or developments that Zinc8 Storage anticipates or expects may or will occur in the future (in whole or in part) should be considered forward-looking statements.

Forward looking statements in this press release include that we can execute the development and commercialization of a dependable low cost zinc-air battery; that our mass storage system offers both environmental and efficiency benefits; and that we can help meet the needs for secure and reliable power. Zinc8 Energy Solutions believes the material factors, expectations and assumptions reflected in the forward-looking statements are reasonable at this time, but no assurance can be given that these factors, expectations and assumptions will prove to be correct. The forward-looking statements included in this news release are not guarantees of future performance. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events

to differ materially from those anticipated in such forward-looking statements including, without limitation: that our technology fails to work as expected or at all; that our technology proves to be too expensive to implement broadly; that customers do not adapt our products for being too complex, costly, or not fitting with their current products or plans; our competitors may offer better or cheaper solutions for battery storage; general economic, market and business conditions; increased costs and expenses; inability to retain qualified employees; our patents may not provide protection as expected and we may infringe on the patents of others; and certain other risks detailed from time to time in Zinc8 Energy Solution's public disclosure documents, copies of which are available on the Company's SEDAR profile at www.sedar.com. Readers are cautioned that the foregoing list of factors is not exhaustive and are cautioned not to place undue reliance on these forward-looking statements.

The forward-looking statements contained in this news release are made as of the date hereof and the Company undertakes no obligations to update publicly or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.

Neither the CSE nor any Market Regulator (as that term is defined in the policies of the CSE) accepts responsibility for the adequacy or accuracy of this release.

For more information please contact:

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