

FORM 51-102F3
MATERIAL CHANGE REPORT

Item 1 Name and Address of Company

Alpha Metaverse Technologies Inc. (the “**Company**”)
1930 - 1177 West Hastings Street
Vancouver, BC, V6E 4T5

Item 2 Date of Material Change

January 5, 2023

Item 3 News Release

The Company disseminated a news release announcing the material change described herein through the news dissemination services of Globe Newswire on January 5, 2023, and a copy was subsequently filed on SEDAR.

Item 4 Summary of Material Change

The Company announced it has entered into an amending agreement (the “**Amending Agreement**”) with Shape Immersive Entertainment Inc. (“**Shape**”) and the former shareholders of Shape (the “**Former Holders**”) to amend the share purchase agreement among Alpha, Shape and the Former Holders dated April 12, 2022 (the “**SPA**”) to provide for a deferred payment schedule for the \$500,000 remaining payable by Alpha to the Former Holders under the SPA (the “**Remaining Consideration**”). Pursuant to the Amending Agreement, Alpha paid \$100,000 of the Remaining Consideration on the date of the Amending Agreement, and has agreed to pay the remaining \$400,000 through either the financial performance of Shape or a financing in Alpha no later than September 28, 2023. Pursuant to the provisions of the SPA, all common shares of Alpha previously issued to the Former Holders will be released from the contractual escrow provisions of the SPA by January 6, 2023.

Item 5 Full Description of Material Change

5.1 Full Description of Material Change

The Company announced it has entered into an amending agreement (the “**Amending Agreement**”) with Shape Immersive Entertainment Inc. (“**Shape**”) and the former shareholders of Shape (the “**Former Holders**”) to amend the share purchase agreement among Alpha, Shape and the Former Holders dated April 12, 2022 (the “**SPA**”) to provide for a deferred payment schedule for the \$500,000 remaining payable by Alpha to the Former Holders under the SPA (the “**Remaining Consideration**”). Pursuant to the Amending Agreement, Alpha paid \$100,000 of the Remaining Consideration on the date of the Amending Agreement, and has agreed to pay the remaining \$400,000 through either the financial performance of Shape or a financing in Alpha no later than September 28, 2023.

Further details regarding the Amending Agreement are included below in this press release. The following summary of the Amending Agreement is qualified in its entirety by the full text of the Amending Agreement. Readers are urged to consult the Amending Agreement, which will be publicly filed by Alpha under its profile at www.sedar.com, for further details regarding the amendments made to the SPA by the Amending Agreement.

Details of the Amending Agreement

Pursuant to the Amending Agreement, Alpha has agreed to pay the Remaining Consideration to the Former Holders as follows:

- \$100,000 of the Remaining Consideration was paid by Alpha on the date of the Amending Agreement; and
- The remaining \$400,000 of the Remaining Consideration will be repaid on or before September 28, 2023 (the period from the date of the Amending Agreement to such date being referred to herein as the “Post-Amendment Period”), provided that:
 - In the event that Shape’s earnings before interest expense, tax expense and non-cash items (“EBITDA”) for any calendar month during the Post-Amendment Period is greater than \$0, Alpha shall pay the lesser of (x) the amount of positive EBITDA generated by Shape in such calendar month and (y) the amount of cash and cash equivalents in Shape’s bank accounts on the date payment is required, to the Former Holders in partial or complete satisfaction of Alpha’s obligation to pay the Remaining Consideration;
 - In the event that Alpha closes a debt or equity financing during the Post-Amendment Period pursuant to which Alpha raises gross proceeds of:
 - \$500,000 to \$1,000,000, Alpha shall pay all or the maximum possible portion of the Remaining Consideration to the Former Holders to the extent that, after accounting for such payment, Alpha’s available cash balances measured at the closing date of any such financing (including the net proceeds of such financing) remain greater than \$750,000; or
 - Greater than \$1,000,000, Alpha shall pay the Remaining Consideration required to be paid by Alpha to the Former Holders; and
 - In the event that any share purchase warrant of Alpha outstanding on the date of the Amending Agreement is exercised during the Post-Amendment Period, the exercise price of any such warrant shall be paid by Alpha to the Former Holders in partial or complete satisfaction of Alpha’s obligation to pay the Remaining Consideration.

Pursuant to the Amending Agreement, any amounts paid by Alpha to the Former Holders during the Post-Amendment Period shall reduce the amount of the Remaining Consideration required to be paid by Alpha prior to the expiry of the Post-Amendment Period. In the event that Alpha fully pays the Remaining Consideration to the Former Holders prior to the expiry of the Post-Amendment Period, the requirement for Alpha to make payment to the Former Holders upon the occurrence of the events discussed above will be of no further force or effect.

In addition, pursuant to the Amending Agreement, Alpha shall not be required to deliver the additional 6,678,000 common shares of Alpha required to be delivered to the Former Holders under the SPA in the event of non-payment of the Remaining Consideration in accordance with the SPA, unless and until Alpha fails to repay the Remaining Consideration prior to the expiry of the Post-Amendment Period.

Pursuant to the provisions of the SPA, all common shares of Alpha previously issued to the Former Holders will be released from the contractual escrow provisions of the SPA by January 6, 2023.

5.2 Disclosure for Restructuring Transactions

Not applicable.

Item 6 Reliance on subsection 7.1(2) 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

The name and business number of the executive officer of the Company who is knowledgeable of the material change and this report is:

Eli Dusenbury, Chief Financial Officer
Telephone: 604-359-1256

Item 9 Date of Report

January 13, 2023