

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

ITEM 1 Name and Address of Company

Impact Analytics Inc. (the "**Company**")
1626 Westmount Road NW
Calgary, AB T2N 3M1

ITEM 2 Date of Material Change

August 6, 2024

ITEM 3 News Releases

Issued on August 6, 2024 and distributed through the facilities of Newswire Inc.

ITEM 4 Summary of Material Changes

On August 6, 2024, the Company announced that it has closed the subscription agreement (the "**Subscription Agreement**") with an arm's length institutional investor (the "**Investor**"), in respect of the issuance (the "**Note Financing**") of senior unsecured convertible notes (the "**Convertible Notes**") in the principal amount of up to CAD\$5,350,000.

Pursuant to the terms of the Subscription Agreement, the Convertible Notes may be issued in (i) an initial tranche (the "**First Tranche**") equal to \$1,350,000, followed by; (ii) sixteen (16) separate tranches (each, a "**Subsequent Tranche**" and together with the First Tranche, the "**Tranches**"), each such Subsequent Tranche to consist of a subscription in the amount of \$250,000, and may be convertible by the Investor, as to 80% of the principal amount into common shares of the Company (the "**Common Shares**") and as to 20% redeemable in cash. The Convertible Notes will have a maturity date which is 12 months from the date of this press release, will bear no interest, will be unsecured and will rank senior to any other subordinated indebtedness of the Company. The Convertible Notes contain a leak out provision whereby the Investor is limited to selling 20% of the daily volume of any Common Shares on any trading day.

The Company will use the proceeds of the Note Financing for general corporate purposes and costs associated with the potential concurrent U.S. listing, announced on July 25, 2024.

Joseph Gunnar acted as sole placement agent in connection with the Note Financing.

None of the securities will be registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or any state securities laws. Accordingly, the Convertible Notes may not be offered or sold within the United States, its territories or possessions, any state of the United States or the District of Columbia (collectively, the "**United States**") or to, or for the account or benefit of, U.S. persons (as such term is defined in Regulation S under the U.S. Securities Act) unless registered under the U.S. Securities Act and all applicable state securities laws or an exemption from such registration requirements is available. This news release does not constitute an offer to sell or a solicitation of an offer to buy any Convertible Notes within the United States or to, or for the account or benefit of, U.S. persons.

ITEM 5 Full Description of Material Change

5.1 – Full Description of Material Change

On August 6, 2024, the Company announced that it has closed the Subscription Agreement with an arm's length institutional Investor, in respect of the issuance of senior unsecured Convertible Notes in the principal amount of up to CAD\$5,350,000.

Pursuant to the terms of the Subscription Agreement, the Convertible Notes may be issued in (i) an initial First Tranche equal to \$1,350,000, followed by; (ii) sixteen (16) separate Tranches, each such Subsequent Tranche to consist of a subscription in the amount of \$250,000, and may be convertible by the Investor, as to 80% of the principal amount into common shares of the Company (the "**Common Shares**") and as to 20% redeemable in cash. The Convertible Notes will have a maturity date which is 12 months from the date of this press release, will bear no interest, will be unsecured and will rank senior to any other subordinated indebtedness of the Company. The Convertible Notes contain a leak out provision whereby the Investor is limited to selling 20% of the daily volume of any Common Shares on any trading day.

The Company will use the proceeds of the Note Financing for general corporate purposes and costs associated with the potential concurrent U.S. listing, announced on July 25, 2024.

The Convertible Notes will be convertible by the Investor in whole or in part into Common Shares at a price equal to the closing price of the Company's shares on the Canadian Securities Exchange ("**CSE**") on the day preceding the submission of a conversion notice by the Investor, subject to a minimum price of CAD\$0.05 per Common Share in accordance with the rules of the CSE. The Company may, at any time and at its sole option, redeem the outstanding Convertible Notes at 110% of the principal amount thereof upon 10 trading days' notice prior to such redemption and during which the Investor shall be entitled to convert the Convertible Notes.

The Company has also agreed to issue to the Investor such number of warrants (the "**Warrants**") as is equivalent to up to 50% of the principal amount of each issued Tranche of Convertible Notes. The Warrants will be exercisable into Common Shares at a price equal to 125% of the closing price of the Common Shares on the CSE on the trading day immediately preceding the issuance of the Warrants for a period of five years from the date of issuance.

As of the date of the news release, and the closing of the first Tranche of Convertible Notes, the Company shall pay to the Investor, a commitment fee ("**Commitment Fee**") of CAD\$240,750 (being 4.5% of the total principal amount of CAD\$5,350,000), to be paid, at the election of the Investor, in the form of cash, in the form of convertible notes substantially in the form of the Convertible Notes or any combination of the two having an initial principal amount equal to the amount of the Commitment Fee.

Pursuant to the Subscription Agreement, the Company has agreed, among other things to not, proceed with similar types of financings until the earlier of (a) the date which falls twelve months from the date of the Subscription Agreement, and (b) the termination date of the Subscription Agreement.

The securities issued in connection with the Note Financing are being issued in accordance with the requirements of the ASC Rule 72-501 – *Distributions to Purchasers outside of Alberta* and are not subject to a hold period.

Joseph Gunnar acted as sole placement agent in connection with the Note Financing.

None of the securities will be registered under the U.S. Securities Act of 1933, as amended, or any state securities laws. Accordingly, the Convertible Notes may not be offered or sold within the United States, its territories or possessions, any state of the United States or the District of Columbia, or to, or for the account or benefit of, U.S. persons (as such term is defined in Regulation S under the U.S. Securities Act) unless registered under the U.S. Securities Act and all applicable state securities laws or an exemption from such registration requirements is available. This news release does not constitute an offer to sell or a solicitation of an offer to buy any Convertible Notes within the United States or to, or for the account or benefit of, U.S. persons.

The Company also announces the issuance of 5,790,000 Restricted Share Units ("RSUs") of the Company to its directors, officers and consultants pursuant to its RSU Plan adopted by the shareholders on February 23, 2024. The RSUs will vest immediately and are subject to a four month and one day hold period.

5.2- Disclosure for Restructuring Transactions

Not Applicable.

ITEM 6 Reliance of subsection 7.1(2) or (3) of National Instrument 51-102

Not applicable.

ITEM 7 Omitted Information

Not applicable.

ITEM 8 Executive Officer

Contact: Colin Frost, Chief Financial Officer and Director
Telephone: (587) 205-9188

ITEM 9 Date of Report

August 16, 2024