

51-102F3
MATERIAL CHANGE REPORT

Item 1 Name and Address of Company

ASEP Medical Holdings Inc. (the “**Company**”)
420 – 730 View Street
Victoria, BC V8W 3Y7

Item 2 Date of Material Change

December 18, 2023

Item 3 News Release

The news release dated December 18, 2023 was disseminated via CNW.

Item 4 Summary of Material Change

On December 18, 2023, the Company announced the availability of a \$500,000 credit facility from an arm’s length lender, settlement of an aggregate of \$783,186 of debt to certain creditors and certain amendments to the offering document previously filed and dated November 29, 2023.

The Company announced it has entered into a loan agreement (the “**Loan Agreement**”) with an arm’s-length lender (the “**Lender**”) pursuant to which the Company may borrow up to \$500,000 in requested drawdowns, from time to time (each advance, a “**Loan**”) within twelve month of entry into the Loan Agreement.

The Company also announced that it intends to settle debt (the “**Debt Settlement**”) in the aggregate amount of \$783,186 owed by the Company to certain creditors of the Company in exchange for 3,915,930 units (each, a “**Debt Settlement Unit**”) at a deemed price of \$0.20 per Debt Settlement Unit. Each Debt Settlement Unit will consist of one (1) common share in the capital of the Company (each, a “**Settlement Share**”) and one non-transferable common share purchase warrant (each, a “**Settlement Warrant**”). Each Settlement Warrant will be exercisable into one (1) common share (each, a “**Settlement Warrant Share**”) at a price of \$0.26 per Settlement Warrant Share for a period of two (2) years from the date of issuance. The debt to be settled relates to a debenture previously advanced by an arm’s length party and to certain consulting fees payable to arm’s length parties and to one officer of the Company.

The Company also announces that it has filed an amendment dated as of December 18, 2023 (the “**Amended Offering Document**”) to its offering document dated November 29, 2023, and that the Amended Offering Document can be accessed under the Company’s profile at www.sedarplus.ca and on the Company’s website at www.asepmedical.com.

Item 5 Full Description of Material Change

5.1 Full Description of Material Change

The Company entered into the **Loan** Agreement with the Lender pursuant to which the Company may borrow up to \$500,000 in requested drawdowns, from time to time within twelve month of entry into the Loan Agreement. The Loans advanced will bear interest at a rate of 12% per annum and are unsecured, and repayment shall be made upon demand by the Lender. The facility is non-revolving. The Company intends to use any funds advanced as Loans for general working capital purposes and operating expenses. In connection with making the loan facility available, the Company has agreed to issue up to an aggregate of 480,770 non-transferable share purchase warrants (each, a "**Bonus Warrant**") to the Lender, with such Bonus Warrants being issued from time to time on a pro rata basis upon advance of each Loan pursuant to the Loan Agreement. Each Bonus Warrant will be exercisable into one (1) Common Share (each, a "**Bonus Warrant Share**") at a price of \$0.26 per Bonus Warrant Share for a period of two (2) years from the date of issuance.

The Company intends to settle debt in the aggregate amount of \$783,186 owed by the Company to certain creditors of the Company in exchange for 3,915,930 Debt Settlement Units at a deemed price of \$0.20 per Debt Settlement Unit. Each Debt Settlement Unit will consist of one (1) Settlement Share and one Settlement Warrant). Each Settlement Warrant will be exercisable into one (1) Settlement Warrant Share at a price of \$0.26 per Settlement Warrant Share for a period of two (2) years from the date of issuance. The debt to be settled relates to a debenture previously advanced by an arm's length party and to certain consulting fees payable to arm's length parties and to one officer of the Company.

The Company filed the Amended Offering Document. The Amended Offering Document is filed in connection with the previously announced private placement by the Company (the "**Offering**") of up to 10,000,000 units (each, a "**Unit**") at a price of \$0.20 per Unit for aggregate proceeds of up to \$2,000,000. Each Unit is comprised of one common share and one non-transferrable common share purchase warrant (each, a "**Warrant**"), with each Warrant being exercisable into one common share at \$0.26 per share for a period of two years from the date of issuance. Prospective Investors should read the Amended Offering Document before making an investment decision. The Amended Offering Document updates the disclosure regarding recent developments in connection with the Loan Agreement and Debt Settlement, and updates the disclosure relating to the intended use of the net proceeds from the Offering for funding ongoing research and development of the Company's technology, regulatory review and approvals, operating expenses, investor relations and other working capital requirements. The Units offered pursuant to the Offering shall be offered to eligible purchasers in British Columbia, Alberta and Ontario pursuant to the listed issuer financing exemption under Part 5A of NI 45-106 and will not be subject to resale restrictions for Canadian investors pursuant to applicable Canadian securities laws. The Offering is expected in one or more tranches with the final tranche of the offering closing within 45 days from the date of the original offering document. The closing is subject to certain conditions including compliance with applicable securities laws, completion of the Company's filing obligations under the policies of the Canadian Securities Exchange (the "**CSE**") and, if required, approval of the CSE. Finder's fees may be paid in connection with the Offering as more particularly described in the Amended Offering Document.

The Bonus Warrants, Bonus Warrant Shares, Settlement Shares, Settlement Warrants, Settlement

Warrant Shares and any securities issued to finders in connection with the Offering are all subject to a statutory hold period expiring four months and one day after issuance of the securities. Completion of the Loan Agreement, Debt Settlement and Offering remain subject to compliance with applicable securities laws and CSE policies and approval, if required. None of the securities issued in connection with the Loan agreement, Debt Settlement or Offering will be registered under the United States Securities Act of 1933, as amended (the “**1933 Act**”), and none of them may be offered or sold in the United States absent registration or an applicable exemption from the registration requirements of the 1933 Act. This news release shall not constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of the securities in any state where such offer, solicitation, or sale would be unlawful.

The proposed debt settlement with J.M. Tucker Professional Corporation (“**JM Tucker PC**”), a company wholly owned by Jacqueline Tucker, the Chief Financial Officer of the Company (the “**Insider Settlement**”), 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 Insider Settlement is exempt from the valuation requirement of MI 61-101 by virtue of the exemptions contained in section 5.5(b) of MI 61-101 as the Common 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(1)(a) of MI 61-101 in that the fair market value of the Insider Settlement will not exceed 25% of the Company's market capitalization. As the material change report disclosing the Insider Settlement is being filed less than 21 days before the transaction, 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, it is necessary to immediately close the Insider Settlement and therefore, such shorter period is reasonable and necessary in the circumstances to improve the Company's financial position.

Disclosure Required by MI 61-101

Pursuant to MI 61-101, the Debt Settlement constituted a “related party transaction” as a company wholly owned by an officer of the Company participated in the Debt Settlement.

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:

See Item 5.1 above for a description of the Debt Settlement.

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

The purpose of the Debt Settlement is to reduce the Company's liabilities while preserving its cash.

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

The Company does not anticipate any material effect on the Company's business and affairs.

(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:

JM Tucker PC, a company wholly owned by Jacqueline Tucker, the Chief Financial Officer of the Company, will be issued 105,000 Shares in settlement of \$21,000.

(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:

The following table sets out the effect of the Debt Settlement on the percentage of securities of the Company beneficially owned or controlled by each of Ms. Tucker:

Name and Position	Dollar Amount of Debt Settlement	Number of Securities to be Issued	No. of Securities Held prior to Closing of the Debt Settlement	Percentage of Issued and Outstanding Securities prior to Closing of the Debt Settlement	No. of Securities Held After Closing of the Debt Settlement	Percentage of Issued and Outstanding Securities After Closing of the Debt Settlement
Jacqueline Tucker Chief Financial Officer	\$21,000	105,000	Undiluted: 375,000 ⁽¹⁾	Undiluted: 0.53% ⁽²⁾	Undiluted: 480,000 ⁽¹⁾	Undiluted: 0.64% ⁽⁵⁾
			Diluted: 720,000 ⁽²⁾	Diluted: 1.01% ⁽³⁾	Diluted: 930,000 ⁽⁴⁾	Diluted: 1.24% ⁽⁶⁾

(1) These Shares are held by JM Tucker PC.

(2) Comprised of: (i) 375,000 Shares held indirectly by JM Tucker PC, (ii) 200,000 options held directly by Ms. Tucker, each of which is exercisable into one Share, exercisable at a price of \$0.30 per Share until October 1, 2032; (iii) 20,000 options held indirectly by JM Tucker PC, each of which is exercisable into one Share, exercisable at a price of \$0.50 per Share until November 18, 2031 and (iv) 125,000 restricted shares units held indirectly by JM Tucker PC which vest on March 1, 2024.

(2) Based on 70,264,898 Shares outstanding prior to the completion of the Debt Settlement.

(3) Based on 70,609,898 Shares outstanding on a partially-diluted basis prior to the completion of the Debt Settlement, comprised of: (i) 70,264,898 Shares outstanding prior to the completion of the Debt Settlement, (ii) 200,000 Shares that may be issuable on exercise of options held directly by Ms. Tucker, (iii) 20,000 Shares that may be issuable on exercise of options held indirectly by JM Tucker PC and (iv) 125,000 Shares that may be issuable on vesting of restricted share units held indirectly by JM Tucker PC.

(4) Comprised of: (i) 480,000 Shares held indirectly by JM Tucker PC, (ii) all of the convertible securities set out in footnote (1) above and (iii) 105,000 Settlement Warrants, each of which is exercisable into one Share, exercisable at a price of \$0.26 per Share until December 27, 2025.

(5) Based on 74,180,828 Shares outstanding following the completion of the Debt Settlement.

(6) Based on 74,630,828 Shares outstanding on a partially-diluted basis following the completion of the Debt Settlement, comprised of: (i) 71,180,828 Shares outstanding after the completion of the Debt Settlement, (ii) 200,000 Shares that may be issuable on exercise of options held directly by Ms. Tucker, (iii) 20,000 Shares that may be issuable on exercise of options held indirectly by JM Tucker PC, (iv) 125,000 Shares that may be issuable on vesting of restricted share units held indirectly by JM Tucker PC and (v) 105,000 Shares that may be issuable on exercise of Settlement Warrants held indirectly by JM Tucker PC.

(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 special committee was not established in connection with the approval of the Debt Settlement, 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:

Not applicable.

(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 Debt Settlement is exempt from the valuation and minority shareholder approval requirements of MI 61-101 by virtue of the exemptions contained in Sections 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(1)(a) of MI 61-101 in that the fair market value of the consideration of the Shares issued to each related party did not exceed 25% of the Company's market capitalization.

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

5.2 Disclosure for Restructuring Transactions

Not applicable.

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

Not applicable.

Item 7 Omitted Information

None

Item 8 Executive Officer

Timothy Murphy, Chief Operating Officer
Telephone: 778.600.0509

Item 9 Date of Report

December 28, 2023