

**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 19, 2023

**Item 3 News Release**

The news release dated December 20, 2023 was disseminated via CNW.

**Item 4 Summary of Material Change**

On December 20, 2023, the Company announced that, further to its news release of December 18, 2023 which announced a private placement and debt LIFE Offering of up to 10,000,000 units of the Company (each, a "**Unit**") pursuant to the listed issuer financing exemption for gross proceeds of up to \$2,000,000.00 (the "**LIFE Offering**"), it has closed the first tranche of the LIFE Offering by: (1) issuing 2,935,000 Units at a price of \$0.20 per Unit, for aggregate gross proceeds of \$587,000.00, and (2) entering into debt LIFE Offering agreements to settle \$783,186.00 against the issuance 3,915,930 Units, subject to a 5 day waiting period, for aggregate gross proceeds of \$1,370,186.00. Each Unit will consist of one (1) common share in the capital of the Company (each, a "**Share**") and one non-transferable common share purchase warrant (each, a "**Warrant**"). Each Warrant will be exercisable into one (1) common share (each, a "**Warrant Share**") at a price of \$0.26 per Warrant Share for a period of two (2) years from the date of issuance. In connection with the closing of the first tranche, an aggregate of \$15,600 was paid in cash and a total of 128,000 finder's warrants (each, a "**Finder's Warrant**") were issued as finder's fees. Each Finder's Warrant entitles the holder thereof to acquire one (1) common share in the capital of the Company (a "**Finder's Warrant Share**") at a price of \$0.20 per Finder's Warrant Share for a period of 24 months from December 19, 2023.

One of the subscribers pursuant to the first tranche of the LIFE Offering is a trust of which Derrold Norgard, a director of the Company is a trustee, and this subscription of \$75,000 for 375,000 Units is a "related party transaction" within the meaning of Multilateral Instrument 61-101 Protection of Minority Security Holders in Special Transactions ("**MI 61-101**"). This subscription 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 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 subscription will not exceed 25% of the Company's market capitalization. As the material change report disclosing this subscription 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 first tranche of the LIFE Offering and therefore, such shorter period is reasonable and necessary in the circumstances to improve the Company's financial position.

## **Item 5 Full Description of Material Change**

### **5.1 Full Description of Material Change**

See Item 4 above and the News Release filed on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca) for a full description of the material change.

#### **Disclosure Required by MI 61-101**

Pursuant to MI 61-101, the LIFE Offering constituted a “related party transaction” as a trust of which Derrold Norgaard, a director of the Company, is the trustee, participated in the LIFE Offering.

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 4 above for a description of the LIFE Offering.

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

The purpose of the LIFE Offering is to fund ongoing research and development of the Company's technology, regulatory review and approvals, operating expenses, investor relations and other working capital requirements and working capital.

*(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:*

RJB Family Trust, a trust of which Derrold Norgaard, a director of the Company, is the trustee, was issued 375,000 Units for aggregate proceeds of \$75,000.

*(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 LIFE Offering on the percentage of securities of the Company beneficially owned or controlled by Derrold Norgaard:

Name and Position	Dollar Amount of LIFE Offering	Number of Units Issued	No. of Securities Held prior to Closing of the LIFE Offering	Percentage of Issued and Outstanding Securities prior to Closing of the LIFE Offering	No. of Securities Held After Closing of the LIFE Offering	Percentage of Issued and Outstanding Securities After Closing of the LIFE Offering
Derrold Norgaard Director	\$75,000	375,000	Undiluted: 743,732  Diluted: 1,143,732 <sup>(1)</sup>	Undiluted: 1.10% <sup>(2)</sup>  Diluted: 1.68% <sup>(3)</sup>	Undiluted: 1,118,732 <sup>(4)</sup>  Diluted: 1,893,732 <sup>(5)</sup>	Undiluted: 1.59% <sup>(6)</sup>  Diluted: 31.45% <sup>(7)</sup>

<sup>(1)</sup> Comprised of: (i) 743,732 Shares held directly by Mr. Norgaard, (ii) 300,000 options held directly by Mr. Norgaard, each of which is exercisable into one Share, at a price of \$0.50 per Share until November 18, 2031 and (iii) 100,000 restricted share units which vest on March 1, 2024.

<sup>(2)</sup> Based on 67,329,898 Shares outstanding prior to the completion of the LIFE Offering.

<sup>(3)</sup> Based on 67,729,898 Shares outstanding on a partially-diluted basis prior to the completion of the LIFE Offering, comprised of: (i) 67,329,898 Shares outstanding prior to the completion of the LIFE Offering, (ii) 300,000 Shares that may be issuable on exercise of options held directly by Mr. Norgaard and (iii) 100,000 Shares that may be issuable on vesting of restricted share units held directly by Mr. Norgaard.

<sup>(4)</sup> Comprises of: (i) 743,732 Shares held directly by Mr. Norgaard and (ii) 375,000 Shares held indirectly by RJB Family Trust.

<sup>(5)</sup> Comprised of: (i) 743,732 Shares held directly by Mr. Norgaard, (ii) 375,000 Shares held indirectly by RJB Family Trust, (iii) all of the convertible securities set out in footnote (1) above and (iv) 375,000 Warrants held indirectly by RJB Family Trust, each of which is exercisable into one Share at a price of \$0.26 per Share until December 19, 2025.

<sup>(6)</sup> Based on 70,264,898 Shares outstanding following the completion of the LIFE Offering.

<sup>(7)</sup> Based on 71,039,898 Shares outstanding on a partially-diluted basis following the completion of the LIFE Offering, comprised of: (i) 70,264,898 Shares outstanding after the completion of the LIFE Offering, (ii) 300,000 Shares that may be issuable on exercise of options held directly by Mr. Norgaard, 100,000 Shares that may be issuable on vesting of restricted share units held directly by Mr. Norgaard and (iv) 375,000 Shares that may be issuable on exercise of Warrants held in directly by RJB Family Trust.

*(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:*

Mr. Norgaard abstained on the resolution of the board of directors approving the LIFE Offering with respect to his respective portion of the LIFE Offering. A special committee was not established in connection with the approval of the LIFE Offering, 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:*

The Company entered into a subscription agreement with RJB Family Trust pursuant to which RJB Family Trust acquired 375,000 Units for \$75,000.

*(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 LIFE Offering 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 the material change report disclosing this subscription 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 first tranche of the LIFE Offering and therefore, 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