

**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 27, 2023

**Item 3 News Release**

The news release dated December 29, 2023 was disseminated via CNW.

**Item 4 Summary of Material Change**

On December 29, 2023, the Company announced that, further to its news release of December 18, 2023, it has issued 3,915,930 units (each, a “**Unit**”) of the Company at a deemed price of \$0.20 per Unit in settlement of an aggregate of \$783,186 comprised of \$421,000 for past services performed for the Company by certain creditors, and \$362,186 for the settlement of a bona fide debt owed by the Company (the “**Debt Settlement**”). Each Unit consists of one common share in the capital of the Company (each, a “**Common Share**”) and one Common Share purchase warrant (each, a “**Warrant**”), with each Warrant exercisable into one Common Share (each, a “**Warrant Share**”) at a price of \$0.26 per Warrant Share until December 27, 2025.

The Common Shares and Warrants are subject to a statutory hold period expiring four months and one day after closing of the Debt Settlement.

**Item 5 Full Description of Material Change**

**5.1 Full Description of Material Change**

The Company settled debt in the aggregate amount of \$783,186 owed by the Company to certain creditors of the Company in exchange for 3,915,930 Units at a deemed price of \$0.20 per Unit. Each Unit consists of one Common Share and one Warrant. Each Warrant will be exercisable into one Warrant Share at a price of \$0.26 per Warrant Share until December 27, 2025. The Debt Settlement 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 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, was 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 <sup>(1)</sup>  Diluted: 720,000 <sup>(2)</sup>	Undiluted: 0.53% <sup>(2)</sup>  Diluted: 1.01% <sup>(3)</sup>	Undiluted: 480,000 <sup>(1)</sup>  Diluted: 930,000 <sup>(4)</sup>	Undiluted: 0.64% <sup>(5)</sup>  Diluted: 1.24% <sup>(6)</sup>

(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.

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

<sup>(3)</sup> 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.

<sup>(4)</sup> 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.

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

<sup>(6)</sup> 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:*

The Company entered into a debt settlement and subscription agreement with JM Tucker PC, whereby the Company agreed to issue 105,000 Units to JM Tucker PC in settlement of \$21,000 owing to JM Tucker PC.

*(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**

January 2, 2024