

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

1. NAME AND ADDRESS OF COMPANY

TUGA Innovations, Inc.
409 Granville St. Suite 1000
Vancouver, British Columbia, V6C 1T2, Canada

2. DATE OF MATERIAL CHANGE

January 30, 2024

3. NEWS RELEASE

News release dated January 30, 2024 was disseminated via Stockwatch

4. SUMMARY OF MATERIAL CHANGE

TUGA Innovations Completes \$535,000 Strategic Private Placement by Founder

5. FULL DESCRIPTION OF MATERIAL CHANGE

TUGA Innovations, Inc. (CSE: TUGA) (FRA: DQ5) (OTC: TUGAF) (“**TUGA Innovations**,” or the “**Company**”) announced that further to its news release dated January 23, 2024, it has closed its private placement offering (the “**Offering**”) of 53,500,000 units (the “**Units**”) at a price of \$0.01 per Unit for gross proceeds of \$535,000. The Offering was fully subscribed to by Vice President, director and founder of the Company, Cesar Barbosa.

Each Unit is comprised of one common share in the capital of the Company and one transferrable purchase warrant (each warrant a “**Warrant**”). Each Warrant entitles the holder to purchase one additional common share in the capital of the Company (each a “Warrant Share”) at \$0.09 per share until January 30, 2026.

Following closing of the Offering, Mr. Barbosa now holds approximately 59.95% of the total issued and outstanding shares of the Company on an undiluted basis, or approximately 74.98% on a partially-diluted basis, inclusive of the exercise of all of Mr. Barbosa's, warrants and management performance warrants.

The sale of the Units, and the common shares and Warrant Shares issuable thereby, resulted in the issuance of more than 100% of the current number of issued and outstanding common shares of the Company. The Listings Committee of the Canadian Securities Exchange (the “**CSE**”) has approved the Company’s reliance on an exemption from the shareholder approval requirements in Section 4.6(2) of CSE Policy 4 – *Corporate Governance, Security Holder Approvals and Miscellaneous Provisions* on the basis that TUGA Innovations is in serious financial difficulty, and the CSE has granted a waiver for the insider participation from the requirement of Section 4.6(2)(b)(iii) of CSE Policy 4. Accordingly, the Company did not hold a vote of its shareholders to approve the sale of the Units to Mr. Barbosa. Additionally, as a condition of Mr. Barbosa’s participation in the Offering, he entered into an agreement with the Company, pursuant to which he agreed to not vote more than 19.9% of the Company’s

outstanding shares. This restriction on Mr. Barbosa’s voting will remain in place until shareholder approval for the creation of Mr. Barbosa as a new ‘Control Person’ of the Company has been obtained, in accordance with the policies of the CSE.

As Mr. Barbosa is a director of the Company, his participation in the Offering is also considered to be a “related party transaction” as defined under Multilateral Instrument 61-101 (“**MI 61-101**”). The Company is relying on exemptions from the formal valuation requirements contained in section 5.5(b) of MI 61-101 and the minority shareholder approval requirements contained in section 5.7(1)(b) of MI 61-101. These exemptions are applicable as the Company is not listed on specified markets, and the securities distributed, and the consideration to be paid by Mr. Barbosa for these securities, does not exceed \$2.5 million. The Company did not file a material change report with respect to the participation of Mr. Barbosa at least 21 days prior to the issuance of the Units as timing of the Offering was not determined at that time.

The proceeds of the Offering will be used to advance the Company’s next prototype, seek additional financing, and make payment on existing accounts payable. The CSE approved the Company’s reliance on an exemption from Section 6.2(2)(c)(ii) of CSE Policy 6 – *Distributions & Corporate Finance* so that the Company may use a portion of the proceeds to make payment on existing accounts payable to insiders of the Company.

All securities to be issued under the offering will be subject to a four month and one day hold period, expiring on May 31, 2024, in accordance with applicable Canadian securities laws.

6. RELIANCE ON SUBSECTION 7.1(2) OF NATIONAL INSTRUMENT 51-102

Not applicable.

7. OMITTED INFORMATION

Not applicable.

8. EXECUTIVE OFFICER

John Hagie, CEO
Telephone: 415-799-7911

9. DATE OF REPORT

January 30, 2024