

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

Item 1 Name and Address of Company

Hybrid Power Solutions Inc. (the “Company”)
Suite 208 – 333 Terminal Avenue
Vancouver, BC, V6A 4C1

Item 2 Date of Material Change

July 15, 2024

Item 3 News Release

The Company disseminated a news release announcing the material change described herein through the news dissemination services of Newsfile Corp. on July 15, 2024, and a copy was subsequently filed on SEDAR+.

Item 4 Summary of Material Change

The Company announced that it has closed the first as well as the second and final tranches of its non-brokered prospectus offering of up to 3,000,000 units (the “Units”) at a price of \$0.20 per Unit (the “Offering”) Offering by issuing an aggregate of 3,000,000 Units for gross proceeds of \$600,000.

Item 5 Full Description of Material Change

5.1 Full Description of Material Change

The Company announced that it has closed the Offering by issuing an aggregate of 3,000,000 Units for gross proceeds of \$600,000. Each Unit is comprised of one common share of the Company (a “Common Share”) and one Common Share purchase warrant of the Company (a “Warrant”), whereby each Warrant entitles the holder to acquire one Common Share at an exercise price of \$0.25 per Common Share within twenty-four months from the date of issuance, subject to acceleration.

The acceleration clause of the Warrants provides that, if the daily volume-weighted average price of the Common Shares on the Canadian Securities Exchange (or such other stock exchange where the majority of Common Share trading volume occurs) exceeds \$0.35 for a period of five consecutive trading days between the closing date of the Offering and the expiry of the Warrants, then the Company may, at any time, in its discretion, accelerate the expiry date of the Warrants by providing written notice to the Warrant holders by news release. If the Company provides such notice, then any unexercised Warrants will expire on the 30th day after the date on which the news release is disseminated.

In connection with the Offering, the Company paid aggregate finders’ fees of \$18,500 and issued a total of 92,500 finder's warrants (the “Finder's Warrants”) to eligible finders, representing a 5.0% finder's fee on certain subscriptions. Each Finder's Warrant entitles the holder to acquire one Common Share at an exercise price of \$0.25 per Common Share within twenty-four months from the date of issuance, subject to the above noted acceleration clause.

The Company intends to use the proceeds from the Offering for general working capital and corporate purposes. A portion of the Offering comprising of 150,000 Units was issued to a professional advisor of the Company to partially settle an outstanding and bona fide debt in the amount of \$30,000. 150,000 Units were also issued to Treewalk Consulting Inc. (“Treewalk”), a consulting company controlled by the Company’s Chief Financial Officer, to partially settle an outstanding and bona fide debt in the amount of \$30,000. Both debt settlements were unanimously approved by the board of directors.

The Offering was made by means of the Company's prospectus supplement dated June 21, 2024 (the "Prospectus Supplement") and the accompanying base shelf prospectus dated March 14, 2024 (the "Shelf Prospectus"). Complete details of the Offering are set out in the Prospectus Supplement, and the Prospectus Supplement together with the Shelf Prospectus can be obtained under the Company's SEDAR+ profile at www.sedarplus.ca.

In addition, the Company granted 500,000 Restricted Share Units to a consultant of the Company pursuant to the Company's omnibus equity incentive compensation plan.

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

Not applicable.

Item 8 Executive Officer

For further information, please contact Francois Byrne, Chief Executive Officer and Director of the Company, at 1 (866) 549-2743 or via email to invest@hybridps.ca.

Item 9 Date of Report

July 17, 2024