

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

Item 1 Name and Address of Company

Earthworks Industries Inc. (the
"Company")
615-800 West Pender St
Vancouver, British Columbia, V6C
2V6

Item 2 Date of Material Change

November 2, 2023.

Item 3 News Release

On November 2, 2023, the Company issued a press release disclosing the material change, which was disseminated pursuant to normal dissemination processes available to Canadian reporting issues. A copy of the press release was filed on SEDAR+.

Item 4 Summary of Material Change

The Company has closed its previously announced commercially reasonable efforts private placement offering of an aggregate of 7,500,000 units (the "**Units**") at a price of \$0.20 per Unit (the "**Issue Price**") for aggregate gross proceeds of \$1,500,000 (the "**Offering**"). Each Unit consists of one common share in the capital of the Company (each, a "**Common Share**") and one common share purchase warrant of the Company (each, a "**Warrant**"). Each Warrant will entitle the holder thereof to purchase one additional Common Share at a price of C\$0.40, subject to adjustment in certain events, at any time until November 2, 2025. The Offering was completed pursuant to the terms of an agency agreement dated November 2, 2023, between the Company and Haywood Securities Inc. as lead agent (the "**Agent**").

Item 5 Full Description of Material Change

5.1 Full Description of Material Change

On November 2, 2023, the Company closed the Offering. The Units issued under the Offering were offered to purchasers pursuant to the listed issuer financing exemption in Part 5A of National Instrument 45-106 - *Prospectus Exemptions* ("**NI 45-106**") (the "**Listed Issuer Financing Exemption**"). In accordance with the Listed Issuer Financing Exemption, the Units are not subject to resale restrictions in Canada in accordance with applicable Canadian securities laws.

Certain insiders of the Company (the "**Participating Insiders**") participated in the Offering for an aggregate amount 100,000 Units. Such participation constituted a related party transaction within the meaning of Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**"). In completing the Offering, the Company relied on the applicable exemptions from the formal valuation and minority security holder approval requirements available under Sections 5.5(a) and 5.7(1)(a) of MI 61-101, respectively, on the basis that neither the fair market value of the subject matter of, nor the fair market value of the consideration for, the Offering, insofar as it involves the Participating Insiders, exceeds 25% of the Company's market capitalization calculated in accordance with MI 61-101. The Company did not file a material change report 21 days prior to the closing of the Offering as the details relating to the participation of the Participating Insiders were not settled until shortly prior to the closing of the Offering.

In accordance with applicable policies of the TSX Venture Exchange, securities issued to Participating

Insiders are subject to and legended with the Exchange Hold Period (as such term is defined in TSX Venture Exchange Policy 1.1), expiring March 3, 2024.

In consideration for the services provided to the Company by the Agent in connection with the Offering, the Company paid to the Agent: (i) a cash commission equal to 6% of the aggregate gross proceeds of the Offering; (ii) non-transferrable broker warrants of the Company exercisable at any time prior to November 2, 2025 to acquire up to 450,000 units (each, a "**Compensation Option Unit**") at a price equal to the Issue Price, subject to adjustment in certain events; and (iii) a corporate finance fee in the amount of \$120,000 (the "**Corporate Finance Fee**"), payable (i) 25% in cash and (ii) 75% in the form of units of the Company (the "**CF Fee Units**"). In connection with the Offering, 450,000 CF Fee Units were issued by the Company to the Agent in partial satisfaction of the Corporate Finance Fee. Each CF Fee Unit was issued on the same terms as each Unit sold under the Offering. Each Compensation Option Unit consists of one Common Share and one common share purchase warrant of the Company (each, a "**Compensation Option Warrant**"), with each Compensation Option Warrant entitling the holder to purchase one Common Share at a price of \$0.40 per share at any time until November 2, 2025.

The Company intends to use the net proceeds of the Offering for working capital, general corporate purposes, to pay outstanding accounts payable, and to pay a debt extension fee.

The Offering was considered and approved by the board of directors of the Company. No special committee was established in connection with the Offering.

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

The following senior officer of the Company is knowledgeable about the material change and this Material Change Report and may be contacted:

David Atkinson, President/CEO Telephone: (604) 669-3143

Item 9 Date of Report

November 8, 2023