

FORM 51-102F3
Material Change Report

MATERIAL CHANGE REPORT UNDER SECTION 7.1 OF
NATIONAL INSTRUMENT NO. 51-102

Item 1. **Reporting Issuer**

Fountain Asset Corp. (the "Company")
3 Market Street, Unit 609
Toronto, Ontario M5E 0A3

Item 2. **Date of Material Change**

A material change took place on November 29, 2024.

Item 3. **Press Release**

On December 2, 2024, a news release in respect of the material change was disseminated by the Company.

Item 4. **Summary of Material Change**

The Company announced that it had closed the settlement of \$127,500 of indebtedness through the issuance of an aggregate of 2,550,000 subordinate voting shares of the Company (the "Shares") at a deemed price of \$0.05 per Share (the "Debt Settlement").

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

The material change is described in the Company's press releases attached hereto as Schedule "A", which press releases are incorporated by reference herein.

Pursuant to the Debt Settlement, Andrew Parks subscribed for an aggregate of 2,550,000 Shares at a deemed price of \$0.05 per Share. Mr. Parks is an insider of the Company. As of November 29, 2024 immediately prior to the closing of the Debt Settlement, Mr. Parks held an aggregate of 4,886,500 Shares and convertible securities to acquire an additional 3,100,000, representing approximately 7.9% of the issued and outstanding Shares (and approximately 12.3% on a partially diluted basis assuming exercise of such convertible securities only). Following the closing of the Debt Settlement, Mr. Parks held an aggregate of 7,436,500 Shares and convertible securities entitling him to acquire an additional 3,100,000 Shares, representing approximately 11.6% of the issued and outstanding Shares (and approximately 15.6% on a partially diluted basis assuming exercise of such convertible securities only).

The Debt Settlement was approved by the board of directors pursuant to directors' resolutions dated July 26th, 2024. The transaction is exempt from the formal valuation and minority shareholder approval requirements of applicable securities laws as at the time the transaction was agreed to, neither the fair market value of the subject matter of, or the fair market value of the consideration for, the transaction insofar as it involves interested parties, exceeded 25% of the Company's market capitalization. The transaction was completed to satisfy outstanding indebtedness of the Company and to conserve cash. A material

change report is being filed in connection with the insider participation in the transaction less than 21 days in advance of closing, as the Company did not have prior confirmation of such participation.

Item 6. Reliance on subsection 7.1(2) of National Instrument 51-102

The report is not being filed on a confidential basis.

Item 7. Omitted Information

No information has been omitted.

Item 8. Executive Officer

Andrew Parks

Item 9. Date of Report

DATED at Toronto, in the Province of Ontario, this 2nd day of December, 2024.

SCHEDULE "A"

FOUNTAIN ASSET CORP. CLOSES SHARE FOR DEBT TRANSACTION

TORONTO, ONTARIO – DECEMBER 2, 2024 – FOUNTAIN ASSET CORP. (TSXV: FA) (the "Company") is pleased to announce that it has closed the settlement of \$127,500 of indebtedness through the issuance of an aggregate of 2,550,000 subordinate voting shares of the Company (the "Shares") at a deemed price of \$0.05 per Share (the "Debt Settlement"). The indebtedness was owed to Andrew Parks for his services as Chief Executive Officer of the Company. The Debt Settlement was approved by shareholders of the Company at the special meeting of shareholders held on October 30, 2024. The Shares are subject to a statutory hold period expiring on March 30, 2025

As Mr. Parks is an insider of the Company, the Debt Settlement is considered to be a "related party transaction" under Multilateral Instrument 61-101-Protection of Minority Security Holders in Special Transaction ("MI 61-101"). All of the independent directors of the Company, acting in good faith, considered the transactions and determined that the fair market value of the securities being issued to Mr. Parks and the consideration paid was reasonable. The Company has relied upon the exemptions from the valuation and minority shareholder approval requirements of MI 61-101 contained in section 5.5 (a) and 5.7(1) (a).

For further information with respect to the Debt Settlement, please refer to the management information circular of the Company dated as of September 30, 2024 available on SEDAR+ at www.sedarplus.ca.

About Fountain Asset Corp.

Fountain Asset Corp. is a merchant bank which provides equity financing, bridge loan services (asset back/collateralized financing) and strategic financial consulting services to companies across many industries such as marijuana, oil & gas, mining, real estate, manufacturing, retail, financial services, and biotechnology.

Forward-Looking Statements

Certain information contained in this press release constitutes forward-looking information, which is information relating to possible events, conditions or results of operations of the Company, which are based on assumptions and courses of action and which are inherently uncertain. All information other than statements of historical fact may be forward-looking information. Forward-looking information in this press release includes, but is not limited to, statements with respect to the merchant banking services provided by the Company. These forward-looking statements reflect the current expectations or beliefs of the Company based on information currently available to the Company. Forward-looking statements are subject to a number of risks and uncertainties that may cause the actual results of the Company to differ materially from those discussed in the forward-looking statements, and even if such actual results are realized or substantially realized, there can be no assurance that they will have the expected consequences to, or effects on, the Company. Factors that could cause actual results or events to differ materially from current expectations include, among other things, the risks disclosed under the heading "Risk Factors" and elsewhere in the Company's annual information form dated August 17, 2022 filed on SEDAR+ at www.sedarplus.ca. Any forward-looking statement speaks only as of the date on which it is made and, except as may be required by applicable securities laws, the Company disclaims any intent or obligation to update any forward-looking statement, whether as a result of new information, future events or results or otherwise unless required by law. Although the Company believes that the assumptions inherent in the

forward-looking statements are reasonable, forward-looking statements are not guarantees of future performance and accordingly undue reliance should not be put on such statements due to the inherent uncertainty therein.

Neither TSX Venture Exchange Inc. nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

For further information: please contact Andrew Parks at (416) 456-7019 or visit Fountain Asset Corp.'s website at www.fountainassetcorp.com