

FORM 51-102F3
MATERIAL CHANGE REPORT

ITEM 1 – NAME AND ADDRESS OF COMPANY

Audrey Capital Corporation (the “**Corporation**” or “**Audrey**”)
905-1111 W Hastings Street
Vancouver, BC V6E 2J3

ITEM 2 – DATE OF MATERIAL CHANGE

June 23, 2023

ITEM 3 – NEWS RELEASE

A news release announcing this material change was disseminated on June 26, 2023 and a copy has been filed under the Corporation’s profile on SEDAR.

ITEM 4 – SUMMARY OF MATERIAL CHANGE

The Corporation announced that it entered into a qualifying transaction agreement with Applied Graphite Technologies Corporation.

ITEM 5 – FULL DESCRIPTION OF MATERIAL CHANGE

The Corporation, a capital pool company (“**CPC**”) listed on the TSX Venture Exchange (“**TSXV**”) (TSXV: AUD.P), has entered into an qualifying transaction agreement dated June 23, 2023 (the “**Qualifying Transaction Agreement**”) with Applied Graphite Technologies Corporation (“**AGT**”), a private company incorporated under the *Business Corporations Act* (British Columbia), pursuant to which the Corporation will acquire all of the issued and outstanding securities of AGT by way of a three-cornered amalgamation with a wholly-owned subsidiary of the Corporation (“**Subco**”) to be incorporated under the laws of the Province of British Columbia, with such acquisition (the “**Proposed Transaction**”) constituting a reverse take-over of the Corporation, subject to the terms and conditions outlined below. The Corporation, as the resulting issuer following the completion of the Proposed Transaction (the “**Resulting Issuer**”), will continue the business of AGT. The Corporation intends that the Proposed Transaction will constitute its Qualifying Transaction, as such term is defined in TSXV Policy 2.4 *Capital Pool Companies*. In connection with the Proposed Transaction, AGT and the Corporation will issue news releases setting out further information contemplated in Policy 2.4. On closing of the Proposed Transaction, it is anticipated that the common shares of the Resulting Issuer (the “**Resulting Issuer Shares**”) will be listed for trading on the TSXV.

About Applied Graphite Technologies Corporation

Applied Graphite Technologies Corporation is a private company which owns a 90% ownership interest in C-Tech Ceylon (Private) Limited, a corporation incorporated pursuant to the laws of Sri Lanka, which in turn will own a 100% ownership interest in the Dodangaslanda Properties in Sri Lanka (the “Dodangaslanda Properties”). Applied Graphite Technologies Corporation was incorporated on July 12, 2019 under the laws of the Province of British Columbia.

The Dodangaslanda Properties are on private land in the heart of the vein graphite district, with historical workings and vein graphite outcrops. Vein graphite is naturally high grade (+95% carbon content in the ground) and does not require primary processing. Testing of vein graphite in lithium ion battery anodes has shown very high capacities, and can be a very good substitute for synthetic graphite.

Summary of the Qualifying Transaction

The Qualifying Transaction Agreement contemplates the Corporation and AGT completing an arm's length three-cornered amalgamation, pursuant to which Resulting Issuer Shares will be issued to holders of common shares in the capital of AGT (the "**AGT Shares**").

The Corporation currently has 20,000,000 common shares (the "**Audrey Shares**") issued and outstanding. Additionally, the Corporation has 2,000,000 options to purchase Audrey Shares granted and outstanding (the "**Audrey Options**") and 500,000 warrants to purchase Audrey Shares issued and outstanding (the "**Audrey Warrants**"). There are currently 3,232,250 AGT Shares outstanding.

Prior to the closing of the Proposed Transaction, the Corporation shall undertake a consolidation (the "**Consolidation**") of the Audrey Shares on the basis of one and one-half (1.5) pre-Consolidation common shares for one (1) post-Consolidation share.

In accordance with the terms of the Amalgamation Agreement, the Proposed Transaction will be structured as a "three-cornered amalgamation" involving the Corporation, Subco and AGT. In connection with closing of the Proposed Transaction, it is expected that, among other things:

- AGT and Subco will be amalgamated under the provisions of the Business Corporations Act (British Columbia) and the resulting amalgamated entity will become a wholly-owned subsidiary of the Corporation ("**Amalco**").
- Each AGT Share will be cancelled, and the former holders of AGT Shares (including the AGT Shares issued under the Offering (as defined below)) will receive one (1) Resulting Issuer Share for each AGT Share held by them.
- Each issued and outstanding common share in the capital of Subco ("**Subco Shares**") shall be exchanged for, and the Corporation shall be entitled to receive, one fully paid and non-assessable common share in the capital of Amalco, and upon the completion of the Amalgamation all of the issued and outstanding Subco Shares shall be cancelled.
- Audrey Options will be adjusted to be exercisable into 1,333,333 Resulting Issuer Shares at an exercise price of \$0.15 per adjusted Audrey Option.
- Audrey Warrants will be adjusted to be exercisable into 333,333 Resulting Issuer Shares at an exercise price of \$0.15 per adjusted Audrey Warrant.
- The Resulting Issuer will have obtained conditional approval of the TSXV for the listing on the TSXV of the Resulting Issuer Shares, as required by the policies of the TSXV.

It is expected that following the completion of the Proposed Transaction, the non-diluted common shares of the Resulting Issuer shall be held as follows: 3,232,250 Resulting Issuer Shares (16.75%) held by former AGT shareholders; 13,333,333 Resulting Issuer Shares (69.11%) held by existing Audrey shareholders; and 2,727,273 Resulting Issuer Shares (14.14%) held by purchasers under the Offering (as defined below).

The Proposed Transaction is conditional upon the completion of the Offering, as further described below.

The parties to the Proposed Transaction are at arm's length. It is anticipated that the Proposed Transaction and Amalgamation Agreement will be put before the shareholders of AGT for their approval.

Subject to applicable laws and TSXV policies (including required escrow), it is anticipated that all Resulting Issuer Shares issued in exchange for the AGT Shares on closing of the Proposed Transaction will be freely tradable pursuant to applicable securities laws in Canada.

Financing

In connection with the Proposed Transaction, AGT proposes to issue and sell, on a non-brokered private placement basis, AGT Shares for gross proceeds of USD\$300,000, issuing 2,727,273 AGT Shares at an issue price of USD\$0.11 per AGT Share (the "Offering").

Conditions to Closing

The completion of the Proposed Transaction is subject to the satisfaction of various conditions as are standard for a transaction of this nature, including but not limited to (i) receipt of all requisite regulatory, stock exchange, court or governmental approvals, authorizations and consents; (ii) the absence of any material change or a change in a material fact or a new material fact affecting the Corporation or AGT; (iii) the completion of the Consolidation; (iv) if applicable, the Corporation having received appropriate approvals from its shareholders; (v) AGT having received appropriate approvals from its shareholders; (vi) the completion of the Offering for gross proceeds of USD\$300,000; (vii) the completion of a National Instrument 43-101 *Standards of Disclosure for Mineral Projects* compliant technical report in respect of the Dodangaslanda Properties; (viii) the Audrey Options having been adjusted to be exercisable into 1,333,333 Resulting Issuer Shares at an exercise price of \$0.15 per adjusted Audrey Option; (ix) the Audrey Warrants having been adjusted to be exercisable into 333,333 Resulting Issuer Shares at an exercise price of \$0.15 per adjusted Audrey Warrant.

The Resulting Issuer

Upon completion of the Proposed Transaction, the Resulting Issuer is expected to change its name to "Applied Graphite Technologies Corporation" or such other name as determined by AGT. It is expected that the Resulting Issuer will be a Tier 2 Mining Issuer under the policies of the TSXV.

Concurrently with the completion of the Proposed Transaction, it is expected that all directors and officers of the Corporation will resign, and be replaced by nominees put forth by AGT. The directors of the Resulting Issuer are anticipated to be Don Baxter, Ian Harris, Rodney Stevens, James Ruane and Chaanaka Abeyratne. These directors shall hold office until the first annual meeting of the shareholders of the Resulting Issuer following closing, or until their successors are duly appointed or elected. The officers of the Resulting Issuer are anticipated to be Don Baxter, as Chief Executive Officer, Sunil Sharma as Chief Financial Officer and Melissa Martensen as Corporate Secretary.

About Audrey

Audrey is a CPC governed by the policies of the TSXV. Audrey's principal business is the identification and evaluation of assets or businesses with a view to complete a Qualifying Transaction. Investors are cautioned that trading in the securities of a CPC should be considered highly speculative.

Cautionary Note

As noted above, completion of the Proposed Transaction and the Offering are subject to a number of conditions, including but not limited to, receipt of all requisite regulatory, stock exchange, court or

governmental approvals, authorizations and consents and approval of the shareholders of the Corporation and AGT (as applicable). Where applicable, the Proposed Transaction and Offering cannot close until the required approvals have been obtained. There can be no assurance that the Proposed Transaction or Offering will be completed as proposed or at all.

Investors are cautioned that, except as disclosed in the continuous disclosure document containing full, true and plain disclosure regarding the Proposed Transaction, required to be filed with the securities regulatory authorities having jurisdiction over the affairs of the Corporation, any information released or received with respect to the Proposed Transaction may not be accurate or complete and should not be relied upon. The trading in the securities of the Corporation on the TSXV should be considered highly speculative.

Trading in the common shares of the Corporation is presently halted and is expected to remain halted pending closing of the Proposed Transaction. While halted, the common shares of the Corporation may only trade upon TSXV approval and the filing of required materials with the TSXV as contemplated by TSXV policy.

Forward-Looking Information

Although the Corporation believes, in light of the experience of its officers and directors, current conditions and expected future developments and other factors that have been considered appropriate that the expectations reflected in this forward-looking information are reasonable, undue reliance should not be placed on them because the Corporation can give no assurance that they will prove to be correct. When used in this Report, the words "estimate", "project", "belief", "anticipate", "intend", "expect", "plan", "predict", "may" or "should" and the negative of these words or such variations thereon or comparable terminology are intended to identify forward-looking statements and information. The forward-looking statements and information in this Report include information relating to: the business plans of the Corporation and AGT, the completion of the Proposed Transaction (including TSXV approval of the Proposed Transaction), the completion of the Consolidation, the name of the Resulting Issuer upon completion of the Proposed Transaction, the board of directors and management of the Resulting Issuer upon completion of the Proposed Transaction, the completion and amount of the Offering, the requirements for shareholder approval by the shareholders of the Corporation and AGT, and the preparation of a technical report for Dodangaslanda Properties, and the listing of Resulting Issuer Shares on the TSXV. Such statements and information reflect the current view of the Corporation and/or AGT, respectively. Risks and uncertainties that may cause actual results to differ materially from those contemplated in those forward-looking statements and information.

Forward-looking information in this Report are based on certain assumptions and expected future events, namely: the Corporation and AGT's ability to continue as a going concern, continued approval of the Corporation's and AGT's activities by the relevant governmental and/or regulatory authorities, the continued growth of AGT, and the ability of the Corporation and AGT to fulfil the listing requirements of the TSXV.

By their nature, forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause actual results, performance or achievements to differ materially from those expressed or implied by such statements, including but not limited to: the potential inability of the Corporation and AGT to continue as a going concerns, risks associated with potential governmental and/or regulatory action with respect to the Corporation's and AGT's operations, respectively, the potential unviability of the business plans of the Corporation and AGT, respectively, AGT's expectation on the growth and performance of its acquisitions may prove incorrect, failure to complete the Proposed Transaction (including the inability of the Corporation and AGT to obtain TSXV approval of the Proposed Transaction),

failure to complete the Consolidation, the inability of the Corporation and AGT to appoint members of the board of directors and management of the Resulting Issuer upon completion of the Proposed Transaction, the potential inability to complete the Offering on the terms outlined herein, and the potential inability to complete a technical report for the Dodangaslanda Properties, and the inability of the Resulting Issuer to list its shares on the TSXV. Such statements and information reflect the current view of the Corporation and/or AGT, respectively. Risks and uncertainties that may cause actual results to differ materially from those contemplated in those forward-looking statements and information. The forward-looking information contained in this Report represents the expectations of the Corporation as of the date of this Report and, accordingly, is subject to change after such date. Readers should not place undue importance on forward-looking information and should not rely upon this information as of any other date. The Corporation does not undertake to update this information at any particular time except as required in accordance with applicable laws.

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 executive officer of the Corporation is knowledgeable about the material change and this Report:

Ian Slater, CEO
Telephone: (604) 638-2545
Email: slater@slater.group

ITEM 9 – DATE OF REPORT

This Material Change Report is dated as of June 30, 2023