

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

**Item 1: Name and Address of Company**

1319732 B.C. Ltd (the “Company”)  
1 Adelaide Street East Suite 801  
Toronto, Ontario M5C 2V9

**Item 2: Date of Material Change**

August 26, 2022.

**Item 3: News Release**

A news release was issued by the Company via EIN Presswire on August 26 2022 and filed on SEDAR at [www.sedar.com](http://www.sedar.com).

**Item 4: Summary of Material Change**

See Item 5.1 below.

**Item 5.1: Full Description of Material Change**

The Company completed a split of the Company’s 36 common shares issued and outstanding on a 67,788:1 basis such that the Company has, immediately after the split but prior to the completion of the Offering (as defined below) 2,440,368 common shares issued and outstanding on a post-split basis (each post-split common share, a “**Common Share**”).

The Company also completed a private placement offering for aggregate gross proceeds of \$136,928 and issued an aggregate of 1,309,638 Common Shares (the “**Offering**”). No finder’s fees were paid in connection with the Offering. The Company intends to use the proceeds of the Offering for the settlement of debt and general working capital purposes.

Two insiders of the Company participated in the Offering and accordingly, it is deemed to be a “related party transaction” as defined under Part 5 of Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions (“**MI 61-101**”). The below sections contain the applicable portions of the disclosure required by MI 61-101.

**(a) Description of the transaction and its material terms:**

The Company completed a private placement offering for aggregate gross proceeds of \$136,928 and issued an aggregate of 1,309,638 Common Shares.

**(b) Purpose and business reasons for the transaction:**

The Offering was completed to raise funds.

**(c) Anticipated effect of the transaction on the Corporation’s business and affairs:**

Not Applicable.

**(d) A description of:**

- i. the interest in the transaction of every interested party and of the related parties and associated entities of the interested parties:**

In connection with the Offering, 2674049 Ontario Inc. ("**267 Ontario**") of Toronto, Ontario, and 1000294101 Ontario Inc. ("**101 Ontario**"), of Toronto, Ontario, each acquired 625,000 Common Shares, each at a price of \$0.10 per share.

- ii. the anticipated effect of the transaction on the percentage of securities of the Company, or of an affiliated entity of the Company, beneficially owned or controlled by each person or company referred to in subparagraph (i) for which there would be a material change in that percentage:**

Following the completion of the Offering, 267 Ontario holds and beneficially owns, or exercises control or direction over 625,000 Common Shares, representing 16.67% of the issued and outstanding Common Shares on a non-diluted basis and 101 Ontario holds and beneficially owns, or exercises control or direction over 625,000 Common Shares, representing 16.67% of the issued and outstanding Common Shares on a non-diluted basis.

- (e) Unless this information will be included in another disclosure document for the transaction, a discussion of the review and approval process adopted by the board of directors and the special committee, if any, of the Company for the transaction, including a discussion of any materially contrary view or abstention by a director and any material disagreement between the board and the special committee:**

The Offering was approved by the directors of the Company through a resolution passed on August 25, 2022.

- (f) A summary in accordance with section 6.5 of MI 61-101, of the formal valuation, if any, obtained for the transaction, unless the formal valuation is included in its entirety in the material change report or will be included in its entirety in another disclosure document for the transaction:**

Not applicable.

- (g) Disclosure, in accordance with section 6.8 of MI 61-101, of every prior valuation in respect of the Company that relates to the subject matter of or is otherwise relevant to the transaction:**

- i. that has been made in the 24 months before the date of the material change report:**

Not applicable.

- ii. the existence of which is known, after reasonable enquiry, to the Company or to any director or officer of the Company:**

Not applicable.

- (h) The general nature and material terms of any agreement entered into by the Company, or a**

**related party of the Company, with an interested party or a joint actor with an interested party, in connection with the transaction:**

The Company entered into subscription agreements with each insider dated August 25, 2022.

- (i) Disclosure of the formal valuation and minority approval exemptions, if any, on which the Company is relying under sections 5.5 and 5.7 of MI 61-101 respectively, and the facts supporting reliance on the exemptions:**

The Offering is exempt from the formal valuation and minority shareholder approval requirements of MI 61-101 (pursuant to subsection 5.5(b) and 5.7(1)(b)) as the Company is not listed on the markets specified in MI 61-101 and neither the fair market value of the common shares distributed to, nor the consideration received from interested parties exceeded \$2,500,000. The Company did not file a material change report more than 21 days before the expected closing of the Offering because the details of the participation therein by related parties of the Company were not settled until shortly prior to closing of the Offering and the Company wished to close on an expedited basis for business reasons.

Prior to the completion of the Offering, each of Shimcity Inc. (“**Shimcity**”) and 2657456 Ontario Inc. (“**265 Ontario**”) and together, the “**Transferors**”), of Toronto, Ontario, transferred 610,090 Common Shares to 2578218 Ontario (“**218 Ontario**”) at an aggregate purchase price of \$0.50, in a private transaction (the “**Share Transfer**”). In connection with the Share Transfer, the Transferors entered into separate options agreement (the “**Agreements**”) with 218 Ontario pursuant to which the Transferors may repurchase the Common Shares transferred at a price equal to the purchase price, at a later date and subject to certain conditions. Under the Agreements, 218 Ontario also assigned voting rights applicable to the Common Shares to the Transferors.

Prior to the completion of the Share Transfer, each of Shimcity and 265 Ontario held and beneficially owned, or exercised control or direction over 1,220,184 Common Shares, representing 50.00% of the issued and outstanding Common Shares on a non-diluted basis and 218 Ontario held and beneficially owned, or exercised control or direction over no Common Shares. After giving effect to the Share Transfer and prior to the completion of the Offering, 218 Ontario held and beneficially owned, or exercised control or direction over 1,220,180 Common Shares, representing 50.00% of the issued and outstanding Common Shares on a non-diluted basis, and Shimcity and 265 Ontario each held and beneficially owned, or exercised control or direction over 610,094 Common Shares, representing 25.00% of the issued and outstanding Common Shares on a non-diluted basis.

Following the completion of the Offering:

- i. Shimcity holds and beneficially owns, or exercises control or direction over 610,094 Common Shares, representing 32.94% of the issued and outstanding Common Shares on a non-diluted basis;
- ii. 267 Ontario holds and beneficially owns, or exercises control or direction over 625,000 Common Shares, representing 16.67% of the issued and outstanding Common Shares on a non-diluted basis;
- iii. Shimcity together with 267 Ontario, its joint actor, and 218 Ontario holds and beneficially owns, or exercises control or direction over 1,845,184 Common Shares, representing 49.20% of the issued and outstanding Common Shares on a non-diluted basis;
- iv. 265 Ontario holds and beneficially owns, or exercises control or direction over 610,094 Common Shares, representing 16.27% of the issued and outstanding Common Shares on a non-diluted basis;
- v. 101 Ontario holds and beneficially owns, or exercises control or direction over 625,000 Common Shares, representing 16.67% of the issued and outstanding Common Shares on a non-diluted basis; and

- vi. 265 Ontario together with 101 Ontario, its joint actor, and 218 Ontario holds and beneficially owns, or exercises control or direction over 1,845,184 Common Shares, representing 49.20% of the issued and outstanding Common Shares on a non-diluted basis.

The Company has been advised that each of Shimcity, 267 Ontario, 265 Ontario, 101 Ontario and 218 Ontario (collectively, the “**Reporters**”) hold their Common Shares as part of a strategic investment in the Company. The Reporters intend to review their holdings in the Company on a continuing basis and may purchase or sell Common Shares in the future, either on the open market or in private transactions, in each case, depending on a number of factors. The Reporters may formulate other purposes, plans or proposals regarding the Company or any of its securities or may change its intention with respect to any and all matters. The Reporters, in consultation with the Company, may also propose or seek to effect certain corporate transactions involving the Company.

The Share Transfer was conducted in reliance on the “private agreement exemption” in section 4.2 of National Instrument 62-104 – Take-Over Bids and Issuer Bids (“NI 62-104”) and as a result was exempt from the take-over bid requirements in Part 2 of NI 62-104. The Common Shares purchased under the Share Transfer were purchased from not more than five sellers and at a price less than 115% of the market price of the Common Shares, in each case as calculated in accordance with NI 62-104.

**Item 5.2 Disclosure for Restructuring Transactions**

Not applicable.

**Item 6: Reliance on subsection 7.1(2) of National Instrument 51-102 (Confidentiality)**

Not applicable.

**Item 7: Omitted Information**

No information has been omitted on the basis that it is confidential information.

**Item 8: Executive Officer**

For additional information with respect to this material change, the following person may be contacted:

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Chief Executive Officer & Director  
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**Item 9: Date of Report**

August 31, 2022.