

Form 51-102F3
MATERIAL CHANGE REPORT

Item 1. Name and Address of Company

Plurilock Security Inc. (formerly, Libby K Industries Inc.) (“**Libby K**” or the “**Company**”)
#330 - 703 Fort Street
Victoria, BC V8W 1H2

Item 2. Date of Material Change

September 17, 2020.

Item 3. News Release

News Release dated September 17, 2020 was disseminated via Stockwatch and filed on SEDAR on September 17, 2020.

Item 4. Summary of Material Change

The Company has completed its previously announced qualifying transaction and acquired of the issued and outstanding common shares of Plurilock Security Solutions Inc.

Item 5. Full Description of Material Change

5.1 Full Description of Material Change

The Company announced that, further to its news releases dated June 23 and August 24, 2020, it has closed its previously announced qualifying transaction (the “**Transaction**”) and changed its name to “Plurilock Security Inc.”. Also in connection with the Transaction, the Company completed a consolidation of its common shares (the “**Shares**”) on a 2:1 basis (the “**Consolidation**”).

The Shares are expected to resume trading on the TSX Venture Exchange (the “**TSX-V**”) as a Tier 2 Technology Issuer under the ticker symbol “PLUR” on or about September 24, 2020, subject to the TSX-V issuing its final exchange bulletin confirming completion of the Transaction and its approval thereof.

The Transaction was effected pursuant to a three-cornered amalgamation whereby the Company’s wholly- owned subsidiary amalgamated with Plurilock Security Solutions Inc. (“**Plurilock**”) under the *Business Corporations Act* (British Columbia) and Plurilock became a wholly-owned subsidiary of the Company.

The Concurrent Financings

In connection with the Transaction, the Company and Plurilock have completed concurrent brokered private placements (together, the “**Concurrent Financings**”) for aggregate proceeds of \$2.6 million. As disclosed in the Company’s filing statement (the “**Filing Statement**”), the Concurrent Financings were conducted in two components:

- (a) by the Company, for retail investors who subscribed under the prospectus exemption pursuant to BC Instrument 45-536 (the “**Libby K Brokered Component**”); and
- (b) by Plurilock, for investors who subscribed under all other prospectus exemptions (the “**Plurilock Brokered Component**”).

The Libby K Brokered Component was comprised of 1,262,000 units (each, a “**Unit**”) of the Company at a price of \$0.30 per Unit, for aggregate gross proceeds of \$378,600. Each Unit is comprised of one Share and one-half of a warrant (each whole such warrant, a “**Warrant**”) and each Warrant is exercisable for one Share at an exercise price of \$0.40 until September 17, 2022, all on a post-Consolidation basis. The Shares and Warrants issued under the Libby K Brokered Component, as well as any shares issued upon exercise of such Warrants, are subject to a hold period and may not be traded until January 18, 2021 except as permitted by applicable securities legislation and the rules and policies of the TSX-V.

The Plurilock Brokered Component was comprised of 7,416,162 subscription receipts of Plurilock (the “**Subscription Receipts**”) at a price of \$0.30 per Subscription Receipt, for aggregate gross proceeds of \$2,224,848.60. Pursuant to the terms of the Transaction (and after giving effect to the Consolidation), each Subscription Receipt was effectively converted into one Unit for a total of 7,416,162 Units.

PI Financial Corp. (“**PI Financial**”) (as lead agent) and Industrial Alliance Securities Inc. (together with PI Financial, the “**Agents**”) acted as agents for the Concurrent Financings. As consideration for certain services provided in connection with the Concurrent Financings, the Agents and members of the selling group, received an aggregate of \$186,675.94 in cash and 622,252 compensation warrants (the “**Compensation Warrants**”). Each Compensation Warrant is exercisable for one Share at an exercise price of \$0.30 until September 17, 2022. In addition, Plurilock issued to PI Financial 200,000 common shares of Plurilock (the “**Corporate Finance Shares**”) as consideration for corporate finance advisory services. The Corporate Finance Shares were exchanged for 200,000 Shares upon completion of the Transaction. The Compensation Warrants and any Shares issued upon exercise of the Compensation Warrants are subject to a hold period and may not be traded until January 18, 2021 except as permitted by applicable securities legislation and the rules and policies of the TSX-V.

No other finder’s fees were payable in connection with the Concurrent Financings.

The Transaction

In accordance with the terms of the amalgamation agreement dated June 23, 2020, as amended (the “**Amalgamation Agreement**”) with Plurilock and a wholly-owned subsidiary of Libby K, and immediately before completion of the Share Exchange (as defined below): (a) all of the in-the-money stock options and warrants of Plurilock were deemed to be exercised into 900,524 Plurilock common shares (“**Plurilock Shares**”) on a cashless basis; and (b) each outstanding Plurilock preferred share (each, a “**Preferred Share**”) was cancelled and converted into 2,514,692 Plurilock Shares.

After completion of such transactions, and before the Share Exchange and the completion of the Plurilock Brokered Component, there were an aggregate of 27,515,637 Plurilock Shares issued and outstanding. All stock options of the Plurilock Brokered Components that were not in-the-money were cancelled.

The amalgamated entity formed pursuant to the Amalgamation is now a wholly-owned subsidiary of Libby K (the “**Resulting Issuer**”) and the outstanding securities of Plurilock were exchanged for securities of the Resulting Issuer immediately before the completion of the Transaction (the “**Share Exchange**”), as follows:

- (a) each outstanding Plurilock Share held by certain shareholders that formed the founder trust distribution in 2020 (the “**1.655 Exchange Ratio Plurilock Holders**”) were exchanged for 1.655 shares of the Resulting Issuer on a post-Consolidation basis (each, a “**Resulting Issuer Share**”);
- (b) all securities issued pursuant to Plurilock’s bridge financings were exchanged for one Resulting Issuer Unit (as defined below), at a discounted price of \$0.225 per Unit, for an aggregate of 6,879,992 Units; and
- (c) each outstanding Plurilock Share that: (i) is not held by 1.655 Exchange Ratio Plurilock Holders; and (ii) does not comprise a portion of the Bridge Units, was exchanged for 0.8152 Resulting Issuer Shares.

After the Share Exchange, each outstanding Plurilock Share was exchanged for one Resulting Issuer Share.

Outstanding Share Capital and Escrow

As a result of the Transaction, there are an aggregate of 45,055,790 Resulting Issuer Shares issued and outstanding, of which the previous shareholders of Libby K hold approximately 12.2%; the purchasers under the Concurrent Financings hold approximately 19.7%; the purchasers under the bridge financings hold approximately 15.3% and the former shareholders of Plurilock hold approximately 52.8%, respectively.

Plurilock shareholders, representing an aggregate of 14,932,573 Resulting Issuer Shares post-Transaction, have entered into contractual lock-up agreements, an aggregate of 2,986,838 Resulting Issuer Shares and 123,610 Resulting Issuer Warrants are subject to Tier 2 Surplus Escrow Agreements, an aggregate of 5,070,614 Resulting Issuer Shares are subject to

Tier 2 Value Escrow Agreements and the 1,262,000 Units issued in the Libby K Brokered Component are subject to a four month hold, pursuant to BC Instrument 45-536.

New Board and Management

Upon completion of the Transaction, all directors and officers of Libby K, other than Robert Kiesman, have resigned and were replaced by the following nominees of Plurilock: (a) Ian Paterson – CEO and director; (b) Barry Carlson – Director; (c) Ed Hammersla – Director; (d) Admiral Mike McConnell – Director; (e) Roland Sartorius – CFO & Corporate Secretary; and (f) Jord Tanner – CTO. Robert Kiesman will remain as a director and chair of the board.

Change of Auditor and Year End

In connection with the closing of the Transaction, the Resulting Issuer's newly appointed board of directors approved the appointment of Deloitte LLP as auditor of the Resulting Issuer and accepted the resignation of Smythe LLP. Smythe LLP resigned as auditor at the Resulting Issuer's request and there were no reservations or modified opinions on any of the Company's financial statements since Smythe LLP was appointed auditor of the Company, nor, in the opinion of the Company, were there any "reportable events" as defined in National Instrument 51-102 Continuous Disclosure Obligations during such period. The newly appointed board also resolved to change the year end of the Resulting Issuer to coincide with that of Plurilock.

5.2 Disclosure for Restructuring Transactions

Not applicable.

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

The Transaction constitutes a restructuring transaction under applicable securities laws. The Company prepared a Filing Statement in respect of the Transaction dated as of August 20, 2020 (the "**Filing Statement**"). The Filing Statement is available under the Company's profile on SEDAR at www.sedar.com and is incorporated by reference herein.

Item 7. Omitted Information

None.

Item 8. Executive Officers

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

Roland Sartorius, Chief Financial Officer & Corporate Secretary
Telephone: 604-889-8476

Item 9. Date of Report

DATED at Vancouver, BC, this 24th day of September, 2020.