

Form 51-102F3
MATERIAL CHANGE REPORT

ITEM 1 Name and Address of Company

Yorkton Equity Group Inc.
3165 Manulife Place
10180-101 Street
Edmonton, AB T5J 3S4

ITEM 2 Date of Material Change

December 19, 2023

ITEM 3 News Release

News Release dated December 19, 2023 was issued and disseminated on December 19, 2023 through the services of The NewsWire and filed that same date on SEDAR+.

ITEM 4 Summary of Material Change

Yorkton Equity Group Inc. announced upsizing and closing of a private placement of convertible debentures for \$2,736,000, as previously announced on October 12, 2023, October 18, 2023 and November 27, 2023.

ITEM 5 Full Description of Material Change

Yorkton Equity Group Inc. (“Yorkton” or the “Company”) announced that due to strong investor demand, it had upsized and closed the final tranche of its non-brokered private placement, as previously announced on October 12th, 2023, October 18th, 2023 and November 27th, 2023 (the "Private Placement") of unsecured convertible debentures of the Company (the “Convertible Debentures”).

The Private Placement was increased to raise aggregate gross proceeds of up to \$2,736,000 through the sale of 2,736 Convertible Debentures. Upon closing of the Private Placement, Yorkton issued an aggregate of 2,736 Convertible Debentures, at an issue price of \$1,000 per Convertible Debenture, for gross proceeds of \$2,736,000.

Details of this Private Placement:

Each Convertible Debenture has an issue price of \$1,000 with an interest rate of eight percent (8%) per annum, payable annually to the Convertible Debenture holders only in cash no later than thirty (30) days from the anniversary date of the closing date of the Private Placement to the maturity date.

Each Convertible Debenture will mature on the date that is five (5) years from the date of issuance of the Convertible Debenture (the “Term”). The principal amount of each Convertible Debenture may, at the option of the Convertible Debenture holder, be convertible, in whole or in part during the Term, into common shares of the Company

("Common Shares") at a conversion price of \$0.20 per Common Share (the "Conversion"), after which such principal amount of the Convertible Debenture will be extinguished.

The Company, after a period of thirty-six (36) months following the date of closing, will have the right, but not the obligation, to redeem the principal amount and any unpaid interest of the Convertible Debenture, in cash, without penalty, at any time prior to the date of maturity by providing a thirty (30) calendar day notice period (the "Redemption Notice") to the Convertible Debenture holder by way of a written notice or a press release duly disseminated. Within ten (10) business days after receipt of the Redemption Notice, the Convertible Debenture holder, at its sole discretion, may request for a Conversion (of the principal amount only exclusive of any interest component which is payable in cash only) from the Company by the issuance of Common Shares. All rights to Conversion lapses ten (10) business days after receipt of the Redemption Notice.

The Convertible Debentures and any Common Shares issuable upon conversion are subject to a statutory hold period lasting four months and one day following the closing date.

The Company has used the proceeds from the initial tranche closing of the Private Placement for the closing of the acquisition of "The Fuse", a 125-unit condominium grade multi-family residential complex that was constructed in 2015 and is comprised of two buildings situated on approximately 2.67 acres of land located in the Summerside neighborhood with the municipal addresses of 2105 and 2109 68 Street SW, Edmonton, Alberta (previously announced on October 18th, 2023) and the Company intends to use the additional proceeds from the Private Placement for unallocated and general working capital.

In connection with the closing of the Private Placement, the Company paid fees of \$12,800 to Sentinel Financial Management Corp.

Pursuant to the Private Placement, Mr. Ben Lui acquired 2,000 Convertible Debentures in the initial tranche closing (as previously announced on October 18th, 2023) and 33 Convertible Debentures in the final tranche closing of the Private Placement, for an aggregate of 2,033 Convertible Debentures in the principal amount of \$2,033,000. The transactions are each considered to be a "related party transaction" pursuant to the policies of the TSX Venture Exchange and Multilateral Instrument 61-101, Protection of Minority Security Holders in Special Transactions ("MI 61-101") as Mr. Ben Lui is the CEO, director and majority shareholder of Yorkton. These transactions were exempt from the formal valuation and minority shareholder approval requirements of MI 61-101. In particular, the Company has determined that the exemption set out in paragraph (b) in section 5.5 of MI 61-101 is applicable since the Company is not listed on the Toronto Stock Exchange, but only on the TSX Venture Exchange. In addition, regarding the minority shareholder approval exemption, the independent directors have determined that the exemption set out in paragraphs (1)(b) in section 5.7 of MI 61-101 is applicable in that the distribution of the securities to Mr. Ben Lui has a fair market value of not more than \$2,500,000 and the Company is not listed on the Toronto Stock Exchange, but only on the TSX Venture Exchange.

The Company did not file a material change report in respect of these transactions 21 days in advance of the closing of the Private Placement because insider participation had

not been confirmed. The shorter period was necessary in order to permit the Company to close the Private Placement in a timeframe consistent with usual market practice for transactions of this nature.

ITEM 6 Reliance on Subsection 7.1(2) of National Instrument 51-102

None

ITEM 7 Omitted Information

Not Applicable

ITEM 8 Executive Officer

Ben Lui
Chief Executive Officer
Telephone: 780-409-8228 Ext 222

ITEM 9 Date of Report

December 29, 2023