

FORM 51-102F3

MATERIAL CHANGE REPORT

Item 1. Name and Address of Corporation

Enablence Technologies Inc.
390 March Road, Suite 119
Ottawa, Ontario K2K 0G7

Item 2. Date of Material Change

December 6, 2021

Item 3. News Release

A news release was disseminated by Enablence Technologies Inc. (the "**Company**" or "**Enablence**") on December 7, 2021 via CNW Group (Cission) announcing the material change described in this report and subsequently filed on SEDAR (www.sedar.com) under Enablence's issuer profile.

Item 4. Summary of Material Change

On December 6, 2021, Enablence completed its previously-announced recapitalization transaction (the "**Recapitalization Transaction**") following the closing of the shares-for debt settlements with certain unsecured creditors holding an aggregate of approximately C\$43.6 million of the total unsecured debt of the Company (the "**Shares-for-Debt Settlements**"). In settlement of such debt, an aggregate of 12,545,857 common shares of the Company ("**Common Shares**") and 1,577,841 common share purchase warrants of the Company ("**Warrants**") were issued pursuant to the Shares-for-Debt Settlements. Each Warrant entitles the holder thereof to purchase one Common Share at a price of C\$3.60 per Common Share for a period ending on December 6, 2024.

Item 5. Full Description of Material Change

5.1 *Full Description of Material Change*

On December 6, 2021, Enablence completed its previously-announced Recapitalization Transaction following the closing of the shares-for debt settlements with certain unsecured creditors holding an aggregate of approximately C\$43.6 million of the total unsecured debt of the Company. In settlement of such debt, an aggregate of 12,545,857 Common Shares and 1,577,841 Warrants were issued pursuant to the Shares-for-Debt Settlements. Each Warrant entitles the holder thereof to purchase one Common Share at a price of C\$3.60 per Common Share for a period ending on December 6, 2024.

The following information is provided in accordance with Section 5.2 of Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**").

a) A description of the transaction and its material terms:

The Company entered into debt settlement agreements with certain unsecured creditors who held an aggregate of approximately C\$43.6 million of unsecured debt of the Company. The debt was settled in exchange for the issuance of either (i) Common Shares, or (ii) Units, at the creditors' election and subject to the policies of the TSX Venture Exchange (the "**Exchange**"), based on the following Shares-for-Debt Settlement options:

- **Option 1** – Exchange of 100% of the debt owed in exchange for Common Shares at a deemed price of C\$0.025 per Common Share, being the closing price of the Common Shares on the Exchange as of August 20, 2021 (the "**Recap Price**")⁽¹⁾;
- **Option 2** – Exchange of 100% of the debt owed, at a discount of 20% to such amount owed, in exchange for units of the Company ("**Units**") at a deemed price equal to the Recap Price, whereby each Unit will entitle the holder thereof to receive one Common Share and one-fifth (1/5th) of one common share purchase warrant (the "**Warrants**"). Each full Warrant will entitle the holder thereof to purchase one Common Share at a price of \$0.03 per share for a period of 36 months following December 6, 2021.⁽²⁾

Notes:

- (1) The deemed price of C\$0.025 was adjusted to C\$3.00 after giving effect to the consolidation of the Common Shares of the Company, commencing on November 22, 2021, on the basis of 1 post-consolidation Common Shares for every 120 pre-consolidation Common Shares (the "**Consolidation**").
- (2) The exercise price per Warrant was adjusted to C\$3.60 after giving effect to the Consolidation.
- (3) Option 2 is not available to any "Non-Arm's Length Party" (as defined in the policies of the Exchange), as any such "Non-Arm's Length Party" is precluded from receiving Warrants under the policies of the Exchange.
- (4) For the purposes of the Recapitalization Transaction and unless otherwise noted, the Company has denoted all debt figures in Canadian dollars. The Company has fixed the exchange rate at US\$1.00 = C\$1.2694, being the average daily exchange rate quoted by the Bank of Canada for the five-day period ending on August 20, 2021.

The Common Shares and Warrants issued pursuant to the Shares-for-Debt Settlement are subject to a statutory hold period of four months and one day in accordance with applicable securities laws. In addition, the creditors participating in the Shares-for-Debt Settlements have agreed to a contractual hold period that will permit the release of the Common Shares and Warrants held by such creditors in 25% increments on the six-month, nine-month, twelve-month and fifteen-month anniversaries of December 6, 2021.

The Company has received conditional approval of the Exchange for the Shares-for-Debt Settlements and has applied to the Exchange for final approval thereof.

b) The purpose and business reasons for the transaction:

The conversion of the unsecured debt of the Company into Common Shares and Warrants eliminates the repayment obligation of such unsecured debt, thereby improving Enablence's balance sheet and near-term financial outlook.

c) The anticipated effect of the transaction on Enablence's business and affairs:

See "*The purpose and business reasons for the transaction*" above.

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:**

Each of Mr. Derek H. Burney, Mr. Louis De Jong, Mr. Dan Shmitt, and Mr. Craig Mode is a "related party" of the Company pursuant to MI 61-101 (each, a "**Participating Insider**") and were unsecured creditors of the Company who were owed an aggregate of C\$1,305,336.72.

Each Participating Insider entered into debt settlement agreements with the Company along the same terms as the other secured creditors participating in the Shares-for-Debt Settlements, and an aggregate of 435,110 Common Shares were issued to the Participating Insiders pursuant to the Shares-for-Debt Settlements.

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

A table disclosing the anticipated effect of the transaction on the percentage of securities of Enableness held by each Participating Insider is described in Appendix "A".

- e) **A discussion of the review and approval process adopted by the board of directors and the special committee, if any, of Enableness 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:**

Please see the Company's material change report dated September 2, 2021 and the Company's management information circular dated September 21, 2021 (the "**Circular**") under the section "*Interests of Informed Persons in Material Transactions*" for a discussion of the review and approval process adopted by the board of the Company in connection with the Shares-for-Debt Settlements.

- 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 issuer 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 Enableness or to any director or officer of Enableness:**

Not applicable.

- h) **The general nature and material terms of any agreement entered into by Enableness, or a related party of Enableness, with an interested party or a joint actor with an interested party, in connection with the transaction:**

The Company entered into a debt settlement agreement with each Participating Insider along the same terms as the other secured creditors participating in Shares-for-Debt Settlements as more particularly described in the Circular under the section "*Related Party Implications of the Shares-for-Debt Settlement*".

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

Each Shares-for-Debt Settlement with a Participating Insider is a "related party transaction" for the purposes of MI 61-101.

The Company is exempt from the formal valuation requirements of Section 5.4(1) of MI 61-101 for a related party transaction in reliance on the exemption in Section 5.5(b) of MI 61-101 as no securities of the Company are listed on the markets specified therein. The Company is also exempt from the minority approval requirement in Section 5.6 for a related party transaction in reliance on the exemption in Section 5.7(1)(b), notwithstanding that the Company obtained minority approval of each Shares-for-Debt Settlement with a Participating Insider in accordance with MI 61-101 at the Company's annual and special meeting of shareholders held on October 26, 2021.

5.2 Disclosure of Restructuring Transactions

N/A

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

Not applicable.

Item 7. Omitted Information

None.

Item 8. Executive Officer

Craig Mode
Co-Chief Executive Officer and Chief Financial Officer
Enablence Technologies Inc.
390 March Road, Suite 119
Ottawa, Ontario K2K 0G7

Telephone: (613) 656-2850

Item 9. Date of Report

December 14, 2021

Note Regarding Forward-Looking Information and Other Advisories

This material change report contains forward-looking statements regarding the Company based on current expectations and assumptions of management, which involve known and unknown risks and uncertainties associated with our business and the economic environment in which the business operates. All such statements are forward-looking statements under applicable Canadian securities legislation. Any statements contained herein that are not statements of historical facts may be deemed to be forward-looking statements. In particular, this news release contains forward-looking statements pertaining to the ability of the Company to obtain regulatory (including the

Exchange); the use of funds made available as a result of the Recapitalization Transaction and the Shares-for-Debt Settlements; and the reduction in the debt burden. By their nature, forward-looking statements require us to make assumptions. Assumptions are based in part on the future capital expenditure levels, and the ability to secure regulatory approval. These statements are based on current expectations that involve several risks and uncertainties which could cause actual results to differ from those anticipated. These risks include, but are not limited to, risks relating to the rationale for, and anticipated benefits of, the Recapitalization Transaction; the improved balance sheet and financial flexibility of the Company; the liquidity of the Common Shares; and effects on the economies and financial markets of countries in which the Company operates; and the ability of the Company to successfully implement its business continuity plans. Although the Company believes that the expectations reflected in the forward-looking statements contained in this material change report, and the assumptions on which such forward-looking statements are made, are reasonable, there can be no assurance that such expectations will prove to be correct. We caution our readers of this material change report not to place undue reliance on our forward-looking statements as a number of factors could cause actual results or conditions to differ materially from current expectations. Additional information on these and other factors that could affect the Company's operations are set forth in the Company's continuous disclosure documents that can be found on SEDAR (www.sedar.com) under Enablence's issuer profile. Enablence does not intend, and disclaims any obligation, except as required by law, to update or revise any forward-looking statements whether as a result of new information, future events or otherwise.

APPENDIX "A"
EFFECT OF SHARES-FOR-DEBT SETTLEMENT ON SECURITIES HELD BY PARTICIPATING INSIDERS

Insider	Insider Relationship	PRIOR TO GIVING EFFECT TO SHARES-FOR-DEBT SETTLEMENT					AFTER GIVING EFFECT TO SHARES-FOR-DEBT SETTLEMENT ⁽¹⁾				
		Common Shares	Options	Debt	Holdings on Basic Basis	Holdings on Partially-Diluted Basis	Common Shares	Options	Debt	Holdings on Basic Basis	Holdings on Partially-Diluted Basis
		(#)	(#)	(\$)	(%)	(%)	(#)	(#)	(\$)	(%)	(%)
Mr. Derek H. Burney	Director of Enablece	0	0	\$355,972.60	0.0%	0.0%	118,657	0	\$0	0.7%	0.7%
Mr. Louis De Jong	Director of Enablece	6,000,000	2,025,000	\$412,273.97	0.9%	1.2%	187,424	16,875	\$0	1.0%	1.1%
Mr. Dan Shmitt	Director of Enablece	0	0	\$465,534.25	0.0%	0.0%	155,178	0	\$0	0.9%	0.9%
Mr. Craig Mode	Officer of Enablece	0	0	\$71,555.90	0.0%	0.0%	23,851	0	\$0	0.1%	0.1%
TOTAL		6,000,000	2,025,000	\$1,305,336.72	0.9%	1.2%	485,110	16,875	\$0	2.7%	2.8%

Note:

- (1) After giving effect to the Consolidation.