

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

Item 1. Name and Address of Company

Banxa Holdings Inc. (the “**Company**”)
15th Floor, 1111 West Hastings Street
Vancouver, BC V6E 2J3

Item 2. Date of Material Change

December 19, 2024

Item 3. News Release

A news release was disseminated through Globe Newswire on December 19, 2024, and subsequently filed under the Company’s profile on SEDAR+.

Item 4. Summary of Material Change

On December 19, 2024, the Company announced that it entered into an arrangement agreement (as subsequently amended on December 30, 2024, the “**Arrangement Agreement**”) with 1493819 B.C. Ltd. (the “**Purchaser**”), a private company existing under the laws of British Columbia, pursuant to which the Purchaser agreed to acquire all of the issued and outstanding common shares in the capital of the Company (the “**Shares**”), other than those Shares held by shareholders comprised of certain directors and executive officers of the Company as well as other persons (such shareholders, collectively, the “**Continuing Shareholders**”), for cash consideration of C\$1.00 per Share (the “**Consideration**”) (collectively, the “**Transaction**”).

Item 5. Full Description of Material Change

5.1 Full Description of Material Change

The Company announced that it entered into an Arrangement Agreement with the Purchaser, pursuant to which the Purchaser agreed to acquire all of the Shares of the Company, other than those Shares held by the Continuing Shareholders for the Consideration. As of December 19, 2024, the Continuing Shareholders, collectively, beneficially owned or controlled an aggregate of 26,407,990 Shares (representing approximately 50% of the issued and outstanding Shares on a non-diluted basis).

The Transaction is to be effected by way of a court-approved plan of arrangement (the “**Plan of Arrangement**”) under the *Business Corporations Act* (British Columbia) and is expected to close in the first quarter of 2025, subject to shareholder, court and regulatory approvals and other closing conditions customary to transactions of this nature. Completion of the Transaction is not subject to any financing condition.

The Arrangement Agreement includes a go-shop period extending until January 31, 2025 (the “**Go-Shop Period**”), during which time the Company and its financial advisor will, subject to the requirements and limitations set forth in the Arrangement Agreement, be permitted to actively solicit, evaluate and enter into negotiations with third parties that express an interest in acquiring the Company with a view to obtaining a potential superior proposal. The special committee (the “**Special Committee**”) of the board of directors of the Company (the “**Board**”) has retained Architect Partners, LLC as its financial advisor to assist in evaluating potential superior proposals during the Go-Shop Period. Pursuant to the terms of the Arrangement Agreement, the Special Committee will consider bona fide acquisition proposals from qualified third parties that may constitute a superior proposal. Interested parties are invited to direct inquiries to Ryan McCulloch at Architect Partners, LLC via e-mail at ryan@architectpartners.com.

Following the expiry of the Go-Shop Period, the Company will be subject to customary non-solicitation covenants with standard “fiduciary out” provisions that entitle the Special Committee and the Board to consider and, subject to certain conditions, accept a superior proposal if the Purchaser does not match such superior proposal. If the Arrangement Agreement is terminated under certain circumstances, including circumstances in which the Company terminates the Arrangement Agreement to accept a superior proposal prior to approval of the Transaction by shareholders, the Company is required to pay to the Purchaser a termination fee equal to: (a) C\$911,741, if the Arrangement Agreement is terminated due to a Go-Shop Fee Event (as defined in the Arrangement Agreement); and (b) C\$1,823,482, if the Arrangement Agreement is terminated in certain other circumstances. There can be no assurance that a superior proposal will be made as a result of the go-shop process or otherwise, and the Company does not intend to disclose developments with respect to the go-shop process or any interest received by third parties during the Go-Shop Period, unless and until the Special Committee and the Board make a determination requiring further disclosure.

A special meeting of the shareholders of the Company and the holders of share purchase warrants and stock options of the Company (collectively, the “**Affected Securityholders**”) to consider and, if deemed advisable, approve the Transaction (the “**Meeting**”) is expected to be held in February 2025. In order to be approved by holders of Shares at the Meeting, the Transaction will require the approval of: (a) at least two-thirds (66⅔%) of the votes cast at the Meeting in person or by proxy by holders of Shares; (b) at least two-thirds (66⅔%) of the votes cast at the Meeting in person or by proxy by the Affected Securityholders, voting together as members of a single class; and (c) a simple majority of the votes cast at the Meeting in person or by proxy by holders of Shares (other than Shares required to be excluded under MI 61-101 and the applicable rules and policies of the TSXV).

Pursuant to the Transaction:

- (a) each holder of an “in-the-money” stock option of the Company (a “**Company Option**”) that is outstanding immediately prior to the completion of the Transaction will be entitled to receive a cash payment equal to the positive difference (if any) between the Consideration and the exercise price of such Company Option;
- (b) each “out-of-the-money” Company Option outstanding immediately prior to the completion of Transaction will be cancelled without any payment therefor;
- (c) each non-Continuing Shareholder that is a holder of an “in-the-money” share purchase warrant of the Company (a “**Company Warrant**”) that is outstanding immediately prior to the completion of Transaction will be entitled to receive a cash payment equal to the positive difference (if any) between the Consideration and the exercise price of such Company Warrant;
- (d) each “out-of-the-money” Company Warrant outstanding immediately prior to the completion of Transaction that is held by a non-Continuing Shareholder will be cancelled without any payment therefor;
- (e) each Company Warrant outstanding immediately prior to the completion of Transaction that is held by a Continuing Shareholder will be entitled to receive, upon the exercise of such Company Warrant following the completion of the Transaction, for the same aggregate consideration, in lieu of the number of Shares to which such holder was theretofore entitled upon the exercise of such Company Warrant, the kind and aggregate number of shares of the Purchaser to be set out in the Plan of Arrangement; and
- (f) each of the convertible notes of the Company (the “**Company Notes**”) outstanding immediately prior to the completion of the Transaction will be surrendered by such holder to the Company in accordance with their terms in consideration for either: (i) a cash payment from the Company upon closing of the Transaction equal to the aggregate principal amount of such Company Notes, together with the accrued and unpaid interest thereon; or (ii) in the sole discretion of the holder of Company Notes, the conversion into Shares immediately prior to the completion of the Transaction of the aggregate principal amount of such Company Notes, together with the accrued and unpaid interest thereon, at

the applicable conversion price thereon, such Shares then to be cashed out upon the closing of the Transaction for the Consideration.

Additional details regarding the Transaction, the background to the Transaction, the reasons for the Board and Special Committee's recommendations of the Transaction, and how securityholders of the Company can participate in and vote at the Meeting, will be set out in the Company's management information circular and other proxy-related materials to be prepared, filed and sent to the securityholders of the Company in connection with the Meeting. Copies of the Arrangement Agreement and the management information circular for the Meeting will be filed with Canadian securities regulators and will be made available on the SEDAR+ profile of the Company at <http://www.sedarplus.ca/> www.sedarplus.ca. Securityholders of the Company are urged to read those and other relevant materials when they become available. Upon closing of the Transaction, the Purchaser intends to cause the Shares to be delisted from the TSXV and will submit an application to cease to be a reporting issuer under applicable Canadian securities laws.

Voting Support Agreements

In connection with the Transaction, the Continuing Shareholders and certain other shareholders, and all directors who hold Shares and certain officers of the Company, who hold, in aggregate, 24,181,439 Shares (representing approximately 53% of the issued and outstanding Shares (on a non-diluted basis)), have entered into voting support agreements with the Purchaser, providing for such shareholders to vote all Shares owned by them in favour of the Transaction.

5.2 Disclosure for Restructuring Transactions

Not applicable.

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

Not applicable.

Item 7. Omitted Information

There is no information of a material nature that has been omitted.

Item 8. Executive Officer

Zafer Qureshi
Executive Director and Co-Chief Executive Officer
+1 888-332-2692

Item 9. Date of Report

December 30, 2024

Cautionary Note Regarding Forward-Looking Information:

This material change report includes certain statements and information that may constitute forward-looking information within the meaning of applicable Canadian securities laws. Forward-looking statements relate to future events or future performance and reflect the expectations or beliefs of management of the Company regarding future events. Generally, forward-looking statements and information can be identified by the use of forward-looking terminology such as "intends" or "anticipates", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "should", "would" or "occur". This information and these statements, referred to herein as "forward-looking statements", are not historical facts, are made as of the date of this material change report and include without limitation, statements regarding discussions of future plans, estimates and forecasts and statements as to management's

expectations and intentions with respect to, among other things: the conditions required to be satisfied to complete the Transaction; the ability of the companies to complete the Transaction on terms announced; the intentions, plans and future actions of the companies participating in the transactions described herein and the board and management of the Company.

These forward-looking statements involve numerous risks and uncertainties and actual results might differ materially from results suggested in any forward-looking statements. These risks and uncertainties include, among other things: delays in obtaining or failure to obtain required regulatory approvals for the Transaction; the inability to satisfy the conditions required to complete the Transaction; the companies not being able to obtain third-party approvals; or the Arrangement Agreement being terminated.

In making the forward-looking statements in this material change report, the Company has applied several material assumptions, including without limitation, the successful completion of the Transaction (including receipt of all regulatory approvals, shareholder and third-party consents).

Although management of the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements or forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements and forward-looking information. Readers are cautioned that reliance on such information may not be appropriate for other purposes. The Company does not undertake to update any forward-looking statement, forward-looking information or financial outlook that are incorporated by reference herein, except in accordance with applicable securities laws. We seek safe harbor.