# FORM 51-102F3
# Material Change Report

## 1. Name and Address of Corporation:

Pathway Health Corp. (the "**Corporation**")
16 Four Seasons Place, Suite 203A
Etobicoke, Ontario
M9B 6E5

## 2. Date of Material Change(s):

May 27, 2022

## 3. News Release:

A news release relating to the material changes described herein was released on May 27, 2022 through the facilities of Canada Newswire.

## 4. Summary of Material Change:

On May 27, 2022, the Corporation issued a secured promissory grid note (the “**Bridge Note**”) to Avonlea-Drewry Holdings Inc. (the “**Lender**”) for available proceeds to the Corporation of up to Cdn.$1,000,000 (the “**Loan**”).

## 5. Full Description of Material Change:

### 5.1 Full Description of Material Change

On May 27, 2022, the Corporation issued the Bridge Note to the Lender. The Loan has a term of 90 days from the date of issuance (the “**Term**”), and is secured against all of the assets of the Corporation, pledges of the shares of the Corporation’s subsidiaries and is supported by a secured guarantee of the Corporation’s wholly-owned subsidiary, Pathway Health Services Corp. The Corporation may draw on the available proceeds of the Loan from time to time during the Term, and any amounts outstanding under the Bridge Note shall bear interest of 15% per annum, payable with any outstanding principal at the end of the Term.

The Loan contains certain other customary financial and other covenants, and will be used for general working capital purposes. The Bridge Note is intended to provide immediate capital to the Corporation while it seeks additional sources of capital, which may include the future issuance of other debt or equity securities, including, without limitation, a formal credit facility, whether with the Lender or otherwise, to meet the Corporation’s long term capital needs. The Bridge Note is not subject to any fees, and bonuses, including cash bonuses, future bonuses, or bonus of common shares in the capital of the Corporation.

**Insider Participation**

The Lender is a company of which Mr. Michael Steele, Chairman of the Corporation, and Ms. Alison Wright, a director of the Corporation, are directors, officers and shareholders (the "**Insider Subscription**"). The Insider Subscription is considered to be a "related party transaction" as defined under Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**"). The Corporation has relied on exemptions from the formal valuation and minority shareholder approval requirements contained in sections 5.5(a) and 5.7(1)(a) of MI 61-101 in respect of the Insider Subscription as the Corporation is not listed on certain specified markets and neither the fair market value of the subject matter of, nor the fair market value of the consideration for, the Insider Subscription, insofar as it involved related parties, exceeded 25% of the Corporation's market capitalization. The issuance of the Bridge Note will not have any effect on the percentage of securities of the Corporation beneficially owned or controlled by any insider of the Corporation. The Corporation did not file a material change report more than 21 days before issuing the Bridge Note as the details of the above mentioned Insider Subscription were not settled until shortly prior to closing, and the Corporation wished to close on an expedited basis.

The Loan was approved by the members of the board of directors of the Corporation who are independent for the purposes of the Loan, being all directors other Mr. Steele and Ms. Wright. No special committee was established in connection with the Bridge Note, and no materially contrary view or abstention was expressed or made by any director of the Corporation in relation thereto.

**5.2 Disclosure for Restructuring Transactions**

Not applicable.

**6. Reliance on Subsection 7.1(2) of National Instrument 51-102 *Continuous Disclosure Obligations*:**

Not applicable.

**7. Omitted Information:**

Not applicable.

**8. Executive Officer Knowledgeable of Material Change:**

Aura Balboa
Chief Financial Officer
Telephone: (647) 989-2872
Email: aura.balboa@pathwayhealth.ca

**9. Date of Report:**

May 30, 2022