Form 51-102F3
Material Change Report

1. Name and Address of Company

KWESST Micro Systems Inc. ("KWESST" or the "Company")
155 Terence Matthews Crescent, Unit #1
Kanata, ON, K2M 2A8

2. Date of Material Change

July 14, 2022

3. News Release

A news release disclosing the material change was released by KWESST through NewsFile Corp. on July 14, 2022, and a copy was subsequently filed under the Corporation's profile on SEDAR at www.sedar.com.

4. Summary of Material Change

KWESST announced that it completed a private placement, resulting in the issuance of 1,600,000 units ("**Units**") of KWESST, at a price of $0.215 per Unit, for aggregate gross proceeds of $344,000 (the "**Offering**").

5. Full Description of Material Change

5.1. Full Description of Material Change

Under the Offering, KWESST issued a total of 1,600,000 Units at a price of $0.215 per Unit. Each Unit is comprised of one common share of the Company (a "**Common Share**") and one-half Common Share purchase warrant ("**Warrant**"). Each Warrant is exercisable to acquire one Common Share (a "**Warrant Share**") at a price of $0.285 per Warrant Share for a period of 24 months from the closing of the Offering. There was no finder fee paid in this private placement.

As a result of the closing of the private placement, there are 53,759,640 Common Shares issued and outstanding.

Directors and officers of KWESST (the "**Insiders**") purchased 406,975 Units for a total consideration of $87,500. The issuance of Units to the Insiders constitutes a related party transaction but is exempt from the formal valuation and minority approval requirements of Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**") as KWESST's securities are not listed on any stock exchange identified in Section 5.5(b) of MI 61-101 and neither the fair market value of the units issued to the Insiders, nor the fair market value of the entire private placement, exceeds 25% of the Company's market capitalization. KWESST did not file a material change report with respect to the participation of the Insiders at least 21 days prior to the closing of the Offering as the insiders' participations were not determined at that time.

All securities issued in connection with the Offering are subject to a statutory hold period in Canada expiring four (4) months and one (1) day from the closing of the Offering. The Offering remains subject to final acceptance of the TSX Venture Exchange.

The securities described herein have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or any state securities laws, and accordingly, may not be offered or sold within the United States except in compliance with the registration requirements of the U.S. Securities Act and applicable state securities requirements or pursuant to exemptions therefrom. This press release does not constitute an offer to sell or a solicitation to buy any securities in any jurisdiction.

5.2. Disclosure for Restructuring Transactions

Not applicable

6. Reliance on subsection 7.1(2) or (3) of National Instrument 51-102

Not applicable

7. Omitted Information

Not applicable

8. Executive Officer

For further information, please contact Steve Archambault, Chief Financial Officer at (613) 319-0537 extension 116.

9. Date of Report

July 19, 2022