

**FORM 51-102F3**

**MATERIAL CHANGE REPORT**

**Item 1. Name and Address of Company**

*Carbon Friendly Solutions  
(the "Company")  
2500-555 West Hastings St.  
PO Box 12072  
Vancouver, BC  
V6B 4N5*

**Item 2. Date of Material Change**

*July 9, 2012*

**Item 3. News Release**

*A news release was issued on July 11<sup>th</sup>, 2012 and disseminated through the facilities of FSCWire.*

**Item 4. Summary of Material Change**

*Mr. Steve Sears and Mr. Larry Palmer have agreed to join the Company's Advisory Board and shall hold senior executive positions in its wholly owned subsidiary, MicroCoal International Inc. Effective July 9, 2012, the Company accepted the resignation of Mr. Ben Zion Livneh from the Company's board of directors.*

**Item 5. Full Description of Material Change**

*See attached Schedule "A".*

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

*This Report is not being filed on a confidential basis.*

**Item 7. Omitted Information**

*None.*

**Item 8. Executive Officer**

*Slawomir Smulewicz  
CEO and Director  
604.676-9792*

**Item 9. Date of Report**

*July 11<sup>th</sup>, 2012*

## SCHEDULE “A”



NR-12-10

# Leading International Coal Experts Join Carbon Friendly To Market MicroCoal Technology

**Vancouver, B.C., Canada – July 11, 2012 – Carbon Friendly Solutions Inc. (CNSX: CFQ)** (the “Company” or “Carbon Friendly”) is pleased to announce that Mr. Steve Sears and Mr. Larry Palmer have agreed to join Carbon Friendly’s Advisory Board and shall hold senior executive positions in its wholly owned subsidiary, MicroCoal International Inc. (“MCII”).

Effective immediately Mr. Steve Sears will become the CEO of MCII and Mr. Larry Palmer will be appointed as the Financial Director of MCII, a subsidiary of the Company, with a mandate to sell and deploy the MicroCoal Technology in America, China, and other countries.

Mr. Sears brings with him 31 years of knowledge and experience in the coal industry. He joined Massey Coal in 1981, eventually becoming Vice President Sales and Marketing of Massey Energy Company in 2008. He concurrently held senior level positions in several Massey subsidiaries. Mr. Sears has been an innovator throughout his tenure at Massey, responsible for significantly increasing revenues during his 25 year tenure. He also was a founder of Massey Industrial Sales Company and Coal Handling Solutions Inc., which eventually accounted for revenue in excess of \$250 MM/year. He also founded, and was President of Coalsolve LLC, which had technology to remove sulfur, mercury, and CO<sub>2</sub> from flue gas. He holds an MBA from Averett University and a B.S. in Business Administration from Virginia Commonwealth University.

Mr. Palmer has been in the coal industry since 1980, focused on financial, legal and tax aspects of coal transactions. He was Vice President of Taxation and Assistant Secretary of Massey Energy Company until 2011. In that role he was also responsible for major transactions in excess of \$100 MM. Massey was America’s fourth largest producer of coal in the US until May of 2011, when it was acquired by Apha Natural Resources. He served in a transitional position at Alpha until March of this year, assisting in the successful integration of Alpha with Massey. He is a Certified Management Accountant (CMA), and has an MBA from Indiana University of Pennsylvania.

Slawek Smulewicz, CEO and Director of the Company, states: "Steve is a uniquely talented individual who has the background, international contacts and reputation that will provide the Company with the capability to lead MCII as it begins selling and deploying MicroCoal at leading utilities. Larry has distinguished himself as a Vice President at one of the world’s largest coal producers and has a keen understanding of tax; that knowledge will be key, as we aggressively expand MicroCoal not only in the US but around the world."

Steve Sears states: "I am very pleased to be appointed as CEO of MicroCoal International and to the Company’s advisory board. I have known the MicroCoal and the Carbon Friendly team for a long time and have watched with keen interest as the team has achieved significant technical and engineering milestones. Carbon Friendly is ready to commercialize this technology, and I am excited to be a part of the global marketing roll-out."

Larry Palmer explains: "This is a timely technology for making coal more affordable and less polluting. A key element in successful international marketing and sales of MicroCoal is proper financing and tax planning. I look forward to helping MicroCoal achieve its objective to quickly deploy this technology at international utilities in the US and around the world."

Effective July 9, 2012, the Company accepted the resignation of Mr. Ben Zion Livneh from the Company's board of directors. The board of directors thanks Mr. Livneh for his service to the Company. Following the resignation, the board is comprised of Messrs. Slawek Smulewicz, Stan Lis, William P.C. Hudson and Ian Hume.

#### **About Carbon Friendly Solutions Inc.:**

**Carbon Friendly Solutions Inc.**, through its subsidiaries, is focused on the development of energy efficiency technology, renewable energy, and reforestation projects that have the potential to generate significant revenue. **MicroCoal Inc.** has an internationally patented technology that is expected to improve coal-fired utilities' economic performance by reducing input costs, improving operations and simultaneously reducing their environmental footprint. **Global CO2 Reduction** generates Carbon Offsets from forestry projects that may be transacted through international voluntary markets. **Carbiopel S.A.** aggregates biomass supply and produces biomass fuel pellets for the European market, including large European utilities and independent renewable energy providers, in line with EU renewable energy directives.

On behalf of the Board of Directors

**Carbon Friendly Solutions Inc.**

"Slawek Smulewicz"  
CEO and Director

#### **For Information:**

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**Email:** [info@carbonfriendly.com](mailto:info@carbonfriendly.com)

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#### **Forward Looking Statements**

*This news release contains "forward-looking information" within the meaning of the Canadian securities laws. Forward looking information is generally identifiable by use of the words "believes," "may," "plans," "will," "anticipates," "intends," "budgets," "could," "estimates," "expects," "forecasts," "projects" "approximately," "proposed" and similar expressions, and the negative of such expressions. Forward-looking information in this news release includes statements about Carbon Friendly's prospective business relationship, the development of Carbon Offsets through forestry projects, MicroCoal's technology, Carbiopel's projections and business model, technology development and future roll-out plans.*

*In connection with the forward-looking information contained in this news release, Carbon Friendly has made numerous assumptions, regarding, among other things, our MicroCoal's patented technology and future sales. While Carbon Friendly considers these assumptions to be reasonable, these assumptions are inherently subject to significant uncertainties and contingencies.*

*Additionally, there are known and unknown risk factors, which could cause MicroCoal's actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information contained herein. Known risk factors include, among others: the size and the growth of the market for the MicroCoal technology is uncertain; future sales of MicroCoal technology may not materialize; the technology may not work on a specific type of coal and its economic or environmental benefits may not be realized in full, the substantial investment of capital that may be required for a Build Own Operate Model; limitations imposed by our financing abilities; difficulties entering international markets, and sovereign risk.*

*A more complete discussion of the risks and uncertainties is disclosed in Carbon Friendly's continuous disclosure filings with Canadian securities regulatory authorities at [www.sedar.com](http://www.sedar.com). All forward-looking information herein is qualified in its entirety by this cautionary statement, and Carbon Friendly disclaims any obligation to revise or update any such forward-looking information or to publicly announce the result of any revisions to any of the forward-looking information contained herein to reflect future results, events or developments, except as required by law. Neither CNSX nor its Regulation Services Provider (as that term is defined in the policies of the CNSX) accepts responsibility for the adequacy or accuracy of the release.*