

FORM 51-102F3

MATERIAL CHANGE REPORT

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

*MicroCoal Technologies Inc.*  
*(the "Company")*  
*2500-555 West Hastings St.*  
*PO Box 12072*  
*Vancouver, BC*  
*V6B 4N5*

**Item 2. Date of Material Change**

*July 29, 2013*

**Item 3. News Release**

*A news release was issued on July 29<sup>th</sup>, 2013 and disseminated through the facilities of FSCWire.*

**Item 4. Summary of Material Change**

*The Company's wholly owned subsidiary, MicroCoal International Inc. ("MCII"), has entered into a sales agreement ("Master Agreement") with PT Wijaya Tri Utama ("PWTU"), which provides for the design, construction, operation, and maintenance of the first MicroCoal™ commercial facility utilizing the Company's proprietary ground-breaking coal drying technology (the "Facility"). The contracted price for the construction of the Facility's installation is USD \$6,000,000 ("Construction Fee"). A portion of the Construction Fee is to be paid up front, with the balance of the funding for the Facility to be secured by an irrevocable letter of credit arranged by PWTU for the benefit of MCII. In addition to the one time Construction Fee, PWTU has agreed to pay MCII an annual fee for a period of six years and maintenance fees pursuant to the supporting agreements to be entered by the parties.*

**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 29<sup>th</sup>, 2013*



NR-13-20

## **Indonesian Company Purchases MicroCoal Technologies' Clean Coal Upgrading Facility**

- **First MCI commercial scale application of proprietary microwave technology to upgrade coal thermal output and reduce pollutants**
- **MicroCoal to receive U.S.\$6 Million installation fee and annual fees for six years**

**Vancouver, B.C., Canada – July 29, 2013 – MicroCoal Technologies Inc. (CNSX: MTI)** (the "Company" or "MicroCoal", formerly Carbon Friendly Solutions Inc., CNSX: CFQ) is pleased to announce that its wholly owned subsidiary, MicroCoal International Inc. ("MCII"), has entered into a sales agreement ("Master Agreement") with PT Wijaya Tri Utama ("PWTU"). It provides for the design, construction, operation, and maintenance of the first MicroCoal™ commercial facility utilizing the Company's proprietary ground-breaking coal drying technology (the "Facility"). The contracted price for the construction of the Facility's installation is USD \$6,000,000 ("Construction Fee"). A portion of the Construction Fee is to be paid up front, with the balance of the funding for the Facility to be secured by an irrevocable letter of credit arranged by PWTU for the benefit of MCII. In addition to the one time Construction Fee, PWTU has agreed to pay MCII an annual fee for a period of six (6) years and maintenance fees pursuant to the supporting agreements to be entered by the parties.

The Facility will be located on-site at the PWTU coal-fired power plant on the island of Kalimantan, Indonesia and will be designed to upgrade the calorific value of approximately 190,000 tonnes per year of low-rank coal (approximately 8,000 Btu/lb.) to a higher calorific coal (approximately 9,000 Btu/lb.) by removing up to 10% of the total moisture. MicroCoal has concluded that its technology can substantially increase the calorific content of this specific low-rank Indonesian coal above 11,000 Btu/lb. by further reducing the moisture content.

Slawek Smulewicz, CEO and Director of the Company, states: *"The execution of this Master Agreement is a validation of the importance of our technology as part of a global energy solution that improves the thermal output of coal and reduces the pollution it generates. We are extremely delighted that PT Wijaya Tri Utama has purchased the MicroCoal™ technology to optimize the performance of their coal plant, as Indonesia is one of the world's largest consumers of low-rank coal. This first commercial installation will serve to showcase the scalability of our modular microwave coal drying technology, which we plan to apply to coal-fired power plants worldwide. We are very excited to see the global commercial roll-out for this revolutionary technology."*

### **About MicroCoal Technologies Inc.**

The Company is focused on commercializing its unique, clean-coal technology through its 100% owned subsidiary MicroCoal Inc. MicroCoal™ is a low-cost, internationally patented microwave technology that reduces moisture in low-rank coal, thereby upgrading the energy content of low-rank coal comparable to that of more expensive high-rank coal. One of the keys to commercial success for the application is its integration directly on-site at the utility's location, thus providing direct access to unused electricity during off-peak times. The resulting effect is that the power required in the drying process has a greatly reduced input cost. Nearly all coal-fired utilities world-wide will now be able to switch to lower cost,

low-rank coal and obtain substantial economic and environmental benefits, including major reductions in fuel costs, improved boiler efficiencies, and up to a 70% reduction in emissions of SOx, NOx and mercury.

*We seek safe harbor.*

On behalf of the Board of Directors,

“Slawek Smulewicz”

CEO and Director

**For further information please contact:**

Stan Lis

President and Director,

**MicroCoal Technologies Inc.**

Telephone: (604) 676 9792

E-mail: info@microcoal.com

**FOWARD-LOOKING STATEMENTS**

*Certain statements included herein, including those that express management's expectations or estimates of our future performance constitute "forward-looking statements" within the meaning of applicable securities laws, including statements regarding the location, construction, operation, maintenance and performance of the Facility, the Construction Fee and other payments by PWTU to MCII, the capabilities of the MicroCoal™ technology and the application of MicroCoal™ technology to other coal plants. The reader is cautioned that forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other factors which are difficult to predict and that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Forward-looking statements are based on the then-current expectations, beliefs, assumptions, estimates and forecasts about the business and the industry in which the Company operates. Forward-looking statements are not guarantees of future performance and involve risks, uncertainties and assumptions which are difficult to predict. Assumptions underlying the Company's expectations regarding forward-looking statements contained in this news release include, among others: that the Facility will be completed substantially on time and on budget, the Facility will substantially achieve the design specifications, PWTU and MCII will enter into definitive documentation for the supporting agreements for the Facility, and MCII will receive the Construction Fee and other payments from PWTU. Investors are cautioned that all forward-looking statements involve risks and uncertainties, including, without limitation, risks that: the completion of the Facility will not proceed as expected; the Facility will not perform as designed; MCII and PWTU will not agree to definitive documentation for the supporting agreements on the terms expected or at all; MCII will not receive the letter of credit in respect of the Construction Fee and/or will not receive the annual payments and maintenance fees on when due or at all; low-rank coal will continue to be priced meaningfully lower than high-rank coal; off-peak electricity prices will continue to be priced meaningfully lower than peak electricity prices; and other risk factors listed from time to time in the Company's public filings. These risks, as well as others, could cause actual results and events to vary significantly. Accordingly, readers should not place undue reliance on forward-looking statements, which are qualified in their entirety by this cautionary statement. Except as required by applicable securities law, the Company does not intend, and undertakes no obligation, to update any forward-looking statements to reflect, in particular, new information or future events. 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.*