

FORM 51-102F3

**MATERIAL CHANGE REPORT**

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

Carbon Friendly Solutions Inc. (the "Company")  
2500 – 555 W. Hastings St.  
Vancouver, B.C.  
V6B 4N5

**Item 2. Date of Material Change**

January 21, 2011

**Item 3. News Release**

The news release was disseminated through Canadian News Wire Group on January 21, 2011.

**Item 4. Summary of Material Change**

The amendment of the share purchase agreement (the "Amendment Agreement") in connection with the acquisition of MicroCoal Inc. ("MCI" or "MicroCoal"), as announced on January 11, 2011, has now been signed by the Company, MicroCoal and all of the MicroCoal shareholders.

In accordance with the Amendment Agreement, the MicroCoal shareholders, except for one MicroCoal shareholder, have agreed to exchange their shares of MicroCoal on a pro rata basis for 10,957,778 common shares of CFS stock at a price of CAD\$ 0.27 per share, which equals a total of US\$3 million (the "Exchange"). Upon the completion of the Exchange, CFS will become a majority shareholder of MicroCoal holding 58.21% of the outstanding share capital of MicroCoal. The Exchange is expected to occur in the very near future and is to occur prior to the closing of the other transactions contemplated in the Share Purchase Agreement with MicroCoal. In addition to the Exchange, the Company is to complete a private placement financing up to CAD\$6 million (the "Financing").

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

*5.1 Full Description of Material Change*

See attached news release.

*5.2 Disclosure for Restructuring Transactions*

Not applicable

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

Not applicable

**Item 7. Omitted Information**

Not applicable

**Item 8. Executive Officer**

Stan Lis, President and Director

**Item 9. Date of Report**

January 21, 2011



**FOR IMMEDIATE RELEASE**  
Contact Investor Relations  
Phone: 604-676-9792

## **AMENDING NEWS RELEASE**

### **CARBON FRIENDLY SIGNS AMENDMENT AGREEMENT TO BECOME A MAJORITY SHAREHOLDER OF MICROCOAL**

**Vancouver, BC, Canada –January 20, 2011 – Carbon Friendly Solutions Inc. (CNSX: CFQ)** (“CFS” or the “Company”) is pleased to announce that the amendment of the share purchase agreement (the “Amendment Agreement”) in connection with the acquisition of MicroCoal Inc. (“MCI” or “MicroCoal”), as announced on January 11, 2011, has now been signed by the Company, MicroCoal and all of the MicroCoal shareholders.

In accordance with the Amendment Agreement, the MicroCoal shareholders, except for one MicroCoal shareholder, have agreed to exchange their shares of MicroCoal on a *pro rata* basis for 10,957,778 common shares of CFS stock at a price of CAD\$ 0.27 per share, which equals a total of US\$3 million (the “Exchange”). Upon the completion of the Exchange, CFS will become a majority shareholder of MicroCoal holding 58.21% of the outstanding share capital of MicroCoal. The Exchange is expected to occur in the very near future and is to occur prior to the closing of the other transactions contemplated in the Share Purchase Agreement with MicroCoal.

In addition to the Exchange, the Company is to complete a private placement financing up to CAD\$6 million (the “Financing”) and from such proceeds, the Company is to pay (i) US\$1 million cash to a certain creditor/shareholder of MCI in consideration for the forgiveness of certain outstanding debt owed to such creditor by MCI and for the re-purchase of such creditor’s 1,013 MCI shares for cancellation; and (ii) up to US\$85,000 cash to certain other creditors of MCI to settle other outstanding indebtedness owed by MCI.

Upon closing of the entire Transaction, including the completion of the Financing and the settlement of certain indebtedness to MicroCoal creditors, financiers or shareholders, the Company will own 100% of MicroCoal.

Stan Lis, President and CEO of Carbon Friendly Solutions Inc. stated, “Carbon Friendly is very pleased to confirm that the expected completion of the share exchange will be an important milestone in the acquisition of MicroCoal Inc. The progress of the entire transaction is proceeding as expected.”

## **About MicroCoal Inc.**

MicroCoal Inc. was incorporated in May 2005 in the State of Delaware and currently has its headquarters in Denver, CO with pilot facilities in Golden, CO. MicroCoal is a clean energy company focusing on commercializing the use of its patented technologies to decontaminate and upgrade low-rank coals to match the energy levels of high-rank coals for use by power utilities. MicroCoal's proprietary on-site process not only cleans up coal at the power plant prior to combustion by significantly reducing contaminants, but it also reduces GHG emissions and improves fuel efficiency. The reduction in emissions allows for the generation of substantial carbon credits in an industry that is one of the world's largest producers of emissions. The deployment of MCI's technology offers utilities significant economic, environmental as well as operational benefits.

Website address: [www.microcoal.com](http://www.microcoal.com)

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

Carbon Friendly Solutions Inc. provides solutions and products for companies, organizations and individuals looking to reduce or offset their global warming impact caused by greenhouse gas ("GHG") emissions, while including the generation of carbon credits for sale in the global Voluntary and Compliance markets. Through its subsidiaries, Global CO2 Reduction Inc. and CO2 Reduction Poland Sp. z o.o., CFS is focusing on removing and offsetting GHG emissions from the development of reforestation projects and renewable energy technology projects that are independently validated and verified to globally recognized standards and methodologies.

Website address [www.carbonfriendly.com](http://www.carbonfriendly.com)

On behalf of the Board of Directors

### **Carbon Friendly Solutions Inc.**

"Stan Lis"

President and Director

Certain statements included in this News Release contain forward-looking statements, including disclosure concerning possible or assumed future results of operations of the Company. Forward-looking statements typically are preceded by, followed by or include the words – "believes," "expects," "anticipates," "estimates," "intends," "plans," "or similar expressions. Forward-looking statements are not guarantees of future performance. They involve risks, uncertainties and assumptions, and the Company's results could differ materially from those anticipated in these forward-looking statements.