

**FORM 51-102F3**  
**Material Change Report**

**Item 1      Name and Address of Company**

UpSnap, Inc. (“UpSnap”)  
100 Consilium Place, Suite 200  
Toronto, Ontario  
M1H 3E3

**Item 2      Date of Material Change**

October 2, 2018

**Item 3      News Release**

A new release concerning the material change described herein was disseminated on October 2, 2018 through GlobeNewswire, Inc. A copy of the news release is attached hereto as Schedule A.

**Item 4      Summary of Material Change**

UpSnap announced that it has arranged a debt financing (“**Financing**”) with User Friendly Media (or an affiliate thereof, “**UFM**”) by way of a secured debenture (the “**Debenture**”) in the aggregate principal amount of CAD\$800,000. The Debenture is due on September 30, 2020 (the “**Maturity Date**”) and will entitle UFM to an annual interest rate of 13.5% (the “**Interest**”) on the principal amount of the Debenture. Pursuant to the terms of the Debenture, the Interest shall be paid every six months to UFM commencing on March 31, 2019, either in cash or, at the election of UFM, through the issuance of common shares in the capital of UpSnap (“**Shares**”) based on the five day volume weighted average price of the Shares immediately preceding an interest payment date. The principal amount of the Debenture shall, at the election of UFM, also be payable in Shares at the Maturity Date. In connection with the Financing, the Company will grant a security interest to UFM under a general security agreement covering all of the assets of the Company. Funds from the Debenture will be used to pay a CAD\$200,000 debenture due October 1, 2018, interest due on the outstanding debenture and outstanding trade amounts, all payable to UFM.

The issuance of the Debenture to UFM will be considered a related party transaction within the meaning of Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions* (“**MI 61-101**”). UpSnap intends to rely on exemptions from the formal valuation and minority approval requirements in sections 5.5(b) and 5.7(1)(b) of MI 61-101 in respect of this transaction based on a determination that the Company satisfies the criteria set out in those sections. The Company expects to file a material change report in respect of this related party transaction less than 21 days prior to the closing of the

Financing, which the Company deems reasonable in the circumstances so as to be able to avail itself of the proceeds from the Financing in an expeditious manner.

**Item 5 Full Description of Material Change**

**5.1 Full Description of Material Change**

Please refer to Schedule A for details.

**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**

Alex Pekurar, CPA, CA  
Chief Financial Officer  
Tel: (416) 619-3903  
E-mail: [apekurar@upsnap.com](mailto:apekurar@upsnap.com)

**Item 9 Date of Report**

October 9, 2018



## UpSnap Announces New CAD\$800K Debenture

TORONTO, Oct. 02, 2018 -- UpSnap Inc. (CSE: UP) ("**UpSnap**" or the "**Company**"), a leading provider of mobile advertising solutions, today announced that it has arranged a debt financing ("**Financing**") with User Friendly Media (or an affiliate thereof, "**UFM**") by way of a secured debenture (the "**Debenture**") in the aggregate principal amount of CAD\$800,000. The Debenture is due on September 30, 2020 (the "**Maturity Date**") and will entitle UFM to an annual interest rate of 13.5% (the "**Interest**") on the principal amount of the Debenture. Pursuant to the terms of the Debenture, the Interest shall be paid every six months to UFM commencing on March 31, 2019, either in cash or, at the election of UFM, through the issuance of common shares in the capital of UpSnap ("**Shares**") based on the five day volume weighted average price of the Shares immediately preceding an interest payment date. The principal amount of the Debenture shall, at the election of UFM, also be payable in Shares at the Maturity Date. In connection with the Financing, the Company will grant a security interest to UFM under a general security agreement covering all of the assets of the Company. Funds from the Debenture will be used to pay a CAD\$200,000 debenture due October 1, 2018, interest due on the outstanding debenture and outstanding trade amounts, all payable to UFM.

"With our Intentional Direct Mail (IDM) solution garnering significant attention from advertisers, securing capital is key to ensuring further acceleration in its market adoption," said Bruce Howard, CEO of UpSnap. "We are seeing IDM become the clear cut driver of growth for UpSnap going forward and firmly believe that this initial significant demand is telling of what is to come."

User Friendly Media currently owns 49.9% of the Shares of UpSnap. The Debenture will not be listed on the Canadian Securities Exchange. However, the Shares issuable upon any payment of the Interest or principal will be listed and will be subject to a four month and one day hold period from the date of closing. The closing of the Financing is subject to complying with the applicable filing requirements of the Canadian Securities Exchange.

The issuance of the Debenture to UFM will be considered a related party transaction within the meaning of Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**"). UpSnap intends to rely on exemptions from the formal valuation and minority approval requirements in sections 5.5(b) and 5.7(1)(b) of MI 61-101 in respect of this transaction based on a determination that the Company satisfies the criteria set out in those sections. The Company expects to file a material change report in respect of this related party transaction less than 21 days prior to the closing of the Financing, which the Company deems reasonable in the circumstances so as to be able to avail itself of the proceeds from the Financing in an expeditious manner.

### About UpSnap

UpSnap provides highly-targeted, data-driven mobile advertising to attract the ideal audience for brands big and small. Utilizing real-time analytics, UpSnap goes beyond location to deliver app-agnostic and results-driven campaigns that produce qualified, engaged customers. UpSnap tailors each campaign to align with unique business goals, delivering the right customers for more meaningful exposure and better business results.

### For further information, please contact:

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### Caution Regarding Forward Looking Information

*Certain information set out in this News Release constitutes forward-looking information. Forward-looking information is often, but not always, identified by the use of words such as "seek", "anticipate", "hope", "plan", "continue", "estimate", "expect", "may", "will", "intend", "could", "might", "should", "scheduled", "believe" and similar expressions.*

*Although the forward-looking statements contained in this news release are based upon what management of the Company believes are reasonable assumptions on the date of this news release, the Company cannot assure investors that actual results will be consistent with these forward-looking statements. Forward-looking statements involve substantial known and unknown risks, uncertainties and other factors which cause actual results to vary from those express or implied by such forward looking statements. These statements should not be read as guarantees of future performance or results, and they will not necessarily be accurate indications of whether or not such results will be achieved.*

*The forward-looking statements contained in this press release are made as of the date hereof and based on what management of the company believes are reasonable assumptions. The Company disclaims any intention or obligation to update or publicly revise any forward-looking statements whether as a result of new information, future events or otherwise, except as required under applicable securities laws. Furthermore, the Company does not assume responsibility for the*

*accuracy and completeness of the forward looking statements set out in this news release. The Company's forward looking statements are expressly qualified in their entirety by the foregoing cautionary statements.*

The CSE has not reviewed, approved or disapproved the content of this press release.