



Form 51-102F3 | Material Change Report

Item 1 – Name and Address of Company

Gunpowder Capital Corp. (the "Corporation")
47 Colborne Street, Suite 307
Toronto, Ontario, M5E 1P8

Item 2 – Date of Material Change

July 4th, 2016

Item 3 – News Release

A news release for Gunpowder Capital Corp., dated July 4th, 2016, was disseminated through Newsfile Corp. A copy of the full News Release is attached to this report as "Schedule 'A'".

Item 4 – Summary of Material Change

Corporation has agreed to issue an aggregate of Three Hundred & Eight-Two Thousand, One Hundred & Forty-Seven ("382,147") Shares at a deemed prices of \$0.15 per Share to settle debts owed to non-arm's length parties. All Shares issued in connection with the shares for debt transaction are subject to a four-month statutory hold period, in accordance with applicable securities legislation.

This issuance of shares has changed the Corporation's Common Share structure from 24,527,107 to 24,909,254.

Item 5 – Full Description of Material Change

5.1 Full Description of Material Change

For a full description of the material change, see Schedule "A"

5.2 Disclosure for Restructuring Transactions

Not Applicable.

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

Not Applicable.

Item 7 – Omitted Information

Not Applicable.

Item 8 – Executive Officer

Frank Kordy,
Interim Chief Executive Officer & Director
T: (647) 466-4037 | E: frank.kordy@gunpowdercapitalcorp.com

Item 9 – Date of Report

July 4th, 2016

Schedule "A"



News Release

Gunpowder Capital Corp., Announces Formation of Real Estate Division & Commencement of a Non-Brokered Private Placement

FOR IMMEDIATE RELEASE

July 4th, 2016

Toronto, Ontario, July 4th, 2016 – Gunpowder Capital Corp., (CSE: GPC), (Frankfurt:YS6N) (the “Corporation”) announced today that it has formed GP Realty Inc. and that it has also completed the purchase of its first property, 57 Wellington St, a fully tenanted residential rental property located in London, Ontario.

Total purchase price of the property was Four Hundred & Fifty Thousand Dollars (“\$450,000.00”) CDN. The Corporation purchased the property by making a down payment of One Hundred and Eighty Thousand Dollars (“\$180,000.00”) CDN and by securing a 25 year fixed-rate mortgage at 4.5% per annum. The property currently has a net annual Return on Investment (“ROI”) of 9.3% per annum.

In connection with the acquisition the Corporation has granted 200,000 stock options at \$0.10 to officers who have provided personal guarantees for the above noted mortgage. The options granted are not subject to any vesting restrictions and each option is exercisable for a five year period.

Mr. Paul Haber stated: “We are very pleased to launch our real estate division. We believe that real estate provides an excellent long term investment to our shareholders. Our first acquisition was purchased almost 20% under current market value, and has an annual ROI of almost 10% which in today’s market is exceptional. We also believe we can improve the return on this building through rent increases to market levels and modifications to the building and finding efficiencies in the way the building is managed.”

The Corporation also announced today that it has commenced a non-brokered private placement financing to raise a maximum of Two Million Dollars (“\$2,000,000.00”) CDN by sale of Two Hundred Thousand (“200,000”) Series “A” Preferred Shares at a price of \$10.00 CDN per share. The Series “A” preferred shares will pay an 8% annual dividend to the holders of the preferred shares. Furthermore, holders of the Preferred Shares will also see a 25% of after tax realized gains on any capital dispositions. No special voting rights will be granted to the holders of the Preferred Shares.

In connection with the offering, a finder’s fee may be paid consisting of a cash commission equal to 8% of the gross proceeds. Net proceeds of the financings will be used for strategic acquisitions, business development and for working capital purposes. Closing of the private placement is expected to occur on, or before, August 31st, 2016.

The Corporation has also agreed to issue an aggregate of Three Hundred & Eight-Two Thousand, One Hundred & Forty-Seven (“382,147”) Shares at a deemed prices of \$0.15 per Share to settle debts owed to non-arm’s length parties. All Shares issued in connection with the shares for debt transaction are subject to a four-month statutory hold period, in accordance with applicable securities legislation.

For further information please contact:

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Forward-Looking Statements

Information set forth in this news release may involve forward-looking statements under applicable securities laws. The forward-looking statements contained herein are expressly qualified in their entirety by this cautionary statement. The forward-looking statements included in this document are made as of the date of this document and the Corporation disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as expressly required by applicable securities legislation. Although Management believes that the expectations represented in such forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct. This news release does not constitute an offer to sell or solicitation of an offer to buy any of the securities described herein and accordingly undue reliance should not be put on such. Neither CSE nor its Regulation Services Provider (as that term is defined in the policies of the CSE) accepts responsibility for the adequacy or accuracy of this release.