



## Form 51-102F3 | Material Change Report

### Item 1 – Name and Address of Company

Gunpowder Capital Corp. (the "Corporation")  
8 King Street East | Suite 1005  
Toronto, Ontario | M5C 1B5

### Item 2 – Date of Material Change

Feb 9<sup>th</sup>, 2017

### Item 3 – News Release

A news release for Gunpowder Capital Corp., dated Feb 9<sup>th</sup>, 2017, 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

Gunpowder Capital Corp., (CSE: GPC), (CSE: GPC.PR.A), (Frankfurt: YS6N), ("Gunpowder" of the "Corporation") announced that it had closed the fifth and final tranche of its previously announced (Nov 16<sup>th</sup>, 2016) non-brokered private placement raise. In total, Three Hundred and Nine Thousand, Two Hundred Dollars ("309,200.00") CDN was raised via the sale of Thirty Thousand, Nine Hundred and Twenty ("30,920") "Class - A" Preferred Shares. In total, and combined with the closing of the fifth and tranche and the first four tranches of the offering, the Corporation had raised One Million, Six Hundred and Thirty-Eight Thousand, Eight Hundred and Forty Dollars ("1,638,840.00") CDN via the issuance of One Hundred and Sixty-Three Thousand, Eight Hundred and Eighty-Four ("163,884") "Class - A" Preferred Shares at Ten Dollars (\$10.00) CDN per "Class-A" share.

The completion of this transaction has increased the number of Corporation's issued "Class – A" preferred shares from 297,760 (As At Feb 8<sup>th</sup>, 2017) to 328,680 (As At Feb 9<sup>th</sup>, 2017).

### 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

Feb 9<sup>th</sup>, 2017

## **Schedule "A"**



## News Release

### Gunpowder Capital Corp., Announces the Closing of the Fifth and Final Tranche of its Oversubscribed “Class-A” Private Placement Raise.

FOR IMMEDIATE RELEASE

Feb 9<sup>th</sup>, 2017

**Toronto, Ontario, February 9<sup>th</sup>, 2017** – Gunpowder Capital Corp., (CSE: GPC), (CSE: GPC.PR.A), (Frankfurt: YS6N), (“Gunpowder”), (the “Corporation”) announced today that it has closed the fifth and final tranche of its previously announced (Nov 16<sup>th</sup>, 2016) non-brokered private placement raise. In total, Three Hundred and Nine Thousand, Two Hundred Dollars (“\$309,200.00”) CDN was raised via the sale of Thirty Thousand, Nine Hundred and Twenty (“30,920”) “Class - A” Preferred Shares. No commission or finder’s fee is payable with respect to the closing of this tranche of the placement.

In total, and combined with the closing of this fifth tranche and the first four tranches of the offering, the Corporation has raised One Million, Six Hundred and Thirty-Eight Thousand, Eight Hundred and Forty Dollars (“\$1,638,840.00”) CDN via the issuance of One Hundred and Sixty-Three Thousand, Eight Hundred and Eighty-Four (“163,884”) “Class - A” Preferred Shares at Ten Dollars (\$10.00) CDN per “Class-A” share.

The “Class - A” preferred shares will pay up to 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. This placement is now closed. All securities issued are subject to a four-month and one day statutory hold period.

Gunpowder would like to clarify the revised agreement between Cardiff Energy Corp. (“Cardiff”) and Gunpowder (see press release dated Jan 6<sup>th</sup>, 2017). Gunpowder would like to clarify its previous ownership statement and revise it to state the following: “Should Gunpowder convert, in full, all of the outstanding debt Gunpowder is currently owed by Cardiff into equity into Cardiff, and should Gunpowder receive its common shares first before any further issuance, Gunpowder would own a 12.4% stake in the restructured Cardiff Energy Corp., vs. a 14.3% stake as indicated in the Jan 6<sup>th</sup>, 2017 press release.” It should be noted that at the time of dissemination of this press release, that Gunpowder currently has not converted any of its debt into equity, and that its current ownership in Cardiff still remains as Nil / 0%. Gunpowder’s general security agreement also still remains in place on the assets of Cardiff. This press release is issued pursuant to National Instrument 62-103 The Early Warning System and Related Take-Over Bid and Insider Reporting Issues, which also requires a report to be filed with regulatory authorities in each of the jurisdictions containing additional information with respect to the foregoing matters (the “Early Warning Report”). A copy of the Early Warning Report filed by Gunpowder will appear with Cardiff’s documents on the SEDAR website at [www.sedar.com](http://www.sedar.com). A copy of the Early Warning Report filed by Gunpowder may also be obtained by contacting via e-mail Mr. Frank Kordy, Interim CEO and Director of Gunpowder.

**For further information please contact:**

Mr. Frank Kordy  
Interim CEO & Director  
Gunpowder Capital Corp.  
T: (647) 466-4037  
E: [frank.kordy@gunpowdercapitalcorp.com](mailto:frank.kordy@gunpowdercapitalcorp.com)

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CFO  
Gunpowder Capital Corp.  
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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.