



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

May 8th, 2017

Item 3 – News Release

A news release for Gunpowder Capital Corp., dated May 8th, 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" or the "Corporation") announced that it had closed the first tranche of its non-brokered private placement raise. In total One Hundred and Twelve Thousand, Six Hundred Dollars ("112,600.00") CDN was raised by issuing Eleven Thousand, Two Hundred and Sixty ("11,260") of the Corporation's "Class – A" Preferred Shares at a price of \$10.00 CDN per share. The Corporation also announced that it had purchased additional investment portfolio assets from YCF Capital Inc., ("YCF"). The Corporation has agreed to issue Nine Thousand, Six Hundred ("9,600") of its "Class – A" Preferred Shares at Ten Dollars ("10.00") CDN per "Class – A" Preferred share, as consideration for the purchase. Furthermore, the Corporation announced that it had also entered into a debt settlement agreements where the debt owing will be settled by the issuance of Five Hundred Thousand ("500,000") Common Shares of the Corporation at a deemed price of Ten Cents ("0.10") per Common Share. The completion of the transactions where "Class – A" shares have been issued has increased the number of Corporation's issued "Class – A" preferred shares from 328,680 (As At May 7th, 2017) to 349,540 (As At May 8th, 2017). The completion of the debt for shares transaction has increased the number of Corporation's issued Common Shares from 27,409,256 (As At May 7th, 2017) to 27,909,256 (As At May 8th, 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

May 8th, 2017

Schedule "A"



News Release

Gunpowder Capital Corp., Closes First Tranche of its Non-Brokered Private Placement Raise, Purchases Investment Portfolio.

FOR IMMEDIATE RELEASE

May 8th, 2017

Toronto, Ontario, May 8th, 2017 – Gunpowder Capital Corp., (CSE: GPC), (CSE: GPC.PR.A), (Frankfurt: YS6N), (“Gunpowder” or the “Corporation”) announced today that it has closed the first tranche of its non-brokered private placement raise. In total One Hundred and Twelve Thousand, Six Hundred Dollars (“\$112,600.00”) CDN was raised by issuing Eleven Thousand, Two Hundred and Sixty (“11,260”) of the Corporation’s “Class – A” Preferred Shares at a price of \$10.00 CDN per share. The “Class – A” Preferred Shares will pay up to an 8% annual dividend to the holders of the preferred shares. The shareholders of the “Class – A” 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 “Class – A” Preferred Shares. No commission or finder’s fee is payable with respect to the closing of the placement.

The Corporation also announced today that it has purchased additional investment portfolio assets from YCF Capital Inc., (“YCF”) a Toronto based private investment firm. Please see our press release dated November 16th, 2016. The YCF loan portfolio consists of mortgages and commercial loans all of which are in “good standing”. The additional loan portfolio assets that Gunpowder Capital Corp., is purchasing generates approximately 16% interest per annum, and has a face value of Ninety-Six Thousand Dollars (“\$96,000.00”) CDN. The Corporation has agreed to issue Nine Thousand, Six Hundred (“9,600”) of its “Class – A” Preferred Shares at Ten Dollars (“\$10.00”) CDN per “Class – A” Preferred share, as consideration for the purchase.

With the completion of this purchase, in total and combined with the previous two purchases, the loan portfolio purchase now amounts to One Million and Twenty-Six Thousand Dollars (“\$1,026,000.00”) CDN. It is expected that the portfolio will generate for Gunpowder Capital Corp., approx. One Hundred and Fifty Thousand Dollars (“\$150,000.00”) CDN, in revenue in fiscal 2017.

The Corporation has also entered into debt settlement agreements which provides that the aggregate amount of the debt owing to key management of the Corporation totaling Fifty Thousand Dollars (“\$50,000.00”) CDN will be settled by the issuance of Five Hundred Thousand (“500,000”) Common Shares of the Corporation at a deemed price of Ten Cents (“\$0.10”) per Common Share (the “Shares for Debt Transaction”). The amount of debt represents annual bonuses earned by key management. The Corporation would like to thank the management involved in the settlement for the confidence they have shown in the Corporation by settling their debt at a premium to the Corporation’s Common Share stock price, based on market close on May 5th, 2017. The Common Shares to be issued pursuant to the Shares for Debt Transaction will be subject to a four-month hold period.

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.