



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

December 19th, 2018

Item 3 – News Release

A news release for Gunpowder Capital Corp., dated December 19th, 2018, 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), (OTCQB: GNPWF), (Frankfurt: YS6N) announced that it had closed the first and final tranche of its previously announced non-brokered private placement raise. In total, \$770,000.00 CDN was raised via the sale of 15,400,000 units at a price of \$0.05 CDN per unit. The Corporation also announced that holders of its convertible debenture with the face value of \$750,000.00 CDN had elected to convert the convertible debenture into common shares of the Corporation. In total, 15,000,000 common shares were issued to the holders of the convertible debenture. The Corporation also issued an additional 416,666 common shares to the debenture holders to settle \$18,750.00 CDN in interest owed to the debenture holders.

The completion of private placement of units, the issuance of the 15,000,000 common shares to the debenture holders, and the issuance of the 416,666 common shares to settle interest / debt owed to the debenture holders are all material events as defined by NP 51-201 as the aforementioned issuances will increase the number of the Corporation's issued Common Shares from 35,095,084 (As At December 18th, 2018) to 65,911,750 (As At December 19th, 2018).

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, CEO, Secretary & Director | T: (647) 466-4037 | E: frank.kordy@gunpowdercapitalcorp.com

Item 9 – Date of Report

December 19th, 2018

Schedule "A"



News Release

Gunpowder Capital Corp., Raises \$770,000.00 CDN Via A Non-Brokered Private Placement Raise, Announces Debenture Conversion.

FOR IMMEDIATE RELEASE

December 19th, 2018

Toronto, Ontario, December 19th, 2018 – Gunpowder Capital Corp., (CSE: GPC), (CSE: GPC.PR.A), (OTCQB: GNPWF), (Frankfurt: YS6N), (“Gunpowder” or the “Corporation”) announced today that it has closed the first and final tranche of its previously announced non-brokered private placement raise. In total Seven Hundred and Seventy Thousand Dollars (“\$770,000.00”) CDN was raised in via the sale of Fifteen Million, Four Hundred Thousand (“15,400,000”) Units at a price of Five Cents (“\$0.05”) CDN per Unit. Each Unit is comprised of one Common Share of the Corporation, and one Common Share Purchase Warrant. Each whole Warrant entitles the holder of the Warrant to acquire one additional Common Share of the Corporation for Seven and a Half Cents (“\$0.075”) CDN for a period of 24 months from the closing date. All Common Shares issued in connection with this placement will be subject to a four month plus one day hold period under applicable Canadian securities laws.

In connection with the closing of this private placement offering, the Corporation, paid finder's fees totaling Sixty-One Thousand, Six Hundred Dollars (“\$61,600.00”) CDN in connection with certain subscriptions for the Corporation's Units. This placement was previously announced, via press release, back on November 19th, 2018.

The Corporation also announced today that the holders of the Corporation's Convertible Debenture which face value totaled Seven Hundred Fifty Thousand Dollars (“\$750,000.00”) CDN have elected to convert the Convertible Debenture into Common Shares of the Corporation at a conversion price of Five Cents (\$0.05) CDN per Common Share. In total, Fifteen Million (“15,000,000”) Common Shares of the Corporation have been issued to the Debenture Holders. Furthermore, the Corporation issued an additional Four Hundred and Sixteen Thousand, Six Hundred and Sixty-Six (“416,666”) Common Shares to the former Debenture Holders to settle Eighteen Thousand, Seven Hundred and Fifty Dollars (“\$18,750.00”) CDN in interest which was due to the former Debenture Holders.

The issuance of the Convertible Debenture, and the terms of the Convertible Debenture, was announced via press release, back on August 14th, 2018

As of the date of issuance of this press release, and with the issuances stated in this press release completed, the Corporation now has 65,911,750 Common Shares outstanding. As of the date of issuance of this press release no single shareholder controls over 9.99% of the Corporation's issued and outstanding Common Shares and therefore no change of control will occur due to the Common Share issuances announced in this press release.

About Gunpowder Capital Corp.

Gunpowder Capital Corp., is a merchant bank and advisory services firm based in Toronto, Ontario, Canada. Gunpowder invests in both publicly traded and private businesses that have successful management teams and attractive economic models. Gunpowder partners with these businesses to support their growth initiatives with its proven methodology of appropriate financing and structured exits. Gunpowder offers debt financing, including mezzanine and bridge loans, equity financing and advisory services. Gunpowder is also building a portfolio of companies in which it takes a long term position and view. For more information please visit www.gunpowdercapitalcorp.com

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. We seek safe harbor.