

**SUSTAINCO INC.**  
**FORM 51-102F3**  
**MATERIAL CHANGE REPORT**

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**1. Name and Address of Company**

SustainCo Inc., (the “**Company**”)  
151 Bloor Street West, Suite 1100  
Toronto, Ontario, M5S 1S4

**2. Date of Material Change**

October 16, 2013

**3. News Release**

On October 16, 2013 the Company issued a news release disseminated through the facilities of Marketwired and SEDAR.

**4. Summary of Material Change**

The Company has entered into an agreement to sell 100% of its wholly owned subsidiary, Urban Mechanical Contracting Ltd. to Urban Holdings Inc. A copy of the press release is attached as Schedule “A”.

**5. Full Description of Material Change**

For a full description of the material change, please see the press release attached hereto as Schedule “A”.

**6. Reliance on Subsection 7.1(2) or (3) of National Instrument 51-102**

Not Applicable.

**7. Omitted Information**

No significant facts otherwise required to be disclosed in this report have been omitted.

**8. Executive Officer**

The following executive officer of the Company is knowledgeable about the material change and may be contacted respecting the change:

Emlyn J. David  
President and Chief Executive Officer  
SustainCo Inc.  
(416) 840 5003

**9. Date of Report**

October 16, 2013

## SCHEDULE "A"

### SUSTAINCO INC. ANNOUNCES PROPOSED SALE OF URBAN MECHANICAL CONTRACTING LTD.

**Toronto, Ontario – October 16, 2013** - SustainCo Inc. ("**SustainCo**" or the "**Company**") (TSXV: SMS) announces it has entered into a transaction to sell 100% of its wholly owned subsidiary, Urban Mechanical Contracting Ltd. ("**Urban**"), to Urban Holdings Inc. (the "**Purchaser**"), a corporation incorporated under the laws of Ontario, for an aggregate purchase price of CDN\$3,000,000 (the "**Transaction**"). A \$1,000,000 upfront deposit has been advanced by the Purchaser to the Company's counsel as part of an escrow agreement to be released to the Company and applied toward the purchase price upon closing of the Transaction, with the balance of the purchase price being paid by the Purchaser. In connection with the Transaction, the Purchaser has also agreed to advance up to \$1,500,000 in working capital loans to Urban of which \$1,200,000 has been advanced.

In the event that the Transaction fails to close due to the Purchaser's breach of any terms or conditions under the purchase agreement, the Company and the Purchaser are to cause the \$1,000,000 held by the Company's counsel in escrow, together with interest thereon, to be released to the Company as liquidated damages (and not as a penalty) to compensate the Company for the expenses incurred and opportunities foregone as a result of the failure to close Transaction.

The sale of Urban will allow the Company to apply all of its resources and capital to building out its Clean Energy Developments Corp. ("**CleanEnergy**") and SustainCo solutions and services groups. The Company will now concentrate its efforts in the higher growth areas of alternative energy development through CleanEnergy and energy retrofit and services through SustainCo Solutions and Services. "With this change we expect SustainCo to become one of the leading growth stories in the alternative energy/efficiency solutions market. These market areas are also expected to give SustainCo a longer term higher margin recurrent revenue model," commented Emlyn David, CEO of SustainCo.

The Transaction constitutes a sale of substantially all of the business of the Company. Accordingly, the proposed Transaction is expected to constitute a Reviewable Transaction of the Company as defined in the policies of the TSX Venture Exchange ("**TSXV**") is therefore subject to the approval of the TSXV and is also subject to the approval of the shareholders of the Company voting by special resolution. Under the purchase agreement the Purchaser has provided a representation that this is an arms-length transaction.

Urban is a mechanical contractor which, together with predecessor businesses, has a history spanning more than 45 years in low-rise residential, high-rise residential and ICI installations in Ontario, Canada. Urban has become an industry leader in design, LEED certified buildings, job site safety and risk management. Based on Urban's Q3 2013 accountant prepared, unaudited financial statements, Urban had total revenue of \$29,115,451 with segmented income of \$672,797 between the period between December 5, 2012 (when Urban was acquired by the Company) and May 31, 2013. As at May 31, 2013, Urban had assets of \$32,340,335 (including goodwill and unallocated purchase price of \$10,789,593) and liabilities of \$22,487,613.

There will be no finder's fees paid in connection with the Transaction. The Transaction is expected to close three business days after the last of the conditions of closing contemplated by the purchase agreement are satisfied or waived. The completion of the Transaction is subject to the approval of the TSXV, the approval of the shareholders of the Company, all other necessary regulatory approval and other conditions set forth in the purchase agreement between the Company and the Purchaser. In addition, completion of the Transaction is conditional upon receipt by the Company of full and final releases from the Purchaser and The Edward J. Winter Family Trust, among others, which release, in the case of The Edward J. Winter Family Trust, will include a release, discharge and forgiveness of a debt payable to it by the Company of \$500,000 and upon the receipt by the Purchaser of full and final releases by the Company in favour of the Purchaser and Urban, among others, which release, in the case of the release in favour of Urban, will include a release, discharge and forgiveness of any debt payable to the Company by Urban which was advanced prior to today's date. The special meeting of shareholders at which approval of the Transaction will be sought is expected to take place before the end of the fourth quarter.

#### **About Sustainco:**

SustainCo is a leading provider of sustainable infrastructure solutions and services. SustainCo solutions and services offer long-term customer value and environmental sustainability through a broad offering including alternative energy solutions, energy efficiency, innovative facility technology solutions, and facility maintenance services to customers in the multi-residential and ICI "industrial commercial and institutional" sectors across Canada. SustainCo focuses on both new build and retrofit markets.

#### **Forward-looking statements:**

This press release may contain forward-looking statements about certain of the Company's current plans, goals and expectations relating to future sales of cell phones and financial conditions, performance, results, strategy and objectives. Statements containing the words: 'believes', 'intends', 'expects', 'plans', 'seeks' and 'anticipates' and any other words of similar meaning are forward-looking. All forward-looking statements involve risk and uncertainty because they relate to future events and circumstances beyond the Company's control. As a result, the Company's actual financial condition, performance and results may differ materially from the plans, goals and expectations set out in the forward-looking statements. Any forward-looking statements are made as of the date of this release and, other than as required by applicable securities laws, the Company does not assume any obligation to update or revise them to reflect new events or circumstances. A description of assumptions used to develop such forward-looking information and a description of risk factors that may cause actual results to differ materially from forward-looking information can be found in SustainCo's disclosure documents on the SEDAR website at [www.sedar.com](http://www.sedar.com).

***Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release. No stock exchange, securities commission or other regulatory authority has approved or disapproved the information contained herein.*** For further information, please contact Emlyn David, President, Chief Executive Officer, and Chairman of SustainCo, at (416) 840-5002.