

51-102F3
MATERIAL CHANGE REPORT

Item 1 Name and Address of Company

Carl Data Solutions Inc. (the "Company")
Suite 488 - 1090 West Georgia Street
Vancouver, BC V6E 3V7

Item 2 Date of Material Change

October 25, 2017

Item 3 News Release

The news release dated October 25, 2017 was disseminated through Marketwired.

Item 4 Summary of Material Change

On October 25, 2017, the Company closed the second and final tranche (the "Second Tranche") of a non-brokered private placement offering. In the Second Tranche, the Company sold 1,618,824 units (each, a "Unit") at a price of \$0.26 per Unit for gross proceeds of \$420,893.98. Each Unit was comprised of one common share in the capital of the Company (each, a "Common Share") and one common share purchase warrant (each, a "Warrant"), each Warrant being exercisable into one Common Share at a price of \$0.40 per share for a two-year period from the date of issuance (the "Closing Date"). Should the Common Shares trade at a price greater than \$0.75 per share for ten consecutive trading days, the Company will have the right to accelerate the expiry of the Warrants by giving notice to the holders of the Warrants by news release that the Warrants will expire on a date that is not less than 30 days from the date notice is given (the "Acceleration Right").

Chris Johnston, a director of the Company, subscribed for 76,923 Units for gross proceeds of \$19,999.98 in the Second Tranche (the "Johnston Subscription").

The Company paid a cash commission of \$11,845.60 and issued 45,560 non-transferable unit purchase warrants (each, a "Finder's Warrant") to one finder in connection with subscriptions in the Second Tranche. Each Finder's Warrant entitles the holder to purchase one Unit (each, a "Finder's Unit") at a price of \$0.33 per Finder's Unit for a two-year period from the Closing Date, with each Finder's Unit consisting of one Common Share and one common share purchase warrant (each, a "Finder's Unit Warrant"), with each Finder's Unit Warrant entitling the holder to purchase one additional Common Share at a price of \$0.40 per Common Share for a two-year period from the Closing Date. Both Finder's Warrants and Finder's Units Warrants are subject to the Company's Acceleration Right.

On October 25, 2017, three debtholders of the Company, McKenzie LK Management & Consulting Ltd., Skanderbeg Financial Advisory Inc., and Chris Johnston,

converted indebtedness in the aggregate amount of \$79,500.00 into 305,768 Units at a price of \$0.26 per Unit (the “Debt Settlement”).

McKenzie LK Management & Consulting Ltd., a company owned by Craig Tennock, a director of the Company, converted the indebtedness in the amount of \$58,500 into 225,000 Units. The Company was indebted to McKenzie LK Management & Consulting Ltd. in the aggregate amount of \$58,500 for unpaid remuneration for consulting services performed.

Skanderbeg Financial Advisory Inc., a company owned by Kevin Ma, a director of the Company, converted the indebtedness in the amount of \$10,500 into 40,384 Units. The Company was indebted to Skanderbeg Financial Advisory Inc. in the aggregate amount of \$10,500 for unpaid remuneration for Chief Financial Officer services performed.

Chris Johnston, a director of the Company, converted the indebtedness in the amount of \$10,500 into 40,384 Units. The Company was indebted to Mr. Johnston in the aggregate amount of \$10,500 for unpaid remuneration for consulting services performed.

Item 5 Full Description of Material Change

5.1 Full Description of Material Change

See Item 4 above and the attached news release for a full description of the material change.

MI 61-101 Requirements

The following supplementary information is provided in accordance with Section 5.2 of MI 61-101.

(a) a description of the transaction and its material terms:

See Item 4 above for a description of the Debt Settlement and Johnston Subscription.

(b) the purpose and business reasons for the transaction:

The purpose of the Debt Settlement is to settle accounts payable to various creditors of the Company. The Company intends to use the proceeds of Johnston Subscription for implementing new advanced features to its FlowWorks application and for general working capital purposes.

(c) *the anticipated effect of the transaction on the issuer's business and affairs:*

The Company does not anticipate any material effect on the Company's business and affairs.

(d) *a description of:*

(i) *the interest in the transaction of every interested party and of the related parties and associated entities of the interested parties:*

Kevin Ma, a director of the Company, indirectly acquired 40,384 Units in settlement of \$10,500.00 in accounts payable to Skanderbeg Financial Advisory Inc. for services rendered as Chief Financial Officer (the "Skanderbeg Settlement"). As such, the Skanderbeg Settlement was a "related-party transaction" as such term is defined in MI 61-101. Mr. Ma's participation in the Debt Settlement was approved by disinterested members of the board of directors of the Company.

Craig Tennock, a director of the Company, indirectly acquired 225,000 Units in settlement of \$58,500.00 in accounts payable to McKenzie LK Management & Consulting Ltd., a company controlled by Mr. Tennock, for services rendered as a consultant to the Company (the "McKenzie Settlement"). As such, the McKenzie Settlement was a "related-party transaction" as such term is defined in MI 61-101. Mr. Tennock's participation in the Debt Settlement was approved by disinterested members of the board of directors of the Company.

Chris Johnston, a director of the Company, indirectly acquired 40,384 Units in settlement of \$10,500.00 in accounts payable to Chris Johnston for services rendered as a consultant to the Company (the "CJ Settlement"). Chris Johnston also subscribed for 76,923 Units for gross proceeds of \$19,999.98 in the Second Tranche. As such, each of the CJ Settlement and Johnston Subscription was a "related-party transaction" as such term is defined in MI 61-101. Mr. Johnston's participation in the Debt Settlement and the Johnston Subscription was approved by disinterested members of the board of directors of the Company.

(ii) *the anticipated effect of the transaction on the percentage of securities of the issuer, or of an affiliated entity of the issuer, beneficially owned or controlled by each person or company referred to in subparagraph (i) for which there would be a material change in that percentage:*

The following table sets out the effect of the Debt Settlement and Johnston Subscription on the percentage of securities of the Company beneficially owned or controlled by each of Mr. Ma, Mr. Tennock, and Mr. Johnston:

Name and Position	Dollar Amount of Units Acquired	Number of Securities Acquired	No. of Shares Held prior to Closing of the Debt Settlement and Second Tranche	Percentage of Issued and Outstanding Shares prior to Closing of the Debt Settlement and Second Tranche	No. of Shares Held After Closing of the Debt Settlement and Second Tranche	Percentage of Issued and Outstanding Shares After Closing of the Debt Settlement and Second Tranche
Kevin Ma <i>Director</i>	\$10,500	40,384 common shares and 40,384 warrants ⁽¹⁾	Undiluted: 150,000 ⁽¹⁾ Diluted: 517,247 ⁽²⁾	Undiluted: 0.33% ⁽³⁾ Diluted: 1.07% ⁽⁴⁾	Undiluted: 190,384 ⁽¹⁾ Diluted: 598,015 ⁽⁵⁾	Undiluted: 0.40% ⁽⁶⁾ Diluted: 1.23% ⁽⁷⁾
Craig Tennock <i>Director</i>	\$58,500	225,000 common shares and 225,000 warrants ⁽⁸⁾	Undiluted: Nil Diluted: Nil	Undiluted: Nil% ⁽³⁾ Diluted: Nil% ⁽³⁾	Undiluted: 225,000 ⁽⁸⁾ Diluted: 450,000 ⁽⁹⁾	Undiluted: 0.47% ⁽⁶⁾ Diluted: 0.93% ⁽¹⁰⁾
Chris Johnston <i>Director</i>	\$30,499.98	117,307 common shares and 117,307 warrants ⁽¹¹⁾	Undiluted: 313,362 ⁽¹¹⁾ Diluted: 313,362 ⁽¹¹⁾	Undiluted: 0.68% ⁽³⁾ Diluted: 0.68% ⁽³⁾	Undiluted: 430,669 ⁽¹²⁾ Diluted: 547,976 ⁽¹³⁾	Undiluted: 0.90% ⁽⁶⁾ Diluted: 1.14% ⁽¹⁴⁾

(1) These Shares and, if applicable, Warrants are held by Skanderbeg Financial Advisory Inc. ("Skanderbeg"), a company owned by Kevin Ma.

(2) Comprised of: (a) 150,000 Shares held by Skanderbeg; (b) 220,000 options held by Skanderbeg, each of which is exercisable into one Share, exercisable at a price of \$0.40 per Share until January 20, 2021; and (c) 147,247 options held by Skanderbeg, each of which is exercisable into one Share, exercisable at a price of \$0.45 per Share until August 25, 2021, all of which may be exercised within the next 60 days.

(3) Based on 46,127,416 Shares outstanding prior to the completion of the Debt Settlement and Second Tranche on October 25, 2017.

(4) Based on 48,419,255 Shares comprised of: (a) 48,052,008 Shares outstanding prior to the completion of the Debt Settlement and Second Tranche on October 25, 2017; and (b) 367,247 Shares that may be issuable on exercise of stock options of the Company held by Skanderbeg, all exercisable within 60 days.

(5) Comprised of: (a) 190,384 Shares held by Skanderbeg; (b) 220,000 options held by Skanderbeg, each of which is exercisable into one Share, exercisable at a price of \$0.40 per Share until January 20, 2021; (c) 147,247 options held by Skanderbeg, each of which is exercisable into one Share, exercisable at a price of \$0.45 per Share until August 25, 2021; and (d) 40,384 Warrants held by Skanderbeg, each of which is exercisable into one Share, exercisable at a price of \$0.40 per Share until October 25, 2019, all of which may be exercised within the next 60 days.

(6) Based on 48,052,008 Shares outstanding after the completion of the Debt Settlement and Second Tranche on October 25, 2017.

(7) Based on 48,459,639 Shares comprised of: (a) 48,052,008 Shares outstanding after the completion of the Debt Settlement and Second Tranche on October 25, 2017; (b) 367,247 Shares that may be issuable on exercise of stock options held by Skanderbeg; and (c) 40,384 Shares that may be issuable on exercise of warrants held by Skanderbeg, all exercisable within 60 days.

(8) These Shares and, if applicable, Warrants are held by McKenzie LK Management & Consulting Ltd. ("McKenzie LK"), a company owned by Craig Tennock.

- (10) Based on 48,277,008 Shares comprised of: (a) 48,052,008 Shares outstanding after the completion of the Debt Settlement on October 25, 2017; and (b) 225,000 Shares that may be issuable on exercise of Warrants held by McKenzie LK, exercisable within 60 days.
- (11) These Shares and, if applicable, Warrants are held by Chris Johnston directly.
- (12) Comprised of 430,669 Shares held directly.
- (13) Comprised of: (a) 430,669 Shares held directly; and (b) 117,307 Warrants held directly, each of which is exercisable into one Share, exercisable at a price of \$0.40 per Share until October 25, 2019, which may be exercised within the next 60 days.
- (14) Based on 48,169,315 Shares comprised of: (a) 48,052,008 Shares outstanding after the completion of the Debt Settlement and Second Tranche on October 25, 2017; and (b) 117,307 Shares that may be issuable on exercise of Warrants held directly, exercisable within 60 days.

(e) unless this information will be included in another disclosure document for the transaction, a discussion of the review and approval process adopted by the board of directors and the special committee, if any, of the issuer for the transaction, including a discussion of any materially contrary view or abstention by a director and any material disagreement between the board and the special committee:

Each of Mr. Ma, Mr. Tennock, and Mr. Johnston abstained on the resolution of the board of directors approving the Debt Settlement with respect to the Skanderbeg Settlement, McKenzie Settlement, and CJ Settlement, respectively. Mr. Johnston abstained on the resolution of the board of directors approving the Johnston Subscription. A special committee was not established in connection with the approval of the Debt Settlement or the Johnston Subscription, and no materially contrary view or abstention was expressed or made by any director.

(f) a summary in accordance with section 6.5 of MI 61-101, of the formal valuation, if any, obtained for the transaction, unless the formal valuation is included in its entirety in the material change report or will be included in its entirety in another disclosure document for the transaction:

Not applicable.

(g) disclosure, in accordance with section 6.8 of MI 61-101, of every prior valuation in respect of the issuer that related to the subject matter of or is otherwise relevant to the transaction:

(i) that has been made in the 24 months before the date of the material change report:

Not applicable.

(ii) the existence of which is known, after reasonable enquiry, to the issuer or to any director or officer of the issuer:

Not applicable.

- (h) *the general nature and material terms of any agreement entered into by the issuer, or a related party of the issuer, with an interested party or a joint actor with an interested in connection with the transaction:*

The Company entered into debt settlement and subscription agreements with Skanderbeg, McKenzie LK, and Chris Johnston pursuant to which Skanderbeg subscribed for 40,384 Units, McKenzie LK subscribed for 225,000 Units, and Chris Johnston subscribed for 40,384 Units in settlement of \$79,500.00 in accounts payable by the Company. The Company entered into a subscription agreement with Chris Johnston, pursuant to which Mr. Johnston subscribed for 76,923 Units for gross proceeds of \$19,999.98.

See Item 4 above and the attached news release for a full description of the Debt Settlement and the Johnston Subscription.

- (i) *disclosure of the formal valuation and minority approval exemptions, if any, on which the issuer is relying under sections 5.5 and 5.7 of MI 61-101 respectively, and the facts supporting reliance on the exemptions:*

MI 61-101 requires that issuers obtain a formal valuation and minority shareholder approval of related party transactions, unless an applicable exemption is available. The Johnston Subscription, the Skanderbeg Settlement, the McKenzie Settlement and the CJ Settlement were exempt from the valuation requirement of MI 61-101 by virtue of the exemptions contained in (i) Section 5.5(a) of MI 61-101 in that the fair market value of the Johnston Subscription, the Skanderbeg Settlement, the McKenzie Settlement and the CJ Settlement did not exceed 25% of the Company's market capitalization and (ii) section 5.5(b) of MI 61-101 as the Company's Shares are not listed on a specified market and from the minority shareholder approval requirements of MI 61-101 by virtue of the exemption contained in section 5.7(a) of MI 61-101 in that the fair market value of the Johnston Subscription, the Skanderbeg Settlement, the McKenzie Settlement and the CJ Settlement did not exceed 25% of the Company's market capitalization.

As this material change report is being filed less than 21 days before the transaction, there is a requirement under MI 61-101 to explain why the shorter period was reasonable or necessary in the circumstances. In the view of the Company it was necessary to immediately close the Debt Settlement and therefore, such shorter period was reasonable and necessary in the circumstances to improve the Company's financial position.

5.2 *Disclosure for Restructuring Transactions*

N/A

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

N/A

Item 7 Omitted Information

None

Item 8 Executive Officer

Greg Johnston, President and Chief Executive Officer, 604.209.0034

Item 9 Date of Report

October 26, 2017

SCHEDULE "A"

NEWS RELEASE



CSE: CRL
FSE: 7C5
OTC:CDTAF

**NOT FOR DISTRIBUTION TO UNITED STATES NEWSWIRE SERVICES OR
FOR DISSEMINATION IN THE UNITED STATES**

CARL DATA SOLUTIONS ANNOUNCES CLOSING OF SECOND TRANCHE OF PRIVATE PLACEMENT AND DEBT SETTLEMENT

October 25, 2017 - Vancouver, British Columbia - Carl Data Solutions Inc. (CSE:CRL, FSE:7C5, OTC:CDTAF) (“Carl” or the “Company”), a developer of Big-Data-as-a-Service (“BDaaS”)-based solutions for data integration, business intelligence, and Industrial Internet-of-Things (“IIoT”) applications, is pleased to announce that, further to its news releases dated August 15, 2017 and September 5, 2017, it has closed the second and final tranche (the “Second Tranche”) of a non-brokered private placement offering. In the Second Tranche, the Company sold 1,618,824 units (each, a “Unit”) at a price of \$0.26 per Unit for gross proceeds of \$420,893.98. The Company intends to use the proceeds of the Second Tranche for implementing new advanced features to its FlowWorks application and for general working capital purposes.

Each Unit was comprised of one common share in the capital of the Company (each, a “Common Share”) and one common share purchase warrant (each, a “Warrant”), each Warrant being exercisable into one Common Share at a price of \$0.40 per share for a two-year period from the date of issuance (the “Closing Date”). Should the Common Shares trade at a price greater than \$0.75 per share for ten consecutive trading days, the Company will have the right to accelerate the expiry of the Warrants by giving notice to the holders of the Warrants by news release that the Warrants will expire on a date that is not less than 30 days from the date notice is given (the “Acceleration Right”).

Chris Johnston, a director of the Company, subscribed for 76,923 Units for gross proceeds of \$19,999.98 in the Second Tranche (the “Johnston Subscription”).

The Company paid a cash commission of \$11,845.60 and issued 45,560 non-transferable unit purchase warrants (each, a “Finder’s Warrant”) to one finder in connection with subscriptions in the Second Tranche. Each Finder’s Warrant entitles the holder to purchase one Unit (each, a “Finder’s Unit”) at a price of \$0.33 per Finder’s Unit for a two-year

period from the Closing Date, with each Finder's Unit consisting of one Common Share and one common share purchase warrant (each, a "Finder's Unit Warrant"), with each Finder's Unit Warrant entitling the holder to purchase one additional Common Share at a price of \$0.40 per Common Share for a two-year period from the Closing Date. Both Finder's Warrants and Finder's Units Warrants are subject to the Company's Acceleration Right.

The Company is also pleased to announce that, further to its news release dated October 20, 2017, three debtholders of the Company, McKenzie LK Management & Consulting Ltd., Skanderbeg Financial Advisory Inc., and Chris Johnston, have converted indebtedness in the aggregate amount of \$79,500.00 into 305,768 Units at a price of \$0.26 per Unit (the "Debt Settlement").

McKenzie LK Management & Consulting Ltd., a company owned by Craig Tennock, a director of the Company, converted the indebtedness in the amount of \$58,500 into 225,000 Units (the "McKenzie Settlement"). The Company was indebted to McKenzie LK Management & Consulting Ltd. in the aggregate amount of \$58,500 for unpaid remuneration for consulting services performed.

Skanderbeg Financial Advisory Inc., a company owned by Kevin Ma, a director of the Company, converted the indebtedness in the amount of \$10,500 into 40,384 Units (the "Skanderbeg Settlement"). The Company was indebted to Skanderbeg Financial Advisory Inc. in the aggregate amount of \$10,500 for unpaid remuneration for Chief Financial Officer services performed.

Chris Johnston, a director of the Company, converted the indebtedness in the amount of \$10,500 into 40,384 Units (the "CJ Settlement"). The Company was indebted to Mr. Johnston in the aggregate amount of \$10,500 for unpaid remuneration for consulting services performed.

Each of the Johnston Subscription, the Skanderbeg Settlement, the McKenzie Settlement and the CJ Settlement was a "related party transaction" within the meaning of Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions* ("MI 61-101"). The Johnston Subscription, the Skanderbeg Settlement, the McKenzie Settlement and the CJ Settlement were exempt from the valuation requirement of MI 61-101 by virtue of the exemptions contained in (i) Section 5.5(a) of MI 61-101 in that the fair market value of the Johnston Subscription, the Skanderbeg Settlement, the McKenzie Settlement and the CJ Settlement did not exceed 25% of the Company's market capitalization and (ii) section 5.5(b) of MI 61-101 as the Company's Shares are not listed on a specified market and from the minority shareholder approval requirements of MI 61-101 by virtue of the exemption contained in section 5.7(a) of MI 61-101 in that the fair market value of the Johnston Subscription, the Skanderbeg Settlement, the McKenzie Settlement and the CJ Settlement did not exceed 25% of the Company's market capitalization.

All of the securities issued in connection with the Second Tranche and the Debt Settlement are subject to a statutory hold period of four months and one day.

None of the securities sold in connection with the Second Tranche and the Debt Settlement will be registered under the United States Securities Act of 1933, as amended, and no such securities may be offered or sold in the United States absent registration or an applicable exemption from the registration requirements. This press release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

About Carl Data Solutions Inc.

Carl Data Solutions Inc. is focused on providing next generation information collection, storage and analytics solutions for data-centric companies. Building on its recent acquisitions, Carl helps its clients analyze and understand all forms of environmental data through a powerful platform of data collection, monitoring, analysis and reporting tools.

Carl Data continues to develop applications to work with new cloud-based mass storage services and analytics tools (Big-Data-as-a-Service (BDaaS)) to provide scalability for municipalities, utilities and other industrial verticals. These data collection and storage methods allow the company to build smart Software-as-a-Service (SaaS)-based applications that can collect data from many diverse sources and provide deep insight for decision-making purposes. More information can be found at www.CarlSolutions.com.

On behalf of the Board of Directors:

Greg Johnston
President, Chief Executive Officer, Director
Carl Data Solutions Inc.

For further information please contact:

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The Canadian Securities Exchange (operated by CNSX Markets Inc.) has neither approved nor disapproved of the contents of this press release.

Disclaimer for Forward-Looking Information

Certain statements in this press release are forward-looking statements and are prospective in nature. Forward-looking statements are not based on historical facts, but rather on current expectations and projections about future events, and are therefore subject to risks and uncertainties which could cause actual

results to differ materially from the future results expressed or implied by the forward-looking statements. These statements generally can be identified by the use of forward-looking words such as “may”, “should”, “will”, “could”, “intend”, “estimate”, “plan”, “anticipate”, “expect”, “believe” or “continue”, or the negative thereof or similar variations. Forward-looking statements in this news release include statements regarding the use of proceeds of the Second Tranche. Such statements are qualified in their entirety by the inherent risks and uncertainties that the proceeds of the Second Tranche may be used other than as set out in this news release and other factors beyond the control of the Company. Such forward-looking statements should therefore be construed in light of such factors, and the Company is not under any obligation, and expressly disclaims any intention or obligation, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.