

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

January 5, 2018

Item 3 News Release

The news release dated January 8, 2018 was disseminated through Canada Newswire.

Item 4 Summary of Material Change

On January 5, 2018, the Company completed its rights offering (the “Rights Offering”). The Rights Offering, which expired on December 28, 2017, was fully subscribed and the Company issued an aggregate of 11,042,331 units of the Company (each, a “Unit”) at a subscription price of \$0.26 per Unit, raising aggregate gross proceeds of \$2,871,006.

Each Unit issued consisted of one common share (each, a “Share”) in the capital of the Company and one listed transferable common share purchase warrant (each, a “Warrant”), with each Warrant being exercisable for a two-year period from the date of issuance of the Units at a price of \$0.35 per Share, if exercised prior to July 5, 2018, and at a price of \$0.40 per Share thereafter. The Warrants were listed on the Canadian Securities Exchange, with trading commencing on January 10, 2018 under the symbol “CRL.WT”, and are governed under a warrant indenture between the Company and Computershare Trust Company of Canada dated January 5, 2018.

A total of 8,845,426 Units were subscribed for by rights holders pursuant to the basic subscription privilege attached to the rights and a total of 2,196,905 Units were subscribed for by rights holders pursuant to the additional subscription privilege attached to the rights, in accordance with such holders’ pro-rata entitlements to the Units available under the additional subscription privilege.

Mackie Research Capital Corporation (“Mackie”) acted as exclusive soliciting dealer on a commercially reasonable efforts basis in connection with the Rights Offering, in consideration for: (i) a corporate finance fee of \$40,000; (ii) a cash commission of \$287,100; and (iii) the issuance of 2,085,002 options (the “Soliciting Dealer’s Option”) to acquire units of the Company (each, a “Soliciting Dealer’s Unit”) at a price of \$0.26 per Soliciting Dealer’s Unit, provided that Mackie shall not acquire any Soliciting Dealer’s Units under the Soliciting Dealer’s Option if by doing so Mackie will hold greater than 19.9% of the issued and outstanding Shares at such time. Upon exercise of the Soliciting Dealer’s Option, each Soliciting Dealer’s Unit shall be comprised of one Share and one common share purchase warrant (a “Soliciting Dealer’s Unit Warrant”), each Soliciting Dealer’s Unit Warrant being exercisable for a two-year period from January 5, 2018 at a price of \$0.35 per Share, if exercised prior to July 5, 2018, and at a price of \$0.40 per Share thereafter.

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.

Disclosure Required by MI 61-101

Pursuant to Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions*, the Rights Offering constituted a “related party transaction”, in part, as certain directors and officers of the Company participated in the Rights Offering.

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 Rights Offering.

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

The purpose of the Rights Offering was to obtain funds for research and development, sales and marketing, general corporate and operating purposes, unallocated working capital and the repayment of debt.

(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:

Greg Johnston, president, chief executive officer and a director of the Company, was issued 483,584 Units for proceeds of \$125,731.79.

Chris Johnston, a director of the Company, was issued 39,130 Units for proceeds of \$10,173.80.

Rick Sanderson, a director of the Company, was issued 27,300 Units for proceeds of \$7,098.

Kevin Ma, a director of the Company, was issued 38,076 Units for proceeds of \$9,899.76.

(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 Rights Offering and the percentage of securities of the Company beneficially owned or controlled by Greg Johnston, Chris Johnston, Rick Sanderson and Kevin Ma:

Name and Position	Dollar Amount of Units Purchased	Number of Securities Purchased	No. of Securities Held Prior to Closing of the Rights Offering	Percentage of Issued and Outstanding Securities prior to Closing of the Rights Offering ⁽¹⁾⁽²⁾	No. of Securities Held After Closing of the Rights Offering ⁽³⁾	Percentage of Issued and Outstanding Securities After Closing of the Rights Offering ⁽²⁾⁽⁴⁾
Greg Johnston President, CEO and Director	\$125,731.79	483,584 Units	Undiluted: 4,255,620 ⁽⁵⁾ Diluted: 5,074,196 ⁽⁶⁾	Undiluted: 7.7% Diluted: 9.0%	Undiluted: 4,739,204 Diluted: 6,041,364	Undiluted: 7.1% Diluted: 8.9%
Chris Johnston Director	\$10,173.80	39,130 Units	Undiluted: 547,976 Diluted: 647,976 ⁽⁷⁾	Undiluted: 1.0% Diluted: 1.2%	Undiluted: 587,106 Diluted: 726,236	Undiluted: 0.9% Diluted: 1.1%
Rick Sanderson Director	\$7,098	27,300 Units	Undiluted: 136,500 Diluted: 373,000 ⁽⁸⁾	Undiluted: 0.2% Diluted: 0.7%	Undiluted: 163,800 Diluted: 427,600	Undiluted: 0.2% Diluted: 0.6%
Kevin Ma Director	\$9,899.76	38,076 Units	Undiluted: 230,768 ⁽⁹⁾ Diluted: 598,015 ⁽¹⁰⁾	Undiluted: 0.4% Diluted: 1.1%	Undiluted: 268,844 Diluted: 674,167	Undiluted: 0.4% Diluted: 1.0%

- (1) Based on 55,256,100 Shares outstanding prior to the completion of the Rights Offering.
- (2) “Diluted” percentages are calculated on a partially-diluted basis, assuming conversion or exercise of all options and warrants beneficially owned or controlled by the relevant related party.
- (3) The values in this column are derived from those in the columns entitled “No. of Securities Held Prior to Closing of the Rights Offering” and “Number of Securities Purchased”.
- (4) Based on 66,298,431 Shares outstanding after completion of the Rights Offering.
- (5) Comprised of: (i) 2,938,954 Shares held indirectly through BDirect Online Communications Inc. (“BDirect”), which Shares are beneficially owned by Mr. Johnston; and (ii) 1,316,666 Shares held directly by Mr. Johnson.
- (6) Comprised of: (i) 2,938,954 Shares held indirectly through BDirect, which Shares are beneficially owned by Mr. Johnston; (ii) 1,316,666 Shares held directly by Mr. Johnson; and (iii) 718,576 options held indirectly through BDirect.
- (7) Comprised of: (i) 547,976 Shares held directly by Mr. Johnston; and (ii) 100,000 options held directly by Mr. Johnston.
- (8) Comprised of: (i) 136,500 Shares held directly by Mr. Sanderson; (ii) 136,500 warrants held directly by Mr. Sanderson; and (iii) 100,000 options held directly by Mr. Sanderson.
- (9) Comprised of 230,768 Shares held indirectly through Skanderberg Financial Advisory Inc. (“Skandenber”), an entity owned and controlled by Mr. Ma.
- (10) Comprised of 230,768 Shares held indirectly through Skanderberg; and (ii) 367,247 options held directly through Skandenber.

- (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:*

The entire board of directors voted to approve the Rights Offering. A special committee was not established in connection with the approval of the Rights Offering, 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 party, in connection with the transaction:*

Not applicable.

- (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:*

The participation in the Rights Offering by certain “related parties” of the Company, namely, Greg Johnston, Chris Johnston, Rick Sanderson and Kevin Ma, who are directors and/or officers of the Company, constituted a “related party transaction”, as such terms are defined in MI 61-101, requiring the Company, in the absence of applicable exemption, to obtain a formal valuation for, and minority shareholder approval of, the “related party transaction”. Such participation was exempt from (i) the formal valuation requirement under MI 61-101 by virtue of the exemption contained in section 5.5(a) of MI 61-101, in that the fair market value of the related parties’ participation in the Rights Offering did not exceed 25% of the Company’s market capitalization, and (ii) the minority shareholder approval requirement under 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 related parties’ participation in the Rights Offering did not exceed 25% of the Company’s market capitalization. The Rights Offering was made to all shareholders of Carl Data as at the record date, including the related parties, on the same terms.

As this material change report was filed following the closing of the Rights Offering (and therefore less than 21 days before the closing of the Rights Offering), there is a requirement under MI 61-101 to explain why the shorter period is reasonable or necessary in the circumstances. In the view of the Company, such shorter period is reasonable and necessary in the circumstances because the Company wished to complete the Rights Offering in a timely manner.

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

January 18, 2018

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 COMPLETION OF RIGHTS OFFERING

January 8, 2018 - Vancouver, British Columbia - Carl Data Solutions Inc. (CSE:CRL, FSE:7C5, OTC:CDTAF) ("**Carl Data**" or the "**Company**") is pleased to announce the completion of its previously announced rights offering (the "**Rights Offering**"). The Rights Offering, which expired on December 28, 2017, was fully subscribed and the Company issued an aggregate of 11,042,331 units of the Company (each, a "**Unit**") at a subscription price of \$0.26 per Unit, raising aggregate gross proceeds of \$2,871,006.

Each Unit issued consisted of one common share (each, a "**Share**") in the capital of Carl Data and one listed transferable common share purchase warrant (each, a "**Warrant**"), with each Warrant being exercisable for a two-year period from the date of issuance of the Units at a price of \$0.35 per Share, if exercised prior to July 5, 2018, and at a price of \$0.40 per Share thereafter. The Warrants are expected to be listed on the Canadian Securities Exchange, with trading commencing on or around January 10, 2018 under the symbol "CRL.WT", and are governed under a warrant indenture between the Company and Computershare Trust Company of Canada dated January 5, 2018.

A total of 8,845,426 Units were subscribed for by rights holders pursuant to the basic subscription privilege attached to the rights and a total of 2,196,905 Units were subscribed for by rights holders pursuant to the additional subscription privilege attached to the rights, in accordance with such holders' pro-rata entitlements to the Units available under the additional subscription privilege.

As previously announced, Mackie Research Capital Corporation ("**Mackie**") acted as exclusive soliciting dealer on a commercially reasonable efforts basis in connection with the Rights Offering, in consideration for: (i) a corporate finance fee of \$40,000; (ii) a cash commission of \$287,100; and (iii) the issuance of 2,085,002 options (the "**Soliciting Dealer's Option**") to acquire units of the Company (each, a "**Soliciting Dealer's Unit**") at a price of \$0.26 per Soliciting Dealer's Unit, provided that Mackie shall not acquire any Soliciting Dealer's Units under the Soliciting Dealer's Option if by doing so Mackie will hold greater than 19.9% of the issued and outstanding Shares at such time. Upon exercise of the Soliciting Dealer's Option, each Soliciting Dealer's Unit shall be comprised of one

Share and one common share purchase warrant (a “**Soliciting Dealer’s Unit Warrant**”), each Soliciting Dealer’s Unit Warrant being exercisable for a two-year period from January 5, 2018 at a price of \$0.35 per Share, if exercised prior to July 5, 2018, and at a price of \$0.40 per Share thereafter.

Carl Data intends to use the net proceeds of the Rights Offering for research and development, sales and marketing, general corporate and operating purposes, unallocated working capital and the repayment of debt.

The participation in the rights offering by certain “related parties” of Carl Data, namely, directors and officers of Carl Data, constituted a “related party transaction”, as such terms are defined by Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions* (“**MI 61-101**”). Such participation was exempt from (i) the formal valuation requirement under MI 61-101 by virtue of the exemption contained in section 5.5(a) of MI 61-101, in that the fair market value of the related parties’ participation in the Rights Offering did not exceed 25% of the Company’s market capitalization, and (ii) the minority shareholder approval requirement under 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 related parties’ participation in the Rights Offering did not exceed 25% of the Company’s market capitalization. The Rights Offering was made to all shareholders of Carl Data as at the record date, including the related parties, on the same terms.

None of the securities issued in connection with the Rights Offering will be registered under the *United States Securities Act* of 1933, as amended (the “**1933 Act**”), and none of them may be offered or sold in the United States absent registration or an applicable exemption from the registration requirements of the 1933 Act. This press release shall not constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of the securities in any state where such offer, solicitation, or sale would be unlawful.

About Carl Data Solutions Inc.

Carl Data Solutions Inc. is an Industrial IoT (IIoT) company 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, reporting, and predictive analysis 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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Carl Data Solutions Inc.
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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.

Forward-Looking Statements

This press release contains certain forward-looking statements within the meaning of applicable securities law. Forward-looking statements are frequently characterized by words such as “plan”, “expect”, “project”, “intend”, “believe”, “anticipate”, “estimate” and other similar words, or statements that certain events or conditions “may” or “will” occur. In particular, forward-looking statements in this press release include, but are not limited to, statements regarding the expected use of proceeds from the Rights Offering and the expectation that the Warrants will be listed on the Canadian Securities Exchange.

Although the Company believes that the expectations reflected in the forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct. Such forward-looking statements are subject to risks and uncertainties that may cause actual results, performance or developments to differ materially from those contained in the statements including, without limitation, risks with respect to: the use of proceeds from the Rights Offering; that the Warrants will not be listed on the Canadian Securities Exchange; the ability of the Company to establish a market for its services; competitive conditions in the industry; general economic conditions in Canada and globally; the inability to secure additional financing; competition for, among other things, capital and skilled personnel; potential delays or changes in plans with respect to deployment of services or capital expenditures; possibility that government policies or laws may change; technological change; risks related to the Company’s competition; the Company’s not adequately protecting its intellectual property; interruption or failure of information technology systems; and regulatory risks relating to the Company’s business, financings and strategic acquisitions. Any forward-looking statements contained in this press release are made as of the date of this press release. The Company disclaims any intent or obligation to update publicly any forward-looking information, whether as a result of new information, future events or results or otherwise, other than as required by applicable securities laws.