



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

August 14th, 2018

Item 3 – News Release

A news release for Gunpowder Capital Corp., dated August 14th, 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 acquired 500,000 Common Shares of Astro Aerospace Ltd., (OTCQB: ASDN), ("Astro"). The Corporation purchased ownership of the Astro Common Shares by issuing a Convertible Debenture to the seller. The Corporation paid the seller \$1.50 CDN per Astro Common Share setting the face value of the Debenture at Seven Hundred Fifty Thousand Dollars ("\$750,000.00") CDN. The Debenture pays interest on the outstanding principal amount of \$750,000.00 CDN at the rate of Ten Percent ("10%") per annum. The interest is payable quarterly, in Common Shares of Gunpowder. The Debenture's maturity date has been set as August 7, 2020, and on that date, the Debenture will automatically convert into 15,000,000 Common Shares of Gunpowder Capital Corp.

The completion of this transaction is potentially a material event as defined by NP 51-201 as the debenture issuance will increase the number of the Corporation's issued Common Shares from 31,510,256 (As At August 14th, 2018) to 46,510,256 on August 7th, 2020 assuming that no other issuances of Common Shares occurs between Aug 14th, 2018 and Aug 7th, 2020. The completion of this transaction also will increase the Corporation's fully diluted total from 49,721,393 (As At August 14th, 2018) to 64,721,393 on August 7th, 2020 assuming that no other issuances of Units, Warrants, Options or Common Shares occurs between Aug 14th, 2018 and Aug 7th, 2020.

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

August 14th, 2018

Schedule "A"



News Release

Gunpowder Capital Corp., Makes First Investment Into Drone Sector

FOR IMMEDIATE RELEASE

August 14th, 2018

Toronto, Ontario, August 14th, 2018 – Gunpowder Capital Corp., (CSE: GPC), (CSE: GPC.PR.A), (OTCQB: GNPWF), (Frankfurt: YS6N), (“Gunpowder” or the “Corporation”) announced today that via a private transaction the Corporation has acquired Five Hundred Thousand (“500,000”) Common Shares of Astro Aerospace Ltd., (OTCQB: ASDN), (“Astro”).

The Corporation purchased ownership of the Astro Common Shares directly from the seller by issuing a Convertible Debenture to the seller. The Corporation paid the seller \$1.50 CDN per Astro Common Share setting the face value of the Debenture at Seven Hundred Fifty Thousand Dollars (“\$750,000.00”) CDN. The Debenture pays interest on the outstanding principal amount of \$750,000.00 CDN at the rate of Ten Percent (“10%”) per annum. The interest is payable quarterly, in Common Shares of Gunpowder Capital Corp. The Debenture’s maturity date has been set as August 7, 2020, and on that date, the Debenture will automatically convert into 15,000,000 Common Shares of Gunpowder Capital Corp.

The seller of the Astro Common Shares is not an arm’s length party, nor are they an insider to the Corporation. As of the date of this press release this transaction will not result in a change of the control as the holder of the debenture holds no voting rights until the debenture is fully converted into Gunpowder Capital Corp., Common Shares.

As of the date of this press release the quoted market value of the Astro Shares was approximately Nine Hundred and Seventy-Five Thousand Dollars (“\$975,000.00”) USD as the quoted market price was \$1.96 USD per Common Share on the OTCQB.

Paul Haber, Chief Financial Officer, stated: “Drones have emerged beyond their military origins. We are very impressed by how Astro is taking this technology and working to create a vehicle for the modern age. The AA360 being developed by Astro has the ability to provide an eco-friendly commute and help ease traffic congestion significantly.”

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.