

BC FORM 51-102F3
Securities Act

MATERIAL CHANGE REPORT

Item 1: Reporting Issuer

Earthworks Industries Inc.
1608 – 675 West Hastings Street
Vancouver, BC V6B 1N2
("Company")

Item 2: Date of Material Changes

See dates of News Releases in Clause 3.

Item 3: Press Releases

April 20, 2017
May 4, 2017
May 4, 2017
May 8, 2017

The Press Releases were disseminated pursuant to the normal dissemination processes available to Canadian publicly traded companies.

Item 4: Summary of Material Changes

There have been three material changes, being:

- (a) The Company negotiated a new Amendment of its Settlement Agreement with North Bay Corporation;
- (b) The Company has closed a \$1,364,460 private placement;
- (c) The Company has granted 2,410,000 share purchase options.

Item 5: Full Description of Material Changes

- (a) The Company negotiated a new Amendment, dated May 20, 2016 to its Settlement Agreement with North Bay Corporation ("North Bay"). The Settlement Agreement as amended now provides:
 - (i) the principal amount due from the Company pursuant to the Settlement Agreement is agreed to be \$5,144,916 (the "**Balance Amount**");
 - (ii) EWK paid North Bay \$200,000 on the signing of the Amendment;
 - (iii) the \$200,000 paid to North Bay pursuant to sub-clause (ii) will be:

- (a) applied to reduce the Balance Amount and be deemed paid on account of a \$500,000 payment due March 31, 2018: or
- (b) if EWK exercises the Payout Option, will be deducted from the amount required to exercise the Payout Option, reducing the required amount to \$2,050,000;
- (iv) EWK is granted an option (the “**Payout Option**”) to wholly settle the Balance Amount and all accrued interest by paying North Bay, on or before March 31, 2018 \$2,050,000;
- (v) the Balance Amount shall, if the Payout Option is not exercised, be paid by the Company by 8 annual payments of \$500,000 each on March 31st commencing March 31, 2018 and a final annual payment of the whole of the amount of Balance Amount remaining unpaid and of all accrued and unpaid interest;
- (vi) the Balance Amount shall bear interest of 7.0% per annum calculated yearly on December 31st and not in advance, from March 31, 2016, on the amount of the Balance Amount remaining unpaid from time to time;
- (vii) if EWK effects any equity financing prior to the full payment of the Balance Amount, Ratto shall have an option to apply all or part of any accrued and unpaid interest to the purchase of securities of EWK on the same terms as are being given to all others participating in the equity financing.

All references to monies above are to US dollars.

- (b) The Company, effective May 4, 2017, completed private placement sales of 6,822,300 Units at \$0.20 per Unit – for which it has received gross proceeds of 1,364,460. Each Unit consists of one share of Earthworks and one share purchase warrant. A warrant will be exercisable to purchase one additional share of Earthworks during the period expiring May 3, 2018.
- (c) On May 8, 2017 the Company granted 2,410,000 share purchase options to 5 Directors, Officers and service providers. The options will expire May 27, 2022, are fully vested and are exercisable for \$0.25 per share.

Item 6: Reliance on section 85(2) of the Act

This Report is not being filed on a confidential basis.

Item 7: Omitted Information

No information has been omitted on the basis that it is confidential information.

Item 8: Executive Officer

David B. Atkinson
President and Chief Executive Officer
Tel: (604) 669-3143

The senior officer of the Issuer who is knowledgeable about the material changes described in this Report is:

Carl R. Jonsson – Tel: (604) 640-6357

Item 9: Date of Report

The foregoing accurately discloses the material changes referred to herein.

DATED at Vancouver, B.C. May 10, 2017.

“Carl R. Jonsson”

Carl R. Jonsson,
Secretary & Solicitor