

**FORM 51-102F3
MATERIAL CHANGE REPORT**

ITEM 1. NAME AND ADDRESS OF ISSUER

Strategem Capital Corporation (the "Issuer")
Suite 410, 325 Howe Street
Vancouver, BC
V6C 1Z7

ITEM 2. DATE OF MATERIAL CHANGE

January 31, 2019

ITEM 3. NEWS RELEASE

The Issuer disseminated a news release on January 31, 2019.

ITEM 4. SUMMARY OF MATERIAL CHANGE

The Issuer announced that it had updated its investment policy.

ITEM 5.1 FULL DESCRIPTION OF MATERIAL CHANGE

The Issuer announced that it had updated its investment policy (the "**Policy**"). The new Policy provides that any future investments will be made on the basis of investing for purposes of control or for the purpose of being actively involved in management. The Policy restricts passive investments.

As a result of the changes to the Policy, the Issuer sold most of its current portfolio of investments. The Issuer currently has approximately \$11,000,000 in cash and approximately \$90,000 in illiquid securities.

For further information, see the news release dated January 31, 2019 attached as Schedule "A" hereto.

ITEM 5.2 DISCLOSURE FOR RESTRUCTURING TRANSACTIONS

Not Applicable.

ITEM 6. RELIANCE ON SUBSECTION 7.1(2) OF NATIONAL INSTRUMENT 51-102

Not Applicable.

ITEM 7. OMITTED INFORMATION

There are no significant facts required to be disclosed herein which have been omitted.

ITEM 8. EXECUTIVE OFFICER

Contact: Kenneth Morgan, President and Chief Executive Officer

Email: info@strategemcapital.com

ITEM 9. DATE OF REPORT

February 1, 2019

Schedule "A"

News Release dated January 31, 2019

NEWS RELEASE

January 31, 2019

STRATEGEM UPDATES AND REVISES INVESTMENT POLICY

Vancouver, British Columbia – Strategem Capital Corporation (“**Strategem**” or the “**Company**”) (TSXV: SGE) today announced that it has updated its investment policy to specifically provide that any future investments will be made on the basis of investing for purposes of control or for the purpose of being actively involved in management. The investment policy also restricts passive investments. The company will continue to look for investments in a broad spectrum of diversified investment assets.

It has come to the Company's attention that, if the Company were to hold a portfolio of "passive" investments, rather than investments for purposes of control and influence over management, that could require the Company to register as a non-redeemable investment fund and its investment committee members may be required to register as investment fund managers or portfolio managers under *National Instrument 31-103* ("NI 31-103"). As a non-redeemable investment fund, the Company would also be prohibited from holding securities representing more than 10% of the votes or 10% of the outstanding equity securities of any company.

Historically, the Company did invest for purposes of control and influence over management, but has not done so for some time. Between 2006 and 2008, the Company realized significant gains for its shareholders and in 2009 and 2013 the Company returned a portion of its cash to shareholders via a return of capital and dividend distributions. Following which, and while the Company looked for further control type investments, the Company has primarily been a passive investor and deployed most of its capital in “blue-chip” investments which have provided a steady stream of dividend income and capital appreciation.

The Company intends now to renew its focus on investments with the potential for growth and where it can be actively involved in management or else have a position of control. There are significant risks associated with the types of opportunities that the Company will be pursuing. Typically, only very few of such investments become successful. The types of investments with which the Company will be involved typically take at least several years to mature into a successful investment, and the failures generally materialize much sooner in the investment cycle. In addition, the Company will no longer be able to rely on a stream of dividend income to meet its cash flow needs. In the future, cash flows are expected to be more sporadic, with primarily negative cash flows while the Company is not invested, or while its investments are maturing. These negative cash flows will be offset by gains only if the Company's investments become successful.

The Company has sold most of its current portfolio of investments. The Company currently has approximately \$11,000,000 in cash and approximately \$90,000 in illiquid securities. The

Company will make a subsequent announcement once it has made its first investment under the Company's new investment policy.

About Strategem Capital Corporation

Strategem is a publicly-traded merchant bank whose investment objective is to provide capital growth through investments in a range of industry sectors.

For further information please contact:

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Neither the 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.

Except for historical information contained herein, this news release contains forward-looking statements that involve risks and uncertainties. Actual results may differ materially. Except as required pursuant to applicable securities laws, the Company will not update these forward-looking statements to reflect events or circumstances after the date hereof. More detailed information about potential factors that could affect financial results is included in the documents filed from time to time with the Canadian securities regulatory authorities by the Company.

The forward-looking statements contained in this news release present the expectations of the Company as of the date hereof and, accordingly, is subject to change after such date. Readers are cautioned not to place undue reliance on forward-looking statements.