

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

Item 1 Name and Address of Company

Railtown Capital Corp. (the “**Company**” or “**Railtown**”)

Suite 2200 – 855 West Georgia Street

Vancouver, BC V6C 3E8

Item 2 Date of Material Change

March 11, 2021

Item 3 News Release

A news release was issued on March 11, 2021 and subsequently filed on SEDAR.

Item 4 Summary of Material Change

On March 11, 2021, Railtown announced that it had signed a non-binding letter of intent dated February 19, 2021 (the “**LOI**”) with Sparx Technology Inc. (“**Sparx**”), an arm’s length private company incorporated under the laws of Canada, to effect a transaction that will result in a reverse takeover of Railtown by Sparx (the “**Transaction**”). Trading in the common shares of the Company (the “**Common Shares**”) has been halted in accordance with the policies of the TSX Venture Exchange (the “**TSXV**”) and will remain halted until such time as all required documentation has been filed with and accepted by the TSXV.

Item 5 Full Description of Material Change

On March 11, 2021, Railtown announced that it had signed a non-binding LOI with Sparx, an arm’s length private company incorporated under the laws of Canada, to effect the Transaction. Trading in the Common Shares has been halted in accordance with the policies of the TSXV and will remain halted until such time as all required documentation has been filed with and accepted by the TSXV.

The Transaction is not a Non-Arm’s Length Qualifying Transaction under TSXV Policy 5.4. Accordingly, Railtown will not be required to obtain shareholder approval of the Transaction.

About Sparx Technology Inc.

Sparx was incorporated in May of 2016 and acquired all the operations of iPowow Inc., a Canadian Corporation and its wholly owned subsidiaries iPowow USA Inc., a Delaware Corporation and iPowow Development Pty Ltd., an Australian Corporation. The original business of iPowow was established in Australia in 2009 where the first voting and polling products were developed. Since inception, Sparx and its predecessor companies have invested over \$20 million building the patented Sparx platform and developing its many product offerings,

which allow millions of users to connect and interact simultaneously during any video stream, on any device, anywhere in the world, in real time.

Sparx has conceived and developed hundreds of interactive TV and video experiences including: live predictive gaming for sports, mobile trivia, virtual events and Video on Demand (VoD) gamification. All are designed to engage viewers longer, drive ratings and generate new revenue streams. Global media companies including Disney/ABC, CNN, Sony Pictures Television, MTV, NBC, Twitch and others have used the platform in a variety of programming genres and seen the benefits.

Sparx also offers tools to allow consumer engagement and predictive gaming for live TV sports. Notable broadcast clients include, NBC Sports, ESPN, Fox and NESN Sports. The Sparx platform integrates seamlessly into professional and college sport apps to gamify both the at-home and in-venue experience while generating new revenue streams for the leagues, teams and advertisers. Recent integrations include the Orlando Magic's "Magicvision", the Cleveland Cavaliers' "Cavs Pick 'Em", the Vancouver Canucks' "Predict the Play", Fresno State's "The Doghouse" and the Jacksonville Jaguars' "Jags at Home", and the ESPN Megacast during the College Football National Championship Game.

Sports betting is a massive and rapidly expanding global market. Advances in technology, proliferation of the smartphone and wider access to online gambling markets has led to increasing popularity of live sports 'in-play' betting across Europe, with the US and Canadian markets not far behind. Sparx is well-positioned to play a key role in facilitating and capitalizing on this lucrative industry vertical.

The current global pandemic has forced much of the world to adapt to virtual content and events. Sparx is at the forefront of this shift in behaviour with a technology that gamifies and enhances any virtual consumer experience. Currently, Sparx is expanding into new verticals focussed on EdTech, corporate conferences and training, company AGMs and meetings, virtual charity events, live streamed concerts and other performances.

Sparx is built to scale and well positioned for global expansion through a soon to be launched self-serve SaaS platform, offering any content originator the opportunity to give end users a network quality interactive consumer experience. The Sparx platform offers a leading engagement tool that provides real time integration of social media content, voting and polling, watch parties, contesting and e-commerce transactions, as well as viewer sentiment and first party data collection.

During Sparx fiscal ended June 30, 2020 the company generated revenue of approximately \$750,000 Canadian dollars and incurred approximately \$1.7 million CAD of operating expenses. This represented an approximate 40% decline in revenue from the previous fiscal year, largely due to the impact of COVID on the professional sports world. The Company has been able to retain all employees and used this time to push forward on its development of new verticals and its SaaS product. Although COVID remains a factor, revenues for the current fiscal year are expected to increase as professional sports return and new markets open up.

Virtually all of the Company's development capital has been provided by the shareholders of Sparx through equity and secured loans. These loans (currently \$9.7 million plus accrued interest) will be converted into common shares of Sparx and all interest will be forgiven as a condition of closing the Transaction. This equity conversion is included in the total consideration

to be received by the Sparx shareholders, as described in more detail under the heading “Transaction” below. Sparx’ assets consist largely of the patents and other intellectual property associated with the Sparx platform and a small amount of working capital. Upon completion of the Transaction, the Financing and the conversion of the indebtedness referred to above, it is anticipated that the Company will have in excess of \$3.0 million in net working capital, the bulk of which will be used to greatly expand sales and marketing efforts.

Resulting Issuer Board of Directors and Management

Upon completion of the Transaction, the Board and senior management of the Company will be comprised of individuals with decades of experience in media and finance, drawn largely from the current Sparx team.

The President and CEO of Sparx is Alan Thorgeirson. Al is a seasoned broadcast veteran and builder with nearly 40 years experience in television, radio and digital broadcasting. He has worked on the launch of 6 over-the-air television stations, 3 specialty channels, and FM radio stations in Calgary, Edmonton, Winnipeg and Toronto. Al also helped develop and launch a voice writing division for Canada’s largest closed captioning company. He has operated at the COO, Regional VP and Managing Director levels for Craig Media, CHUM Limited, Rogers Broadcasting and the CBC.

Since taking on the CEO role in May of 2019, Al’s efforts have centred around restructuring, rebranding, and remodeling the company’s current platform offerings along with exploring new business verticals to create new revenue opportunities.

The initial three independent Board members will be Drew Craig, Brian Brady and Richard Hubbard.

Drew Craig has been involved in the media and telecommunications industry for over 35 years. He started his career at Craig Media Inc. a third generation television and media business. He held several operational and executive roles at the company, ultimately serving as President and CEO. During his tenure at Craig Media the company grew from a single TV station to Canada’s largest privately held TV broadcast group. During that time Craig Media successfully launched three national specialty channels MTV, MTV2 and TV Land in partnership with Viacom. Craig Media was sold in December 2005 for \$265M

Since the sale of Craig Media, Drew Craig has been an active investor, executive and board member of several media and telecom enterprises. Mr. Craig was a principal investor, Chairman and Co-Chief Executive Officer of Craig Wireless Systems, a company operating and deploying wireless broadband networks in Canada, the USA, Europe and New Zealand. He also served as Co-Chairman of Peace Arch Entertainment Group Inc. and as a Director of Lions Gate Entertainment Corporation.

Drew Craig is currently a founder, principal investor and Executive Chairman of adtrackmedia. The company is a global digital-out-of-home enterprise operating proprietary, in-tunnel, display systems in major city subway tunnels on four continents.

Brian Brady is the Sole Member of Red Oak Holdings, LLC, an asset management and holding company. Brian recently stepped down as President and CEO of Northwest Broadcasting after he sold the company to Apollo Global Management. Collectively, Northwest Broadcasting owned and operated 20 television stations in 11 markets in the United States, and was

ultimately merged with the radio and television broadcast assets of Cox Media. Mr. Brady remains on the Board of Cox Media Group.

Currently, Mr. Brady serves on the board of Syncbak, a privately held technology company that provides geo-filtering and authentication for over-the-top (OTT) television viewing; IZEA Worldwide Inc., a publicly held company providing influencer marketing and custom content services; and Duration Media, LLC, a proprietary digital ad impression technology company. He is also one of three senior advisors for Manhattan West Asset Management, an independent wealth management and high net worth financial advisory firm. Mr. Brady's former board activities include acting as Chairman of the FOX Affiliate Board, a representative body of independent stations affiliated with the Fox Television Network; the National Association of Broadcasting; and Saga Communication, a publicly traded radio and television company.

Richard Hubbard has more than thirty five years of relevant management, corporate finance and investment banking experience. As a venture capitalist Mr. Hubbard has worked closely with the leverage buy-out group of Citibank and other venture capital firms. He has originated leveraged buyouts, management buyouts, seed stage, venture capital stage and private equity investments, including the acquisition, re-structuring and successful sale of a traditional French luxury goods and fashion brand. Mr. Hubbard has also been an early stage investor in a variety of companies in various industry sectors including Gencell Biosystems, an Irish biotech firm that he co-founded in 2011 and was subsequently sold to a giant healthcare company. He has been a director of a number of small to mid-sized companies in Europe, Africa and North America and Asia.

For further information on Sparx, go to www.Sparxtechnology.com.

The Transaction

It is intended that the Transaction will constitute the "Qualifying Transaction" of Railtown, as such term is defined in the policies of the TSXV. Upon completion of the Transaction, the shareholders of Sparx will become shareholders of Railtown, a publicly traded company listed on the TSXV. The resulting company after completion of the Transaction (the "**Resulting Issuer**") will carry on the current business of Sparx and intends to be listed on the TSXV as a Tier 2 technology issuer.

The Transaction is proposed to be effected by way of a "three-cornered" amalgamation under which securityholders of Sparx will exchange their securities of Sparx for securities of Railtown. Prior to effecting the share exchange, Railtown will consolidate its Common Shares on a 2:1 basis (the "**Consolidation**"). Shareholders of Sparx will be issued an aggregate of up to 32,500,000 post-Consolidation Common Shares at a deemed price of \$0.40 per share following the conversion of all shareholder loans into equity. On completion of the Transaction, Sparx will be a wholly-owned subsidiary of the Resulting Issuer. On closing (the "**Closing**") of the Transaction, the Resulting Issuer's name will be changed to "Sparx Technology Inc." or another name acceptable to Sparx.

Closing of the Transaction is subject to, among other things, completion of due diligence, the entry into a definitive agreement, customary conditions set forth in such agreement, approval of the shareholders of Sparx, acceptance for filing of the TSXV and completion of a Financing (defined below). Subject to the receipt of all necessary regulatory and shareholder approvals, Closing is expected to occur by May 31, 2021.

A finder's fee of up to 412,500 post-Consolidation Common Shares is payable on Closing of the Transaction.

Sponsorship

Railtown will be seeking an exemption from the sponsorship requirements of the TSXV pursuant to the provisions of section 3.4(a)(ii) of TSXV Policy 2.2.

Proposed Financing

In connection with the Transaction, Sparx will complete a private placement financing (the "**Financing**") of up to 7,500,000 subscription receipts ("**Subscription Receipts**") at a price of \$0.40 per Subscription Receipt for aggregate gross proceeds of up to \$3,000,000. Each Subscription Receipt will be exchangeable for one post-Consolidation Common Share of the Resulting Issuer on Closing of the Transaction.

Sparx has also recently completed a US\$250,000 convertible debenture financing, the principal amount of which will ultimately be convertible into one post-Consolidation Common Share of the Resulting Issuer for each CAD\$0.40 of principal converted.

Pro Forma Share Capital

Assuming the sale of all 7,500,000 Subscription Receipts, it is anticipated that, on Closing of the Transaction, there will be 47,712,500 post-Consolidation Common Shares issued and outstanding (49,137,500 post-Consolidation Common Shares on a fully diluted basis, assuming the exercise of all outstanding options, warrants and Agent's Warrants, but excluding the Over-Allotment Option). The following persons are the current controlling shareholders of Sparx and are expected to beneficially own, directly or indirectly, or exercise control or direction over, more than 10% of the issued and outstanding post-Consolidation Common Shares:

<u>Name</u>	<u>Number of Shares</u>	<u>Percentage</u>
J.D. Craig Holdings Ltd.	8,790,070	17.86%
Cedar Creek Broadcasting LLC.	8,790,070	17.86%
SMF Investments Ltd.	8,034,919	16.33%

J.D. Craig Holdings Ltd. is a private company that is controlled by Drew Craig. Cedar Creek Broadcasting LLC is a private company that is controlled by Brian Brady. SMF is an independent tech/investment fund based in Europe. Mr. Hubbard does not control the fund but is representing SMF for the Sparx investment.

It is anticipated that a portion of the issued and outstanding post-Consolidation Common Shares of the Resulting Issuer will be subject to the escrow and resale restrictions pursuant to the policies of the TSXV.

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

N/A

Item 7 Omitted Information

N/A

Item 8 Executive Officer

Cameron White, Director, CEO, President & Corporate Secretary, railtowncapital@gmail.com

Item 9 Date of Report

March 22nd, 2021

Cautionary Statement Regarding Forward-Looking Information

This material change report includes certain “forward-looking statements” under applicable Canadian securities legislation that are not historical facts. Forward-looking statements involve risks, uncertainties, and other factors that could cause actual results, performance, prospects, and opportunities to differ materially from those expressed or implied by such forward-looking statements. Forward-looking statements in this material change report include, but are not limited to, statements with respect to the terms and conditions of the proposed Transaction; the Company’s objectives, goals or future plans; Sparx’s objectives, goals or future plans; completion of the Financing; the receipt of the requisite approvals with respect to the Transaction and the business and operations of the Company following the completion of the Transaction. Forward-looking statements are necessarily based on a number of estimates and assumptions that, while considered reasonable, are subject to known and unknown risks, uncertainties and other factors which may cause actual results and future events to differ materially from those expressed or implied by such forward-looking statements. Such factors include, but are not limited to: general business, economic and social uncertainties; litigation, legislative, environmental and other judicial, regulatory, political and competitive developments; delay or failure to receive board, shareholder or regulatory approvals; those additional risks set out in Railtown’s public documents filed on SEDAR at www.sedar.com; and other matters discussed in this material change report. Although Railtown believes that the assumptions and factors used in preparing the forward-looking statements are reasonable, undue reliance should not be placed on these statements, which only apply as of the date of this material change report, and no assurance can be given that such events will occur in the disclosed time frames or at all. Except where required by law, Railtown and Sparx disclaim any intention or obligation to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.