

**FORM 51-102F3**  
**Material Change Report**

**1. Name and Address of Company:**

Target Capital Inc. (“**Target**”) or (the “**Corporation**”)  
Suite 300, 407 - 3<sup>rd</sup> Street S.W.  
Calgary, Alberta T2P 4Z2

**2. Date of Material Change(s):** December 19, 2017

**3. News Release:** December 19, 2017, at Calgary, Alberta, a press release was issued and disseminated through the facilities of a recognized newswire service.

**4. Summary of Material Change(s):**

Target announced that it had received the written consent of a majority of its shareholders to: (i) complete its previously announced non-brokered private placement of \$5.0 million (the “**Private Placement**”); and (ii) appoint a new management team and board of directors (collectively, the “**New Management Team**”).

Target also announced that: (i) it closed the Private Placement for aggregate gross proceeds of \$5.5 million; and (ii) it completed the appointment of the New Management Team.

Target also announced that it is anticipated that the shareholders of Target will be asked to approve, at a special meeting called for such purpose, a change of the Corporation’s name to “CBI<sup>2</sup> Capital Corp.” and the Corporation will be rebranded as CBI<sup>2</sup> Capital, a public merchant bank that will create a diversified portfolio of high growth, early stage, cannabis focused investment opportunities.

**5. Full Description of Material Change:**

***5.1 Full Description of Material Change***

Target announced that it had received the written consent of a majority of its shareholders to: (i) complete the Private Placement; and (ii) appoint the New Management Team.

Target also announced that: (i) it closed the Private Placement for aggregate gross proceeds of \$5.5 million; and (ii) it completed the appointment of the New Management Team.

**Private Placement**

Pursuant to the Private Placement, Target issued an aggregate of 91,666,675 units (“**Units**”) at a price of \$0.06 per Unit for aggregate gross proceeds of \$5.5 million. Each Unit is comprised of one common share of the Corporation (a “**Common Share**”) and, in the case of subscriptions by the New Management Team, one Common Share purchase warrant (a “**Warrant**”) and, in the case of all other subscribers, one half of one Warrant. Each Warrant entitles the holder thereof to purchase one Common Share at a price of \$0.10 until December 15, 2022. The Warrants will vest and become exercisable as to one-third upon the 20-day weighted average trading price of the Common Shares (the “**Market Price**”) equaling or exceeding \$0.12, an additional one-third upon the Market Price equaling or exceeding \$0.16 and a final one-third upon the Market Price equaling or exceeding \$0.20. The Private Placement remains subject to the final approval of the the TSX Venture Exchange (the “**TSXV**”) and the Canadian Securities Exchange (the “**CSE**”).

## **New Management Team**

The New Management Team is led by Sonny Mottahed as President and Chief Executive Officer, Bill Macdonald as Executive Vice President – Corporate Development, David Cheadle as Chief Financial Officer and, joining the team as General Counsel, Jason Kujath. Joining Messrs. Mottahed and Macdonald on the board of directors of Target are Gregory Turnbull, Matteo Volpi and Chad Oakes with Sony Gill serving as the Corporation's Corporate Secretary.

## **Rights Offering**

Target confirmed that it intends to conduct a rights offering (the “**Rights Offering**”) by way of a rights offering circular which will be mailed to all shareholders as of the record date for such offering (the “**Record Date**”). Pursuant to the Rights Offering, each holder of Common Shares as of the Record Date, including Common Shares issued under the Private Placement, will be issued one right (“**Right**”) for each Common Share held on the Record Date. Each four Rights shall entitle the holder to acquire, for an exercise price of \$0.06: (i) one Common Share; and (ii) one half of one Warrant at or before the expiry time of the Rights Offering, following which all outstanding Rights shall terminate and expire. The Rights Offering is subject to applicable regulatory approval, including the TSXV and the CSE.

## **The Corporation**

Target is a Calgary, Alberta based company engaged in making strategic investments in private companies, including small start-up operations and land development corporations. The Common Shares are listed on the TSXV and the CSE under the trading symbol “TCI”. Concurrent with closing of the recapitalization transaction and the appointment of the New Management Team, Target will execute on a cannabis-focused investment strategy, developing and managing a diversified portfolio of predominantly early stage cannabis investment opportunities. The recapitalized corporate structure will allow Target to explore and invest in a number of strategic investment opportunities in the medical and recreational cannabis industry and in businesses offering ancillary supportive products and services. Upon receipt of shareholder approval, Target will change its name to “CBi<sup>2</sup> Capital Corp.”.

## **Forward-Looking Statements**

*This material change report may include forward-looking statements including opinions, assumptions, estimates, and, more particularly, statements concerning: Target's new corporate strategy and plans and the ability to exercise thereon; the completion of the Private Placement and the Rights Offering; and the number of securities issued by way of the Private Placement and the Rights Offering. When used in this document, the words “will,” “anticipate,” “believe,” “estimate,” “expect,” “intent,” “may,” “project,” “should,” and similar expressions are intended to be among the statements that identify forward-looking statements.*

*The forward-looking statements are founded on the basis of expectations and assumptions made by Target which include, but are not limited to, the timing of the receipt of the required, regulatory and third party approvals, as well as the satisfaction of other conditions pertaining to the completion of the Private Placement and the Rights Offering. Forward-looking statements are subject to a wide range of risks and uncertainties, and although Target believes that the expectations represented by such forward-looking statements are reasonable, there can be no assurance that such expectations will be realized.*

*Any number of important factors could cause actual results to differ materially from those in the forward-looking statements including, but not limited to: regulatory and third party approvals not being obtained in the manner or timing anticipated; the ability to implement corporate strategies; the state of domestic capital markets; the ability to obtain financing; changes in general market conditions; industry conditions and events; the size of the medical marijuana market and the recreational marijuana market; government regulations, including future legislative and regulatory developments involving medical and recreational marijuana; competition from other industry participants; and other factors more fully described from time to time in the reports and filings made by Target with securities regulatory authorities.*

*Except as required by applicable laws, Target does not undertake any obligation to publicly update or revise any forward-looking statements.*

**5.2 Disclosure for Restructuring Transactions**

Not Applicable

**6. Reliance on Subsection 7.1(2) or (3) of National Instrument 51-102 *Continuous Disclosure Obligations*:**

Not Applicable

**7. Omitted Information:**

Not Applicable

**8. Executive Officer Knowledgeable of Material Change:**

Sonny Mottahed  
President and Chief Executive Officer  
Telephone: (403) 351-1779

**9. Date of Report:** December 27, 2017