FORM 51-102F3

MATERIAL CHANGE REPORT

Item 1. Name and Address of Company

Carbon Friendly Solutions Inc. (the "Company")
2500 – 555 W. Hastings St.
Vancouver, B.C.
V6B 4N6

Item 2. Date of Material Change

October 26, 2010

Item 3. News Release

The news release was disseminated through Canadian News Wire Group on October 26, 2010

Item 4. Summary of Material Change

The Company announced that it has signed a Share Purchase Agreement (the "Agreement") with MicroCoal Inc. ("MCI") and its shareholders, dated effective as of October 15, 2010. Under the Agreement, the Company will acquire all of the issued and outstanding shares of common stock of MCI by way of a share exchange transaction between the shareholders of MCI and the Company.

MCI shareholders will receive an aggregate of approximately 10,000,000 shares of the Company on a *pro rata* basis at a deemed value of $0.30 per share representing US$3,000,000. In addition, the Company will pay (i) up to US$1,000,000 cash to a certain creditor of MCI in consideration for the forgiveness of certain outstanding debt owed to such creditor by MCI and for the re-purchase of such creditor's 1,013 MCI shares for cancellation; and (ii) up to US$85,000 cash to certain other creditors of MCI to settle other outstanding indebtedness owed by MCI.

On completion of the Transaction, MCI will become a wholly-owned subsidiary of the Company.

It is anticipated that the MCI shareholders will represent approx. 15.5% of the issued shares of the Company at the closing of the Transaction and completion of both financings of which the $6,000,000 brokered financing is to be completed concurrent to the Transaction and the $2,000,000 non-brokered financing is anticipated to be completed prior to the closing of the Transaction. The Company shares to be issued to MCI shareholders will be subject to approval and to the requirements of the TSX Venture Exchange ("TSX-V").

Completion of the Transaction is subject to certain conditions, including, but not limited to, the completion of the concurrent financing, MicroCoal will have no liabilities, liens, charges, restrictions or encumbrances at time of closing of the Transaction, the receipt of regulatory approvals, and such other closing conditions as are specified in the Agreement.

In addition, the Company announced it intends to raise up to $6 million in a brokered and $2 million in a non-brokered private placement (the "Financing"), by issuing up to 26,666,667 units (the "Units") of the Company at a price of $0.30 per Unit. Each Unit will be comprised of one common share of the Company and one share purchase warrant of the Company, with each warrant being exercisable into an additional common share for a period of two years from the date of issuance at a price of $0.50 per share.

This Financing is subject to a number of conditions, including receipt of all necessary corporate and regulatory approvals such as the approval of the TSX Venture Exchange. A finder's fee consisting of a combination of cash, shares and/or warrants will be paid to eligible parties in relation to this Financing, all in accordance with regulatory policies.

The net proceeds anticipated from the Financing (up to approximately CAD$7,200,000) will be utilized, in part (a) to provide for the expected costs (legal, accounting, sponsorship and regulatory) associated with the Transaction of approximately CAD$250,000; (b) to provide for debt repayment of US$1,085,000; (c) to provide for MicroCoal's minimum required development costs during the next 18 months from closing of the Transaction approximately US$3,500,000; (d) to provide for general working capital and corporate development costs of approximately US$500,000 for the 12 months from closing; and (e) approximately CAD$1,800,000 will be utilized by the Company for ongoing working capital and the development of existing Company business.

Item 5. <u>Full Description of Material Change</u>

5.1 Full Description of Material Change

See attached news release.

5.2 Disclosure for Restructuring Transactions

Not applicable

Item 6. <u>Reliance on subsection 7.1(2) of National Instrument 51-102</u>

Not applicable

Item 7. <u>Omitted Information</u>

Not applicable

Item 8. **Executive Officer**

Stan Lis, President and Director

Item 9. **Date of Report**

October 28, 2010

FOR IMMEDIATE RELEASE
Contact Investor Relations
Phone: 604-676-9792

October 26, 2010

CARBON FRIENDLY ANNOUNCES SIGNING OF AGREEMENT WITH MICROCOAL AND AMENDED FINANCING TERMS

Vancouver, BC, Canada –October 26, 2010 – Carbon Friendly Solutions Inc. (TSX Venture Exchange: CFQ) ("CFS" or the "Company") announces the signing of a Share Purchase Agreement ("SPA" or the "Agreement") with MicroCoal Inc. ("MCI" or "MicroCoal") where CFS will acquire 100% of the issued and outstanding securities of common stock of MicroCoal (collectively, the "MicroCoal Shares") in exchange for common shares of CFS (the "CFS Shares") as previously announced on September 23, 2010 (the "Transaction"). The Company also announces amendments to the terms of the brokered and non-brokered private placement financings of the Company previously announced on September 23, 2010.

Signing of Agreement with MicroCoal

The Company is pleased to announce that further to its news release of September 23, 2010, the Company has signed an Agreement with MicroCoal and its shareholders, dated effective as of October 15, 2010. Under the agreement, the Company will acquire all of the issued and outstanding shares of common stock of MCI by way of a share exchange transaction between the shareholders of MCI and the Company.

MCI shareholders will receive an aggregate of approximately 10,000,000 CFS Shares on a *pro rata* basis at a deemed value of $0.30 per share representing US$3,000,000. In addition, the Company will pay (i) up to US$1,000,000 cash to a certain creditor of MCI in consideration for the forgiveness of certain outstanding debt owed to such creditor by MCI and for the re-purchase of such creditor's 1,013 MCI shares for cancellation; and (ii) up to US$85,000 cash to certain other creditors of MCI to settle other outstanding indebtedness owed by MCI.

On completion of the Transaction, MCI will become a wholly-owned subsidiary of the Company.

It is anticipated that the MCI shareholders will represent approx. 15.5% of the issued shares of the Company at the closing of the Transaction and completion of both financings of which the $6,000,000 brokered financing is to be completed concurrent to the Transaction and the $2,000,000 non-brokered financing is anticipated to be completed prior to the closing of the Transaction. The CFS Shares to be issued to MCI shareholders will be subject to approval and to the requirements of the TSX Venture Exchange ("TSX-V").

Completion of the Transaction is subject to certain conditions, including, but not limited to, the completion of the concurrent financing, MicroCoal will have no liabilities, liens, charges, restrictions or encumbrances at time of closing of the Transaction, the receipt of regulatory approvals, and such other closing conditions as are specified in the Agreement.

Private Placement Amendments

In addition, the Company is pleased to announce it intends to raise up to $6 million in a brokered and $2 million in a non-brokered private placement (the "Financing"), by issuing up to 26,666,667 units (the "Units") of the Company at a price of $0.30 per Unit. Each Unit will be comprised of one common share of the Company and one share purchase warrant of the Company, with each warrant being exercisable into an additional common share for a period of two years from the date of issuance at a price of $0.50 per share.

This Financing is subject to a number of conditions, including receipt of all necessary corporate and regulatory approvals such as the approval of the TSX Venture Exchange. A finder's fee consisting of a combination of cash, shares and/or warrants will be paid to eligible parties in relation to this Financing, all in accordance with regulatory policies.

The net proceeds anticipated from the Financing (up to approximately CAD$7,200,000) will be utilized, in part (a) to provide for the expected costs (legal, accounting, sponsorship and regulatory) associated with the Transaction of approximately CAD$250,000; (b) to provide for debt repayment of US$1,085,000; (c) to provide for MicroCoal's minimum required development costs during the next 18 months from closing of the Transaction approximately US$3,500,000; (d) to provide for general working capital and corporate development costs of approximately US$500,000 for the 12 months from closing; and (e) approximately CAD$1,800,000 will be utilized by the Company for ongoing working capital and the development of existing Company business.

About MicroCoal Inc.

MicroCoal Inc. is a clean energy company focusing on commercializing the use of its patented technologies to decontaminate and upgrade low-rank coals to match the energy levels of high-rank coals for use by power utilities. MicroCoal Inc.'s proprietary on-site process not only cleans up coal at the power plant prior to combustion by significantly reducing contaminants, but it also reduces GHG emissions and improves fuel efficiency. The reduction in emissions allows for the generation of substantial carbon credits in an industry that is one of the world's largest producers of emissions. The deployment of MCI's technology offers utilities significant economic, environmental as well as operational benefits. MicroCoal's website address: www.microcoal.com

About Carbon Friendly Solutions Inc.

Carbon Friendly Solutions Inc. provides solutions and products for companies, organizations and individuals looking to reduce or offset their global warming impact caused by greenhouse gas ("GHG") emissions, while including the generation of carbon credits for sale in the global Voluntary and Compliance markets. Through its subsidiaries, Global CO2 Reduction Inc., CO2 Reduction Poland Sp. z o.o. and Pacific Briquetter's Inc., CFS is focusing on removing and offsetting GHG emissions from the development of reforestation projects, biomass energy products and renewable energy technology projects that are independently validated and verified to globally recognized standards and methodologies. Website address www.carbonfriendly.com

On behalf of the Board of Directors
Carbon Friendly Solutions Inc.

"Stan Lis"
President and Director

Certain statements included in this News Release contain forward-looking statements, including disclosure concerning possible or assumed future results of operations of the Company. Forward-looking statements typically are preceded by, followed by or include the words – "believes," "expects," "anticipates," "estimates," "intends," "plans," "or similar expressions. Forward-looking statements are not guarantees of future performance. They involve risks, uncertainties and assumptions, and the Company's results could differ materially from those anticipated in these forward-looking statements. The TSX Venture Exchange has not reviewed and does not accept responsibility for the adequacy or accuracy of this news release.