Form 51-102F3
Material Change Report

Item 1. Name and Address of Company

Versatile Systems Inc. ("Versatile" or the "Company")
4900 Ritter Road, Ste 100
Mechanicsburg, PA 17055

Item 2. Date of Material Change

January 16, 2014

Item 3. News Release

The news release announcing the material change was issued at Mechanicsburg, PA on January 16, 2014, and was disseminated via Marketwire and filed on SEDAR.

Item 4. Summary of Material Change

The Company announced that, further to its news release of December 23, 2013, it has completed the previously announced convertible loan with Bertrand des Pallieres and SPQR Capital Holdings SA (the "**Convertible Loan**").

Item 5. Full Description of Material Change

5.1 Full Description of Material Change

Versatile announced on January 16, 2014 that further to its news release of December 23, 2013, it has completed the previously announced Convertible Loan with Bertrand des Pallieres and SPQR Capital Holdings SA.

Mr. des Pallieres, a director and significant shareholder of the Company, and SPQR Capital Holdings SA ("SPQR"), a corporation controlled by Mr. des Pallieres, (together, the "Lenders") have loaned the Company an aggregate of $648,820 in the form of the Convertible Loan, bearing an interest rate of 14% per annum and due two years from the date of advance. The principal of the Convertible Loan is convertible at the option of the Lenders into common shares of the Company at a conversion price as follows: (a) if the Company's previously announced 10 for 1 consolidation (the "Consolidation") has not been completed, at a conversion price of $0.05 per share until the first anniversary of closing and $0.10 per share thereafter; and (b) following completion of the Consolidation at a conversion price of $0.35 per share (equal to $0.035 per share pre-Consolidation). The variable conversion price is necessary to comply with the $0.05 minimum price rules of TSX Venture Exchange. If the Consolidation is completed and all of the principal of the Convertible Loan is converted, the Company will be required to issue the equivalent of 18,537,714 pre-Consolidation common shares to the Lenders. The Convertible Loan is secured by a general security agreement under which the Company has granted the Lenders a security interest over the assets of the Company. The Convertible Loan and any common shares issued upon the conversion of the Convertible Loan, will be subject to a 4-month hold period from the date of the Convertible Loan.

The Convertible Loan constitutes a related party transaction under Multilateral Instrument 61-101 ("MI 61-101") as Mr. des Pallieres is a director of the Company and owns 33,167,500 common shares of the Company, representing approximately 21.6% of the Company's outstanding common shares. Alessandro Benedetti, a director and shareholder of the Company, is also a related party to SPQR as he is a director and shareholder of SPQR. The Company relied on the exemption from minority shareholder approval in section 5.7(1)(b) of MI 61-101. The aggregate principal amount of the Convertible Loan and the previously announced bridge loan with Mr. des Pallieres is $1,435,220 which was below 25% of the Company's market capitalization calculated in accordance with section 5.7(1)(b) of MI 61-101. If the Consolidation closes and the Lenders convert all of the principal of the Convertible Loan, Mr. des Pallieres' direct and indirect shareholdings in the Company will increase to the equivalent of 51,705,214 pre-Consolidation common shares, representing approximately 32.5% of the outstanding common shares before taking into account any shares that may be issued under the Corporation's previously announced proposed rights offering. All of the disinterested directors of the Company, being all of the directors other than Alessandro Benedetti with respect to the Convertible Loan of SPQR Holdings SA only and Mr. des Pallieres, approved the Convertible Loan.

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

Not Applicable.

Item 8. Executive Officer

The following Senior Officer of the Company is available to answer questions regarding this report:

Kenny Kahn, Chief Executive Officer
(717) 620-2531

Item 9. Date of Report

Dated at Mechanicsburg, PA, this 24th day of January, 2014.