

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

**Item 1 Name and Address of Company**

GFE Capital Corp. ("GFE" or the "Company")  
c/o 402-905 West Pender Street  
Vancouver, British Columbia  
V6C 1L6

**Item 2 Date of Material Change**

May 25, 2009

**Item 3 News Release**

News release dated May 25, 2009 filed with the British Columbia Securities Commission and the Alberta Securities Commission and disseminated through Stockwatch and Baystreet.

**Item 4 Summary of Material Change**

GFE Capital Corp. announces that it has entered into an option agreement dated May 15, 2009 with Paragon Minerals Corporation ("Paragon"), to acquire a 70% interest in Paragon's Winterhill VMS Property. If accepted by the TSX Venture Exchange (the "Exchange"), the transaction will constitute GFE's "Qualifying Transaction" under the policies of the Exchange.

**Item 5 Full Description of Material Change**

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

GFE Capital Corp., a Vancouver-based Capital Pool Company listed on the Exchange is pleased to announce that it has entered into an option agreement (the "Option Agreement") dated May 15, 2009 with Paragon Minerals Corporation, an Exchange listed company, to acquire a 70% interest in Paragon's Winterhill VMS Property (the "Winterhill Property") (the "Acquisition"). The Acquisition, if accepted by the Exchange, will constitute GFE's "Qualifying Transaction" under the policies of the Exchange. The Acquisition is an arm's length transaction and it is not anticipated that shareholder approval of the Acquisition will be required by the Exchange. Assuming Exchange acceptance of the Acquisition, GFE will be designated a Tier 2 mining issuer under the policies of the Exchange.

Under the terms of the Option Agreement, GFE has the option to acquire an undivided 70% right, title and interest in the Winterhill Property by funding \$700,000 in exploration and development expenditures over a four year period (\$100,000 firm in the first year) and paying Paragon an aggregate of \$60,000. Under the terms of the Option Agreement, once GFE has earned its 70% interest in the Winterhill Property, GFE and Paragon will form a joint venture to continue exploration and development of the Winterhill Property. In conjunction with the Option Agreement, GFE and Paragon have entered into a management agreement dated May 15, 2009, whereby GFE has appointed Paragon act as an independent contractor with overall management responsibility for carrying out exploration programs on the Winterhill Property during the term of the Option

Agreement. The Winterhill Property is subject to a pre-existing 0.5% net smelter return royalty held by a third party pursuant to an underlying agreement.

### **The Winterhill Property**

The Winterhill Property is located 17 kilometers northeast of Harbour Breton on the south-central coast of Newfoundland, Canada.

It is intended that GFE's funding will be used to explore a number of priority targets on the Winterhill Property including a sizeable untested airborne EM conductor immediately along strike from drill indicated massive sulphides. GFE arranging for an independent technical report to be prepared for the Winterhill Property in accordance with National Instrument 43-101.

The Neoproterozoic-aged volcanic rocks underlying the Winterhill Property are similar to that of the Arabian-Nubian Shield which hosts numerous large tonnage and high-grade VMS deposits. The property covers a 3.5 kilometre long zone of altered felsic volcanic and calcareous sedimentary rocks that host a number of base metal prospects including Winterhill, Winterhill East and Winterhill West prospects. Previous drilling by Noranda at these prospects (18 holes, 3,872 metres) intersected massive sulphide mineralization with assays of 1.41% copper over 6.0 metres and 10.1 % zinc over 4.0 metres.

A recent airborne survey completed by Paragon has identified a least four priority short strike length airborne EM conductors that require follow-up prospecting and drill testing. One of the priority conductors is located below a small lake and coincides with a conductive trend that continues on surface through the Winterhill East prospect. A single historic drill hole at the Winterhill East prospect intersected 10 metres of semi-massive to massive pyrite mineralization with anomalous base metal contents. The best section of this conductor occurs over about 700 metres making it a potentially large target.

Other priority target areas include the Olive Cove prospect which is underlain by mineralized felsic volcanic rocks assaying up to 6.4% zinc. The prospect has not been drill tested and is associated with a short strike length airborne EM conductor (~200 metre long) and a 900-metre long multi-element soil anomaly.

**Further information on the Winterhill Property can be found on Paragon's website at [www.paragonminerals.com](http://www.paragonminerals.com)**

### **Management**

GFE intends to retain its current management team and directors consisting of David Schmidt, Peter De Visser, Anthony Jackson and Benjamin Gelber. Please refer to GFE's prospectus filed on [www.sedar.com](http://www.sedar.com) for detailed backgrounds of these individuals.

### **Sponsorship**

GFE will apply to the Exchange for an exemption from the requirement to obtain a sponsor in connection with the Acquisition; however, there can be no assurances that an exemption from sponsorship will be granted.

### **General**

Completion of the Acquisition is subject to a number of conditions, including but not limited to Exchange acceptance. The Acquisition cannot close until the required

Exchange approval is obtained. There can be no assurance that the transaction will be completed as proposed or at all.

Investors are cautioned that, except as disclosed in a filing statement or other disclosure document of GFE to be prepared in connection with the Acquisition, any information released or received with respect to the Acquisition may not be accurate or complete and should not be relied upon. Trading in the securities of GFE should be considered highly speculative.

**Qualified Person** – Paragon’s Winterhill Project is or was supervised by Qualified Person David Copeland, M.Sc., P.Geol. Mr. Copeland reviewed and approved the technical contents of this news release. **Historical results and other deposit information contained herein were obtained from websites and published papers available in the public domain.**

### *5.2 Disclosure for Restructuring Transactions*

N/A

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

This Report is not being filed on a confidential basis in reliance on subsection 7.1(2) of National Instrument 51-102.

**Item 7**                    **Omitted Information**

No information has been omitted on the basis that it is confidential information.

**Item 8**                    **Executive Officer**

Inquiries in respect of the material change referred to herein may be made to:

David Schmidt  
President, CEO and Director  
GFE Capital Corp.  
Telephone: 604 681 1909

**Item 9**                    **Date of Report**

May 25, 2009