

FORM 51-102F3

Material Change Report

1. Name and Address of Company:

Zorro Capital Inc.
Suite 208 – 828 Harbourside Drive
North Vancouver, BC V7P 3R9

(the "Company")

2. Date of Material Change:

January 18, 2016

3. News Release:

A news release was disseminated on January 18, 2016 and was subsequently filed on SEDAR.

4. Summary of Material Change:

Zorro Capital Inc. (TSX Venture: ZOR.P) ("Zorro") announced that under the policies of the TSX Venture Exchange (the "Exchange"), and Avanti Energy Inc. ("Avanti"), a resource company whose common shares trade on the Exchange and is in the business of acquiring, developing, exploring and evaluating oil and gas properties, are pleased to announce that they have agreed to the terms of participation by Zorro in a non-brokered private placement offering (the "Private Placement") announced by Avanti by news release on January 18, 2016. Pursuant to the terms of the Private Placement, Zorro will subscribe by way of subscription agreement for a minimum of 2,000,000 units (the "Units") of Avanti at a per Unit price of \$0.10 for gross proceeds of \$200,000. Each Unit will consist of one common share in the capital of Avanti (an "Avanti Share") and one-half of one common share purchase warrant, each whole warrant (a "Warrant") will entitle Zorro to purchase one common share in the capital of Avanti at a per share price of \$0.15 for a period of 12 months from the date of closing of the Private Placement. A total of up to 5,000,000 Units will be offered by Avanti under the Private Placement, which may close in one or more tranches, for total gross proceeds of up to \$500,000. All securities issued by Avanti to Zorro in connection with the Private Placement will be subject to a statutory hold period of four months plus one day from the date of issuance of the securities in accordance with applicable securities legislation.

5. Full Description of Material Change:

Zorro Capital Inc. (TSX Venture: ZOR.P) ("Zorro") announced that under the policies of the TSX Venture Exchange (the "Exchange"), and Avanti Energy Inc. ("Avanti"), a resource company whose common shares trade on the Exchange and is in the business of acquiring, developing, exploring and evaluating oil and gas properties, are pleased to announce that they have agreed to the terms of participation by Zorro in a non-brokered private placement offering (the "Private Placement") announced by Avanti by news release on January 18, 2016. Pursuant to the terms of the Private Placement, Zorro will subscribe by way of subscription agreement for a minimum of 2,000,000 units (the "Units") of Avanti at a per Unit price of \$0.10 for gross proceeds of \$200,000. Each Unit will consist of one common share in the capital of Avanti (an "Avanti Share") and one-half of one common share purchase warrant, each whole warrant (a "Warrant") will entitle Zorro to purchase one

common share in the capital of Avanti at a per share price of \$0.15 for a period of 12 months from the date of closing of the Private Placement. A total of up to 5,000,000 Units will be offered by Avanti under the Private Placement, which may close in one or more tranches, for total gross proceeds of up to \$500,000. All securities issued by Avanti to Zorro in connection with the Private Placement will be subject to a statutory hold period of four months plus one day from the date of issuance of the securities in accordance with applicable securities legislation.

Zorro anticipates that it will invest the majority of its available cash reserves in the purchase of the Units, except for such amounts as are necessary to pay current and anticipated payables and the costs of the Dissolution (as defined and described below). The net proceeds of the Private Placement will be used by Avanti for its general corporate purposes.

Upon completion of the Private Placement, Zorro will distribute the Avanti Shares and Warrants pro rata to its shareholders (the "Distribution") and thereafter apply to be delisted from the Exchange and dissolved (the "Dissolution"). Previously, on April 9, 2015, Zorro obtained shareholder approval for the Dissolution.

The Private Placement, the Distribution and the Dissolution (collectively, the "Transaction") are intended to serve as Zorro's Qualifying Transaction under Exchange Policy 2.4, the effect of which will be that the shareholders of Zorro will become shareholders of Avanti, and Zorro will be delisted and cease to exist. The Transaction is not a non-arm's length Qualifying Transaction or a related party transaction pursuant to the policies of the Exchange, however, Douglas Ford is Secretary of Zorro and is also a director and officer of Avanti.

In addition, and in accordance with the agreement between Zorro and Avanti, at any time following closing of the Private Placement and prior to its Dissolution, Zorro will be entitled to nominate one director to the Board of Directors of Avanti.

Completion of the proposed Transaction is subject to a number of conditions, including but not limited to, execution by the parties of a form of subscription agreement for the Private Placement, the receipt of all requisite corporate and regulatory approvals, including Exchange acceptance. The Exchange's acceptance of the Transaction will be conditional, among other things, on Zorro filing with the Exchange all documents in compliance with Exchange CPC Policy requirements. The proposed Transaction cannot close until the required approvals are obtained. There can be no assurance that the Transaction will be completed as proposed or at all.

Zorro and Avanti anticipate completing the Private Placement as soon as possible following receipt of the necessary Exchange and other regulatory approvals, after which Zorro will commence with steps in preparation for the Distribution and the subsequent Dissolution.

In accordance with Exchange policies, Zorro's common shares are currently suspended from trading and will remain suspended until the Transaction is completed and its common shares are delisted, or upon reinstatement of trading to NEX.

Avanti Energy Inc.

The following is based upon information provided by Avanti.

Avanti is a resource company whose common shares trade on the Exchange and is in the business of acquiring, developing, exploring and evaluating oil and gas properties. Avanti is a reporting issuer in British Columbia, Alberta and Ontario.

Financial and other information about Avanti is available in Avanti's financial statements, Management's Discussion and Analysis and other continuous disclosure documents, which have been electronically filed with regulators and are available through the Internet under Avanti's issuer profile on the Canadian System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com and at Avanti's website www.avantienergy.com

The common shares of Avanti are listed and posted for trading on the TSXV under the trading symbol "AVN".

Completion of the transaction is subject to a number of conditions, including but not limited to, Exchange acceptance and if applicable pursuant to Exchange requirements, majority of the minority shareholder approval. Where applicable, the transaction cannot close until the required shareholder 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 the management information circular or filing statement to be prepared in connection with the transaction, any information released or received with respect to the transaction may not be accurate or complete and should not be relied upon. Trading in the securities of a capital pool company should be considered highly speculative.

The TSX Venture Exchange Inc. has in no way passed upon the merits of the proposed transaction and has neither approved nor disapproved the contents of this press release.

Neither the TSX Venture Exchange Inc. nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

This news release contains certain statements that may be deemed "forward-looking statements". Forward looking statements are statements that are not historical facts and are generally, but not always, identified by the words "expects", "plans", "anticipates", "believes", "intends", "estimates", "projects", "potential" and similar expressions, or that events or conditions "will", "would", "may", "could" or "should" occur. Although Zorro and Avanti believe the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results may differ materially from those in forward looking statements. Forward looking statements are based on the beliefs, estimates and opinions of Zorro and Avanti's management on the date the statements are made. Except as required by law, Zorro and Avanti undertake no obligation to update these forward-looking statements in the event that management's beliefs, estimates or opinions, or other factors, should change.

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

Not applicable.

7. **Omitted Information:**

Not applicable.

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

Douglas Ford, Secretary
Telephone: (604) 904-8481

9. **Date of Report:**

January 18, 2016

ZORRO CAPITAL INC.

By: "Douglas Ford"
Secretary
(Official Capacity)
Douglas Ford
(Please print here name of individual whose
signature appears above.)