FORM 51-102F3
Material Change Report

1. Name and Address of Company

RYU Apparel Inc. (the "**Company**")
1672 West 2nd Avenue
Vancouver, BC V6J 1H4

2. Date of Material Change

January 15, 2016

3. News Release

The news release was disseminated through Market News and Stockwatch on Janaury 15, 2016.

4 Summary of Material Change

The Company announced the appointment of a new Chief Financial Officer, a secured note financing, a shares for debt transaction, and the engagement of Aurora.

5. Full Description of Material Change

5.1 Full Description of Material Change

The material changes are fully described in Item 4 above and in the attached News Release which has been filed on SEDAR at www.sedar.com.

Disclosure Required by MI 61-101

Pursuant to Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions* ("MI 61-101"), the secured note constitutes a "related party transaction" as a related party of the Company will loan the Company funds.

The following supplementary information is provided in accordance with Section 5.2 of MI 61-101.

(a) a description of the transaction and its material terms:

The Company has issued a secured note (the "**Note**") for proceeds of up to $800,000 that may be advanced by Marcello Leone, a director and an officer of the Company. Any proceeds advanced by Mr. Leone will bear interest at a rate of 8.95% per annum with a maturity of June 1, 2017 and be secured against the assets of RYU. RYU is also required to pay a commitment fee of $51,000. As of January 15, 2016, Mr. Leone has advanced $710,000 to RYU.

(b) the purpose and business reasons for the transaction:

The purpose of the transtion is to improve the Company's financial position and to finance its working capital.

(c) the anticipated effect of the transaction on the issuer's business and affairs:

The transaction will provide working capital and increase the liabilities of the Company. As the loan is secured against the assets of the Company, it may make it more difficult for the Company to obtain additional debt financing.

(d) a description of:

(i) the interest in the transaction of every interested party and of the related parties and associated entities of the interested parties:

Mr. Leone is the Company's Chief Executive Officer, President and Chairman of the board of directors. He is the holder of the Note.

(ii) the anticipated effect of the transaction on the percentage of securities of the issuer, or of an affiliated entity of the issuer, beneficially owned or controlled by each person or company referred to in subparagraph (i) for which there would be a material change in that percentage:

There will be no change in the ownership of securities of the Company.

(e) unless this information will be included in another disclosure document for the transaction, a discussion of the review and approval process adopted by the board of directors and the special committee, if any, of the issuer for the transaction, including a discussion of any materially contrary view or abstention by a director and any material disagreement between the board and the special committee:

With Mr. Leone abstaining, a resolution of the board of directors was passed on December 10, 2015 which approved the Note. No special committee was established in connection with the transaction, and no materially contrary view or abstention was expressed or made by any director.

(f) a summary in accordance with section 6.5 of MI 61-101, of the formal valuation, if any, obtained for the transaction, unless the formal valuation is included in its entirety in the material change report or will be included in its entirety in another disclosure document for the transaction:

Not applicable.

(g) disclosure, in accordance with section 6.8 of MI 61-101, of every prior valuation in respect of the issuer that related to the subject matter of or is otherwise relevant to the transaction:

(i) that has been made in the 24 months before the date of the material change report:

Not applicable.

(ii) the existence of which is known, after reasonable enquiry, to the issuer or to any director or officer of the issuer:

Not applicable.

(h) the general nature and material terms of any agreement entered into by the issuer, or a related party of the issuer, with an interested party or a joint actor with an interested party, in connection with the transaction:

The Company entered into the Note and a general security agreement (the "**GSA**") with Mr. Leone. The GSA charges all of the assets of the Company.

(i) disclosure of the formal valuation and minority approval exemptions, if any, on which the issuer is relying under sections 5.5 and 5.7 of MI 61-101 respectively, and the facts supporting reliance on the exemptions:

The loan constitutes a "related party transaction" for the Company under MI 61-101. No formal valuation on the part of the Company is required under MI 61-101, in respect of the transaction. The Company is relying on exemptions from the formal valuation and minority approval requirements of MI 61-101, based on the fact that the securities of the Company are only listed on the TSX Venture Exchange and the determination that the fair market value of the transaction, insofar as it involves related parties, does not exceed 25% of the market capitalization of the Company.

As this material change report is being filed less than 21 days before the transaction, there is a requirement under MI 61-101 to explain why the shorter period was reasonable or necessary in the circumstances. In the view of the Company, such shorter period was reasonable and necessary in the circumstances to improve the Company's financial position.

5.2 Disclosure for Restructuring Transactions

Not applicable.

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

Not applicable.

7. Omitted Information

None.

8. Executive Officer

Marcello Leone, CEO, President and Chairman of the Board, 604.235.2880

9. Date of Report

January 19, 2016

RYU Apparel Announces Appointment of New CFO
Secured Note Financing,
Shares for Debt Transaction, and
Engagement of Aurora

Vancouver, BC – January 15, 2016 – RYU Apparel Inc. (TSX VENTURE: RYU), a global, athletic tech-style apparel brand engineered for the fitness, training and performance of the multi-discipline athlete, is pleased to announce the appointment of a new Chief Financial Officer, a secured note financing, a shares for debt transaction, and the engagement of Aurora.

Engagement of Aurora

RYU announces that it has engaged Aurora Realty Consultants to assist RYU in determining the locations of its next retail locations in 2016. Founded in 1989, Aurora Realty Consultants specializes in retail real estate brokerage and consulting services.

New CFO

RYU announces the appointment of Pedro Villa as Chief Financial Officer of RYU, effective February 1, 2016.

Mr. Villa is a Chartered Professional Accountant (CPA, CA) with six years of post-designation professional experience, four of which he spent helping to transform finance departments. Prior to joining RYU, he held controllership and financial reporting roles in three Vancouver-based mining companies with operations in North America. Mr. Villa began his professional career at Deloitte in the audit and assurance practice serving notable Canadian public companies in the IT and mining industries for four years. Mr. Villa has a Bachelor of Science in Business Management with concentrations in entrepreneurship and marketing from Babson College in the United States.

In connection with Mr. Villa's appointment commencing February 1, 2016, RYU has entered into an employment agreement with Mr. Villa whereby, among other terms, Mr. Villa's will receive a base salary of $110,000 per year and is eligible for bonuses and grants of stock options in accordance with the policies of the Company.

Pedro Villa will be replacing Robby Payment as Chief Financial Officer and Secretary effective February 1, 2016. RYU thanks Mr. Payment for his services to the company. In connection with Mr. Payment's departure, RYU entered into an agreement with Mr. Payment, whereby the parties agreed, among other terms, that Mr. Payment will be provided a payment of $6,000 payable in common shares at a price of $0.25 per common share for additional time provided by Mr. Payment in connection with the transfer of the CFO role to Mr. Villa. The agreement is subject to the approval of the TSX Venture Exchange and upon issuance thereof, such shares will be subject to a hold period of four months and one day in accordance with applicable securities laws.

Secured Note

RYU also announces that it has issued a secured note for proceeds of up to $800,000 that may be advanced by Marcello Leone, a director and an officer of RYU. Any proceeds advanced by Mr. Leone will bear interest at a rate of 8.95% per annum with a maturity of June 1, 2017 and be secured against the assets of RYU. RYU is also required to pay a commitment fee of $51,000. As of January 15, 2016, Mr. Leone has advanced $710,000 to RYU.

The secured note is a "related party transaction" within the meaning of Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions*. RYU elected not to file a material change report 21 days before Mr. Leone advanced the funds as RYU required access to the funds prior to such date.

Shares for Debt

RYU announces its intention to settle debt in the amount of $124,587.93 owed by the Company in exchange for the issuance of 498,351 common shares at a deemed price of $0.25 per share. The proposed debt settlement is subject to the approval of the TSX Venture Exchange and entry into debt settlement agreements with the creditors. The debt settlement common shares will be subject to a four month hold period but the creditor may enter into an agreement to exchange the shares received pursuant to the debt settlement with unrestricted shares held by an insider of RYU.

For regular updates on RYU Apparel visit: http://ryu.com:

About RYU

RYU Apparel Inc. is a global, athletic tech-style apparel brand engineered for the fitness, training and performance of the multi-discipline athlete. Designed without compromise, RYU exists to facilitate human performance. For more information, visit: http://ryu.com

On Behalf of the Board

RYU APPAREL INC.
"*Marcello Leone*"
Marcello Leone, CEO, President and Chairman of the Board

Investor Relations
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This news release contains forward-looking information that involve various risks and uncertainties regarding future events. Such forward-looking information can include without limitation statements based on current expectations involving a number of risks and uncertainties and are not guarantees of future performance of RYU, such as statements that RYU intends to appoint Pedro Villa as CFO, provide Robby Payment a payment of $6,000 payable in common shares, the advancement of further funds under the note, the proposed shares for debt transaction, and RYU may open additional retail locations. There are numerous risks and uncertainties that could cause actual results and RYU's plans and objectives to differ materially from those expressed in the forward-looking information, including: (i) the risk that Pedro Villa is not appointed for any reason, or on the terms announced; (ii) the Exchange not approving (a) the appointment of Pedro Villa; (b) the issuance of common shares to Robby Payment, (c) the note with Mr. Leone, or (d) the shares for debt transaction; (iii) the ability to RYU to raise additional capital; and (iv) adverse market conditions. Actual results and future events could differ materially from those anticipated in such information. These and all subsequent written and oral forward-looking information are *based on estimates and opinions of management on the dates they are made and are expressly qualified in their entirety by this notice. Except as required by law, RYU does not intend to update these forward-looking statements.*

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