

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

1. **Name and address of the Company.**

ARBITRAGE EXPLORATION INC. (the “**Company**”)
365 Bay Street
Suite 400
Toronto, Ontario M5H 2V1

2. **Date of Material Change.**

May 26 and May 27, 2015

3. **News Release.**

A press release disclosing the material change was released on May 27, 2015 through the facilities of Marketwired.

4. **Summary of Material Change.**

The Company announced that it has listed its common shares (the “**Listing**”) on the Canadian Securities Exchange (the “**CSE**”) and the Company’s common shares were delisted from the facilities of the NEX board of the TSX Venture Exchange.

The Company also announced that, in connection with and as a condition of the Listing, the Company completed the first tranche of a private placement of units at \$0.05 per unit (the “**Offering**”) for gross proceeds of \$80,000 through the issuance of 1,600,000 units (the “**Units**”). Each Unit comprised of one (1) common share (a “**Common Share**”) and one (1) common share purchase warrant (a “**Warrant**”). Each Warrant entitles the holder thereof to purchase one (1) additional Common Share of the Company at a price of \$0.10 per Common Share for a period of twenty-four (24) months from the closing date.

5. **Full Description of Material Change.**

The material change is fully described in the Company’s press release which is attached as Schedule “A” and is incorporated herein.

The following supplementary information is provided in accordance with Section 5.2 of Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions (“**MI 61-101**”).

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

Pursuant to the completion of the first tranche of the Offering on May 26, 2015, Ms. Judy Baker, a director and President of the Company, acquired 1,600,000 Units of the Company (the “**Acquisition**”).

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

Ms. Baker acquired the Units for investment purposes and may, depending on market and other conditions, increase her beneficial ownership, control or direction over the Common Shares or other securities of the Company, through market transactions, private agreements, treasury issuances, exercise of convertible securities or otherwise.

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

The Acquisition will provide working capital to the Company, and improve the Company's financial position.

(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:

Ms. Baker held 1,243,500 Common Shares immediately prior to the Acquisition representing approximately 11.2% of the issued and outstanding Common Shares.

(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:

After completion of the Acquisition, Ms. Baker now holds 2,843,500 Common Shares and 1,600,000 Warrants of the Company, representing approximately 22.3% of the issued and outstanding Common Shares on a non-diluted basis, and 31.0% on a partially diluted basis (assuming the full exercise of 1,600,000 Warrants held by Ms. Baker only).

(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:

A resolution of the board of directors of the Company was passed on May 19, 2015. 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 relates 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:**

Not applicable.

- (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 participation by Ms. Baker in the Offering constitutes a “related party transaction” for the Company under Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions* (“**MI 61-101**”). The Offering is exempt from the formal valuation and minority shareholder approval requirements of MI 61-101 as neither the fair market value of securities being issued to the related party nor the consideration being paid by the related party will exceed 25% of the Company's market capitalization.

This material change report is being filed less than 21 days before the completion of the transaction, which was reasonable and necessary in the circumstances to improve the Company's financial position.

6. **Reliance on subsection 7.1(2) or (3) of National Instrument 51-102.**

The report is not being filed on a confidential basis.

7. **Omitted Information.**

No significant facts have been omitted from this Material Change Report.

8. **Executive Officer.**

Judy Baker, President.

9. **Date of Report.**

This report is dated at Toronto, this 2nd day of June, 2015.

ARBITRAGE EXPLORATION INC.

Per: “Judy Baker” (signed)
Judy Baker, President

SCHEDULE "A"

ARBITRAGE EXPLORATION INC.

365 Bay Street, Suite 400,
Toronto, Ontario M5H 2V1

FOR IMMEDIATE RELEASE

May 27, 2015
Symbol: AEA

ARBITRAGE COMMENCES TRADING ON THE CANADIAN SECURITIES EXCHANGE AND ANNOUNCES CLOSING OF FIRST TRANCHE OF PRIVATE PLACEMENT

Toronto, CANADA, May 27, 2015 – Arbitrage Exploration Inc. ("**Arbitrage**" or the "**Company**") (CSE: **AEA**) is pleased to announce that further to its news releases dated January 15, 2015, February 12, 2015 and May 25, 2015, the Company has listed its common shares (the "**Listing**") on the Canadian Securities Exchange (the "**CSE**") and its common shares will commence trading today under the trading symbol "**AEA**".

The Company also announces that further to its news release dated May 25, 2015, the Company's common shares have now been delisted from the facilities of the NEX board of the TSX Venture Exchange.

In connection with and as a condition of the Listing, the Company wishes to further announce a new private placement of up to 6,000,000 units of the Company at a price of CDN\$0.05 per unit (the "**Units**") for gross proceeds of up to \$300,000 (the "**Offering**"). Each Unit will consist of one (1) common share of the Company (a "**Common Share**") and one (1) common share purchase warrant (a "**Warrant**"). Each Warrant will entitle the holder thereof to purchase one (1) additional Common Share of the Company at a price of \$0.10 per Common Share for a period of twenty-four (24) months from the closing date. The Company has completed the first tranche of the Offering for gross proceeds of \$80,000 through the issuance of 1,600,000 Units, subscribed for entirely by Ms. Judy Baker, a director and President of the Company. Following completion of the Offering, The securities issued in connection with the Offering will have a four month and one day hold period pursuant to applicable securities laws. Gross proceeds raised from the Offering will be used for general operating expenses.

The current Offering is being completed in lieu of the previously announced offering detailed in the Company's news release dated February 12, 2015, which will not be completed.

The participation by Ms. Baker in the Offering constitutes a "related party transaction" as defined under Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**"). The Offering is exempt from the formal valuation and minority shareholder approval requirements of MI 61-101 as neither the fair market value of securities being issued to the related party nor the consideration being paid by the related party will exceed 25% of the Company's market capitalization. A material change report in respect of the related party transaction was not filed at least 21 days in advance of the closing of Offering due to the Company's immediate need to address its financial situation.

As a result of the Offering, Ms. Baker has filed an early warning report ("the **Report**") announcing that, after completion of the first tranche of the Offering, she now holds 2,843,500

Common Shares and 1,600,000 Warrants of the Company, representing approximately 22.3% of the Common Shares issued and outstanding on a non-diluted basis and 31.0% on a partially diluted basis. Ms. Baker acquired the Units for investment purposes and may, depending on market and other conditions, increase her beneficial ownership, control or direction over the Common Shares or other securities of the Company, through market transactions, private agreements, treasury issuances, exercise of convertible securities or otherwise. For further details, please see a copy of the Report available on SEDAR.

For more information please contact:

Judy Baker, President

(416) 786-7860

NEITHER THE CANADIAN SECURITIES EXCHANGE NOR ITS REGULATIONS SERVICES PROVIDER HAVE REVIEWED OR ACCEPT RESPONSIBILITY FOR THE ADEQUACY OR ACCURACY OF THIS RELEASE.

Forward-looking Information Cautionary Statement

Except for statements of historic fact, this news release contains certain “forward-looking information” within the meaning of applicable securities law. Forward-looking information is frequently characterized by words such as “plan”, “expect”, “project”, “intend”, “believe”, “anticipate”, “estimate” and other similar words, or statements that certain events or conditions “may” or “will” occur. Forward-looking statements are based on the opinions and estimates at the date the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those anticipated in the forward-looking statements including, but not limited to delays or uncertainties with regulatory approvals, including that of the CSE. There are uncertainties inherent in forward-looking information, including factors beyond the Company’s control. The Company undertakes no obligation to update forward-looking information if circumstances or management’s estimates or opinions should change except as required by law. The reader is cautioned not to place undue reliance on forward-looking statements. Additional information identifying risks and uncertainties that could affect financial results is contained in the Company’s filings with Canadian securities regulators, which filings are available at www.sedar.com