

FORM 51-102F3

MATERIAL CHANGE REPORT

Item 1. Name and Address of Company

NaiKun Wind Energy Group Inc. (the “**Company**” or “**NaiKun**)
#570, 355 Burrard Street
Vancouver, British Columbia
V6C 2G8

Item 2. Date of Material Change

March 27, 2020

Item 3. News Release

The news releases announcing the material change described in this material change report were disseminated through the services of GlobeNewswire on March 30, 2020 and March 31, 2020, and were subsequently filed on the Company’s SEDAR profile at www.sedar.com.

Item 4. Summary of Material Change

On March 30, 2020, the Company announced that it had entered into an agreement dated March 27, 2020 (the “**Agreement**”) to sell the NaiKun Offshore Wind Farm located in the Hecate Strait off the coast of British Columbia, Canada (the “**Project**”) to Northland Power Inc. (“**Northland**”), a global developer, owner and operator of sustainable infrastructure assets with expertise and capacity to advance early stage renewable energy projects to the next level of development (the “**Transaction**”). Upon successful completion of the Transaction, Northland will be responsible for all aspects of the Project’s development. The Transaction will occur by way of the Company selling Northland a 100% interest in its wholly owned subsidiary, NaiKun Wind Development Inc. The Transaction constitutes the sale of all or substantially all of the assets of the Company.

Item 5.1 Full Description of Material Change

On March 30, 2020, the Company announced that it had entered into the Agreement to sell the Project to Northland. Upon successful completion of the Transaction, Northland will be responsible for all aspects of the Project’s development. The Transaction will occur by way of the Company selling Northland a 100% interest in its wholly owned subsidiary, NaiKun Wind Development Inc. The Transaction constitutes the sale of all or substantially all of the assets of the Company.

Pursuant to the terms of the Agreement, NaiKun will receive the following:

- upon the Project reaching its financial close, a payment based on the size of the developed Project, which is expected to equal to the majority of NaiKun’s historical development costs on the Project (the “**Cash Consideration**”);

- upon the Project becoming operational, future payments consisting of an annual cash distribution from the Project after the operating costs and specified return on equity have been recovered by Northland (the “**Cash Distribution**”); and
- subject to financial close of the Project, an option to purchase up to a 10% interest in Northland’s interest in the Project (the “**Option**”).

The Transaction is anticipated to close in mid-2020, subject to the satisfaction of certain customary conditions, including but not limited to the Company obtaining the applicable regulatory approvals and approval of the Transaction by way of a special resolution of the Company’s shareholders.

The Transaction has been approved unanimously by the Company’s board of directors (the “**Board**”). The Board recommends that the shareholders vote in favour of approving the Transaction at a special meeting of shareholders, to be scheduled as soon as possible (the “**Meeting**”).

The Company is preparing a management information circular for shareholders in respect of the Meeting that will further explain the terms and conditions of the Transaction, and which will be delivered to shareholders.

The Company will make appropriate determinations as to the use of the Cash Consideration and the Cash Distribution at the time of receipt of such payments.

On March 31, 2020, the Company announced the following details in connection with the Transaction:

- upon successful completion of the Transaction, Northland will be solely responsible for all aspects of the Project’s development, subject only to the Option granted to NaiKun pursuant to the terms of the Agreement;
- NaiKun is unable to provide a dollar value to the Cash Consideration and Cash Distribution at this time, as such consideration is contingent on (i) Northland successfully entering into a power purchase agreement (a “**Power Purchase Agreement**”) with the relevant authorities in British Columbia, (ii) the size and term of such a Power Purchase Agreement, and (iii) such future Power Purchase Agreements as may be awarded to Northland in the Project area; and
- there is no assurance that a Power Purchase Agreement can be attained in the foreseeable future, however it is the Company’s opinion that the Project is more likely to proceed under Northland’s management given their status and experience as a large Canadian developer, owner, and operator of like projects.

Item 5.2. Disclosure for Restructuring Transaction

Not applicable.

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

Not applicable.

Item 7. Omitted Information

No significant facts have been omitted from this report.

Item 8. Executive Officer

For further information, please contact:

Mike O'Connor
President and Chief Executive Officer
(604) 639-8460
info@naikun.ca

Item 9. Date of Report

April 20, 2020