

FORM 51-102F3

MATERIAL CHANGE REPORT

Item 1. Name and Address of Company

SOUTHERN EMPIRE RESOURCES CORP.

420 – 789 West Pender Street,
Vancouver, BC V6C 4B6

Item 2. Date of Material Change

July 11, 2020

Item 3. News Release

The news release was issued on June 13, 2020 and was disseminated by Newswire.

Item 4. Summary of Material Change

On July 11, 2020, Southern Empire Resources Corp. (the “Company”) entered into an acquisition agreement with MAS Gold Corp., a mineral exploration company listed on the TSX Venture Exchange, (“MAS Gold”) whereby the Company has agreed to acquire all the issued and outstanding shares of MAS Gold (the “Agreement”).

Item 5. Full Description of Material Change

Under the terms of the Agreement, the Company will acquire all of the issued and outstanding shares of MAS Gold, including all of the common shares of MAS Gold that may be issued on exercise of any options, warrants and other convertible securities of MAS (the “Transaction”). In exchange for acquiring all the issued and outstanding shares of MAS, the Company will issue up to 5,828,090 shares of the Company.

Each MAS shareholder will receive shares of the Company on an exchange ratio equal to 1 Company share per 8.5 MAS Gold shares. All outstanding MAS Gold convertible securities, if unexercised as closing will be replaced with Company convertible securities on an exchange ratio of 1 Company share per 8.5 MAS Gold shares that would have been issuable. The Transaction will be completed by way of a plan of arrangement.

Mr. Netolitzky is Chairman and director of the Company and Chief Executive Officer, President and director of MAS Gold and Andrew Davidson is Chief Financial Officer of each of the Company and MAS Gold. The Transaction is subject to approval of the majority of votes cast by the minority shareholders of MAS Gold for the purpose of Multilateral Instrument 61-101.

The Agreement includes customary deal protection provisions, including a break fee of \$250,000 payable by a breaching party, and a right to match and a non-solicitation provision in favour of the Company.

The Transaction is subject to due diligence by each party, shareholder approval, applicable regulatory and TSX Venture Exchange approvals and satisfaction of customary provisions. The Transaction is expected to complete in the second half of 2020.

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

Not applicable.

Item 7. Omitted Information

None.

Item 8. Executive Officer

Dale Wallster
Chief Executive Officer
(604) 562 5737

Item 9. Date of Report

July 16, 2020