

FORM 51-102F3
Material Change Report

1. Name and Address of Corporation:

Winston Capital Group Inc. (the "**Corporation**")
1600, 333-7th Ave SW
Calgary, Alberta
T2P 2Z1

2. Date of Material Change(s):

January 20, 2021

3. News Release:

A news release relating to the material changes described herein was released on January 20, 2021 through the facilities of Newsfile Corp.

4. Summary of Material Change(s):

The Corporation, a capital pool corporation as defined under Policy 2.4 – Capital Pool Companies of the TSX Venture Exchange (the "**Exchange**"), announced changes that are in accordance with the new CPC policy.

5. Full Description of Material Change:

5.1 Full Description of Material Change

The Corporation, a capital pool corporation as defined under Policy 2.4 – Capital Pool Companies of the Exchange, announced changes that are in accordance with the new CPC policy.

Changes in accordance with New CPC Policy

Winston announced that due to changes recently announced by the Exchange to its Capital Pool Companies program and changes to the Exchange's Policy 2.4 – Capital Pool Companies, which became effective as at January 1, 2021 (the "**New CPC Policy**"), the Corporation intends to implement certain amendments to further align its policies with the New CPC Policy, in addition to its annual and special matters at the Meeting (defined below).

Pursuant to the New CPC Policy, in order for the Corporation to align certain of its policies with the New CPC Policy it is required to obtain the approval of disinterested shareholders of the Corporation. As a result, the Corporation will be seeking such approval at its upcoming annual general and special meeting of shareholders scheduled to be held on February 10, 2021 (the "**Meeting**"), for the following matters: (i) to amend the Corporation's stock option plan (the "**Option Plan**") to, among other things, become a "10% rolling" plan prior to the Corporation completing a Qualifying Transaction ("**QT**"); (ii) to remove the consequences of failing to complete a QT within 24 months of the Corporation's date of listing on the Exchange (the "**Listing Date**"); and (iii) to amend the escrow release conditions and certain other provisions of the Corporation's Escrow Agreement (the "**Escrow Agreement**"). These proposed amendments are described in further detail below.

Amendments to the Option Plan

The amendments to the Option Plan, will (i) allow the total number of common shares of the Corporation (the "**Common Shares**") reserved for issuance as options not to exceed 10% of the Common Shares issued and outstanding as at the date of grant, rather than at the closing date of the initial public offering ("**IPO**"), for options issued prior to the QT; (ii) allow the number of Common Shares reserved for issuance as options to any individual director or senior officer not to exceed 5% of the Common Shares outstanding as at the date of grant, rather than at the closing date of the IPO, for options issued prior to the QT; (iii) allow the number of Common Shares reserved for issuance as option to Consultants, as defined in the Option Plan, not to exceed 2% of the Common Shares outstanding as at the date of grant, rather than at the closing date of the IPO, for options issued prior to the QT; and (iv) require, prior to the granting of options, the optionee to first enter into an escrow agreement agreeing to deposit the options, and the Common Shares acquired pursuant to the exercise of such options, into escrow as described in the escrow agreement.

Removal of the Consequences of Failing to Complete a QT within 24 Months of the Listing Date

Currently, under the Exchange's Policy 2.4 – Capital Pool Companies (as at June 14, 2010) (the "**Former Policy**") there are certain consequences if a QT is not completed within 24 months of the Listing Date. These consequences include a potential for Common Shares to be delisted or suspended, or, subject to the approval of the majority of the Corporation's shareholders, transferring Common Shares to list on the NEX and cancelling certain seed shares. The New CPC Policy allows the company to remove these consequences assuming disinterested shareholder approval is obtained. The Corporation intends to ask disinterested shareholders to approve the removal of such consequences at the Meeting, as it believes that it will afford the Corporation greater flexibility to complete a QT that is beneficial to all interested parties, and will also allow the Corporation to better withstand market volatility.

Amendments to the Escrow Agreement

The Corporation intends to ask disinterested shareholders to approve the Corporation making certain amendments to the Escrow Agreement, including allowing the Corporation's escrowed securities to be subject to an 18 month escrow release schedule as detailed in the New CPC Policy, rather than the current up to 36 month escrow release schedule in the Former Policy. In addition, the Corporation wishes to amend the Escrow Agreement such that all options granted prior to the date the Exchange issues a final bulletin for the QT ("**Final QT Exchange Bulletin**") and all Common Shares that were issued upon exercise of such options prior to the date of the Final QT Exchange Bulletin will be released from escrow on the date of the Final QT Exchange Bulletin, other than options that (a) were granted prior to the IPO with an exercise price that is less than the issue price of the Common Shares issued in the IPO and (b) any Common Shares that were issued pursuant to the exercise of such options issued below the issue price, which will be released from escrow in accordance with the 18 month escrow release schedule as detailed in the New CPC Policy.

Other Changes

Under the New CPC Policy, the Corporation is permitted to implement certain other changes from the Former Policy without obtaining shareholder approval. As a result, the Corporation wishes to have the option to take advantage of all the changes under the New CPC Policy that do not require shareholder approval, which became effective on January 1, 2021, including, but not limited to:

- i. increasing the maximum aggregate gross proceeds to the treasury that the Corporation can raise from the issuance of Common Shares in the IPO, seed shares and private placement to the new maximum of \$10,000,000, rather than \$5,000,000 which was the limit under the Former Policy;
- ii. removing the restriction which provided that no more than the lesser of 30% of the gross proceeds from the sale of securities issued by the Corporation and \$210,000 may be used for purposes other than identifying and evaluating assets or businesses and obtaining shareholder approval for a proposed QT, and implementing the restrictions on the permitted use of proceeds and prohibited payments under the New CPC Policy, under which reasonable general and administrative expenses not exceeding \$3,000 per month are permitted;
- iii. removing the restriction on the Corporation issuing new agent's options in connection with a private placement; and
- iv. removing the restriction such that now one person has the ability to act as the chief executive officer, chief financial officer and corporate secretary of the Corporation at the same time.

The Corporation believes that the New CPC Policy is in the best interests of the shareholders as it will allow the Corporation to have greater flexibility and mechanisms to increase shareholder value.

Clarification on Previously announced Private Placement Offering

In connection with the Corporation's previously announced qualifying transaction ("**Qualifying Transaction**") with Merida Minerals Inc. ("**Merida**") and pursuant to an amending agreement among the parties, it is further clarifying and amending the terms of the private placement offering, previously announced on December 9, 2020. The offering consists of the sale of a minimum of 4,616,840 units of Merida (the "**Merida Units**") at a price of \$0.15 per Merida Unit (the "**Offering Price**") for aggregate gross proceeds to Merida of a minimum of \$692,526. Each Merida Unit shall be comprised of one common share of Merida (each a "**Merida Common Share**") and one half of one common share purchase warrant (each a "**Merida Warrant**"), with each whole Merida Warrant entitling the holder thereof to acquire one Merida Common Share at a price of \$0.30 for a period of 24 months from issuance.

In connection with the Private Placement, Merida, in its discretion, may pay a cash commission of up to 7% of the gross proceeds from the sale of Merida Units and issue such number of broker warrants ("**Merida Broker Warrants**") that is equal to up to 7% of the number of Merida Units sold pursuant to the Private Placement. Each Merida Broker Warrant will entitle the holder to one (1) Merida Common Share and is exercisable at a price of \$0.30 per Merida Common Share for a period of 24 months from the date of issuance, subject to the requirements of the TSXV.

It is intended that the net proceeds from the previously announced Private Placement will be used for the exploration and development of Merida's Puebla de la Reina ("**PBR**") property and general working capital following completion of the Qualifying Transaction.

This press release does not constitute an offer to sell or the solicitation of an offer to buy any securities in any jurisdiction.

ANY SECURITIES REFERRED TO HEREIN WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933 (THE "1933 ACT") AND MAY NOT BE OFFERED

OR SOLD IN THE UNITED STATES OR TO A U.S. PERSON IN THE ABSENCE OF SUCH REGISTRATION OR AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE 1933 ACT.

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Neither 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. The Exchange has in no way passed upon the merits of the Transaction and has neither approved nor disapproved the content of this press release.

The information contained or referred to in this press release relating to Merida has been furnished by Merida. Although Winston has no knowledge that would indicate that any statement contained herein concerning Merida is untrue or incomplete, neither Winston nor any of its respective directors or officers assumes any responsibility for the accuracy or completeness of such information.

Completion of the Qualifying Transaction is subject to a number of conditions, including but not limited to, Exchange acceptance, receipt of requisite regulatory approvals, completion of the Amended Private Placement and if applicable pursuant to Exchange requirements, majority of the minority shareholder approval. Where applicable, the Transaction cannot close until the required shareholder approvals, and any ancillary matters thereto, are 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 Corporation should be considered highly speculative.

This forward-looking information in respect of Winston and Merida reflects Merida's or Winston's, as the case may be, current beliefs and is based on information currently available to Winston and Merida, respectively, and on assumptions Winston and Merida, as the case may be, believes are reasonable. These assumptions include, but are not limited to, management's assumptions about the Exchange approval for the Transaction, closing of the Private Placement, closing of the business combination announced above and Merida's assumptions regarding its business objectives.

Forward-Looking Information Cautionary Statement

This release includes forward-looking statements regarding Winston, Subco, Amalco, Merida, the Resulting Issuer and their respective businesses, which may include, but is not limited to, statements with respect to the completion of the Transaction and the Private Placement, the terms and timing on which the Transaction and the Private Placement are intended to be completed, the use of the net proceeds from the Private Placements, the ability to obtain regulatory and shareholder approvals, the proposed business plan of the Resulting Issuer and other factors. Often, but not always, Forward-looking statements can be identified by the use of words such as "plans", "is expected", "expects", "scheduled", "intends", "contemplates", "anticipates", "believes", "proposes", "estimates" or variations of such words and phrases, or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Such statements are based on the current expectations of the management of each entity. The forward-looking events

and circumstances discussed in this release, including completion of the Transaction and the Private Placement, may not occur by certain specified dates or at all and could differ materially as a result of known and unknown risk factors and uncertainties affecting the companies, including the risk that Merida and Winston may not obtain all requisite approvals for the Transaction, including the approval of the Exchange for the Transaction (which may be conditional upon amendments to the terms of the Transaction), risks of the resource industry, failure to obtain regulatory or shareholder approvals, economic factors, any estimated amounts, timing of the Private Placement, the equity markets generally and risks associated with growth, exploration and development. Although Winston and Merida have attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. No forward-looking statement can be guaranteed. Except as required by applicable securities laws, forward-looking statements speak only as of the date on which they are made and Winston and Merida undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.

Neither TSX Venture Exchange 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 news release.

5.2 Disclosure for Restructuring Transactions

Not applicable.

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

Not applicable.

7. Omitted Information:

Not applicable.

8. Executive Officer Knowledgeable of Material Change:

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9. Date of Report:

January 25, 2021