

**FORM 51-102F3**

**Material Change Report**

**UNDER SECTION 7.1 OF  
NATIONAL INSTRUMENT 51-102**

1. **Name and Address of Head Office of the Company:**

**Benchmark Metals Inc.**  
10545 – 45 Avenue NW  
250 Southridge, Suite 300  
Edmonton, AB T6H 4M9  
Phone: (780) 437-6624  
(the “Company”)

2. **Date of Material Changes:**

September 18, 2020

3. **News Release:**

A news release was disseminated on September 18, 2020 and was subsequently filed on SEDAR.

4. **Summary of Material Changes:**

By an agency agreement dated September 18, 2020 with Sprott Capital Partners LP, Clarus Securities Inc., and PI Financial Corp. (the “Agency Agreement”) in connection with the first closing of a brokered and concurrent non-brokered private placement, the Company has raised gross proceeds of \$41,456,301.10 by the issuance of 28,151,387 units. The terms of the Agency Agreement, the brokered private placement and the concurrent non-brokered private placement were reviewed and unanimously approved by the board of directors of the Company by written consent resolutions.

5. **Full Description of Material Changes:**

Please see attached Schedule “A”.

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

Not applicable.

7. **Omitted Information:**

Not applicable.

8. **Executive Officer:**

Jim Greig, President  
Telephone: (778) 788-2745

9. **Date of Report:**

September 21, 2020



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 250 Southridge, Suite 300  
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## **BENCHMARK ANNOUNCES FIRST CLOSING FOR ITS OVERSUBSCRIBED OFFERING OF HARD DOLLAR UNITS AND FLOW-THROUGH UNITS**

Edmonton – September 18, 2020 – **Benchmark Metals Inc.** (the "**Company**" or "**Benchmark**") (TSX-V: BNCH) (OTCQB: CYRTF) (WKN: A2JM2X) is pleased to announce that it has closed the first tranche of its previously announced private placement (the "**Offering**") of 16,260,847 hard dollar units at \$1.30 (the "**HD Units**"), 2,585,500 flow-through A units at \$1.56 (the "**FT A Units**") and 9,305,040 flow-through B units at \$1.75 (the "**FT B Units**"), (the HD Units, FT A Units, and FT B Units, collectively, the "**Units**") for gross proceeds of \$41,456,301, inclusive of \$1,365,198 in connection with the concurrent non-brokered private placement of 618,152 HD Units and 360,000 FT A Units. The Company expects a second closing next week to complete the over-subscribed Offering for total gross proceeds of at least \$50,267,662.

Net proceeds of the Offering will be utilized to fast-track the Lawyers gold-silver project towards a production decision in 2022. Major milestones and work programs planned over the next two (2) years include:

- Permitting, engineering and baseline environmental activities already in progress;
- 2020 - drilling expanded up to 100,000 drilling metres;
- 2021, Q1 - Mineral Resource Estimate;
- 2021, Q2 - Preliminary Economic Assessment (PEA);
- 2021 - 200,000 metres of drilling; and
- 2022 - updated Mineral Resource Estimate and Feasibility Study (FS).

Each HD Unit, FT A Unit and FT B Unit consists of one (1) common share of the Company (a "**Share**") and one-half (1/2) of a transferable warrant of the Company (a "**Warrant**"). Each Warrant is exercisable to purchase one (1) additional Share at an exercise price of \$1.80 per Share until September 18, 2022.

The brokered Offering is being completed pursuant to an agency agreement dated September 18, 2020 between the Company, Sprott Capital Partners LP as lead agent (the "**Lead Agent**"), Clarus Securities Inc. and PI Financial Corp. (collectively with the Lead Agent, the "**Agents**"). The Company paid to the Agents a cash commission of 6.0% of the gross proceeds raised from the brokered Offering, a corporate finance advisory fee of \$1,950 and issued to the Agents non-transferable warrants of the Company (the "**Compensation Warrants**") exercisable to purchase up to 1,631,894 Shares at \$1.30 per Share until September 18, 2022.

Mr. Eric Sprott acquired 7,692,308 HD Units pursuant to resales of securities sold under the Offering. Prior to the Offering, Mr. Sprott owned or controlled 15,593,334 Shares, and warrants of the Company to purchase up to an additional 7,796,667 Shares. Following this closing of the Offering, Mr. Sprott beneficially owns or controls 23,285,642 Shares and 11,642,821 warrants of the Company, representing approximately 15.6% of Benchmark's issued and outstanding Shares on a non-diluted basis and would own approximately 21.7% of the issued and outstanding Shares on a partially diluted basis assuming the

exercise of such warrants. Mr. Sprott has entered into a written agreement that restricts him from exercising warrants if such exercise would result in his holding 20% or more of the issued and outstanding Shares, pending the receipt of disinterested shareholder approval at the next annual meeting of the shareholders of the Company expected to held prior to the end of 2020.

The HD Units were acquired by Mr. Sprott for investment purposes. Mr. Sprott has a long-term view of the investment. He may acquire additional securities of Benchmark including on the open market or through private acquisitions or sell securities of Benchmark including on the open market or through private dispositions in the future depending on market conditions, reformulation of plans and/or other factors that Mr. Sprott considers relevant from time to time.

Pursuant to Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions* (“MI 61-101”), the acquisition of the HD Units by Mr. Sprott constitutes a “related party transaction”. The Company has determined that the transaction is exempt from the formal valuation and minority shareholder approval requirements of MI 61-101 by virtue of the exemptions contained in Sections 5.5(a) and 5.7(1)(a) of MI 61-101, as neither the fair market value of securities issued to Mr. Sprott nor the consideration paid by Mr. Sprott exceeded 25% of the Company’s market capitalization. The Company did not file a material change report in respect of the transaction 21 days in advance of closing of this acquisition by Mr. Sprott because insider participation had not been confirmed. The shorter period was necessary in order to permit this acquisition in a timeframe consistent with usual market practice for transactions of this nature.

The gross proceeds from the sale of the FT A Units and FT B Units will be used only to finance further qualifying Canadian exploration expenditures on the Lawyers Property by no later than December 31, 2021, and will qualify as “flow-through mining expenditures” as defined under subsection 127(9) of the *Income Tax Act* (Canada) and subsection 4.721(1) of the *Income Tax Act* (B.C.).

The Shares and Warrants comprising the Units, and the Shares comprising the Compensation Warrants are subject to a hold period until January 19, 2021, in accordance with applicable securities laws.

#### **About Benchmark Metals Inc.**

Benchmark is a Canadian mineral exploration company with its common shares listed for trading on the TSX Venture Exchange in Canada, the OTCQB Venture Market in the United States, and the Tradedegate Exchange in Europe. Benchmark is managed by proven resource sector professionals, who have a track record of advancing exploration projects from grassroots scenarios through to production.

ON BEHALF OF THE BOARD OF DIRECTORS

s/ “John Williamson”

**John Williamson**, Chief Executive Officer

**For further information, please contact:**

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This news release may contain certain “forward looking statements”. Forward-looking statements involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of the

Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Any forward-looking statement speaks only as of the date of this news release and, except as may be required by applicable securities laws, the Company disclaims any intent or obligation to update any forward-looking statement, whether as a result of new information, future events or results or otherwise. Forward-looking statements in this news release include, but are not limited to, statements with respect to the second closing and the Company's ability to obtain disinterested shareholder approval permitting Mr. Sprott to exercise Warrants notwithstanding such exercise would result in his holding 20% or more of the issued and outstanding common shares of the Company.

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