

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

**1. Name and Address of Company**

Pancontinental Resources Corporation (the “**Company**”)  
217 Queen Street West, Suite 401  
Toronto, Ontario M5V 0R2

**2. Date of Material Change**

October 9, 2020

**3. News Release**

A press release disclosing the material change was released on October 9, 2020, through the facilities of Newsfile Corp.

**4. Summary of Material Change**

The Company announced that it had settled an aggregate of CDN\$33,400 of indebtedness owed to a non-arm’s length creditor through the issuance of 417,500 common shares in the capital of the Company (the “**Common Shares**”) at a price of \$0.08 per Common Share (the “**Debt Settlement**”).

**5. Full Description of Material Change**

In connection with the Debt Settlement, the Company settled an aggregate of CDN\$33,400 of indebtedness owed to a non-arm’s length creditor through the issuance of 417,500 Common Shares in the capital of the Company at a price of \$0.08 per Common Share.

The Debt Settlement was approved by disinterested shareholders of the Company at its annual and special meeting of shareholders held on September 30, 2020. The Debt Settlement has received final approval of the TSX Venture Exchange.

All Common Shares issued in connection with the Debt Settlement are subject to a statutory hold period of four months and a day from the date of issuance in accordance with applicable securities laws.

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:**

In connection with the Debt Settlement, a non-arm’s length creditor acquired 417,500 Common Shares of the Company.

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

The Company wished to settle CDN\$33,400 of indebtedness in order to improve its financial position and reduce its accrued liabilities.

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

The settlement of indebtedness will improve the Company's financial position and reduce its accrued liabilities.

**(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:**

Thomas Layton Croft, an officer and director of the Company, acquired 417,500 Common Shares in connection with the Debt Settlement.

**(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:**

Pursuant to the Debt Settlement, Mr. Croft acquired 417,500 Common Shares of the Company. Prior to the completion of the Debt Settlement, Mr. Croft owned 3,236,000 Common Shares of the Company, 200,000 Common Share purchase warrants and 5,900,000 options to purchase Common Shares, representing approximately 1.33% of the issued and outstanding Common Shares on a non-diluted basis and approximately 3.75% of the issued and outstanding Common Shares on a partially diluted basis. Following completion of the Debt Settlement, Mr. Croft owns 3,653,500 Common Shares of the Company, representing approximately 1.51% of the issued and outstanding Common Shares on a non-diluted basis and 3.92% of the issued and outstanding Common Shares on a partially diluted basis.

**(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:**

The Debt Settlement was approved at a meeting of the board of directors held on August 3, 2020. No special committee was established in connection with the Debt Settlement, 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:**

Other than a debt settlement agreement, the Company did not enter into any agreement with an interested party or a joint actor with an interested party in connection with the Debt Settlement. To the Company's knowledge, no related party to the Company entered into any agreement with an interested party or a joint actor with an interested party, in connection with the Debt Settlement.

- (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 Company is relying the exemption from the formal valuation requirements of MI 61-101, based on the fact that the fair market value of the transaction does not exceed 25% of the market capitalization of the Company. The Company did not file a material change report in respect of the related party transaction at least 21 days before the closing of the Debt Settlement because the Company wanted to improve its financial position as expeditiously as possible.

**6. Reliance on subsection 7.1(2) 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**

For further information, please contact Layton Croft, President and Chief Executive Officer of the Company at (416) 293-8437

## **9. Date of Report**

This report is dated at Toronto, this 16<sup>th</sup> day of October, 2020.

## **Forward-looking Information**

*This material change report contains forward-looking information which is not comprised of historical facts. Forward-looking information is 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 information involves risks, uncertainties and other factors that could cause actual events, results, and opportunities to differ materially from those expressed or implied by such forward-looking information. Factors that could cause actual results to differ materially from such forward-looking information include, but are not limited to, changes in the state of equity and debt markets, fluctuations in commodity prices, delays in obtaining required regulatory or governmental approvals, and other risks involved in the mineral exploration and development industry, including those risks set out in the Company’s management’s discussion and analysis as filed under the Company’s profile at [www.sedar.com](http://www.sedar.com). Forward-looking information in this material change report is based on the opinions and assumptions of management considered reasonable as of the date hereof, including that all necessary governmental and regulatory approvals will be received as and when expected. Although the Company believes that the assumptions and factors used in preparing the forward-looking information in this material change report are reasonable, undue reliance should not be placed on such information. The Company disclaims any intention or obligation to update or revise any forward-looking information, other than as required by applicable securities laws.*