

## Form 51 – 102F3

### Material Change Report

#### 1. Name and Address of Company

Magna Terra Minerals Inc. (“**Magna Terra**” or the “**Company**”)  
150 York Street  
Suite 410  
Toronto, Ontario  
M5H 3S5

#### 2. Date of Material Change

July 30, 2020.

#### 3. News Release

Magna Terra issued a press release with respect to the material change described below on August 4, 2020 via AccessWire.

#### 4. Summary of Material Change

On August 4, 2020, Magna Terra completed: (i) the consolidation of the Company’s issued and outstanding shares on the basis of seven (7) old common shares for one (1) new common share of the Company (the “**Consolidation**”); (ii) the acquisition of Anaconda Mining Inc. (“**Anaconda**”)’s wholly-owned subsidiary, 2647102 Ontario Inc. (“**ExploreCo**”) by issuing a total of 12,493,482 common shares of the Company on a post Consolidation basis (as defined herein) (the “**Acquisition**”); and (iii) concurrently with the closing of the Acquisition, the Company raised gross proceeds of \$4.987 million (the “**Offering**”) via a non-brokered private placement..

#### 5. Full Description of Material Change

##### 5.1 Full Description of Material Change

On August 4, 2020, Magna Terra completed the acquisition of Anaconda’s wholly-owned subsidiary, ExploreCo by issuing a total of 12,493,482 common shares of the Company on a post Consolidation basis (as defined herein). As a result, Magna Terra acquired a 100% interest in the Great Northern and Viking Projects in Newfoundland and Labrador and the Cape Spencer Project in New Brunswick (see news release dated October 15, 2019 and December 3, 2019 for more details on the Projects).

The Acquisition was subject to numerous conditions, including, (i) the Acquisition being approved by the disinterested shareholders of the Company, (ii) the consolidation of the Company’s issued and outstanding shares on the basis of seven (7) old common shares for one (1) new common share of the Company and (iii) the completion of a private placement for minimum gross proceeds of \$1.5 million (see news release dated October 15, 2019 for more details on the Acquisition). All currencies in this Material Change Report are reported in Canadian dollars.

The Consolidation and the Acquisition were approved by the Company's disinterested shareholders at the annual and special meeting held on February 27, 2020. The Consolidation is effective on July 30, 2020, and immediately prior to the completion of the Acquisition there were 12,493,482 common shares of the Company issued and outstanding on a post Consolidation basis.

### **Financing Details**

Concurrently with the closing of the Acquisition, the Company raised gross proceeds of \$4.987 million (the "**Offering**") as follows on a post-Consolidation basis: (i) flow-through common shares (the "**FT Shares**") at a price of \$0.25 per share for gross proceeds of \$155,000 (620,000 FT Shares); (ii) common share Units (the "**Units**") at a price of \$0.20 per Unit for gross proceeds of \$2,222,000 (11.11 million units). Each Unit is comprised of one common share and one-half of one share purchase warrant (each whole warrant being a "**Unit Warrant**"), each Unit Warrant entitling the holder thereof to purchase one additional common share of the Company at a price of \$0.30 per share for a period of 24 months; (iii) charity flow-through units (the "**Charity FT Units**") at a price of \$0.29 per Charity FT Unit for gross proceeds of \$2,610,000. Each Charity FT Unit is comprised of one flow-through common share and one-half of one common share purchase warrant (each whole warrant being a "**Charity FT Unit Warrant**"), each Charity FT Unit Warrant entitling the holder thereof to purchase one additional common share of the Company at a price of \$0.30 per share for a period of 24 months. In connection with the Offering, the Company paid Finder's fees totaling \$87,660, and issued a total of 436,800 non-transferable share purchase warrants (the "**Finder Warrants**"), each Finder Warrant entitling the holder to purchase one additional common share of the Company at a price of \$0.30 per share for a period of 24 months. All securities issued in connection with the Acquisition and the Offering are subject to a regulatory hold period of four (4) months and one day expiring on December 1, 2020.

### **Related Party Transaction**

One insider of the Company, Thorsen-Fordyce Merchant Capital Inc., a company controlled by Lewis Lawrick, Director, President and Chief Executive Officer of the Company, participated in the Offering by acquiring 2,750,000 Units of the Company for total gross proceeds of \$550,000. This subscription is considered to be a "related party transaction" for purposes of Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions ("**MI 61-101**"). The Company did not file a material change report more than 21 days before the expected closing date of the Offering as the participation therein by such "related party" of the Company was not settled until shortly prior to the closing of the Offering. The Company relied on exemptions from the formal valuation and minority shareholder approval requirements available under MI 61-101. The Company is exempt from the formal valuation requirement in section 5.4 of MI 61-101 in reliance on section 5.5(b) of MI 61-101 (Issuer Not Listed on a Specified Market). Additionally, the Company is exempt from minority shareholder approval requirement in section 5.6 of MI 61-101 in reliance on section 5.7(b) of MI 61-101 (Fair Market Value Not More Than \$2,500,000).

### **Tier-1 Value Escrow**

Furthermore, as the Acquisition constitutes a "Reverse Take Over" under the policies of the TSX Venture Exchange (the "**Exchange**"), the common shares of the Company issued to Anaconda in connection with the Acquisition and the securities held by the Principals of the Company (as such term is defined on the policies of the Exchange) are subject to an eighteen (18) month Tier-1 Value Escrow agreement with Computershare Investor Services Inc. Following completion of

the Acquisition and the Offering, Magna Terra has 45,716,964 common shares issued and outstanding, of which the existing shareholders of the Company, prior to the completion of the Acquisition and the Offering, and Anaconda each hold 12,493,482 shares (27.33%), and the subscribers of the Offering hold 20,730,000 shares (45.34%). In connection with the Acquisition, the Parties have also entered into an investor rights agreement (the “**Investor Rights Agreement**”) pursuant to which Anaconda will have certain rights, including:

- the right to participate in any future equity financings undertaken by Magna Terra in order to allow Anaconda to maintain its then percentage ownership interest in Magna Terra; such participation right will not apply to any issuance of securities (a) pursuant to Magna Terra’s existing stock option plan and other incentive plans as may be approved by its shareholders from time to time, or to management, directors and employees of the Corporation for compensatory purposes; or (b) upon the exercise or conversion of any convertible or exchangeable securities outstanding on the date the Investor Rights Agreement was entered into; or (c) in connection with or pursuant to any merger, business combination, exchange offer, take-over bid, arrangement, asset purchase transaction or other acquisition of assets or shares of a third party, provided, however, that Anaconda will be permitted to exercise its participation right in connection with the issuance of any shares or other securities of Magna Terra that may be delivered pursuant to the terms of any option agreement, earn-in agreement or similar agreement that Magna Terra or any of its subsidiaries may be party to that does not exist as of the date the Investor Rights Agreement was entered into;

- the right to appoint two (2) directors on the Board of Directors of Magna Terra as long as Anaconda’s ownership interest is above 20%, and one (1) director if Anaconda’s ownership interest falls below 20%, it being agreed that such designated directors would be Mr. Lew Lawrick and Mr. Michael Byron for as long as such persons remained Directors of Anaconda.

All the above rights shall automatically terminate and be of no further force or effect at the later of (i) December 30, 2021, and (ii) Anaconda ceasing to beneficially own more than 10% of the issued and outstanding common shares of Magna Terra (on an undiluted basis). The Investor Rights Agreement also provides that Anaconda will be subject, until December 30, 2021, to a standstill obligation pursuant to which, among other things, it will not without the prior authorization of the board of directors of Magna Terra, purchase, offer or agree to purchase or negotiate to purchase any securities or assets of Magna Terra other than in connection with acquisitions carried out by Anaconda or its affiliates where such securities, when added together with the securities held by Anaconda, its affiliates and any other person acting jointly or in concert would cause Anaconda’s ownership percentage to exceed 35%. The Investor Rights Agreement further provides that Anaconda will vote or cause to be voted, all common shares of Magna Terra beneficially held or controlled by Anaconda, at all shareholder meetings of Magna Terra to be held until December 30, 2021, in favour of each matter recommended by the Board of Directors of Magna Terra for approval by its shareholders at each such meeting. A copy of the Investor Rights Agreement will be filed shortly on SEDAR under the Company’s profile. The Acquisition and Offering remain subject to the final approval from the Exchange. It is expected that trading in the common shares of the Company will resume under the same trading symbol (TSX-V: MTT / CUSIP: 559271200 / ISIN: CA5592712007) two (2) business days following the issuance of the final bulletin of the Exchange.

## 5.2 Disclosure required for a “Restructuring Transaction”

The Company's management information circular dated January 27, 2020, filed under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com), is incorporated by reference in respect of the information required to be disclosed by item 5.2 of Form 51-102F3 - *Material Change Report*.

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

Not applicable.

**7. Omitted Information**

Not applicable.

**8. Executive Officer**

The executive officer who can answer questions regarding this report is Mr. Lew Lawrick, President Chief Executive Office of Magna Terra. Mr. Lawrick can be reached at (647) 478-5307.

**9. Date of Report**

August 10, 2020.