

FORM 51-102F3

MATERIAL CHANGE REPORT

Item 1. Name and Address of Company

YUNTONE CAPITAL CORP
200 - 550 Denman Street
Vancouver, BC V6G 3H1

Item 2. Date of Material Change

October 27, 2020

Item 3. News Release

The news release was disseminated by Cision on October 27, 2020.

Item 4. Summary of Material Change

On October 27, 2020, Yuntone Capital Corp. (the “**Company**” or “**Yuntone**”) announced that it had entered into an amalgamation agreement dated October 23, 2020 (the “**Definitive Agreement**”) with Mantaro Silver Corp. (“**Mantaro**”), a private British Columbia company whereby the Company will acquire all of the issued and outstanding shares of Mantaro (the “**Transaction**”). Mantaro holds a 100% interest in the following five silver-focused Peruvian mineral properties, consisting of its flagship; Santos Gloria Silver and the San Jose Silver Properties as well as the La Purisima, Cerro Luque and Huaranay Properties (the “**Silver Properties**”). As part of the Transaction, Mantaro will carry out a subscription receipt financing for gross proceeds of \$5,000,000.

Yuntone is a capital pool company (“CPC”) and intends the Transaction to constitute a Qualifying Transaction under the TSX Venture Exchange (the “Exchange”) Policy 2.4 – Capital Pool Companies. Upon successful completion of the Transaction, the Company will be a Tier 2 mining issuer.

The Company will complete a share consolidation on the basis of two pre-consolidation common share of Yuntone for every one post-consolidation common share of Yuntone and change its name to Mantaro Silver Corp.

Item 5. Full Description of Material Change

The full news release is attached hereto as Schedule “A”.

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

Gunther Roehlig
Chief Executive Officer
(604) 683-0911

Item 9. Date of Report

October 28, 2020

Schedule “A”

Yuntone Capital Corp. to Acquire 100% ownership of 5 High-Grade Peruvian Silver Projects, Raise \$5 million in Private Placement Financing and Dr. Christopher Wilson to be Chairman and Chief Executive Officer.

October 27, 2020 - Vancouver, British Columbia. **YUNTONE CAPITAL CORP.** (“Yuntone”) (TSX-V: YTC.H), a capital pool company, is pleased to announce that it has entered into an amalgamation agreement dated October 23, 2020 (the “**Definitive Agreement**”) with Mantaro Silver Corp. (“**Mantaro**”), a private British Columbian company, whereby Yuntone will acquire all of the issued and outstanding shares of Mantaro (the “**Transaction**”). Mantaro holds a 100% interest in the following five silver-focused Peruvian mineral properties, consisting of its flagship; Santas Gloria Silver and the San Jose Silver Properties as well as the La Purisima, Cerro Luque and Huaranay Properties (the “**Silver Properties**”). As part of the Transaction, Mantaro will carry out a subscription receipt financing for gross proceeds of \$5,000,000.

Yuntone is a capital pool company (“**CPC**”) and intends the Transaction to constitute a Qualifying Transaction under the TSX Venture Exchange (the “**Exchange**”) Policy 2.4 – *Capital Pool Companies*. Upon successful completion of the Transaction, Yuntone will be a Tier 2 mining issuer.

Highlights of Transaction:

- Portfolio of high-grade silver properties is complemented by a seasoned North and South American team, led by Dr. Christopher Wilson.
- High profile board of directors/advisory board consisting of Mr. Craig Angus, Dr. Quinton Hennigh, Mr. Luis Saenz, Mr. Patrick Hickey and Mr. Charles Hethey.
- Mantaro’s focus on Latin America is bolstered by a well-established in country Peruvian team advancing our current silver properties and are instrumental in evaluating potential strategic acquisitions.
- Plan to complete 5,000 meter drill program at Santas Gloria following Transaction.
- Mantaro’s accomplished team have had success with multiple companies, including; Newmont Gold Corp, Kinross Gold Corp, Novo Resources, New Found Gold Corp, Nevsun Resources, Sunridge Gold Corp and Ivanhoe Mines Ltd.

“We have been able to attract a world-renowned advisory team in Mr. Craig Angus and Dr. Quinton Hennigh, which speaks to the true potential of this company. A geological field team is presently conducting an extensive geochemical sampling program in conjunction with remapping of accessible historic underground workings. We are rapidly identifying high value drill targets and intend to be drill ready early next year. San Jose and Santas Gloria are key foundation silver-dominant projects, on which we hope to build a wider project portfolio. I am excited to be a part of a unique silver company in what I think is the start of a promising silver bull market” states Dr. Christopher Wilson.

The Transaction

Under the terms of the Definitive Agreement, Yuntone has agreed to acquire all of the issued and outstanding shares of Mantaro, which holds a 100% interest in the Silver Properties, and, in consideration of which, Yuntone will issue to the shareholders of Mantaro one post-Consolidation share of Yuntone for every share held of Mantaro. All outstanding convertible securities of Mantaro, including share purchase warrants and stock options, will be exchanged or replaced with convertible securities of Yuntone based on a one-to-one basis and on the same economic terms and conditions as previously issued. Upon completion of the Transaction, Mantaro will become a wholly-owned subsidiary of Yuntone.

Yuntone will complete a share consolidation on the basis of two pre-consolidation common share of Yuntone for every one post-consolidation common share of Yuntone (the “**Consolidation**”). As a result of the Consolidation,

Yuntone's issued and outstanding shares will change from 16,356,710 pre-Consolidation shares to 8,178,535 post-Consolidation shares. Yuntone also plans to change its name to "Mantaro Silver Corp." and list the common shares under a new stock symbol.

Mantaro currently has 25,239,000 common shares issued and outstanding and 5,907,000 share purchase warrants exercisable at \$0.35 per share for a period of one year from the date of issue.

Upon closing of the Transaction and the Offering, Yuntone anticipates it will have 47,703,249 common shares issued and outstanding and 13,049,857 share purchase warrants issued and outstanding.

The Transaction is subject to TSX Venture Exchange approval, shareholder approval of Mantaro, completion of the Offering and other customer conditions for the Transaction.

The Transaction will constitute an arm's-length transaction, and as such will not require approval by the shareholders of Yuntone. Yuntone is preparing and will submit a filing statement in connection with the Transaction in due course.

Financial information of Mantaro will be set forth in a subsequent news release and in the filing statement to be filed on www.sedar.com.

Private Placement Financing

Mantaro will also pleased to announce that it will carry out a private placement financing of 14,285,714 subscription receipts (the "**Subscription Receipts**") at a price of \$0.35 per Subscription Receipt for gross proceeds of \$5,000,000 (the "**Offering**").

Each Subscription Receipt, prior to the closing of the Transaction, will automatically convert into one common share of Mantaro and one-half of one share purchase warrant of Mantaro (each a "**Mantaro Warrant**"), with each whole Mantaro Warrant exercisable into one common share of Mantaro at an exercise price of \$0.55 per share for a period of one year, for no additional consideration upon the satisfaction of certain escrow release conditions, including the conditional approval of the Exchange for the Transaction and satisfaction or waiver of all conditions precedent to the Transaction as set out in the Definitive Agreement.

The proceeds of the Offering will be used for the exploration and drilling on the Silver Properties and working capital over the next twelve months.

About Mantaro Silver Corp.

Mantaro Silver Corp. is a British Columbia company that holds a 100% interest in its two flagship silver properties, Santas Gloria Silver and San Jose Silver Properties, as well as a 100% interest in the La Purisima, Cerro Luque and Huaranay Properties.

Santas Gloria Silver Property

The Santas Gloria Silver Property is 100% owned by Mantaro. It comprises of three mineral concessions totaling 1,100 hectares and is located 55 kilometers directly east of Lima.

Silver is the main target commodity at Santas Gloria. Historic surface sampling reported grades of over 400 oz/t Ag from bonanza shoots. Combined lead and zinc values range from 2% to 20% in the high-grade silver zones. *Information derived from report on Santas Gloria Mining Project by Dr. Alberto Rios Carranza (2020).*

There are over 10 kilometers of intermediate sulphidation veins arranged into three key target zones: Tembladera, Elaine and Santa Cruz. The system has never been drilled tested and exploitation of silver was limited to two areas of the San Jorge and Tembladera veins.

Historical production of silver has been carried out on Santas Gloria since colonial times. To date, an estimated 4 kilometers of underground workings have exploited 2 of the 22 veins at Santas Gloria. In 2005 and 2006, the San Jorge and Tembladera veins were worked on six levels. Santas Gloria is permitted for 30 tonne per day extraction. A small processing plant at site produced silver concentrates with reported silver recoveries of 85%-90%. *Information derived from report on Santas Gloria Mining Project by Dr. Alberto Rios Carranza (2020).*

Santas Gloria has agreements and permissions from the local community for exploration and mining work until 2028 and there are currently no environmental issues on the project.

Santas Gloria is a silver-base metal vein system otherwise known as Cordilleran silver-base metal type. These deposits have many similarities to intermediate sulphidation vein systems. Such deposits are attractive exploration targets due to their often high-grade nature and the large vertical extent of precious and base metal endowment.

Under the terms of its underlying agreement to acquire Santas Gloria, Mantaro is required to pay the former property owners US \$50,000 per month over the next four months and incur a total of US \$1,500,000 in exploration expenditures (US \$500,000 by October 2021 and US \$1,000,000 by October 2022) on the Santas Gloria Silver Property. Mantaro will also pay a one-time discovery bonus of US \$1,000,000 upon announcement of a resource estimate of 10,000,000 ounces Ag equivalent on the Santas Gloria Property.

Mantaro is currently conducting an extensive geological mapping and geochemical sampling program at Santas Gloria. Channel samples of vein exposures in accessible underground workings and vein outcrop has been completed over the entire license holding. Grid soil sampling of potential vein extensions beneath shallow cover is ongoing.

Upon completion of the Transaction, Mantaro intends to carry out an initial 5000 meters of diamond drilling, from underground and surface locations. Some remediation of historic underground workings will be required, primarily replacement of timbers that have rotted. Drifting on the vein and drilling from new cross-cuts, should provide the most accurate targeting of high-grade silver mineralization, on the San Jorge and Tembladera Veins. Other veins will be drilled from surface with a focus on the more gold-rich silver-base metals veins in the north of the concession

San Jose Silver Property

The San Jose Silver Property is 100% owned by Mantaro, comprised of five concessions totaling 3,300 hectares and located 180 kilometers directly north of Lima.

Silver is the main target commodity at San Jose. There are over 12 kilometers of veins and inferred strike extensions of veins. The veins are divided into four target zones: San Jose vein, El Sarco vein, UTCAS 1 vein and UTCAS 2 vein.

- The San Jose vein has approximately 200 meters of underground development on four levels. Veins are between 2-3 meters wide.
- The El Sarco vein is located 1,200 meters from the San Jose mine. Mapping has indicated average widths of over 1.0 to 1.5 meters over a strike length of over 1 kilometer. Historic surface channel sampling reported 2.8 to 3.4 ounces per tonne Ag, which is significant given veins are leached at surface.
- The UTCAS veins have returned results of up to 197 ppm Ag (6.3 oz) ounces per tonne Ag over 1-2 meters, which is significant given weathered nature of veins in outcrop.

**Information derived from Pan American Silver Internal Report (2018), titled Reporte De Reconocimiento Geologico, "Proyecto – Mina San Jose, Cajatambo".*

From 2013 to 2018, a small scall underground mine was operation on the San Jose vein. An estimated 42,000 tonnes of material was extracted with reported silver grades between 15 to 20 ounces per tonne. Production exploited approximately 200 meters of the western margin of San Jose on four levels. **Information derived from Pan American Silver Internal Report (2018), titled Reporte De Reconocimiento Geologico, "Proyecto – Mina San Jose, Cajatambo".*

Under the terms of its underlying agreement to acquire San Jose, Mantaro will be required to pay and issue to the former property owners of the four of the five concessions that comprise the San Jose Silver Property: (i) US \$90,000 in July 2021, (ii) US \$140,000 in July 2022, (iii) US \$150,000 in July 2023, (iv) 375,000 shares and 125,000 on listing with the Exchange, and (v) 375,000 shares and 125,000 warrants on six months after listing on the Exchange. Mantaro is also required to incur a total of US \$150,000 in exploration expenditures on the San

Jose Property by July 2023. Four of the five concessions of the San Jose Silver Property are subject to a 2% Net Smelter Return Royalty, of which Mantaro may repurchase each 1% Net Smelter Return Royalty with a payment of US \$750,000 (ie. US \$1,500,000 for the entire 2% Net Smelter Return Royalty).

Upon completion of the Transaction, Mantaro will focus on detailed geological mapping and geochemical sampling of all veins and inferred vein extensions. This work will provide a much better understanding of key controls on mineralization and allow for most effective drill targeting.

La Purisima, Cerro Luque and Huaranay Properties

The La Purisima, Cerro Luque and Huaranay Properties are 100% owned by Mantaro, by way of staking, and are located in northwest Peru.

The La Purisima Property covers 1,075 hectares and reported historical assays of up to 8 ounces per tonne Ag and 2.5 grams per tonne Au.

The Cerro Luque Property covers 1,650 hectares, contains multiple historic adits within its alterations system and reported historic assays of 11 ounces per tonne Ag.

The Huaranay Property covers 2,000 hectares and includes two gold prospects (Corrales and Chinchango). It also has a historic silver mine with reported grades of up to 37 ounces per tonne Ag.

Historical information has been derived from the Geological Mining and Metallurgical Institute in Peru from reports dated 1979 to 1985.

Directors, Officers and Insiders of Resulting Issuer

Upon completion of the transaction, it is anticipated that the board of directors of Mantaro will comprise of a minimum of four individuals. As of the date of this news release, the following persons are anticipated to be the directors, officers and insiders of Mantaro following completion of the transaction:

Dr. Christopher Wilson, Chairman, Chief Executive Officer, Chief Geologist

Dr. Wilson is a Geologist with over 30 years of global experience in mineral exploration and mining. Chris has worked in over 70 countries, on most commodities and deposit styles, from grass roots through resource definition to feasibility. More recently Chris has been involved in resource to mine to production reconciliation studies, project valuation and fatal flaw analysis. Chris has extensive project review and target generation experience, with ability to rapidly identify and test high value targets, using complex multi-disciplinary datasets. This is combined with a strong deposit model knowledge ensuring key controls on mineralization are placed within the wider context of a projects geological, structural and hydrothermal evolution.

Dr. Wilson is a qualified person for JORC and NI 43-101 compliant reporting and valuation (VALMIM and CIMVAL). As Exploration Manager for Ivanhoe Mines Mongolia, he was responsible for an Exploration Portfolio of over 11 million hectares. Dr Wilson has specialist experience with vein systems including orogenic and intermediate to low sulphidation types.

Kelvin Lee, Chief Financial Officer

Mr. Lee has over 15 years of extensive financial management experience with publicly traded companies. Most recently worked in progressively senior roles from Corporate Controller, VP Finance and Administration to Chief Financial Officer, for a TSXV listed gold producer with \$400 million in revenue over the past nine years. His responsibilities included development and execution of financial strategy and operations, including regulatory reporting, financial planning and analysis, treasury, tax and audit. Held prior Controller positions in the mining industry with various publicly traded companies including Prodigy Gold Inc. that was acquired for \$340 million. Kelvin is also CFO of Walcott Resources Ltd.

Patrick Hickey, Director

Patrick Hickey is a registered engineer with 40 years of experience in the design and construction of mines

throughout the world. He has built world class operations that have delivered significant value to shareholders in Petroleum and Power generation. His experience includes Indonesia, South and North America, Middle East, Africa and Europe. He has significant experience in Peru. He has worked for some of the world's leading operators including Mobil in the USA and in the Middle East, Power in the Czech Republic, BHP Oil Refining in Hawaii, Newmont Gold in Indonesia and Peru. He has also worked in Madagascar where he managed operations for a Nickel/Cobalt Company.

In 2010, he joined Kinross Gold Corporation as Regional Vice President for Africa, covering all activities of the company in Mauritania, Ghana and Spain where Kinross operates mines, as well as exploration in other regions of the continent. Mr. Hickey is currently the President / Director of PHNG.

Darren Hazelwood, Director

Mr. Hazelwood is a driven entrepreneur with over 15 years of experience building private companies. Darren has been a successful investor in the mining and exploration space focused on the London Markets during this time. Darren joined the board of Panther Metals Plc in March 2018 as a non-executive Director, taking over as Chief Executive Officer of the business within 10 months, successfully leading its listing on the main London Stock Exchange in January 2020. Panther Metals is focused on precious metal opportunities.

Darren is commercially minded with a focus on value creation, with demonstrated ability to develop, deliver and execute on a growth strategy. He brings an extensive network of London-based private investors and investment houses with a focus on the resource sector.

Charles Hethey, Director

Charles Hethey is a securities lawyer in British Columbia and New York with 13 years' experience. Mr. Hethey represents a number of U.S. and Canadian listed entities on the TSX Venture Exchange, Canadian Securities Exchange and U.S. OTC markets. Mr. Hethey's clients are active in a broad range of industries including an emphasis on mining issuers. Mr. Hethey has significant experience in U.S. and Canadian corporate finance, mergers and acquisitions, and securities compliance matters. Mr. Hethey is currently a director of Fosterville South Exploration Ltd., which is a gold focused exploration company in the State of Victoria, Australia.

Qualified Person

Dr. Christopher Wilson, Ph. D., FAusIMM (CP), FSEG, a Qualified Person under National Instrument 43-101, has reviewed and approved the technical information contained in this news release.

Sponsorship

Yuntone will be seeking a waiver of the requirement to engage a sponsor pursuant to the Exchange Policy 2.2 – *Sponsorship and Sponsorship Requirements*.

About Yuntone

Yuntone Realty Capital Corp. is a capital pool company ("CPC") as defined by Exchange Policy 2.4 ("Policy 2.4") and the shares were listed for trading under the trading symbol "YTC.H". To date Yuntone has not completed a Qualifying Transaction ("QT") as defined under Policy 2.4.

For further information please contact:

Yuntone Capital Corp.
Gunther Roehlig
(604) 683-0911

Information set forth in this news release contains forward-looking statements. These statements relate to the completion of the Offering, completion of the Transaction, use of proceeds of the Offering, the expectations relating to officers, directors and insiders of Mantaro, among others reflect management's current estimates, beliefs, intentions and expectations; they are not guarantees of future performance. Yuntone cautions that all forward looking statements are inherently uncertain and that actual performance may be affected by a number of

material factors, many of which are beyond Yuntone's control. Such factors include, among other things: risks and uncertainties relating to Yuntone's ability to complete the proposed Qualifying Transaction and the Offering; and other risks and uncertainties. Accordingly, actual and future events, conditions and results may differ materially from the estimates, beliefs, intentions and expectations expressed or implied in the forward looking information. Except as required under applicable securities legislation, Yuntone undertakes no obligation to publicly update or revise forward-looking information.

Completion of the transaction is subject to a number of conditions, including but not limited to, Exchange acceptance and if applicable pursuant to Exchange Requirements, majority of the minority shareholder approval. Where applicable, the transaction cannot close until the required shareholder approval is 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 company should be considered highly speculative.

The TSX Venture Exchange Inc. has in no way passed upon the merits of the proposed transaction and has neither approved nor disapproved the contents of this press release.

A halt in trading shall remain in place until after the Qualifying Transaction is completed or such time that acceptable documentation is filed with the TSX Venture Exchange.

The securities referred to in this news release have not been, nor will they be, registered under the United States Securities Act of 1933, as amended, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons absent U.S. registration or an applicable exemption from the U.S. registration requirements. This release does not constitute an offer for sale of, nor a solicitation for offers to buy, any securities in the United States.

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 RELEASE.