

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

**Item 1 Name and Address of Company**

Railtown Capital Corp.  
Suite 2200 – 855 West Georgia Street  
Vancouver, BC V6C 3E8

**Item 2 Date of Material Change**

March 17, 2022

**Item 3 News Release**

A news release was issued on March 28, 2022 and subsequently filed on SEDAR.

**Item 4 Summary of Material Change**

On March 17, 2022, Railtown Capital Corp. (“**Railtown**” or the “**Company**”) and Selten Metal Corp. (“**Selten Metal**”), an arm’s length private company incorporated under the laws of British Columbia, entered into a non-binding letter of intent to effect a transaction that will result in a reverse takeover of Railtown by Selten Metal (the “**Transaction**”). Trading in the common shares of the Company (the “**Common Shares**”) was halted in accordance with the policies of the TSX Venture Exchange (the “**TSXV**”) and will remain halted until such time as all required documentation has been filed with and accepted by the TSXV.

**Item 5 Full Description of Material Change**

**Item 5.1 Full Description of Material Change**

On March 17, 2022, Railtown and Selten Metal, an arm’s length private company incorporated under the laws of British Columbia, entered into a non-binding letter of intent to effect the Transaction. Trading in the Common Shares was halted in accordance with the policies of the TSXV and will remain halted until such time as all required documentation has been filed with and accepted by the TSXV.

The Transaction is not a Non-Arm’s Length Qualifying Transaction under TSXV Policy 5.4. Accordingly, Railtown will not be required to obtain shareholder approval of the Transaction.

**About Selten Metal Corp.**

Selten Metal was incorporated in May of 2021 and, pursuant to an option agreement (the “**Option Agreement**”) with NexOptic Technology Corp. (“**NexOptic**”) dated December 15, 2021, as amended on February 17, 2022 and March 17, 2022, holds an option to acquire up to a 100% interested in the THOR heavy and light rare earth project (“**THOR**” or the “**THOR Project**”), consisting of roughly 2,170 hectares located in Clark County, Nevada.

## **The THOR Heavy & Light Rare Earth Project**

The THOR Project is situated 120km from Las Vegas in an active mining region in Southern Nevada, 26 kilometres from what was once the largest rare-earth element (“**REE**”) mine in the world, Mountain Pass. In 2017, Mountain Pass reopened as the largest REE mine in the Western Hemisphere, and the only REE mine in North America (operated by MP Materials Corp). Reference to mineralization on any properties beyond THOR isn’t necessarily indicative of mineralization on the THOR Project. Selten Metal is focused on sustainable exploration and development for the THOR Project.

Selten is in the process of having a current technical report on the THOR Project commissioned and further and more fulsome disclosure will be provided in subsequent news releases. The technical report will be filed on the Resulting Issuer’s (as defined below) SEDAR profile on completion of the Transaction.

Pursuant to the Option Agreement, in order for Selten to acquire an initial 75% interest in and to the THOR Project, Selten must: (a) make a cash payment of \$1,100,000 to NexOptic by May 15, 2022 (the “**Option Cash Payment**”), (b) issue to NexOptic such number of common shares in its capital as will represent 9.5% of the issued and outstanding Selten shares post-issuance (on a pre-Transaction basis), (c) issue to NexOptic an additional 500,000 shares on the date which is 12 months following the date on which Selten is listed on a Canadian securities exchange (the “**Listing Date**”) and (d) issue to NexOptic a further additional 500,000 shares on the date which is 24 months following the Listing Date. If a Listing Date does not occur within 24 months of the date of the Option Agreement, the option contemplated thereunder will terminate. The Option Agreement provides that, upon the exercise of the initial option, Selten Metal will have the right (the “**Second Option**”) to acquire the remaining 25% interest in the THOR project, by issuing to NexOptic an additional 5,000,000 common shares, which issuance shall occur upon the date which is either 36 months following the Listing Date or 48 months following the Listing Date, at the discretion of Selten. For greater certainty, any and all share issuance obligations of Selten Metal under the Option Agreement will be satisfied through the issuance of an equal number of common shares of the Resulting Issuer, in the event the Transaction is consummated.

## **Resulting Issuer Board of Directors and Management**

Upon completion of the Transaction, the board of directors and senior management of the Resulting Issuer is expected to be drawn largely from the current Selten Metal team and will be comprised of individuals with extensive experience in the development, financing and growth of public resource companies.

The following sets out the backgrounds of the persons who are currently expected to be directors and officers of the Resulting Issuer following completion of the Transaction.

**Jenny-Claire M. Ganasi**, CEO and Director, is a Chartered Professional Accountant with more than 15 years experience working with public companies. Prior to joining Selten Metal, Jenny-

Claire spent six years on secondment in Norway supporting Teekay Offshore Partners (L.P. (now Altera Infrastructure L.P. owned by Brookfield Business Partners) (NYSE: ALIN) with corporate, management reporting and finance, planning and analysis for the executive leadership team and board of directors. Prior to this, Jenny-Claire spent four years with Teekay LNG Partners (NYSE: TGP) in Vancouver in corporate reporting and four years with PricewaterhouseCoopers LLP in Vancouver in both audit and assurance and tax groups. Jenny-Claire holds a bachelor of Technology in Accounting and a diploma in Financial Management, Advanced Taxation from British Columbia Institute of Technology, and a certificate in Sustainability Management from University of British Columbia.

**Paul McKenzie**, Director, is the CEO and a director of NexOptic and was the CEO of NexOptic's predecessor Elissa Resources, the company that made the original rare earth discoveries on the THOR Project. Paul's experience includes founder, co-founder, CEO, CFO and director roles for several successful public companies in the strategic minerals sector (including discoveries through to feasibility stage, green energy, and battery metals) and the technology sector (including software solutions and artificial intelligence). Paul has assisted in raising approximately USD \$120 million in working capital for his affiliated corporations and has managed subsidiaries and projects in Canada, the United States, South Korea, Mongolia, and China. Paul has been directly involved in partnerships, joint ventures, asset sales, license agreements and mergers and acquisitions between his companies and numerous corporations ranging from start-ups to multinationals with market capitalization exceeding USD \$600 billion.

**Jim Gulinger**, Director and Lead THOR Consultant, is a geologist with extensive REE expertise spanning more than 40 years. This includes project management and being a technical lead on rare earths projects throughout the USA including Wyoming, Nevada, and Arizona. Jim has completed numerous industrial and strategic minerals market studies, analysis, and investigations for clients and companies around the world. Jim is the Chief Operating Officer at Bradda Head Lithium and has been a private consultant for more than 20 years through World Industrial Minerals ("**WIM**"). Prior to forming WIM, Jim was a director of Exploration and Development in Mexico for Eldorado Gold and managed numerous industrial minerals, precious and base metal projects. Jim is a "qualified person" as such term is defined by National Instrument 43-101 - *Standards of Disclosure for Mineral Projects*.

**Jessie Friend**, Director, has overseen brand and business direction from start-ups to divisions of multinationals including Panavision and has assembled sales and marketing teams that continue to work globally. Jessie is also a fleet advisor for Boom & Bucket, a modern marketplace for everything heavy equipment for the mining industry, renewable energy companies, pipelines and more. Jessie brings to Selten Metal exceptional negotiating, business management, budgeting, financial reporting, and team building skills.

**Jason Felsman**, THOR Project Manager, is a geologist with over a decade of experience working as a consulting geologist and project manager to companies such as Agnico Eagle (NYSE: AEM), Newmont (NYSE: NEM) and others. His extensive REE experience includes senior geologist with Rare Element Resources (OTCQB: REEMF). Jason is an expert in project management including drill program planning and management and has extensive skills and experience in mineral property evaluation, project mapping and sampling. Jason is highly

proficient in GIS: ArcGIS & QGIS and experienced in Petrographic and Micro-Analytical Techniques (SEM, LA-ICPMS, CL). Jason completed his geological studies at University of Arkansas: B.S., and University of Idaho: M.S.

**James Clark**, Senior Project Consultant, has more than 30 years of experience as an exploration geologist for a variety of commodities, including REE's, industrial minerals, precious, base, and other specialty metals. James has extensive REE experience that includes working on 33 REE prospects across three continents. In 1998, James founded Applied Petrographics to provide petrographic and microanalytical services to the mining industry and clients include Barrick Gold (NYSE: GOLD), Newmont (NYSE: NEM), Hecla (NYSE: HL), AngloGold (NYSE: AU), CVRD, Quest Rare Minerals, and Rare Element Resources. Prior to this, James worked for a variety of mining companies, including Molycorp, Hecla, Newmont, and Rare Element Resources. During his time at Hecla he played a key role in identifying Rare Element Resources' current Bear Lodge rare earth resource and the property's underlying gold mineralization potential. While at Rare Element Resources, James served as VP of Exploration.

In addition, it is also anticipated that one of the current directors of Railtown will be appointed to the Resulting Issuer's board of directors and a CFO and a corporate secretary will be appointed for the Resulting Issuer. Once determined, the identify of these individuals will be disclosed in a subsequent news release.

## **The Transaction**

It is intended that the Transaction will constitute the "Qualifying Transaction" of Railtown, as such term is defined in the policies of the TSXV. Upon completion of the Transaction, the shareholders of Selten Metal will become shareholders of Railtown, a publicly traded company listed on the TSXV. The resulting company after completion of the Transaction (the "**Resulting Issuer**") will carry on the current business of Selten Metal and intends to be listed on the TSXV as a Tier 2 resource issuer.

The Transaction is proposed to be effected by way of a "three-cornered" amalgamation under which securityholders of Selten Metal will exchange their shares of Selten Metal for Common Shares. Shareholders of Selten Metal will be issued one Common Share at a deemed price of \$0.20 per share for each common share held of Selten. In addition, upon completion of the Transaction, the Resulting Issuer will assume Selten Metal's obligation to issue common shares to NexOptic pursuant to the terms of the Option Agreement.

On completion of the Transaction, Selten Metal will be a wholly-owned subsidiary of the Resulting Issuer. On closing (the "**Closing**") of the Transaction, the Resulting Issuer's name will be changed to "Selten Metal Corp." or another name acceptable to Selten Metal.

Closing of the Transaction is subject to certain conditions, including but not limited to: (a) the completion of satisfactory mutual due diligence; (b) the receipt of all necessary approvals of the boards of directors of Railtown and Selten Metal; (c) the receipt of all required consents and approvals, including without limitation, approval of the Transaction by the TSXV as Railtown's Qualifying Transaction; (d) the Resulting Issuer satisfying the initial listing requirements set by the TSXV for a Tier 2 mining issuer; (e) the entry into of a definitive agreement; (f) approval of the shareholders of Selten Metal; and (g) the completion of the Financing (defined below).

The Company also intends to issue 475,000 Common Shares to Canaccord Genuity Corp. at a deemed price of \$0.20 per share in connection with the Transaction. The payment of the finder's fee is subject to TSXV acceptance. Further details regarding the Transaction and any finder's

fees payable will be included in a subsequent news release once additional details become available.

### **Sponsorship**

Railtown will be seeking an exemption from the sponsorship requirements of the TSXV pursuant to the provisions of section 3.4(a)(ii) of TSXV Policy 2.2.

### **Proposed Financing**

In connection with the Transaction, Selten Metal intends to complete a private placement (the “**Financing**”) of 15,000,000 common shares at a price of \$0.15 per share, for aggregate gross proceeds of \$2,250,000. Finder’s fees may be paid to qualified finders in accordance with the Financing.

It is anticipated that \$1,100,000 of the net proceeds from the Financing will be used towards the Option Cash Payment.

Further details regarding the Financing will be included in a subsequent news release once additional details become available.

### **Pro Forma Share Capital of the Resulting Issuer**

Assuming the sale of all 15,000,000 shares pursuant to the Financing, it is anticipated that, on Closing of the Transaction, there will be 50,911,602 common shares of the Resulting Issuer issued and outstanding (52,711,602 common shares on a fully diluted basis), assuming the exercise of all outstanding options and warrants. It is expected that following the completion of the Transaction and the Financing, but assuming no exercise of the Second Option, existing Railtown shareholders will hold approximately 25.5% of the common shares of the Resulting Issuer, former shareholders of Selten Metal will hold approximately 35.5% of the common shares of the Resulting Issuer and NexOptic will hold approximately 9.5% of the common shares of the Resulting Issuer.

It is anticipated that a portion of the issued and outstanding Common Shares of the Resulting Issuer will be subject to the escrow and resale restrictions pursuant to the policies of the TSXV.

### **Selected Financial Information**

The following table sets out selected financial information with respect to Selten as at and for the period noted. This information information has not been audited, and may be subject to adjustment:

|                   | <b>As at December 31, 2021 and<br/>for the period from incorporation<br/>on May 26, 2021 to December 31, 2021<br/>(unaudited)</b> |
|-------------------|---|
| Total Revenues    | Nil   |
| Net Income (Loss) | \$(117,842)   |
| Total Assets      | \$130,305   |
| Total Liabilities | \$28,147  |

Further financial information will be included in the listing application to be prepared in connection with the Transaction.

**Item 5.2 Disclosure for Restructuring Transactions**

N/A

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

N/A

**Item 7 Omitted Information**

N/A

**Item 8 Executive Officer**

Cameron White, Director, CEO, President & Corporate Secretary, [railtowncapital@gmail.com](mailto:railtowncapital@gmail.com)

**Item 9 Date of Report**

March 28, 2022

**Cautionary Statement Regarding Forward-Looking Information**

This material change report includes certain “forward-looking statements” under applicable Canadian securities legislation that are not historical facts. Forward-looking statements involve risks, uncertainties, and other factors that could cause actual results, performance, prospects, and opportunities to differ materially from those expressed or implied by such forward-looking statements. Forward-looking statements in this material change report include, but are not limited to, statements with respect to the terms and conditions of the proposed Transaction; the Company’s objectives, goals or future plans; Selten Metal’s objectives, goals or future plans; statements regarding issuing subsequent material change reports; completion of the Financing; payment of the Option Cash Payment; statements regarding the Second Option; the composition of the board of directors and management of the Resulting Issuer; statements regarding obtaining a waiver to the sponsorship requirements of the TSXV; further financial information being included in the listing application to be prepared in connection with the Transaction; the receipt of the requisite approvals with respect to the Transaction and the business and operations of the Resulting Issuer following the completion of the Transaction. Forward-looking statements are necessarily based on a number of estimates and assumptions that, while considered reasonable, are subject to known and unknown risks, uncertainties and other factors which may cause actual results and future events to differ materially from those expressed or implied by such forward-looking statements. Such factors include, but are not limited to: general business, economic and social uncertainties; litigation, legislative, environmental and other judicial, regulatory, political and competitive developments; delay or failure to receive board, shareholder or regulatory approvals; those additional risks set out in Railtown’s public documents filed on SEDAR at [www.sedar.com](http://www.sedar.com); and other matters discussed in this material change report. Although Railtown believes that the assumptions and factors used in preparing the forward-looking statements are reasonable, undue reliance should not be placed on these statements, which only apply as of the date of this material change report, and

no assurance can be given that such events will occur in the disclosed time frames or at all. Except where required by law, Railtown and Selten Metal disclaim any intention or obligation to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.