

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

**Item 1 Name and Address of Company**

Netco Silver Inc. (the “**Company**”)  
Suite 490 – 580 Hornby Street  
Vancouver, BC V6C 3B6

**Item 2 Date of Material Change**

August 6, 2013

**Item 3 News Release**

The news release was disseminated on August 6, 2013 through Stockwatch and Market News.

**Item 4 Summary of Material Change**

The Company announced that it has obtained an aggregate of \$60,000 in loans (the “**Loan**”) whereby the lenders (the “**Lenders**”) have agreed to loan such funds to the Company in consideration for the Company issuing as a bonus an aggregate of 240,000 common shares (the “**Shares**”) of the Company to the Lenders. The Loan shall be for a term of twelve months, shall bear interest at the rate of 12% per annum, before and after maturity and shall be renewable by the parties for additional terms as may be mutually agreed to by the parties. Steve Vestergaard, a director of the Company, is one of the Lenders and has loaned the Company \$50,000.

The Company intends to use the proceeds of the Loan for working capital.

The Loan and the issuance of the Shares are subject to the approval of the TSX Venture Exchange.

**Item 5 Full Description of Material Change**

*5.1 Full Description of Material Change*

The material change is fully described in Item 4 and in the Company’s News Release of August 6, 2013 as filed on SEDAR.

**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:**

See above.

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

The use of proceeds from the Loan will be used for general working capital.

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

See above.

**(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:**

Steve Vestergaard is a director of the Company, and as such, is considered a related party to the transaction. Mr. Vestergaard currently owns 174,000 Shares of the Company.

**(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 referred to in subparagraph (i) for which there would be a material change in that percentage:**

Upon issuance of the Shares to Mr. Vestergaard, Mr. Vestergaard will own 374,000 Shares of the Company representing 0.8% of the issued and outstanding Shares of the Company.

**(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 Loan Agreement and the issuance of the Shares were approved unanimously by disinterested directors of the Company. There were no contrary views or disagreements in respect of the Loan Agreement and the issuance of the Shares.

**(f) a summary, in accordance with section 6.5, 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 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 inquiry, to the issuer or to any director or senior 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:**

See above.

- (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, respectively, and the facts supporting reliance on the exemptions:**

Under subsections 5.5(a) and 5.7(a) of MI 61-101, the Company is exempt from the requirements under MI 61-101 of having to perform a formal valuation and obtain minority shareholder approval in connection with the transaction, as neither the fair market value of the subject matter of, nor the fair market value of the consideration for, the transaction, in so far as it involves interested parties, exceeded 25% of the Company's market capitalization as calculated pursuant to MI 61-101.

- (j) **If the issuer files a material change report less than 21 days before the expected date of the closing of the transaction, the issuer shall explain in the news release required to be issued under National Instrument 51-102 *Continuous Disclosure Obligations* and in the material change report why the shorter period is reasonable or necessary in the circumstances.**

As this material change report is being filed less than 21 days before the completion of the Loan, there is a requirement under MI 61-101 to explain why the shorter period was reasonable or necessary in the circumstances. In the view of the Company, such shorter period was reasonable and necessary in the circumstances to improve the Company's financial position.

- (k) **Despite paragraphs (1)(f) and 5.4(2)(a), if the issuer is required to include a summary of the formal valuation in the material change report and the formal valuation is not available at the time the issuer files the material change report, the issuer shall file a supplementary material change report containing the disclosure required by paragraph (1)(f) as soon as the formal valuation is available.**

Not applicable.

## *5.2 Disclosure for Restructuring Transactions*

N/A

**Item 6 Reliance on subsection 7.1(2) or (3) of National Instrument 51-102**

N/A

**Item 7 Omitted Information**

None

**Item 8 Executive Officer**

Paul Andreola, Chief Executive Officer, 604-683-7588

**Item 9 Date of Report**

August 6, 2013