

51-102F3
MATERIAL CHANGE REPORT

Item 1 Name and Address of Company

Cruz Battery Metals Corp. (the “**Company**”)
Suite 2905 – 700 West Georgia Street
Vancouver, BC V7Y 1C6

Item 2 Date of Material Change

August 1, 2024

Item 3 News Release

The news releases were disseminated through News File and Stockwatch.

Item 4 Summary of Material Change

On August 1, 2024, the Company announced it intends to undertake a strategic reorganization of certain of the Company’s mineral exploration assets pursuant to which the Company proposes to spin-out (the “**Spin-Out**”) its Hector Silver-Cobalt Project located near Cobalt, Ontario (the “**Hector Property**”) into a recently incorporated, wholly-owned subsidiary, Makenita Resources Inc. (“**SpinCo**”).

Item 5 Full Description of Material Change

5.1 Full Description of Material Change

See attached news release.

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

James Nelson, President, Corporate Secretary
Tel: 604-899-9150

Item 9 Date of Report

August 8, 2024



Cruz Announces Intent to Spin-Out the Hector Silver-Cobalt Project

Vancouver, British Columbia – August 1, 2024 — Cruz Battery Metals Corp. (**CSE:CRUZ**) (**OTC Pink: BKTPF**) (**FSE: A3CWU7**) (“**Cruz**” or the “**Company**”) is pleased to announce its intention to undertake a strategic reorganization of certain of the Company’s mineral exploration assets pursuant to which the Company proposes to spin-out (the “**Spin-Out**”) its Hector Silver-Cobalt Project located near Cobalt, Ontario (the “**Hector Property**”) into a recently incorporated, wholly-owned subsidiary, Makenita Resources Inc. (“**SpinCo**”).

James Nelson, President of Cruz states, “This spinout makes sense for our shareholders. To unlock the value of the Silver-Cobalt asset as a standalone project will enable the shareholders of record of Cruz to benefit from ownership in two companies. Cruz is focused on its lithium projects in Nevada and expects to have a work program this summer. Cruz shareholders will achieve a win-win scenario as they will be shareholders of each company at no cost to them. Management is optimistic about the future of each company and hopes the Cruz shareholders of record will share the excitement.”

The Hector Property consists of 126 contiguous unpatented mining claims totalling 2,243 hectares (5,542-acres) and is located within the Coleman and Gillies Limit Townships, Larder Lake Mining Division, Timiskaming District, Ontario, Canada. The Property is approximately 500 kilometres (km) north of Toronto, 150 km north of North Bay, and 10 km southwest of the town of Cobalt, Ontario. Cruz holds 100% ownership of the 126 mining claims, which are active and in good standing.

The principal deposit type of interest within the Hector Property is arsenide silver-cobalt vein deposits, which are epigenetic vein deposits. Metallic minerals occur in fracture filling lenses or veinlets, or as disseminations within wall rocks in association with carbonate and/or quartz gangue. Wall rocks adjacent to the veins are commonly hydrothermally altered. The majority of mineral occurrences with

the Hector Property consist of narrow fracture controlled northwest-southeast, or northeast-southwest striking, sub-vertical to steeply dipping, quartz-carbonate-potassium feldspar veins containing variable percentages of disseminated to clotted pyrite, chalcopyrite, pyrrhotite, and erythrite (hydrous cobalt arsenate) mineralization. Veins range in width from less than 5 cm up to 25 cm in width. The majority of historically reported mineral occurrences are represented by one or more shallow prospect pits and trenches, or water-filled shafts.

From 1904 and until 1989, the Cobalt mining camp produced 458,830,085 ounces silver, 19,392,037 pounds cobalt, 3,407,495 pounds nickel and 1,964,728 pounds copper (Guindon et al., 2016). Mineralization was later discovered in additional areas with similar geology within the Cobalt Embayment of Southern Ontario, from Gowganda in the west to southeast of Cobalt. In the early 1920s, a decrease in the price of silver and exhaustion of the high grade veins caused most of the mines to close. Between 1929 and 1950, small operations were undertaken in a number of mines. In the mid-1950s, the demand for cobalt increased and many mines reopened for a short time. An increase in the price of silver in 1960 brought new interest to the camp and 10 mines continued operation (Goodwin, 1988) Cruz management cautions that past results or discoveries on properties in proximity to Cruz may not necessarily be indicative to the presence of mineralization on the Company's properties.

Based on the presence of silver-cobalt arsenide vein intersects in drill core and numerous historic occurrences, airborne and ground magnetic geophysical anomalies, cobalt and silver in rock and soil geochemical anomalies, and favourable geology, management believes the Hector Property is of a high priority for follow-up exploration.

The Spin-Out, if completed as presently proposed, would be effected by way of a share capital reorganization effected through a statutory plan of arrangement (the "**Arrangement**") pursuant to the arrangement provisions of the *Business Corporations Act* (British Columbia). The proposed reorganization would involve, among other things, Cruz transferring all of its right, title and interest in and to the Hector Property to SpinCo in exchange for common shares of SpinCo, in an amount to be agreed upon by the parties (the "**Consideration Shares**"). Under the Arrangement, Cruz's shareholders will receive the Consideration Shares and new common shares of Cruz, on a *pro rata* basis, in exchange for existing common shares of Cruz. It is not anticipated that Cruz will retain any of the Consideration Shares. In addition, it is anticipated that the holders of common share purchase warrants, RSU's and stock options of Cruz will receive a number of replacement common share purchase warrants, RSU's and stock options of SpinCo based on the exchange ratio of the Arrangement. Upon completion of the Spin-Out, SpinCo will become a "reporting issuer" in the same jurisdictions in Canada that Cruz is a reporting issuer. In connection with the Spin-Out, SpinCo intends to undertake one or more private placement offerings of securities to raise proceeds to develop the Hector Property and for general working capital purposes. Following completion of the Arrangement, SpinCo intends to seek a listing of its common shares on the Canadian Securities Exchange (the "**CSE**"), but no assurance can be provided that such a listing will be obtained. Any such listing will be subject to SpinCo satisfying all of the requirements of the CSE. As of the date hereof, no agreements between Cruz and SpinCo have been entered into respecting the proposed Spin-Out, but the board of directors of Cruz has authorized and approved proceeding with the Spin-Out and commencement of drafting the definitive agreements related thereto.

It is expected that completion of the Spin-Out will be subject to a number of conditions which are customary for similar transactions including, but not limited to, shareholder approval and approval of the Court, as well as other standard closing conditions. There can be no assurance that the Spin-Out will be completed as proposed, or at all. Cruz will have no obligation to proceed with the Spin-Out, and may elect, at its sole discretion, not to proceed with the Spin-Out for any reason whatsoever. Final terms of the Spin-Out and determination to proceed remain subject to, among other things, further tax and securities considerations, and Cruz expects to provide a further update to shareholders in due course.

The intention to undertake the Spin-Out was prompted, in part, by Cruz's desire to separate its Hector Property from its other mineral properties primarily located in the United States, and to enable the capital markets to value the Hector Property separately from its other properties, with a view to increasing shareholder value for each entity. In addition, management of Cruz believes that separating the Hector Property is expected to accelerate the development of the property. It is the view of both management and the Board that the Spin-Out is the most effective way to unlock the value of the Hector Property.

In connection with the Spin-Out, Cruz expects to enter into a definite agreement with SpinCo to set out the terms of the Spin-Out within the next 30 days concurrent with the receipt of a fairness opinion to be provided by an arm's length valuation firm. In connection therewith, Cruz intends to file its initial submissions with the Supreme Court of British Columbia (the "**Court**") to obtain an interim order to call a shareholder's meeting to, among other things, approve the Spin-Out. Cruz plans to complete the Spin-Out by the end of the third quarter of 2024. Additional details regarding timing of the Spin-Out will be provided in future news releases.

Further details will be provided in a management information circular (the "**Circular**") to be prepared and filed in connection therewith. Investors are cautioned that, except as disclosed in the Circular to be prepared in connection with the Spin-Out, any information released or received with respect to the foregoing matters may not be accurate or complete and should not be relied upon. Trading in the securities of Cruz should be considered highly speculative.

The scientific and technical information disclosed in this news release was reviewed and approved by Frank Bain, P. Geo., a Qualified Person as defined in NI 43-101, and a director of the Company.

About Cruz Battery Metals Corp.

Cruz currently has several projects located throughout North America. Cruz's Nevada lithium projects consist of the 8,135-acre 'Solar Lithium Project' and the 240-acre 'Clayton Valley Lithium Project'. Cruz's 5,542-acre Hector Property is located in the vicinity of the town of Cobalt, Ontario, which is prospective for cobalt, silver, and diamonds. Cruz's Idaho projects include the 2,211-acre 'Idaho Cobalt Belt Project' and the 80-acre 'Idaho Star Cobalt Project'. Management cautions that past results or discoveries on properties in proximity to Cruz may not necessarily be indicative of the presence of mineralization on the Company's properties.

If you would like to be added to Cruz's news distribution list, please send your email address to info@cruzbattery.com

Cruz Battery Metals Corp.

“James Nelson”

James Nelson
President, Chief Executive Officer, Secretary and Director

For more information regarding this news release, please contact:

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Forward Looking Statements

Certain information set forth in this news release may contain forward-looking statements that involve substantial known and unknown risks and uncertainties, including whether or not the Company will proceed with the Spin-Out as currently proposed or at all, the anticipated timeline of the Spin-Out, the expected terms and structure of the Spin-Out and the parties' ability to satisfy closing conditions and receive necessary approvals, the belief that the Spin-Out will provide value as a stand-alone asset, the expectation that Cruz will proceed with a work program this summer, as well as the prospective nature of the mineral interests associated with the Company's mineral exploration properties, including the Hector Property. These statements should not be read as guarantees of future performance or results. Such statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from those implied by such statements such as the inability to obtain regulatory, Court or shareholder approval, the inability of Cruz or SpinCo to finance growth and transactions expenses, and other risks as set out in the Company's periodic disclosure documents available on SEDAR+. Although such statements are based on management's reasonable assumptions, there can be no assurance that the Spin-Out will occur or that, if the Spin-Out does occur, it will be completed on the terms described above. The Company does not assume any responsibility to update or revise forward-looking information to reflect new events or circumstances unless required by law.