

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

1. **Name and Address of Company**

Rae Wallace Mining Company (the “**Company**”)
130 Adelaide Street West, Suite 1010
Toronto, Ontario M5H 3P5

2. **Date of Material Change**

July 17, 2013

3. **News Release**

A press release disclosing the material change was released on July 19, 2013, through the facilities of Marketwire.

4. **Summary of Material Change**

The Company announced that it entered into debt settlement agreements (the “**Agreements**”) to settle trade payables for the aggregate settlement amount of \$92,872, through the issuance on July 17, 2013 of an aggregate of 928,723 common shares in the capital of the Company, at a price of \$0.10 per common share (the “**Debt Settlement**”). The common shares issued will be subject to a four-month and a day hold period from the date of issuance in accordance with applicable securities laws. Of the total debt, \$88,272 representing an aggregate of 882,723 shares was issued to three related parties at the deemed price of \$0.10 per share.

5. **Full Description of Material Change**

The material change is fully described in the Company’s press release which is attached as Schedule “A” and is incorporated herein.

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:

Pursuant to the Debt Settlement, debt in the aggregate of \$92,872 was settled, through the issuance on July 17, 2013 of an aggregate of 928,723 common shares in the capital of the Company, at a price of \$0.10 per common share. Of the total debt, \$88,272 representing an aggregate of 882,723 shares was issued to three related parties of the Company (the “**Related Parties**”) as defined in MI 61-101 at the deemed price of \$0.10 per share. The shares issued pursuant to the Debt Settlement are subject to a four month hold period expiring on November 18, 2013.

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

The Debt Settlement was completed to reduce the payables of the Company and strengthen the balance sheet of the Company.

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

The completion of the Debt Settlement reduced the payables of the Company by \$92,872.

(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:

Related Parties of the Company beneficially or directly acquired a total of 882,723 common shares in connection with the Debt Settlement as follows:

Subscriber	No. of Units
Irwin Lowy LLP	662,500
2222263 Ontario Inc.	150,223
George Cole	70,000

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

After completion of the Offering the common shares of the Company beneficially owned or controlled by Irwin Lowy LLP, a corporation controlled by Chris Irwin, an officer of the Company, increased from 0 Common Shares to 662,500 Common Shares.

After completion of the Offering the common shares of the Company beneficially owned or controlled by 2222263 Ontario Inc., a corporation controlled by Andres Tinajero, the CFO of the Company, increased from 0 Common Shares to 150,223 Common Shares.

After completion of the Offering the common shares of the Company beneficially owned or controlled by George Cole, a director of the Company, increased from 148,000 Common Shares to 218,000 Common Shares.

(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 Debt Settlement was approved by the directors, including the disinterested directors of the Company. No special committee was established in connection with the Debt Settlement, and no materially contrary view or abstention was expressed or made by any director.

- (f) **A summary in accordance with section 6.5 of MI 61-101, 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. See Section 5.1(i) below.

- (g) **disclosure, in accordance with section 6.8 of MI 61-101, 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 enquiry, to the issuer or to any director or 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:**

The Company entered into debt conversion agreements with each of the subscribers listed in Section 5.1(d)(i). The debt conversion agreements provided for the settlement of existing debt of the Company in exchange for the issuance of common shares of the Company at a price of 0.10 per Common Share.

- (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 of MI 61-101 respectively, and the facts supporting reliance on the exemptions:**

The Debt Settlement constitutes a “related party transaction” for the Company under MI 61-101. No formal valuation on the part of the Company is required under MI 61-101 in respect of the private placement. The Company is relying on exemptions from the formal valuation and minority shareholder approval requirements of Multilateral Instrument 61-101 based on the fair market value of insider participation not exceeding 25% of the Company’s market capitalization.

As this material change report is being filed less than 21 days before the closing of the private placement, 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 as the Company wished to complete the private placement in a timely manner.

5.2 Disclosure for Restructuring Transactions

Not applicable.

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

The report is not being filed on a confidential basis.

7. **Omitted Information.**

No significant facts have been omitted from this Material Change Report.

8. **Executive Officer.**

For further information, contact George Cole, President and CEO of the Company at (775) 315-0728.

9. **Date of Report.**

This report is dated at Toronto, this 19th day of July, 2013.

RAE WALLACE MINING COMPANY

Per: “George Cole” (Signed)
George Cole, President

SCHEDULE "A"



RAE WALLACE ANNOUNCES DEBT SETTLEMENT AGREEMENTS AT \$0.10 PER COMMON SHARE

TORONTO, ONTARIO, July 19, 2013 – Rae-Wallace Mining Company (“**Rae-Wallace**” or the “**Corporation**”) announces that it entered into debt settlement agreements to settle trade payables for the aggregate settlement amount of \$92,872, through the issuance on July 17, 2013 of an aggregate of 928,723 common shares in the capital of the Corporation, at a price of \$0.10 per common share. The common shares issued will be subject to a four-month and a day hold period from the date of issuance in accordance with applicable securities laws. Of the total debt, \$88,272 representing an aggregate of 882,723 shares has been issued to three related parties at the deemed price of \$0.10 per share.

About Rae-Wallace

Rae-Wallace is a mineral exploration company, existing under the laws of the Cayman Islands, that plans to explore and develop properties to the mineral production stage. Rae-Wallace stock currently trades on the OTC market under the symbol "RAEW".

For further information please contact:

George Cole, President and CEO - (775) 315-0728; geocole00@gmail.com.

Statements in this press release regarding the Corporation’s business which are not historical facts are “forward-looking statements” that involve risks and uncertainties, such as estimates and statements that describe the Corporation’s future plans, objectives or goals, including words to the effect that the Corporation or management expects a stated condition or result to occur. Since forward-looking statements address future events and conditions, by their very nature, they involve inherent risks and uncertainties. Actual results in each case could differ materially from those currently anticipated in such statements.