

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

**ITEM 1 — Name and Address of Company**

Monterey Minerals Inc. (the “Company”)  
401 Bay Street, Suite 2702  
Toronto, ON M5H 2Y4

**ITEM 2 — Date of Material Change**

December 23, 2021

**ITEM 3 — News Release**

The Company issued a press release announcing the completion of the Offering (as defined below) on December 24, 2021 through the facilities of Accesswire and filed on SEDAR at [www.sedar.com](http://www.sedar.com). A copy of the press release is attached hereto as Schedule “A”.

**ITEM 4 — Summary of Material Change**

The Company has closed its non-brokered private placement (the “Offering”). The Offering consisted of 5,530,000 units (the “Units”), issued at a price of \$0.25 per Unit for gross proceeds of \$1,382,500. Each unit consisted of one (1) common share and one (1) non-transferrable common share purchase warrant (a “Warrant”). Each Warrant will entitle the holder to purchase one common share at a price of \$0.35 for a period of 24 months from the date of issuance and will be subject to an acceleration clause whereby the Company may force exercise of the Warrant any time before the end of the 24-month period if the Company’s common shares trade at a price of over \$0.50 for 10 consecutive days.

\$400,000 of debt and trade payables outstanding to contractors, vendors, and insiders of the Company was settled in Units issued in connection with the Offering.

The common shares comprising part of the Units are subject to a four month and one day hold period.

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:**

In connection with the Offering, 754,720 Units were issued to certain insiders (the “Insiders”) of the Company, as described in greater detail below.

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

The proceeds raised from the Offering are intended to be used for debt reduction and general working capital purposes.

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

The Company intends to use the net proceeds of the Offering to reduce its debt and for general working capital purposes.

**(d) a description of:**

- (i) the interest in the transaction of every interested part and of the related parties and associated entities of the interested parties:**

In connection with the Offering, the following securities were issued to Insiders of the Company:

<b>Name</b>	<b>Position</b>	<b>Number of Units or FT Units</b>	<b>Aggregate Price</b>
David Lees	Interim President and Chief Executive Officer and Director	80,000 Units	\$20,000
Julio DiGirolamo	Chief Financial Officer and Director	180,000 Units	\$45,000
Guy Le Page	Director	494,720 Units	\$123,680
<b>Total</b>		<b>754,720</b>	<b>\$188,680</b>

- (ii) the anticipated effect of the transaction on the percentage of securities of the issuer, or an affiliated entity of the issuer, beneficially owned or controlled by each person referred to in subparagraph (i) for where there would be a material change in that percentage.**

Prior to the completion of the Offering, David Lees beneficially owned or controlled, directly or indirectly, 4,062 common shares and 5,000 stock options, representing approximately 0.1093% of the issued and outstanding common shares on an undiluted basis. Upon closing of the Offering, Mr. Lees beneficially owns or controls, directly or indirectly, an aggregate of 84,062 common shares, 80,000 warrants and 5,000 stock options, representing approximately 2.2628% of the issued and outstanding common shares on an undiluted basis.

Prior to the completion of the Offering, Julio DiGirolamo beneficially owned or controlled, directly or indirectly, 963 common shares, 1,750 warrants and 10,000 stock options, representing approximately 0.0259% of the issued and outstanding common shares on an undiluted basis. Upon closing of the Offering, Mr. DiGirolamo beneficially owns or controls, directly or indirectly, an aggregate of 180,963 common shares, 181,763 warrants and 10,000 stock options, representing approximately 4.8711% of the issued and outstanding common shares on an undiluted basis.

Prior to the completion of the Offering, Guy Le Page beneficially owned or controlled, directly or indirectly, 6,250 common shares, 6,250 warrants and 8,125 stock options, representing approximately 0.1682% of the issued and outstanding common shares on an undiluted basis. Upon closing of the Offering, Mr. Le Page

beneficially owns or controls, directly or indirectly, an aggregate of 570,970 common shares, 570,970 warrants and 8,125 stock options representing approximately 15.3694% of the issued and outstanding common shares on an undiluted basis.

**(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.**

A resolution of the board of directors of the Company approving the Offering was passed on December 23, 2021. No special committee was established in connection with the Offering, and no materially contrary view or abstention was expressed or made by any director, however each director abstained from voting as it related to their own disclosed interest in the Offering but voted to approve the resolution in every other respect.

**(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.

**(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 prior to 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.**

Other than the subscription agreements and debt settlement agreements to purchase and issue, respectively, the Units pursuant to the Offering, the Company did not enter into any agreement with an interested party or a joint actor with an interested party in connection with the Offering. To the Company's knowledge, no related party to the Company entered into any agreement with an interested party or a joint actor with an interested party, in connection with the Offering.

**(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 fact supporting reliance on the exemptions.**

The participation in the Offering by the Insiders is exempt from the formal valuation and minority shareholder approval requirements set out in MI 61-101. Specifically, the Company is relying on the exemptions set out in sections 5.5(b) and 5.7(1)(b) of MI 61-101, as described below.

***Section 5.5(b) of MI 61-101***

No securities of the Company are listed or quoted on the Toronto Stock Exchange, the New York Stock Exchange, the American Stock Exchange, the NASDAQ Stock Market, or a stock exchange outside of Canada and the United States other than the Alternative Investment Market of the London Stock Exchange or the PLUS markets operated by PLUS Markets Group plc.

***Section 5.7(1)(b) of MI 61-101***

Neither the fair market value of the Units issued to the Insiders under the Offering nor the consideration paid for the Units by the Insiders exceeded \$2,500,000, and:

- (i) the securities of the Company are not listed or quoted on the Toronto Stock Exchange, Aequitas NEO Exchange Inc., the New York Stock Exchange, the American Stock Exchange, the NASDAQ Stock Market, or a stock exchange outside of Canada and the United States; and
- (ii) the Company has one or more independent directors in respect of the Offering who are not employees of the Company and at least two-thirds of those directors participated in the approval of the Offering. Specifically, all three (3) directors of the Company participated in the approval of the Offering, however each director abstained from voting in respect of their own disclosed interest in the Offering.

**ITEM 5 — Full Description of Material Change**

Please refer to Schedule “A”.

**ITEM 6 — Reliance on Section 7.1(2) or (3) of National Instrument 51-102 of the Act**

N/A

**ITEM 7 — Omitted Information**

N/A

**ITEM 8 — Executive Officer**

David Lees, Interim President, CEO and Director  
(416) 862-7003

**ITEM 9 — Date of Report**

December 30, 2021

**SCHEDULE "A"**  
December 24, 2021 Press Release



## Monterey Minerals Closes Private Placement

**TORONTO, ON** – December 24, 2021 - **Monterey Minerals Inc.** (the “**Company**” or “**Monterey**”) (CSE : **MREY** and FSE : **2DK**) announces the closing of a non-brokered private placement offering (the “**Financing**”). The Financing consisted of 5,530,000 Units (each, a “**Unit**”) of the Company, issued at price of \$0.25 per Unit for gross proceeds of \$1,382,500.

Each Unit consists of one (1) common share and one (1) non-transferable common share purchase warrant (a “**Warrant**”). Each Warrant will entitle the holder to purchase one additional common share at a price of \$0.35 for a period of 24 months from the date of issue and will be subject to an acceleration clause whereby the Company may force exercise of the Warrant any time before the end of the 24-month period if the Company’s common shares trade at a price of over \$0.50 for 10 consecutive days.

\$400,000 of debt and trade payables outstanding to contractors, vendors, and insiders of the Company was settled in Units issued in connection with the Financing.

The participation by three directors of the Company in the Financing constitutes a “related party transaction” pursuant to Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions* (“**MI 61-101**”). The Company intends to rely on the exemptions from the formal valuation and minority shareholder approval requirements of MI 61-101 contained in Section 5.5(b) and Section 5.7(1)(b) of MI 61-101, respectively, on the basis that (i) no securities of the Company are listed or quoted on any of the markets specified in Section 5.5(b) of MI 61-101 and (ii) the fair market value of the securities issued to related parties pursuant to the Financing does not exceed \$2,500,000, along with the other applicable circumstances contained in section 5.7(1)(b) of MI 61-101.

The proceeds of the Financing will be used to reduce debt and for general working capital purposes.

### **About Monterey Minerals Inc.**

The Company owns the Cobalt Mountain Property (the “**Property**”) in the Omineca Mining Division of British Columbia near the town of Smithers. The Company’s NI 43-101 technical report, available on SEDAR, notes historic sampling on the Property that returned mineralized showings of gold, silver, copper, zinc and cobalt.

For more information, contact investor relations at [info@montereyminerals.com](mailto:info@montereyminerals.com)

On Behalf of the Board of Directors,

David Lees,  
Interim CEO

*Neither the Canadian Securities Exchange nor its regulation services provider has reviewed or accepted responsibility for the adequacy or accuracy of this press release*

# PRESS RELEASE



**MONTEREY**  
MINERALS INC

MREY CSE 2DK FSE

*This press release may include forward-looking information within the meaning of Canadian securities legislation, concerning the business of the Company. Forward-looking information is based on certain key expectations and assumptions made by the management of the Company. Although the Company believes that the expectations and assumptions on which such forward-looking information is based on are reasonable, undue reliance should not be placed on the forward-looking information because the Company can give no assurance that they will prove to be correct. Forward-looking statements contained in this press release are made as of the date of this press release. The Company disclaims any intent or obligation to update publicly any forward-looking information, whether as a result of new information, future events or results or otherwise, other than as required by applicable securities laws.*