

Form 51-102F3
MATERIAL CHANGE REPORT

Item 1 **Name and Address of Company**

Holly Street Capital Ltd. (“**Company**” or “**Holly**”)
c/o 1500 – 1055 West Georgia Street
Vancouver, BC V6E 4N7

Item 2 **Date of Material Change**

September 10, 2020

Item 3 **News Release**

The news release with respect to the material change referred to in this material change report was disseminated on September 17, 2020.

Item 4 **Summary of Material Change**

The Company announced that it has entered into a binding letter of intent dated September 10, 2020 with Southern Sky Resources Corp. in respect of a proposed business combination. It is anticipated that the proposed transaction will constitute the “Qualifying Transaction” of the Company in accordance with Policy 2.4 – *Capital Pool Companies* of the TSX Venture Exchange.

Item 5 **Full Description of Material Change**

5.1 **Full Description of Material Change**

The Company announced that it has entered into a binding letter of intent (the “**Letter of Intent**”) dated September 10, 2020 with Southern Sky Resources Corp. (“**Southern Sky**”) in respect of a proposed business combination (the “**Proposed Transaction**”). It is anticipated that the Proposed Transaction will constitute the “Qualifying Transaction” of the Company in accordance with Policy 2.4 – *Capital Pool Companies* of the Exchange.

About Southern Sky

Southern Sky is a private company existing under the laws of Ontario and is based in Toronto, Ontario, and, immediately prior to closing of the Proposed Transaction, will have 20,500,000 common shares (the “**Southern Sky Shares**”) outstanding, and no outstanding securities exchangeable or convertible into Southern Sky Shares.

Southern Sky’s material asset consists of its right to acquire a net 75% interest in a mineral exploration project, Project X, totaling approximately 584.39 hectares located in western Colombia (the “**Property**”) pursuant to an option agreement (the “**Option Agreement**”) dated June 12, 2020 with a private Colombian company. In addition, Southern Sky holds a 100% beneficial ownership interest in an exploration property totalling approximately 75,000 acres located in the Cuyuni Mining District, Guyana (the “**Aurora South Property**”).

Terms of the Option Agreement for Project X

Pursuant to the terms of the Option Agreement, Southern Sky may acquire a 100% interest (net 75% interest) in Project X by paying a total of US\$1,500,000 and issuing 1,500,000 Southern Sky Shares to the vendor as follows:

- a. US\$10,000 upon signing the letter of intent with the vendor;
- b. US\$40,000 and issue 50,000 Southern Sky Shares upon regulatory approval;
- c. US\$75,000 and issue 125,000 Southern Sky Shares upon 1st anniversary of regulatory approval;
- d. US\$100,000 and issue 175,000 Southern Sky Shares upon 2nd anniversary of regulatory approval;
- e. US\$125,000 and issue 250,000 Southern Sky Shares upon 3rd anniversary of regulatory approval;
- f. US\$150,000 and issue 300,000 Southern Sky Shares upon 4th anniversary of regulatory approval; and
- g. US\$1,000,000 and issue 600,000 Southern Sky Shares upon 5th anniversary of regulatory approval.

It is anticipated that, following the Proposed Transaction, the requirement to issue Southern Sky Shares under the Option Agreement would be satisfied by issuance of Holly Shares on a one-to-one basis. The underlying vendor maintains a 1% net smelter return on production.

Additional Information Regarding Southern Sky Resources Corp.

Southern Sky has acquired beneficial rights over mineral properties in Guyana since 2011. Southern Sky acquired all of the shares of Guyana Au Corp Inc., a corporation incorporated under the laws of Guyana, in December 2016. Guyana Au Corp. Inc. is the 100% beneficial owner of the Aurora South Property, which it acquired on August 29, 2011 by way of a Deed of Assignment of a Mining Joint Venture Agreement with the subsidiary of a Canadian, former-publicly traded company, Guyana Frontier Mining Corp. (“**Guyana Frontier**”). Historic work performed on the Aurora South Property includes an airborne geophysical program flown over the property during 2011 by a previous joint venture partner of Southern Sky. No other work has been completed by Southern Sky on this property.

Roger Connors, a resident of Toronto, Ontario, is the only controlling shareholder of Southern Sky.

Summary of the Proposed Transaction

The Letter of Intent contemplates that Holly and Southern Sky will negotiate and enter into a definitive agreement in respect of the Proposed Transaction (the “**Definitive Agreement**”), pursuant to which it is anticipated that Holly will acquire all of the issued and outstanding Southern Sky Shares, and shareholders of Southern Sky will receive post-Consolidation (as defined below) Holly common shares (the “**Holly Shares**”) in exchange for their Southern Sky Shares, resulting in a reverse takeover of Holly by Southern Sky. The Proposed Transaction will be structured as a three-cornered amalgamation, plan of arrangement or other structure based on the advice of the parties’

respective advisors and taking into account various securities, tax, operating and other considerations.

Prior to the closing of the Proposed Transaction, Holly will consolidate its outstanding Holly Shares on the basis of one (1) new Holly Share for each two (2) old Holly Shares (the “**Consolidation**”), such that, prior to closing of the Proposed Transaction, Holly Street will have approximately 3,755,000 Holly Shares issued and outstanding. It is intended that Holly Shares will be issued to holders of Southern Sky Shares on the basis of one (1) post-Consolidation Holly Share for every one (1) Southern Sky Share, resulting in the issuance of an aggregate 20,500,000 post-Consolidation Holly Shares to the shareholders of Southern Sky.

It is anticipated that the resulting entity (the “**Resulting Issuer**”) will continue the business of Southern Sky under a name to be determined by Southern Sky (the “**Name Change**”). The business of the Resulting Issuer will be primarily focussed on the exploration of the Property.

Certain common shares of the Resulting Issuer to be issued pursuant to the Proposed Transaction are expected to be subject to restrictions on resale or escrow under the policies of the Exchange, including the securities to be issued to “Principals” (as defined under Exchange policies), which will subject to the escrow requirements of the Exchange.

The completion of the Proposed Transaction remains subject to a number of terms and conditions, including, among other things: the negotiation and execution of the Definitive Agreement; no material adverse changes occurring in respect of either Holly or Southern Sky; the parties obtaining all necessary consents, orders and regulatory and shareholder approvals, including the conditional approval of the Exchange subject only to customary conditions of closing; the Consolidation, Name Change and any other corporate changes requested by Southern Sky, acting reasonably, shall have been implemented; completion of the Concurrent Financing described below; Southern Sky shall have provided the Technical Report; completion of a thorough business, legal and financial review by each party of the other party; and other standard conditions of closing for a transaction in the nature of the Proposed Transaction.

Upon completion of the Proposed Transaction, it is anticipated that the Resulting Issuer will be listed as a Tier 2 Mining Issuer on the Exchange, with Southern Sky as its primary operating subsidiary.

Upon execution of the Definitive Agreement Holly will lend \$25,000 to Southern Sky on a no-interest basis, which loan will be repayable to Holly on demand in the event that the Definitive Agreement is terminated. The loan will be used by Southern Sky for working capital purposes.

Concurrent Financing

In connection with the Proposed Transaction, Southern Sky will arrange a concurrent financing of Holly or Southern Sky securities for gross proceeds of at least \$2,000,000 at a price of at least \$0.40 per share (the “**Concurrent Financing**”). The Concurrent Financing shall be structured as either a common share offering, a subscription receipt offering, or such other security offering as determined by Southern Sky based on discussions with investors. Other than in connection with the Concurrent Financing,

neither party will issue any shares or rights exchangeable or exercisable into shares of such party prior to closing of the Proposed Transaction.

The proceeds of the Concurrent Financing will be used to fund (i) expenses of the Proposed Transaction and the Concurrent Financing, (ii) the exploration and other expenses relating to the Property, and (iii) the working capital requirements of the Resulting Issuer.

Summary of Proposed Directors and Officers of the Resulting Issuer

In conjunction with and upon closing of the Transaction, the board of directors of the Resulting Issuer are expected to consist of four directors, three of whom will be nominated by Southern Sky and one of whom will be nominated by Holly (the “**Holly Nominee**”). Other than the Holly Nominee, if applicable, the existing directors and officers of Holly shall resign at or prior to the closing of the Proposed Transaction.

Roger Connors is expected to be Executive Chairman, President and CEO of the Resulting Issuer, with the other officers to be determined in due course by the board of directors of the Resulting Issuer.

Sponsorship of a Qualifying Transaction

Sponsorship of a reverse take-over is required by the Exchange unless exempt in accordance with Exchange policies. Holly is currently reviewing the requirements for sponsorship and may apply for an exemption from the sponsorship requirements pursuant to the policies of the Exchange, however, there is no assurance that an exemption is available or that Holly will ultimately obtain an exemption if one is available. Holly intends to include any additional information regarding sponsorship in a subsequent press release.

Other Information relating to the Proposed Transaction

The Proposed Transaction will not constitute a “Non-Arm’s Length Qualifying Transaction” (as such term is defined in the policies of the Exchange) for Holly. Accordingly, the Proposed Transaction will not require the approval of the shareholders of Holly.

The Proposed Transaction will require the approval of the shareholders of Southern Sky. Southern Sky intends to hold a shareholder meeting to seek all necessary approvals, the details of which will be disclosed once available.

In accordance with the policies of the Exchange, the Holly Shares are currently halted from trading and will remain so until such time as the Exchange determines, which, depending on the policies of the Exchange, may not occur until completion of the Proposed Transaction.

In connection with the Proposed Transaction, McMillan LLP is acting as legal counsel to Holly and Miller Thomson LLP is acting as legal counsel to Southern Sky.

5.2 Disclosure for Restructuring Transactions

Not applicable

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

Not applicable

Item 7 Omitted Information

None

Item 8 Executive Officers

Joel Freudman
Chief Executive Officer
Tel. (647) 880-6414

Item 9 Date of Report

September 17, 2020