

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

February 5, 2021

Item 3 News Release

The news release announcing the material change was disseminated on February 9, 2021. The news release was also filed on SEDAR at www.sedar.com.

Item 4 Summary of Material Change

The Company announced that it has entered into a definitive agreement dated February 5, 2021 with Southern Sky Resources Corp. (“**Southern Sky**”) in respect of a proposed business combination. It is anticipated that the proposed transaction will constitute the “Qualifying Transaction” of Holly in accordance with the TSX Venture Exchange (the “**Exchange**”) Policy 2.4 – *Capital Pool Companies* of the Exchange (the “**CPC Policy**”).

Item 5 Full Description of Material Change

5.1 Full Description of Material Change

The Company, a capital pool company listed on the Exchange, announced that it has entered into a definitive agreement dated February 5, 2021 (the “**Amalgamation Agreement**”) with 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 Holly in accordance with the CPC Policy.

About Southern Sky

Southern Sky is a private company existing under the laws of Ontario and is based in Toronto, Ontario. Immediately prior to closing of the Proposed Transaction, Southern Sky will have 20,500,000 common shares (the “**Southern Sky Shares**”) outstanding, and 200,000 options exercisable to acquire 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 between Southern Sky and private Colombian company.

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 (as defined below) on a one-to-one basis. The underlying vendor maintains a 1% net smelter return on production.

Summary of the Proposed Transaction

Pursuant to the Amalgamation Agreement, the parties will complete a three-cornered amalgamation whereby 2812239 Ontario Inc. (“**Holly Subco**”), a wholly-owned subsidiary of Holly, will amalgamate with Southern Sky, and Holly will acquire all of the issued and outstanding Southern Sky Shares. The 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 amalgamated corporation resulting from the amalgamation of Holly Subco and Southern Sky will be wholly-owned by the Resulting Issuer (as defined below).

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. Based on the issue price under the Concurrent Financing, the deemed price for Southern Sky under the Proposed Transaction is \$8,200,000.

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 focused on the exploration of the Property.

Assuming there are no dissenting Holly shareholders and that the Concurrent Financing (as defined below) is fully subscribed, there will be: (i) approximately 30,318,750 post-Consolidation Holly Shares issued and outstanding; (ii) the Holly shareholders will hold 3,755,000 post-Consolidation Holly Shares immediately following completion of the Proposed Transaction, representing approximately 12.39% of the issued and outstanding post-Consolidation Holly Shares; (iii) former Southern Sky shareholders will hold 20,500,000 post-Consolidation Holly Shares, representing approximately 67.61% of the issued and outstanding post-Consolidation Holly Shares; and (iv) investors in the Concurrent Financing will hold 6,063,750 post-Consolidation Holly Shares, representing approximately 20% of the of the issued and outstanding post-Consolidation Holly Shares.

The post-Consolidation Holly Shares to be issued pursuant to the Proposed Transaction will be issued pursuant to exemptions from the prospectus requirements of applicable securities legislation. 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: 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; and other standard conditions of closing for a transaction in the nature of the Proposed Transaction. There can be no assurance that all of the necessary regulatory and shareholder approvals will be obtained.

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.

Concurrent Financing

In connection with the Proposed Transaction, Southern Sky will arrange a private placement (the “**Concurrent Financing**”) of 6,063,750 subscription receipts of Southern Sky (the “**Subscription Receipts**”) at a price of \$0.40 per Subscription Receipt for aggregate gross proceeds of up to \$2,425,500, which will be held in escrow by a subscription receipt agent. Upon satisfaction of the escrow release conditions, which includes completion of the Proposed Transaction, each Subscription Receipt is expected to be exercised, without payment of any additional consideration and without further action on the part of the holder thereof, for one Southern Sky Share. Southern Sky may pay finder’s fees in connection with the Concurrent Financing, in accordance with the policies of the Exchange.

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

It is intended that concurrent with the closing of the Proposed Transaction, the board of directors and management of the Company will be reconstituted. The first directors of the Resulting Issuer will be Roger Connors, Kyle Stevenson, Joel Freudman and Dominic O’Sullivan. These directors shall hold office until the first annual meeting of the shareholders of the Resulting Issuer following closing, or until their successors are duly appointed or elected. The first officers of the Resulting Issuer will be Roger Connors as Chairman, President and Chief Executive Officer, Victor Hugo as Chief Financial Officer and Monique Hutchins as Corporate Secretary.

The information in this Material Change Report includes certain information and statements about management's view of future events, expectations, plans and prospects that constitute forward looking statements, including statements relating to the completion of the Proposed Transaction, the proposed business of the Resulting Issuer, the completion of the Concurrent Financing, degree to which historical drill results are reflective of actual mineral resources, Southern Sky or the Resulting Issuer completing its mapping and sampling program at Project X obtaining regulatory approval for Project X, Southern Sky or the Resulting Issuer satisfying terms of the Option Agreement and acquiring net 75% interest in Project X, the proposed directors and officers of the Resulting Issuer, the completion of the Consolidation, the completion of the Name Change, Exchange sponsorship requirements and intended application for waiver therefrom, shareholder, director and regulatory approvals, and future press releases and disclosure. These statements are based upon assumptions that are subject to significant risks and uncertainties. Because of these risks and uncertainties and as a result of a variety of factors, the actual results, expectations, achievements or performance of each of Holly and Southern Sky may differ materially from those anticipated and indicated by these forward looking statements. Although each of Holly and Southern Sky believes that the expectations reflected in forward looking statements herein are reasonable, they can give no assurances that the expectations of any forward looking statements herein will prove to be correct. Except as required by law, each of Holly and Southern Sky disclaims any intention and assume no obligation to update or revise any forward looking statements herein to reflect actual results, whether as a result of new information, future events, changes in assumptions, changes in factors affecting such forward looking statements or otherwise.

Completion of the Proposed Transaction is subject to a number of conditions, including but not limited to, Exchange acceptance. There can be no assurance that the Proposed Transaction will be completed as proposed or at all.

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
Holly Street Capital Ltd.
Tel. (647) 880-6414

Item 9 Date of Report

February 10, 2021