

FORM 51-102F3
MATERIAL CHANGE REPORT

ITEM 1. Name and Address of Company

Caravan Energy Corporation (the “Company”)
220 -333 Terminal Avenue,
Vancouver, British Columbia
V6A 4C1

ITEM 2. Date of Material Change

October 6, 2023

ITEM 3. News Release

On October 10, 2023, a news release in respect of the material change was disseminated via Newswire. A copy was also filed under the Company’s profile on the System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com.

ITEM 4. Summary of Material Change

Further to its news release dated September 14, 2023, the Company closed its previously announced non-brokered private placement financing and raised gross aggregate proceeds of \$6,050,251 (“Offering”). Also further to its news releases dated September 11 and 25, 2023, it has completed the acquisition of 33 rare earth claims (“TREO Acquisition”).

ITEM 5. Full Description of Material Change

The Company closed the Offering.

Under the Offering, the Company issued:

- i. 7,262,524 non-flow through units of the Company (“Units”), at a price of \$0.42 per Unit, for gross proceeds of \$3,050,251, with each Unit comprised of one common share of the Company and one-half-of one share purchase warrant entitling the holder to purchase one common share at a price of \$0.60 for a period of two (2) years; and
- ii. 6,000,000 flow-through units of the Company (“FT Units”), at a price of \$0.50 per FT Unit, for gross proceeds of \$3,000,000, with each FT Unit comprised of one common share that qualifies as a “flow-through share” as defined in the *Income Tax Act* (Canada) and one-half of one flowthrough share purchase warrant entitling the holder to purchase one common share at a price of \$0.60 for a period of two years.

The Company raised gross aggregate proceeds of \$6,050,251 through the Offering.

The net proceeds from the sale of the FT Units will be used for qualified expenditures in respect of the Company's mineral properties, and the net proceeds from the sale of the Units will be used for general working capital purposes.

The Company paid finder's fees and advisory fees comprised of an aggregate of 766,800 broker warrants (each, a "**Broker Warrant**") and \$348,994 in cash to certain finders in connection with the sale of Units and FT Units to purchasers introduced to the Company by such finders. Each Broker Warrant entitles the holder thereof to purchase one common share at a price of \$0.60 for a period of two (2) years. The Units, FT Units, and Broker Warrants, and all underlying securities, are subject to a hold period of four months and one day from the date of issue. The Offering was approved by a majority of the Company's shareholders. The Company thanks its shareholders for their support and loyalty.

Mineral Claims Acquisitions

The Company is also pleased to announce, further to its news releases dated, September 11, 2023 and September 25, 2023, that it has closed its previously the TREO Acquisition, acquiring a total of 33 rare earth claims located near Prince George, British Columbia, totaling 11,134 hectares, as detailed below.

The Company acquired 24 mineral claims in consideration for \$100,000 in cash, 4,363,636 common shares (each, a "Consideration Share") of the Company, and the grant of a 2% net smelter return ("NSR") royalty (subject to the Company's right to buy back 50% of the NSR royalty for \$1,000,000). The Consideration Shares are subject to a four month and one day hold period pursuant to applicable securities laws and are subject to a voluntary leak-out schedule whereby they will be released over a 36-month period from the date of hereof.

The Company acquired four mineral claims in consideration for \$100,000 in cash, 1,045,454 Consideration Shares, and the grant of a 2% NSR royalty (subject to the Company's right to buy back 50% of the NSR royalty for \$500,000). \$50,000 of the cash consideration has been paid and the remaining \$50,000 is to be paid on or before January 31, 2024. The Consideration Shares are subject to a four month and one day hold period pursuant to applicable securities laws and will also be subject to a voluntary leak out schedule whereby they will be released over a 30- month period from the date hereof.

Finally, the Company acquired an additional five mineral claims from its recently appointed Chief Executive Officer, Reagan Glazier, in consideration for \$50,000 in cash, 100,000 Consideration Shares, and the grant of a 2% NSR royalty (subject to the Company's right to buy back 50% of the NSR royalty for \$1,000,000) (the "**Glazier Acquisition**"). The Consideration Shares are subject to a four month and one day hold period from the date hereof pursuant to applicable securities laws.

As result of Mr. Glazier's position as Chief Executive Officer and Director, the Glazier Acquisition is a related party transaction within the meaning of meaning of Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**"). The Glazier Acquisition is exempt from the valuation requirement of MI 61- 101 by virtue of the exemption contained in section 5.5(b) as the Company's common shares are not listed on a specified market and from the minority shareholder approval requirements of MI 61-101 by virtue of the exemption contained in section 5.7(a) of MI 61-101, in that the fair market value of the consideration to be issued pursuant to the Glazier Acquisition will not exceed 25% percent of the Company's market capitalization.

The Company has agreed to pay, upon completion of the Acquisition, a finder's fee of 595,865 common shares (the "**Finder's Fee Shares**"), being equal to 10% of the total consideration value paid pursuant to the TREO Acquisition, to an arm's length party. The Finder's Fee Shares will be subject to a four month and one day hold period pursuant to applicable securities laws.

The TREO Acquisition was also approved by a majority of the Company's shareholders.

The following supplementary information is provided in accordance with Section 5.2 of MI 61-101 in connection with the Glazier Acquisition.

(a) A description of the transaction and its material terms:

Pursuant to the Glazier Acquisition, the Company acquired five mineral claims from its recently appointed Chief Executive Officer, Reagan Glazier, in consideration for \$50,000 in cash, 100,000 Consideration Shares, and the grant of a 2% NSR royalty (subject to the Company's right to buy back 50% of the NSR royalty for \$1,000,000). The Consideration Shares are subject to a four month and one day hold period from the date hereof pursuant to applicable securities laws.

The Acquisition constituted a "related party transaction" as such term is defined in MI 61-101 as Reagan Glazier is the CEO of the Company.

(b) The purposes and business reason for the transaction:

The purposes and business reason for the Glazier Acquisition is to expand the Company's rare earth mineral property portfolio in northern British Columbia.

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

Upon completion of the Glazier Acquisition, the Company will have expanded its rare earth mineral property portfolio in northern British Columbia provided a basis for further exploration and potential development in the future.

(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:

In connection with the Glazier Acquisition, 100,000 Consideration Shares issued to Mr. Glazier, Chief Executive Office of the Company, as well as \$50,000 cash and the grant of a 2% NSR royalty (subject to the Company's right to buy back 50% of the NSR royalty for \$1,000,000).

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

In connection with the Glazier Acquisition, 100,000 Consideration Shares were issued to Mr. Glazier. Prior to the completion of the Acquisition, Mr. Glazier held, directly or indirectly, nil common shares and convertible securities to acquire common shares. Upon closing of the Glazier Acquisition, Mr. Glazier now holds an aggregate of 100,000 common

shares, representing 0.379% of the common shares of the Company.

- (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 Glazier Acquisition was approved by the Company's Board of Directors, and there was no materially contrary view or abstention by any director in approving the Glazier Acquisition (except for abstentions required in accordance with applicable corporate laws governing conflicts of interest).

- (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 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 Company or to any director or officer of the Company:

Not applicable.

- (h) The general nature and material terms of any agreement entered into by the Company, or a related party of the Company, with an interested party or a joint actor with an interested party, in connection with the transaction:

The Company did not enter into any agreement with an interested party or a joint actor with an interested party in connection with the Glazier Acquisition. 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 Glazier Acquisition.

- (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 Company is relying on the exemptions from the formal valuation and minority approval

requirements found in sections 5.5(a) and 5.7(1)(a) of *Multilateral Instrument 61-101 – Protection of Minority Securityholders in Special Transactions*, as the fair market value of the Financing (in so far as they involved insiders of the Company) was not more than 25% of the Company’s market capitalization.

The Company did not file a material change report in respect of the related party transaction at least 21 days before the announcement of the Glazier Acquisition, which the Company deems reasonable in the circumstances in order to enter into the Glazier Acquisition in an expeditious manner.

ITEM 6. 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 Officer

Charn Deol, Director, +1 604 681 1194

ITEM 9. Date of Report

October 11, 2023