FORM 51-102F3 - MATERIAL CHANGE REPORT

1. **Name and Address of Company**

   Candelaria Mining Corp.
   4005 – 1011 West Cordova Street
   Vancouver, British Columbia V6C 0B2

2. **Date of Material Change**

   May 11, 2016

3. **News Release**

   A news release dated May 12, 2016 was disseminated through the facilities of Stockwatch and Market News.

4. **Summary Of Material Change**

   Candelaria Mining Corp. (formerly Branco Resources Ltd.) ("**Candelaria**" or the "**Company**") announced that it has entered into an agreement to acquire Caballo Blanco Gold Project.

   The Company further announced a private placement of up to $8,600,000 of common shares and unsecured convertible notes.

5. **Full Description Of Material Change**

   Candelaria announced that it has signed an agreement to acquire the Caballo Blanco Gold Project in Veracruz from Molimentales Del Noroeste, SA de CV, a subsidiary of Timmins Gold Corp. Pursuant to the terms of the agreement, Candelaria will pay US$12.5 million in cash and assume US$5 million in contingent liabilities in exchange for the project and all related rights and assets.

Caballo Blanco Project Overview

Timmins disclosed the results of a preliminary economic assessment on the Caballo Blanco project in their December 18, 2014 news release. Since that time Timmins focussed on advancing the project including technical and environmental studies and engagement with government and other stakeholders. The information on the project provided below was extracted from the Timmins 2014 news release.

Caballo Blanco is an advanced stage open pit, heap leach gold project located next to the Gulf of Mexico approximately 65km Northwest of Veracruz, Mexico. The project consists of two large areas of epithermal gold mineralization, the Northern Zone and the Highway Zone, contained within 14 mineral concessions covering over 54,732 hectares. Caballo Blanco has easy access via paved roads, on-site power and clean water.

Preliminary Economic Assessment was completed on Caballo Blanco and reported in an NI 43-101 independent technical report entitled "Preliminary Economic Assessment Caballo Blanco Gold Heap Leach, Veracruz, Mexico", dated May 7, 2012, (re-addressed to Timmins as of January 28, 2015) (the "PEA") prepared by Joseph M. Keane, Brent C. Bailey, Jim Cuttle, Gary Giroux, Stephen Taylor and Dino Pilloto. The PEA discloses a Measured & Indicated Resource of 575,000 oz Au (28.9 million tonnes grading 0.62 g/t Au) and an Inferred Resource of 419,000 oz Au (24.0 million tonnes grading 0.54 g/t Au).

Mineral Resources

Estimated mineral resources for Caballo Blanco are shown below.

Mineral Resources [(1)]					
	Tonnes	**Metal Grade**		**Contained Metal**	
	(M tonnes)	Au (g/t)	Ag (g/t)	Au (ozs)	Ag (ozs)
Indicated Mineral Resources[(2)]	28.9	0.62	2.32	575,000	2,150,000
Inferred Mineral Resources [(2)]	24.0	0.54	2.50	419,000	1,930,000

(1) *As reported by Timmins in the PEA, subject to rounding, and effective as at January 17, 2012. The PEA is preliminary in nature, includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves and there is no certainty that the PEA will be realized. Mineral resources that are not mineral reserves do not have demonstrated economic viability.*

(2) *As disclosed in the PEA, Mineral Resources were estimated using cut-off grade of 0.20 g/t.*

To the best of the Company's knowledge, information and belief there is no new material scientific or technical information that would make the disclosure of the mineral resources inaccurate or misleading. For a full discussion of the sampling, analysis, quality assurance, quality control, and other technical disclosure relevant to the project, please see the PEA which is available on SEDAR under Timmins Gold Corp. profile at www.sedar.com.

Pursuant to the requirements of NI 43-101, Candelaria is required to file a technical report to support the above disclosure within 180 days from the date of this news release.

Transaction Summary

Pursuant to the terms of the Agreement, Candelaria will acquire the Caballo Blanco project in exchange for cash payments to be paid over a period of twelve months as follows:

- US$1,250,000 payable on signing of the agreement as a non-refundable deposit
- US$2,250,000 payable no later than 15 business days from the date of the agreement as an additional non-refundable deposit
- US$6.5 million payment upon closing, which is to occur on or before June 24, 2016
- US$2.5 million payment at the earlier occurrence of Candelaria receiving permits or June 24, 2017, secured by a promissory note and security interest.

Candelaria has also agreed to assume a US$5.0 million contingent payment obligation owing to Goldgroup Mining Inc.

Private Placement

The Company also announced that it is proceeding with a private placement of up to $8.6 million. The offering will consist of up to 80,000,000 common shares of the Company at a price of $0.10 per share for total proceeds of up to $8,000,000. Up to $3 million of the private placement will also be offered by way of unsecured convertible notes provided that the combined proceeds from the sale of the shares and the convertible notes will not exceed $8.6 million. The notes will bear interest at 6% annually, paid monthly and will be convertible into common shares of the Company for a period of 18 months at $0.06 per share for the first 12 months, and $0.10 per share for the remainder of the term. The Company may prepay the convertible notes at any time during the initial 12 month term by paying the holders all remaining interest to maturity in addition to the principal amount.

The proceeds from the private placement will be applied towards the acquisition of the Caballo Blanco Project and related assets as described above. A finder's fee may be paid in connection with the private placement.

Completion of the acquisition and private placement are subject to customary closing conditions, including approval of the TSX Venture Exchange.

6. **Reliance On Subsection 7.1(2) Of National Instrument 51-102**

Not applicable.

7. **Omitted Information**

Not applicable.

8. **Executive Officer**

Sokhie Puar, President and Chief Executive Officer
Telephone: 604-408-1990

9. **Date Of Report**

May 12, 2016