FORM 51-102F3
MATERIAL CHANGE REPORT

Item 1 Name and Address of Company

Valencia Capital Inc.
302-370 East Esplanade
North Vancouver, B.C.
V7L 1A4

Item 2 Date of Material Change

August 30, 2021.

Item 3 News Release

The news release attached hereto as Schedule "A" announcing the material change described herein was released through Stockwatch at Vancouver, British Columbia on August 30, 2021.

Item 4 Summary of Material Change

The material change is described in the Company's news release attached hereto as Schedule "A", which news release is incorporated herein.

Item 5 Full Description of Material Change

5.1 Full Description of Material Change

No information other than that provided in Item 4 is presently available.

5.2 Disclosure for Restructuring Transactions

Not Applicable.

Item 6 Reliance on subsection 7.1(2) or (3) of National Instrument 51-102

Not Applicable.

Item 7 Omitted Information

Not Applicable.

Item 8 Executive Officer

The following is the name and business telephone number of an executive officer of the Company who is knowledgeable about the material change and this report.

John MacPhail
President and Chief Executive Officer
Valencia Capital Inc.
778-688-7411

Item 9 Date of Report

August 30, 2021.

Schedule “A”

VALENCIA CAPITAL INC. AND TERRA BALCANICA RESOURCES CORP.
ANNOUNCE TERMINATION OF AMALGAMATION AGREEMENT

August 30, 2021, Vancouver, British Columbia: Valencia Capital Inc. (“**Valencia**”) (TSX-V: VAL.P) announced today that further to its news releases dated December 16, 2020, and July 23, 2021, it will not be proceeding with its proposed amalgamation with Terra Balcanica Resources Corp. (“**TB**”) under the original terms at this time, and that the amalgamation agreement dated July 7, 2021 between Valencia, TB, and a wholly-owned subsidiary of TB has been terminated pursuant to section 9.1(a)(i) of the amalgamation agreement.

Valencia is currently evaluating alternative acquisition opportunities with a view to completing its qualifying transaction.

Accordingly, Valencia intends to implement certain amendments to further align its policies with changes announced by the TSX Venture Exchange (the “**TSX-V**”) to its Capital Pool Company program and Policy 2.4 – *Capital Pool Companies*, effective as of January 1, 2021 (the “**New CPC Policy**”).

In line with the requirements of the New CPC Policy, Valencia will be seeking shareholder approval at an annual general and special meeting of shareholders (the “**Meeting**”) for the following matters: (i) to amend Valencia’s incentive stock option plan (the “**Option Plan**”) to, among other things, become a 10% rolling plan prior to Valencia completing a qualifying transaction; (ii) to remove the consequences of failing to complete a qualifying transaction within 24 months of Valencia’s date of listing on the TSX-V (the “**Listing Date**”); and (iii) to amend the escrow release conditions and certain other provisions of Valencia’s Escrow Agreement (the “**Escrow Agreement**”). These proposed amendments are described in further detail below.

Amendments to the Option Plan

The proposed amendments to the Option Plan will enable Valencia to reserve for issuance as options a total number of common shares of Valencia (the “**Shares**”) up to 10% of the Shares issued and outstanding as at the date of grant of such options, rather than 10% of the Shares issued and outstanding as at the date of Valencia’s initial public offering.

Removal of the Consequences of Failing to Complete a Qualifying Transaction Within 24 Months of the Listing Date

Under the previous version of the TSX-V’s Policy 2.4 – *Capital Pool Companies* (as at June 14, 2010) (the “**Former CPC Policy**”) certain consequences were triggered in the event of failure to complete a qualifying transaction within 24 months of the Listing Date. These consequences included a potential for Shares to be delisted or suspended, or, under certain circumstances, the transfer of Shares to the NEX board of the TSX-V, and the cancellation of a portion of the seed shares. Subject to obtaining disinterested shareholder approval, the New CPC Policy has now removed such consequences for existing capital pool companies.

Amendments to the Escrow Agreement

Certain amendments to the Escrow Agreement will also be made possible with shareholder approval under the New CPC Policy, including allowing Valencia's escrowed securities to be subject to an 18-month escrow release schedule as detailed in the New CPC Policy, rather than the current 36-month escrow release schedule in the Former CPC Policy.

Other Changes

Under the New CPC Policy, Valencia is permitted to implement certain other changes from the Former Policy without obtaining shareholder approval. Accordingly, Valencia wishes to have the option to take advantage of all of the changes under the New CPC Policy that do not require shareholder approval, including, but not limited to:

(a) increasing the maximum aggregate gross proceeds to the treasury that Valencia can raise from the issuance of Shares in the initial public offering, seed shares, and private placements to the new limit of $10,000,000, raised from the previous total of $5,000,000;

(b) removing the restriction stipulating that no more than the lesser of 30% of the gross proceeds from the sale of securities issued by Valencia and $210,000 may be used for purposes other than identifying and evaluating assets or businesses and obtaining shareholder approval for a proposed qualifying transaction, and implementing the restrictions on the permitted use of proceeds and prohibited payments under the New CPC Policy, under which reasonable general and administrative expenses not exceeding $3,000 per month are permitted;

(c) removing the restriction with respect to issuing new agent's options in connection with a private placement; and

(d) removing the restriction with respect to officer positions, such that now one person has the ability to act as the chief executive officer, chief financial officer, and corporate secretary of Valencia at the same time.

Valencia firmly believes that the adoption of the above matters in accordance with the New CPC Policy is in the best interests of the shareholders, as it will afford Valencia greater flexibility in search of the ideal qualifying transaction and ultimately increase value for all interested parties.

Reader Advisory

The TSX-V has in no way passed upon the merits of the proposed transaction and has neither approved nor disapproved the contents of this press release.

Neither the TSX-V nor its regulation services provider (as that term is defined in the Policies of the TSX-V) accepts responsibility for the adequacy or accuracy of this press release.

None of the securities of Valencia or TB have been registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act"), or any state securities law, and may not be offered or sold in the United States or to, or for the account or benefit of, persons in the United States or "U.S. persons" (as such term is defined in Regulation S under the U.S. Securities Act) absent registration or an exemption from such registration requirements. This press release shall not constitute an offer to sell or the

solicitation of an offer to buy in the United States nor shall there be any sale of the securities in any State in which such offer, solicitation or sale would be unlawful.

Forward-Looking Information Advisory

This press release contains “forward-looking information”, which is disclosure regarding possible events, conditions or financial performance that is based on assumptions about future economic conditions and courses of action The following table identifies the significant forward-looking information in this press release, and states the material factors or assumptions used to develop the forward-looking information, as well as the material risk factors that could cause actual results to differ materially from the forward looking information.

Valencia’s views regarding possible events, conditions or financial performance may change. However, Valencia does not intend to update the forward-looking information in this press release, except as required by applicable securities legislation.

Further Information

For further information, please contact:
John MacPhail
President and Chief Executive Officer
Telephone: (778) 688-7411