

Form 51-102F3
Material Change Report

Item 1 Name and Address of Company

DGL Investments No. 1 Inc.
Suite 480 - 1500 West Georgia Street
Vancouver, BC V6G 2Z6

Item 2. Date of Material Change

Nov 17, 2021

Item 3. News Release

A news release was issued at Vancouver, B.C. on Nov 25, 2021 and disseminated.

Item 4. Summary of Material Change

The Company announced that it has entered into a Letter of Intent dated November 17, 2021 for the acquisition (the "Proposed Transaction") of Toropunto Silver Inc. a private company incorporated pursuant to the laws of British Columbia. The Proposed Transaction is intended to constitute the Company's qualifying transaction under Policy 2.4 of the TSX Venture Exchange.

Item 5. Full Description of Material Change

See attached news release.

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

Not applicable.

Item 7. Omitted Information

No significant facts remain confidential and no information has been omitted in this report.

Item 8. Executive Officer Knowledgeable About This Report

Name of Executive Officer: Gurpreet S. Sangha
Telephone Number: (778) 245-2282

Item 9. Date of Report

Nov 25, 2021

DGL INVESTMENTS NO. 1 INC.
ANNOUNCES PROPOSED QUALIFYING TRANSACTION

Not for distribution to U.S. news wire services or for dissemination in the United States

Vancouver, B.C., Canada – November 25, 2021. DGL Investments No. 1 Inc. ("**DGL**") (TSXV: DGLP) is pleased to announce details concerning a proposed "Qualifying Transaction" involving a business combination with Toropunto Silver Inc. ("**Toropunto**"), a corporation formed under the laws of the province of British Columbia (the "**Transaction**").

Overview of Toropunto

Toropunto is a privately-held corporation that was formed on March 1, 2021 under the *Business Corporations Act (British Columbia)* and on April 7, 2021 acquired all of the issued and outstanding common shares of SMC Toropunto Ltd. ("**SMC Toropunto**") a corporation incorporated in the British Virgin Islands, on March 13, 2012, under the *BVI Business Companies Act*.

Toropunto is in the business of acquiring, exploring and developing silver projects in Peru. SMC Toropunto through its Peruvian branch, SMC Toropunto Ltd –Suc. del Peru, is the 100% owner of the Toropunto silver project (the "**Property**"), consisting of over 6,000 hectares of prospective vein-rich concessions including the previously mined Santa Rosa mine and the Piedra Iman mine, and related UG infrastructure located in the Pamparomas district, province of Huaylas, in the region of Ancash, Peru.

Toropunto plans in the short term to undertake an initial 12,000 meter exploration program on the Property, and in the medium term to enter into production by building a 1,000 tpd mill on-site by 2025.

Summary of the Transaction

DGL has entered into a non-binding Letter of Intent with Toropunto dated November 17, 2021 (the "**LOI**") pursuant to which DGL and Toropunto intend to complete a business combination (the "**Transaction**") to form a company (the "**Resulting Issuer**") whereby the business of Toropunto will become the business of the Resulting Issuer.

Pursuant to the Transaction, (i) every 1 issued and outstanding common share of Toropunto (the "**Toropunto Common Shares**") will be exchanged for 1 common share of the Resulting Issuer (the "**Resulting Issuer Common Shares**") at a deemed price per share equal to the price per share of securities issued pursuant to the Concurrent Financing (as defined below) per Resulting Issuer Common Share; (ii) the common shares of DGL (the "**DGL Common Shares**") will be consolidated by a ratio such that the total number of DGL Common Shares existing following such consolidation is equal to 1,300,000 divided by the price per share of securities issued in the Concurrent Financing (the "**Consolidation**"); and (iii) each outstanding stock option, warrant and other convertible or exchangeable securities of DGL and Toropunto will be consolidated or exchanged for stock options, warrants and other convertible or exchangeable securities of the Resulting Issuer on an equivalent economic basis.

It is intended that the Transaction, when completed, will constitute DGL's "Qualifying Transaction" ("**QT**") in accordance with Policy 2.4 – *Capital Pool Companies* of the TSX Venture Exchange (the "**Exchange**") Corporate Finance Policies. A more comprehensive news release will be issued by DGL disclosing details of the Transaction, including financial information respecting Toropunto, the names and backgrounds of all persons who will constitute insiders of the Resulting Issuer, and information respecting sponsorship, once a definitive agreement has been executed and certain conditions have been met, including satisfactory completion of due diligence.

Luis H. Goyzueta, a director of DGL is the Chairman of the board of directors of Toropunto and is the beneficial holder of one third (33.33%) of the issued and outstanding common shares of Toropunto at the date of this release.

DGL does not believe that shareholder approval will be required with respect to the Transaction under the rules of the Exchange applicable to capital pool companies, because the DGL believes the Transaction does not constitute a "Non-Arm's Length Qualifying Transaction" pursuant to the Policy 2.4 of the Exchange. However, the Company may be required to hold a shareholders meeting to approve the Transaction pursuant to Policy 2.4 of the Exchange or pursuant to applicable securities laws, and the structure of the Transaction is being finalized and based on the final structure as reflected in the definitive agreement, shareholder approval of elements of the Transaction, including the Consolidation, will be required under the incorporating statute of DGL or pursuant to other policies of the Exchange or applicable securities laws. Trading in the common shares of DGL has been halted and is not expected to resume until the Transaction is completed or until the Exchange receives the requisite documentation to resume trading.

It is expected that upon completion of the Transaction, the Resulting Issuer, will be renamed Toropunto Silver Inc., will be listed as a Tier 2 Mining Issuer on the Exchange.

Summary of the Toropunto Private Placement

Pursuant to the LOI, within 120 days of November 17, 2021, Toropunto will complete a private placement (the "**Toropunto Private Placement**") of units consisting of one Toropunto Common Share and one Toropunto Common Share purchase warrant (the "**Warrants**") at a price per unit of \$0.30, for gross proceeds of not less than \$1,000,000. Each Warrant will be exercisable until the third anniversary of issuance and will entitle the holder to purchase one Toropunto Common Share at an exercise price of \$0.45 per common share, subject to customary adjustment provisions. It is expected that upon closing the Transaction the Toropunto Common Shares will be exchanged for Resulting Issuer Common Shares and the Warrants will be exchanged for warrants of the Resulting Issuer.

Summary of the Proposed Concurrent Financing

Pursuant to the LOI, prior to or concurrent with the closing of the Transaction, either Toropunto or DGL will complete a private placement (the "**Concurrent Financing**") of securities of DGL or Toropunto for gross proceeds of up to \$9,000,000 at a price per share commensurate with market conditions, such price per share to be in compliance with the policies of the Exchange . Further details regarding the Concurrent Financing will be provided by further news release when available.

Forward Looking Information

Statements in this press release regarding DGL's business which are not historical facts are "forward-looking statements" that involve risks and uncertainties, such as terms and completion of the Transaction. Since forward-looking statements address future events and conditions, by their very nature, they involve inherent risks and uncertainties. Actual results in each case could differ materially from those currently anticipated in such statements.

Completion of the Transaction is subject to a number of conditions, including but not limited to, execution of a binding definitive agreement relating to the Transaction, Exchange acceptance, completion of the Toropunto Private Placement and the Concurrent Financing, and if applicable pursuant to Exchange requirements, majority of the minority shareholder approval. Where applicable, the Transaction cannot

close until the required shareholder approval is obtained. There can be no assurance that the Transaction will be completed as proposed or at all.

Investors are cautioned that, except as disclosed in the management information circular or filing statement to be prepared in connection with the Transaction, any information released or received with respect to the Transaction may not be accurate or complete and should not be relied upon. Trading in the securities of a capital pool company should be considered highly speculative.

The TSX Venture Exchange Inc. has in no way passed upon the merits of the Transaction and has neither approved nor disapproved the contents of this press release.

All information contained in this news release with respect to DGL and Toropunto was supplied by the parties, respectively, for inclusion herein, and DGL and its directors and officers have relied on Toropunto for any information concerning such party.

For further information, please contact:

Gurpreet S. Sangha
President and Chief Executive Officer
DGL Investments No. 1 Inc.

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Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this news release.