

FORM 51-102F3
MATERIAL CHANGE REPORT

1. **Name and Address of Company**

IM Exploration Inc. (the “**Company**”)
181 Bay Street, Suite 4400
Toronto, ON M5J 2T3

2. **Date of Material Change**

March 26, 2021

3. **News Release**

A press release disclosing the material change was released on March 29, 2021, through the facilities of Newsfile Corp.

4. **Summary of Material Change**

On March 26, 2021 the Company has closed its non-brokered private placement of units (the “**Offering**”) through the issuance of 5,158,333 units (the “**Unit**”) at a price of \$0.15 per unit for gross proceeds of \$773,749.95.

5. **Full Description of Material Change**

In connection with the Offering, the company issued 5,158,333 Units at a price of \$0.15 per Unit for gross proceeds of \$773,749.95.

Each Unit is comprised of one common share (each, a “**Common Share**”) in the capital of the Company and one Common Share purchase warrant (each, a “**Warrant**”). Each Warrant shall entitle the holder to acquire one (1) Common Share at the exercise price of \$0.25 for a period of thirty-six (36) months from the date of issuance, provided however, that should the closing price at which the Common Shares trade on the Canadian Securities Exchange (or any such other stock exchange in Canada as the Common Shares may trade at the applicable time) exceed CDN\$0.50 for 10 consecutive trading days at any time following the date of issuance, the Company may accelerate the Warrant Term (the “**Reduced Warrant Term**”) such that the Warrants shall expire on the date which is 30 business days following the date a press release is issued by the Company announcing the Reduced Warrant Term.

Gross proceeds raised from the Offering will be used for working capital and general corporate purposes, covering future Toiyabe exploration and expenses, continued exploration of new asset, and to perform further exploration on the recently expanded Mulloy Project, located in Rowlandson Township, Ontario. Closing of the Offering is subject to receipt of all necessary corporate and regulatory approvals, including the approval of the Canadian Securities Exchange.

All securities issued in connection with the Offering will be subject to a hold period of four months plus a day from the date of issuance and the resale rules of applicable securities legislation. The securities offered have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the “U.S. Securities Act”) or any U.S. state securities laws, and may not be offered or sold in the United States or to, or for the account or benefit of, United States persons absent registration or an applicable exemption from the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. This press

release does not constitute an offer to sell or the solicitation of an offer to buy securities in the United States, nor in any other jurisdiction.

The Offering constituted a “related party transaction” as such term is defined by Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transaction (“**MI 61-101**”) as certain directors, officers and insiders of the Company, subscribed for an aggregate of 725,000 Units pursuant to the Offering.

The following supplementary information is provided in accordance with Section 5.2 of Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions (“**MI 61-101**”).

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

In connection with the Offering, 725,000 Units were issued to insiders (the “**Insider**”) of the Company.

(b) the purpose and business reasons for the transaction:

The Company completed the Offering for general corporate and working capital purposes, covering future Toiyabe exploration and expenses, continued exploration of new asset, and to perform further exploration on the recently expanded Mullroy Project, located in Rowlandson Township, Ontario.

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

The Company completed the Offering for general corporate and working capital purposes, covering future Toiyabe exploration and expenses, continued exploration of new asset, and to perform further exploration on the recently expanded Mullroy Project, located in Rowlandson Township, Ontario.

(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 Offering, the following securities were issued to the Insiders of the Company:

Name	Position	Number of Units	Aggregate Price
Jonathan Dewdney	Director	100,000	\$15,000
Night Owl S.A.. – a company beneficially owned and controlled by Raymond D. Harari	Director and Officer	225,000	\$33,750
Dalvay Capital Corp.	10% Security Holder	400,000	\$60,000

	TOTAL	725,000	\$108,750.00
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- (ii) **the anticipated effect of the transaction on the percentage of securities of the issuer, or of an affiliated entity of the issuer, beneficially owned or controlled by each person or company referred to in subparagraph (i) for which there would be a material change in that percentage:**

Prior to the completion of the Offering, Dalvay Capital Corp. (“**Dalvay**”) held an aggregate of 1,866,000 Common Shares, representing approximately 11.24% of the issued and outstanding Common Shares on a non-diluted basis. Upon completion of the Offering, Dalvay beneficially owns and controls, an aggregate of 2,266,000 Common Shares and 400,000 Warrants, representing approximately 10.41% of the issued and outstanding Common Shares on a non-diluted basis and 12.03% on a partially diluted basis.

Prior to the completion of the Offering, Mr. Dewdney beneficially owned and controlled, directly or indirectly, an aggregate of 1,200,000 Common Shares. Upon closing of the Offering, Mr. Dewdney, beneficially owns and controls, directly or indirectly, an aggregate of 1,300,000 Common Shares and 100,000 Warrants, representing approximately 5.94% of the issued and outstanding Common Shares on an undiluted basis and 6.40% on a partially diluted basis.

Prior to the completion of the Offering, Mr. Harari beneficially owned and controlled, directly or indirectly, an aggregate of 1,275,000 Common Shares. Upon closing of the Offering, Mr. Harari, beneficially owns and controls, directly or indirectly, an aggregate of 1,500,000 Common Shares and 225,000 Warrants, representing approximately 6.89% of the issued and outstanding Common Shares on an undiluted basis and 7.84% on a partially diluted basis.

- (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:**

A resolution of the board of directors was passed on March 26, 2021, approving the Offering. No special committee was established in connection with the Offering, and no materially contrary view or abstention was expressed or made by any director.

- (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 issuer or to any director or officer of the issuer:**

Not applicable.

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

Other than subscription agreements for the Units, the Company did not enter into any agreement with an interested party or a joint actor with an interested party in connection with the Offering. 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 Offering.

- (f) **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 valuation and minority shareholder approval requirements of MI 61-101 contained in sections 5.5(a) and 5.7(1)(a) of MI 61-101, as the fair market value of the securities being issued to "insiders" in connection with the Offering does not exceed 25% of the market capitalization of the Company, as determined in accordance with MI 61-101. The Company did not file a material change report in respect of the related party transaction at least 21 days before the closing of the Offering, which the Company deems reasonable in the circumstances in order to complete the Offering in an expeditious manner.

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

The report is not being filed on a confidential basis.

7. **Omitted Information**

No significant facts have been omitted from this Material Change Report.

8. **Executive Officer**

For further information, contact Raymond D. Harari, President and Chief Executive Officer of the Company at 507-6675-2221 or at rdh@canaliscapital.com.

9. **Date of Report**

This report is dated at Toronto, this 5th day of April, 2021.

Cautionary Statement Regarding Forward-Looking Information

This material change report contains forward-looking statements and forward-looking information within the meaning of applicable securities laws. These statements relate to future events or future performance. All statements other than statements of historical fact may be

forward-looking statements or information. Forward-looking statements and information are often, but not always, identified by the use of words such as “appear”, “seek”, “anticipate”, “plan”, “continue”, “estimate”, “approximate”, “expect”, “may”, “will”, “project”, “predict”, “potential”, “targeting”, “intend”, “could”, “might”, “should”, “believe”, “would” and similar expressions.

Investors are cautioned that, while management intends to use the funds as indicated above, there may be circumstances, including the failure to acquire the option to acquire the Toiyabe property, where a reallocation of funds may be necessary.

Forward-looking statements and information are provided for the purpose of providing information about the current expectations and plans of management of the Company relating to the future. Readers are cautioned that reliance on such statements and information may not be appropriate for other purposes, such as making investment decisions. Since forward-looking statements and information address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to, the expected timing and terms of the private placement, use of proceeds, anticipated work program, required approvals in connection with the work program and the ability to obtain such approvals. Accordingly, readers should not place undue reliance on the forward-looking statements, timelines and information contained in this material change report. Readers are cautioned that the foregoing list of factors is not exhaustive.

The forward-looking statements and information contained in this material change report are made as of the date of this material change report and no undertaking is given to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws or the CSE. The forward-looking statements or information contained in this material change report are expressly qualified by this cautionary statement.

Neither the CSE nor its Regulation Services Provider (as that term is defined in the policies of the CSE) accepts responsibility for the adequacy or accuracy of this release. No stock exchange, securities commission or other regulatory authority has approved or disapproved the information contained herein.