

Form 51-102F3
MATERIAL CHANGE REPORT

Item 1. Name and Address of Company

IM Exploration Inc. (the “**Company**”)
700 - 1090 West Georgia Street
Vancouver, BC V6E 3V7

Item 2. Date of Material Change

May 16, 2021

Item 3. News Release

A news release dated May 17, 2021 was disseminated via Stockwatch and filed on SEDAR on May 17, 2021.

Item 4. Summary of Material Change

The Company entered into a binding letter of Intent to acquire Momentum Minerals Ltd.

Item 5. Full Description of Material Change

5.1 Full Description of Material Change

The Company entered into a binding Letter of Intent (the “**LOI**”) with Momentum Minerals Ltd. (“**Momentum**”), a private company headquartered in Vancouver, British Columbia, to acquire all of the issued and outstanding shares of Momentum (the “**Momentum Shares**”) by way of a three-cornered amalgamation (the “**Transaction**”).

Momentum is currently earning in to a 100% ownership position in the Turquoise Canyon Property (“**Turquoise Canyon**”), which lies to the immediate east of IM’s Toiyabe Gold Project (“**Toiyabe**”). Details of Momentum’s option agreement are further described below.

Transaction Details

The Transaction will be completed by way of a three-cornered amalgamation under the *Business Corporation Act* (British Columbia) (the “**BCBCA**”) among IM, Momentum and a subsidiary to be incorporated under the BCBCA which will be wholly-owned by IM (“**IM Subco**”). Pursuant to the Transaction, Momentum will amalgamate with IM Subco and the holders of Momentum Shares will receive 0.6 of a common share of IM (each whole common share of IM, an “**IM Share**”) for every one Momentum Share. It is expected that approximately 19,817,400 IM Shares will be issued to the current shareholders of Momentum as consideration for all of the outstanding Momentum Shares pursuant to the amalgamation. The amalgamated company will become a wholly-owned subsidiary of IM. IM will also issue 240,000 replacement options to current Momentum option holders, allowing such holders to purchase IM Shares at a price of \$0.167 until April 14, 2026. There are currently 33,029,001 Momentum Shares and 400,000

options of Momentum outstanding. Upon closing of the Transaction, IM may also issue up to 10% of the number of IM Shares issued to Momentum shareholders as a finder's fee (the "**Finder's Fee Shares**").

Upon closing of the Transaction, the capitalization of IM will consist of 46,035,733 IM Shares, 2,190,000 options and 5,198,333 purchase warrants to acquire IM Shares, excluding any Finder's Fee Shares issued. Current Momentum shareholders will own approximately 43.0% of the combined company on a non-diluted basis, and 37.1% on a fully-diluted basis, before giving effect to any Finder's Fee Shares. Momentum currently has approximately C\$1.5 million in cash and no debt.

IM Shares issued in exchange for Momentum Shares previously issued in its founders' round at prices less than \$0.05 will be subject to a 24-month hold period, with 25% of the IM Shares being released every 6 months, with the first release occurring 6 months after the closing of the Transaction. IM Shares issued in exchange for Momentum Shares previously issued in its \$0.05 seed round will be subject to a 12-month hold period, with 25% of the IM Shares being released every 3 months, with the first release occurring 3 months after the closing of the Transaction.

All of the existing Board of Directors and management of IM will remain following the completion of the Transaction. Upon closing, Colin Moore, a current Director of Momentum, will be appointed President of IM.

Completion of the Transaction is subject to a number of conditions, including the following:

- satisfactory due diligence by each party of the other party;
- the parties entering into a definitive amalgamation agreement within 180 days of the date of the LOI;
- no material adverse change shall have occurred in the business, results of operations, assets, liabilities, financial condition or affairs of either party, financial or otherwise, between the date of the LOI and the completion of the Transaction;
- receipt by each party of all shareholder approvals necessary or desirable in connection with the Transaction;
- receipt of all necessary regulatory and third party consents, approvals and authorizations as may be required in respect of the Transaction, all such consents, acceptances and approvals to be on terms and conditions acceptable to the parties; and
- IM shall not be in default of the requirements of the Canadian Securities Exchange or any securities commission and no order shall have been issued and currently in effect preventing the Transaction or the trading of any securities of IM.

About Momentum Minerals

Momentum is a private mining exploration company incorporated in British Columbia and headquartered in Vancouver. Momentum currently has the right to earn in to a 100% ownership position in Turquoise Canyon, through its option agreement with First Mining Gold Corp. ("**First Mining**"). Further details of the earn-in are laid out below.

In order to acquire a 100% ownership position in Turquoise Canyon, Momentum must pay First Mining up to C\$500,000, as follows:

- C\$25,000 in cash within 30 days of closing, which Momentum has paid;
- 1,000,000 Momentum Shares, which Momentum had issued to First Mining at C\$0.10 per Momentum Share. The value of such Momentum Shares shall be counted towards the payments owing to First Mining on August 21, 2021 (see below);
- C\$50,000 in cash or Momentum Shares to be paid by August 21, 2020. Momentum has paid the fee in Momentum Shares;
- C\$150,000 in cash or Momentum Shares to be paid by August 21, 2021 and Momentum has paid \$100,000 in Momentum Shares to date;
- C\$137,500 in cash or Momentum Shares to be paid by August 21, 2022; and
- C\$137,500 in cash or Momentum Shares to be paid by August 21, 2023.

In addition to the payments listed above, Momentum will be required to incur exploration expenditures on the property totalling C\$750,000 over the 4-year option period, and must incur at least C\$50,000 in year 1 and C\$100,000 in year 2. To date, approximately C\$163,000 has been spent at the property, and a C\$183,000 exploration program has been planned for the summer of 2021.

First Mining will retain a 2% Net Smelter Royalty on the property, half of which (1%) can be bought back for C\$1,000,000 up until the 1st anniversary of commercial production.

About Turquoise Canyon

The Turquoise Canyon Property is comprised of 188 unpatented lode claims in Lander County, Nevada and lies within the Battle Mountain – Eureka Trend, a 280 by 40-kilometer corridor known for hosting multiple large Carlin-type gold deposits. The property is located approximately 20 kilometers south of Barrick’s North Pipeline Mine and 14 kilometers south-west of the Cortez Mine. Turquoise Canyon lies to the immediate east of, and contiguous to, IM’s Toiyabe Project.

The Technical Report recommended that future exploration work at Turquoise Canyon consist of drill-testing the roots of the altered zones for feeder conduits that may have brought mineralization up along steep structures from the underlying carbonates. Prior to confirming anticipated drill targets, Momentum has planned an exploration program for the summer of 2021 that will consist of 13.5 line-kilometers of Induced Polarization (IP) through Toronto-based consulting firm Simcoe Geoscience, which will enhance the suite of available geological information at the property. Simcoe will also be analyzing all legacy data for reprocessing, modeling, and interpretation.

The technical information contained in this Material Change Report was reviewed and approved by Chris Osterman who is a Qualified Person under National Instrument 43-101 - *Standards of Disclosure for Mineral Projects*.

Related Party Transaction Disclosure

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**”).

Johnathan Dewdney, a director of the Company, owns and controls 400,000 Momentum Shares making the Transaction a “related party transaction” as such term is defined in MI 61-101.

Currently, Johnathan Dewdney has beneficial ownership, direction or control of an aggregate of 1,100,000 IM Shares. Mr. Dewdney also holds 500,000 stock options to purchase IM Shares (“**Options**”) and 100,000 warrants to purchase IM Shares (“**Warrants**”). Mr. Dewdney will receive 240,000 IM Shares in the Transaction and upon closing of the Transaction Mr. Dewdney will have beneficial ownership, direction or control of an aggregate of 1,340,000 IM Shares, representing approximately 2.9% of the issued and outstanding IM Shares on an undiluted basis, 500,000 Options and 100,000 Warrants.

The LOI and the related transactions were approved unanimously by the Board of Directors of the Company, with Johnathan Dewdney abstaining. There was no materially contrary view by a director or any material disagreement among the Board of Directors of the Company in respect of the LOI and the related transactions.

The Company is relying on the exemption from the minority shareholder approval requirement provided in Section 5.7(a) of MI 61-101 in connection with the LOI on the basis that that neither the fair market value of the subject matter of, nor the fair market value of the consideration for, such transaction, insofar as it involves interested parties, exceeds 25% of the Company’s market capitalization.

The Company is relying on the exemption from the valuation requirement provided in Section 5.5(b) of MI 61-101 on the basis that no securities of the Company are listed or quoted on the Toronto Stock Exchange, Aequis NEO Exchange Inc., the New York Stock Exchange, the American Stock Exchange, the NASDAQ Stock Market, or a stock exchange outside of Canada and the United States other than the Alternative Investment Market of the London Stock Exchange or the PLUS markets operated by PLUS Markets Group plc.

No “prior valuation” (as such term is defined in MI 61-101) relating to subject of the Transaction or otherwise relevant to the Transaction has been made in the 24 months preceding the date of this Material Change Report, the existence of which is known after reasonable inquiry, to the Company or to any director or senior officer of the Company.

Except as provided herein, the Company did not enter into any agreement with an “interested party” (as defined in MI 61-101) or a “joint actor” with an interested party (as defined in MI 51-101) in connection with the Transaction. 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 Transaction.

5.2 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 Officers

The following senior officer of the Company is knowledgeable about the material change and this Material Change Report and may be contacted at:

Raymond Harari
President & Chief Executive Officer
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Item 9. Date of Report

May 20, 2021

Caution Regarding Forward-Looking Information

This material change report may contain forward-looking statements that involve substantial known and unknown risks and uncertainties, including, but not limited to, the completion of the Transaction and related matters. These forward-looking statements are subject to numerous risks and uncertainties, certain of which are beyond the control of IM Exploration Inc., including, but not limited to, the impact of general economic conditions, industry conditions, volatility of commodity prices, risks associated with the uncertainty of exploration results and estimates, currency fluctuations, dependency upon regulatory approvals, the uncertainty of obtaining additional financing and exploration risk. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking statements.