

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

July 7, 2021

Item 3. News Release

A news release dated July 6, 2021 was disseminated via Newswire and filed on SEDAR on July 6, 2021.

Item 4. Summary of Material Change

The Company announced that it had closed the acquisition of Momentum Minerals Ltd.

Item 5. Full Description of Material Change

5.1 Full Description of Material Change

The Company announced that further to its news release dated June 16, 2021, it has completed the acquisition of Momentum Minerals Ltd. (“Momentum”) pursuant to the terms of the amalgamation agreement dated June 16, 2021 (the “Amalgamation Agreement”) among the Company, IM’s wholly-owned subsidiary, 1307605 B.C. Ltd. (“IM Subco”) and Momentum (the “Transaction”).

The Transaction was completed by way of a three-cornered amalgamation under the Business Corporation Act (British Columbia) among IM, Momentum and IM Subco. Pursuant to the Transaction, Momentum amalgamated with IM Subco and the holders of shares of Momentum (the “Momentum Shares”) received 0.6 of a common share of IM (each whole common share of IM, an “IM Share”) for every one Momentum Share. The Company issued 19,817,400 IM Shares to the current shareholders of Momentum as consideration for all of the outstanding Momentum Shares pursuant to the amalgamation. The amalgamated company became a wholly-owned subsidiary of IM. IM also issued 240,000 replacement options to a current Momentum option holder, allowing such holder to purchase IM Shares at a price of \$0.167 until April 14, 2026. No finder’s fee was paid in connection with the Transaction.

In connection with the completion the Transaction, the Company is pleased to announce the appointment of Colin Moore as President of the Company. Raymond Harari has resigned from his position as President of the Company, effective as of the closing of the Transaction. Mr. Harari will continue to act as the Chief Executive Officer of the Company.

Colin Moore is a corporate finance professional with 14 years of experience in mining and natural resources; he was a co-founder and director of Momentum Minerals. Prior to that he worked on the investment team at Pacific Road Capital in Vancouver, and as a Vice President at Waterton Global Resource Management in Toronto. He also worked as an investment banker at Bank of Montreal in their Metals and Mining group in Toronto. Mr. Moore holds a Bachelor of Science in Mining Engineering and an MBA, both from Queen's University in Kingston, Ontario.

The Company also announces that it has engaged Peak Investor Marketing Corp. (“Peak Investor Marketing”) for marketing, public relations and advisory services. Upon its engagement, Peak Investor Marketing received \$144,000 plus applicable taxes for a term of 12 months. In addition, the Company has also granted Peak Investor Marketing 400,000 stock options (the “Options”). The Options, which vest immediately, are exercisable at an exercise price of \$0.24 per IM Share for a period of five (5) years from the date of grant.

In addition, the Company has granted an aggregate of 1,000,000 Options to certain directors, officers, employees and consultants to purchase 1,000,000 IM Shares pursuant to the Company’s stock option plan. The Options, which vest immediately, are exercisable at an exercise price of \$0.24 per IM Share for a period of five (5) years from the date of grant.

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.

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
Chief Executive Officer
rdh@canaliscapital.com
Tel: (+507) 6675-2221

Item 9. Date of Report

July 7, 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.