

FORM 51-102F3

MATERIAL CHANGE REPORT

1. Name and Address of Company

Imperial Ginseng Products Ltd. (the "Company")
Suite 310, 650 West Georgia Street
Vancouver, B.C. V6B 4N7

2. Date of Material Change

October 16, 2013

3. News Release

A press release was issued in Vancouver, British Columbia and distributed through Marketwired on October 16, 2013.

4. Summary of Material Change

The Company has entered into a debt settlement and debt reorganization agreement (the "**Debt Settlement Agreement**") with certain officers, directors and significant shareholders of the Company (the "**Debt Holders**"). As at June 30, 2013 the Company was indebted to the Debt Holders in the amount of \$2,984,944 consisting of a current debt of \$2,707,578 and unpaid dividends on Class "A" preference shares of \$277,366. Under the Debt Settlement Agreement, \$1,114,944 of the indebtedness will be settled by the issuance of 4,129,422 common shares of the Company at the deemed price of \$0.27 per share and the remaining \$1,870,000 of the indebtedness will be repaid under the terms of debentures (the "**Debentures**") having a term of eight years commencing January 1, 2014, and to be secured by all of the assets of the Company. The Debentures will be subordinate to the Company's indebtedness to its commercial bank. During the first four years of the term of the Debentures, they will not bear interest and no repayments of principal will be required. During the next four years of the term of the Debentures, principal shall be repayable as to 25% per annum each January 1, commencing January 1, 2018, and shall bear interest thereafter at the rate of 9% per annum. The Company has the right to pre-pay any amount of the Debentures at any time with a 5% prepayment fee.

5. Full Description of Material Change

5.1 Full Description of Material Change

The Company has entered into the Debt Settlement Agreement with the Debt Holders. As at June 30, 2013 the Company was indebted to the Debt Holders in the amount of \$2,984,944 consisting of a current debt of \$2,707,578 and unpaid dividends on Class "A" preference shares of \$277,366. Under the Debt Settlement Agreement, \$1,114,944 of the indebtedness will be settled by the issuance of 4,129,422 common shares of the Company at the deemed price of \$0.27 per share and the remaining \$1,870,000 of the indebtedness will be repaid under the terms of the Debentures having a term of eight years commencing January 1, 2014, and to be secured by all of the assets of the Company. The Debentures will be subordinate to the Company's indebtedness to its commercial bank. During the first four years of the term of the Debentures, they will not bear interest and no repayments of principal will be required. During the next four years of the term of the Debentures, principal shall be repayable as to 25% per annum each January 1, commencing January 1, 2018, and shall bear interest thereafter at the rate of 9% per annum. The Company has the right to pre-pay any amount of the Debentures at any time with a 5% prepayment fee.

All shares issued pursuant to the debt settlement will be subject to a negotiated long term hold period expiring as to one-third of the shares at the end of each of the third, fourth and fifth years after issuance.

An Independent Committee of the Board of Directors was formed in 2011 to negotiate the settlement of the indebtedness to the Debt Holders. The Independent Committee has recommended the Debt Settlement Agreement and believes it is in the best interest of the Company and all shareholders as it (i) removes uncertainty with respect to the debt by converting the cash settled portion of the debt from a current liability to a long term liability with specific repayment terms, (ii) reduces the Company's total debt from approximately \$3 million to \$1.87 million, (iii) conserves the Company's cash for the next four years, and (iv) because the interest rate drops from 12% to 9% and no interest is charged for the first four years, saves the Company over \$3 million in interest charges over the next eight years.

The transaction is subject to the approval of the TSX Venture Exchange and the shareholders of the Company.

The material change is more fully described in the Company's press release which is attached hereto as Schedule "A".

MI 61-101 Additional Disclosure

Trilogy Bancorp Ltd. ("**Trilogy**"), one of the Debt Holders, has instructed the Company to issue some of the shares and Debentures to be issued under the Debt Settlement Agreement directly to Stephen McCoach, Hugh Cartwright and Maurice Levesque, whose family trusts are equal owners of Trilogy.

The issuance of common shares and Debentures to each of Trilogy, Stephen McCoach, Hugh Cartwright and Maurice Levesque constitutes a "related party transaction" under Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**"), as Stephen McCoach, Hugh Cartwright and Maurice Levesque are directors and officers of the Company. As indicated above, the Independent Committee has reviewed and approved the Debt Settlement Agreement. The Debt Settlement Agreement is exempt from the formal valuation requirement by section 5.5(b) of MI 61-101 as the securities of the Company are listed on the TSX Venture Exchange only. However, the Debt Settlement Agreement is subject to the minority approval requirement of MI 61-101. The Company will seek its common shareholders' approval of the Debt Settlement Agreement at the annual meeting to be held in December, 2013.

The purpose of the transaction is to settle the Company's current indebtedness to Trilogy by way of 37% in equity and 63% in long-term Debentures. As indicated above, the Independent Committee has reviewed and approved this transaction and believes that the Company will be benefiting from the transaction in the following ways:

- Reduce the total indebtedness to Trilogy from approximately \$3 million to \$1.87 million as approximately \$1.11 million of the indebtedness will be settled with common shares of the Company.
- Remove the uncertainty with respect to the indebtedness by converting the cash settled portion of the debt from a current liability to a long term liability with specific repayment terms.
- Conserve cash for the next four years as no repayment of principal will be required until January 1, 2018.
- Save over \$3 million in interest charges over the next eight years through dropping the interest rate from 12% to 9% and no interest on the Debentures in the first four years of the terms of the Debentures.

The following table discloses the interest in the transaction of each related party and the anticipated effect of the transaction on the percentage of securities of the Company, beneficially owned or controlled by each related party for which there would be a material change in that percentage.

Related party	Number of common shares of the Company to be issued	Settlement value of the shares @ \$0.27 per share	Percentage of common shares of the Company owned before the transaction	Percentage of common shares of the Company owned after the transaction	Debentures to be issued	Percentage of Debentures of the Company owned before the transaction	Percentage of Debentures of the Company owned after the transaction
Trilogy	166,459	\$ 44,944	35.6%	15.6%	\$ -	-	-
Stephen McCoach*	2,222,222	\$600,000	1.3%	34.6%	\$380,000	-	20.3%
Hugh Cartwright*	851,852	\$230,000	2.0%	13.8%	\$750,000	-	40.1%
Maurice Levesque*	888,889	\$240,000	0.4%	13.8%	\$740,000	-	39.6%
TOTAL	4,129,422	\$1,114,944	39.3%	77.8%	\$1,870,000		100.0%

* In addition, the family trust of each of Stephen McCoach, Hugh Cartwright and Maurice Levesque will hold its one-third interest in Trilogy, which will hold the securities set out above.

5.2 Disclosure for Restructuring Transactions

Not applicable.

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

This report is not being filed on a confidential basis.

7. Omitted Information

No significant information has been omitted from this report.

8. Executive Officer

The name and business number of the executive officer of the Company who is knowledgeable about the material change and this report is:

Stephen McCoach, Chief Executive Officer and Director
Phone (604) 601-5801

9. Date of Report

October 25, 2013

Schedule "A"

October 16, 2013

PRESS RELEASE

Imperial Ginseng Products Ltd. Announces Debt Settlement and Debt Reorganization

VANCOUVER, BRITISH COLUMBIA – Imperial Ginseng Products Ltd. (TSX Venture Exchange: IGP and IGP.PR.A) (the "Company") announces that it has entered into a debt settlement and debt reorganization agreement (together the "Debt Settlement Agreement") with certain officers, directors and significant shareholders of the Company (the "Debt Holders"). As at June 30, 2013, the Company was indebted to the Debt Holders in the amount of \$2,984,944 consisting of a current debt of \$2,707,578 and unpaid dividends on Class "A" preference shares of \$277,366. Under the Debt Settlement Agreement, \$1,114,944 of the indebtedness will be settled by the issuance of 4,129,422 common shares of the Company at the deemed price of \$0.27 per share and the remaining \$1,870,000 of the indebtedness will be repaid under the terms of debentures (the "Debentures") having a term of eight years commencing January 1, 2014, and to be secured by all of the assets of the Company. The Debentures will be subordinate to the Company's indebtedness to its commercial bank. During the first four years of the term of the Debentures, they will not bear interest and no repayments of principal will be required. During the next four years of the term of the Debentures, principal shall be repayable as to 25% per annum each January 1, commencing January 1, 2018, and shall bear interest thereafter at the rate of 9% per annum. The Company has the right to pre-pay any amount of the Debentures at any time with a 5% prepayment fee.

All shares issued pursuant to the debt settlement will be subject to a negotiated long term hold period expiring as to one-third of the shares at the end of each of the third, fourth and fifth years after issuance.

An Independent Committee of the Board of Directors was formed in 2011 to negotiate the settlement of the indebtedness to the Debt Holders. The Independent Committee has recommended the Debt Settlement Agreement and believes it is in the best interest of the Company and all shareholders as it (i) removes uncertainty with respect to the debt by converting the cash settled portion of the debt from a current liability to a long term liability with specific repayment terms, (ii) reduces the Company's total debt from approximately \$3 million to \$1.87 million, (iii) conserves the Company's cash for the next four years, and (iv) because the interest rate drops from 12% to 9% and no interest is charged for the first four years, saves the Company over \$3 million in interest charges over the next eight years.

The transaction is subject to the approval of the TSX Venture Exchange and the shareholders of the Company.

The Debt Holders include Trilogy Bancorp Ltd. ("Trilogy"), a private company, and Stephen McCoach, Hugh Cartwright and Maurice Levesque, all officers and directors of the Company. Trilogy, of 310 – 650 West Georgia Street, Vancouver, BC, is owned and controlled equally by the family trusts of Stephen McCoach, Hugh Cartwright and Maurice Levesque. Accordingly, the following information is provided in relation to the shareholdings of each of these Debt Holders.

Upon the receipt of the requisite approvals and the closing of the Debt Settlement Agreement, Trilogy will acquire 166,459 common shares (the "Trilogy Shares") of the Company, representing 2.6% of the issued and outstanding shares of the Company calculated as at October 15, 2013, at the deemed price of \$0.27 per Trilogy Share. After the acquisition of the Trilogy Shares, Trilogy will own 1,014,943 common shares representing 15.6% of the issued and outstanding common shares of the Company calculated as at October 15, 2013. Trilogy will be acquiring the securities for investment purposes and may acquire further common shares or dispose of its holdings of common shares of the Company both as investment conditions warrant.

Upon the receipt of the requisite approvals and the closing of the Debt Settlement Agreement, Stephen McCoach ("McCoach"), of Vancouver, BC, will acquire 2,222,222 common shares (the "McCoach Shares") of the Company, representing 34.1% of the issued and outstanding shares of the Company calculated as at October 15, 2013, at the deemed price of \$0.27 per McCoach Share. After the acquisition of the McCoach Shares, McCoach will own 2,252,091 common shares representing 34.6% of the issued and outstanding common shares of the Company calculated as at October 15, 2013. In addition, McCoach's family trust will hold its one-third interest in Trilogy, which will hold the number of shares set out above. McCoach will be acquiring the securities for investment purposes and may acquire further common shares or dispose of its holdings of common shares of the Company both as investment conditions warrant.

Upon the receipt of the requisite approvals and the closing of the Debt Settlement Agreement, Hugh Cartwright (“Cartwright”), of Vancouver, BC, will acquire 851,852 common shares (the “Cartwright Shares”) of the Company, representing 13.1% of the issued and outstanding shares of the Company, calculated as at October 15, 2013, at the deemed price of \$0.27 per Cartwright Share. After the acquisition of the Cartwright Shares, Cartwright will own 900,387 common shares representing 13.8% of the issued and outstanding common shares of the Company calculated as at October 15, 2013. In addition, Cartwright’s family trust will hold its one-third interest in Trilogy, which will hold the number of shares set out above. Cartwright will be acquiring the securities for investment purposes and may acquire further common shares or dispose of its holdings of common shares of the Company both as investment conditions warrant.

Upon the receipt of the requisite approvals and the closing of the Debt Settlement Agreement, Maurice Levesque (“Levesque”), of North Vancouver, BC, will acquire 888,889 common shares (the “Levesque Shares”) of the Company, representing 13.7% of the issued and outstanding shares of the Company, calculated as at October 15, 2013, at the deemed price of \$0.27 per Levesque Share. After the acquisition of the Levesque Shares, Levesque will own 897,359 common shares representing 13.8% of the issued and outstanding common shares of the Company calculated as at October 15, 2013. In addition, Levesque’s family trust will hold its one-third interest in Trilogy, which will hold the number of shares set out above. Levesque will be acquiring the securities for investment purposes and may acquire further common shares or dispose of its holdings of common shares of the Company both as investment conditions warrant.

ON BEHALF OF THE BOARD OF DIRECTORS

“Stephen McCoach”

Chief Executive Officer and Director

For additional information or for a copy of the early warning report, please contact:

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Neither the 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 release.