

Form 51-102F3
Material Change Report

Item 1 Name and Address of Company

International Millennium Mining Corp.
20 Sixth Street
New Westminster, B.C.
V3L 2Y8

Item 2 Date of Material Change

August 31, 2018

Item 3 News Release

A news release dated August 31, 2018, delivered to Marketwire and Canada Stockwatch.

Item 4 Summary of Material Change

The issuer ("IMMC") reports that it has entered into a share purchase agreement (the "RTO Transaction Agreement") with Phoenix Capital Enterprises Ltd. ("Phoenix"), pursuant to which IMMC will effect a business combination and reverse takeover transaction that will result in, among other things, IMMC acquiring all of the issued and outstanding common shares of Tengri Coal and Energy Pte. Limited ("Tengri Coal & Energy"), a corporation incorporated under the laws of Singapore, in exchange for newly issued common shares of IMMC (the "RTO Transaction").

Pursuant to the RTO Agreement, IMMC shall acquire 100% of the issued and outstanding ordinary shares of Tengri Coal & Energy (each, a "Tengri Share"), which shares are wholly owned by Phoenix. It is agreed between Phoenix and IMMC, that immediately prior to the closing of the RTO Transaction, IMMC will complete a consolidation (the "Consolidation") of all of its outstanding common shares and convertible securities (the "Securities") on the basis of one security for each twenty outstanding Securities. Each Phoenix shareholder will receive one post-Consolidation (as defined below) common share of IMMC (an "IMMC Share"), at a deemed value of US\$1.48 per IMMC Share for each Tengri Coal & Energy Share held (the "Exchange Ratio"), resulting in a deemed value for the transaction of US\$293,215,000 (US\$1.48 x 198,117,617 post-Consolidation shares). Upon completion of the RTO Transaction and the consolidation of the IMMC Securities, IMMC Shareholders will hold 8,565,124 common shares and 1,862,120 warrants, which together total approximately 5.0% of the common shares of the Resulting Issuer after the exercise of warrants at CDN\$1.00 per share. The present Tengri Coal & Energy shareholders will hold 198,117,617 of the common shares of the Resulting Issuer, representing approximately 95.0% of the common shares after the exercise of the subject warrants.

Item 5 Full Description of Material Change

See attached news release dated August 31, 2018.

Item 6 Reliance on subsection 7.1(2) or (3) of National Instrument 51-102

N/A.

Item 7 Omitted Information

None

Item 8 Executive Officer

John A. Versfelt, President & CEO, Telephone: 604.527.8135

Item 9 Date of Report

Dated at New Westminster, British Columbia this August 31, 2018.

Signed: *“John A. Versfelt”*

John A. Versfelt, President & CEO



FOR RELEASE: August 31, 2018
CONTACT: John A. Versfelt, President & CEO

Telephone: 604-527-8135
E-mail: info@immc.ca

**INTERNATIONAL MILLENNIUM MINING CORP.
ANNOUNCES TRANSACTION WITH PHOENIX CAPITAL ENTERPRISES LTD**

Not for distribution to United States newswire services or for release, publication, distribution or dissemination directly, or indirectly, in whole or in part, in or into the United States.

August 31, 2018 – Vancouver, British Columbia – International Millennium Mining Corp. (TSX-V: IMI) (the “Company” or “IMMC”) is pleased to announce that it has entered into a share purchase agreement (the “RTO Transaction Agreement”) with Phoenix Capital Enterprises Ltd. (“Phoenix”), pursuant to which IMMC will effect a business combination and reverse takeover transaction that will result in, among other things, IMMC acquiring all of the issued and outstanding common shares of Tengri Coal and Energy Pte. Limited (“Tengri Coal & Energy”), a corporation incorporated under the laws of Singapore, in exchange for newly issued common shares of IMMC (the “RTO Transaction”).

The RTO Transaction will be subject to relevant regulatory and stock exchange approvals, including the approval of the TSX Venture Exchange (the “TSXV”) and standard closing conditions, the approval of the directors of each of IMMC and Phoenix, the completion of due diligence investigations to the satisfaction of each of IMMC and Phoenix, as well as the satisfaction of the conditions described below. IMMC, following completion of the RTO Transaction, is referred to herein as the “Resulting Issuer”.

Tengri Coal & Energy, a private company wholly owned by Phoenix, owns 100% of the securities of Tengri Petrochemicals LLC (“Tengri Petrochemicals”), which holds 100% of three Tsaidam Nuur lignite coal mining licenses located in the Bayan Soum of the Province of Tuv, Mongolia (the “Tsaidam Nuur Mining Licenses”) and is the 100% owner of Tsaidam Energy LLC (“Tsaidam Energy”), which holds a permit for the construction of a thermal power plant in Mongolia (the “Tsaidamnuur Power Plant”). The Tsaidam Nuur Mining Licenses and the Tsaidamnuur Power Plant together make up the Tsaidam Energy project located in Tuv Province, Mongolia (the “Tsaidam Energy Project”). Phoenix is a corporation incorporated under the laws of the British Virgin Islands controlled by Messrs. Khurlee Ankhbayar and Erdenebileg Bulidan, each of whom is a resident of Mongolia. See below for additional information on Messrs. Ankhbayar and Bulidan.

IMMC’s President and CEO John A. Versfelt states “this proposed RTO Transaction with Phoenix represents an opportunity for IMMC to enhance shareholder value, and, in my opinion, will enable it to transform from a junior mining exploration company into a mining and utility company, with assets that could realize revenue within two to three years. As a result of equity and debt financing agreements that exceed US\$800 million, which are subject to standard conditions noted below, the Tengri Coal & Energy and IMMC shareholders will enjoy the development of licensed coal deposits, construction of a power plant and petrochemical plant, plus the expansion and development of the Silver Peak, Nevada silver/gold mine property, that IMMC has assembled over the last 10 years, including fourteen (14) well mineralized fault/vein structures, of which two structures, located on the Nivloc and 16-to-1 properties, produced 9.8 million ounces of silver and 52.9 thousand ounces of gold during the operation of the Nivloc and 16-to-1 mines from 1937 to 1943 and 1981 to 1986, respectively.

The Tsaidam Nuur Mining Licenses held by Tengri Petrochemicals provide permission for mining operations in a license area consisting of 5,209 hectares over the Tsaidam Nuur lignite deposit, located in the northern part of Mongolia, 130 km southeast of Ulaanbaatar, the capital of Mongolia, and 23 km east of the Trans-Mongolia Railway. In 2008, Tengri Petrochemicals commissioned independent international consultant, Vattenfall Europe Mining AG (“Vattenfall”), to assess exploration reports and records covering the Tsaidam Nuur lignite field. Vattenfall produced a Competent Person Report in April 2009, prepared by Stephen Peters, EurGeol, Senior Geologist and Qualified Person (“the Vattenfall Report”). The report reviewed two historic resource estimates on the Tsaidam Nuur coal deposit, a 1983 Russian Geological report and a 2008 in-house report by Tengri Coal & Energy. The Vattenfall Report indicated

that the 1983 Russian resource estimate utilized resource categories that were different from the categories required by NI 43-101 and that it was considered historic. Using valid data from the 1983 work and additional information from the 2008 Tengri Coal & Energy drilling campaign, the Vattenfall Report concluded that the lignite deposit had a mineralized target (resource potential) ranging from 1.119 billion tonnes (2008 estimate) to 2.483 billion tonnes (1983 estimate) of lignite coal for which further drilling is required to improve the degree of accuracy of the model used and to conform with accepted Canadian resource categories. The report indicated that the majority of the available data was reliable and satisfactory for the purposes of resource estimation. *The potential quantity and grade is conceptual in nature. There has been insufficient exploration to define a mineral resource and it is uncertain if further exploration will result in the target being delineated as a mineral resource.*

Tengri Petrochemicals has commissioned an independent consultant to update the resource calculations for the historic resources pursuant to National Instrument (“NI”) 43-101 reporting requirements, which report shall be delivered to Tengri Coal & Energy and IMMC in September, 2018, which results will be detailed in a subsequent news release.

A Special Permit to build the Tsaidamnuur Power Plant (the “Power Plant”), with a capacity of 600MW, has been granted to Tsaidam Energy by the Energy Regulatory Committee of Mongolia. The Tsaidamnuur power plant construction area is located southeast of Ulaanbaatar, Mongolia, at the mouth of the planned Tsaidam Nuur coal mine, about 30 km from Bayan Soum, Central region and 100 km from Choir and Baganuur towns, in Tsaidam Nuur Valley. In addition to the Power Plant building permit, a land possession permit has been granted by the Governor of Bayan Soum of Tuv Aimag with an approved start-up power purchase price of US\$0.0636 per kWh (US\$0.07 including VAT), by order of the Energy Regulatory Committee of Mongolia. These permits are in good standing. A Feasibility Study is being conducted at this time and the Company expects delivery thereof in September, 2018.

On June 14, 2018, Tengri Coal & Energy entered into an agreement (the “Share Subscription Agreement”) for a CDN\$260 million equity financing facility for the Tsaidam Energy Project with GEM Global Yield Fund LLC SCS and GEM Investments America, LLC (together, “GEM”). Pursuant to the terms of the Share Subscription Agreement, the Resulting Issuer will have the right to draw down under the facility from time to time for a term of 3 years. Common shares of the Resulting Issuer will be issued to GEM at a price per share equal to the higher of (i) the floor price set by the Resulting Issuer and (ii) 90% of the average closing price for common shares trading on the TSXV or TSX, as the case may be, over a period of 15 consecutive trading days preceding the closing date for the draw down. Each draw down shall be conditional upon the number of shares issued not exceeding 700 percent of the average daily trading volume over a 15-day period preceding the date of the draw down notice. Each draw down is subject to certain market out rights of GEM and approval of the TSXV or TSX, as the case may be. GEM will hold freely trading common shares of the Resulting Issuer through a share lending facility provided by certain shareholders. The Share Subscription Agreement specifically contemplated the completion by Tengri Coal & Energy of a RTO transaction and the accession to the agreement by the Resulting Issuer.

The Resulting Issuer will pay a fee of CDN\$5,200,000 to GEM Investments America, payable, upon the soonest of: (i) the occurrence of the first few placements under the Share Subscription Agreement; (ii) 12 months from the date of the RTO Transaction; (iii) a change of control of the Resulting Issuer; and (iv) the occurrence of a material change in ownership of the Resulting Issuer. The Resulting Issuer shall also issue warrants exercisable within five (5) years of the date of the Share Subscription Agreement. The warrants shall be priced at the closing price of the Resulting Issuer’s common shares on the first day of trading upon completion of the RTO Transaction and shall be equal to up to 9.9% percent of the issued and outstanding common shares of the Resulting Issuer, on a fully diluted basis, on the first day of trading upon completion of the RTO Transaction.

Tsaidam Energy also entered into a Memorandum of Agreement in March 2018 with a Chinese State-owned Enterprise (the “Chinese SOE”) outlining the terms upon which the Chinese SOE would be prepared to provide a US\$710 million bank debt facility as part of an Engineering, Procurement, Construction and Finance (EPC+F) arrangement for the Tsaidam Energy Project. The agreement provides for a debt facility having a term of up to 14 years at an interest rate of up to 5.5% per annum. The completion of the debt facility is subject to standard conditions including completion of a definitive debt facility agreement and related documentation.

The RTO Transaction

Pursuant to the RTO Agreement, IMMC shall acquire 100% of the issued and outstanding ordinary shares of Tengri Coal & Energy (each, a “Tengri Share”), which shares are wholly owned by Phoenix. It is agreed between Phoenix and IMMC, that immediately prior to the closing of the RTO Transaction, IMMC will complete a consolidation (the “Consolidation”) of all of its outstanding common shares and convertible securities (the “Securities”) on the basis of one security for each twenty outstanding Securities. Each Phoenix shareholder will receive one post-Consolidation (as defined below) common share of IMMC (an “IMMC Share”), at a deemed value of US\$1.48 per IMMC Share for each Tengri Coal & Energy Share held (the “Exchange Ratio”), resulting in a deemed value for the transaction of US\$293,215,000 (US\$1.48 x 198,117,617 post-Consolidation shares). Upon completion of the RTO Transaction and the consolidation of the IMMC Securities, IMMC Shareholders will hold 8,565,124 common shares and 1,862,120 warrants, which together total approximately 5.0% of the common shares of the Resulting Issuer after the exercise of warrants at CDN\$1.00 per share. The present Tengri Coal & Energy shareholders will hold 198,117,617 of the common shares of the Resulting Issuer, representing approximately 95.0% of the common shares after the exercise of the subject warrants.

Upon signing the RTO Transaction Agreement, a US\$250,000 bridge loan facility will be advanced by Phoenix to IMMC for Working Capital required during the RTO Transaction approval process.

The Company will pay a finder’s fee of 500,000 consolidated common shares concurrently with the closing of the RTO Transaction, which shares will be subject to a four (4) month hold period under applicable securities laws.

The Company intends to apply to list its common shares on the Toronto Stock Exchange (the “TSX”), graduating to the TSX from its current listing on the TSXV, as it is anticipated that the Company will satisfy the TSX’s minimum listing requirements, including working capital, financial resources and property requirements. The Company also trades on the Frankfurt Exchange.

None of the Non-Arm’s Length Parties to IMMC has any direct or indirect interest in Phoenix, Tengri Coal & Energy or their respective assets nor are they insiders of Phoenix or Tengri Coal & Energy. The RTO Transaction is an “Arm’s Length Transaction” as defined in the policies of the TSXV.

Subject Conditions to RTO Transaction

The completion of the RTO Transaction will be subject to the satisfaction of certain conditions prior to closing, including, but not limited to, the following:

- Phoenix shall provide current reports, licenses and other documentation required by the TSXV, as set forth in the RTO Transaction Agreement;
- IMMC’s securities shall be consolidated on a 1 new for 20 old shares basis;
- IMMC’s Silver Peak, Nevada, USA, silver/gold project shall be provided with funding to advance the project through the next exploration phase, an amount that shall be no less than that detailed in the Company’s 2012 NI 43-101 report.
- The directors of IMMC’s USA subsidiary shall be increased to five (5), including two (2) independent directors recommended by IMMC, two (2) independent directors recommended by Phoenix, and John A. Versfelt;
- Approval of the board of directors and/or shareholders of the IMMC and Phoenix; and
- All requisite regulatory approvals relating to the RTO Transaction, including, without limitation, TSXV or TSX approval, will have been obtained.

The Resulting Issuer – Summary of Proposed Directors and Officers

Upon completion of the RTO Transaction, each of the current directors of IMMC will resign and a new board of directors of IMMC (the “Board”) will be reconstituted and comprised of five (5) directors. Phoenix will have the right to nominate four (4) of the five (5) directors, with John A. Versfelt continuing as a director.

The parties anticipate that the senior management of both IMMC and Tengri Coal & Energy will be combined following completion of the RTO Transaction, with John A. Versfelt continuing as President and CEO, and Calvin Lucyshyn continuing as CFO of the Resulting Issuer. In addition, Mr. Khurlee Ankhbayar will become the Chairman and a Director, and Mr. Erdenebileg Bulidan will become a Director, of the Resulting Issuer.

Mr. Khurlee Ankhbayar is founding shareholder, Chairman and CEO of Tengri Holdings, which was founded in 2007. He has 30 years of experience building businesses in tourism, agriculture, construction and mining in Mongolia. He received his undergraduate degree in Foreign Languages from the Humanitarian University of Mongolia and his postgraduate diploma in Tourism & Marketing Management from Klessheim Management Institute, Austria. In recognition of his outstanding work and contribution in the private sector of the country, he was awarded the Polar Star Order of Mongolia by the President of Mongolia (2009) and he was also awarded the Leading Tourism Industry Employee Title by the Ministry of Tourism, Mongolia (2007) & Leading Trade & Industry Employee Title by the Ministry of Trade & Industry, Mongolia (2011).

Mr. Erdenebileg Bulidan is also a Shareholder, and a Member of Board of Directors of Tengri Holdings. He has 30 years of experience building businesses in the food & beverage industry, airline industry and construction and mining, in Mongolia. In recognition of his outstanding work and contribution in the private & public sector of Mongolia, he was awarded the Polar Star Order of Mongolia by the President of Mongolia (2004) and he was also awarded the Leading Food Industry Employee Title by the Ministry of Food & Agriculture Ministry, Mongolia (2006), Leading Aviation Employee Title by the Civil Aviation Authority, Mongolia (2008), Asian International Business Award “Golden Fish” (2008), and Leading Construction Employee Title by Ministry of Construction of Mongolia (2010).

Financial Information Regarding Tengri Coal & Energy

Financial information regarding Tengri Coal & Energy is currently not available. IMMC intends to disclosure relevant financial information regarding Tengri Coal & Energy in a future press release once it becomes available.

Sponsorship

The TSXV may require sponsorship of the RTO Transaction, unless exempt, in accordance with TSXV or TSX policies. IMMC will apply for a waiver of the requirement to engage a sponsor with respect to the RTO Transaction; however, there is no assurance that a waiver will be granted. IMMC intends to include any additional information regarding sponsorship in a subsequent press release.

Mongolia

Mongolia, with its democratic government, wealth of mineral resources and growing economy, is attracting international investors. According to the World Bank’s July 2018, [Mongolia Economic Update](#), despite a slowdown in the economy between 2014 and 2016, real GDP grew by 5.1 percent in 2017, supported by the 133 percent growth in coal exports in 2017. The Asian Development Bank, in its [Asian Development Outlook \(ADO\) 2018](#), projects GDP growth of 3.8% for 2018 and 4.3% for 2019, due to large investments in mining and a significant increase in foreign direct investment, which is expected to exceed US\$1 billion in 2018 and 2019.

The Government of Mongolia has been making continuous efforts to improve the investment environment and raise the efficiency of foreign investment in Mongolia. In February 2018, JLT’s [Risk Outlook](#) newsletter concluded, “Mongolia’s economy is rallying, following a fiscal and balance of payments crisis in 2016. This is being driven by resurging investment in the country’s mining sector, as the current government pursues a business-friendly policy agenda. Sovereign credit risks will continue to recede as government debt levels fall.” John A. Versfelt, the Company’s President and CEO, noted, “legislative changes and revisions to Mongolia’s tax policy in 2017 opened the doors to a three year, \$5.5 billion, multi-party financing, led by the International Monetary Fund (IMF), in May 2017, and these government led changes have been the catalyst for a flow of mining investment back into the country. We are excited to enter into Mongolia at this time, and we are thrilled to do so in partnership with a management team with decades of experience in Mongolia, a strategic vision to enhance the progress of Mongolian people and a portfolio of projects that have taken over ten years to consolidate”.

Director Resignation

The Company announces that Peter Miller has resigned as a director of the Company in order to focus his attention on his business interests in Spain. Mr. Miller has been a valuable member of the Board of Directors since 2007 and the Company wishes to thank him for his time and commitment as a director of the Company.

About Phoenix

Phoenix is a corporation existing under the laws of the British Virgin Islands and is the registered and beneficial owner of all of the issued and outstanding common shares in the capital of Tengri Coal & Energy, a corporation incorporated under the laws of Singapore having its head office at Suite 1706, Romana Office, Mahatma Gandhi Street 33, Khan Uul District, Ulaanbaatar, Mongolia. Tengri Coal & Energy owns all of the issued and outstanding common equity in the capital of Tengri Petrochemicals. Tengri Petrochemicals is the registered and beneficial holder of the Tsaidam Nuur Mining Licences in Mongolia and owns all of the issued and outstanding shares of Tsaidam Energy, a corporation incorporated under the laws of Mongolia. Tsaidam Energy is the registered and beneficial holder of a permit for the construction of the Tsaidamnuur Power Plant. The Tsaidam Nuur Mining Licenses and the Tsaidamnuur Power Plant together comprise what is known as the Tsaidam Energy Project located in Tuv Province, Mongolia.

Further Information

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

International Millennium Mining Corp. (TSX-V: IMI) common shares trade on the TSX Venture Exchange under the symbol: IMI and on the Frankfurt Exchange under the symbol: L9J.

Seymour Sears, P.Geo, a qualified person as defined by Nation Instrument (“NI”) 43-101, reviewed and approved the technical information contained in this news release.

ON BEHALF OF THE BOARD

“John A. Versfelt”

John A. Versfelt
President and CEO

Further information about the Company can be found on SEDAR (www.sedar.com) or by contacting Mr. John Versfelt, President & CEO of the Company at 604-527-8135.

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Completion of the transaction is subject to a number of conditions, including but not limited to, Exchange acceptance and if applicable, disinterested 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 IMMC should be considered highly speculative.

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

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 release. This news release may contain forward-looking statements including but not limited to comments regarding the timing and content of upcoming work programs, geological interpretations, potential mineral recovery processes and other business transactions timing. Forward-looking statements address future events and conditions and therefore, involve inherent risks and uncertainties. Actual results may differ materially from those currently anticipated in such statements.