

**FORM 51-102F3
MATERIAL CHANGE REPORT**

Item 1. Name and Address of Company

Imperial Metals Corporation (the “**Company**”)
Suite 200-580 Hornby Street
Vancouver, BC V6C 3B6

Item 2. Date of Material Change

August 31, 2022

Item 3. News Release

A news release was disseminated through Globe Newswire on August 31, 2022 and subsequently filed under the Company’s profile on SEDAR.

Item 4. Summary of Material Change

The Company announced the completion of its previously announced non-brokered private placement (the “Private Placement”) of unsecured convertible debentures (the “Convertible Debentures”) with an aggregate principal amount of \$47 million, up from the \$45 million previously announced.

Item 5. Full Description of Material Change

5.1 Full Description of Material Change

The Company announced the completion of its previously announced Private Placement of Convertible Debentures with an aggregate principal amount of \$47 million, up from the \$45 million previously announced.

Each \$3.20 of the principal amount of the Convertible Debentures is convertible into one common share of the Company. The Convertible Debentures are not callable unless the closing price of the Company’s common shares exceeds 140% of the conversion price for at least 30 consecutive days. Interest at 8% per annum will be payable semi-annually with the first payment due on February 28, 2023. The Convertible Debentures mature on August 30, 2027.

A maximum of 14,687,500 common shares will be issued if all of the Convertible Debentures are converted into common shares of the Company.

N. Murray Edwards purchased \$32.5 million of the Convertible Debentures. In addition, directors and officers of the Company purchased \$2.25 million of the Convertible Debentures. Such participation is considered to be a “related party transaction” as defined under Multilateral Instrument MI 61-101 - *Protection of Minority Security Holders in Special Transactions* (“MI 61-101”). The Company has relied on the exemptions from the formal 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 in respect of such insider participation.

The proceeds from the Private Placement are intended to be used for general working capital purposes. The securities being offered under the Private Placement have not been, nor will they be registered under the United States Securities Act of 1933, as amended, or under state securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons absent U.S. federal and state registration or an applicable exemption from the U.S. registration requirements. This material change report does not constitute an offer for sale of securities in the United States.

Shareholdings of N. Murray Edwards

N. Murray Edwards beneficially owns and controls 69,375,775 common shares of the Company, representing 44.80% of the Company's issued and outstanding common shares as of the date hereof. If Mr. Edwards were to be the only debenture holder to convert his debentures into common shares pursuant to the terms of the debenture, he would beneficially own and control 79,532,025 common shares of the Company representing 48.19% of the Company's issued and outstanding common shares. If all debenture holders, including Mr. Edwards were to convert their debentures into common shares, Mr. Edwards holdings would represent 46.91% of the Company's issued and outstanding common shares. The debentures were acquired by Mr. Edwards for investment purposes and he may acquire or dispose of securities of the Company in the future depending on market conditions, reformulation of plans and/or other relevant factors, in each case in accordance with applicable securities laws.

5.2 Disclosure for Restructuring Transactions

Not applicable.

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

Not applicable.

Item 7. Omitted Information

There is no information of a material nature that has been omitted.

Item 8. Executive Officer

Darb S. Dhillon
Chief Financial Officer
604.488.2658

Item 9. Date of Report

September 7, 2022

Cautionary Note Regarding Forward-Looking Information: *Certain information contained in this material change report are not statements of historical fact and are "forward-looking" statements. Forward-looking statements relate to future events or future performance and reflect Company management's expectations or beliefs regarding future events and include, but are not limited to, statements regarding the Company's expectations with respect to the issuance of the Convertible Debentures including with respect to the interest payable, date of maturity and*

expected number of common shares to be issued; and the use of proceeds from the Private Placement.

In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "outlook", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved" or the negative of these terms or comparable terminology. By their very nature forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements.

In making the forward-looking statements in this material change report, the Company has applied certain factors and assumptions that are based on information currently available to the Company as well as the Company's current beliefs and assumptions. These factors as well as the risk factors detailed from time to time in the Company's interim and annual financial statements and management's discussion and analysis of those statements, all of which are filed and available for review on SEDAR at www.sedar.com. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended, many of which are beyond the Company's ability to control or predict. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements and all forward-looking statements in this material change report are qualified by these cautionary statements.