

**NAVASOTA RESOURCES INC.**

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

**Item 1: Name and Address of Company**

Navasota Resources Inc. (the "**Company**")  
120 Adelaide Street West, Unit 2015  
Toronto, Ontario  
M5H 1T1

**Item 2: Date of Material Change**

June 25, 2018

**Item 3: News Release**

A news release was issued and disseminated on June 25, 2018 and filed on SEDAR at [www.sedar.com](http://www.sedar.com), a copy of which is attached hereto as Schedule "A".

**Item 4: Summary of Material Change**

The Company has announced that it has entered into a letter of intent for reverse takeover transaction with I.M.C. Holdings Ltd.

**Item 5.1: Full Description of Material Change**

See attached news release at Schedule "A" to this report.

**Item 5.2 Disclosure for Restructuring Transactions**

Not applicable.

**Item 6: Reliance on subsection 7.1(2) of National Instrument 51-102 (Confidentiality)**

Not applicable.

**Item 7: Omitted Information**

No information has been omitted on the basis that it is confidential information.

**Item 8: Executive Officer**

For additional information with respect to this material change, the following person may be contacted:

Michael Lerner  
Chief Executive Officer and Director  
E: [mlerner@gmail.com](mailto:mlerner@gmail.com)  
T: (416) 710.4906

**Item 9: Date of Report**

This report is dated as of the 4<sup>th</sup> day of July, 2018

**SCHEDULE "A"**

Please see attached.

# Navasota Announces Letter of Intent for Reverse Takeover Transaction with I.M.C. Holdings Ltd.

Toronto, Ontario--(Newsfile Corp. - June 25, 2018) - Navasota Resources Inc. ("**Navasota**" or the "**Company**") is pleased to announce that it has entered into a letter of intent (the "**LOI**") dated June 25, 2018, with Israel-based I.M.C. Holdings Ltd. ("**IMC**") whereby the parties will complete a business combination by way of a transaction that will constitute a reverse takeover of the Company by IMC (the "**Transaction**").

It is currently anticipated that the Transaction will be effected by way of a three-cornered amalgamation involving a wholly-owned subsidiary of Navasota and IMC (the "**Amalgamation**"). The resulting issuer that will exist upon completion of the Transaction (the "**Resulting Issuer**") will change its business from mining to the medical cannabis industry. The final structure of the Transaction will be determined by the parties following receipt of tax, corporate and securities law advice. The Transaction is an arm's length transaction. Upon the closing of the Transaction (the "**Closing**") and after giving effect to the Private Placements (defined below), it is expected that shareholders of IMC will hold 97.3% of the common shares of the Resulting Issuer (the "**Resulting Issuer Shares**") and current shareholders of the Company will hold 2.7% of the Resulting Issuer Shares (on a non-diluted basis).

## Description of IMC and its Business

IMC is an Israeli company that has been cultivating, producing and distributing pharmaceutical-grade cannabis and cannabis based products for the Israeli medical cannabis market since 2010. As one of eight original licensed producers of medical cannabis in Israel, IMC has successfully developed a proprietary range of cannabis products for patients while continuing to research and develop new genetic strains. IMC uses a low-cost, scalable model for the industrial production of cannabis through the development and utilization of proprietary automated equipment at its existing production facility, located in a highly-fertile agricultural zone in Israel. IMC has a current funded capacity for the production of 4,200 kilograms of medical cannabis annually at a current production cost of less than CDN\$1.00 per gram. IMC serves approximately 3,200 patients in Israel and is an active participant in the Israeli cannabis innovation ecosystem. IMC is leveraging its expertise in cannabis cultivation and innovation to execute an aggressive international expansion strategy, which involves entering into new markets where cannabis has been legalized or is expected to be legalized including in Canada, the European Union and Latin America.

## Share Consolidation and Exchange of Securities

Pursuant to the terms of the LOI, the Company will effect a consolidation (the "**Share Consolidation**") of its issued and outstanding common shares (the "**Navasota Shares**") prior to Closing on a 2.83:1 basis, resulting in approximately 3,455,394 Navasota Shares outstanding on a post-Share Consolidation basis. The 2,000,000 issued and outstanding warrants of Navasota ("**Navasota Warrants**") will be consolidated into 706,714 Navasota Warrants. Each Navasota Warrant will be exercisable for one Navasota Share at an exercise price of \$0.283 per share on a post-Share Consolidation basis until April 13, 2019.

In accordance with the terms of the Transaction, the holders of the issued and outstanding ordinary shares in the capital of IMC (the "**IMC Shares**") will be issued ten (10) Navasota Shares in exchange for every one (1) IMC Share held immediately prior to the completion of the Transaction (the "**Exchange Ratio**"). The deemed exchange price for the Navasota Shares will be \$0.40 per Navasota Share, or such other price as permitted by governing regulatory bodies.

Outstanding convertible securities of IMC (the "**IMC Convertible Securities**") will either automatically adjust in accordance with their terms such that, following the completion of the Transaction, the holders of IMC Convertible Securities will acquire Resulting Issuer Shares, or will be replaced with equivalent convertible securities of the Resulting Issuer entitling such holders to acquire Resulting Issuer Shares on the same terms as the IMC Convertible Securities that they will replace and, in each case, adjusted to reflect the Exchange Ratio and exchange price.

## Navasota Shareholder Meeting

Prior to the completion of the Transaction, Navasota will call a meeting of its shareholders for the purpose of approving, among other matters:

- a change of name of the Company as directed by IMC and acceptable to the applicable regulatory authorities effective upon Closing;
- the Share Consolidation;
- the reconstitution of the Company's board of directors; and
- if required by governing regulatory bodies, the approval of the Transaction.

## IMC Private Placements

On June 7, 2018, IMC completed a brokered private placement in Canada (the "**Canadian Private Placement**"), consisting of the sale of an aggregate of 1,635,750 units of IMC (the "**Units**") at a price of CDN\$4.00 per Unit for aggregate gross proceeds of CDN\$6,543,000. Each Unit consisted of one share in the capital of IMC (an "**IMC Share**") and one-half of one IMC Share purchase warrant (each whole warrant, a "**Warrant**"). Each Warrant entitles the holder to acquire one IMC Share at a price of

CDN\$5.00 per share for a period of 24 months following the date of issuance. Certain dealers and brokers received a cash commission equal to 7% of the gross proceeds of the Canadian Private Placement and non-transferable agent warrants (the "**Agent Warrants**") equal to 7% of the number of Units sold under the Canadian Private Placement. Each Agent Warrant is exercisable to purchase one Unit at a price of CDN\$4.00 per Unit for a period of 24 months following the date of issuance.

IMC will complete a non-brokered private placement to United States investors consisting of the sale of 177,750 Units (the "**US Private Placement**") for gross proceeds of CDN\$711,000 and a separate non-brokered private placement in Israel (the "**Israeli Private Placement**" and together with the Canadian Private Placement and the US Private Placement, the "**Private Placements**") consisting of the sale of 473,000 Units for gross proceeds of CDN\$1,892,000, in each case, on the same terms as the Canadian Private Placement. Although the Israeli Private Placement is non-brokered, IMC intends to compensate a dealer that is introducing subscribers to IMC with (i) a cash fee equal to 3.5% of the gross proceeds of the Israeli Private Placement and (ii) 14,149 compensation warrants (on terms identical to the Agent Warrants) upon closing of the Israeli Private Placement.

The aggregate gross proceeds from the Private Placements will be CDN\$9,146,000.

### **Management of the Resulting Issuer**

Upon closing of the Transaction, all of Navasota's current directors and executive officers will resign and the board of directors of the Resulting Issuer will, subject to the approval of governing regulatory bodies, consist of Steven Mintz, Marc Lustig, Jesse Kaplan, Adam K. Szweras, Sidney Himmel and Oren Shuster. All of the executive officers shall be replaced by nominees of IMC, all in a manner that complies with the requirements of governing regulatory bodies and applicable securities and corporate laws.

Details of insiders and proposed directors and officers of the Resulting Issuer will be disclosed in a further news release.

### **Closing Conditions**

The completion of the Transaction is subject to a number of conditions, including but not limited to the following:

- the execution of a definitive agreement;
- completion of mutually satisfactory due diligence;
- completion of the Share Consolidation; and
- receipt of all required regulatory, corporate and third party approvals, including approvals by governing regulatory bodies, the shareholders of Navasota, applicable Israeli governmental authorities, and the fulfilment of all applicable regulatory requirements and conditions necessary to complete the Transaction.

### **Further information**

Further details about the Transaction and the Resulting Issuer will be provided in a comprehensive news release when the parties enter into the definitive agreement.

Investors are cautioned that any information released or received with respect to the Transaction in this press release may not be complete and should not be relied upon. Trading in the common shares of the Company should be considered highly speculative.

***The securities to be issued in connection with the Transaction have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act") or any state securities laws and may not be offered or sold within the United States or to U.S. Persons (as defined in Regulation S promulgated under the U.S. Securities Act) unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available.***

***Completion of the Transaction is subject to a number of conditions, including acceptance by governing regulatory bodies and shareholder approval, if applicable. The Transaction cannot close until the required approvals are obtained. There can be no assurance that the Transaction will be completed as proposed or at all.***

### **About Navasota Resources Inc.**

Navasota Resources Inc. is a mineral exploration company with no current activities or operations.

### **Cautionary Statements Regarding Forward Looking Information**

*This news release contains "forward-looking information" within the meaning of applicable securities laws relating to the proposal to complete the Transaction and associated transactions. Any such forward-looking statements may be identified by words such as "expects", "anticipates", "believes", "projects", "plans" and similar expressions. Readers are cautioned not to place undue reliance on forward-looking statements. Statements about, among other things, the expected terms of the Transaction, the number of securities of Navasota that may be issued in connection with the Transaction, the ownership ratio of the Resulting Issuer post-closing, the Private Placements, shareholder approval, IMC's strategic plans and the parties' ability to satisfy closing conditions and receive necessary approvals are all forward-looking information. These statements should not be read as guarantees of future performance or results. Such statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from*

*those implied by such statements. Although such statements are based on management's reasonable assumptions, there can be no assurance that the Transaction will occur or that, if the Transaction does occur, it will be completed on the terms described above. Navasota and IMC assume no responsibility to update or revise forward-looking information to reflect new events or circumstances unless required by applicable law.*

**For more information, please contact:**

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