FORM 51-102F3
MATERIAL CHANGE REPORT

Item 1 – Name and Address of Company

Navasota Resources Inc. (the "**Company**")
1 Adelaide Street East
Unit 801
Toronto, Ontario, M5C 2V9

Item 2 – Date of Material Change

August 30, 2019

Item 3 – News Release

A press release disclosing the material change was issued by the Company on September 3, 2019 through the services of Newsfile Corp.

Item 4 – Summary of Material Change

On September 3, 2019, the Company announced that it had entered into an amended and restated definitive business combination agreement (the "**Amended Combination Agreement**") with I.M.C. Holdings Ltd. ("**IMC**"), which, subject to the satisfaction of certain conditions and applicable shareholder and regulatory approvals, will result in a reverse takeover of the Company by IMC (the "**Proposed Transaction**"). The resulting issuer from the Proposed Transaction (the "**Resulting Issuer**") will change its business from mining to the medical cannabis industry.

In connection with the Proposed Transaction, the Company also announced the completion of a private placement offering of 19,048,326 subscription receipts (each a "**Subscription Receipt**") of a wholly-owned subsidiary of the Company ("**Finco**") at a price of $1.05 per Subscription Receipt, for aggregate gross proceeds of $20,000,742.30 (the "**Financing**").

Item 5 – Full Description of Material Change

5.1 – Full Description of Material Change

On September 3, 2019, the Company announced that it had entered into the Amended Combination Agreement with IMC. Under the terms of the Amended Combination Agreement, the Proposed Transaction will be completed by way of a triangular statutory merger under the laws of Israel, whereby Navasota Acquisition Ltd., a wholly owned Israeli subsidiary of the Company, will merge with and into IMC, with IMC surviving as a wholly owned subsidiary of the Company. In connection with the Proposed Transaction, the Company will reconstitute its board of directors and change its name to "IM Cannabis Corp." or such other similar name as may be accepted by the relevant regulatory authorities (the "**Name Change**") and the Resulting Issuer will conduct its business under the new name. The Resulting Issuer will change its business from mining to the medical cannabis industry.

The completion of the Proposed Transaction is subject to a number of conditions set out in the Amended Combination Agreement, including but not limited to, obtaining requisite shareholder approvals including the approval of the shareholders of IMC, the consolidation of the Company's common shares on a 1:2.83 basis (the "**Consolidation**"), the issuance of post-Consolidation common shares of the Company to holders of IMC ordinary shares (the "**IMC Shares**") on a 10:1 basis, obtaining approvals of all regulatory bodies having jurisdiction in connection with the Proposed Transaction including, without limitation, the approval of the Israeli Registrar of Companies, and other closing conditions customary to transactions of the nature of the Proposed Transaction. The reconstitution of the Company's board of directors, the Name Change and the Consolidation were previously approved by shareholders of the Company at a special meeting of the Company's shareholders on November 12, 2018.

In connection with the completion of the Proposed Transaction, the Resulting Issuer will apply to list its common shares (the "**Resulting Issuer Shares**") on the Canadian Securities Exchange (the "**CSE**") and if, and upon the satisfaction of the CSE's initial listing requirements, the Resulting Issuer Shares are expected to begin trading on the CSE following the closing of the Proposed Transaction.

Pursuant to the terms of the Amended Combination Agreement, and in connection with the Proposed Transaction:

(a) holders of IMC Shares will receive ten (10) fully paid and non-assessable post-Consolidation Resulting Issuer Shares for each IMC Share held; and

(b) all outstanding warrants, broker warrants and options to purchase IMC Shares will be exchanged on an equivalent basis for options, warrants and broker warrants to purchase Resulting Issuer Shares.

In connection with the Proposed Transaction, the Company also announced the completion of the Financing. Upon the satisfaction or waiver of, among other things, all of the condition precedents to the completion of the Proposed Transaction, each Subscription Receipt will be exchanged for one unit of Finco (a "**Finco Unit**"), with each Finco Unit being comprised of one (1) common share of Finco (a "**Finco Share**") and one-half (1/2) of one (1) common share purchase warrant of Finco (a "**Finco Warrant**"). Each whole Finco Warrant will be exercisable for one Finco Share at an exercise price of $1.30 for a period of 24 months following the closing of the Proposed Transaction. Upon closing of the Proposed Transaction, the Finco Shares and Finco Warrants will be exchanged for post-Consolidation Resulting Issuer Shares and Resulting Issuer warrants on economically equivalent terms on a 1:1 basis.

A portion of the Financing was brokered by a syndicate of agents led by Cormark Securities Inc. and comprised of Canaccord Genuity Corp., First Republic Capital Corp., Haywood Securities Inc. and Mackie Research Capital Corporation (collectively, the "**Agents**"). As compensation, the Agents were paid a cash commission equal to 7% of the aggregate gross proceeds of the Financing (except in respect of subscriptions from subscribers on the President's List, for which they were paid a cash commission equal to 3.5% of the aggregate gross proceeds raised from President's List subscribers) and compensation options (each a "**Compensation Option**") equal to 7% of the number of Subscription Receipts issued under the Financing (except for the President's List for which this was reduced to 3.5% of the aggregate number of Subscription Receipts sold to President's List subscribers). Each Compensation Option entitles the holder to acquire a unit of Finco (a "**Finco Compensation Unit**") at an exercise price of $1.05 for a period of 36 months following the closing date of the Financing with each Finco Compensation Unit being comprised of one (1) Finco Share and one-half (1/2) of one (1) common share purchase warrant of Finco (a "**Finco Compensation Warrant**"). Each Finco Compensation Warrant will be exercisable into one Finco Share at an exercise price of $1.30 for a period of 36 months following the closing date of the Financing. Upon closing of the Proposed Transaction, the Compensation Options will be exchanged for Resulting Issuer compensation options on economically equivalent terms on a 1:1 basis.

The net proceeds from the Financing will be used by the Resulting Issuer for operational expansion, business development and working capital purposes.

Immediately following the completion of the Proposed Transaction, holders of IMC Shares are expected to hold approximately 84.52% of the issued and outstanding Resulting Issuer Shares, holders of Subscription Receipts will hold approximately 13.11% of the Resulting Issuer Shares and current shareholders of the Company will hold 2.38% of the Resulting Issuer Shares, in each case, on a non-diluted basis.

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

Not applicable.

Item 8 – Executive Officer

Steven Mintz
Chief Financial Officer, Director and acting Chief Executive Officer – (416) 864-0578

Item 9 – Date of Report

September 5, 2019.

Forward-Looking Information

This report contains "forward-looking information" within the meaning of applicable securities laws including statements regarding the terms and conditions of the Proposed Transaction, the listing of the Resulting Issuer shares on the CSE, the use of proceeds from the Financing as well as information relating to the Resulting Issuer. Although the Company believes in light of the experience of its officers and directors, current conditions and expected future developments and other factors that have been considered appropriate, that the expectations reflected in this forward-looking information are reasonable, undue reliance should not be placed on them because the Company can give no assurance that they will prove to be correct. Readers are cautioned to not place undue reliance on forward-looking information. Actual results and developments may differ materially from those contemplated by these statements depending on, among other things, the risk that a closing condition to the Proposed Transaction is not satisfied or is not satisfied on a timely basis including, without limitation, the failure to obtain the requisite shareholder approvals, the Company being unable to complete the Consolidation or Name Change, the failure to obtain CSE listing approval or the failure to obtain all requisite Israeli regulatory approvals. The statements in this report are made as of the date of this report. The Company undertakes no obligation to comment on analyses, expectations or statements made by third-parties in respect of the Company, IMC, their securities, or their respective financial or operating results (as applicable).