

Form 62-103F1

Required Disclosure under the Early Warning Requirements

Item 1 – Security and Reporting Issuer

1.1 State the designation of securities to which this report relates and the name and address of the head office of the issuer of the securities.

Common shares (“**Common Shares**”) and common share purchase warrants (“**Warrants**”) of IM Cannabis Corp. (formerly Navasota Resources Inc.) (the “**Company**”) with the head office located at 349 Beach Avenue, Kelowna, British Columbia, V1Y 5R7. Each Warrant entitles the holder to purchase one Common Share at a price of \$0.02, until the date that is three months following the date on which the Common Shares are listed on the Canadian Securities Exchange.

1.2 State the name of the market in which the transaction or other occurrence that triggered the requirement to file this report took place.

The transaction giving rise to this report was the completion of a business combination (the “**Business Combination**”) that resulted in a reverse takeover of the Company by the securityholders of I.M.C. Holdings Ltd. (“**IMC**”), on October 11, 2019.

Item 2 – Identity of the Acquiror

2.1 State the name and address of the acquiror.

Marc Lustig (the “**Reporter**”)
153 Stevens Drive
West Vancouver, BC
V7S 1C3

2.2 State the date of the transaction or other occurrence that triggered the requirement to file this report and briefly describe the transaction or other occurrence.

Prior to the closing of the Business Combination, there were an aggregate of 3,455,394 Common Shares issued and outstanding. The closing of the Business Combination resulted in (i) the former shareholders of IMC receiving ten (10) Common Shares for each one (1) ordinary share in the capital of IMC (each, an “**IMC Share**”) held, and (ii) the former shareholders of a wholly owned subsidiary of the Company (“**Finco**”) receiving one (1) Common Share for each one (1) common share in the capital of Finco (each, a “**Finco Share**”) held, such that, following the closing of the Business Combination, there are an aggregate of 145,743,411 Common Shares issued and outstanding. As a result of the

Business Combination, the Reporter acquired additional shares through the exchange of IMC Shares for Common Shares. However, as a result of the increase in the number of Common Shares issued and outstanding following the closing of the Business Combination, the Reporter's ownership of Common Shares decreased to below 10% on an undiluted and partially-diluted basis.

2.3 State the names of any joint actors.

Not applicable.

Item 3 – Interest in Securities of the Reporting Issuer

3.1 State the designation and number or principal amount of securities acquired or disposed of that triggered the requirement to file this report and the change in the acquiror's securityholding percentage in the class of securities.

Not applicable.

3.2 State whether the acquiror acquired or disposed ownership of, or acquired or ceased to have control over, the securities that triggered the requirement to file this report.

Not applicable.

3.3 If the transaction involved a securities lending arrangement, state that fact.

Not applicable.

3.4 State the designation and number or principal amount of securities and the acquiror's securityholding percentage in the class of securities, immediately before and after the transaction or other occurrence that triggered the requirement to file this report.

Prior to the Business Combination, the Reporter held:

- (i) 466,723 Common Shares, being 13.51% of the then issued and outstanding Common Shares, and assuming full exercise of 176,678 Warrants held by Mr. Lustig, 643,401 Common Shares, being 17.71% of the then issued and outstanding Common Shares on a partially diluted basis; and
- (ii) 78,349 IMC Shares, being 0.64% of the then issued and outstanding IMC Shares.

Following the Business Combination, the Reporter holds 1,250,213 Common Shares, being 0.86% of the issued and outstanding Common Shares, and

assuming full exercise of the Warrants, holds 1,426,891 Common Shares, being 0.98% of the issued and outstanding Common Shares on a partially diluted basis.

- 3.5 State the designation and number or principal amount of securities and the acquiror's securityholding percentage in the class of securities referred to in Item 3.4 over which**
- (a) the acquiror, either alone or together with any joint actors, has ownership and control,**
 - (b) the acquiror, either alone or together with any joint actors, has ownership but control is held by persons or companies other than the acquiror or any joint actor, and**
 - (c) the acquiror, either alone or together with any joint actors, has exclusive or shared control but does not have ownership.**

As a result of the Business Combination, the Reporter now has ownership or control over 1,250,213 Common Shares, which represents approximately 0.86% of the issued and outstanding Common Shares on an undiluted basis, and 176,678 Warrants, which together with the 1,250,213 Common Shares and assuming full exercise of the Warrants, represent approximately 0.98% of the issued and outstanding Common Shares on a partially diluted basis.

- 3.6 If the acquiror or any of its joint actors has an interest in, or right or obligation associated with, a related financial instrument involving a security of the class of securities in respect of which disclosure is required under this item, describe the material terms of the related financial instrument and its impact on the acquiror's securityholdings.**

Not applicable.

- 3.7 If the acquiror or any of its joint actors is a party to a securities lending arrangement involving a security of the class of securities in respect of which disclosure is required under this item, describe the material terms of the arrangement including the duration of the arrangement, the number or principal amount of securities involved and any right to recall the securities or identical securities that have been transferred or lent under the arrangement.**

State if the securities lending arrangement is subject to the exception provided in section 5.7 of NI 62-104.

Not applicable.

- 3.8 If the acquiror or any of its joint actors is a party to an agreement, arrangement or understanding that has the effect of altering, directly or indirectly, the acquiror's economic exposure to the security of the class of**

securities to which this report relates, describe the material terms of the agreement, arrangement or understanding.

Not applicable.

Item 4 – Consideration Paid

4.1 State the value, in Canadian dollars, of any consideration paid or received per security and in total.

Not applicable.

4.2 In the case of a transaction or other occurrence that did not take place on a stock exchange or other market that represents a published market for the securities, including an issuance from treasury, disclose the nature and value, in Canadian dollars, of the consideration paid or received by the acquiror.

Not applicable.

4.3 If the securities were acquired or disposed of other than by purchase or sale, describe the method of acquisition or disposition.

Not applicable.

Item 5 – Purpose of the Transaction

State the purpose or purposes of the acquiror and any joint actors for the acquisition or disposition of securities of the reporting issuer. Describe any plans or future intentions which the acquiror and any joint actors may have which relate to or would result in any of the following:

- (a) the acquisition of additional securities of the reporting issuer, or the disposition of securities of the reporting issuer;**
- (b) a corporate transaction, such as a merger, reorganization or liquidation, involving the reporting issuer or any of its subsidiaries;**
- (c) a sale or transfer of a material amount of the assets of the reporting issuer or any of its subsidiaries;**
- (d) a change in the board of directors or management of the reporting issuer, including any plans or intentions to change the number or term of directors or to fill any existing vacancy on the board;**
- (e) a material change in the present capitalization or dividend policy of the reporting issuer;**

- (f) a material change in the reporting issuer's business or corporate structure;
- (g) a change in the reporting issuer's charter, bylaws or similar instruments or another action which might impede the acquisition of control of the reporting issuer by any person or company;
- (h) a class of securities of the reporting issuer being delisted from, or ceasing to be authorized to be quoted on, a marketplace;
- (i) the issuer ceasing to be a reporting issuer in any jurisdiction of Canada;
- (j) a solicitation of proxies from securityholders;
- (k) an action similar to any of those enumerated above.

Under the Business Combination, the Reporter acquired Common Shares as a result of the exchange of IMC Shares for Common Shares. The Business Combination increased the total number of issued and outstanding Common Shares, and the Reporter's ownership of Common Shares and Warrants decreased to below 10% on an undiluted and partially-diluted basis.

The Common Shares held by the Reporter are being held for investment purposes. In the future, the Reporter may, depending on market and other conditions, increase or decrease the Reporter's beneficial ownership of securities of the Company.

Item 6 – Agreements, Arrangements, Commitments or Understandings With Respect to Securities of the Reporting Issuer

Describe the material terms of any agreements, arrangements, commitments or understandings between the acquiror and a joint actor and among those persons and any person with respect to securities of the class of securities to which this report relates, including but not limited to the transfer or the voting of any of the securities, finder's fees, joint ventures, loan or option arrangements, guarantees of profits, division of profits or loss, or the giving or withholding of proxies. Include such information for any of the securities that are pledged or otherwise subject to a contingency, the occurrence of which would give another person voting power or investment power over such securities, except that disclosure of standard default and similar provisions contained in loan agreements need not be included.

Not applicable.

Item 7 – Change in Material Fact

If applicable, describe any change in a material fact set out in a previous report filed by the acquiror under the early warning requirements or Part 4 in respect of the reporting issuer's securities.

Not applicable.

Item 8 – Exemption

If the acquiror relies on an exemption from requirements in securities legislation applicable to formal bids for the transaction, state the exemption being relied on and describe the facts supporting that reliance.

Not applicable.

Item 9 – Certification

The acquiror must certify that the information in this report is true and complete in every respect. In the case of an agent, the certification is based on the agent's best knowledge, information and belief but the acquiror is still responsible for ensuring that the information filed by the agent is true and complete.

This report must be signed by each person on whose behalf the report is filed or his or her authorized representative.

It is an offence to submit information that, in a material respect and at the time and in the light of the circumstances in which it is submitted, is misleading or untrue.

Certificate

I, as the Reporter, certify, or I, as the agent filing this report on behalf of the Reporter, certify to the best of my knowledge, information and belief, that the statements made in this report are true and complete in every respect.

Dated this 11th day of October, 2019.

(signed) "Marc Lustig"

Marc Lustig