

Form 62-103F1

Required Disclosure under the Early Warning Requirements

State if this report is filed to amend information disclosed in an earlier report. Indicate the date of the report that is being amended.

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.

Securities: This report relates to common shares (“**Common Shares**”), Common Share purchase warrants (“**Warrants**”) and incentive stock options to purchase Common Shares (“**Options**”) in the capital of IM Cannabis Corp. (formerly Navasota Resources Inc.) (the “**Issuer**”).

The Issuer’s head office address is:

Kibbutz Gilil Yam
Central District, Israel, 4690500

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 Issuer 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.

Oren Shuster (the “**Acquiror**”)
Spinoza Baruch 20
Ra’anana, Israel, 4358828

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.

On October 11, 2019, the Issuer and IMC completed their previously announced Business Combination, in accordance with the terms of an amended and restated definitive business combination agreement, among the Issuer, IMC, and Navasota Acquisition Ltd., a wholly-owned subsidiary of the Issuer.

In connection with the Business Combination, IM Cannabis (Finance) Ltd. (“**Finco**”), a subsidiary of the Issuer, completed a subscription receipt financing (the “**Finco Financing**”) for an aggregate of 19,460,527 subscription receipts (the “**Finco Subscription Receipts**”) at a price of \$1.05 per Finco Subscription Receipt for gross proceeds of \$20,433,553.35. Each Finco Subscription Receipt was exchangeable for units of Finco (the “**Finco Units**”). Each Finco Unit consisted of one (1) common share in the capital of Finco (each, a “**Finco Share**”) and one-half of one (1/2) common share purchase warrant of Finco (each, a “**Finco Warrant**”). The Finco Subscription Receipts were exchanged for Finco Units in connection with the closing of the Business Combination.

Immediately prior to the closing of the Business Combination, the Issuer completed a three-cornered amalgamation in accordance with the terms of an amalgamation agreement, among the Issuer, Finco and 1215324 B.C. Ltd., a wholly-owned subsidiary of the Issuer.

The closing of the Business Combination resulted in: (i) the former holders of IMC receiving ten (10) Common Shares for each one (1) ordinary share in the capital of IMC (each, an “**IMC Share**”) and ten (10) Warrants for each one (1) ordinary share purchase warrant of IMC (each, an “**IMC Warrant**”); and (ii) the former holders of Finco securities receiving one (1) Common Share for each one (1) Finco Share and one (1) Warrant for each one (1) Finco Warrant.

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.

On October 11, 2019, as a result of the closing of the Business Combination, the Acquiror exchanged 3,648,679 IMC Shares and 200,000 IMC Options for 36,486,790 Common Shares and 2,000,000 Options.

Concurrently, in accordance with the terms of the Business Combination, the Acquiror exchanged 47,619 Finco Shares and 23,809 Finco Warrants for an equivalent number of Common Shares and Warrants.

Prior to the Business Combination, the Acquiror owned no securities in the Issuer. Immediately following the Business Combination, the Acquiror now has ownership or control over an aggregate of 36,534,409 Common Shares, representing 25.07% of the issued and outstanding Common Shares (on a non-diluted basis). If the Acquiror were to exercise the Warrants and Options in full, it would own or control an aggregate of 38,558,218 Common Shares,

representing 26.09% of the issued and outstanding Common Shares (on a partially-diluted basis).

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.

The Acquiror acquired 36,534,409 Common Shares, 23,809 Warrants and 2,000,000 Options, which triggered the requirement to file this report.

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 Acquiror did not own, directly or indirectly, or exercise control or direction over any of the issued and outstanding Common Shares.

Immediately following the Business Combination, the Acquiror now has ownership or control over an aggregate of 36,534,409 Common Shares, representing 25.07% of the issued and outstanding Common Shares (on a non-diluted basis). If the Acquiror were to exercise the Warrants and Options in full, it would own or control an aggregate of 38,558,218 Common Shares, representing 26.09% 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,

See item 3.4.

(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

Not applicable.

(c) the acquiror, either alone or together with any joint actors, has exclusive or shared control but does not have ownership.

Not applicable.

- 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.**

The deemed value of the 36,486,790 Common Shares that were issued in exchange for the Acquiror's IMC Shares is \$14,594,716 or \$0.40 per Common Share.

The Acquiror participated in the Finco Financing and purchased 47,619 Finco Subscription Receipts for aggregate cash consideration of \$49,999.95 or \$1.05 per Finco Subscription Receipt. Upon completion of the Business Combination, the Acquiror received 47,419 Common Shares and 23,809 Warrants.

Until such time as the Acquiror exercises the Options, no consideration per Option has been or will be paid.

- 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.**

See item 4.1.

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

See item 2.2.

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.**

The Acquiror has acquired the above-noted Common Shares, Warrants and Options for general investment purposes.

The Acquiror may in the future take such actions in respect of its holdings in the Issuer as it may deem appropriate based on its assessment of market

conditions and any other conditions it considers relevant at the time, including the purchase of additional Common Shares through open market or privately negotiated transactions or the sale of all or a portion of the Acquiror's holdings in the open market or in privately negotiated transactions to one of more purchasers, subject in each case to applicable securities laws.

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.

Details of the Business Combination are set forth in press releases of the Issuer, copies of which are available at www.sedar.com under the Issuer's profile.

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

The certificate must state the following:

I, as the Acquiror, certify, or I, as the agent filing this report on behalf of the Acquiror, 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 as of the 16th day of October, 2019

“Oren Shuster”

Name: Oren Shuster

Title: Chief Executive Officer