

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

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

IM Cannabis Corp. (formerly Navasota Resources Inc.) (the “**Company**”)  
550 Burrard St #2300  
Vancouver, BC, V6C 2B5

**Item 2 — Date of Material Change**

October 11, 2019

**Item 3 — News Release**

A press release disclosing the material change was released on October 11, 2019 through the facilities of Newsfile Corp.

**Item 4 — Summary of Material Change**

On October 11, 2019, the Company completed its previously announced business combination with I.M.C. Holdings Ltd. (“**IMC**”) that resulted in the reverse take-over of the Company by IMC (the “**RTO Transaction**”).

**Item 5 — Full Description of Material Change**

*5.1 — Full Description of Material Change*

On October 11, 2019, the Company completed its previously announced RTO Transaction with IMC that resulted in the reverse take-over of the Company by IMC. The RTO Transaction was completed by way of a statutory triangular merger under the laws of Israel pursuant to the terms and conditions of an amended and restated business combination agreement dated September 3, 2019 between the Company, IMC and Navasota Acquisition Ltd., a wholly-owned subsidiary of the Company (the “**Definitive Agreement**”). In accordance with the terms of the Definitive Agreement, holders of IMC shares and IMC share purchase warrants received equivalent securities of the Company on a 1:10 basis in exchange for their respective IMC securities. An aggregate of 122,827,490 common shares of the Company (“**Common Shares**”) and 11,413,750 warrants to purchase Common Shares were issued to the former holders of IMC shares and IMC share purchase warrants. The Company is a reporting issuer under the laws of the Provinces of British Columbia and Alberta whose Common Shares were voluntarily de-listed from the NEX board of the TSX Venture Exchange on June 18, 2018. Consequently, the Common Shares are currently not posted for trading on any marketplace. The Company received conditional approval to list the Common Shares on the Canadian Securities Exchange (the “**CSE**”) on October 8, 2019 and is in the process of filing the final documents with the CSE. The Common Shares will commence trading on the CSE under the ticker symbol “**IMCC**” if and upon receipt of final approval from the CSE.

Upon the completion of the RTO Transaction, the board of directors of the Company was reconstituted to consist of Messrs. Oren Shuster, Steven Mintz, Marc Lustig and Jesse Kaplan, with Mr. Shuster also becoming the Chief Executive Officer and Mr. Lustig becoming the Chairman. Mr. Shai Shemesh, Mr. Amir Goldstein and Ms. Yael Harrosh were appointed Chief Financial Officer, Chief Operating Officer and Corporate Secretary, respectively. Additional information regarding the business of the Company and the biographical details of management and the board of directors will be available in the

Company's Form 2A Listing Statement, which will be filed on SEDAR upon final approval from the CSE and prior to the commencement of trading of the Common Shares.

Concurrently with and in connection with the closing of the RTO Transaction, the net proceeds from the Company's previously announced private placement offering of subscription receipts of a wholly-owned subsidiary (the "**Financing**") were released from escrow and the subscription receipts were converted into 19,460,527 Common Shares and 9,730,258 Common Share purchase warrants. As a result of the completion of the RTO Transaction:

- former holders of IMC shares now hold approximately 84.28% of the issued and outstanding Common Shares;
- former holders of subscription receipts from the Financing now hold approximately 13.35% of the Common Shares; and
- pre-RTO Transaction shareholders of the Company now hold 2.37% of the Common 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**

Yael Harrosh  
Corporate Secretary  
+972-54-6687515

#### **Item 9 — Date of Report**

October 18, 2019.