

Form 51-102F3
Material Change Report

Item 1 Name and Address of Company

Leviathan Cannabis Group Inc. (the “Issuer” or “Leviathan”)
250 The Esplanade Suite 116
Toronto, Ontario
M5H 4J6

Item 2 Date of Material Change

June 28, 2018

Item 3 News Release

The news release attached hereto as Schedule “A” announcing the material change described herein was disseminated on July 3, 2018 and filed on SEDAR.

Item 4 Summary of Material Change

Leviathan announced it has agreed to acquire all of the issued shares of Pulse Rx Inc., also carrying on business under the business name Pulse Rx LTC Pharmacy (“Pulse Rx”), a boutique-style pharmacy providing specialized services to nursing and retirement homes. Based in Woodbridge, Ontario, Pulse Rx has been operating exclusively since 2005 as a long-term care pharmacy focused in the province of Ontario – primarily the Ottawa Valley, the Greater Toronto Area, the Niagara region, London, and Orillia. Pulse Rx operates under a pre-1954 charter and therefore enjoys the benefit of not being required to have the majority of its shares owned by pharmacists - a significant advantage for scaling the business and launching new locations.

Item 5 Full Description of Material Change

Please see the news release attached as Schedule “A” for a full description of the material change.

5.2 Disclosure for Restructuring Transactions

Not applicable.

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

The Issuer is not relying on sub-section 7.1 (2) of National Instrument 51-102 or the equivalent provisions of the securities legislation in other jurisdictions governing the Issuer for the filing of this report.

Item 7 Omitted Information

No information has been omitted from this report on the basis that is confidential information.

Item 8 Executive Officer

For further information, please contact Martin J. Doane, Chief Executive Officer, at (416) 903 6691.

Item 9 Date of Report

Dated at Toronto, Ontario this 5th day of July, 2018.

SCHEDULE "A"



LEVIATHAN CANNABIS TO ACQUIRE PULSE RX INC. AS A FOUNDATION FOR DISTRIBUTION IN THE CANADIAN MARKET

TORONTO, ONTARIO --- (Newsfile Corp. – July 3, 2018) - **Leviathan Cannabis Group Inc.** (CSE: EPIC) (the "Company" or "Leviathan") announces it has agreed to acquire all of the issued shares of Pulse Rx Inc., also carrying on business under the business name Pulse Rx LTC Pharmacy ("**Pulse Rx**" or the "Transaction"), a boutique-style pharmacy providing specialized services to nursing and retirement homes.

Based in Woodbridge, Ontario, Pulse Rx has been operating exclusively since 2005 as a long-term care pharmacy focused in the province of Ontario – primarily the Ottawa Valley, the Greater Toronto Area, the Niagara region, London, and Orillia.

Pulse Rx operates under a pre-1954 charter and therefore enjoys the benefit of not being required to have the majority of its shares owned by pharmacists - a significant advantage for scaling the business and launching new locations.

Under **Leviathan's** stewardship, Pulse Rx will continue to provide its traditional, core pharmacy services to institutional clients. At the same time, it has applied for a Dealer's License under the Narcotic Control Regulations in order to expand into the cannabis sphere. This license will enable Pulse Rx to both conduct scientific research into cannabis therapies for its customers, and to produce, import, export and transport cannabis products domestically and internationally.

The acquisition of Pulse Rx reflects a key component of **Leviathan's** long-term business strategy. A licensed, well-placed pharmacy service with the potential for "physical bricks and mortar stores" allows **Leviathan** to further enhance its aspirations in the medical and recreational cannabis sectors within Canada and abroad. The acquisition of Pulse Rx represents an important building block in this pursuit.

Martin J. Doane, CEO of **Leviathan** comments, "Pulse Rx will form an integral part of **Leviathan's** proprietary, global product development and distribution platform. We will leverage the Pulse Rx expertise in building and maintaining institutional sales channels into the cannabis segment, while exploiting its rare pre-1954 Charter to aggressively open retail outlets to serve medical and recreational cannabis consumers in Canada. The Pulse Rx acquisition will help **Leviathan** realize its strategic objective to control its own destiny, furnishing us with the ability to have meaningful, face-to-face interaction with consumers and business customers, which ultimately will help drive loyalty for **Leviathan** branded products."

"I am tremendously excited to join the **Leviathan** family" stated Martin S. Kusmirek, CEO of Pulse Rx. "This represents an outstanding channel opportunity to develop cannabis therapy products directed at the aging population."



Leviathan is also pleased to announce that **Jekyll+Hyde Brand Builders Inc.**, is currently engaged in an extensive rebranding program for Pulse Rx to reflect its new direction and entry into the cannabis sector. **Jekyll+Hyde** is a cannabis focused, marketing services agency and the Company's wholly-owned operating subsidiary.

Key Terms Of The Acquisition

The total Transaction value is \$5,500,010. The Transaction is subject to customary closing conditions including the discharge on closing of all registered security interests and also subject to the waiver of a right of first refusal with respect to the shares of Pulse Rx. Pulse Rx has generated income from sales of \$2,485,000 for the past fiscal year and \$2,252,537 for the 2016 fiscal year. Gross profit averaged \$1,200,000 for fiscal years 2017 and 2016. The Transaction will add significantly to the EBITDA of Leviathan.

About Leviathan Cannabis

Leviathan plans on executing a series of strategic acquisitions that extend across all vertical markets in Canada and internationally, to support the Company's proprietary brand strategy. This global reach positions the Company to be a leading multi-jurisdictional medical and recreational cannabis enterprise – one that brings together the best cannabis products, brands and expertise from Canada and around the world. In addition to the acquisition of **Pulse Rx**, the **Leviathan** portfolio currently comprises **Jekyll+Hyde Brand Builders Inc.**, a marketing services agency specializing in the cannabis sector, and **Woodstock Biomed Inc.**, a late-stage applicant under the ACMPR, which is in the process of retrofitting a substantial greenhouse production facility in Pelham, Ontario.

Please visit:

www.LeviathanCannabis.com

www.WeAreJekyllandHyde.com

For more information, contact Rick Rogers, Chairman, **Leviathan Cannabis Group Inc.** at 416.303.9060 or Jayne Beckwith, Interim CFO **Leviathan Cannabis Group Inc.** at 416.806.0591.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS:

Certain information in this press release constitutes forward-looking statements under applicable securities laws. Any statements that are contained in this news release that are not statements of



historical fact may be deemed to be forward-looking statements. Forward-looking statements are often identified by terms such as “may”, “should”, “anticipate”, “expect”, “potential”, “believe”, “intend” or negatives of these terms and similar expressions. Forward-looking statements in this news release include, but are not limited to, statements with respect to anticipated revenue, anticipated global expansion, statements with respect to internal expectations, expectations for future distribution capacity and costs, the completion of any capital projects or expansions, the successful closing of the proposed Transaction, completion of the distributor license application, and the timing for the completion of the proposed Transaction.

In particular, there can be no assurance that the license to distribute or sell will be obtained. Forward-looking statements are based on certain assumptions regarding Pulse Rx, including successful application to be a licensed cannabis distributor, expected growth, results from operations, performance, industry trends and growth opportunities. While Leviathan considers these assumptions to be reasonable, based on information currently available, they are inherently subject to significant business, economic and competitive uncertainties and contingencies and they may prove to be incorrect. Readers are cautioned not to place undue reliance on forward-looking statements.

Forward-looking statements also necessarily involve known and unknown risks, including without limitation, risks associated with general economic conditions, adverse industry events, marketing costs, loss of markets, future legislative and regulatory developments, the possibility that Leviathan may be unable to successfully integrate Pulse Rx as described herein, the inability to access sufficient capital on favourable terms, the medical and recreational cannabis industry in Canada in general, income tax and regulatory matters, the ability of Leviathan to execute its business strategies, competition, crop failure, currency and interest rate fluctuations and other risks.

Any forward-looking statements or facts (including financial information) related to Pulse Rx discussed or disclosed herein are derived from information obtained directly from Pulse Rx and publicly available sources and has not been independently verified by Leviathan. Readers are cautioned that the foregoing is not exhaustive. Readers are further cautioned not to place undue reliance on forward-looking statements as there can be no assurance that the plans, intentions or expectations upon which they are placed will occur. Such information, although considered reasonable by management at the time of preparation, may prove to be incorrect and actual results may differ from those anticipated. Forward-looking statements are not guarantees of future performance. Except as required by law, Leviathan disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, events or otherwise. Forward-looking statements contained in this news release are expressly qualified by this cautionary statement.



Source: Leviathan Cannabis Group Inc.

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