

**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**

January 21, 2019

**Item 3 News Release**

The news release attached hereto as Schedule “A” announcing the material change described herein was disseminated on January 17 and January 18, 2019 and filed on SEDAR.

**Item 4 Summary of Material Change**

Leviathan announced that it has entered into a letter of intent (“LOI”) to acquire all the issued and outstanding shares from the shareholders (“Vendors”) of MariGrow Inc. (“MariGrow” or the “Transaction”).

**Item 5 Full Description of Material Change**

MariGrow is a late stage applicant that has received its Confirmation of Readiness from Health Canada’s Office of Medical Cannabis. MariGrow has secured a 5-acre property with an existing 32,000 square foot building in a remote industrial park in Haldimand County just outside Port Dover, Ontario. The interior of the building is completely gutted. Leviathan plans to provide the necessary capital for the retrofit and to transform the building into an indoor cultivation facility. The property also offers efficient greenhouse and outdoor expansion capacity.

Transaction Terms:

Pursuant to the LOI, Leviathan would pay the following consideration to the Vendors; (1) 2,000,000 EPIC common shares on closing; and (2) Up to \$4 million worth of EPIC common shares from time to time based on milestone achievements to be negotiated and finalized in conjunction with the definitive agreement of purchase and sale. The number of shares payable for each milestone achievement would be based on a 10% discount to the volume weighted average trading price of the shares on the Canadian Securities Exchange for the 10-days immediately preceding each particular milestone. It is anticipated that the negotiated milestone achievements triggering payment of consideration will include the granting of a cultivation license by Health Canada, the granting of a sales license by Health Canada, and the realization of various revenue and EBITDA targets following the granting of the licenses.

Leviathan would guarantee the Vendors would receive a minimum of 5,000,000 EPIC common shares if the MariGrow business hit all of the negotiated milestones. Leviathan is budgeting \$3-3.5 million to complete the initial phase of the MariGrow buildout, with a target completion date in Q2, 2019.

#### **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 Doane, Chief Executive Officer, at (416) 903-6691.

#### **Item 9 Date of Report**

Dated at Toronto, Ontario this 21<sup>th</sup> day of January, 2019.

**SCHEDULE "A"**



## LEVIATHAN CANNABIS INTENDS TO ACQUIRE ITS SECOND LATE STAGE ACMPR APPLICANT IN THE NIAGARA REGION

TORONTO, ONTARIO --- (Newsfile Corp. – January 17, 2019) - **Leviathan Cannabis Group Inc.** (CSE: EPIC) (the "**Company**" or "**Leviathan**") announces it has entered into a letter of intent to acquire all the issued and outstanding shares of MariGrow Inc. ("**MariGrow**" or the "**Transaction**").

MariGrow is a late stage applicant that has received its Confirmation of Readiness from Health Canada's Office of Medical Cannabis. MariGrow has secured a 5-acre property with an existing 32,000 square foot building in a remote industrial park in Haldimand County just outside Port Dover, Ontario. The interior of the building is completely gutted. **Leviathan** plans to provide the necessary capital for the retrofit and to transform the building into an indoor cultivation facility. The property also offers efficient greenhouse and outdoor expansion capacity.

"From our inception, the Company's mandate has been to maintain a full pipeline of acquisition opportunities and seize those which adhere to our core growth strategy," states Martin J. Doane, CEO of **Leviathan**. "MariGrow represents a unique opportunity for **Leviathan** to become a licensed producer of top-shelf cannabis within the next six months. In addition, the MariGrow facility is only 35-40 minutes from our Pelham site enabling us to share staff, contractors and other key resources. We are also excited to work with the MariGrow team, which adds a group of extremely capable and experienced cannabis growers to Leviathan's platform."

The transaction is targeted to close by February 15, 2019.

### **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. **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](http://www.LeviathanCannabis.com)

For more information, contact Martin J. Doane, CEO, **Leviathan Cannabis Group Inc.** at 416.903.6691 or Jayne Beckwith, Chief Communications Officer at **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 are based on certain assumptions, including successful application to be a licensed cannabis producer and seller, 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 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.

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.**

*Neither the Canadian Securities Exchange nor its Regulation Services Provider (as that term is defined in the policies of the Canadian Securities Exchange) accepts responsibility for the adequacy or accuracy of this release.*



## LEVIATHAN CANNABIS PROVIDES FURTHER INFORMATION REGARDING MARIGROW TRANSACTION

TORONTO, ONTARIO --- (Newsfile Corp. – January 18, 2019) - **Leviathan Cannabis Group Inc.** (CSE: EPIC) (the "**Company**" or "**Leviathan**") is pleased to provide further information regarding its letter of intent to acquire all the issued and outstanding shares from the shareholders ("**Vendors**") of MariGrow Inc. ("**MariGrow**" or the "**Transaction**"), which was announced on January 17, 2019.

### Deal Terms

Pursuant to the letter of intent, **Leviathan** would pay the following consideration to the Vendors;

- (1) 2,000,000 EPIC common shares on closing; and
- (2) Up to \$4 million worth of EPIC common shares from time to time based on milestone achievements to be negotiated and finalized in conjunction with the definitive agreement of purchase and sale. The number of shares payable for each milestone achievement would be based on a 10% discount to the volume weighted average trading price of the shares on the Canadian Securities Exchange for the 10-days immediately preceding each particular milestone.

It is anticipated that the negotiated milestone achievements triggering payment of consideration will include the granting of a cultivation license by Health Canada, the granting of a sales license by Health Canada, and the realization of various revenue and EBITDA targets following the granting of the licenses. Leviathan would guarantee the Vendors would receive a minimum of 5,000,000 EPIC common shares if the Marigrow business hit all of the negotiated milestones.

**Leviathan** is budgeting \$3-3.5 million to complete the initial phase of the Marigrow buildout, with a target completion date in Q2, 2019.

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