

**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**

May 21, 2019

**Item 3 News Release**

The news release attached hereto as Schedule “A” announcing the material change described herein was disseminated on May 23, 2019 and filed on SEDAR.

**Item 4 Summary of Material Change**

Leviathan announces that Leviathan’s wholly-owned subsidiary, Woodstock Biomed Inc., will initiate legal action against the Town of Pelham, Ontario following Town Council’s vote to deny the Company an exemption to its Interim Control By-law (4046) on May 21, 2019.

**Item 5 Full Description of Material Change**

**Leviathan Cannabis Announces Legal Action After Exemption Application Turned Down by Pelham Town Council**

Leviathan announces that the Interim Control By-law (4046) restricts the use of land in the Town of Pelham for cannabis related purposes for one (1) year to provide the Town of Pelham with time to review its land use planning policies and regulations pertaining to cannabis related uses. The decision to begin litigation against Pelham follows an exhaustive process in which Leviathan worked cooperatively and transparently with town officials, and the town’s own Department of Community Planning & Development (“Planning Department”) recommended to council that Leviathan’s exemption application be approved (with modest conditions). The Planning Department conducted its due diligence by thoroughly researching Leviathan’s leading-edge operation that features a fully sealed greenhouse with multiple protections designed to mitigate odour and light issues. The Planning Department understood that Leviathan is totally different and separate from older, “first-generation” cannabis facilities in the region that create light and odour pollution—by products about which local residents have complained.

Leviathan’s management team also took the time to hold public meetings with members of the Pelham community to explain the Company’s advanced technology and to answer all questions.

While this is yet another hurdle enroute to building the Company’s state-of-the-art cannabis greenhouse facility, Leviathan’s management team is optimistic the Ontario Superior Court will right the wrong done to the Company and its hundreds of stakeholders by the Pelham Town Council.

## **Stock Option Grants**

Leviathan announces that to incentivize certain consultants to maintain a long-term relationship with the Company, and in consideration for their services and covenants under the Consultant Agreement (“Agreement”), the board of directors approved the granting of stock options to certain consultants exercisable for up to 400,000 common shares at \$0.60 per share with a two-year expiration date. In order for the stock options to vest, the Agreement must be in effect and the consultants must be engaged as a consultant to the Company.

## **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 24<sup>th</sup> day of May, 2019.

**SCHEDULE "A"**



## LEVIATHAN CANNABIS ANNOUNCES LEGAL ACTION AFTER EXEMPTION APPLICATION TURNED DOWN BY PELHAM TOWN COUNCIL

TORONTO, ONTARIO --- (Newsfile Corp. – May 23, 2019) - **Leviathan Cannabis Group Inc.** (CSE: EPIC) (the "Company" or "Leviathan") announces that Leviathan's wholly-owned subsidiary, Woodstock Biomed Inc., will initiate legal action against the Town of Pelham, Ontario following Town Council's vote to deny the Company an exemption to its Interim Control By-law (4046) on May 21, 2019.

The said By-law restricts the use of land in the Town of Pelham for cannabis related purposes for one (1) year to provide the Town of Pelham with time to review its land use planning policies and regulations pertaining to cannabis related uses.

The decision to begin litigation against Pelham follows an exhaustive process in which Leviathan worked cooperatively and transparently with town officials, and the town's own Department of Community Planning & Development ("**Planning Department**") recommended to council that Leviathan's exemption application be approved (with modest conditions). The Planning Department conducted its due diligence by thoroughly researching Leviathan's leading-edge operation that features a fully sealed greenhouse with multiple protections designed to mitigate odour and light issues. The Planning Department understood that Leviathan is totally different and separate from older, "first-generation" cannabis facilities in the region that create light and odour pollution-by products about which local residents have complained.

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**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. 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 planning to retrofit a substantial greenhouse production facility in Pelham, Ontario, subject to the interim control by-law imposed by the Town of Pelham.

[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, 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.*