

**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 13, 2019

**Item 3 News Release**

The news release attached hereto as Schedule “A” announcing the material change described herein was disseminated on June 13, 2019 and filed on SEDAR.

**Item 4 Summary of Material Change**

Leviathan announces the establishment of a new business unit in Smith County, Tennessee to manufacture Cannabidiol (“CBD”) isolate and other CBD products from hemp. Leviathan US, Inc., of which the Company owns 75% of the issued shares, controls a conditional hemp processing license from the Tennessee Department of Agriculture, subject only to various ordinary-course operational permits being issued during the process leading to commercial launch, which is expected to culminate on or before November 15, 2019.

**Item 5 Full Description of Material Change**

To facilitate its new CBD business, Leviathan US has contracted to purchase a 5-acre property with an existing 37,000 square foot building in Smith County, Tennessee with an intended closing at the end of June 2019. Leviathan US has already taken possession of the property and has commenced retrofitting the building on the property for hemp processing operations.

The Company projects that the cost of the first phase, including the purchase of the property, building retrofitting, and extraction equipment, will total approximately US\$3 million.

Upon completion of the first phase of its development plans for the property, Leviathan US will be able to produce 1,000 kilograms of high-grade CBD isolate per month, resulting in projected annual revenues exceeding US\$50 million (CAN\$66 million) at current wholesale prices in the US.

The building, as well as the property as a whole, offer significant expansion capacity beyond the first phase. The Company envisages increasing the CBD isolate production capacity to 3,000 kilograms of high-grade CBD isolate per month and adding other hemp-derived product lines by 2021.

Smith County is located in scenic Middle Tennessee with proximity to Nashville, Knoxville and Chattanooga.

Leviathan's entry into the US market follows the recent passage of the U.S. Farm Bill in December 2018. This legislation exempts hemp from the Controlled Substances Act and allows the import and export of hemp-derived products across U.S. state lines.

Hemp and Cannabidiol (CBD) are in the cannabis family but only contain trace amounts of tetrahydrocannabinol (THC)—the chemical compound associated with psychoactive effects of cannabis. Hemp is used in industrial products such as textiles. CBD is surging in popularity and is used in a wide range of consumer-focused product segments including health and wellness, skin care, food, beverage and nutritional supplements.

## **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 13<sup>th</sup> day of June, 2019.

**SCHEDULE "A"**



## LEVIATHAN CANNABIS ANNOUNCES TENNESSEE CBD MANUFACTURING OPERATION

TORONTO, ONTARIO --- (Newsfile Corp. – June 13, 2019) - **Leviathan Cannabis Group Inc.** (CSE: EPIC) (the "Company" or "Leviathan") announces the establishment of a new business unit in Smith County, Tennessee to manufacture Cannabidiol (“CBD”) isolate and other CBD products from hemp. Leviathan US, Inc., of which the Company owns 75% of the issued shares, controls a conditional hemp processing license from the Tennessee Department of Agriculture, subject only to various ordinary-course operational permits being issued during the process leading to commercial launch, which is expected to culminate on or before November 15, 2019.

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#### **About Leviathan Cannabis**

The hemp processing facility in Tennessee is the latest addition to Leviathan’s portfolio and is in accordance with the Company’s corporate objectives.

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.*