

**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**

September 16, 2019

**Item 3 News Release**

The news release attached hereto as Schedule “A” announcing the material change described herein was disseminated on September 16, 2019 and filed on SEDAR.

**Item 4 Summary of Material Change**

Leviathan announced a strategic expansion in the Republic of Colombia, South America. Leviathan also announced it had cancelled an aggregate of 10,000,000 common shares of the Company.

**Item 5 Full Description of Material Change**

Leviathan announced a strategic expansion in the Republic of Colombia, South America. Leviathan has established LCG Holdings Inc. (“LCG”), a business venture to cultivate hemp and manufacture cannabidiol (“CBD”) isolate and other extracted products in this rich agricultural region. Leviathan has a 65% ownership interest in LCG.

The Company projects the cost of the first phase, which includes the purchase of a property under a lease to own arrangement (the “LCG Property”), the construction of a greenhouse, and the construction and equipping of a CO<sub>2</sub>-based extraction facility, will total approximately US\$5 million. The Company is working towards obtaining all applicable permits, and expects to be operational in calendar Q1 2020.

Upon completion of the first phase of development, LCG intends to annually produce 45,000 kg of dry hemp biomass, in addition to acquiring local third-party biomass, in order to produce an annual minimum of 12,000 kg of high-grade CBD isolate (or other extract equivalents) for export to the European market.

The LCG Property is located on 32 acres of land in Rio Negro, Colombia and phase one plans include the development of 700,000 sq. feet of greenhouse facilities for hemp cultivation and an additional 5,000-7,500 sq. feet for CBD processing operations. This high-quality property has direct access to the Rio Negro river. The LCG Property is surrounded by water on three sides making it unique for agricultural purposes. High voltage/tension power lines currently run through the property and there is more than adequate space for future expansion. Colombia’s geographic proximity to the equator provides ideal growing conditions for hemp and Leviathan anticipates a yield of 4 crops a year which surpasses output

in most regions of the world including North America. This prime location is situated off a paved, main road, within 30 minutes of the Rio Negro airport, the second most important airport in Colombia behind Bogota's. This is a key factor in getting products to global markets expeditiously and efficiently.

Leviathan has named Roy Ostrom III as co-CEO of LCG. Mr. Ostrom previously co-founded and led one of the largest gold operations in Colombia. The Company will also draw upon the comparatively inexpensive skilled workforce that already exists in Rio Negro, a community of approximately 128,000 people with a university and a well-established export economy based on agriculture/flowers.

With regard to the cancellation of shares, as previously disclosed on May 9, 2019, certain insiders of Leviathan (the "Insiders") sold all of their shares in Leviathan to third party, arm's-length purchasers. As part of this transaction, the Insiders transferred rights to 10,000,000 escrowed common shares to the third party, arm's-length purchasers (the "Escrowed Shares"). The Escrowed Shares were subject to the same terms and conditions set out in an agreement between the Insiders, Leviathan, Woodstock BioMed Inc. and Computershare Trust Company of Canada dated June 14, 2018 (the "Escrow Agreement").

Pursuant to the terms and conditions of the Escrow Agreement, the Escrowed Shares were to be released to the third party, arm's-length purchasers upon the satisfaction of certain conditions by August 14, 2019. The release conditions were not met and therefore the Company cancelled the 10,000,000 Escrowed Shares on September 6, 2019. The Company now has a total of 84,743,603 common shares issued and outstanding.

## **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 16<sup>th</sup> day of September, 2019

**SCHEDULE "A"**



## LEVIATHAN CANNABIS ANNOUNCES EXPANSION INTO COLOMBIA

TORONTO, ONTARIO --- (Newsfile Corp. – September 16, 2019) - **Leviathan Cannabis Group Inc.** (CSE: EPIC) (the "Company" or "Leviathan") announces a strategic expansion in the Republic of Colombia, South America. Leviathan has established LCG Holdings Inc. ("LCG"), a business venture to cultivate hemp and manufacture cannabidiol ("CBD") isolate and other extracted products in this rich agricultural region. Leviathan has a 65% ownership interest in LCG.

The Company projects the cost of the first phase, which includes the purchase of a property under a lease to own arrangement (the "LCG Property"), the construction of a greenhouse, and the construction and equipping of a CO<sub>2</sub>-based extraction facility, will total approximately US\$5 million. The Company is working towards obtaining all applicable permits, and expects to be operational in calendar Q1 2020.

Upon completion of the first phase of development, LCG intends to annually produce 45,000 kg of dry hemp biomass, in addition to acquiring local third-party biomass, in order to produce an annual minimum of 12,000 kg of high-grade CBD isolate (or other extract equivalents) for export to the European market.

The LCG Property is located on 32 acres of land in Rio Negro, Colombia and phase one plans include the development of 700,000 sq. feet of greenhouse facilities for hemp cultivation and an additional 5,000-7,500 sq. feet for CBD processing operations. This high-quality property has direct access to the Rio Negro river. The LCG Property is surrounded by water on three sides making it unique for agricultural purposes. High voltage/tension power lines currently run through the property and there is more than adequate space for future expansion. Colombia's geographic proximity to the equator provides ideal growing conditions for hemp and Leviathan anticipates a yield of 4 crops a year which surpasses output in most regions of the world including North America. This prime location is situated off a paved, main road, within 30 minutes of the Rio Negro airport, the second most important airport in Colombia behind Bogota's. This is a key factor in getting products to global markets expeditiously and efficiently.

Leviathan has named Roy Ostrom III as co-CEO of LCG. Mr. Ostrom previously co-founded and led one of the largest gold operations in Colombia. The Company will also draw upon the comparatively inexpensive skilled workforce that already exists in Rio Negro, a community of approximately 128,000 people with a university and a well-established export economy based on agriculture/flowers.



“The decision to establish a high-quality hemp cultivation and production facility in Colombia adheres to Leviathan’s core business strategy of building a diverse, internationally focused cannabis company with a solid portfolio of revenue-earning assets aimed at maximizing returns to our shareholders”, says Martin J. Doane, CEO of Leviathan. “The property in Rio Negro is a prime example of our well-defined corporate vision of identifying investment and development opportunities anywhere worldwide to create dependable, reliable revenue streams for the Company.”

### **Cancellation of Shares**

Leviathan also announces it has cancelled an aggregate of 10,000,000 common shares of the Company. As previously disclosed on May 9, 2019, certain insiders of Leviathan (the “Insiders”) sold all of their shares in Leviathan to third party, arm’s-length purchasers. As part of this transaction, the Insiders transferred rights to 10,000,000 escrowed common shares to the third party, arm’s-length purchasers (the “Escrowed Shares”). The Escrowed Shares were subject to the same terms and conditions set out in an agreement between the Insiders, Leviathan, Woodstock BioMed Inc. and Computershare Trust Company of Canada dated June 14, 2018 (the “Escrow Agreement”).

Pursuant to the terms and conditions of the Escrow Agreement, the Escrowed Shares were to be released to the third party, arm’s-length purchasers upon the satisfaction of certain conditions by August 14, 2019. The release conditions were not met and therefore the Company cancelled the 10,000,000 Escrowed Shares on September 6, 2019. The Company now has a total of 84,743,603 common shares issued and outstanding.

### **About Leviathan Cannabis**

The hemp cultivation and processing facility in Colombia is the latest addition to Leviathan’s portfolio and aligns with the Company’s evolving global strategy.

Leviathan plans on executing a series of buy and build transactions extending across all vertical markets in Canada and internationally. The Company’s global capabilities position it to become a leading multi-jurisdictional cannabinoid producer – one that brings together the best cannabinoid 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; Leviathan US Inc., which is poised to begin manufacturing cannabinoid products in calendar Q4 2019 from its facility in Smith County, Tennessee; and Woodstock Biomed Inc., which is planning to retrofit a substantial greenhouse production facility in Pelham, Ontario, pending the termination of the interim



control by-law imposed by the Town of Pelham in October 2018.

[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.

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

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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. The forward-looking statements contained herein include, but are not limited to, information concerning the build out and operation of the LCG Property, including the anticipated timeline and budget for completion of phase one, the amount of dry hemp biomass and high-grade CBD isolate that LCG will produce, and the Company’s intention to engage members of the Rio Nero populace to assist with the operation of the LCG Property.

Forward-looking statements are based on certain assumptions, including LCG and the Company’s ability to complete all aspects of phase one of the LCG Property sufficiently quickly so as to enable the LCG Property to become operational by calendar Q1 2020, LCG and the Company’s ability to obtain financing, on satisfactory terms or at all, sufficient to fund the anticipated US \$5 million cost associated with phase one, and LCG’s ability to produce dry hemp biomass and CBD isolate in quantities that are sufficient to meet the Company’s projections.

Although the Company believes that the assumptions and factors used in preparing, and the expectations contained in, the forward-looking statements are reasonable, undue reliance should not be placed on such statements, and no assurance or guarantee can be given that such forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. In particular, there is no guarantee that the Company and LCG will complete all necessary



aspects of phase one of the build out of the LCG Property such that it is operational by calendar Q1 2020, that LCG and the Company will raise sufficient funds to complete all aspects of phase one of the LCG Property on terms that are satisfactory to the parties or at all, that, following completion of the first phase of development, LCG will produce sufficient dry hemp biomass or CBD isolate to meet the Company's projections. The forward-looking statements contained in this press release are made as of the date of this press release, and the Company does not undertake to update any forward-looking statements that are contained herein, except in accordance with applicable securities laws.

Source: Leviathan Cannabis Group Inc.