

FORM 51-102F3
MATERIAL CHANGE REPORT

Item 1 Name and Address of Company

Biome Grow Inc. (**Biome** or the **Company**)
Suite 1401, 480 University Avenue
Toronto, Ontario M5G 1V2

Item 2 Date of Material Change

November 2, 2018

Item 3 News Release

News releases disclosing in detail the material summarized in this material change report were disseminated on November 2, 2018 and November 5, 2018 through the services of GlobeNewswire.

Item 4 Summary of Material Change

On November 2, 2018, Biome announced that its Newfoundland and Labrador brand, Back Home Medical Cannabis Corporation (**Back Home**) along with other Biome affiliated companies have entered into a 24,000 kg three-year production and supply agreement (the **Supply Agreement**) with the Newfoundland and Labrador Liquor Corporation (**NLC**), and Province of Newfoundland and Labrador (the **Transaction**) pursuant to which the Company anticipates annual revenues of up to approximately \$100 million by 2020. The recovery of \$52 million through reduced remittances to the NLC and revenue via the Supply Agreement are expected to begin in 2019.

Item 5.1 Full Description of Material Change

The Company will achieve the expected \$100 million in revenue per annum by virtue of wholesale distribution to the NLC at a wholesale price. This wholesale distribution coupled with the quantity to be supplied will account for a significant portion of the total revenue based on the expected prices to be received. A discount premium will be applied providing for an additional revenue stream with such discount premium to be shared initially by the Company and the NLC for a period of five years or collection by the Company of an aggregate of \$52 million, following which, the NLC will receive the entirety of the discount premium (as discussed further below). There is also additional revenue to be gained through the retail stream and the operation by the Company of five retail stores anticipated to open prior to 2020, which will account for the remaining portion of expected revenues beginning in 2020. In generating the expected revenue of \$100 million, the Company anticipates expenses of \$50 million per year at that revenue level. This amount is comprised of (i) \$30 million in direct production and operating costs such as direct salaries, power/utility costs, and input costs (including nutrients, water, growing medium); and (ii) \$20 million in indirect facility and administrative costs such as administrative and non-production salaries, marketing costs, facility maintenance and balance of facility mechanical costs, retail support costs, financing expenses associated with the planned expansion, and accounting and legal expenses. Please see "Forward-looking Statements" and "Future Oriented Financial Information and Financial Outlook" below for further details.

Additionally, the Company plans to recover up to \$52 million through reduced remittances to the NLC. Specifically, pursuant to the Supply Agreement, Biome can recoup eligible construction costs through reduced remittance to the NLC, with a set term of 5 years. To be more specific, in exchange for new jobs and the construction of a new production facility in the Province, Biome will receive a discount on the revenue it will provide monthly to the NLC. The Company will retain a portion of the NLC commission that will be considered the 'premium', or reduced remittances to the NLC, up to a maximum of \$52 million over a five-year term. The \$52 million dollar value is based on the assumption that the Company is able to successfully capture a large portion of the Newfoundland Labrador market for cannabis sales with such sales averaging in excess of \$104 million per year (exclusive of tax), assuming competitive pricing and sales in Company-owned stores, third party-owned and licensed cannabis stores, as well as online. In exchange for the reduced remittances to the NLC, the Company will maintain 120 production jobs for a minimum of 20 years. This will be facilitated as a part of the \$60 million expansion of Back Home's production facility, which will be funded by utilizing existing cash on hand, as well as a mixture of debt and equity, assuming favourable market conditions, and if in the best interest of investors to do so.

Back Home's new \$60 million production facility will operate from Barachois Brook on the west coast of Newfoundland. It will be built in multiple phases consisting of an initial 18,000 square foot facility, followed by an expansion of an additional 150,000 square feet in 2019. The expansion will bring the Company's total footprint to 168,000 square feet, making it the largest cannabis production facility in Newfoundland and Labrador.

Back Home is expected to produce Newfoundland and Labrador-grown cannabis in 2019 and plans to operate its production facility in the province for a minimum of 20 years. Pursuant to the Supply Agreement, Biome has committed to supplying up to 4,000 kgs in the first year of its three-year contract, with 10,000 kgs annually in the following two years from across its portfolio of production assets.

Biome will receive access to five retail licenses, leading to additional investments in development and construction beyond the costs associated with the development and construction of the production facility. This also positions Biome as one of the few cannabis enterprises in Canada to date with approved vertical integration from production through to retail distribution. The Supply Agreement will facilitate the creation of a minimum of 120 jobs at Back Home's production facility, with approximately an additional 80 jobs for Back Home's five retail stores and associated infrastructure in Newfoundland and Labrador. The first of the stores is expected to be located in Western Newfoundland in close proximity to the production facility.

Biome will also invest \$500,000 over five years for research and development in the Province. The Company's investment in the provincial cannabis ecosystem ensures Biome's cannabis products are eligible for sale in the Province through the Newfoundland and Labrador supply chain.

Back Home branded products are expected to be sold at Biome retail locations and they will be a key partner and supplier to the Government of Newfoundland and Labrador of finished cannabis product.

Biome is a growing Canadian cannabis company that, under the focused stewardship of experienced and respected leaders in the cannabis space, has acquired five subsidiaries and has so far announced approximately 390,000 square feet of production capacity in operation or under development in Ontario and Atlantic Canada.

Forward-Looking Statements

This material change report contains forward-looking statements and forward-looking information within the meaning of applicable securities laws. These statements relate to future events or future performance. All statements other than statements of historical fact may be forward-looking statements or information. Generally, forward-looking statements and information may be identified by the use of forward-looking terminology such as “plans”, “expects” or “does not expect”, “proposed”, “is expected”, “budgets”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates” or “does not anticipate”, or “believes”, or variations of such words and phrases, or by the use of words or phrases which state that certain actions, events or results may, could, would, or might occur or be achieved. More particularly and without limitation, this news release contains forward-looking statements and information concerning: the Transaction and the expected revenue to be derived from the Supply Agreement; the construction, timing and funding associated with such construction and expansion of Back Home’s facility in the Province of Newfoundland and Labrador; Back Home’s expected timeline for the production of cannabis; the expected operating lifetime of Back Home’s facility in the Province of Newfoundland and Labrador; investment in, and the development of, Back Home’s retail locations prior to 2020; the anticipated creation of jobs at Back Home’s production facility and retail locations and for the time periods stated; Biome’s expected investment in research and development; the Company’s investment in the provincial cannabis ecosystem and its ability to ensure Biome’s cannabis products are eligible for sale in the Province through the Newfoundland and Labrador supply chain, and Biome’s management and its business plans. Such forward-looking statements and information reflect management’s current beliefs and are based on assumptions made by and information currently available to Biome, including, among other things, assumptions and expectations with respect to: Back Home’s ability to obtain all necessary regulatory licenses, permits and approvals to produce and sell cannabis and generally operate its business; that labour, construction, and other costs will remain low for Back Home’s licensed cannabis production facilities; and that sufficient financial resources will be available.

These forward-looking statements are subject to risks and uncertainties that may cause actual results to differ materially from those expressed or implied in the forward-looking statements, including, among other things: a failure to obtain or delays in obtaining the required regulatory licenses, permits, or approvals; changes to legislation; changes in cannabis research or the general public’s perception of cannabis; crop failure; labour disputes; increases in labour and/or construction costs; rising energy costs; an inability to access financing as needed; and general economic downturn.

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 materially from those anticipated. The forward-looking statements speak only as of the date on which they are made, and Biome, or any of its subsidiaries undertakes no obligation to update or revise

any forward-looking statements whether as a result of new information, future events or otherwise, except as required by law. The forward-looking statements contained in this news release are expressly qualified by this cautionary statement.

Future Oriented Financial Information and Financial Outlook

This news release, and in particular the information provided in respect of the Company's expected revenues beginning in 2020, also contains future-oriented financial information and financial outlook information (collectively, **FOFI**) within the meaning of applicable securities law. The FOFI is subject to the same assumptions, risk factors, limitations, and qualifications as set forth in the above paragraphs, in addition to assumptions with respect to the prices to be paid for the Company's products, the costs and expenditures to be incurred by the Company and the costs associated with production, including direct production costs and indirect facility and administrative costs as detailed above, taxation rates, and other general and administrative expenses. The expected \$100 million in revenue is specifically based on the assumption that the aggregate price, consisting of the supplier cost (wholesale), LP discount (premium), excise tax and HST is as expected. Additional assumptions related to this revenue forecast include that the Company will be able to functionally grow the quantity of cannabis at the dates required under the Supply Agreement and that the NLC will acquire the product at the prices expected. Furthermore, the statements relating to the retail sales assumes the retail locations are opened on the terms expected, that the products distributed in those locations will sell at the quantities anticipated and that a variety of products will be available in store and online and at the prices that are competitive in the market. FOFI contained in this news release was made as of the date of this news release and was provided by management for the purpose of providing further information about Biome's future business operations. The Company believes that the FOFI has been prepared on a reasonable basis, reflecting management's best estimates and judgments. However, because this information is highly subjective and subject to numerous risks including the risks discussed herein and above, it should not be relied on as necessarily indicative of future results. The actual results of operations of the Company and the resulting financial results may vary from the amounts set forth herein, and such variations may be material. Biome disclaims any intention or obligation to update or revise any FOFI contained in this news release, whether as a result of new information, future events or otherwise, except as required by applicable securities law. Investors are cautioned that the FOFI contained in this news release should not be used for purposes other than for which it is disclosed herein.

Item 5.2 Disclosure for Restructuring Transaction

Not applicable.

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

Not applicable.

Item 7 Omitted Information

None.

Item 8 Executive Officer

For further information, contact Mr. Khurram Malik, Interim Chief Executive Officer, by telephone at (416) 875-8395.

Item 9 Date of Report

November 12, 2018