

Form 51-102F3
MATERIAL CHANGE REPORT

Item 1 Name of the Company

Lotus Ventures Inc.

Item 2 Date of Material Change

September 4, 2019

Item 3 News Release

Disseminated September 4, 2019 by CISION newswire service

Item 4 Summary of Material Change

See attached news release

Item 5 Full Description of Material Change

5.1 Full Description of Material Change

Same as news release

5.2 Disclosure of Restructuring Transactions

Not applicable

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

Not applicable

Item 7 Omitted Information

Not applicable

Item 8 Executive Officer

Dale McClanaghan, President and CEO, (604) 644-9844

Item 9 Date of Report

September 4, 2019



Suite 1010 – 1030 West Georgia Street, Vancouver, British Columbia V6E 2Y3

Canadian Securities Exchange: Symbol J

Vancouver, British Columbia – September 4, 2019

Lotus Ventures Provides Operational Update for Investors

Lotus Ventures Inc. (CSE: J) (FRA: LV9) (OTC: LTTSF) (the “Company” or “Lotus”) would like to provide an update to its shareholders and prospective investors. As the Company has continued to ramp up to full production over the past month, our operational team has successfully populated 6/6 of the production rooms with plants at various stages. Lotus has its first scheduled harvest for the end of September 2019 and will be harvesting two and a half batches per month yielding 165,000 grams once at full capacity.

Favourable Initial Health Canada Facility Inspection:

During the ramp-up period, Health Canada made an initial inspection and has confirmed that our operation is compliant under the Cannabis Act and its Regulations.

B2B Sales to Commence:

As per the definitive agreement between Lotus and Auxly Cannabis Group Inc. (“Auxly”) dated September 11, 2018, Auxly has committed to purchase 50% of the initial facility’s production at a fixed cost, which is expected to be enough to cover the Company’s production costs. The remaining 50% of production will be initially sold to either a Licence Holder with a Processing licence, or to Auxly based on wholesale prices sourced by Lotus.

Facility Expansion:

The Lotus management has taken an experienced and conservative approach when planning its future expansion. Our team’s focus is to act in the best interest of our shareholders, and the Company continues to seek non-dilutive financing, including bank debt and/or other methods. Our management team has a corporate banking background and believes it can obtain non-dilutive financing moving forward.

The expansion facility is in for building permits and will be up to an additional 30,000 square feet including an in-house processing lab. Using an automated growing technique, Lotus estimates its production to be increased by approximately 4,000,000 grams of cannabis flower per year.

Financial Projections:

Lotus designed its operation under the premise that it can grow high-quality cannabis at a low-cost due to the customization of its facility, automated production systems, and the personal care given to each individual plant by its operational team. The Company estimates its production costs to be below \$1.50 per gram (once at full capacity) and has continued to keep its operating expenses low with the goal to be cash flow positive in the calendar year of 2020.

ON BEHALF OF THE BOARD

Lotus Ventures Inc.

"Dale McClanaghan"

Dale McClanaghan, President and CEO

About Lotus Ventures Inc.

Lotus Ventures Inc. (CSE: J) is an Okanagan-based licensed producer focused on growing exceptional cannabis products for the B2B and future recreational market in Canada. Lotus operates an innovative 22,500 square foot growing facility with access to unique proven strains and an entirely handcrafted production process created by one of the regions most experienced growing teams.

For Further Information:

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