

Form 51-102F3
MATERIAL CHANGE REPORT

Item 1 Name of the Company

Lotus Ventures Inc.

Item 2 Date of Material Change

July 31, 2020

Item 3 News Release

Disseminated July 31, 2020 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

July 31, 2020



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

Canadian Securities Exchange: Symbol J

Vancouver, British Columbia – July 31, 2020

Lotus Ventures Reports Second Profitable Quarter

Lotus Ventures Inc. (CSE: J) (FRA: LV9) (OTC: LTTSF) (“**Lotus**” or the “**Company**”) the publicly traded licensed producer that owns Lotus Cannabis Co, a premium BC cannabis brand in Canada is pleased to report approximately \$1.2 million in net income on \$1.7 million in sales for the three month period ending May 31, 2020.

Third Quarter Financial Highlights

Income Statement

- Quarterly revenue increased **66%** to **\$1,775,878** from \$1,071,252 in the previous quarter.
- Quarterly gross margin of **54%** or **\$968,799** (before fair value changes).
- Positive net income of **\$1,231,779** (including fair value change on biological assets).

Balance Sheet

- Working capital increased to **\$1,153,157** from -\$272,933 in the previous quarter.
- Cash position increased to **\$142,070** from \$4,025 in the previous quarter.
- Total assets of **\$17,245,415**.

Third Quarter Operating Results

- **467KG** of cannabis sold.
- **100%** of crops to date have been harvested successfully (no crop failures).
- Established wholesale relationships with **five** licensed producers with flower production being distributed by wholesale partners in **seven** provinces.

During the quarter “we continued to make significant progress in regard to sales and marketing, increasing our brand recognition on the wholesale market, and establishing additional wholesale relationships. Our group believes that continued execution and hard work will create value for our shareholders, as Lotus is one of the limited number of cannabis companies to be profitable” said Lotus CEO Dale McClanaghan.

For the complete Interim Financial Statements and accompanying Management Discussion and Analysis for the period ending May 31, 2020, visit www.sedar.com

ON BEHALF OF THE BOARD:

Lotus Ventures Inc.

"Dale McClanaghan"

Dale McClanaghan, President and CEO

About Lotus Ventures Inc.

Lotus Ventures Inc. is the publicly traded licensed producer that owns Lotus Cannabis Co, a premium cannabis brand in Canada. The Company is a craft grower at scale focused on cultivating consistently fresh cannabis at its purpose-built facility located in BC's Okanagan Valley. Lotus created its innovative facility to cultivate unique and reliable strains, using an entirely handcrafted production process created by one of the region's most experienced growing teams.

For Further Information:**President & CEO**

Dale McClanaghan
dalemccclanaghan@gmail.com
604-644-9844

Investor & Media Relations

Daniel McRobert
daniel.mcrobart@lotusventures.ca
604-842-4625

To learn more, visit <https://lotuscannabis.ca/> or follow us on Twitter: @lotuscannabisco Facebook: @lotuscanna Instagram: @lotuscannabisco LinkedIn: @lotuscannabisco

Forward Looking Information:

The information contained within this news release has been prepared by Lotus Ventures Inc. This document includes certain statements that are not descriptions of historical facts but are forward-looking statements. Such statements include, among others, those concerning our expected financial performance and strategic and operational plans, our future operating results, our expectations regarding the market for medical and recreational cannabis products, our expectations regarding the continued growth of the medical and recreational cannabis market, as well as all assumptions, expectations, predictions, intentions or beliefs about future events. Users are cautioned that any such forward-looking statements are not guarantees of future performance and that a number of risks and uncertainties could cause our actual results to differ materially from those anticipated, expressed or implied in the forward-looking statements. These risks and uncertainties have not been documented or mentioned in this document nor other communications made by the company. The words "believe," "expect," "anticipate," "project," "targets," "optimistic," "intend," "aim," "will" or similar expressions are intended to identify forward-looking statements. All statements other than statements of historical fact are statements that could be deemed forward-looking statements. The Company assumes no obligation and does not intend to update any forward-looking statements, except as required by law.

The Canadian Securities Exchange does not accept responsibility for the adequacy or accuracy of this release.

