

**FORM 51-102F3  
MATERIAL CHANGE REPORT  
UNDER NATIONAL INSTRUMENT 51-102**

**Item 1. Name and Address of Company**

Citation Growth Corp. (“CGRO” or the “Company”)  
102, 1561 Sutherland Ave.  
Kelowna, BC V1Y 5Y7

**Item 2. Date of Material Change**

October 7, 2019

**Item 3. News Release**

The news release attached hereto as Schedule “A” was disseminated on October 7, 2019 by Stockwatch and concurrently filed on SEDAR.

**Item 4. Summary of Material Change**

The Company announced related party loan.

**Item 5. Full Description of Material Change**

**5.1 Full Description of Material Change**

See news release attached hereto as “Schedule A”.

**5.2 Disclosure for 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**

Nilda Rivera, CFO & Corporate Secretary  
Citation Growth Corp.

**Item 9. Date of Report**

October 7, 2019

# Citation Growth Corp. Announces Related Party Loan

**KELOWNA, BRITISH COLUMBIA** – October 7, 2019 – **Citation Growth Corp. (CSE: CGRO) (OTCQX: CGOTF)** ("Citation" or the "Company"), announces that it has entered into a loan agreement (the "Agreement") in the amount of \$200,000 (the "Loan") with M.R.L.B. Enterprises Incorporated (the "Lender"), a company controlled by Marcel LeBlanc, chairman of the board. Under the terms of the Agreement, the Loan is secured and repayable from the proceeds of the sale of one of the Company's non-core assets on or before October 14, 2019 (the "Maturity Date"). The Loan bears interest at a rate of 5% per annum until the Maturity Date. If the loan is not paid on the Maturity Date, additional interest will be payable at a rate of 2% per month on the total amount outstanding.

In consideration for the loan, the Company issued 39,200 shares to the lender at a deemed price of \$0.255 per share. The shares are subject to a statutory resale restriction of four months and one day from the date of issuance.

The proceeds of the Loan will be used for working capital purposes.

As the Lender is a director of the Company, the Loan and issuance of shares are each a "related party transaction" within the meaning of Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions ("MI 61-101"). The Loan and the issuance of the shares (the "Related Party Transaction") will fall under the definition of a related party transaction described in paragraphs (a) to (g) of the definition of "related party transaction". The Company is exempt from the formal valuation requirement in respect of the Related Party Transaction pursuant to Section 5.5(b) of MI 61-101, on the basis that no securities of the Company are listed on a specified market. The Company is also exempt from the minority approval requirement of MI 61-101 in respect of the Related Party Transaction pursuant to Section 5.7(1)(a) of MI 61-101, because the fair market value of the Related Party Transaction does not exceed 25% of the Company's market capitalization as at the time the Related Party Transaction was agreed to. Accordingly, the Related Party Transaction is compliant with Policy 5.9 and MI 61-101.

## About Citation Growth Corp.

Citation Growth Corp. is a publicly traded company that has been investing in the medical and recreational cannabis space since 2014. Citation has rapidly expanded its operating portfolio to include cultivation, production, and dispensary locations in key North American state-legal jurisdictions and is seeking expansion opportunities worldwide.

## For Further Information:

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### **Stock Exchanges:**

Citation trades in Canada, under the ticker symbol "CGRO" on the CSE, and in the U.S., under the ticker symbol "CGOTF" on the OTCQX Best Market (the "OTCQX"). The Company also trades on other recognized platforms in Europe including Frankfurt, Stuttgart, Tradegate, L & S, Quotnx, Dusseldorf, Munich, and Berlin.

Neither the CSE nor its Regulation Services Provider, nor the OTCQX® has approved nor disapproved the contents of this press release. Neither the CSE, nor the OTCQX® accepts responsibility for the adequacy or accuracy of this release.

### **Marijuana Industry Involvement:**

The Company owns marijuana licenses in California and Nevada. Marijuana is legal in each state; however, marijuana remains illegal under United States federal law and the approach to enforcement of U.S. federal law against marijuana is subject to change. Shareholders and investors need to be aware that federal enforcement actions could adversely affect their investments and that the Company's ability to support continuing U.S.-based operations and its access private and public capital could be materially adversely affected.

The Company's business is conducted in a manner consistent with state law and is in compliance with applicable state licensing requirements in the U.S. The Company has internal compliance procedures in place and has compliance focused attorneys engaged in jurisdictions to monitor changes in laws for compliance with U.S. federal and state law on an ongoing basis. These law firms inform any necessary changes to our policies and procedures for compliance in Canada and the U.S.

Unlike in Canada which has Federal legislation uniformly governing the cultivation, distribution, sale and possession of cannabis under the *Cannabis Act* (Canada), readers are cautioned that in the U.S., cannabis is largely regulated at the state level. To the knowledge of the Company, there are to date a total of 33 states, plus the District of Columbia, that have legalized cannabis in some form. Notwithstanding the permissive regulatory environment of medical cannabis at the state level, cannabis continues to be categorized as a controlled substance under the Controlled Substances Act in the U.S. and as such, cannabis-related practices or activities, including without limitation, the manufacture, importation, possession, use or distribution of cannabis are illegal under U.S. federal law. Strict compliance with state laws with respect to cannabis will neither

absolve the Company of liability under the U.S. federal law, nor will it provide a defense to any U.S. federal proceeding, which may be brought against the Company. Any such proceedings brought against the Company may materially adversely affect its operations and financial performance in the U.S. market.

Currently, listings of Canadian companies on the CSE will remain in good standing as long as they provide the disclosure that is required by the applicable Canadian securities regulators and complying with applicable licensing requirements and the regulatory framework enacted by the applicable state in which they operate.