

**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 15, 2020

Item 3. News Release

The news release attached hereto as Schedule “A” was disseminated on October 15, 2020 by Newsfile.

Item 4. Summary of Material Change

Citation Growth Corp. releases letter from CEO

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

Erik Anderson, President & CEO
Citation Growth Corp.

Item 9. Date of Report

October 15, 2020

Citation Growth Corp. Releases Letter from CEO

CGRO News Release
October 15, 2020

Kelowna, British Columbia—Citation Growth Corp. (CSE:CGRO) (OTCQX:CGOTF) (“Citation” or “Company”), a licensed multi-state Cannabis cultivator, producer and retailer, today released a letter from Erik Anderson, President and CEO, discussing the COVID-19 pandemic and recent company developments.

To our Shareholders:

I am following up on the “State of the Nation” communique that was sent out in March 2020 to highlight our progress of turning Citation Growth around towards profitability over the past two quarters.

The global pandemic brought on by Covid-19 has been challenging in the sense that typical personal interactions and business travel related to running a company essentially came to a halt in mid-March. Our Q1 (from April to June 30) was easily the most challenging period of time during my 28-year career. That said, our operations in Nevada and California were both classified as essential services; and, with protective measures to combat Covid-19 being put in place immediately, we continued to cultivate at our North Las Vegas facility (Apex) and sell products to patients and customers at our dispensary in Desert Hot Springs, Green Leaf Wellness (GLW).

Our corporate team in Canada was also extremely productive during this quarter and we were able to complete some important transitional achievements, namely:

- adding cannabis industry veteran, Shane Dungey, to our Board of Directors;
- signing the LOI to sell our Celistra, BC asset to Indigenomix;
- hosting our Virtual AGM on April 23rd;
- installing new LED lights at our Apex facility and implementing the proprietary organic growing methodology from our multi-generation grow team in Canada;
- implementing operational efficiencies and cost reduction measures to streamline both revenue generating operations in Nevada and California, which will make both more profitable over the long-term;
- selling our Washington state asset in Lynden, Washington to clean up our balance sheet; and
- closing our non-brokered private placement for more than \$1mm CAD.

As we moved into our Q2 (July to September 30), we continued our forward momentum by focusing on perfecting the business model for Apex and GLW. Both operations are close to cash-flow positive and our corporate team is laser focused on achieving this goal in early 2021. Other notable achievements since July 1 include the following:

- appointed Calgary businessman and former NHL athlete, Ron Stern, to our Board of Directors;
- signed the definitive agreement with Indigenomix to confirm the sale of our Celistra, BC asset;
- posted our Q4 and 2019 year-end financials and MD&A on SEDAR (September 11th);

- closed the first tranche of a private placement debenture with PI Financial on August 20th for gross proceeds of \$780k;
- settled with ACC Enterprises to effectively reverse the 2019 merger, part ways and deconsolidate ACC from the company's consolidated financial statements;
- signed two LOI's to vend in a BC micro cultivation based in Vernon (Laughing Turtle Farms) as well as two retail stores in the BC Okanagan Valley, essentially making Citation a vertically integrated player in the BC market and primed to capitalize on the forthcoming "direct delivery" and "farm gate" initiatives;
- appointed US businessman, Dylan Rexing, to our Board of Directors;
- hired a new Master Grower for Apex and have three additional top Nevada growers set to join the cultivation team soon.

Despite the tough times for business, we feel we are making all the right moves and have a great team. We have also been tracking the US Election and feel that legislative change could be on the horizon in several forms: 1) approving the Safe Banking Act (already passed in the US House of Representatives), 2) federal decriminalization (the Biden/Harris ticket is on the record in favour), 3) continued state legalization for both medical and adult recreational use (5 more states vote for legalization on November 3rd) and 4) an investor community frothing to jump into a decriminalized national industry similar to what we saw in Canada once federal legalization was announced. While our business plan does not hinge on US decriminalization, it appears that the US cannabis industry is being looked upon as a new source of revenue that will contribute to the post-Covid economic stimulus plan, the Health and Economic Recovery Omnibus Emergency Solutions (HEROES) Act. Any forward momentum in this regard will be very positive for our business.

Since our goal is to be a premium multi-state operator governed by sound business fundamentals, I recently traveled to the US to review our operations in person. Here is an update from Nevada and California:

North Las Vegas – Apex

- All our grow rooms are now installed with Fluence LED lights, replacing the failing HPS lights that have been returned for warranty replacement (and sale on the open market).
- We have implemented an enhanced organic "living soil" platform throughout the facility, which will result in much greater yields and even higher THC percentages for our flower.
- Our new Master Grower has been instrumental in not only bringing in a new cultivation team to work with our living soil platform, but he has also thoroughly gone over each component of the Apex facility. His findings indicated that routine maintenance of the HVAC and R/O water system was badly overdue and so a complete overhaul of both systems were put in place immediately. The facility is now running more efficiently and optimal for the type of high-THC plants we will cultivate.
- We established new partnerships with local production operators, THC Productions and Taproot. With all of our harvests from February to September being stored as "fresh frozen" inventory, we have engaged Taproot to process all of our cannabis biomass and sell it to local dispensaries in revenue-share model. This will bring in some needed operating capital within the next 60 days.

- Our first harvest under the new lights and living soil platform is drying in the cure room and will be ready for sale within the next 2-3 weeks.
- Our downstream retail relationships are still in great shape. I visited with 10 of the most popular retail dispensaries in Las Vegas and all of them are very familiar with our Fiore brand of premium, top-shelf flower. They all asked when the next lots would be up for sale and we're already booking pre-orders. High demand for our organic, high-THC flower is very encouraging, which will translate into a greater price-per-pound than the Nevada average. Fiore is such a recognizable brand that we may, in fact, change the name of our company to Fiore Cannabis in the near future.
- Once all the grow rooms are planted for their next harvest, we will turn our attention towards firing up our extraction lab once again to produce concentrates and vape pens under our Diamante brand. We have already interviewed the extraction artists who will come in to run the lab and will make employment offers once cash flow permits. For the most part, we will source local B-grade cannabis biomass to convert using our lab in order to take our flower direct to market under the Fiore brand. Cannabis biomass can be purchased relatively cheap and we can also enter into toll extraction contracts where we pay nothing up front and then share in the sale proceeds. It's a very profitable model and we expect to have the lab running 24/7 by the second half of 2021.
- With 7.2 acres of land at Apex, we have plenty of room to expand operations (up to 8-10x our current footprint). We have begun the process of seeking proposals and engineering assessments to plan for future growth.
- We have also entered into discussions pertaining to acquiring our own retail dispensary in Las Vegas. A few stores have come upon tough times due to Covid-19 and we believe there will be several opportunities to explore over the coming months.
- Average yields for the Apex facility have been approximately 80 pounds per month with the potential to grow to 150 pounds/month once the facility is fully optimized;
- We also have two cultivation licenses assigned to this property (PhenoFarm and EcoNevada) and we are actively looking to sell one license now that the moratorium on transferring licenses in Nevada has ended.

Desert Hot Springs – California

- Our dispensary, Green Leaf Wellness (GLW), remained open throughout the immediate period of Covid-19 lock down and actually saw a spike in sales throughout Q1. Overall, sales at GLW have increased 15% since April 1, which is largely due to cannabis being deemed an essential service in California.
- In addition to our sales floor remaining open, GLW also opened an Express Window for pick-up and just recently launched a delivery service throughout the Coachella Valley. Both service enhancements were very well received by patients and customers alike.
- Our rating on WeedMaps continues to shine at 4.7/5 and we also added some new signage and storefront imagery to attract attention.
- We have two parcels of land in DHS that we have been approved for CUP extensions of 10 years each. We can develop this land to bring 40,000 square feet of cultivation and production.

- Our staff has implemented a rigorous cleaning and sanitization protocol to exceed government standards related to combating Covid-19. We are happy to report that everyone is healthy and happy to be working every day at the dispensary.

OVERALL State of the Nation

As I mentioned when I wrote to introduce myself in March, open communication is very important to me and I am committed to ensuring that investors, employees and the market are always aware of our activities, challenges and accomplishments. I could not be happier with our management team at head office as well as our operating teams in Nevada and California. We have substantially upgraded the talent of our workforce by targeting to hire only the best in each respective jurisdiction. I would like to thank everyone for their tireless efforts to help turn the company around, working many late nights and weekends to help push Citation forward.

As we head into the final few months of 2020, I would be happy to take your questions and/or discuss the finer details of our strategy with you at any time. Over the next few weeks, we will schedule an online Q&A session similar to the one we conducted in March. Please stay tuned for details; in the meantime, you may also email any comments or questions to IR@citationgrowth.com and we will respond quickly.

Erik Anderson
President & CEO

About Citation Growth Corp.

Citation Growth Corp. (CSE:CGRO) (OTCQX:CGOTF) is a publicly traded company that has been investing in the development of medical and recreational cannabis products since 2014. Citation has expanded its operating portfolio to include cultivation, production and retail offerings in our key North American legal jurisdictions Nevada, California, Washington and British Columbia. For more information, please visit www.citationgrowth.com.

For Further Information:

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Cannabis 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.

Forward-Looking Statements:

This news release contains forward-looking statements or information that relate to our current expectations and views of future events. These statements relate to future events or future performance. Statements which are not purely historical are forward-looking statements and include any statements

regarding beliefs, plans, outlook, expectations or intentions regarding the future including words or phrases such as “anticipate”, “objective”, “may”, “will”, “might”, “should”, “could”, “can”, “intend”, “expect”, “believe”, “estimate”, “predict”, “potential”, “plan”, “is designed to”, “project”, “continue”, or similar expressions suggest future outcomes or the negative thereof or similar variations. Forward-looking statements may also include, among other things, statements about the future business strategy; expectations of obtaining licenses and permits; expectations regarding expenses, sales and operations; future customer concentration; anticipated cash needs and estimates regarding capital requirements and the need for additional financing; total processing capacity; the ability to anticipate the future needs of customers; plans for future products and enhancements of existing products; future growth strategy and growth rate; future intellectual property; changes in laws and regulations; regulatory approvals and other matters; and anticipated trends and challenges in the markets in which the Company may operate.