

FORM 51-102F3
Material Change Report

Item 1. Name and Address of Company

Benchmark Botanics Inc. (the "**Company**")
#105 – 6111 London Road
Richmond, BC V7E 3S3

Item 2. Date of Material Change

December 15, 2017

Item 3. News Release

The news release dated December 18, 2017 was disseminated via Newswire and filed on SEDAR and the Canadian Securities Exchange. A copy of the news release is attached as Schedule "A".

Item 4. Summary of Material Change

The Company announced that pursuant to a contract of Purchase and Sale between the Company's wholly-owned subsidiary Potanicals Green Growers Inc. ("**Potanicals**") as purchaser and Douglas Turner as vendor, Potanicals completed the purchase on December 15, 2017 of a 10 acres land parcel (the "**Turner Property**") that comprises 50% of the total 20 acres of land on which the Company's medical marijuana production facility located in Peachland, BC. was built.

The Company also announced that Potanicals has entered into a Contract of Purchase and Sale dated November 30, 2017 as amended on December 15, 2017 with Claude Clifford Stowell as vendor for the purchase by Potanicals of the other land parcel (the "**Stowell Property**") of 10 acres contiguous to the Turner Property that together comprises in the total 20 acres of land on which the Company's facility is located.

Immediately prior to completion of the purchase of the Turner Property and Stowell Property (collectively, the "**Properties**"), Douglas Turner owned, through his holding company, Peachland Investments Ltd., 2,137,500 common shares of the Company being 1.59% of the issued and outstanding common shares of the Company, and Clifford Stowell owned, through his holding company, 0889204 B.C. Ltd., 15,750,000 common shares of the Company being 11.74% of the issued and outstanding common shares of the Company. Immediately after completion of the purchase of the Properties, Douglas Turner now owns, through his holding company, Peachland Investments Ltd., 5,137,500 common shares of the Company being 3.74% of the issued and outstanding common shares of the Company, and Clifford Stowell continues to own, through his holding company, 0889204 B.C. Ltd., 15,750,000 common shares of the Company now being 11.48% of the issued and outstanding common shares of the Company, as the total number of issued and outstanding common shares of the Company has increased from 134,186, 852 common shares to 137,186,852 common shares.

As part of the process to review as to whether to approve of the purchases of the Properties, the board of directors of the Company considered rural property appraisals of the Properties dated December 11, 2017 (the "**Appraisals**") and advice of legal counsel to the Company. The Appraisal of the Turner Property was based upon vacant rural land use and the Appraisal of the Stowell Property was also based on rural land use albeit with a one-storey detached house. The appraised value for the Turner Property was \$525,000 and the appraised value for the Stowell Property was \$800,000 to \$825,000. However, the Company's legal counsel advised that the underlying value of the Properties was much greater as the Company's license (the "**ACMPR Licence**") for production of medical cannabis under the *Access to Cannabis for Medical Purposes Regulations* ("**ACMPR**") is predicated upon zoning approval for the Company's medical marijuana cultivation facilities, which requires that the Company acquire the two contiguous 10 acre Properties and combining them into a single 20 acre property. As acquisition of the Properties underpins the Company's ACMPR Licence, the Properties have a much greater value than merely the appraised rural uses, and therefore the purchase prices of \$825,000 for the Turner Property and \$1,000,000 for the Stowell Property are fair and reasonable under the circumstances. Clifford Stowell is a director of the Company and he disclosed his interest in the Company's contemplated purchase of the Stowell Property and abstained from voting on that matter and all other directors of the Company consented to the resolutions authorizing and approving the purchases of the Properties as described above.

The purchase and sale of the two Properties are 'related party transactions' within the meaning of Multilateral Instrument *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**") because the vendors are directors and officers of either the Company or Potanicals or both. The Company relies upon the exemption in section 5.5(b) of MI 61-101 from the requirement to obtain a formal valuation of the land parcels because the Company's common shares are listed on the Canadian Securities Exchange and are not listed or quoted on any of the stock exchanges or markets specified in section 5.5(b). The Company also relies on the exemption contained in section 5.7(1)(a) of MI 61-101 from the requirement to obtain minority shareholder approval of the acquisitions of the Properties because neither the fair market value of each of the Properties to be purchased nor the fair market value of the consideration paid by the Company for each of the Properties exceeds 25% of the Company's \$26,837,370 market capitalization, which was determined as at the date Potanical's reverse takeover of the Company on November 2, 2017 based on its then transaction price of \$0.20 per common share for its then issued and outstanding 134,186,852 common shares. The closing price for the Company's common shares was \$1.05 per common share on December 15, 2017.

The agreement for purchase of the Turner Property was more fully described in the Company's Listing Statement dated November 2, 2017 and the agreement for the purchase of the Stowell Property was entered into on November 30, 2017 and amended on December 15, 2017, which was the date of the Company's news release announcing the purchases of the Properties.

Upon request, the Company shall send a copy of this material change report to any security holder of the Company at no charge.

Item 5. Full Description of Material Change

5.1 Full Description of Material Change

For a full description of the material change, see the news release attached at 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

For further information, contact:
Richard Lee, Chief Financial Officer
604-238-0009

Item 9. Date of Report

December 19, 2017

SCHEDULE "A"

NEWS RELEASE

(see attached)



BENCHMARK
BOTANICS INC.

#105 – 6111 London Road
Richmond, BC V7E 3S3

NEWS RELEASE

**BENCHMARK BOTANICS ANNOUNCES ACQUISITION OF LANDS ON WHICH ITS
MEDICAL MARIJUANA PRODUCTION FACILITY IS LOCATED**

Vancouver, British Columbia, Canada – December 18, 2017: Benchmark Botanics Inc. (CSE: BBT) (the "**Company**" or "**Benchmark**") is pleased to announce that pursuant to a Contract of Purchase and Sale dated effective November 8, 2016, as amended on September 19, 2017, between the Company's wholly-owned subsidiary Potanicals Green Growers Inc. ("**Potanicals**") as purchaser and Douglas Turner as vendor, Potanicals completed the purchase on December 15, 2017 of a 10 acres land parcel (the "**Turner Property**") that comprises 50% of the total 20 acres of land on which the Company's medical marijuana production facility located in Peachland, BC. was built. Mr. Turner is a director and the Secretary of the purchaser Potanicals. Of the total purchase price of \$825,000 for the Turner Property, \$225,000 was paid by Potanicals by the issuance to Mr. Turner of 450,000 shares of Potanicals at a deemed price of \$0.50 per share on November 9, 2016. Potanicals and Mr. Turner had agreed that the balance of \$600,000 of the purchase price would be paid by way of common shares of Potanicals at \$0.90 per share prior to the reverse takeover (the "**RTO**") of the Company by Potanicals, which closed on November 2, 2017, or of common shares of the resulting issuer at the corresponding price per share of the resulting issuer. This purchase agreement was more fully disclosed in the Company's Listing Statement (the "**Listing Statement**") dated November 2, 2017, which is filed on SEDAR under the Company's profile. As Potanicals underwent a 4.5 stock split before the RTO, the corresponding price for common shares of the Company equals \$0.20 per share. Accordingly, the remaining \$600,000 balance of the purchase price was satisfied by the issuance of 3,000,000 common shares (the "**Issued Shares**") of Benchmark at a price of \$0.20 per share, as confirmed by agreement among the parties. The purchase and sale is scheduled to close on December 15, 2017. The shares to be issued to Mr. Turner will be subject to a hold period of four months and one day from the date of issuance under applicable securities laws. Mr. Turner will also deposit the shares into escrow with the Company's transfer agent, which will held in escrow pursuant to the policies of the Canadian Securities Exchange and applicable securities laws and released on the same terms as the existing escrowed shares of Benchmark held by related persons of the Company.

The Company is also pleased to announce that Potanicals has entered into a Contract of Purchase and Sale dated November 30, 2017 as amended on December 15, 2017 with Claude Clifford Stowell as vendor for the purchase by Potanicals of the other land parcel (the "**Stowell Property**") of 10 acres contiguous to the Turner Property that together comprises in the total 20 acres of land on which the Company's facility is located. Mr. Stowell is the Chief Operating Officer and a director of the Company and also the President and a director of Potanicals. Prior

entering into the Contract of Purchase and Sale, Potanicals and Mr. Stowell had entered into an agreement dated March 24, 2014, as amended on September 24, 2014, by which Potanicals as tenant had leased the Stowell Property from Mr. Stowell as landlord, and Potanicals was given a right of first refusal to purchase the leased land, as was disclosed in greater detail in the Listing Statement. The purchase price of the Stowell Property is \$1,000,000 cash and the purchase and sale is also scheduled to close on December 22, 2017 or such other earlier date as may be agreed between the parties.

The purchase and sale of the two land parcels are 'related party transactions' within the meaning of Multilateral Instrument *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**") because the vendors are directors and officers of either Benchmark or Potanicals or both. The Company relies upon the exemption in section 5.5(b) of MI 61-101 from the requirement to obtain a formal valuation of the land parcels because the Company's common shares are listed on the Canadian Securities Exchange and are not listed or quoted on any of the stock exchanges or markets specified in section 5.5(b). The Company also relies on the exemption contained in section 5.7(1)(a) of MI 61-101 from the requirement to obtain minority shareholder approval of the acquisitions of the land parcels because neither the fair market value of each of the lands to be purchased nor the fair market value of the consideration paid by the Company for each parcel exceed 25 per cent of the Company's market capitalization.

About Benchmark

Benchmark, through its wholly-owned subsidiary Potanicals Green Growers Inc., is a licensed producer of medical cannabis under the *Access to Cannabis for Medical Purposes Regulations* ("**ACMPR**"). The Company operates a 12,700 square foot production facility in Peachland, British Columbia and is in the design stage of a Phase II expansion of an additional 50,000 square feet of growing area. The Company intends to utilize advanced cultivation methods in its cannabis facilities to address the significant opportunities in the medical marijuana market in Canada and overseas.

For more information about Benchmark, refer to the Form 2A Listing Statement available to the public under the Company's profile on SEDAR at www.sedar.com and the CSE website.

ON BEHALF OF THE BOARD
BENCHMARK BOTANICS INC.

/s/ "Ping (Johnson) Zhang"
Ping (Johnson) Zhang
Chief Executive Officer

For further information contact:

Robert Wilson
Vice President
416.604.7900

The CSE has not reviewed and does not accept responsibility for the adequacy or accuracy of the content of this release.

Forward-Looking Statements This news release contains forward-looking statements pertaining to various risks and uncertainties regarding future events. The use of any of the words "anticipate", "continue", "estimate", "expect", "may", "will", "project", "should", "believe" and similar expressions are intended to identify forward-looking statements. Such forward-looking information can include without limitation statements based on current expectations involving a number of risks and uncertainties and are not guarantees of future performance of the Company. Although the Company believes that the expectations and assumptions on which the forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements because the Company can give no assurance that they will prove to be correct. This news release includes forward-looking statements with respect to the business and future objectives of the Company. There are numerous risks and uncertainties that could cause actual results and the Company's plans and objectives to differ materially from those expressed in the forward-looking information, including related to: (i) the facility and Potanicals' operations; (ii) adverse market conditions; (iii) the ability of the Company to complete financings in the future; (iv) dependence on suppliers and skilled labour; (v) government regulation and compliance with the ACMPR; (vi) managing and maintaining growth; (vii) unfavourable publicity or consumer perception litigation; and (viii) competition. The Company is not currently producing medical marijuana. There is a risk that Potanicals' Producer's License will not be amended to permit the Company to sell medical marijuana produced at its facility. Actual results could differ materially from those currently anticipated due to a number of factors and risks including the risk factors discussed in this news release and in the Company's disclosure documents, which can be found under the Company's profile on www.sedar.com and on the CSE website. These statements speak only as of the date of this news release. Except as required by law, the Company does not intend to update these forward-looking statements.

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