

**FORM 51-102F3
MATERIAL CHANGE REPORT**

1. **Name and Address of Company**

Cannabis Growth Opportunity Corporation (the “**Company**”)
240 Richmond Street West, Suite 4164
Toronto, ON, M5V 1V6

2. **Date of Material Change**

February 10, 2020

3. **News Release**

A news release disclosing the material change was released on February 10, 2020, through the facilities of CNW Group and filed on SEDAR.

4. **Summary of Material Change**

On February 10, 2020, the Company announced new investments in Grown Rogue International Inc. (“**Grown Rogue**”), Bhang Inc. (“**Bhang**”) and Core One Labs Inc. (“**Core One**”).

5. **Full Description of Material Change**

Grown Rogue Transactions

Grown Rogue is a vertically-integrated, multi-state operator, cannabis company with operations in Oregon, California and Michigan. Pursuant to a subscription agreement, the Company has committed to invest up to a total of \$1,500,000 in Grown Rogue through a non-brokered private placement offering (the “**Grown Rogue Offering**”) of units (the “**Grown Rogue Units**”). Each Grown Rogue Unit is comprised of one common share (the “**Grown Rogue Shares**”) and one common share purchase warrant (the “**Grown Rogue Warrants**”) in the capital of Grown Rogue. Each Grown Rogue Warrant entitles the Company to purchase one common share of Grown Rogue for a period of 24 months from the date of issuance at an exercise price equal to a 25% premium to the Grown Rogue Unit price. Furthermore, Grown Rogue may accelerate the expiration date of the Grown Rogue Warrants to a period of 30 days following written notice to the Company in the event that Grown Rogue’s common shares close at or above \$0.25 per share for a period of 10 consecutive trading days on the Canadian Securities Exchange (the “**CSE**”). Proceeds from the Grown Rogue Offering are intended to be used for general corporate purposes.

On February 10, 2020, the Company invested \$500,000 in Grown Rogue and purchased a total of 5,000,000 Grown Rogue Units at a price of \$0.10 per unit. The Company expects

to complete the remaining investment, of up to \$1,000,000, in the Grown Rogue Units in two additional tranches of \$500,000 each expected within the next 30 days, at an expected price of \$0.10 per unit, upon Grown Rogue satisfying certain conditions of the Company with respect to Grown Rogue's expansion plans into Michigan.

In connection with the Grown Rogue Offering, Grown Rogue has agreed to provide the Company with a pre-emptive right to participate in future offerings of Grown Rogue securities in order to maintain its respective percentage of ownership at the time of such offering. In addition, Grown Rogue has agreed to nominate one board member of Grown Rogue as recommended by the Company at future shareholder meetings and the ability, if the Company does not have its nominee on Grown Rogue's board of directors, to appoint a board observer.

In addition, the Company and Grown Rogue have also entered into subscription agreements to exchange approximately \$1,500,000 worth of each other's common shares (the "**Grown Rogue Share-Swap**") whereby Grown Rogue received a total of 2,362,204 common shares of the Company at a deemed price of \$0.635 per share and the Company received a total of 15,000,000 common shares of Grown Rogue at a deemed price of \$0.10 per share. Pursuant to the Grown Rogue Share-Swap, both the Company and Grown Rogue have signed a voting and resale agreement providing that each party will be required to vote such common shares acquired under the share-swap as recommended by the other party and will be restricted from trading such common shares for a period of 18 months.

All securities issued pursuant to the Grown Rogue Offering and the Grown Rogue Share-Swap are subject to a mandatory hold period of four months and a day under applicable Canadian securities laws.

Bhang Transactions

Bhang is a cannabis CPG brand with a portfolio of over 100 cannabis, hemp-derived CBD and terpene products including, without limitation, gourmet chocolates, pre-rolls, vapes, gums, beverages, gummies, mouth sprays and topicals. Pursuant to a subscription agreement, the Company has committed to invest up to a total of \$1,500,000 in Bhang through a non-brokered private placement offering (the "**Bhang Offering**") of units (the "**Bhang Units**"). Each Bhang Unit is comprised of one common share (the "**Bhang Shares**") and one common share purchase warrant (the "**Bhang Warrants**") in the capital of Bhang. Each Bhang Warrant entitles the Company to purchase one common share of Bhang for a period of 24 months from the date of issuance at an exercise price equal to a 25% premium to the Bhang Unit price. Furthermore, Bhang may accelerate the expiration date of the Bhang Warrants to a period of 30 days following written notice to the Company in the event that Bhang's common shares close at or above \$0.25 per share for a period of 10 consecutive trading days on the CSE. Proceeds from the Bhang Offering are intended to be used for general corporate purposes.

On February 10, 2020, the Company invested \$500,000 in Bhang and purchased a total of 3,571,428 Bhang Units at a price of approximately \$0.14 per unit. The Company expects to complete the remaining investment, of up to \$1,000,000, in the Bhang Units in two additional tranches of \$500,000 each expected within the next 30 days, at a price per unit to be determined based on the 20-day volume weighted average price (“**VWAP**”) of the Bhang Shares, upon Bhang satisfying certain conditions of the Company with respect to milestone events.

In connection with the Bhang Offering, Bhang has agreed to provide the Company with a pre-emptive right to participate in future offerings of Bhang securities in order to maintain its respective percentage of ownership at the time of such offering. In addition, Bhang has agreed to nominate one board member of Bhang as recommended by the Company at future shareholder meetings and the ability, if the Company does not have its nominee on Bhang’s board of directors, to appoint a board observer.

In addition, the Company and Bhang have also entered into subscription agreements to exchange approximately \$2,000,000 worth of each other’s common shares (the “**Bhang Share-Swap**”) whereby Bhang received a total of 3,149,606 common shares of the Company at a deemed price of \$0.635 per share and the Company received a total of 14,285,714 common shares of Bhang at a deemed price of \$0.14 per share. Pursuant to the Bhang Share-Swap, both the Company and Bhang have signed a voting and resale agreement providing that each party will be required to vote such common shares acquired under the share-swap as recommended by the other party and will be restricted from trading such common shares for a period of 18 months.

All securities issued pursuant to the Bhang Offering and the Bhang Share-Swap are subject to a mandatory hold period of four months and a day under applicable Canadian securities laws.

Core One Transactions

Core One is a technology company that licenses its technology to a state-of-the-art production and packaging facility located in Southern California. Core One’s technology produces infused strips that provide a new way to accurately meter the dosage and assure the purity of the selected cannabinoid constituents. Pursuant to a term sheet, the Company has committed to advance up to the principal amount of \$1,500,000 (the “**Core One Loan Limit**”) through a convertible loan facility (the “**Core One Loan Facility**”). The Core One Loan Limit shall be advanced in three equal tranches of \$500,000, with the first tranche to be released upon execution of the definitive agreements and each subsequent tranche to be released upon completion of mutually agreed operational milestones. The Core One Loan Facility shall mature on December 31, 2022 and shall bear interest at 12% per annum, calculated and accrued monthly in arrears and due on maturity. The Core One Loan Facility shall also be secured by a general security agreement covering all of Core One’s personal property upon the Company advancing the total principal amount of the Core One Loan Limit. Upon entry of the Core One Loan Facility, the Company shall receive 1,500,000 common share purchase warrants (the “**Core One Warrants**”) in the

capital of Core One that shall vest in three equal tranches upon each of the three advances under the Core One Loan Facility. The Core One Warrants shall be exercisable until December 31, 2022 at a price of \$0.60 per share. Core One may accelerate the expiration date of the Core One Warrants to a period of 30 days following written notice to the Company in the event that Core One's common shares close at or above \$1.50 per share for a period of 10 consecutive trading days on the CSE. Furthermore, the principal amount and any accrued and unpaid interest under the Core One Loan Facility shall be convertible at the option of the Company into common shares of Core One at anytime prior to maturity at a price of \$0.40 per share.

In addition, the Company and Core One have also agreed to enter into subscription agreements to exchange approximately \$2,000,000 worth of each other's common shares (the "**Core One Share-Swap**") whereby Core One shall receive a total of 3,149,606 common shares of the Company at a deemed price of \$0.635 per share and the Company shall receive a total of 5,333,333 common shares of Core One at a deemed price of \$0.375 per share. Pursuant to the Core One Share-Swap, both the Company and Core One will also sign a voting and resale agreement providing that each party will be required to vote such common shares acquired under the share-swap as recommended by the other party and will be restricted from trading such common shares for a period of 18 months. . Furthermore, Core One shall also agree to nominate one board member of Core One as recommended by the Company at future shareholder meetings and the ability, if the Company does not have its nominee on Core One's board of directors, to appoint a board observer.

The Core One transactions as outlined above are subject to the approval of the board of directors for each party and all necessary regulatory and corporate approvals, including approval of the CSE, if so required.

Early Warning Disclosure Pursuant to National Instrument 62-103

Grown Rogue

Prior to the Grown Rogue Offering and the Grown Rogue Share-Swap, the Company held nil securities of Grown Rogue. As of the date hereof, after giving effect to Grown Rogue Offering and Grown Rogue Share-Swap, the Company beneficially owns or controls 20,000,000 Grown Rogue Shares and 5,000,000 Grown Rogue Warrants, representing approximately 21.16% of the issued and outstanding Grown Rogue Shares on a non-diluted basis and approximately 25.12% of the issued and outstanding Grown Rogue Shares on a partially diluted basis, assuming the exercise of the all of the Grown Rogue Warrants held by the Company.

Pursuant to the terms of the subscription agreement in respect of the Grown Rogue Units, the Company has agreed to subscribe for \$1,000,000 of additional units at an expected price of \$0.10 per unit, subject to the satisfaction of certain corporate milestone events by Grown Rogue.

The Grown Rogue Shares and the Grown Rogue Warrants were acquired for investment purposes. While Company currently has no plans or intentions with respect to the Grown Rogue securities, other than the Company's agreement to subscribe for additional Grown Rogue Units as set out above, the Company may from time to time acquire additional securities of Grown Rogue, may sell all or a portion of its securities of Grown Rogue or may continue to hold the Grown Rogue Shares and Grown Rogue Warrants, or other securities of Grown Rogue, depending on market conditions, the Company's view of Grown Rogue's prospects, other investment opportunities and other factors considered relevant the Company.

Bhang

Prior to the Bhang Offering and the Bhang Share-Swap, the Company held 211,500 Bhang Shares, and two convertible 8% notes with a face value of \$300,000 each, convertible into Bhang Shares at price of \$0.50 at the option of the Company (collectively, the "Notes"). As of the date hereof, after giving effect to Bhang Offering and Bhang Share-Swap, the Company beneficially owns or controls 18,068,642 Bhang Shares, 3,571,428 Bhang Warrants, and the Notes, representing approximately 25.85% of the issued and outstanding Bhang Shares on a non-diluted basis and approximately 30.59% of the issued and outstanding Bhang Shares on a partially diluted basis, assuming the exercise of the all of the Bhang Warrants and Notes held by the Company.

Pursuant to the terms of the subscription agreement in respect of the Bhang Units, the Company has agreed to subscribe for a minimum of \$800,000 of additional units and a maximum of \$1,000,000 of additional units, at a price per unit to be determined based on the 20-day VWAP of the Bhang Shares, subject to the satisfaction of certain corporate milestone events by Bhang.

The Bhang Shares and the Bhang Warrants were acquired for investment purposes. While Company currently has no plans or intentions with respect to the Bhang securities, other than the Company's agreement to subscribe for additional Bhang Units as set out above, the Company may from time to time acquire additional securities of Bhang, may sell all or a portion of its securities of Bhang or may continue to hold the Bhang Shares, Bhang Warrants, Notes or other securities of Bhang, depending on market conditions, the Company's view of Bhang's prospects, other investment opportunities and other factors considered relevant the Company.

Forward-looking Statements

The Company's press release and this Material Change Report contains certain forward-looking statements with respect to the Company. These forward-looking statements, by their nature, involve risks and uncertainties that could cause actual results to differ materially from those contemplated in those forward-looking statements and information. By their nature, forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or

achievements, or other future events, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the following risks: risks associated with the Company's business plan and matters relating thereto, and risks associated with the Company's investments and financial objectives, as well as other risks and uncertainties, including but not limited to those detailed from time to time in the Company's public filings on SEDAR. Forward-looking statements are made based on management's beliefs, estimates and opinions on the date that statements are made and the Company undertakes no obligation to update forward-looking statements if these beliefs, estimates and opinions or other circumstances should change. Investors are cautioned against attributing undue certainty to forward-looking statements.

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

The report is not being filed on a confidential basis.

7. **Omitted Information.**

No significant facts have been omitted from this Material Change Report.

8. **Executive Officer.**

For further information, contact Sean Conacher, Chief Executive Officer of the Company, at (647) 660-0566.

9. **Date of Report.**

This report is dated at Toronto, this 19th day of February, 2020.