

## 51-102F3 Material Change Report

### Item 1 Name and Address of Company

Vatic Ventures Corp.  
1400 – 1040 West Georgia Street  
Vancouver, BC V6E 4H1

### Item 2 Date of Material Change

November 6, 2019

### Item 3 News Release

The news release dated November 6, 2019 was disseminated through Canada Stockwatch and Market News under section 7.1 of National Instrument 51-102.

### Item 4 Summary of Material Change

Please refer to attached news release.

### Item 5 Full Description of Material Change

Please refer to attached news release.

#### 5.1 Full Description of Material Change

Please refer to attached news release.

#### 5.2 Disclosure for Restructuring Transactions

N/A

### Item 6 Reliance on subsection 7.1(2) or (3) of National Instrument 51-102

N/A

### Item 7 Omitted Information

N/A

### Item 8 Executive Officer

T. Barry Coughlan, CEO

### Item 9 Date of Report

January 7, 2020

## ACQUISITION OF CANNABIS PERMIT FOR WEST AFRICAN COUNTRY & CHANGE OF BUSINESS UPDATE

**Vancouver, B.C., November 6, 2019** - Vatic Ventures Corp. (the "**Company**" or "**Vatic**") (TSXV: VCV; OTCBB: VTTCF; FWB: V8V3) wishes to provide an update on its change of business ("COB") announced in its March 19, 2019 news release. From February 21, 2019, when trading in the shares of the Company was halted at the request of the Company, to the date hereof, the Company has been carrying out due diligence in order to secure a valid and viable opportunity in the cannabis industry, which has delayed its COB. As a result of its due diligence, it is no longer pursuing the original opportunities as announced in the March 19, 2019 news release (the "Original Permit Transaction").

### Cannabis Permit Acquisition

Vatic is pleased to announce that on October 31, 2019 it signed a binding letter of intent (the "LOI") for a share exchange to acquire Indian Ocean Organics Ltd. ("Indian Ocean") which has the right to acquire 70% of a company which holds an exclusive permit for the exploration, cultivation, production, transport and export of THC, CBD and its derivative medicinal plants and seeds (the "Permit") in a west African country (the "Permitted Jurisdiction"). Indian Ocean is an arm's length private company incorporated pursuant to the laws of the Province of British Columbia, Canada. It is intended that the LOI will be replaced by a formal agreement in due course (the "Share Exchange Agreement").

On October 9, 2019, Indian Ocean signed a memorandum of understanding ("MOU") with Global Medicinals Ltd. and Partners ("Global Medicinals") and its major shareholder Kingsley Pungong (the "Major Shareholder") for the right to acquire 70% of the issued shares of Global Medicinals, the holder of the Permit, which was issued by the government of the Permitted Jurisdiction on April 4, 2019. Global Medicinals is a private company incorporated in the Permitted Jurisdiction. Under the MOU, Indian Ocean, Global Medicinals and the Major Shareholder (the "Parties") will enter into a definitive agreement (the "Definitive Agreement") whereby Indian Ocean will acquire 70% of the issued shares of Global Medicinals to develop the Permit for the cultivation, production, harvesting, processing marketing and export of cannabis for medicinal and scientific purposes.

The signing of the Definitive Agreement will coincide with the COB. The proposed transaction is arm's length and complying with the terms of the LOI and the Share Exchange Agreement and the MOU will constitute a change of business ("COB") for Vatic as that term is defined by the policies of the TSX Venture Exchange (the "Exchange").

T. Barry Coughlan, CEO, commented: *"This exclusive permit to cultivate and export medical cannabis presents an excellent opportunity to be at the forefront of one of the fastest growing industries in the world with a program that will establish the Company as a leading source for legally grown, high quality medical cannabis. Forward thinking companies are securing their long term position with naturally grown, high volume, low cost cultivation programs and Vatic believes that by 2022 Europe will become the world's largest market for medical marijuana and finding reliable, legal supply routes will be key to capturing market share."*

### Permit Details

The Permit authorizes the exploration, cultivation, production, storage, transportation and exportation of seeds and medicinal plants containing tetrahydrocannabinol (THC), CBD and their derivatives in the Permitted Jurisdiction. It also includes the right to develop the production of seeds, including nursery and greenhouse operations for seed parents and strain varieties.

The Permit holder is authorized to build processing facilities to prepare finished herbal products for export in the form of vaping cartridges, edibles (lozenges, gummies), topicals (creams, balms and patches), pills, and syrups. The Permit holder is authorized to enhance its nursery facilities and import starting materials (seed, seedlings and cultivars), and has exclusive rights to export and sell the finished product for a period of three years, renewable. The holder is authorized to make herbal medical products available for sale nationally and for the benefit of the population according to the regulations in force in the Permitted Jurisdiction.

## Vatic – Indian Ocean Share Exchange Agreement Details

1. Indian Ocean and Green Ocean Organics Ltd. (“Green Ocean”), the sole shareholder of Indian Ocean, have agreed to enter into the Share Exchange Agreement with Vatic for the purchase by Vatic of 100% of the issued and outstanding shares of Indian Ocean (the “Shares”) which will include the assumption by Vatic of the obligations of Indian Ocean to issue certain shares to various parties as outlined below. Green Ocean is controlled by Tim Rogers, its sole shareholder. Upon completion of the COB Vatic will, in accordance with the policies of the Exchange, be classified as a company in the life sciences. The assets of Indian Ocean (collectively referred to as the “Rights”) include:
  - (a) The right to acquire 70% of Global Medicinals with the resulting rights associated with the Permit including any other cultivation land that Indian Ocean or Global Medicinals secures, including any agreements Indian Ocean or Global Medicinal signs for permits or rights in other countries; and
  - (b) The right to fund the Distribution Initiative and to acquire the rights associated with the Distribution Initiative.
2. Vatic will, on the closing of the COB (the “Closing”), complete the following:
  - (a) Share Issuance to Green Ocean: Vatic will issue 33,333,333 common shares of Vatic at a deemed price of \$0.075 per share with a value of Cdn\$2,500,000 in exchange for 33,333,333 common shares of Indian Ocean held by Green Ocean;
  - (b) Unit Issuance to Holders of Subscription Receipts: Indian Ocean has received funds from various investors and has issued subscription receipts (the “Subscription Receipts”) to such investors which can be converted into units of Indian Ocean (the “Company Units”) each such Indian Ocean Unit being comprised of one common share and one-half of a share purchase warrant with each whole warrant entitling the holder to acquire a further common share of Indian Ocean for \$0.10 for a period of two years from the date the subscription receipts are converted to Indian Ocean Units. There are currently 8,665,600 Subscription Receipts outstanding that were issued at a price of \$0.075 per Subscription Receipt. On closing of the COB Vatic will issue units (“Vatic Units”) to holders of Subscription Receipts, such units to have the same characteristics as Indian Ocean Units. In the event that Indian Ocean requires further funding prior to the Closing (“Pre Closing Funding”) such funds advanced to Indian Ocean will result in additional Subscription Receipts being issued and on Closing Vatic will, subject to regulatory approval, issue Vatic Units on conversion of such additional Subscription Receipts;
  - (c) R7 Capital Ventures Ltd.: Indian Ocean owes R7 Capital Ventures Ltd. (“R7”) a fee of 500,000 common shares for the introduction of Global Medicinals and the Permit and will owe a further 500,000 common shares on the successful addition of a project in a second country. On Closing Vatic will assume Indian Ocean’s obligations to R7; and
  - (d) Milestone Shares: Under the MOU between Indian Ocean, Global Medicinals and the Major Shareholder, subsequent to the signing of the Definitive Agreement the shareholding of Global Medicinals will be 70% in the name of Indian Ocean and 30% in the name of Global Medicinals’ remaining shareholders. In consideration of the transfer of 70% of the shares of Global Medicinals to Indian Ocean, the Major Shareholder will receive up to a total of 5,000,000 common shares of Indian Ocean, or of such company as will acquire or will have acquired Indian Ocean, in staged milestones disclosed in the MOU transactions details hereunder.
3. Conditions Precedent for Vatic: The obligations of Vatic to proceed with the transaction will be subject to satisfaction of its due diligence and the following conditions precedent:
  - (a) execution of the Share Exchange Agreement;
  - (b) Indian Ocean owning the Rights;
  - (c) Vatic being satisfied with its due diligence including but not limited to its review of the financial status of Indian Ocean and Global Medicinals, the political environment in Permitted Jurisdiction and the regulatory environment in the Permitted Jurisdiction as it relates to the marijuana industry;
  - (d) the issuance of any applicable national regulatory legislation related to the permit and the cannabis industry;
  - (e) Indian Ocean owning 70% of the issued and outstanding shares of Global Medicinals;
  - (f) Vatic having received any required regulatory or shareholder approval for the transaction;
  - (g) Vatic having completed the COB Financing (defined below); and
  - (h) any other conditions customary in transactions similar to the transaction.

## Indian Ocean – Global Medicinals MOU Transaction Details

Under the MOU between Indian Ocean and Global Medicinals, subsequent to the signing of the Definitive Agreement the shareholding of Global Medicinals will be 70% in the name of Indian Ocean and 30% in the name of Global Medicinals' remaining shareholders. In consideration of the transfer of 70% of the shares of Global Medicinals to Indian Ocean, the Major Shareholder will receive a total of up to 5,000,000 common shares of Indian Ocean, or of such company as will acquire or will have acquired Indian Ocean, in staged milestones, as follows:

1. 500,000 shares on the transfer of 70% of the shares of Global Medicinals to Indian Ocean;
2. 2,000,000 shares on the issuance of any applicable national regulatory legislation related to the permit and the cannabis industry, and the completion of the first harvest cycle; and
3. 2,500,000 shares on the issuance of an export license to export the harvested product.

The Parties will collaborate to establish and implement country compliance, GACP and GMP certification protocols and establish a Medical Marijuana Country brand. The Parties will collaborate to form a country strategy for the purpose of attracting foreign companies to the Permitted Jurisdiction to develop Cannabis-related products as well as other agricultural cultivation programs. Laboratory testing will be implemented on a contractual basis and will function as a compulsory testing program for every cannabis-related cultivation project, and, with government approval, other agricultural projects. Global Medicinals will be the issuer of a certificate of compliance and accreditation for product export on behalf of the Ministry of Health in the Permitted Jurisdiction.

Upon the earlier of Indian Ocean's completion of its technical and legal due diligence to its satisfaction or the signing of the Definitive Agreement, Indian Ocean will commence organizing the resources needed for mobilization, testing, construction, travel, administrative fees, compliance, certification, consultants, seed generation, branding, extraction and the cultivation of up to 1,000 hectares of medicinal cannabis.

Indian Ocean will implement the pilot project ("Phase 1") within 120 days from the date of signing of the Definitive Agreement. Phase 1 will include the secondment of staff to the venture by Indian Ocean to implement the pilot project including the application for work permits for expatriate staff and the construction of initial infrastructure at the venture site, sufficient to implement the pilot project, which will be up to 5 acres. Indian Ocean will provide, on a carried interest basis, funding and technical assistance for the development of the Permit and any other necessary activities as agreed between the Parties that may be relevant to the operations of Indian Ocean from time to time including sourcing and supplying the seeds and or cultivars required for cultivation, bringing the know-how, expertise and management to install the state-of-the-art farming practices to cultivate medicinal cannabis strictly for the purpose of export only through supply agreements which will be in place to export the dried flowers, oils and CBD/THC produced.

#### Sidecar Financing

In order to provide Vatic with working capital to progress its business prior to completion of the COB, funds are being raised through Indian Ocean. Indian Ocean was incorporated on March 18, 2019. In addition to the Permit in the west African country, Indian Ocean is negotiating for cannabis permits in other countries.

Indian Ocean has received funds from various investors and has issued subscription receipts (the "Subscription Receipts") to such investors which can be converted into units of Indian Ocean (the "Indian Ocean Units") each such Indian Ocean Unit being comprised of one common share and one-half of a share purchase warrant with each whole warrant entitling the holder to acquire a further common share of Indian Ocean for \$0.10 for a period of two years from the date the subscription receipts are converted to Indian Ocean Units. There are currently 8,665,600 Subscription Receipts outstanding that were issued at a price of \$0.075 per Subscription Receipt. On closing of the COB Vatic will issue units ("Vatic Units") to holders of Subscription Receipts, such units to have the same characteristics as the Indian Ocean Units. In the event that Indian Ocean requires further funding prior to the Closing ("Pre Closing Funding") such funds advanced to Indian Ocean will result in additional Subscription Receipts being issued and on Closing Vatic will, subject to regulatory approval, issue Vatic Units on conversion of such additional Subscription Receipts. Funds raised by Indian Ocean have been loaned to Vatic for due diligence.

Indian Ocean has agreed to assume responsibility for the advance of a US\$150,000 deposit made by the Company as part of the Original Transaction and has, to date, repaid \$75,000 of the amount advanced.

## Concurrent Private Placement Financing

In conjunction with this COB transaction Vatic will be conducting a non-brokered private placement financing in an amount sufficient to enable it to fund the business of the Company and to execute on its business plan which is currently being prepared (the "COB Financing"). The amount required to be raised and the terms of the COB Financing will be determined by Vatic and established and announced at a later date.

## Subsequent News Release

Vatic will disseminate a subsequent news release prior to the shares of the Company being reinstated for trading. The subsequent news release will address various outstanding issues including: the name(s) of the jurisdiction(s) Indian Ocean is doing business in; biographies on the management of Indian Ocean and on any new directors of the Company; and the details of the proposed financing of Indian Ocean and the proposed Company financing to be completed in conjunction with the closing of the COB.

## Regulatory Matters

The Company may be required to obtain shareholder approval and may be required to engage a Sponsor (as that term is defined by Exchange policy) for the proposed transaction. Further information on those issues will be provided in a subsequent news release.

Completion of the proposed COB transaction is subject to a number of conditions, including but not limited to, Exchange acceptance. Where applicable, the transaction cannot close until the required shareholder approval is obtained. There can be no assurance that the transaction will be completed as proposed or at all. Trading in the securities of Vatic Ventures Corp. should be considered highly speculative. The TSX Venture Exchange Inc. has in no way passed upon the merits of the proposed transaction and has neither approved nor disapproved the contents of this news release.

## **ON BEHALF OF THE BOARD OF DIRECTORS OF VATIC VENTURES CORP.**

*"T. Barry Coughlan"*

### **T. Barry Coughlan, CEO & Director**

For further information please contact:

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*"Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release." The information contained herein contains "forward-looking statements" within the meaning of applicable securities legislation. Forward-looking statements relate to information that is based on assumptions of management, forecasts of future results, and estimates of amounts not yet determinable. Any statements that express predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance are not statements of historical fact and may be "forward-looking statements." Forward-looking statements are subject to a variety of risks and uncertainties that could cause actual events or results to differ from those reflected in the forward-looking statements. Investors are cautioned against attributing undue certainty to forward-looking statements. These forward-looking statements are made as of the date hereof and the Company does not assume any obligation to update or revise them to reflect new events or circumstances. Actual events or results could differ materially from the Company's expectations or projections.*