

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

Item 1. Name and Address of Corporation

IGC Resources Inc. (“IGC” or the “Corporation”)
228 16th Street NW
Calgary, Alberta
T2N 2B9

Item 2. Date of Material Change

December 4, 2018

Item 3. News Release

A news release was disseminated on December 4, 2018 via NewsWire.

Item 4. Summary of Material Change

On December 4, 2018, IGC closed its previously announced brokered private placement of subscription receipts of IGC (the “**Subscription Receipts**”) for gross proceeds of \$20,108,403 (the “**Offering**”) resulting in 23,656,945 Subscription Receipts issued, including the exercise in full of the over-allotment option, which was increased to 6,008,945 Subscription Receipts. The Offering was completed in connection with Westleaf’s proposed reverse takeover of IGC (the “**RTO Transaction**”).

Each Subscription Receipt will be automatically exchanged into one unit of IGC (a “**Unit**”), upon satisfaction of certain escrow release conditions (the “**Escrow Release Conditions**”). Each Unit will consist of one common share (“**Resulting Issuer Share**”) of the issuer resulting from the RTO Transaction (the “**Resulting Issuer**”) and one-half of one Resulting Issuer Share purchase warrant (each whole warrant, a “**Warrant**”). Each Warrant shall be exercisable to acquire one Resulting Issuer Share at an exercise price of \$1.30 per share for a period of 24 months from closing of the Offering, subject to adjustment in certain events and an acceleration clause.

Item 5. 5.1 Full Description of Material Change

Please see **Schedule “A”** attached to and forming part of this report for the news release which provides a full description of the material change.

5.2 Disclosure for Restructuring Transactions

Not applicable.

Item 6. Reliance on Section 7.1(2) of National Instrument 51-102

Not applicable.

Item 7. Omitted Information

Not applicable.

Item 8. Executive Officer

The name and business number of the executive officer of the Corporation who is knowledgeable about the material change and this report is:

Jacqueline M. Tucker – Interim CEO and CFO
Phone: (403) 999-1393

Item 9. **Date of Report**
December 6, 2018

SCHEDULE “A”

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IGC Resources and Westleaf Announce Closing of \$20 Million Financing Including Investment from Tilray
Funding round includes \$2.9 million strategic investment from Tilray, viewed as validating Westleaf’s strategy to roll-out its differentiated cannabis retail concept across Canada, focused on innovative retail experiences and engaging cannabis brands.

CALGARY, ALBERTA – December 4, 2018 – IGC Resources Inc. (TSXV:IGC.H) (the “**Corporation**” or “**IGC**”) and Westleaf Cannabis Inc. (“**Westleaf**”), are pleased to announce that IGC has closed its previously announced brokered private placement of subscription receipts of IGC (the “**Subscription Receipts**”) for gross proceeds of \$20,108,403 (the “**Offering**”) resulting in 23,656,945 subscription receipts issued, including the exercise in full of the over-allotment option, which was increased to 6,008,945 Subscription Receipts. Additionally, Westleaf is pleased to announce that Tilray Inc. (“**Tilray**”) has made a \$2.9 million strategic investment through the Offering. Westleaf views Tilray’s investment as a validation of its innovative approach to retail through its retail banner, Prairie Records, and is a strong endorsement of Westleaf’s strategy and leadership team.

“As a global leader in the cannabis industry, we believe Tilray’s investment in Westleaf reinforces the strength of our approach to cannabis retail and our team’s execution capabilities and is a testament to Tilray’s confidence in our ability to capture market share,” said Scott Hurd, President and CEO of Westleaf. “We are excited about the partnership with Tilray and look forward to continued growth together.”

The net proceeds from the Offering are intended to be used by the Resulting Issuer (as defined below) for expansion of its operations and general corporate purposes. Westleaf is targeting between 20 to 30 retail store openings over the next 12 to 24 months, subject to securing real estate, finalizing lease agreements, and completing provincial and municipal approvals.

Prairie Records

Targeting densely populated, high traffic and resort-style areas, it is expected that Prairie Records retail stores will be situated in some of the most premium retail locations across the country. The retail concept was founded with a desire to create an unparalleled cannabis purchasing experience through tactile in-store features and product offerings that celebrate the inherent relationship between music and cannabis.

Featuring a rollout of 20 to 30 planned retail locations by 2020 in privatized markets across Western Canada, including its first Alberta location expected in early 2019 in the iconic Palace Theatre in the heart of downtown Calgary, Westleaf aims to be a leader in the cannabis retail market in Canada.

Westleaf is also proud that it expects to service the Saskatchewan community by launching a Prairie Records store in Warman, with an extended product offering through its e-commerce platform which will serve the entire province of Saskatchewan. Additional retail plans include evaluating and securing numerous cannabis retail options throughout Alberta, Saskatchewan, British Columbia and Ontario (subject to provincial regulations), in addition to, Westleaf being added to the pre-qualified list for the Manitoba lottery for cannabis retail licenses.

Conditional Approval from the TSX Venture

The Offering was completed in connection with Westleaf’s proposed reverse takeover of IGC (the “**RTO Transaction**”). For a description of the RTO Transaction, see the October 17, 2018 news release issued by Westleaf and IGC, a copy of which is available on IGC’s SEDAR profile at www.sedar.com.

IGC is also pleased to announce that it has received conditional approval from the TSX Venture Exchange (the “**TSXV**”) for the proposed RTO Transaction. IGC has filed on SEDAR its filing statement dated effective November 29, 2018 in connection with proposed RTO Transaction. Subject to satisfaction of all conditions and approvals, including the satisfaction of the conditions of the TSXV, the RTO Transaction is expected to close in early December 2018.

Closing of the Financing

Each Subscription Receipt will be automatically exchanged into one unit of IGC (a “**Unit**”), upon satisfaction of certain escrow release conditions (the “**Escrow Release Conditions**”). Each Unit will consist of one common share (“**Resulting Issuer Share**”) of the issuer resulting from the RTO Transaction (the “**Resulting Issuer**”) and one-half of one Resulting Issuer Share purchase warrant (each whole warrant, a “**Warrant**”). Each Warrant shall be exercisable to acquire one Resulting Issuer Share at an exercise of \$1.30 per share for a period of 24 months from closing of the Offering, subject to adjustment in certain events and an acceleration clause.

The proceeds from the Offering (the “**Escrowed Funds**”) have been deposited in escrow pursuant to a subscription receipt agreement dated December 4, 2018 (the “**Subscription Receipt Agreement**”) between IGC, Westleaf, Canaccord and Computershare Trust Company of Canada, as registrar and transfer agent for the Subscription Receipts and as escrow agent to receive the Escrowed Funds. If the Escrow Release Conditions are not satisfied on or before December 31, 2018, the Escrowed Funds will be returned to the subscribers of the Offering in accordance with the Subscription Receipt Agreement and the Subscription Receipts will be cancelled and of no further force or effect.

The Subscription Receipts are subject to a four-month hold period in accordance with applicable securities laws. In addition, the Subscription Receipts, the Resulting Issuer Shares and Warrants issued in exchange for the Subscription Receipts, the Broker Warrants (as defined below), the VIII Capital Warrants (as defined below), the Atlas Warrants (as defined below) and the Resulting Issuer Shares issuable on exercise of the Warrants, the Broker Warrants, the VIII Capital Warrants and the Atlas Warrants are subject to a four-month contractual hold period from the closing of the RTO Transaction.

In consideration for their services in connection with the Offering, upon satisfaction of the Escrow Release Conditions, the Agents will receive a cash commission equal to 6% of the gross proceeds from the Offering from the Escrowed Funds and such number of Agent’s compensation warrants (“**Broker Warrants**”) equal to 6% of the number of Subscription Receipts issued under the Offering. Each Broker Warrant will entitle the holder thereof to acquire one Resulting Issuer Share at an exercise price of \$0.85 for a period of 24 months following the closing of the Offering. Eight Capital will also receive a cash commission equal to 6% of the gross proceeds from the Offering identified by Eight Capital, up to a maximum of \$174,000, and such number of warrants (“**VIII Capital Warrants**”) equal to 6% of the number of Subscription Receipts issued under the Offering as a result of Eight Capital’s efforts, up to a maximum of 204,705 VIII Capital Warrants. Each VIII Capital Warrant will entitle Eight Capital to acquire one Resulting Issuer Share at an exercise price of \$0.85 for a period of 24 months following the closing of the Offering. In consideration for advisory services provided in connection with the Offering, 1187959 B.C. Ltd. will receive 300,000 common shares in the capital of Westleaf. In connection with its previous financing activities Westleaf entered into an advisory agreement with Atlas Capital pursuant to which Atlas Capital will receive 175,000 warrants (“**Atlas Warrants**”). Each Atlas Warrant shall entitle Atlas Capital to acquire one Resulting Issuer Share at a price of \$0.85 per share for a period of 24 months from the date such warrant was issued. Canaccord Genuity Corp. acted as co-lead agent and sole book-runner and Eight Capital acted as co-lead agent of the Offering on behalf of a syndicate of the co-lead agents and GMP Securities L.P. (collectively, the “**Agents**”).

The net proceeds from the Offering, once released from escrow, are intended to be used by the Resulting Issuer for expansion of its operations and for general corporate purposes.

Trading Halt

The common shares of IGC are currently halted from trading and are not expected to resume trading until completion of the RTO Transaction.

Additional Information

Investors are cautioned that, except as disclosed in the management information circular or filing statement to be prepared in connection with the RTO Transaction, any information released or received with respect to the RTO Transaction may not be accurate or complete and should not be relied upon. Trading in the securities of IGC should be considered highly speculative.

The Exchange has in no way passed upon the merits of the RTO Transaction and has neither approved nor disapproved the contents of this press release.

About Westleaf Cannabis Inc.

Westleaf is a cannabis company focused on innovative retail experiences and engaging cannabis brands. Westleaf is rolling out a national retail footprint for its retail concept “Prairie Records”, with stores planned for British Columbia, Alberta and Saskatchewan, which leverages the instinctual tie of recreational cannabis and music and redefines the cannabis purchasing experience. For more information, please visit www.westleaf.com or www.prairierecords.ca

Additional Information

For further information, please contact: **IGC Resources Inc.**
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Phone: (403) 999-1393

Westleaf Cannabis Inc.
Scott Hurd, President & CEO
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