

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

Item 1. Name and Address of Corporation

Westleaf Inc. (“**Westleaf**” or the “**Corporation**”)
1000, 517 – 10th Avenue SW
Calgary, AB T2R 0A8

Item 2. Date of Material Change

April 29, 2019

Item 3. News Release

A news release was disseminated on April 30, 2019 via NewsWire.

Item 4. Summary of Material Change

The Corporation announced that it has agreed to amend the terms of its previously announced bought deal financing (the “**Offering**”) of convertible debenture units of the Corporation (the “**Units**”) to lower the conversion price at which the convertible debentures of the Corporation (“**Convertible Debentures**”) are convertible into common shares of the Corporation (the “**Debenture Shares**”) from \$2.13 per Debenture Share to \$1.30 per Debenture Share. The number of warrants per Unit has been revised from 235 common share purchase warrants of the Corporation (each, a “**Warrant**”) to 385 Warrants. The Corporation has also agreed to lower the exercise price at which the Warrants will be exercisable to acquire common shares of the Corporation (a “**Warrant Share**”) from \$2.75 per Warrant Share to \$1.65 per Warrant Share.

Item 5. 5.1 Full Description of Material Change

The Corporation announced that it has agree to amend the terms of its previously announced Offering of Units to lower the conversion price at which the Convertible Debentures are convertible into Debenture Shares from \$2.13 per Debenture Share to \$1.30 per Debenture Share. The number of warrants per Unit has been revised from 235 Warrants to 385 Warrants. The Corporation has also agreed to lower the exercise price of the Warrants from \$2.75 per Warrant Share to \$1.65 per Warrant Share.

The Corporation granted Canaccord Genuity Corp. and GMP Securities L.P. (the “**Underwriters**”) an over-allotment option to purchase additional Units, Convertible Debentures and/or Warrants, or any combination thereof, equal to up to 15% of the Units sold under the Offering at a price of \$1,000 per Unit, \$932 per Convertible Debenture and/or \$0.18 per Warrant, as applicable, exercisable in whole or in part at any time for a period of 30 days after and including the closing date of the Offering (the “**Closing Date**”).

If the holder elects to convert the Convertible Debentures after a period that is eighteen months and one day following the Closing Date, then the holder will also receive the Effective Interest (as defined below), payable in: (i) common shares of the Corporation (“**Common Shares**”) at a price equal to the daily volume weighted average trading price of the Common Shares on the TSX Venture Exchange (the “**Exchange**” or “**TSXV**”) for the consecutive 20 trading days of the Common Shares on the Exchange preceding the date of such election, or if such trading price is lower than the maximum permitted discount for such Common Shares, the maximum permitted discount for the issuance of the Common Shares under TSXV policies (the “**Common Share Interest Price**”); (ii) cash; or (iii) at the Corporation’s option, a combination of cash and Common Shares at the Common Share Interest Price. The effective interest (“**Effective Interest**”) is an amount equal to the interest that the holder would have received if the holder had held the Convertible Debentures until the maturity of the Convertible Debentures.

The net proceeds of the Offering will be used for working capital requirements and general corporate purposes.

The Units will be offered by way of an amended and restated final short form prospectus which will be filed in all provinces of Canada except Quebec. The Offering is expected to close on or before May 15, 2019 and is subject to certain conditions including, but not limited to, the receipt of all necessary

regulatory approvals, including the approval of the TSXV and the applicable securities regulatory authorities. In the event that regulatory, including TSXV, approval in respect of the amendments to the Offering are not received on or before May 10, 2019, the parties have agreed that no effect shall be given to the amendments noted above and that the original terms of the Convertible Debentures and Warrants shall be deemed to be in effect.

The securities comprising the Units being offered, the Debenture Shares issuable on the conversion of the Convertible Debentures and the Warrant Shares issuable on the exercise of the Warrants, have not been, nor will they be, registered under the United States Securities Act of 1933, as amended, and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons absent registration or an applicable exemption from the registration requirements. This material change report will not constitute an offer to sell or the solicitation of an offer to buy nor will there be any sale of the securities in any state in which such offer, solicitation or sale would be unlawful.

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:

Westleaf Inc.

Scott Hurd, President & CEO

Phone: (403) 870-4798

Item 9. Date of Report

April 30, 2019

Forward-Looking Statements and Information and Cautionary Statements

This material change report contains “forward-looking information” and “forward-looking statements” (collectively, “forward-looking statements”) within the meaning of applicable Canadian securities legislation. All statements, other than statements of historical fact, are forward-looking statements and are based on expectations, estimates and projections as at the date of this material change report. Any statement that involves discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions, future events or performance (often but not always using phrases such as “expects”, or “does not expect”, “is expected”, “anticipates” or “does not anticipate”, “plans”, “budget”, “scheduled”, “forecasts”, “estimates”, “believes” or “intends” or variations of such words and phrases or stating that certain actions, events or results “may” or “could”, “would”, “might” or “will” be taken to occur or be achieved) are not statements of historical fact and may be forward-looking statements. This material change report, forward-looking statements relate, among other things, to the timing and expected closing of the Offering, the use of proceeds of the Offering, the definitive terms of the Units and the securities comprising the Units. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable, are subject to known and unknown risks, uncertainties, and other factors which may cause the actual results and future events to differ materially from those expressed or implied by such forward-looking statements. Such factors include, but are not limited to: risks relating to the ability to obtain or maintain licenses to retail cannabis products; future legislative and regulatory developments involving cannabis; inability to access sufficient capital from internal and external sources, and/or inability to access sufficient capital on favourable terms; the labour market generally and the ability to access, hire and retain employees;

general business, economic, competitive, political and social uncertainties; and the delay or failure to receive board, shareholder, court or regulatory approvals, as applicable. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on the forward-looking statements and information contained in this material change report. Except as required by law, Westleaf assumes no obligation to update the forward-looking statements of beliefs, opinions, projections, or other factors, should they change, except as required by law.