

SUMTRA DIVERSIFIED INC.

FORM 51-102F3

MATERIAL CHANGE REPORT

1. Name and Address of Company

Sumtra Diversified Inc. (the "Company")
181 University Avenue, Suite 800
Toronto, Ontario M5H 2X7

2. Date(s) of Material Change(s)

October 10, 2016

3. News Release

Press release attached as Schedule A hereto was released through the facilities of the Marketwired disclosure network on October 11, 2016.

4. Summary of Material Change

On October 10, 2016, the Company entered into a non-binding letter of intent with Florida-based Hygea Holdings Corp. ("Hygea") to acquire a 100% interest in Hygea in a reverse take-over transaction.

5. Full Description of the Material Changes

See press release attached as Schedule A hereto.

6. Reliance on Confidentiality Provisions of Subsection 7.1(2) or (3) of National Instrument 51-102

Not applicable.

7. Omitted Information

Not applicable.

8. Executive Officers

The following executive officer of Sumtra Diversified Inc. may be contacted for additional information:

Robert G. Shoniker
President
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Tel: (416) 863-6096

9. Date of Report

October 13, 2016

SCHEDULE "A"

SUMTRA DIVERSIFIED INC.
181 University Avenue, Suite 800
Toronto, Ontario M5H 2X7



FOR IMMEDIATE RELEASE

SUMTRA DIVERSIFIED INC. ENTERS INTO LETTER OF INTENT WITH HYGEA HOLDINGS CORP. RELATING TO REVERSE TAKEOVER TRANSACTION

Toronto, Ontario, October 11, 2016 – Sumtra Diversified Inc. (“**Sumtra**” or the “**Company**”) (NEX: SDV.H) today announced that it has entered into a non-binding letter of intent (“**LOI**”) to acquire a 100% interest in Hygea Holdings Corp. (“**Hygea**”) in a reverse takeover transaction (the “**Transaction**”). As presently contemplated, it is expected that the Transaction will be completed by way of a plan of arrangement under the *Business Corporations Act* (Ontario) (the “**Arrangement**”) and that completion of the Transaction would constitute a reverse take-over and change of control of the Company, as those terms are defined in the policies of the TSX Venture Exchange (the “**TSXV**”).

About Hygea

Hygea is a Miami, Florida-headquartered diversified healthcare holding company existing under the laws of Nevada.

Hygea focuses primarily on the delivery of primary-care-based health care to patients in the U.S. It currently services approximately 175,000 patients through its integrated group practices and the Palm Network, which is Hygea's independent practice association and managed services organization. Hygea serves these patients in two ways.

- Wholly owned practices with physicians under direct contract with Hygea located in South and Central Florida and in Georgia.
- Through the Palm Network, which represents more than 75 different medical specialties, including more than 800 primary care providers.

Hygea relies on its end-to-end delivery platform, in which patients access primary care and specialist physicians, pharmacies, diagnostics, therapies and other services through a single point of contact, to successfully provide high quality services in a fee-for-service setting (where physicians are paid a set price for services rendered and tests ordered). The trend in the U.S., promoted heavily by the U.S. government, is to move from a fee-for-service system to value-based care, the goals of which are to reduce costs, provide high quality care, and target a specific patient population. Hygea generates the majority of its revenue from value-based performance contracts. Hygea believes that its experience in providing primary care services, and its back office infrastructure, enables it to coordinate care to both reduce costs and provide quality outcomes.

Terms of the Transaction

As part of the first step of the Arrangement, Hygea intends to complete a corporate reorganization consisting of: (i) a consolidation of its common shares on a four (4) for one (1) basis (the “**Hygea**

Consolidation”) and (ii) a three-cornered amalgamation with a company to-be-incorporated under the OBCA (**“Hygea Holdco”**) and a wholly-owned subsidiary of Hygea Holdco to-be-incorporated, called Hygea Subco Inc., under the laws of Nevada, pursuant to which all of the issued and outstanding common shares of Hygea will be exchanged for common shares and restricted voting shares of Hygea Holdco (the **“First Step Amalgamation”**). Hygea will require shareholder approval for the Hygea Consolidation and First Step Amalgamation, which is anticipated to occur at a meeting of shareholders in December 2016. Hygea Holdco will also need shareholder approval for the Arrangement, which is anticipated to occur at a meeting of shareholders the last week of December, 2016.

As part of the Arrangement, Sumtra proposes to amend its articles (the **“Articles of Amendment”**) to: (i) complete a consolidation of its common shares, (ii) approve a name change to **“Hygea Holdings Inc.”** (the **“Resulting Issuer”**), and (iii) create a new class of restricted voting shares (the **“Restricted Voting Shares”**). Sumtra will also, among other matters, seek approval for the adoption of new by-laws (the **“New By-laws”**) and approval of five (5) new board members (the **“New Board Members”**) who will replace the existing board members and take office upon completion of the Arrangement. Sumtra will require shareholder approval for the Articles of Amendment, New By-laws and New Board Members, which is anticipated to occur at a meeting of shareholders the last week of December, 2016.

In connection with the Arrangement, Sumtra will create a wholly-owned subsidiary existing under the OBCA to complete a three-cornered amalgamation with Hygea Holdco and Sumtra, pursuant to which all of the issued and outstanding Hygea Holdco common shares will be converted on a one (1) for one (1) basis for post-consolidated common shares of the Resulting Issuer (**“Resulting Issuer Common Shares”**) and all of the issued and outstanding Hygea Holdco restricted voting shares will be converted on a one (1) for one (1) basis for Restricted Voting Shares of the Resulting Issuer (**“Resulting Issuer Restricted Voting Shares”**). Upon completion of the Arrangement, Hygea Holdco and Hygea will be wholly owned subsidiaries of the Resulting Issuer.

Pursuant to the terms of the Arrangement, it is expected that all unexercised Sumtra incentive stock options will be exercised or cancelled immediately prior to the effective time of the Arrangement. The terms of the Arrangement will also provide that each issued and outstanding common share purchase warrant of Hygea will be exchanged for a warrant of the Resulting Issuer on equivalent terms after having given effect to all of the transactions contemplated by the Arrangement.

It is agreed by both parties that the proposed structure may be revised to accommodate tax considerations, accounting treatments and applicable legal and regulatory requirements. As of the date hereof, the number of Resulting Issuer Common Shares and Resulting Issuer Restricted Voting Shares of the Company to be issued to shareholders of Hygea Holdco remains subject to the final valuation of Hygea, which will be based on the concurrent private placement offering to be undertaken by Hygea as more fully described below.

Concurrent Financing

Hygea also intends to complete a brokered private placement (the **“Offering”**) of subscription receipts (the **“Subscription Receipts”**) of Hygea Holdco for gross proceeds of up to a maximum of CDN\$130 million. The Offering is being conducted by a syndicate of agents (the **“Agents”**) led by Cormark Securities Inc. (**“Cormark”**).

Hygea has entered into an engagement agreement with Cormark to act as the agent of Hygea and Hygea Holdco to solicit subscriptions for the sale of the Subscription Receipts on a reasonable best efforts basis. The Agents have been granted an option (the **“Agents’ Option”**), exercisable up to 48

hours prior to the closing date of the Offering, to arrange for the purchase of up to an additional 15% of the number of Subscription Receipts sold under the Offering on the same terms as the Offering. If the Agents' Option is exercised in full, the total gross proceeds of the Offering will be CDN\$149.5 million.

Each Subscription Receipt issued pursuant to the Offering shall be exchanged for one (1) common share of Hygea Holdco (the "**Underlying Shares**") immediately prior to closing of the Arrangement for no additional consideration. Upon closing of the Arrangement, the Underlying Shares will be exchanged on a one (1) for one (1) basis for post-consolidated Resulting Issuer Common Shares. The closing of the Offering is expected to be the week of November 14, 2016 or on such other date as the parties mutually agree. All proceeds from the Offering will be held in escrow pending satisfaction of all the escrow release conditions, including completion of the Arrangement and listing of the Resulting Issuer Common Shares on the Toronto Stock Exchange ("**TSX**").

In consideration for the services to be provided, the Agents will be paid a cash amount equal to six percent (6%) of the gross proceeds raised from the Subscription Receipts from all parties excepting certain subscribers designated by Hygea. In addition, upon closing of the Offering, the Agents will be granted compensation options ("**Compensation Options**") entitling the Agents to subscribe for that number of Hygea Holdco common shares (which will ultimately convert into the right to subscribe for Resulting Issuer Common Shares) as is equal to four percent (4%) of the total number of Underlying Shares issued pursuant to the exercise of Subscription Receipts under the Offering, including any Subscription Receipts issued upon the exercise of the Agents' Option. Each Compensation Option will ultimately be exercisable for one Resulting Issuer Common Share for a period of twenty-four (24) months following the escrow release date and will be exercisable at the issue price of the Subscription Receipts. The Agents will also be reimbursed for their reasonable out-of-pocket expenses, including their legal fees.

The net proceeds from the Offering will be used by the Resulting Issuer for potential acquisitions, to repay certain existing indebtedness, and for general working capital purposes. In addition, net proceeds from the Offering may be used to fund the repurchase of shares from certain holders of who may exercise dissent rights in respect of the Transaction.

The completion of the Transaction will be subject to, among other things, the execution of definitive documentation, the completion of all necessary due diligence and the receipt of any required shareholder, court, TSXV, or other regulatory approvals.

Additional information with respect to the Transaction, including the key terms thereof, will be provided in a subsequent news release once the major deal terms are settled and a definitive agreement is entered into. Trading in the common shares of the Company have been halted pursuant to the policies of the TSXV and the Company expects that trading in the Company's shares will remain halted pending the completion of the Transaction.

For further information, please contact:

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Forward Looking Information

This news release contains certain forward-looking statements that reflect the current views and/or expectations of management with respect to performance, business and future events, including but not limited to express or implied statements and assumptions regarding the Company's intention to negotiate for or complete the Transaction. Forward-looking statements are based on the then-current expectations, beliefs, assumptions, estimates and forecasts about the business and the industry and markets in which the Company operates. Forward-looking statements are not guarantees of future performance and involve risks, uncertainties and assumptions which are difficult to predict. In particular, there is no guarantee that the parties will successfully negotiate and enter into a definitive agreement or complete the Transaction contemplated herein, that the Company's due diligence will be satisfactory or that the Company will obtain any required shareholder or regulatory approvals, including approval of the TSXV. Accordingly, readers should not place undue reliance on forward-looking statements and information, which are qualified in their entirety by this cautionary statement. The Company does not undertake any obligations to release publicly any revisions for updating any voluntary forward-looking statements, except as required by applicable securities law.

All information contained in this press release with respect to Hygea, its business and proposed corporate reorganization and financing was supplied by Hygea for inclusion herein. Sumtra has not conducted due diligence on the information provided and does not assume any responsibility for the accuracy or completeness of such information.

Completion of the transaction is subject to a number of conditions, including TSXV acceptance and shareholder approval. 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. Investors are cautioned that, except as disclosed in the Management Information Circular to be prepared in connection with the transaction, any information released or received with respect to the reverse takeover transaction may not be accurate or complete and should not be relied upon. Trading in the securities of Sumtra Diversified Inc. should be considered highly speculative. The TSXV has in no way passed upon the merits of the proposed transaction and has neither approved nor disapproved the contents of this press release.