

FORM 51-102F3
MATERIAL CHANGE REPORT
UNDER NATIONAL INSTRUMENT 51-102

Item 1. Reporting Issuer

Maricann Group Inc. (“**Maricann**” or the “**Company**”)
845 Harrington Court, Unit 3
Burlington, Ontario
L7N 3P3

Item 2. Date of Material Change

A material change took place on October 27, 2017.

Item 3. Press Release

A news release in respect of the material change was disseminated on October 27, 2017 through the facilities of Marketwired and subsequently filed on SEDAR.

Item 4. Summary of Material Change

On October 27, 2017, Maricann announced the closing of its previously announced (i) private placement offering (the “**Offering**”) of convertible debenture units (the “**Convertible Debenture Units**”) to raise \$31 million; and (ii) acquisition (the “**Acquisition**”) of 100% of the issue and outstanding shares of NanoLeaf Technologies Inc. (“**NanoLeaf**”).

Item 5. Full Description of Material Change

On October 27, 2017, Maricann announced the closing of its previously announced (i) Offering of Convertible Debenture Units to raise \$31 million; and (ii) Acquisition of 100% of the issue and outstanding shares of NanoLeaf, a biotech company with licensing rights to patented nano-technology for ingestible cannabinoid delivery called VESIsorb®.

The Offering

Pursuant to the Offering, the Company sold \$31 million aggregate principal amount of Convertible Debenture Units at a price of \$1,000 per Convertible Debenture Unit. Each Convertible Debenture Unit consists of \$1,000 principal amount of 9.0% secured convertible debentures (the “**Convertible Debentures**”) and 313 common share purchase warrants (the “**Warrants**”) of the Company. Each Warrant is exercisable to acquire one common share of the Company (a “**Warrant Share**”) at an exercise price of \$2.30 per Warrant Share (the “**Exercise Price**”) until October 27, 2020, subject to adjustment in certain events.

Cannaccord Genuity Corp. acted as lead agent in connection with the Offering on behalf of a syndicate of investment dealers, including Industrial Alliance Securities, Mackie Research Capital Corporation and Sprott Capital Partners

(collectively, the “**Agents**”). In connection with the Offering, the Agents received a cash commission and compensation warrants.

\$9,123,000 of the Offering gross proceeds was raised from the participation of a number of the Directors of the Company or their associates. Convertible Debentures sold to insiders as part of the Offering, aggregating \$6,000,000 in principal amount, are subject to a higher conversion price of \$1.68, subject to adjustment in certain events. The remaining \$25,000,000 principal amount of the Convertible Debentures have a conversion price of \$1.60, subject to adjustment in certain events.

The following directors of the Company, or associates thereof, participated in the Offering on the same terms as other investors (except in respect to \$6,000,000 in principal amount of Convertible Debentures which shall be at an exercise price of \$1.68 instead of \$1.60), and each purchased (directly or indirectly or through associates and affiliated entities) a third of up to an aggregate of approximately \$9,123,000 principal amount of the Convertible Debenture Units: Eric Silver, Raymond Stone and Neil Tabatznik (the “**Insider Participation**”). Assuming full conversion of the principal amount of the Convertible Debentures and the full exercise of the Warrants to be issued to the foregoing insiders, the said insiders (either directly or indirectly through their associates and affiliated entities) will increase their aggregate holding from 17,241,987 common shares of the Company (the “**Common Shares**”) to 25,620,790 Common Shares resulting in an aggregate holding of 25.5% (assuming no exercise of other convertible securities of the Company based on the current number of Common Shares outstanding, including the shares issued in the NanoLeaf transaction). Individually, based on the same assumptions, either directly or indirectly through their associates and affiliated entities) Mr. Silver may acquire ownership or control of up to 11.4% and each of Mr. Tabatznik and Mr. Stone may each acquire ownership or control over up to 7.8% of the Common Shares (up from 10.9%, 6.3% and 6.2%, respectively, prior to the completion of the Offering and the Nanoleaf transaction). The Insider Participation in the Offering constitute a “related party transactions” as defined in Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* (“**MI 61-101**”). However, the Insider Participation is not subject to the minority approval and formal valuation requirements under MI 61-101 as neither the fair market value of the Convertible Debenture Units, nor the fair market value of the consideration for the Convertible Debenture Units, insofar as it involves interested parties, exceeds 25% of the Company’s market capitalization. The Company did not file a material change report 21 days prior to the expected closing date of the Offering as the details of the Insider Participation in the Offering and the final terms of the Offering had not been finalized at that time. The Offering has been approved by the board of directors of the Company with Eric Silver, Raymond Stone and Neil Tabatznik having disclosed their interest in the Offering and abstaining from voting on the resolution. The Company has not received nor has it requested a valuation of its securities or the subject matter of the Insider Participation in the 24 months prior to the date hereof.

All securities issued pursuant to the Offering will be subject to a statutory hold period of four months and one day, expiring on February 28, 2018.

In connection with the Offering, Maricann has agreed to increase the size of its board to facilitate the nomination of two independent directors commencing at its next annual meeting of shareholders. A lead investor in the Offering has been granted a right to nominate one of the independent directors for election on the board of the Company, which right will survive until the earlier of (i) the maturity date of the Convertible Debentures, and (ii) such time as the lead investor does not, directly or indirectly, hold a minimum of \$1,000,000 principal amount of Convertible Debentures.

The Acquisition

Maricann announced on August 22, 2017 that it had entered into an agreement to purchase 100% of NanoLeaf, a biotech company with licensing rights to patented nano-technology for ingestible cannabinoid delivery called VESIsorb®. Maricann intends to work with Vesifact AG, the producer of VESIsorb®, to apply the VESIsorb® technology to Maricann’s products.

In connection with the Acquisition, NanoLeaf shareholders received \$38.5 million in consideration for their NanoLeaf shares, satisfied by delivery of approximately 18.3 million common shares of Maricann (the “**Closing Shares**”) at a deemed value of \$2.10 per share (subject to adjustment as described below). Maricann also loaned NanoLeaf \$1.6 million in cash to settle existing liabilities of NanoLeaf in advance of completing the Acquisition, resulting in deemed total transaction consideration of \$40.1 million.

The number of common shares issued to NanoLeaf shareholders in connection with the Acquisition is subject to adjustment in certain circumstances following closing, including if, on the date that is 179 days post-closing (the “**Adjustment Calculation Date**”), the volume weight average price of Maricann common shares for the preceding 20-day period (the “**Adjustment VWAP**”) is less than \$2.10, the Company will issue incremental shares to the NanoLeaf vendors (the “**Adjustment Shares**”) in accordance with the following formula:

$(\$38.5 \text{ million} / \text{Adjustment VWAP}) - \text{Number of Closing Shares issued}$.

The Adjustment VWAP is subject to a minimum of \$1.40 per Maricann share, resulting in a maximum number of Adjustment Shares of approximately 9.2 million. For more information on the terms of the acquisition, please refer to the Share Purchase Agreement between Maricann and the NanoLeaf shareholders date August 21, 2017, which has been filed under Maricann's profile on www.sedar.com.

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

The report is not being filed on a confidential basis.

Item 7. Omitted Information

No information has been omitted.

Item 8. Executive Officer

Benjamin Ward, Chief Executive Officer

Telephone: 289-288-6274

Item 9.

Date of Report

DATED at Toronto, in the Province of Ontario, this 3rd day of November, 2017.

Cautionary Note Regarding Forward-Looking Information

Certain statements in this material change report, including statements with respect to the use of the VESIsorb® technology with Maricann's products, contain forward-looking statements which can be identified by the use of forward-looking terminology such as "believes", "expects", "may", "desires", "will", "should", "projects", "estimates", "contemplates", "anticipates", "intends", or any negative such as "does not believe" or other variations thereof or comparable terminology. No assurance can be given that potential future results or circumstances described in the forward-looking statements will be achieved or will occur, including that Maricann will receive the expected benefits from the NanoLeaf transaction. By their nature, these forward-looking statements, necessarily involve risks and uncertainties, including those discussed herein, that could cause actual results to significantly differ from those contemplated by these forward-looking statements. Such statements reflect the view of the Company with respect to future events, and are based on information currently available to the Company and on assumptions, which it considers reasonable. Management cautions readers that the assumptions relative to the future events, several of which are beyond Management's control, could prove to be incorrect, given that they are subject to certain risk and uncertainties, and that actual results may differ materially from those projected. Factors which could cause results or events to differ from current expectations include, among other things: fluctuations in operating results; the impact of general economic, industry and market conditions; the ability to apply the VESIsorb® technology to cannabinoids; the ability to recruit and retain qualified employees; fluctuations in cash flow; increased levels of outstanding debt and obligations under a capital lease; expectations regarding market demand for particular products and the dependence on new product development; the impact of market change; and the impact of price and product competition. Management disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise, except as required by applicable securities laws. The reader is cautioned not to place undue reliance on forward-looking information.