

FORM 51-102F3

**Material Change Report
UNDER SECTION 7.1 OF NATIONAL INSTRUMENT 51-102**

1. **Name and Address of Company:**

Canabo Medical Inc.
Suite 280 – 1090 W. Georgia Street
Vancouver, BC, V6E 3V7
Phone: (604) 899-0106

(the “Company”)

2. **Date of Material Change:**

December 22, 2016

3. **News Release:**

A news release was disseminated on December 22, 2016 and was subsequently filed on SEDAR.

4. **Summary of Material Change:**

The Company has closed a brokered private placement with Aphria Inc. of 6,000,000 common shares at a price of \$1.40 per share, to raise gross proceeds of \$8,400,000.

5. **Full Description of Material Change:**

See Schedule “A”.

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

Not applicable.

7. **Omitted Information:**

Not applicable.

8. **Executive Officer:**

John Philpott
President & Chief Executive Officer
Telephone: (902) 491-4281

9. **Date of Report:**

December 22, 2016

SCHEDULE "A"



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Closing of Brokered Financing

December 22, 2016 - Vancouver, BC - Canabo Medical Inc. (TSX-V: CMM) ("Canabo" or the "Company"), further to the Company's press release dated December 7, 2016, has closed its brokered private placement with Aphria Inc. (TSX-V: APH and USOTCQB:APHQF) ("Aphria") of 6,000,000 common shares (the "Shares") at a price of \$1.40 per share, to raise gross proceeds of \$8,400,000 (the "Offering"). After giving effect to the Offering, Aphria will own approximately 16.6% of the total issued and outstanding common shares of the Company (on an undiluted basis).

The Company entered into an agreement with Haywood Securities Inc., as lead agent, PowerOne Capital Markets Limited, Clarus Securities Inc., (collectively, the "Agents") and paid a cash commission to the Agents equal to 5% of the gross proceeds raised. The Agents have also been granted an over-allotment option to sell up to an additional 900,000 common shares at \$1.40 per share. This option may be exercised at any time, in whole or in part, until January 21, 2017. The Delavaco Group also acted as a Strategic Advisor.

All of the securities issued pursuant to this Offering have a hold period expiring April 23, 2017.

Dr. Neil Smith, Executive Chairman of Canabo stated, "Aphria is a producer that aligns well with Canabo. We are both committed to advancing research to support medical cannabis treatments, and their products are achieving excellent results with many of our patients."

About the Company

Canabo wholly owns and operates Cannabinoid Medical Clinics, or CMClinics, Canada's largest referral-only clinics for medical cannabis. After opening in 2014, Canabo now has ten clinic locations, including Toronto, Barrie, Ottawa, Hamilton, Halifax, St. John's, and Edmonton, with a number of additional clinics planned for opening in 2017.

The principal business carried on and intended to be carried on by Canabo is the operation of strictly referral-only medical clinics for evaluating the suitability of, prescribing, and monitoring cannabinoid treatments for patients suffering from chronic pain and disabling illnesses. Clinics operated by Canabo are staffed by physicians and qualified health care practitioners specifically trained to assess patient suitability for cannabinoid treatment, recommend treatment regimes, and monitor treatment progress. Canabo sees patients only on a physician-referral basis. The *Access to Cannabis for Medical Purposes Regulations* ("ACMPR") requires that medical marijuana must be prescribed by a health care practitioner;

however, no cannabinoid products or medical marijuana are sold at Canabo's cannabinoid medical clinics.

For further information, please contact:

Dr. Neil Smith, Executive Chairman
Telephone: +1-902-210-8833
Email: neilsmith@canabocorp.com
www.canabocorp.com

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this news release.

Forward Looking Statements

Except for historical information, this press release contains forward-looking statements, which reflect Canabo Medical Inc.'s current expectations regarding future events. These forward-looking statements involve known and unknown risks and uncertainties that could cause Canabo's actual results to differ materially from those statements. Those risks and uncertainties include, but are not limited to, our ability to access capital, the successful and timely completion of opening clinics, regulatory changes, competition, approvals and other business and industry risks.

The forward-looking statements in this press release are also based on a number of assumptions which may prove to be incorrect. Forward-looking statements contained in this press release represent views only as of the date of this release and are presented for the purpose of assisting potential investors in understanding Canabo's business, and may not be appropriate for other purposes. Canabo does not undertake to update forward-looking statements, whether written or oral, that may be made from time to time by or on its behalf, except as required under applicable securities legislation. Investors are cautioned not to rely on these forward-looking statements and are encouraged to consult with a professional investment advisor.

Readers are cautioned that the foregoing list is not exhaustive. Readers are further cautioned not to place undue reliance on forward-looking statements as there can be no assurance that the plans, intentions or expectations upon which they are placed will occur. Such information, although considered reasonable by management at the time of preparation, may prove to be incorrect and actual results may differ materially from those anticipated. Forward-looking statements contained in this news release are expressly qualified by this cautionary statement.