FORM 51-102F3

MATERIAL CHANGE REPORT

Item 1: Name and Address of Company

Intellipharmaceutics International Inc. (the "**Company**")

30 Worcester Road
Toronto, Ontario M9W 5X2

Item 2: Date of Material Change

July 26, 2017

Item 3: News Release

A press release was issued on July 26, 2017 through Globe Newswire. A copy of press release was subsequently filed on SEDAR.

Item 4: Summary of Material Change

On July 26, 2017, the Company announced that the Anesthetic and Analgesic Drug Products Advisory Committee and Drug Safety and Risk Management Advisory Committee of the U.S. Food and Drug Administration ("**FDA**") voted 22 to 1 in finding that the Company's New Drug Application ("**NDA**") for Rexista™ abuse-deterrent oxycodone hydrochloride extended release tablets should not be approved at this time.

The committees expressed a desire to review the additional safety and efficacy data for Rexista™ that may be obtained from human abuse potential studies for the oral and intranasal routes of administration.

The FDA is not bound by the advisory committees' recommendation, but will consider their guidance as it continues its review of Rexista™. The FDA set a Prescription Drug User Fee Act (PDUFA) goal date of September 25, 2017 for completion of its review of our Rexista™ NDA candidate.

Item 5: Full Description of Material Change

5.1 - Full Description of Material Change

On July 26, 2017, the Company announced that the Anesthetic and Analgesic Drug Products Advisory Committee and Drug Safety and Risk Management Advisory Committee of the U.S. Food and Drug Administration ("**FDA**") voted 22 to 1 in finding that the Company's New Drug Application ("**NDA**") for Rexista™ abuse-deterrent oxycodone hydrochloride extended release tablets should not be approved at this time. The committees also voted 19 to 4 that the Company has not demonstrated that Rexista™ has properties that can be expected to deter abuse by the intravenous route of administration, and 23 to 0 that there are not sufficient data for Rexista™ to support inclusion of language regarding abuse-deterrent properties in the product label for the intravenous route of administration.

The committees expressed a desire to review the additional safety and efficacy

data for Rexista™ that may be obtained from human abuse potential studies for the oral and intranasal routes of administration.

Accordingly, the Company intends to conduct Category 3 abuse potential studies to provide the data the Company believes necessary to support abuse-deterrent properties of Rexista™ for the oral and intranasal routes, which are required for abuse-deterrent labeling claims for such routes. The Company has an FDA approved protocol for a human abuse potential study for the intranasal route of abuse, which it plans on commencing in the coming weeks.

Rexista™ is indicated for the management of pain severe enough to require daily, around-the-clock, long-term opioid treatment and for which alternative treatment options are inadequate. The FDA is not bound by the advisory committees' recommendation, but will consider their guidance as it continues its review of Rexista™. The FDA set a Prescription Drug User Fee Act (PDUFA) goal date of September 25, 2017 for completion of its review of our Rexista™ NDA candidate.

5.2 - Disclosure for Restructuring Transactions

Not applicable.

Item 6: Reliance on subsection 7.1(2) of National Instrument 51-102 Not applicable.

Not applicable.

Item 7: Omitted Information

Not applicable.

Item 8: Executive Officer

Michael Campbell
General Counsel and Corporate Secretary
416-798-3001

Item 9: Date of Report

August 3, 2017