

MATERIAL CHANGE REPORT
Form 51-102F3

Item 1 Name and Address of Company

Lifestyle Global Brands Limited (“**Lifestyle Global**” or the “**Company**”)
Suite B, F/11 Ritz Plaza 122 Austin Road
Tsim Sha Tsui, Hong Kong

Item 2 Date of Material Change

The material changes occurred on April 18, 2019.

Item 3 News Release

The Company issued a news releases on May 8, 2019.

Item 4 Summary of Material Change

On May 8, 2019 Lifestyle Global Brands Limited and CannHeath Group Limited (“**CannHealth**”), announced that they entered into share purchase agreement dated April 18, 2019 (the “**Share Purchase Agreement**”) pursuant to which Lifestyle Global will acquire all of the issued and outstanding ordinary shares of CannHealth (the “**Proposed Transaction**”). Upon completion of the Proposed Transaction, the issuer resulting from the Proposed Transaction (the “**Resulting Issuer**”) will carry on the business previously carried on by CannHealth. It is anticipated that upon completion of the Proposed Transaction the Resulting Issuer will delist from the TSX Venture Exchange and will list on the Canadian Securities Exchange.

Item 5 Full Description of Material Change

5.1 Full Description of Material Change

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General Information about CannHealth

CannHealth is an Australian privately owned specialty beverage company. Immediately prior to closing the Proposed Transaction, CannHealth will have two primary lines of business: (i) formulation, development and production of alcoholic beverages through a wholly-owned subsidiary, Australian Boutique Spirits Pty Ltd. (“**ABS**”); and (ii) formulation, production and distribution of THC and CBD infused beverages in legal jurisdictions across North America through its wholly-owned subsidiary Health Group LLC.

Through ABS, CannHealth manufacture, export and market a variety of Australian-made spirits and beverages made using natural ingredients. ABS’s spirits are sold throughout Asia and are beginning to be sold in the United States and Europe. ABS brands include Australian Bitters, Australis Gin, Opal Coffee Liqueurs and Voco Coconut Water and Vodka. ABS has an established manufacturing facility in Sydney, Australia where it manufactures and distributes its branded products for the domestic and export markets. ABS has a number of long term manufacturing and distribution agreements in place.

CannHealth has entered into a definitive agreement with ABS pursuant to which CannHealth will purchase all of the issued and outstanding securities of ABS (the “**ABS Transaction**”). The ABS Transaction is expected to close immediately prior to the closing of the Proposed Transaction. Health Group LLC is a specialty beverage company operating in the United States, which focuses on manufacturing products infused with THC and CBD in jurisdictions where it is legal to do so. Health

Group LLC has developed a number of products incorporating either THC or CBD, including THC beer, THC lemonade, CBD vitality shots, THC cold brew coffee and THC bag-in-box cocktails. The company is fitting out a state-of-the-art manufacturing and bottling facility in California and has recently executed a letter of intent, to establish a co-hosted manufacturing facility in Nevada. The Company plans to roll out multiple facilities in additional regulatory approved states in the USA over the coming 12 months.

The Proposed Transaction

Under the terms of the Share Purchase Agreement Lifestyle Global plans to acquire all outstanding ordinary shares of CannHealth (“**CannHealth Shares**”) in exchange for post-Consolidated ordinary shares of Lifestyle Global (“**Lifestyle Global Shares**”) on the basis of one post-Consolidated Lifestyle Global Share for each CannHealth Share. In connection with the Share Purchase Agreement, Lifestyle Global and CannHealth will enter into option cancellation deeds (“**Option Deeds**”) with the CannHealth optionholder pursuant to which the optionholder will agree to surrender their CannHealth options for cancellation in exchange for Lifestyle Global granting the optionholder an equivalent number of options to purchase post-Consolidation Lifestyle Global Shares on substantially similar terms to the CannHealth options. In connection with the Share Purchase Agreement, Lifestyle Global and CannHealth will also enter into performance rights cancellation deeds (“**Rights Deeds**”) with each CannHealth rightsholder pursuant to which the rightsholder will agree to exercise their vested CannHealth performance rights concurrently with the closing of the Proposed Transaction and to surrender their unvested CannHealth performance rights for cancellation in exchange for Lifestyle Global granting the rightsholder an equivalent number of Lifestyle Global performance rights on substantially similar terms to the CannHealth performance rights.

It is estimated that there will be an aggregate of approximately 61,429,250 ordinary shares of the Resulting Issuer (“**Resulting Issuer Shares**”) issued and outstanding immediately following completion of the Proposed Transaction (excluding Resulting Issuer Shares issued in exchange for shares issued under the Private Placement (as defined below) and any Resulting Issuer Shares that may be issuable in connection with the conversion of the Company’s outstanding debentures) resulting in: holders of CannHealth Shares holding approximately 59,274,662 (96.49%) Resulting Issuer Shares; and (ii) holders of Lifestyle Global securities holding approximately 2,154,589 (3.51%) Resulting Issuer Shares.

Private Placement

In conjunction with the Proposed Transaction, Lifestyle Global and CannHealth are planning to complete a concurrent private placement financing for estimated gross proceeds of a minimum of CAD\$10,000,000 up to a maximum of CAD\$20,000,000 (the “**Private Placement**”). Details on the Private Placement, including the amount of proceeds to be raised, the type and number of securities offered for issuance and the agent or agents engaged to broker the Private Placement, if any, will be provided in due course once available by way of news release.

Management Team, Board of Directors and Other Insiders

Upon completion of the Proposed Transaction, it is anticipated that certain directors and officers of Lifestyle Global will resign and be replaced by nominees of CannHealth. Details regarding the anticipated directors and officers of the Resulting Issuer are set forth below.

Daniel Lanskey – Non-Executive Chairman, Director

Mr. Lanskey has over 15 years’ experience in senior management in the oil and gas, cannabis and base metals industries in North America and Australia. Mr. Lanskey is the former Chairman of Needle Capital Corp which was recently acquired by The Flowr Corporation (TSXV:FLWR), a cannabis company listed on the TSXV. He was the founder and Managing Director of Austex Oil Limited which grew from startup to \$30m in annual revenue. Mr. Lanskey is currently a Director of Timeless Capital Corporation (TSXV) and Tillegrah Limited (ASX).

Andrew Sparke – Non-Executive Director

Mr. Sparke is a capital raising and corporate advisory professional with over 15 years' experience. He has a wealth of capital markets experience and is the director of a number of public and private companies including Olive Capital Pty Ltd. His capital markets experience includes IPO's, private placements, secondary market transactions and listed company compliance and he has advised ASX listed companies on capital raising and corporate transactions. Mr. Sparke holds a Bachelor of Business (Marketing), a Masters (Finance) and is a member of the Australian Institute of Company Directors (MAICD).

Vick Dusik – Director

Mr. Dusik is a Chartered Professional Accountant and Chartered Business Valuator who has held senior positions with Ernst & Young. Mr. Dusik has been a director and Chief Financial Officer of several listed companies in the energy and resources sector. He holds a MBA from the Richard Ivey School of Business, Western University and an ICD.D from the Rotman School of Management, University of Toronto.

Amit Raj Beri – Chief Executive Officer and Director

Mr. Beri is the founder and Managing Director of CannHealth, ABS, Europa Group, and Elegance Spirits. He brings many years of experience in the beverage industry in sales, marketing, new distribution, and a history of introducing new products into global markets. Mr. Beri has launched a number of brands by undertaking key R&D.

Michael Kahn – Chief Financial Officer

Mr. Kahn has over 15 years in the financial services industry including experience in corporate finance, mergers and acquisition advisory, and merchant banking. Mr. Kahn was a Vice President, Investment Banking Division at Morgan Stanley Canada, a Vice President and Director, Investment Banking at TD Securities Inc., and a Vice President at Kensington Capital Partners Limited. He is the former Chief Financial Officer of eQube Gaming Limited (TSXV: EQG) a Canadian publicly-listed electronic gaming provider. He has served on the board of directors of several publicly listed companies, including Quartet Resources Ltd., a predecessor company to Lifestyle Global Brands as well as Colson Capital Corp. (TSXV). Mr. Kahn is currently a Director and Chief Financial Officer of Lifestyle Global Brands.

Selected *Pro Forma* Consolidated Financial Information of CannHealth

The following selected *pro forma* consolidated financial information of CannHealth has been supplied to Lifestyle Global by CannHealth for inclusion herein and assumes completion of the ABS Transaction.

	Year Ended December 31, 2018 (\$CAD)
Total Assets	\$38,191,591
Total Long-Term Liabilities	\$7,478,702
Revenues	\$1,644,706
General and Administrative Expenses	\$1,548,435
Net Profit	\$115,171

Trading Halt

The Lifestyle Global Shares are currently halted from trading and are not expected to resume trading until completion of the Proposed Transaction.

Conditions to Completion of the Proposed Transaction and Regulatory Matters

Completion of the Proposed Transaction is subject to a number of conditions including, but not limited to, completion of the previously announced spin out of the Company's wholly-owned subsidiary Goldbelt International Limited (the "**Spin-out**"); further details regarding the Spin-out can be found in the Company's June 13, 2018 news release, a copy of which is available under the Company's profile at

www.sedar.com. Completion of the Proposed Transaction is also subject to completion of the ABS Acquisition, the completion of a concurrent financing for gross proceeds of a minimum of CAD\$5,000,000, the entering into of the Option Deeds and Performance Rights Deeds with the CannHealth optionholders and rightsholders (as applicable), Lifestyle Global completing a share consolidation on the basis of one post-consolidation Lifestyle Global Share for every 18 pre-consolidation Lifestyle Global Shares, or on such other basis as may be determined by the Company and CannHealth (the “**Consolidation**”), closing conditions customary to transactions of the nature of the Proposed Transaction and receipt of all necessary approvals from regulatory bodies and exchanges having jurisdiction in connection with the Proposed Transaction.

5.2 Disclosure for Restructuring Transactions

Not applicable.

Item 6 **Reliance on subsection 7.1(2) or (3) of National Instrument 51-102**

Not applicable.

Item 7 **Omitted Information**

Not applicable.

Item 8 **Executive Officer**

The name and business number of an executive officer of the Company who is knowledgeable about the material change and this report is:

Michael Kahn, Chief Financial Officer
Telephone: (416) 560-3193 Email: michael.kahn@bell.net

Item 9 **Date of Report**

This report is dated the 8th day of May, 2019.

Forward-Looking Statements

This material change report contains “forward-looking information” and “forward-looking statements” (collectively, “forward-looking statements”) within the meaning of the 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”, an 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. In this material change report, forward-looking statements relate, among other things, to: the terms and conditions of the Proposed Transaction, the Private Placement, the Consolidation and the terms and completion thereof; the Spin-out and the completion thereof; the ABS Acquisition and the completion thereof; the entering into of the Option Deeds and Rights Deeds, the business and operations of CannHealth and the Resulting Issuer; go-forward management of the Resulting Issuer; and the trading and listing of the Resulting Issuer Share as the case may be. 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: general business, economic, competitive, political and social uncertainties; and the delay or failure to receive board, shareholder, court or regulatory approvals. 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, Lifestyle

Global and CannHealth assume no obligation to update the forward-looking statements of beliefs, opinions, projections, or other factors, should they change, except as required by law.