CUBICFARM SYSTEMS CORP.

FORM 51-102F3

MATERIAL CHANGE REPORT

Item 1: Name and Address of Company

CubicFarm Systems Corp. (“CubicFarm” or the “Company”)
353 – 19951 80A Ave
Langley, BC
V2Y 0E2

Item 2: Date of Material Change

July 23, 2020

Item 3: News Release

A news release was disseminated via CNW, and filed on SEDAR, on July 23, 2020.

Item 4: Summary of Material Change

On July 23, 2020 CubicFarm announced that it entered into a Letter of Offer of financing with BDC Capital Inc. (“BDC”), a wholly owned subsidiary of Business Development Bank of Canada.

Also on July 23, 2020, CubicFarm announced that, further to its press release dated July 15, 2020, the Company completed the non-brokered private placement with Harry DeWit and Company insiders, involving the issuance of 1,659,600 common shares of CubicFarm at a price of C$0.70 per share for gross proceeds of C$1,161,720 (the “Offering”). Insiders who participated in the Offering include Jeff Booth, Chairman; Rodrigo Santana, Chief Operating Officer; and Tim Fernback, Chief Financial Officer.

Item 5: Full Description of Material Change

On July 23, 2020 CubicFarm announced that it entered into a Letter of Offer of financing with BDC, a wholly owned subsidiary of Business Development Bank of Canada.

BDC’s Cleantech Practice has agreed to provide CubicFarm with growth capital in the amount of C$5,000,000 through a commercial debt financing (the “Loan”). The Loan will bear interest at an annual fixed rate of 10%, which will be decreased as the Company meets performance targets set by BDC. The secured Loan is payable by June 2025.

Also on July 23, 2020, CubicFarm announced that, further to its press release dated July 15, 2020, the Company completed the Offering. Insiders who participated in the Offering include Jeff Booth, Chairman; Rodrigo Santana, Chief Operating Officer; and Tim Fernback, Chief Financial Officer.

The net proceeds from the Loan and the Offering are expected to be used for research and development to expand machine capabilities and crop varieties, and working capital.

All securities issued pursuant to the Offering will be subject to a hold period under applicable securities laws, which will expire four months plus one day from the closing date of the Offering.

This report does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities, in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction. The securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), or any state securities laws, and may not be offered or sold within the United States unless an exemption from such registration is available.

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

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Cautionary statement on forward-looking information

Certain statements in this report constitute "forward-looking statements" or "forward-looking information" within the meaning of applicable securities laws, including, without limitation, statements with respect to the repayment terms of the Loan; and use of proceeds and anticipated benefits to the Company of the Loan and the Offering. Such statements involve known and unknown risks, uncertainties, and other factors including evolving market conditions, which may cause the actual results, performance, or achievements of CubicFarm Systems Corp., or industry results, to be materially different from any future results, performance, or achievements expressed or implied by such forward-looking statements or information including the Company obtaining the approval of the Offering from the TSX Venture Exchange. Such statements can be identified by the use of words such as "may", "would", "could", "will", "intend", "expect", "believe", "plan", "anticipate", "estimate", "scheduled", "forecast", "predict", and other similar terminology, or state that certain actions, events, or results "may", "could", "would", "might", or "will" be taken, occur, or be achieved.

These statements reflect the Company's current expectations regarding future events, performance, and results and speak only as of the date of this report. Consequently, there can be no assurances that such statements will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements. Except as required by securities disclosure laws and regulations applicable to the Company, the Company undertakes no obligation to update these forward-looking statements if the Company's expectations regarding future events, performance, or results change.

Item 6: Reliance on subsection 71(2) of National Instrument 51-102

Not applicable.

Item 7: Omitted Information

Not applicable.

Item 8: Executive Officer

The following executive officer of the Company is knowledgeable about the material change disclosed in this report and may be contacted as follows:

Dave Dinesen
Chief Executive Officer
(604) 220-1370

Item 9: Date of Report

July 24, 2020