

Form 51-102F3

**MATERIAL CHANGE REPORT**

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

THC BioMed Intl Ltd.  
P.O. Box 20033 Towne Centre  
Kelowna, B.C. V1Y 9H2

**Item 2: Date of Material Change**

August 10, 2021

**Item 3: News Release**

A news release was issued and disseminated on August 11, 2021 and filed on SEDAR ([www.sedar.com](http://www.sedar.com)). A copy of the news release is attached as Schedule "A" hereto.

**Item 4: Summary of Material Change**

The Company announced that, on August 10, 2021, it had completed a non-brokered private placement of convertible debentures for gross proceeds of \$500,000 (the "**Debenture**") from a company owned by John Miller, President, CEO and director, and Hee Jung Chun, CFO and director (the "**Creditor**"). The Debenture is dated August 10, 2021. The term of the Debenture is 24 months (2 years) and bears interest at 10% per annum calculated on an annual basis and payable monthly. The Debenture is convertible into common shares at a price of \$0.10 per share, at any time at the election of the company holding the Debenture.

The Company will send a copy of any material change report prepared by it in respect of the convertible debenture to any shareholder upon request and without charge.

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

The Company announced that, on August 10, 2021, it had completed a non-brokered private placement of convertible debentures for gross proceeds of \$500,000 (the "**Debenture**") from a company owned by John Miller, President, CEO and director, and Hee Jung Chun, CFO and director (the "**Creditor**"). The Debenture is dated August 10, 2021. The term of the Debenture is 24 months (2 years) and bears interest at 10% per annum calculated on an annual basis and payable monthly. The Debenture is convertible into common shares at a price of \$0.10 per share, at any time at the election of the company holding the Debenture.

In the event that the Company's common share price on a Canadian stock exchange is \$0.60 or greater *per* common share for a period of 10 or more consecutive trading days, the Company can force the conversion of the entire principal amount plus interest accrued into common shares of the Company at \$0.10 *per* share.

The Company may provide 30 day's written notice to the Creditor that it intends to prepay the entire Principal Amount plus the interest accrued up to the date of prepayment. After receipt of a Notice of Prepayment, the Creditor may elect to convert the Principal Amount plus interest accrued within the 30-day notice period.

Upon the occurrence of standard events of default, all principal and interest outstanding under this Convertible Debenture shall become immediately due and payable by the Company upon demand by the Creditor.

The proceeds of the Debenture will be used by the Company for working capital and general corporate purposes. Management believes that the less than 21-day notice of the closing in this convertible debenture is reasonable given that the Company has immediate plans for use of the funds it will receive from the convertible debenture.

Together, John Miller and Hee Jung Chun own an aggregate of 47,313,476 common shares (“**Common Shares**”), 1,100,000 stock options (“**Stock Options**”) and 9,390,363 warrants (“**Warrants**”) in the capital of the Company. The Common Shares held by Mr. Miller and Ms. Chun represent approximately 28.9% of the Common Shares of the Company on a non-diluted basis and approximately 32.6% on a diluted basis. If the Debenture were to be converted, Mr. Miller and Ms. Chun would own an additional 5,000,000 shares, representing approximately 34.5% of the issued and outstanding Common Shares, a combined increase of 1.9% on a diluted basis.

Neither the Company nor, to the knowledge of the Company, after reasonable inquiry, the Related Parties have knowledge of any material information concerning the Company or its securities that has not been generally disclosed.

The Company will send a copy of any material change report prepared by it in respect of the convertible debenture to any shareholder upon request and without charge.

**The following supplementary information is provided in accordance with Section 5.2 of Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions (“MI 61-101”).**

**(a) a description of the transaction and its material terms:**

Certain related parties of the Company (the “Related Parties”) invested \$500,000 into the Company on August 10, 2021 and the Company issued the Debenture to the Related Parties on the same date. See Item 5 above.

**(b) the purpose and business reasons for the transaction:**

The funds advanced under the Debenture will be used for working capital and general corporate purposes.

**(c) the anticipated effect of the transaction on the issuer’s business and affairs:**

The gross proceeds from the Debenture will provide the Company with funds to be used for working capital and general corporate purposes.

**(d) a description of:**

**(i) the interest in the transaction of every interested party and of the related parties and associated entities of the interested parties:**

Each of the Related Parties own 50% of the holding company that entered into the Debenture. Therefore, a 50% interest in the gross proceeds of the Debenture could be allocated to each of the Related Parties to describe their interest, as follows:

<b>Name</b>	<b>Position</b>	<b>Investment</b>
John Mliler	Officer, director and greater than 10% holder	\$250,000
Hee Jung Chun	Officer, director and greater than 10% holder	\$250,000

**(ii) the anticipated effect of the transaction on the percentage of securities of the issuer, or of an**

affiliated entity of the issuer, beneficially owned or controlled by each person or company referred to in subparagraph (i) for which there would be a material change in that percentage:

Immediately prior to the execution of the Debenture, John Miller had ownership and control over a total of 31,151,404 common shares of the Company, representing 19% of the issued and outstanding common shares. Assuming a conversion by Mr. Miller of all of the amounts owing or potentially owing under the Debenture, Mr. Miller would acquire ownership and control over a total of 2,500,000 common shares of the Company, representing 20.2% of the issued and outstanding common shares. Immediately following such conversion, together with the common shares already owned by Mr. Miller and assuming conversion of convertible securities of the Company held by Mr. Miller, Mr. Miller would have ownership and control over 43,591,767 common shares of the Company, representing 24.7% of the issued and outstanding common shares on a diluted basis.

Immediately prior to the execution of the Loan Agreement, Hee Jung Chun had ownership and control over a total of 16,162,072 common shares of the Company, representing 9.9% of the issued and outstanding common shares. Assuming a conversion by Ms. Chun of all of the amounts owing or potentially owing under the Debenture, Ms. Chun would acquire ownership and control over a total of 2,500,000 common shares of the Company, representing 11.2% of the issued and outstanding common shares. Immediately following such conversion, together with the common shares already owned by Ms. Chun and assuming conversion of convertible securities of the Company held by Ms. Chun, Ms. Chun would have ownership and control over 19,212,072 common shares of the Company, representing 11.5% of the issued and outstanding common shares on a diluted basis.

- (e) Unless this information will be included in another disclosure document for the transaction, a discussion of the review and approval process adopted by the board of directors and the special committee, if any, of the issuer for the transaction, including a discussion of any materially contrary view or abstention by a director and any material disagreement between the board and the special committee:**

A resolution of the disinterested members of the board of directors of the Company was passed on August 9, 2021 approving the Debenture. No special committee was established in connection with the transaction, and no materially contrary view was made by any director. John Miller and Hee Jung Chun abstained from the decision after disclosing their interest in it to the other Board members.

- (f) A summary in accordance with section 6.5 of MI 61-101, of the formal valuation, if any, obtained for the transaction, unless the formal valuation is included in its entirety in the material change report or will be included in its entirety in another disclosure document for the transaction:**

Not applicable.

- (g) Disclosure, in accordance with section 6.8 of MI 61-101, of every prior valuation in respect of the issuer that relates to the subject matter of or is otherwise relevant to the transaction:**

- (i) **that has been made in the 24 months before the date of the material change report:** Not applicable.
- (ii) **the existence of which is known, after reasonable enquiry, to the issuer or to any director or officer of the issuer:** Not applicable.

- (h) The general nature and material terms of any agreement entered into by the issuer, or a related party of the issuer, with an interested party or a joint actor with an interested party, in connection with the transaction:**

Other than the Debenture, the Company did not enter into any agreement with an interested party

or a joint actor with an interested party in connection with the Debenture. To the Company's knowledge, no Related Party to the Company entered into any agreement with an interested party or a joint actor with an interested party, in connection with the Debenture.

**(i) Disclosure of the formal valuation and minority approval exemptions, if any, on which the issuer is relying under sections 5.5 and 5.7 of MI 61-101 respectively, and the facts supporting reliance on the exemptions:**

The Debenture is exempt from the formal valuation and minority shareholder approval requirements of MI 61-101 pursuant to the exemptions provided in Section 5.5 (a)(b) and (c) and Section 5.6 (a) and (b).

**Exemptions from Formal Valuation Requirement – MI 61-101, Section 5.5**

The Debenture is exempt from the formal valuation requirement of MI 61-101 pursuant to the exemption provided in Section 5.5 (a) because at the time the transaction was agreed to, neither the fair market value of the subject matter of, nor the fair market value of the consideration for, the transaction exceeded 25% of the Company's market capitalization, which was \$17,203,048.

The Debenture is exempt from the formal valuation requirement of MI 61-101 pursuant to the exemption provided in Section 5.5 (b) because the Company is not listed on the markets specified in that exemption.

The Debenture is exempt from the formal valuation requirement of MI 61-101 pursuant to the exemption provided in Section 5.5 (c) because the Debenture is a distribution of securities of the issuer to a Related Party for cash consideration and (i) neither the Company nor, to the knowledge of the Company after reasonable inquiry, the Related Party has knowledge of any material information concerning the Company or its securities that has not been generally disclosed, and the disclosure document for the Debenture includes a statement to that effect, and (ii) the disclosure document, being the Material Change Report, for the Debenture includes a description of the effect of the distribution on the direct or indirect voting interest of the Related Parties.

**Exemptions from Minority Approval Requirement– MI 61-101, Section 5.7**

The Debenture is exempt from the minority approval requirement of MI 61-101 pursuant to the exemption provided in Section 5.7(1)(a) because at the time the transaction was agreed to, neither the fair market value of the subject matter of, nor the fair market value of the consideration for, the transaction exceeded 25% of the Company's market capitalization, which was \$17,203,048.

The Debenture is exempt from the minority approval requirement of MI 61-101 pursuant to the exemption provided in Section 5.7(1)(b) because the Company is not listed on the markets specified in that exemption and at the time the Debenture was agreed to, neither the fair market value of the securities to be distributed in the transaction nor the consideration to be received for those securities, insofar as the transaction involves interested parties, exceeds \$2,500,000. The Company has two independent directors in respect of the transaction who are not employees of the issuer, and both of them approved the transaction.

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

Not applicable

**Item 7: Omitted Information**

None

**Item 8: Executive Officer**

John Miller, President & CEO  
Telephone:1-844-THCMEDS

**Item 9: Date of Report**

August 11, 2021

Schedule A



THC BIOMED INTL LTD.  
P.O. Box 20033 Towne Centre  
Kelowna, B.C. V1Y 9H2  
[www.thcbiomed.com](http://www.thcbiomed.com)

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**THC BioMed Insiders Invest \$500,000 Cash in Non-Brokered  
Private Placement of Convertible Debentures**

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**Vancouver, BC – (August 11, 2021)** THC BioMed Intl Ltd. (“**THC BioMed**” or the “**Company**”) announces it has closed a non-brokered private placement of convertible debentures for gross proceeds of \$500,000 (the “**Debenture**”) from a company owned by John Miller, President, CEO and director, and Hee Jung Chun CFO and director (the “**Creditor**.”) The Debenture is dated August 10, 2021. The term of the Debenture is 24 months (2 years) and bears interest at 10% per annum calculated on an annual basis and payable monthly. The Debenture is convertible into common shares of the Company (“Common Shares”) at a price of \$0.10 per share, at any time at the election of the company holding the Debenture.

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Upon the occurrence of standard events of default, all principal and interest outstanding under this Convertible Debenture shall become immediately due and payable by the Company upon demand by the Creditor.

The proceeds of the Debenture will be used by the Company toward working capital and general corporate purposes. Management believes that it is reasonable to closing the convertible debenture immediately because the Company has immediate uses for the funds it will receive from the convertible debenture.

Together, John Miller and Hee Jung Chun own 47,313,476 Common Shares, 1,100,000 stock options and 9,390,363 warrants in the capital of the Company. The Common Shares held by Mr. Miller and Ms. Chun represent approximately 28.9% of the Common Shares of the Company on a non-diluted basis. The Common Shares, stock options and warrants represent approximately 32.6% of the capital stock of the Company on a diluted basis. If the Debenture were to be converted, Mr. Miller and Ms. Chun would own an additional 5,000,000 shares under their joint control, representing approximately 34.5% of the issued and outstanding Common Shares, a combined increase of 1.9% on a diluted basis.

The Company will send a copy of any material change report prepared by it in respect of the convertible debenture to any shareholder upon request and without charge.

## **About THC**

THC BioMed is one of Canada's oldest active licensed cannabis companies. THC BioMed is a *Cannabis Act* Licensed Producer of medical and recreational cannabis.

### **President and CEO:**

John Miller

THC Biomed Intl Ltd.

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### **Forward-Looking Information:**

This press release may include forward-looking information within the meaning of Canadian securities legislation, concerning the business of THC. Forward-looking information is based on certain key expectations and assumptions made by the management of THC. In some cases, you can identify forward-looking statements by the use of words such as "will," "may," "would," "expect," "intend," "plan," "seek," "anticipate," "believe," "estimate," "predict," "potential," "continue," "likely," "could" and variations of these terms and similar expressions, or the negative of these terms or similar expressions. Although THC believes that the expectations and assumptions on which such forward-looking information is based are reasonable, undue reliance should not be placed on the forward-looking information because THC can give no assurance that they will prove to be correct. Forward-looking statements contained in this press release are made as of the date of this press release and include that the investments will be used for the stated purposes. THC disclaims any intent or obligation to update publicly any forward-looking information, whether as a result of new information, future events or results or otherwise, other than as required by applicable securities laws.

***The Canadian Securities Exchange (CSE) has not reviewed and does not accept responsibility for the adequacy or the accuracy of the contents of this release.***