

FORM 51-102F3

MATERIAL CHANGE REPORT

**Item 1 Name and Address of Company**

Abba Medix Group Inc. (the "**Corporation**")  
1773 Bayley Street  
Pickering, ON M5K 0A1

**Item 2 Date of Material Change**

September 2, 2016

**Item 3 News Release**

A news release with respect to the material change referred to in this report was issued by the Corporation through Marketwired on September 6, 2016 and filed under the Corporation profile on the System for Electronic Document Analysis and Retrieval ("**SEDAR**") at [www.sedar.com](http://www.sedar.com).

**Item 4 Summary of Material Change**

On September 6, 2016, the Corporation announced that it had completed its previously announced offering (the "**Offering**") pursuant to which it has issued and sold on a subscription receipt basis, 19,001,000 Equity Units (the "**Equity Unit Subscription Receipts**") and 1,275 Debenture Units (the "**Debenture Unit Subscription Receipts**", and together with the Equity Unit Subscription Receipts, the "**Subscription Receipts**") at a subscription price of \$0.25 per Equity Unit Subscription Receipt and \$1,000 per Debenture Unit Subscription Receipt for aggregate gross proceeds of \$6,025,000.

The Offering was completed in connection with the previously announced acquisition by the Corporation of Marijuana for Trauma Inc. and The Longevity Project (the "**Acquisition**") and was carried out on a brokered private placement basis through Mackie Research Capital Corporation ("**Mackie Research**"), which acted as sole agent in connection with the Offering.

**Item 5 Full Description of Material Change**

**5.1 Full Description of Material Change**

*The Offering*

On September 6, 2016, the Corporation announced that it had completed its previously announced offering pursuant to which it has issued and sold 19,001,000 Equity Unit Subscription Receipts and 1,275 Debenture Unit Subscription Receipts at a subscription price of \$0.25 per Equity Unit Subscription Receipt and \$1,000 per Debenture Unit Subscription Receipt for aggregate gross proceeds of \$6,025,000. The Offering was completed in connection with the Acquisition and was carried out on a brokered private placement basis through Mackie Research, which acted as sole agent in connection with

the Offering pursuant to an agency agreement dated September 2, 2016 between the Corporation and Mackie Research (the "**Agency Agreement**").

Each Equity Unit Subscription Receipt purchased in the Offering entitles the holder thereof to receive, for no additional consideration and without further action on the part of the holder thereof, upon satisfaction of the Escrow Release Conditions (as defined below), a unit comprised of (i) one common share of the Corporation (each an "**Equity Unit Share**") and (ii) one common share purchase warrant of the Corporation (each an "**Equity Unit Warrant**"). Each Equity Unit Warrant shall be exercisable into one common share of the Corporation (each a "**Equity Unit Warrant Share**") at an exercise price of \$0.40 for a period of twenty-four (24) months from the issuance of the Equity Unit Warrant.

Each Debenture Unit Subscription Receipt purchased in the Offering entitles the holder thereof to receive, for no additional consideration and without further action on the part of the holder thereof, upon satisfaction of the Escrow Release Conditions, a unit comprised of (i) \$1,000 principal amount of 8.5% secured convertible debentures in the capital of the Corporation with a maturity date ("**Maturity Date**") of 48 months from the date of issuance (a "**Convertible Debenture**") and (ii) 1,000 detachable common share purchase warrants of the Corporation (each, a "**CD Warrant**"). Each Convertible Debenture shall be convertible at the holder's option into fully-paid common shares of the Corporation (each, a "**CD Share**") at any time prior to the Maturity Date at a conversion price of \$0.40 per CD Share, being a ratio of 2,500 CD Shares per \$1,000 principal amount of Convertible Debentures. Each CD Warrant shall be exercisable into one common share of the Corporation (each a "**CD Warrant Share**") at a price of: (a) \$0.40 per CD Warrant Share between the date the Escrow Release Conditions are met (the "**Escrow Release Date**") and the date that is 24 months from the Escrow Release Date; (b) \$0.75 per CD Warrant Share between the date that is 24 months from the Escrow Release Date and the date that is 36 months from the Escrow Release Date; and (c) \$1.00 per CD Warrant Share between the date that is 36 months from the Escrow Release Date and the Maturity Date.

The following are conditions precedent (the "**Escrow Release Conditions**") to the conversion of the Subscription Receipts: (i) the completion, satisfaction or waiver of all conditions precedent to the Acquisition (other than payment of the purchase price); (ii) the receipt of all required shareholder and regulatory approvals and third party consents required for the Acquisition; (iii) satisfaction of Mackie Research that the holders of the Convertible Debentures will have a first lien security interest on the assets of the Corporation; (iv) the receipt of a certificate of amendment issued by the Director (as defined in the Canada Business Corporations Act) giving effect to the previously announced 1.5:1 share consolidation of the Corporation; (v) the conditional approval of the Canadian Securities Exchange (the "**CSE**") for the Acquisition, subject only to the satisfaction of the usual listing conditions; (vi) the Corporation not being in material breach or default of its covenants or obligations contained in the Agency Agreement, except those breaches or defaults that have been waived in writing by Mackie Research; and (vii) the subscription receipt agent for the Subscription Receipts (the "**Subscription Receipt Agent**") receiving notice from the Corporation and Mackie Research confirming that the Escrow Release Conditions have been satisfied or waived.

The total gross proceeds of the Offering, less 50% of the cash commission payable to Mackie Research in connection with the Offering and certain expenses, have been

deposited in escrow (the "**Escrowed Proceeds**") with the Subscription Receipt Agent pending notice being given by the Corporation and Mackie Research to the Subscription Receipt Agent that the Escrow Release Conditions have been satisfied. Following the delivery of such notice to the Subscription Receipt Agent, the Escrowed Proceeds shall be released to the account of the Corporation, and the Subscription Receipts will convert into the applicable underlying securities (as described above).

If the Escrow Release Conditions are not satisfied prior to 5:00 p.m. (Toronto time) on October 31, 2016 (the "**Escrow Release Deadline**"), or if the Corporation announces to the public by news release that it does not intend to satisfy the Escrow Release Conditions, then (i) the Subscription Receipt Agent shall return the Escrowed Proceeds to the holders of the Subscription Receipts in an amount equal to the aggregate subscription price for the Subscription Receipts held by such holder, together with a pro rata portion of the interest earned on the Escrowed Proceeds, and (ii) the Subscription Receipts shall be cancelled with no further force or effect. The Corporation shall be responsible to the holders of the Subscription Receipts for any shortfall in the returnable subscription price.

The Corporation intends to use the proceeds from the Offering to fund the cost of the Acquisition and for working capital and general corporate purposes. All securities issued pursuant to the Offering are subject to a hold period that will expire on January 3, 2017, which is four months and one day from the closing date of the Offering, in accordance with applicable securities laws in Canada. Unless otherwise expressed, all references herein to securities issuable in the Offering and corresponding subscription prices are made on a post 1.5:1 consolidation basis.

The Acquisition is subject to a number of conditions, including shareholder and CSE approval, and is anticipated to close shortly following the annual and special meeting of Company shareholders scheduled for October 14, 2016.

#### *Multilateral Instrument 61-101 – Related Party Transactions*

The following persons (the "**Related Parties**"), each of whom is a "related party" within the meaning of Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**"), subscribed for Subscription Receipts under the Offering: (i) David Shpilt, a director of the Corporation, subscribed for 600,000 Equity Unit Subscription Receipts (the "**Shpilt Subscription**"); (ii) Michael A. Boucher, a director of the Corporation, subscribed for 40,000 Equity Unit Subscription Receipts (the "**Boucher Subscription**"); and (iii) 2255071 Ontario Inc., of which Mr. Shpilt is a director, subscribed for 700,000 Equity Unit Subscription Receipts (the "**2255071 Ontario Subscription**"), and together with the Shpilt Subscription and Boucher Subscription, the "**Related Party Subscriptions**").

Since Mr. Shpilt, Mr. Boucher and 2255071 Ontario Inc. are "related parties" within the meaning of MI 61-101, the Related Party Subscriptions constitute "related party transactions" for the purposes of MI 61-101, which would require the Corporation to obtain a formal valuation for, and minority approval of, the Related Party Subscriptions, in the absence of exemptions from such requirements.

The Corporation is exempt from the formal valuation requirement pursuant to Section 5.5(b) of MI 61-101 on the basis that no securities of the Corporation are listed or quoted on a market specified in that provision. The Corporation is also exempt from the minority

approval requirement pursuant to Section 5.7(1)(a) of MI 61-101 on the basis that, at the time that the Related Party Subscriptions were completed, neither the fair market value of the Related Party Subscriptions, nor the consideration to be paid for the Related Party Subscriptions pursuant to the portion of the Offering to be sold to the Related Parties exceeded 25% of the Corporation's market capitalization.

The Corporation entered into subscription agreements with each of the subscribers under the Offering, including each of the Related Parties, each of which contained standard terms and conditions typical of private placements of this nature.

The Corporation did not disclose the facts of the Related Party Subscriptions in its material change report filed under the Corporation profile on SEDAR on July 11, 2016 as the participation by the Related Parties in the Offering was not known as at the date thereof.

**5.2 Disclosure for Restructuring Transactions**

Not applicable.

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

Not applicable.

**Item 7 Omitted Information**

No information has been omitted from this report on the basis that it is confidential information.

**Item 8 Executive Officer**

For further information, please contact:

Gerry Goldberg  
Interim Chief Executive Officer  
Telephone: 1-844-696-3349

**Item 9 Date of Report**

September 15, 2016