

FORM 51-102F3
MATERIAL CHANGE
REPORT

Item 1 Name and Address of Company

MTL Cannabis Corp. (the “**Company**”)
4225 Autoroute Transcanadienne
Point-Claire, Québec, HBR 1B4

Item 2 Date of Material Changes

July 28, 2023

Item 3 News Release

A news release announcing the material change was disseminated by the Company on July 31, 2023, through Cision.

Item 4 Summary of Material Change

The Company announced that it had changed its name from Canada House Cannabis Group Inc. to MTL Cannabis Corp. and closed the second and final tranche of its previously announced acquisition (the “**Transaction**”) of all of the issued and outstanding shares of Montréal Medical Cannabis Inc. (“**MTL**”) pursuant to a second amended and restated share exchange agreement dated June 28, 2023 (the “**Agreement**”).

With the closing of the Transaction, the Company also announced the effectiveness of amendments to restructure certain debt obligations of the Company.

Item 5.1 Full Description of Material Change

Effective July 28, 2023, the Company changed its name from Canada House Cannabis Group Inc. to MTL Cannabis Corp. and closed the second and final tranche of its previously Transaction for all of the issued and outstanding shares of MTL pursuant to the Agreement. The Transaction constituted a “reverse takeover” of the Company.

With the closing of the second tranche of the Transaction, the Company acquired approximately 75.01% of the issued and outstanding shares of MTL in exchange for 70,713,556 common shares in its capital (“**Common Shares**”) at a deemed price of \$1.05 per Common Share. There are now 116,997,561 Common Shares issued and outstanding.

The Company also announced the effectiveness of amendments to restructure certain debt obligations and Common Share purchase warrants held by Archerwill Investment Inc. (“**Archerwill**”). In connection therewith, the following (collectively, the “**Archerwill Amendments**”) are now effective: (i) a debenture amending agreement (the “**Debenture Amendment**”) that amends the \$6,500,000 aggregate principal secured convertible debenture previously issued to Archerwill on August 5, 2020, and amended and restated on July 22, 2022 (the “**Debenture**”), so as to relax certain operating covenants in favour of the Company, to create a proportional payout covenant in favour of Archerwill upon the payment of certain related party indebtedness of the Company and to extend the term of those prepayment warrants to be issued under the Debenture; (ii) certain waivers and consents required under the Debenture so as to various certain defaults that may have occurred upon Transaction closing as a result of MTL becoming a subsidiary of the Company and subject to the terms and conditions of the Debenture; (iii) a cancellation of the Common Share purchase warrants issued to Archerwill (the “**Loan**

Bonus Warrants”) concurrently with the Debenture to acquire 4,333,333 Common Shares; and (iii) a newly issued Common Share purchase warrant (the “**Consideration Warrants**”) for the purchase of up to 4,333,333 Common Shares at an exercise price equal to the lower of \$1.20 and 130% of the volume weighted average trading price of the Common Shares for the 20 day trading days following the resumption of trading of the Common Shares on the Canadian Securities Exchange (the “**CSE**”) and expiring on August 5, 2027. The Consideration Warrants provide that 2,600,000 of such warrants shall vest only if the volume weighted average trading price of the Common Shares for the 20-day trading days following the resumption of trading of the Common Shares on the CSE is greater than \$0.65.

Related Party Transactions

Two of the vendors of MTL shares acquired by the Company pursuant to the Transaction, The Richard Clément Family Trust (the “**RC Trust**”) and The Michel Clément Family Trust (the “**MC Trust**”), and Archerwill are each considered to be a Related Party under Multilateral Instrument 61-101 - Protection of Minority Security Holders in Special Transaction (“**MI 61-101**”) by virtue of each such person having beneficial ownership of over 10% of all the outstanding voting securities of the Company.

The RC Trust and the MC Trust each acquired 10,535,445 Common Shares (or 22.83% of the total issued and outstanding Common Shares as at the time the Agreement was entered into) in connection with the first tranche of the closing of the Transaction in August 2022.

As the Common Shares issuable on conversion of the Debenture and exercise of the Loan Bonus Warrants could have been so issued to Archerwill within 60 days of the date the Archerwill Amendments were entered into, they are deemed to be beneficially owned under National Instrument 62-104 – Take-Over Bids and Issuer Bids (“**62-104**”) for the purpose of the definition of “related party” under MI 61-101.

As such, the second tranche of the Transaction and the Archerwill Amendments may be considered to be “related party transactions” requiring “minority approval” (each as defined in MI 61-101). As such, at the Company’s annual general and special meeting of shareholders held on July 28, 2023, the Company received the approval of “disinterested shareholders” for the Agreement and the second tranche of the Transaction, and the Archerwill Amendments.

Under the Transaction, each of the RC Trust and MC Trust acquired an aggregate of 32,703,016 Common Shares in exchange for its remaining 35% interest in MTL. As of closing of the Transaction, each of the RC Trust and MC Trust beneficially owns an aggregate of 43,240,463 Common Shares, representing approximately 37.00% of the issued and outstanding Common Shares on a non-diluted and partially diluted basis.

Please refer to the Company’s management information circular dated June 28, 2023 for more information regarding the Transaction and the Archerwill Amendments, including the effects of the Transaction and the Archerwill Amendments on the Company and on Archerwill’s ownership position in securities of the Company, certain risks related to the Transaction and Archerwill Amendments and a description of the review and consideration of the Transaction and Archerwill Amendments by the Company’s Board of Directors. The Transaction and the Archerwill Amendments were each exempt from the formal valuation requirements of MI 61-101 by virtue of section 5.5(b) of MI 61-10 as at the applicable time, the Common Shares were not listed or quoted on any of the stock exchanges specified in section 5.5(b) of MI 61-101.

Item 5.2 Disclosure of Restructuring Transactions

Not applicable.

Item 6 Reliance on subsection 7.1(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 and this Report:

Steven Pearce,
Vice-President Legal &
Secretary
MTL Cannabis Corp.
Phone: 289-980-3584

Item 9 Date of Report

July 31, 2023