

Form 51-102F3

MATERIAL CHANGE REPORT

1. **Name and Address of the Company**

Xtraction Services Holdings Corp. (“**Xtraction Services**” or the “**Company**”)
1901 Avenue of the Stars, Suite 120
Los Angeles, California, 90067

2. **Date of Material Change**

January 30, 2020.

3. **News Release**

The news release was disseminated on January 31, 2020 through Business Wire.

4. **Summary of Material Change**

On January 31, 2020, the Company announced that it had entered into a definitive agreement (the “**Definitive Agreement**”) and strategic partnership and cooperation agreement (the “**Partnership Agreement**”) with KushCo Holdings, Inc. (“**KushCo**”). Pursuant to the Definitive Agreement, KushCo was issued (the “**KushCo Consideration Shares**”) 10,600.3 proportionate voting shares in the capital of the Company (“**Proportionate Voting Shares**”), resulting in KushCo holding, on a basic basis, 19.9% of the issued and outstanding securities of Xtraction Services (assuming all Proportionate Voting Shares outstanding on such date were converted into subordinate voting shares of the Company (the “**Subordinate Voting Shares**”). In exchange, KushCo issued (the “**Xtraction Consideration Shares**”) 1,653,081 common shares in the capital of KushCo (“**KushCo Common Shares**”) to the Company.

5. **Full Description of Material Change**

On January 31, 2020, the Company announced that it had entered into the Definitive Agreement and the Partnership Agreement with KushCo.

Pursuant to the Definitive Agreement, KushCo was issued 10,600.3 Proportionate Voting Shares, resulting in KushCo holding, on a basic basis, 19.9% of the issued and outstanding securities of the Company (assuming all Proportionate Voting Shares outstanding on such date were converted into Subordinate Voting Shares). In exchange, KushCo issued 1,653,081 common shares in the capital of KushCo to the Company (“**KushCo Common Shares**”). The determination of the number of Proportionate Voting Shares and KushCo Common Shares issued to the parties was based on the volume weighted average prices of such securities for the last ten trading days preceding the execution of the Definitive Agreement (the “**Closing Date**”).

Concurrent with the signing of the Definitive Agreement, the Company entered into a shareholders agreement with KushCo (the “**Shareholders Agreement**”) pursuant to which, among other things, Xtraction Services agreed not to sell the KushCo Consideration Shares and KushCo agreed not to sell the Xtraction Consideration Shares for a period of twelve months following the Closing Date without the prior written consent of the other party. In addition, for so long as KushCo owns a 10% interest in Xtraction, calculated on a basic basis, KushCo will have a

right to be notified of any issuance and/or sale by the Company of any Subordinate Voting Shares or Proportionate Voting Shares (or securities convertible into such shares) and have the right to participate in any such offering so as to retain the ownership interest held by KushCo prior to such offering.

Pursuant to the Partnership Agreement, the parties agreed to participate in developing and implementing joint marketing and promotional activities to promote each other's products and services. In addition, Xtraction will have a right of first refusal to provide leasing services to any and all of KushCo's current and future customers; and KushCo will be given right of first refusal to provide its products to any and all of XS's current and future customers.

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

Confidentiality is not requested.

7. **Omitted Information**

No information has been omitted in respect of the material change.

8. **Executive Officer**

Antony Radbod, Chief Marketing Officer of the Company, is knowledgeable about the material change and may be reached at (407) 900-4737, extension 5.

9. **Date of Report.**

February 10, 2020.