

**Form 51-102F3**  
**Material Change Report**

**Item 1            Name and Address of Company**

Aura Health Inc. (the “**Company**”)  
77 King Street West, Suite 2905  
Toronto, ON M5K 1H1

**Item 2            Date of Material Change**

February 27, 2019

**Item 3            News Release**

A news release was issued by the Company on February 28, 2019 through the newswire services of Globe Newswire and was filed under the Company’s profile on the System for Electronic Document Analysis and Retrieval.

**Item 4            Summary of Material Change**

The Company closed the first tranche of its previously announced “best efforts” private placement subscription receipt offering (the “**Offering**”) led by Mackie Research Capital Corporation, the lead agent and sole book runner, with a syndicate consisting of Haywood Securities Inc., PI Financial Corp., and Foundation Markets Inc. A full copy of the news release is attached hereto as Schedule “A”

**Item 5            Full Description of Material Change**

**5.1      Full Description of Material Change**

**a)      Description of Material Change**

On February 27, 2019 the Company closed the first tranche of its previously announced Offering led by Mackie Research Capital Corporation, the lead agent and sole book runner, with a syndicate consisting of Haywood Securities Inc., PI Financial Corp., and Foundation Markets Inc.

The Offering was conducted on an agency basis for the issuance of up to 33,000,000 subscription receipts of Aura (each, a “**Subscription Receipt**” and collectively, the “**Subscription Receipts**”) at a price of \$0.22 per Subscription Receipt (the “**Issue Price**”) for gross proceeds of up to \$7,260,000 (subject to the agent’s option).

The Offering was completed in connection with the proposed acquisition of an 80% equity interest in Pharmadrug Production GmbH (the “**Acquisition**”), previously announced in a press release dated January 25, 2019. As part of the first tranche closing, the Company issued 8,726,954 Subscription Receipts at the Issue Price for gross proceeds of \$1,919,929.88.

**b)      Purpose and business reasons for the transaction:**

The net proceeds of the Offering will be used for working capital and general corporate purposes to purchase an 80% equity interest in Pharmadrug Production GmbH, a German pharmaceutical distribution company located in Germany which was previously announced in a press release dated January 25, 2019.

**c) The anticipation effect of the transaction:**

The transaction will provide the Company with distribution channels within Germany and throughout the Eurozone, as markets become legalized.

**d) Description of:**

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

The purchase of the Subscription Receipts by Daniel Cohen, CEO of the Company (the “**Investor**”) in this transaction constituted a related party transaction within the meaning of Multilateral Instrument 601-101 (“**MI-101**”)

**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 referred to in sub-paragraph (i) for which there would be a material change in that percentage:**

Not applicable

**e) Review and approval process:**

The board of directors reviewed and approved the investments of insiders in this transaction by way of a written resolution.

**f) Summary of the formal valuation:**

Not applicable

**g) Disclosure of every prior related valuation:**

**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 inquiry, to the Issuer or to any director or senior officer of the Issuer:**

Not applicable

**h) General nature and material terms of any agreement between Issuer or a related party of the Issuer, with an interested party or joint actor with an interested party, in connection with the transaction:**

Except as set out in Item 5.1 (a) above and the public record of the Company, there are no other agreements in connection with this transaction between the Company and any related party or joint actor with an interested party.

**i) Disclosure of the formal valuation and minority approval exemptions, if any:**

The transaction between the Company and the Investor is considered a related party transaction within the meaning of MI 61-101. However, since neither the fair market value of the gross securities issued under the Offering nor the consideration paid by the Investor exceed 25 percent of the Company’s market

capitalization, the Company can rely on the formal valuation and minority approval exemptions available to the Company pursuant to Sections 5.5(a) and 5.7(a) of MI 61-101.

The Company did not file a material change report 21 days before the closing of the Offering since details were not settled until shortly prior to closing and the Company wished to complete the Offering as soon as possible.

## **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**

Not applicable.

### **Item 8 Executive Officer**

Danial Cohen, Chief Executive Officer  
Telephone: 647-202-1824

### **Item 9 Date of Report**

March 8, 2019

## SCHEDULE "A"

### AURA HEALTH ANNOUNCES CLOSING OF \$1.9 MILLION ON THE FIRST TRANCHE OF SUBSCRIPTION RECEIPT FINANCING

*NOT FOR DISTRIBUTION TO UNITED STATES NEWSWIRE SERVICES OR FOR RELEASE, PUBLICATION, DISTRIBUTION OR DISSEMINATION DIRECTLY, OR INDIRECTLY, IN WHOLE OR IN PART, IN OR INTO THE UNITED STATES.*

**Toronto, Ontario**, February 27, 2019– Aura Health Inc. (the "**Company**" or "**Aura**") (**CSE:BUZZ**) is pleased to announce that it has closed the first tranche (the "**First Tranche Closing**") of its previously announced "best efforts" private placement subscription receipt offering (the "**Offering**") led by Mackie Research Capital Corporation (the "**Lead Agent**"), the lead agent and sole book runner, with a syndicate consisting of Haywood Securities Inc., PI Financial Corp., and Foundation Markets Inc. (together with the Lead Agent, the "**Agents**"). The Offering is being conducted on an agency basis for the issuance of up to 33,000,000 subscription receipts of Aura (each, a "**Subscription Receipt**" and collectively, the "**Subscription Receipts**") at a price of \$0.22 per Subscription Receipt (the "**Issue Price**") for gross proceeds of up to \$7,260,000 (subject to the Agent's Option described below). The Offering is being completed in connection with the proposed acquisition of an 80% equity interest in Pharmadrug Production GmbH (the "**Acquisition**"), previously announced in a press release dated January 25, 2019. As part of the First Tranche Closing, the Company issued 8,726,954 Subscription Receipts at the Issue Price for gross proceeds of \$1,919,929.88.

As previously announced, Pharmadrug is a cash flow positive German pharmaceutical distribution company with over 20 years of operating history and a Schedule I European Union narcotics licence that allows it to distribute medical cannabis to pharmacies in Germany and throughout the Eurozone as markets become legalized. Pharmadrug currently has supply agreements with Bedrocan International B.V. and with a Canadian Licensed Producer, and is expecting its first cannabis shipment shortly.

A total of \$1.6 million from the First Tranche Closing will be used by the Company for payments associated with the Acquisition, which amount will be reimbursed in full by the Company to the purchasers of the Subscription Receipts in the event the Conditions are not satisfied. The balance of the proceeds will be placed in escrow with Capital Transfer Agency, ULC (the "**Escrow Agent**") on behalf of the purchasers of the Subscription Receipts and will be released to Aura upon satisfaction of certain escrow release conditions (the "**Conditions**"), which will include the completion of the Acquisition on or before 5:00 p.m. (Toronto time) on March 29, 2019 or such later date as the Lead Agent may consent to in writing (the "**Termination Time**"). Should the Conditions not be satisfied prior to the Termination Time, the Subscription Receipts will be cancelled and all proceeds from the Offering will be returned to the subscribers.

Each Subscription Receipt will entitle the holder thereof to receive, without any further action on the part of the holder or payment of any additional consideration, upon satisfaction of the Conditions prior to the Termination Time, one unit of Aura (each, a "**Unit**") consisting of one common share in the capital of the Company (each, a "**Common Share**") and one-half of one common share purchase warrant (each whole common share purchase warrant, a "**Warrant**"), with each Warrant exercisable at a price of \$0.28, into one Common Share for a period of 24 months from the date of satisfaction of the Conditions.

The Lead Agent will have an option (the "**Agent's Option**") to offer for sale up to an additional 15% of the number of Subscription Receipts sold in the Offering at the Issue Price, which Agent's Option is exercisable, in whole or in part, at any time up to 48 hours prior to the last closing of the Offering.

The Offering is subject to receipt of all necessary regulatory approvals, including the approval of the Canadian Securities Exchange. All securities issued pursuant to the Offering will be subject to a four month and one day hold period, from the Closing Date, in accordance with applicable Canadian securities laws.

In connection with the Offering, the Agents will be paid a cash commission equal to 7% of the gross proceeds of the Offering (including, pursuant to any exercise of the Agent's Option) (the "**Cash Fee**"), which at the option of the Agents, may be paid by way of issuance of Common Shares at the Issue Price. Upon closing, the Agents will also receive compensation options (each, a "**Compensation Option**") in a number equal to 7% of the number of Subscription Receipts sold under the Offering (including, pursuant to any exercise of the Agent's

Option), with each Compensation Option being exercisable to purchase Subscription Receipts, or Common Shares and Warrants (if the Subscription Receipts have converted into Units as of the time of exercise of the Compensation Options), at the Issue Price for a period of 24 months from the date of closing of the Offering.

### **About Aura Health Inc.**

Aura Health is building an international network of vertically integrated cannabis assets. Through an established product line of cannabis-infused edible products and oil extracts, Aura is dedicated to building a high margin downstream business in the medical marijuana sector. The Company holds convertible debt that converts to 54% equity of HolyCanna, a cultivation and nursery license holder in Israel, and is focused on acquiring strategic assets across the cannabis value chain, initially in Israel and Germany.

### **For further information, please contact:**

#### **Daniel Cohen, CEO**

Aura Health Inc.  
(647) 202-1824

#### **David Posner, Chairman**

Aura Health Inc.  
(647) 985-6727

### **Caution Regarding Forward-Looking Information:**

*THE CANADIAN SECURITIES EXCHANGE HAS NOT REVIEWED NOR DOES IT ACCEPT RESPONSIBILITY FOR THE ADEQUACY OR ACCURACY OF THIS RELEASE.*

*This news release may contain forward-looking statements and information based on current expectations. These statements should not be read as guarantees of future performance or results. Such statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from those implied by such statements. Such statements include the closing of a second tranche offering, the completion of the Acquisition and the completion of the Offering, among others. There is no certainty that any of these events will occur. Although such statements are based on management's reasonable assumptions, there can be no assurance that such assumptions will prove to be correct. We assume no responsibility to update or revise them to reflect new events or circumstances.*

*The Company's securities have not been registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act"), or applicable state securities laws, and may not be offered or sold to, or for the account or benefit of, persons in the United States or "U.S. Persons", as such term is defined in Regulation S under the U.S. Securities Act, absent registration or an applicable exemption from such registration requirements. This press release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in the United States or any jurisdiction in which such offer, solicitation or sale would be unlawful.*

*Additionally, there are known and unknown risk factors which could cause the Company's actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information contained herein. All forward-looking information herein is qualified in its entirety by this cautionary statement, and the Company disclaims any obligation to revise or update any such forward-looking information or to publicly announce the result of any revisions to any of the forward-looking information contained herein to reflect future results, events or developments, except as required by law.*