

Form 51-102F3
MATERIAL CHANGE REPORT

- Item 1. Name and Address of Reporting Issuer
- NewLeaf Brands Inc. (the “**Company**”)
Suite 810 - 789 West Pender Street
Vancouver, BC V6C 1H2
- Item 2. Date of Material Change
- February 6, 2020
- Item 3. News Release
- A news release was disseminated on February 6, 2020 through Financial Buzz Media, and subsequently filed on SEDAR.
- Item 4. Summary of Material Changes
- The Company announced that it has entered into a binding letter of intent (the “LOI”) dated February 4, 2020 with Trellis Holdings Oregon Op LLC (“Trellis”) to acquire 37.5% of all of the issued and outstanding share capital of Trellis from David Joshua Bartch and Benjamin Martch (the “Vendors”) by way of a share exchange (the “Transaction”).
- Item 5. Full Description of Material Change
- See attached news release for full description of Material Change.
- 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
- For further information, please contact:
Joshua Bartch
Chief Executive Officer
604-687-2038
josh@nabrandsinc.com
- Item 9. Date of Report
- February 6, 2020



NEWLEAF BRANDS SIGNS BINDING LETTER OF INTENT TO ACQUIRE 37.5% OREGON BASED CANNABIS RETAIL AND CULTIVATION ORGANIZATION, TRELLIS HOLDINGS

Vancouver, BC, February 6, 2020 - NewLeaf Brands Inc. (CSE:NLB) (OTC: NLBIF) (FSE:0NF) (“NewLeaf Brands” or the “Company”) is pleased to announce that it has entered into a binding letter of intent (the “LOI”) dated February 4, 2020 with Trellis Holdings Oregon Op LLC (“Trellis”) to acquire 37.5% of all of the issued and outstanding share capital of Trellis from David Joshua Bartch and Benjamin Martch (the “Vendors”) by way of a share exchange (the “Transaction”).

ABOUT Trellis Holdings Oregon Op LLC

Trellis was founded in 2015 by a group of cannabis industry veterans. Trellis holds various licenses with the OLCC in the state of Oregon and operates in both the medical and recreational cannabis space. Trellis operates a recreational cannabis cultivation site held on an 11 acre property in Southern Oregon and operates a medical and recreational OLCC dispensary in Portland, Oregon.

Joshua Bartch, CEO of NewLeaf Brands commented, “We are particularly excited to be joining forces with Trellis to accelerate the growth of our brand and put us in a prime position to expand our business into the licensed cannabis industry.”

Transaction Summary

Pursuant to the terms of the LOI, NewLeaf Brands will acquire 37.5% of all of the issued and outstanding shares in the capital of Trellis by way of a share exchange. In consideration for the Transaction, the Company will pay an aggregate amount of USD \$2, 250,000, payable in the form of 28,000,000 common shares in the in the capital of Company to the Vendors. The share price is to be set on the closing price as of the date of signing the LOI.

Conditions to the Transaction

The Transaction is subject to the satisfaction of customary closing conditions, including as follows:

- the Company obtaining any requisite director and shareholder approvals;
- the completion of due diligence investigations to the satisfaction of the Company;
- the Company and Trellis entering into the definitive agreement; and
- all requisite regulatory and stock exchange approvals relating to the Transaction and Exchange approvals.

Additional Information Regarding the Transaction

The participation of the directors in this Transaction constitutes as a “related party transaction” within the meaning of Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transaction (“MI 61-101”). The Transaction is exempt from the formal valuation requirements of MI 61-101 pursuant to section 5.5(a) and the minority approval requirements of MI 61-101 pursuant to section 5.7(1)(a) on the basis that the fair market value of the director’s participation is not more than 25% of the Company’s market capitalization.

Completion of the transaction is subject to a number of conditions, including but not limited to, Exchange acceptance and if applicable, disinterested shareholder approval. Where applicable, the transaction cannot close until the required shareholder approval is obtained. There can be no assurance that the transaction will be completed as proposed or at all.

ABOUT NewLeaf Brands

NewLeaf Brands, Inc. is an innovative Cannabidiol (“CBD”) lifestyle Company. Through the Company’s wholly-owned subsidiaries We are Kured, LLC, Drink Fresh Water, LLC, ReLyfe Brand, LLC and TeaLief Brand, LLC the Company’s main business activities encompass the development, marketing, and distribution of CBD products (including vaporizer pens/cartridges, hot/cold tea, softgel capsules and beverages) throughout North America, South America, and Europe. In addition, NewLeaf Brands, Inc. has extensive retail and cultivation land investments in Oregon, USA.

For further information about NewLeaf Brands, please consult the Company’s profile on SEDAR at www.sedar.com or visit the Company’s website at www.NABrandsInc.com. For further information about We Are Kured, please visit their website at www.wearekured.com.

On Behalf of the Board of Directors

Joshua Bartch
Chief Executive Officer
info@nabrandsinc.com

For Further Information Contact

Corporate Communications
info@nabrandsinc.com
250-488-6728

We Are Kured Contact:

Benjamin Martch
Founder & CEO
www.wearekured.com

The Canadian Securities Exchange has neither approved nor disapproved the contents of this news release and accepts no responsibility for the adequacy or accuracy hereof.

This news release contains forward-looking statements, which relate to future events or future performance and reflect management’s current expectations and assumptions. Such forward-looking statements reflect management’s current beliefs and are based on assumptions made by and information currently available to the Company. Readers are cautioned that these forward looking statements are neither promises nor guarantees, and are subject to risks and uncertainties that may cause future results to differ materially from those expected including, but not limited to completion of planned improvements at both the Canadian and US sites on schedule and on budget, the availability of financing needed to complete the Company’s planned improvements on commercially reasonable terms, planned occupancy by the tenant-growers, commencement of operations,

differences in yield on expected harvests, delays in obtaining statutory approval for marijuana production plans, issues that may arise throughout the grow period, outdoor crops affected by weather, the ability to mitigate the risk of loss through appropriate insurance policies, and the risks presented by federal statutes that may contradict local and state legislation respecting legalized marijuana. These forward-looking statements are made as of the date hereof and the Company does not assume any obligation to update or revise them to reflect new events or circumstances save as required under applicable securities legislation. This news release does not constitute an offer to sell securities and the Company is not soliciting an offer to buy securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

This news release does not constitute an offer of securities for sale in the United States. These securities have not and will not be registered under United States Securities Act of 1933, as amended, or any state securities laws and may not be offered or sold in the United States or to a U.S. Person unless so registered, or an exemption from registration is relied upon.