

REPORT UNDER PART 3

NATIONAL INSTRUMENT 62-103

The Early Warning System and Related Take-over Bid Reporting Issues

1. Security and Reporting Issuer

1.1 *State the designation of securities to which this report relates and the name and address of the head office of the issuer of the securities.*

The designation of securities to which this report relates is common shares of NewLeaf Brands Inc. (the “Issuer”).

The Issuer's address is:

789 West Pender Street
Suite 810
Vancouver, BC
V6C 1H2

1.2 *State the name of the market in which the transaction or other occurrence that triggered the requirement to file this report took place.*

Canadian Securities Exchange.

2. Identity of the Acquiror

2.1 *State the name and address of the acquiror.*

David Joshua Bartch (the “Acquiror”)
49 Sunset Drive
Inglewood CO 80113

2.2 *State the date of the transaction or other occurrence that triggered the requirement to file this report and briefly describe the transaction or other occurrence.*

The Vendors acquired 28,000,000 common shares of the Issuer (each, a “Share”) at a price of CA\$0.106 per Share on May 6, 2020 as part of the acquisition of 37.5% of the issued and outstanding share capital of Trellis Holdings Oregon, LLC (“Trellis”), (the “Acquisition”) of the Issuer, as disclosed in the Company’s news release dated May 6, 2020 and February 6, 2020, resulting in David Joshua Bartch having ownership of 25,000,000 Shares at a deemed value of \$0.106 per Share representing approximately 29.60% of the Issuer’s 84,298,205 issued and outstanding Shares. The Acquiror holds nil options and nil warrants.

2.3 *State the names of any joint actors.*

Not applicable.

3. Interest in Securities of the Reporting Issuer

3.1 State the designation and number or principal amount of securities acquired or disposed of that triggered the requirement to file the report and the change in the acquiror's securityholding percentage in the class of securities.

The vendors acquired a total aggregate of 28,000,000 Shares on May 6, 2020 as part of the Acquisition resulting in David Joshua Bartch having ownership of 25,000,000 Shares at a deemed value of \$0.106 per Share representing approximately 29.60% of the Issuer's 84,298,205 issued and outstanding Shares. The Acquiror holds nil options and nil warrants.

3.2 State whether the acquiror acquired or disposed ownership of, or acquired or ceased to have control over, the securities that triggered the requirement to file the report.

The Acquiror acquired ownership and control over the securities that triggered the requirement to file this report.

3.3 If the transaction involved a securities lending arrangement, state that fact.

Not applicable.

3.4 State the designation and number or principal amount of securities and the acquiror's securityholding percentage in the class of securities, immediately before and after the transaction or other occurrence that triggered the requirement to file this report.

Immediately before the Acquisition that triggered the requirement to file this report, the Acquiror held nil Shares. Immediately after the transaction that triggered the requirement to file this report, the Acquiror held 25,000,000 Shares at a deemed value of \$0.106 per Share representing approximately 29.60% of the Issuer's 84,298,205 issued and outstanding Shares. The Acquiror holds nil options and nil warrants.

3.5 State the designation and number or principal amount of securities and the acquiror's securityholding percentage in the class of securities referred to in Item 3.4 over which

(a) the acquiror, either alone or together with any joint actors, has ownership and control,

The Acquiror alone has ownership and control over 25,000,000 Shares representing approximately 29.60% of the Issuer's 84,298,205 issued and outstanding Shares. The Acquiror holds nil options and nil warrants.

(b) the acquiror, either alone or together with any joint actors, has ownership but control is held by persons or companies other than the acquiror or any joint actor, and

Not applicable.

(c) the acquiror, either alone or together with any joint actors, has exclusive or shared control but does not have ownership.

Not applicable.

3.6 *If the acquiror or any of its joint actors has an interest in, or right or obligation associated with, a related financial instrument involving a security of the class of securities in respect of which disclosure is required under this item, describe the material terms of the related financial instrument and its impact on the acquiror's securityholdings.*

Not applicable.

3.7 *If the acquiror or any of its joint actors is a party to a securities lending arrangement involving a security of the class of securities in respect of which disclosure is required under this item, describe the material terms of the arrangement including the duration of the arrangement, the number or principal amount of securities involved and any right to recall the securities or identical securities that have been transferred or lent under the arrangement.*

Not applicable.

3.8 *If the acquiror or any of its joint actors is a party to an agreement, arrangement or understanding that has the effect of altering, directly or indirectly, the acquiror's economic exposure to the security of the class of securities to which this report relates, describe the material terms of the agreement, arrangement or understanding.*

Not applicable.

4. Consideration Paid

4.1 *State the value, in Canadian dollars, of any consideration paid or received per security and in total.*

The Shares were acquired at a deemed price of CA\$0.106 per Share for aggregate deemed consideration of CA\$2,968,000.

4.2 *In the case of a transaction or other occurrence that did not take place on a stock exchange or other market that represents a published market for the securities, including an issuance from treasury, disclose the nature and value, in Canadian dollars, of the consideration paid or received by the acquiror.*

See item 4.1 above.

4.3 *If the securities were acquired or disposed of other than by purchase or sale, describe the method of acquisition or disposition.*

Not applicable.

5. Purpose of the Transaction

State the purpose or purposes of the acquiror and any joint actors for the acquisition or disposition of securities of the reporting issuer. Describe any plans or future intentions which the acquiror and any joint actors may have.

The Acquiror acquired the Shares pursuant to a definitive agreement dated April 21, 2020, whereby the Issuer purchased 37.5% of the issued and outstanding share capital of Trellis

from the Acquiror and Mr. Benjamin Martch (the “Vendors”) in exchange for 28,000,000 Shares in the capital of the Issuer at a deemed value of \$0.106 per Share representing, in the aggregate, 33.20% of the issued and outstanding Shares on a non-diluted and partially diluted basis for an aggregate gross proceeds of \$2,968,000 CAD (\$2,250,000 USD). The Acquisition does not constitute a change of control.

The Acquiror may acquire additional securities or dispose of existing securities on the basis of the Acquiror’s assessment of market conditions and in compliance with applicable securities regulatory requirements.

6. Agreements, Arrangements, Commitments or Understandings With Respect to Securities of the Reporting Issuer

Describe the material terms of any agreements, arrangements, commitments or understandings between the acquiror and a joint actor and among those persons and any person with respect to securities of the class of securities to which this report relates, including but not limited to the transfer or the voting of any of the securities, finder’s fees, joint ventures, loan or option arrangements, guarantees of profits, division of profits or loss, or the giving or withholding of proxies. Include such information for any of the securities that are pledged or otherwise subject to a contingency, the occurrence of which would give another person voting power or investment power over such securities, except that disclosure of standard default and similar provisions contained in loan agreements need not be included.

The Issuer has entered into a definitive agreement (the “Agreement”) dated April 21, 2020 to acquire 37.5% of the issued and outstanding share capital of Trellis. Pursuant to the Agreement, the Issuer purchased 37.5% of the issued and outstanding share capital of Trellis from the Vendors in exchange for 28,000,000 Shares in the capital of the Issuer at a deemed value of \$0.106 per Share representing, in the aggregate, 33.20% of the issued and outstanding Shares on a non-diluted and partially diluted basis for an aggregate gross proceeds of \$2,968,000 CAD (\$2,250,000 USD). The Acquisition does not constitute a change of control.

Vendors	Consideration Shares	Percentage
David Joshua Bartch	25,000,000	29.60%
Benjamin Martch	3,000,000	3.5%

7. Change in material fact

If applicable, describe any change in a material fact set out in a previous report filed by the acquiror under the early warning requirements or Part 4 in respect of the reporting issuer’s securities.

Not applicable.

8. Exemption

If the acquiror relies on an exemption from requirements in securities legislation applicable to formal bids for the transaction, state the exemption being relied on and describe the facts supporting that reliance.

Each of the Vendors are a “related party” to the Company as they are directors of the Company. Accordingly, the Transaction is considered a "related party transaction" under Multilateral Instrument 61-101 - Protection of Minority Security Holders in Special Transactions ("MI 61-101"). However, The Transaction is exempt from the formal valuation and minority shareholder approval requirements of MI 61-101 in reliance on the exemptions set forth in sections 5.5(e) and 5.7(1)(c) of MI 61-101, as the Transaction is supported by a control person of the Company in the circumstances described in section 5.5(e) of MI 6-101.

9. Certification

I, as the acquiror, certify to the best of my knowledge, information and belief, that the statements made in this report are true and complete in every respect.

Dated this xx day of May, 2020.

/s/ David Joshua Bartch _____
David Joshua Bartch