

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
- May 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 signed a definitive agreement (the “Agreement”) dated May 5, 2020 with Trellis Holdings Oregon, LLC (“Trellis”) to acquire 37.5% of the issued and outstanding share capital of Trellis Holdings Oregon Op LLC (“Trellis”) from David Joshua Bartch and Benjamin Martch (the “Vendors”) by way of a share exchange (the “Transaction”), as previously announced on February 6, 2020.
- 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
- May 6, 2020



NEWLEAF BRANDS INC. SIGNS DEFINITIVE AGREEMENT TO ACQUIRE 37.5% OF TRELIS HOLDINGS AND COMMENTS ON INITIATIVE PETITION 34 TO LEGALIZE PSILOCYBIN THERAPY IN OREGON

Vancouver, BC, May 6, 2020 - NewLeaf Brands Inc. (CSE:NLB) (OTC: NLBIF) (FSE:ONF) (“NewLeaf Brands” or the “Company”) is pleased to announce that it has signed a definitive agreement (the “Agreement”) dated May 5, 2020 with Trellis Holdings Oregon, LLC (“Trellis”) to acquire 37.5% of the issued and outstanding share capital of Trellis Holdings Oregon Op LLC (“Trellis”) from David Joshua Bartch and Benjamin Martch (the “Vendors”) by way of a share exchange (the “Transaction”), as previously announced on February 6th, 2020.

Trellis Holdings Oregon, LLC has been successfully operated since 2015 by a group of cannabis industry veterans and cultivates thousands of pounds of high-quality cannabis per year, including strains that exceed 30% in THC content, and has 7 figure revenues that continue to grow significantly year over year. Trellis holds various licenses with the OLCC in the state of Oregon and operates in both the medical and recreational cannabis markets, maintaining an 11-acre recreational cultivation property in Southern Oregon and operating a medical and recreational cannabis dispensary in Portland, Oregon. Trellis

“We announced the LOI to acquire a position in Trellis some time back and have been working diligently to close the transaction,” commented Joshua Bartch, CEO of NewLeaf Brands. “This transaction is significant in a number of ways for the company. Not only does Trellis bring a wealth of assets, potential revenue and key personnel but the crossover between the cannabis space and the mycology space is immense.”

Mr. Bartch continued, “Through Initiative #34, Oregon is poised to be the first territory on the planet to not just decriminalize, but actually legalize, psychedelic mushrooms in some capacity. Given that Trellis operates its cultivation in Sothern Oregon on an 11-acre property that is already owned, debt-free, by NewLeaf Brands, the Company has a unique opportunity to share the land and staff for a potential future mycology cultivation space and laboratory.” He concluded, “With [recent donations](#) to the tune of \$1,000,000 towards the Petition from prominent companies such as Dr. Bronner’s Soap, the likelihood of the initiative becoming a reality is beginning to look truly promising.”

According to the [campaign](#) for the initiative, “IP 34 gives those suffering from depression, anxiety, and anyone that would benefit, a new treatment option by creating a licensed and supervised psilocybin-assisted therapy system. Rigorous studies at leading medical research institutions such as Johns Hopkins, UCLA, and NYU show that psilocybin therapy is uniquely effective in treating depression, anxiety, and addiction. This promising research has prompted experts in Oregon to advance IP 34 for the November ballot — IP 34 will create a licensed psilocybin therapy program so Oregonians have the best therapeutic options available.”

The Company has entered into the Agreement to acquire 37.5% of the issued and outstanding share capital of Trellis, (the "Acquisition"). Pursuant to the Agreement, the Company will purchase 37.5% of the issued and outstanding share capital of Trellis in exchange for 28,000,000 common shares in the capital of the Company (the "Shares") 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 transaction does not constitute a change of control.

Additional Information Regarding the Transaction

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 61-101. Copies of the early warning reports filed by each Vendor, in accordance with applicable securities laws, are available under the profile for the Company on SEDAR (www.sedar.com). All of the Shares issued pursuant to the Transaction are subject to a statutory hold period of four months plus one day from the date of issuance, in accordance with applicable securities legislation.

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

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We Are Kured Contact:

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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.