

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 21, 2020

Item 3. News Release

A news release was disseminated on May 21, 2020 through Financial Buzz Media, and subsequently filed on SEDAR.

Item 4. Summary of Material Changes

The Company has entered into an agreement with Canaccord Genuity Corp. (the “Agent”) to act as lead agent and sole bookrunner to sell, by way of private placement, on a commercially reasonable efforts basis, up to 6,666,667 units of the Company (the “Units”) at a price of C\$0.30 per Unit (the “Issue Price”) for aggregate gross proceeds of up to C\$2,000,000 (the “Offering”), subject to receipt of all applicable regulatory approvals.

Item 5. Full Description of Material Change

Vancouver, British Columbia (May 21, 2020) - NewLeaf Brands Inc. (CSE:NLB) (OTC: NLBIF) (FSE:ONF) (“NewLeaf” or the “Company”) is pleased to announce that it has entered into an agreement with Canaccord Genuity Corp. (the “Agent”) to act as lead agent and sole bookrunner to sell, by way of private placement, on a commercially reasonable efforts basis, up to 6,666,667 units of the Company (the “Units”) at a price of C\$0.30 per Unit (the “Issue Price”) for aggregate gross proceeds of up to C\$2,000,000 (the “Offering”), subject to receipt of all applicable regulatory approvals.

Each Unit shall consist of one common share of the Company (a “Common Share”) and one half of one common share purchase warrant (each whole warrant, a “Warrant”). Each Warrant will entitle the holder to acquire one Common Share at a price of C\$0.50 per Common Share (the “Exercise Price”) for a period of 24 months from the date of closing of the Offering (the “Closing Date”). If, at any time following the date that is four months and one day from the Closing Date, the daily volume weighted average trading price of the Common Shares on the Canadian Securities Exchange is greater than C\$1.00 per Common Share for the preceding 10 consecutive trading days, the Company shall have the right to accelerate the exercise of the Warrants at the Exercise

Price. If the Company exercises its Warrant acceleration right, the new expiry date of the Warrants shall be the 30th day following the notice of such exercise.

The Company intends to use the net proceeds of the Offering to further its psychedelic medicine research programs in Canada, for investment in its recently acquired Colorado and Oregon-based mushroom and fungi lab facilities, and for general working capital purposes.

The Company will, upon closing of the Offering (i) pay a cash commission to the Agent equal to 7.0% of the aggregate gross proceeds of the Offering, and (ii) issue to the Agent compensation warrants (the "Compensation Warrants") equal to 7.0% of the number of Units sold in the Offering, subject to compliance with all required regulatory approvals. Each Compensation Warrant will entitle the Agent to purchase a Unit at an exercise price per Unit that is equal to the Issue Price, exercisable for a period of 24 months from the Closing Date. The Company will also pay to the Agent a corporate finance fee of such number of Units which is equal to 2.5% of the aggregate number of Units sold pursuant to the Offering.

Pursuant to the terms of the Offering, the Agent has been granted an option to arrange for the sale of up to an additional 1,333,333 Units at the Issue Price for additional gross proceeds to the Company of up to C\$400,000, which option is exercisable by the Agent at any time prior to the Closing Date.

Closing of the Offering is expected to occur on or before June 18, 2020, subject to the receipt of all necessary regulatory approvals. All securities issued pursuant to the Offering will be subject to a four month hold period in accordance with applicable securities laws.

This news release does not constitute an offer to sell or a solicitation of an offer to sell any of the securities in the United States. The securities have not been and will not be registered under the U.S. Securities Act of 1933 (the "U.S. Securities Act") or any state securities laws and may not be offered or sold within the United States or to U.S. Persons (as defined in Regulation S under the U.S. Securities Act) unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available.

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
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Item 9.

Date of Report

May 21, 2020