

**Form 51-102F3
MATERIAL CHANGE REPORT**

Item 1: Name and Address of Company

True Leaf Medicine International Ltd. (the
“**Company**”) 100 Kalamalka Lake Road, Unit 32
Vernon, BC V1T 9G1

Item 2: Date of Material Change

February 12, 2019 and February 21, 2019

Item 3: News Release

News releases were issued and disseminated via Globe NewsWire on February 12, 2019 and February 21, 2019 and filed on SEDAR (www.sedar.com).

Item 4: Summary of Material Change

On February 12, 2019, the Company executed a funding agreement (the “**Funding Agreement**”) for the issue of a convertible security for gross proceeds of \$4,500,000 (the “**Investment**”) with an entity managed by The Lind Partners, a New York-based institutional fund manager (the “**Investor**”).

On February 21, 2019, the Company closed the Investment (the “**Closing**”).

Item 5: Full Description of Material Change

5.1 Full Description of Material Change

On February 12, 2019, the Company executed the Funding Agreement for the issue of a convertible security to the Investor for gross proceeds of \$4,500,000. The Investment closed on February 21, 2019.

The Investment is in the form of a convertible security with a maturity date of 24 months and a fixed conversion price per share of \$0.40, being the last closing price of the Company’s common shares on the Canadian Securities Exchange (the “**Exchange**”) prior to execution of the Funding Agreement. The \$5,400,000 face value of the convertible security is comprised of a principal amount of \$4,500,000 and a pre-paid interest amount of \$900,000. The Company is required to repay the principal amount in 18 equal monthly payments commencing six months after closing, except that the repayment amount will be reduced in any month by the amount converted by the Investor into the Issuer’s common shares, if any.

Pre-paid interest will accrue monthly with the Investor having the right to convert accrued interest quarterly into the Company’s common shares at a conversion price equal to the last closing market price of the shares on the Exchange at that time.

As part of the Closing, the Investor received 5,625,000 warrants (the “**Warrants**”) of the Company, with each warrant entitling the Investor to purchase one common share at an exercise price of \$0.5089. The Warrants expire on February 21, 2022, provided that if

the volume weighted average price (“**VWAP**”) of the Company’s common shares on the Exchange is at least \$1.0178 for 30 consecutive trading days, then the expiry date of one-half of the Warrants may be accelerated by the Company. Further, if the VWAP of the Company’s common shares on the Exchange is at least \$1.5267 for 30 consecutive trading days, then the expiry date of all of the remaining Warrants may be accelerated by the Company.

The Company has the right to buy-back the convertible security and the pre-paid interest at any time with no penalty (the “**Buy-Back Right**”). Should the Company exercise its Buy-Back Right, the Investor will have the option of converting up to 25 per cent of the outstanding funded amount and 100 per cent of the pre-paid interest into the Company’s common shares.

The convertible security is secured by a general security agreement from the Company and certain of its subsidiaries and a mortgage of the Company’s Lumby property. Under the Funding Agreement, the Company and the Investor may agree for the Investor to advance up to an additional \$6,000,000 in gross proceeds to the Company in exchange for a second convertible security on the same terms as the Investment.

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

None

Item 8: Executive Officer

Darcy Bomford, CEO
Telephone: 778.475.5323
Email: darcy@trueleaf.com

Item 9: Date of Report

February 21, 2019