

Form 51-102F3

Material Change Report

Item 1 Name and Address of Company

Christina Lake Cannabis Corp. (the “Issuer”)

Suite 810 – 789 West Pender Street
Vancouver, British Columbia
V6C 1H2

Item 2 Date of Material Change

August 20, 2020

Item 3 News Release

The news release was filed on SEDAR on August 27, 2020.

Item 4 Summary of Material Change

The Issuer closed a non-brokered private placement of unsecured convertible debentures in the principal amount of \$1,289,500 and closed a non-brokered private placement of 2,000,000 Class B Preferred Shares issued at a price of \$1.00 per Preferred Share for gross proceeds to the Company of \$2,000,000.

The Company paid a finder’s fee of \$39,000 in cash and issued 7,500 finder’s warrants, for certain subscribers introduced to the Company by the finder. The Finder’s Warrants will entitle the holder to purchase common shares in the capital of the Company at a price of \$0.20 for a period of twelve (12) months from closing.

The Company also announced that it has issued 6,375,000 stock options to certain Directors, Officers, and consultants of the Company at prices between \$0.09 and \$0.25 per common share for terms of between six months and five years.

Item 5 Full Description of Material Change

Item 5.1 Full Description of Material Change

Please see the attached news release dated August 27, 2020.

Item 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

Not applicable.

Item 8 **Executive Officer**

Joel Dumaresq, CEO, Interim CFO and director

Business Telephone: 604 687 2038

Facsimile: 604 687 3141

Item 9 **Date of Report**

August 28, 2020.

NEWS RELEASE

CHRISTINA LAKE CLOSES NON-BROKERED PRIVATE PLACEMENT OF UNSECURED CONVERTIBLE DEBENTURES AND PREFERRED SHARES

August 27, 2020 - Vancouver, British Columbia, Canada: Christina Lake Cannabis Corp. (the “**Company**” or “**CLC**” or “**Christina Lake Cannabis**”) is pleased to announce that it has closed a non-brokered private placement of unsecured convertible debentures (the “**Debentures**”) in the principal amount of \$1,289,500 (the “**Debenture Offering**”) and closed a non-brokered private placement of 2,000,000 Class B Preferred Shares (the “**Preferred Shares**”) issued at a price of \$1.00 per Preferred Share for gross proceeds to the Company of \$2,000,000 (the “**Preferred Share Offering**”).

The terms of the Debentures include:

- The Debentures mature twenty-four (24) months from the date of issuance (the “**Maturity Date**”) and bear interest at the rate of 12.0% per annum;
- Up to \$500,000 in aggregate principal of the Debentures shall be redeemable, in whole or in part, at the option of the Company at any time commencing on the date which is twelve (12) months following closing, upon payment of the outstanding principal and interest accrued on the Debentures; and
- Prior to the Maturity Date, the holders of the Debentures shall have the right to convert the Debentures and any accrued but unpaid interest into common shares of the Company (“**Conversion Shares**”) at a price per Conversion Share of \$0.20.

The Company paid a finder’s fee of \$39,000 in cash and issued 7,500 finder’s warrants (“**Finder’s Warrants**”), for certain subscribers introduced to the Company by the finder. The Finder’s Warrants will entitle the holder to purchase common shares in the capital of the Company at a price of \$0.20 for a period of twelve (12) months from closing.

Proceeds from the Debenture Offering will be used for general working capital to continue the Company’s ongoing obligations.

The terms of the Preferred Shares are as follows:

- Cumulative dividends on the Preferred Shares shall accrue and become payable in arrears on a monthly basis, for a period of 48 months, based on the following calculation:
 - 40% of the total revenue received by the Company from the sale of cannabis oil, hemp oil and other such hemp and cannabis derivative extracts produced by the Company, less the cost of any third party feedstock (the “**Product Revenue**”), up to cumulative aggregate Product Revenue of \$5,000,000; and

- for cumulative aggregate Product Revenue exceeding \$5,000,000, an amount equal to the sum of: (A) \$80 per kilogram of dry cannabis produced by the Company from its own feedstock; and (B) an amount equal to 35% of Product Revenue derived from third party feedstock.
- The payment of all accrued and accumulated dividends shall be postponed for that portion of Product Revenue attributable to uncollected revenue (the “**Revenue Receivable**”) and the balance of the postponed accrued and accumulated dividend shall become payable in the month where the Revenue Receivable is received by the Company; and
- No dividend shall accrue or be payable after four (4) years from the date of issuance.

Proceeds from the Preferred Share Offering have been used to purchase additional extraction and quality assurance equipment. No finder’s fees were paid in reference to the Preferred Share Offering.

All securities issued pursuant to the Debenture Offering and Preferred Share Offering are subject to a statutory four-month and one day hold period from the date of issuance pursuant to applicable securities laws of Canada.

The Company also announced that it has issued 6,375,000 stock options to certain Directors, Officers, and consultants of the Company at prices between \$0.09 and \$0.25 per common share for terms of between six months and five years.

About Christina Lake Cannabis Corp.

Christina Lake Cannabis Corp is a Licenced Producer of cannabis under the Cannabis Act which also received a Research and Development License from Health Canada on May 20, 2020. CLC’s facility is comprised of a 32-acre property, which includes over 950,000 square feet of outdoor grow space, offices, propagation and drying rooms and research, along with a facility dedicated to processing and extraction. CLC plans to cultivate cannabis using strains specifically developed for outdoor cultivation and it is planning to produce up to 15,000 kg from its 32-acre facility before developing it’s adjacent 99-acre expansion property, which will bring it’s cultivation footprint to over 4.35 million sf or over 88,000 kg of low-cost, high-quality, sun-grown cannabis annually.

For more information about CLC, please visit: www.clcannabis.com

Note Regarding Forward-Looking Information and Statements

*Forward-Looking Information: This news release includes certain statements that may be deemed “forward-looking statements”. The use of any of the words “anticipate”, “continue”, “estimate”, “expect”, “may”, “will”, “would”, “project”, “should”, “believe” and similar expressions are intended to identify forward-looking statements. Although the Company believes that the expectations and assumptions on which the forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements because the Company can give no assurance that they will prove to be correct. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. These statements speak only as of the date of this News Release. Actual results could differ materially from those currently anticipated due to a number of factors and risks including various risk factors discussed in the Company’s disclosure documents which can be found under the Company’s profile on www.sedar.com
On behalf of:*

Christina Lake Cannabis Corp.

“Joel Dumaresq”

Joel Dumaresq
CEO, Interim CFO and Director
604-687-2038