

**Form 51-102F3**  
**Material Change Report**

**1. Name and Address of Company**

PreveCeutical Medical Inc. (the "Issuer")  
Suite 2200, 1177 West Hastings Street  
Vancouver, BC, V6E 2K3

**2. Date of Material Change**

July 8, 2019.

**3. News Release**

A news release was disseminated on August 6, 2019, by Newsfile Corp. and was subsequently filed on SEDAR (the "News Release").

**4. Summary of Material Change**

The Issuer announced that, effective July 8, 2019, the Issuer and Asterion Cannabis Inc. ("Asterion") entered into an option to purchase agreement (the "Option Agreement"), whereby the Issuer has granted to Asterion the right and option (the "Option") to purchase up to 51% of the Issuer's right, title and interest in and to certain intellectual property rights relating to the Issuer's soluble-gel ("Sol-gel") nasal delivery system for the nose-to-brain delivery of therapeutic formulations, including cannabis and cannabinoids (the "Sol-gel IP").

**5. Full Description of Material Change**

See the News Release attached dated August 6, 2019 and filed on SEDAR at [www.sedar.com](http://www.sedar.com) for a summary of the material commercial terms of the Option Agreement.

The Option Agreement constitutes a related party transaction pursuant to Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* ("MI 61-101") as Stephen Van Deventer, the Issuer's CEO and director, is a "control person" (within the meaning of applicable securities laws) of each of the Issuer and Asterion.

The Option Agreement was entered into with Asterion, with which the Issuer has an existing strategic partnership and was proposed by the parties to provide: (i) the Issuer with the opportunity to monetize an investment, and (ii) Asterion with the option to acquire intellectual property that compliments its current business.

The Issuer relied on Sections 5.5(a) and 5.7(1)(a) of MI 61-101 for an exemption from the formal valuation and minority shareholder approval requirements, respectively, of MI 61-101 as the board of directors of the Issuer (the "Board"), including its independent members, have in good faith determined that at the time the Option Agreement was made effective neither the fair market value of the subject matter of, nor the fair market value of the consideration for the Option exceeded 25% of the Issuer's market capitalization.

The Board approved the Option Agreement and related transactions by written consent resolution dated effective July 8, 2019. Mr. Van Deventer declared his conflict of interest to

the Board and refrained from voting on the matter, but consented to such resolutions being passed.

There was no formal valuation obtained by the Issuer in connection with the Option Agreement nor has there been any valuation relevant to the Option Agreement in the past 24 months. There was no change in the percentage of securities of the Issuer held by any of the interested parties as a result of the Option Agreement.

Currently, the Issuer does not anticipate that the Option Agreement will have a significant effect on the business and affairs of the Issuer. Upon the Participation Date (as defined in the News Release), the Issuer anticipates a more significant effect on its business and affairs as the Issuer and Asterion intend to enter into a joint venture at such time for the continued development and commercialization of the Sol-gel IP. However, the Option is subject to a buy-back right held by the Issuer and to the consent of UniQuest Pty Limited for the granting of the Option and, therefore, the aforementioned joint venture may never form.

The filing of the material change report less than 21 days before the initial option earn-in payment by Asterion to the Issuer under the Option Agreement was due to the fact that the parties were still in the process of finalizing the commercial terms of the Option Agreement. Pursuant to the Option Agreement, the final option earn-in payment by Asterion to the Issuer is due on or before December 22, 2019. Upon making such payment, Asterion will have exercised the 51% Option in full.

6. **Reliance on subsection 7.12 of National Instrument 51-102**

Not Applicable.

7. **Omitted Information**

Not Applicable.

8. **Executive Officer**

Shabira Rajan, Chief Financial Officer, Controller and Corporate Secretary  
Telephone: 604-416-7777 ext. 6239

9. **Date of Report**

August 9, 2019.

# PreveCeutical Grants Asterion Option to Purchase up to a 51% Interest in Sol-Gel Intellectual Property

Vancouver, British Columbia--(Newsfile Corp. - August 6, 2019) - **PreveCeutical Medical Inc.** (CSE: PREV) (OTCQB: PRVCF) (FSE: 18H) ("**PreveCeutical**") and **Asterion Cannabis Inc.** ("**Asterion**") announce that they have entered into an option to purchase agreement (the "**Option Agreement**"), whereby PreveCeutical has granted to Asterion the right and option (the "**Option**") to purchase up to 51% of PreveCeutical's right, title and interest in and to certain intellectual property rights relating to a soluble gel ("**Sol-Gel**") nasal delivery system for the nose-to-brain delivery of therapeutic formulations, including cannabis and cannabinoids (the "**Sol-Gel IP**").

PreveCeutical's President and Chief Science Officer, Dr. Mak Jawadekar stated, "This option agreement presents a unique and timely opportunity for PreveCeutical. We are excited to further our existing strategic partnership with Asterion and are confident that Asterion will assist PreveCeutical in the rapid commercialisation of the Sol-Gel IP."

Stephen Van Deventer, Asterion's Chairman and CEO stated, "We are pleased that our partner, PreveCeutical, has granted Asterion the exclusive option to purchase an interest in the innovative Sol-Gel IP, which provides Asterion with the option to acquire intellectual property that compliments its current business."

## Commercial Terms

To exercise the Option, Asterion, at discretion, will be required to make a series of cash payments to PreveCeutical in the aggregate amount of \$2,652,000 as follows:

Payment Date	Payment Amount (CAD)	Earned Interest
Effective Date	\$325,000	6.25%
July 22, 2019	\$325,000	12.50% (additional 6.25%)
August 22, 2019	\$325,000	18.75% (additional 6.25%)
September 22, 2019	\$390,000	26.25% (additional 7.50%)
October 22, 2019	\$390,000	33.75% (additional 7.50%)
November 22, 2019	\$390,000	41.25% (additional 7.50%)
December 22, 2019	\$507,000	51.00% (additional 9.75%)
<b>TOTAL:</b>	<b>\$2,652,000</b>	<b>51%</b>

By making all of the above cash payments to PreveCeutical, Asterion will be deemed to have exercised the Option in full; provided that prior to the exercise of the Option in full, Asterion will have, and will be deemed for all purposes to have, acquired the various interests in and to the Sol-Gel IP (each, an "**Earned Interest**"), upon making the corresponding payment amounts to PreveCeutical as set forth in the above table.

Upon the the earlier of ten days after the date of the exercise by Asterion of the Option in full and December 22, 2019 (the "**Participation Date**"), PreveCeutical and Asterion will be deemed to have entered into a joint venture for the continued development and commercialization of the Sol-Gel IP (the "**Joint Venture**") in which Asterion's participating interest will be 51% and PreveCeutical's participating interest will be 49%, assuming that the Option is exercised in full. On or prior to the Participation Date, the Parties intend to enter into a joint venture agreement (the "**Joint Venture Agreement**") that will provide for the ownership, development and commercialization of the Sol-Gel IP.

Prior to the Participation Date, PreveCeutical is solely responsible to fund the costs for the continued development and commercialization of the Sol-Gel IP. After the Participation Date, each of PreveCeutical and Asterion will be required to fund such costs in proportion to its respective participating interest in the Joint Venture, from time to time.

The Option is subject to a buy-back right held by PreveCeutical (the "**Buy-Back Right**"), whereby PreveCeutical will have the right to buy-back all, but not less than all of the Earned Interest by Asterion to such date at any time prior to the Participation Date by paying to Asterion an amount equal to 150% of the aggregate amount of all cash payments made by Asterion to PreveCeutical under the Option Agreement.

The ability of PreveCeutical to transfer up to a 51% interest in the Sol-Gel IP is subject to PreveCeutical having obtained the necessary consents from UniQuest Pty Limited (the "**UniQuest Consent**"). Pursuant to the Option Agreement, if the UniQuest Consent is not obtained prior to the Participation Date, then PreveCeutical will be deemed to have exercised the Buy-Back Right and either: (i) PreveCeutical will be required to pay Asterion an amount equal to 110% of the aggregate amount of all cash payments made by Asterion to PreveCeutical under the Option Agreement (the "**Repayment Amount**") within 10 days of the Participation Date; or (ii) the Repayment Amount will be deemed to be a loan by Asterion to PreveCeutical accruing interest at a rate of 8% per annum, compounding annually, with a maturity date of 24 months after the Participation Date.

## About PreveCeutical

PreveCeutical is a health sciences company that develops innovative options for preventive and curative therapies utilizing organic and nature identical products.

PreveCeutical aims to be a leader in preventive health sciences and currently has five research and development programs, including: dual gene therapy for curative and prevention therapies for type 2 diabetes and obesity; a Sol-Gel drug delivery program; Nature Identical™ peptides for treatment of various ailments; non-addictive analgesic peptides as a replacement to the highly addictive analgesics such as morphine, fentanyl and oxycodone; and a therapeutic product for treating athletes who suffer from concussions (mild traumatic brain injury).

For more information about PreveCeutical, please visit [www.PreveCeutical.com](http://www.PreveCeutical.com), follow us on Twitter: <http://twitter.com/PreveCeuticals> and Facebook: [www.facebook.com/PreveCeutical](http://www.facebook.com/PreveCeutical).

### **About Asterion**

Asterion is a Canadian medicinal cannabis company with operations in Australia, specializing in medical cannabis with a goal of becoming an industry leader in next generation cannabis products. Asterion is focused on the future of advanced agriculture and aims to produce the highest quality genetically uniform cannabis strains, at an affordable price.

Asterion is led by a team of highly experienced executives with over 120 years of combined experience in medical cannabis, renewable energy, capital markets, and other highly relevant sectors across North America, Oceania, Europe, Africa and Asia.

For more information about Asterion, please visit [www.Asterioncannabis.com](http://www.Asterioncannabis.com).

### **On Behalf of the Board of Directors of PreveCeutical**

*"Dr. Mak Jawadekar"*

President and Chief Science Officer

### **On Behalf of the Board of Directors of Asterion**

*"Stephen Van Deventer"*

Chief Executive Officer

### **For further information, please contact:**

#### **PreveCeutical:**

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#### **Asterion:**

Investor Relations  
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### **Forward-Looking Statements:**

This news release contains forward-looking statements and forward-looking information (collectively, "forward-looking statements") within the meaning of applicable Canadian and U.S. securities legislation, including the United States *Private Securities Litigation Reform Act of 1995*. All statements in this news release that are not purely historical are forward-looking statements and include statements regarding beliefs, plans, expectations and orientations regarding the future including, without limitation, the efficacy of PreveCeutical and Asterion's products and research programs, including the Sol-Gel research program, the exercise of the Option, the possible the Buy-Back Right, the formation of the Joint Venture and the participating interests of PreveCeutical and Asterion in the Joint Venture, matters related to PreveCeutical and Asterion's current and planned research and development programs, and each of their anticipated business plans and their prospect of success in executing their proposed plans and bringing their products to market, including the Sol-Gel IP. Often, but not always, forward-looking statements can be identified by words such as "will", "plans", "expects", "may", "intends", "anticipates", "believes", "proposes", "estimates" or variations of such words including negative variations thereof and phrases that refer to certain actions, events or results that may, could, would, might or will occur or be taken or achieved. Forward-looking statements are based on certain assumptions regarding PreveCeutical and Asterion, including the fact that Asterion's interests in the Sol-Gel IP is only an option and there is no guarantee that the interests, if earned, will be certain, the establishment of the Joint Venture, expected growth, results of operations, performance, industry trends and growth opportunities. Actual results could also differ from those projected in any forward-looking statements due to numerous factors including, risks and uncertainties relating to the inability of PreveCeutical and Asterion, as applicable, to, among other things, obtain any required governmental, regulatory or stock exchange approvals, permits, consents or authorizations required, including Canadian Securities Exchange acceptance of any planned future activities, obtain the UniQuest Consent, successfully negotiate and enter into the Joint Venture Agreement, execute their proposed business plans, including the commercialisation of the Sol-Gel IP, complete their research programs as planned and obtain the financing required to carry out planned future activities. Other factors such as general economic, market or business conditions or changes in laws, regulations and policies affecting the healthcare and cannabis industries in Canada

and Australia may also adversely affect the future results or performance of PreveCeutical and Asterion. These forward-looking statements are made as of the date of this news release and, unless required by applicable law, neither PreveCeutical nor Asterion assumes any obligation to update the forward-looking statements or to update the reasons why actual results could differ from those projected in these forward-looking statements. Although PreveCeutical and Asterion believe that the statements, beliefs, plans, expectations, intentions and assumptions contained in this news release are reasonable, there can be no assurance that those statements, beliefs, plans, expectations intentions or assumptions will prove to be accurate. Readers should consider all of the information set forth herein and should also refer to other periodic reports provided by PreveCeutical and Asterion from time-to-time. These reports and PreveCeutical's filings are available at [www.sedar.com](http://www.sedar.com).

Readers are cautioned that forward-looking statements are not guarantees of future performance or events and, accordingly, are cautioned not to put undue reliance on forward-looking statements due to the inherent uncertainty of such statements.



To view the source version of this press release, please visit <https://www.newsfilecorp.com/release/46746>