

FORM 51-102F3
MATERIAL CHANGE REPORT
UNDER NATIONAL INSTRUMENT 51-102

Item 1. Name and Address of Company

XPhyto Therapeutics Corp. (“the “Company”)
Suite 270 – 1820 Fir Street
Vancouver, British Columbia V6J 3B1
Canada
Telephone: 780 818-6422

Item 2. Date of Material Change

January 27, 2020

Item 3. News Release

The Company’s news release dated January 27, 2020 was disseminated via CNW Group and was filed on SEDAR on January 27, 2020.

Item 4. Summary of the Material Change

On January 27, 2020 the Company announced a strategy supply, import and distribution agreement for the German Cannabis Market.

Item 5.1 Full Description of the Material Change

The Company announced on January 27, 2020 *inter alia*, as follows:

The Company has signed a three year definitive supply, import and distribution agreement (the “Agreement”) with PharmaCielo Ltd. (“PharmaCielo”), one of the largest, highest quality, and lowest cost cannabis cultivators in the world. PharmaCielo (TSXV: PCLO; OTCQX: PCLOF) is a global company, headquartered in Canada, with a focus on ethical and sustainable processing and supplying of all natural, medicinal-grade cannabis oil extracts and related products to international markets. PharmaCielo’s principal (and wholly owned) subsidiary, PharmaCielo Colombia Holdings S.A.S., is headquartered at its nursery and propagation centre located in Rionegro, Colombia.

XPhyto has prioritized near-term revenue generation by way of import and distribution of medical cannabis products into Germany as a key corporate initiative for 2020 and beyond. Pursuant to the Agreement and subject to all necessary regulatory approvals, XPhyto plans to commence the commercial import of cannabis oils and isolates in mid-2020 with a three year minimum sales target of approximately 30,000 kg for a full range of extracted products including 99% pure CBD and THC isolates, broad spectrum CBD oils, and full spectrum THC oils.

Pursuant to the Agreement, PharmaCielo has agreed to purchase, on a private placement basis, the principal amount of CDN \$500,000 of unsecured convertible debentures of the Company (the “Debentures”) and 500,000 common share purchase warrants (the “Warrants”). The Debentures will bear interest from the date of issuance at a rate of 8.0% per annum, payable semi-annually, and will mature on the date that is two years from the date of issuance. The Debentures will be convertible at the option of the holder into 500,000 common shares of the Company at any time prior to maturity. Conversion of the Debentures may be forced in part or in whole at the option of the Company if the 15-day volume weighted average price of the Company’s common shares on the Canadian

Securities Exchange (the “CSE”) exceeds \$2.50 per share. The Warrants are exercisable by the holder into common shares of the Company at a price of \$1.50 per share for a period of two years from the date of issuance. The use of proceeds from the Debentures is to facilitate European imports by way of expanded EU GMP lab processing and storage capacity, associated regulatory compliance, and product development and manufacturing, as well as general working capital.

Also pursuant to the Agreement, the Company has issued PharmaCielo an additional 500,000 common share purchase warrants exercisable by the holder into common shares of the Company at a price of \$2.00 per share for a period of two years from the date of issuance.

PharmaCielo has agreed to subscribe for a minimum of \$500,000 out of the total maximum Debenture financing of up to \$2,000,000 as set out in a price reservation filed with the Canadian Securities Exchange (the “CSE”) on January 9, 2020. All securities issued pursuant to the Agreement are subject to CSE approval and a four-month hold period from the closing date in accordance with applicable securities laws.

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

Hugh Rogers
Chief Executive Officer and Director
Telephone: 780 818-6422

Item 9. Date of Report

April 14, 2020