

# Form 51-102F3

## *Material Change Report*

**Item 1**                      **Name and Address of Company**

**Champignon Brands Inc. (the “Issuer”)**  
Suite 2300 - 1177 West Hastings Street  
Vancouver, BC  
V6E 2K3

**Item 2**                      **Date of Material Change**

March 19, 2020

**Item 3**                      **News Release**

The news release was disseminated through Globenewswire and was filed on SEDAR on March 19, 2020.

**Item 4**                      **Summary of Material Change**

The Issuer introduces new proprietary intellectual property (“IP”) into its vertically integrated alternative medicine product range. The Company is pleased to announce its entry into a definitive agreement, signed March 18, 2020, to acquire Novo Formulations Ltd. (“Novoformulations”).

**Item 5**                      **Full Description of Material Change**

**Item 5.1**                      **Full Description of Material Change**

Please see the attached news release dated March 19, 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**

W. Gareth Birdsall  
CEO & Director  
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**Item 9**                      **Date of Report**

March 19, 2020



## CHAMPIGNON BRANDS INC.

### NEWS RELEASE

#### CHAMPIGNON BRANDS EXPANDS ALTERNATIVE MEDICINE IP PORTFOLIO WITH KETAMINE, ADAPTOGENIC DELIVERY SYSTEMS/FORMULATIONS

**VANCOUVER, British Columbia, March 19, 2020** – Champignon Brands Inc. (“**Champignon**” or the “**Company**”) (CSE: **SHRM**) (FWB: **496**) (OTC: **SHRMF**), a health and wellness company specializing in the formulation of a suite of medicinal mushrooms and mushroom-infused products, today introduces new proprietary intellectual property (“**IP**”) into its vertically integrated alternative medicine product range. The Company is pleased to announce its entry into a definitive agreement, signed March 18, 2020, to acquire Novo Formulations Ltd. (“**Novoformulations**”).

Novoformulations’ novel delivery system platforms, as well as complementary R&D advancements, will accelerate the architecture of Champignon’s patent portfolio as the Company persists in being a first mover in the existing consumer package goods (“**CPGs**”) and emerging psychedelic medicine arenas.

Novoformulations is a specialty biotechnology company focused on developing novel and innovative delivery systems for the pharmaceutical and nutraceutical industries. The Novoformulations team consists of a roster of PhDs and technician level scientists, each with decades of experience building novel defensible medical IP, as well as subsequently developing and commercially marketing proprietary delivery platforms.

Novoformulations is presently working with ketamine, anaesthetics and adaptogenics, as well as a host of pharmaceuticals and natural molecules at a purpose-built GMP and pharmaceutical (DIN) licensed facility (the “**GMP Formulation Facility**”) located in Quebec, Canada, and an accredited pharmacy in Ontario. There, the Company is actively formulating, developing and commercializing bioavailable delivery platforms, including:

- Transdermal (topical);
- Intranasal;
- Sublingual; and,
- Novel oral and suppository.

Also based in Quebec, Novoformulations’ manufacturing partner will process its novel delivery platforms and formulations into marketable end products at its 40,000-square-foot GMP-certified, Health Canada and Federal Drug Administration (FDA)-approved manufacturing facility.

Champignon plans to leverage Novoformulations’ existing product development infrastructure and licensed affiliates to pursue psilocybin and MDMA based formulations, with the objective of developing and commercializing rapid onset treatments capable of improving health outcomes, including Depression,

PTSD and substance and alcohol use disorders (DPS). The current marketplace for pharmacologic DPS treatments in North America exceeds \$10 billion annually.<sup>1</sup>

“The recent acquisitions of Novoformulations and Artisan Growers are absolutely accretive to each other and to our stated business objectives of enhancing the health and wellbeing of millions of consumers via our suite of medicinal mushroom extracts, mushroom-infused products and now novel delivery systems,” Champignon Chief Executive Officer Gareth Birdsall commented.

“The existing infrastructure inherited from these recent acquisitions positions us as a leading participant throughout the entire alternative medicine lifecycle, from R&D to formulation, manufacturing and end distribution. The end result will be a turnkey solution that incorporates both standardized ingredient mixtures and pharmaceutical grade products that can now be marketed via a variety of proprietary delivery systems,” continued Gareth Birdsall. “The addition of Novoformulations allows Champignon to deliver medications in a safer, more effective and more expeditious manner than our peers, from bench top in the laboratory, to preclinical and clinical trials. We are intent on the commercialization of products throughout North America, as rapidly as is safely and effectively practicable.”

The Novoformulations’ team works alongside multiple first-class university institutions, as well as collaborates with medical professionals and associated clinics in numerous Health and Wellness spaces that include: Psychiatry (depression, anxiety, PTSD, OCD); Addiction (alcohol drug, obesity); Neurology (concussion and neuropathic pain); Rheumatology (osteoarthritis, rheumatoid arthritis); Aging (dementia, probable Alzheimer’s, mini-strokes); and metabolic disorders (diabetes).

Champignon will also look to integrate its existing medicinal mushroom extracts, as well as fungi cultivated at its Artisan Growers’ facility, into certain proprietary delivery systems developed by Novoformulations. The Company has successfully formulated a functional mushroom blend, which includes but is not limited to the following fungi varietals:

1. Reishi: an adaptogen with anti-inflammatory, cholesterol-lowering and known anti-viral properties;
2. Lion's Mane: a mushroom with adaptogenic-like properties for improved cognitive functions; and,
3. Chaga: a mushroom with adaptogenic-like properties, which may act as a neuroprotective agent and may boast anti-viral and anti-cancer properties.

Under the terms of the Agreement, Champignon will acquire 100 percent of the issued and outstanding shares of Novoformulations for total consideration of 12.5 million common shares in the capital of the Company at a deemed price of \$0.2475 per share. A finder's fee is applicable to this transaction.

### **About Champignon Brands Inc.**

Champignon Brands Inc. (CSE: SHRM) is a Canada-based company dedicated to the distribution of artisanal medicinal mushrooms infused products. The Champignon team is mandated with enhancing the health and wellness of millions of potential consumers through the distribution of a premium, mushroom-infused product suite. Champignon continues to be inspired by sustainability, as all of its eligible SKUs are organic, non-GMO and vegan certified. For more information, visit the company’s website at [www.ChampignonBrands.com](http://www.ChampignonBrands.com)

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<sup>1</sup> Source: <https://www.prnewswire.com/news-releases/antidepressant-drugs-market-to-reach-15-98-bn-by-2023-globally-at-2-1-cagr-says-allied-market-research-873540700.html>

## ON BEHALF OF THE BOARD OF DIRECTORS

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***Forward-looking Information Cautionary Statement***

*Except for statements of historic fact, this news release contains certain "forward-looking information" within the meaning of applicable securities law. Forward-looking information is frequently characterized by words such as "plan", "expect", "project", "intend", "believe", "anticipate", "estimate" and other similar words, or statements that certain events or conditions "may" or "will" occur. Forward-looking statements are based on the opinions and estimates at the date the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those anticipated in the forward-looking statements including, but not limited to delays or uncertainties with regulatory approvals, including that of the CSE. There are uncertainties inherent in forward-looking information, including factors beyond the Company's control. There are no assurances that the business plans for Champignon Brands described in this news release will come into effect on the terms or time frame described herein. The Company undertakes no obligation to update forward-looking information if circumstances or management's estimates or opinions should change except as required by law. The reader is cautioned not to place undue reliance on forward-looking statements. Additional information identifying risks and uncertainties that could affect financial results is contained in the Company's filings with Canadian securities regulators, which are available at [www.sedar.com](http://www.sedar.com).*