

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

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

**Darelle Online Solutions Inc.**  
**("Darelle" or the "Company")**  
885 West 60th Avenue  
Vancouver, BC V6P 2A2

**Item 2. Date of Material Change**

June 25, 2019

**Item 3. News Release**

The news release was disseminated on June 26, 2019

**Item 4. Summary of Material Change**

Darelle has entered into an arm's length binding letter of intent dated as of June 25, 2019 (the "LOI") with North Star Holdings ("**North Star**"). North Star is a fully integrated producer, processor, and distributor of medicinal cannabis with operations in various states in the U.S. including Colorado, California, and Nevada. The LOI outlines the proposed terms and conditions pursuant to which DOSI and North Star have agreed to effect a business combination in which the securityholders of North Star will acquire control of the Company (the "**Proposed Transaction**").

It is anticipated that the Proposed Transaction will constitute a reverse takeover transaction under applicable securities laws in Canada, but the final structure of the Proposed Transaction is subject to satisfactory tax, corporate and securities law advice for both DOSI and North Star. The LOI contemplates that the Proposed Transaction would proceed by way of a Plan of Arrangement under Section 288 of the *Business Corporations Act* (British Columbia).

The Company, with the assistance of North Star, has agreed to arrange a private placement offering of subscription receipts of the Company in an amount to be determined by North Star and at a price to be determined.

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

**5.1 Full Description of Material Change**

The material change described in Item 4 is fully described in the Company's News Release of June 26, 2019 attached hereto and as filed on SEDAR

**5.2 Disclosure for Restructuring Transactions**

Not applicable.

**Item 6. Reliance on subsection 7.1(2) or (3) of National Instrument 51-102**

Not applicable

**Item 7. Omitted Information**

Not applicable

**Item 8. Executive Officer**

Dean Bethune, President and Chief Executive Officer  
(778) 840-3325.

**Item 9. Date of Report**

July 2, 2019

# News

FOR IMMEDIATE RELEASE

**NOT FOR DISTRIBUTION TO UNITED STATES NEWSWIRE SERVICES OR FOR  
DISSEMINATION IN THE UNITED STATES**

**DARELLE ANNOUNCES PROPOSED REVERSE TAKEOVER BY NORTH STAR  
HOLDINGS**

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**Vancouver, B.C. – June 26, 2019 – Darelle Online Solutions Inc. (“DOSI” and/or the “Company”)** (TSXV: “DAR”) is pleased to announce it has entered into an arm’s length binding letter of intent dated as of June 25, 2019 (the “**LOI**”) with North Star Holdings (“**North Star**”). North Star is a fully integrated producer, processor, and distributor of medicinal cannabis with operations in various states in the U.S. including Colorado, California, and Nevada. The LOI outlines the proposed terms and conditions pursuant to which DOSI and North Star have agreed to effect a business combination in which the securityholders of North Star will acquire control of the Company (the “**Proposed Transaction**”).

## **Terms of the Transaction**

It is anticipated that the Proposed Transaction will constitute a reverse takeover transaction under applicable securities laws in Canada, but the final structure of the Proposed Transaction is subject to satisfactory tax, corporate and securities law advice for both DOSI and North Star.

The LOI contemplates that the Proposed Transaction would proceed by way of a Plan of Arrangement under Section 288 of the *Business Corporations Act* (British Columbia) that would include:

- the amalgamation of North Star with a wholly owned subsidiary of DOSI (the “**Reverse Take-over**”), with North Star shareholders receiving 167,410,516 post-Consolidation common shares of DOSI representing 98.8% of the outstanding DOSI shares (the “**Resulting Issuer Shares**”). The Resulting Issuer Shares held by the directors, officers, and insiders of North Star will be subject to escrow requirements by the applicable stock exchange. The existing DOSI shareholders will continue to hold DOSI shares representing a 1.2% interest in DOSI.
- the distribution of DOSI’s interest in Darelle Media Inc. (“**darelle**”) to the shareholders of DOSI (the “**Spin-Out**”) with DOSI shareholders expected to receive one common share of darelle for every DOSI share held. The business of darelle includes the darelle.com online marketplace which includes a platform in which charitable and nonprofit organizations can create, sell, deliver, and manage their raffle ticket and 50/50 draws completely online. The darelle.com online marketplace currently constitutes all or substantially all of the business of DOSI.

- on or before closing of the Proposed Transaction, North Star has agreed to make a cash payment of \$250,000 to darelle in consideration of the issuance to the Resulting Issuer of such number of common shares of darelle as will constitute 17.5% of the issued and outstanding common shares of darelle (on a fully diluted basis) on closing.
- Immediately prior to closing of the Proposed Transaction, DOSI shall have no outstanding indebtedness, liabilities or obligations, secured or unsecured, except for \$150,000 (the “**Outstanding Liabilities**”) which Outstanding Liabilities shall be settled on the closing date through the issuance of shares of the Resulting Issuer at a price per share equal to the Concurrent Offering Price (as defined below).
- DOSI and North Star each agree that in the event the LOI is terminated for any reason other than a breach of the LOI, the non-breaching party or non-terminating party shall have the right to demand an amount of \$150,000 as a break fee.
- North Star shall make a non-refundable payment of \$50,000 to DOSI for the purpose of paying out-of-pocket expenses of the Proposed Transaction and has agreed to bear the costs and expenses of all legal, auditing, and professional fees associated with the Proposed Transaction.

The Company, with the assistance of North Star, has agreed to arrange a private placement offering (the “**Concurrent Offering**”) of subscription receipts of the Company in an amount to be determined by North Star and at a price to be determined (“**Concurrent Offering Price**”).

Completion of the Proposed Transaction is subject to a number of conditions, including completion of the Concurrent Offering, receipt of all necessary shareholder and regulatory approvals, the execution of related transaction documents, approval of the TSX Venture Exchange (the “**TSXV**”), for the delisting of the common shares of DOSI from the TSXV, and conditional approval of the Canadian Securities Exchange (the “**CSE**”) to list the common shares of the Company following closing of the Proposed Transaction (the “**Resulting Issuer**”). Upon completion of the Proposed Transaction, the Board of DOSI will be comprised of five nominees of North Star, and Dean Bethune.

In connection with the Proposed Transaction, the Company will be required to, among other things: (i) change its name to a name determined by North Star; (ii) consolidate its current issued and outstanding common shares on a basis of one (1) new post-Consolidation common share for every 36.85407 pre-Consolidation common share or such other ratio as determined by the parties (the “**Consolidation**”); and (iii) if determined to be necessary by North Star upon receipt of final tax, corporate and securities law advice, create one or more new classes of shares convertible, exchangeable or redeemable for post-Consolidation common shares of the Company,

with such rights and restrictions as agreed to by North Star and DOSI, in order to allow the Resulting Issuer to retain “foreign private issuer” status under applicable U.S. securities laws.

The Company intends to apply to the TSXV to have its common shares delisted from the TSXV before completion of the Proposed Transaction. The Company may be required to seek “majority of the minority” shareholder approval (meaning insiders of the Company and their associates voting shares cannot vote to approve the delisting) at a special meeting of the shareholders of the Company.

Further details of the Proposed Transaction will be included in subsequent news releases and disclosure documents (including business and financial information in respect of North Star) to be distributed by the Company from time-to-time. There is no assurance that the Proposed Transaction will be completed as planned or at all.

The common shares of the Company will remain halted until all necessary filings have been accepted by applicable regulatory authorities, and delisting from the TSXV and listing on the Canadian Securities Exchange has been completed.

### **About North Star**

North Star Holdings is a rapidly growing U.S. based, vertically integrated enterprise-level cannabis operator in states where medical and/or adult-use cannabis is legal. North Star has over 1,000,000 (one million) square feet of cultivation and manufacturing facilities in operation or under definitive purchase agreement, including 900,000 square feet of greenhouses in a single contiguous location in California; making this location one of the largest cannabis cultivation and manufacturing facilities in the United States. North Star also operates or licenses (through subsidiaries, affiliates, management agreements, licensing agreements, royalty agreements or direct ownership-dependence upon applicable state laws) multiple dispensary brands and locations, manufactures several brands of craft volatile and non-volatile oil and concentrates products in its manufacturing and extraction facilities, and it owns and operates a dynamic sales, packaging, and distribution center servicing hundreds of dispensaries in multiple states.

The North Star related cannabis enterprises are operated by commercial craft cannabis cultivation horticulturalists, industrial manufacturing and extraction experts with years of experience, multi-location dispensary retailing operators, seasoned cannabis sales and marketing professionals, and global cannabis entrepreneurs with decades of corporate business experience. North Star’s core focus is to continue to develop and build its dynamic and intensive craft cannabis strain inventory and library, comprised of over 130 high-grade cannabis strains that have been time-tested and proven to produce consistent and predictable quality, potency, and marketability.

**For Further Information, Contact:**

North Star Holdings  
Travis Vincent  
Executive Vice President, Finance  
Phone (802) 200-4417  
Email: [travis@northstarholdings.co](mailto:travis@northstarholdings.co)

**About Darelle Online Solutions Inc.**

Darelle Online Solutions Inc. is a British Columbia corporation with its head office in Vancouver, British Columbia. Darelle.com is an online marketplace which has developed a platform in which charitable and nonprofit organizations can create, sell, deliver, and manage their raffle ticket and 50/50 draws completely online. The Company is listed on the TSX Venture Exchange as a Tier 2 Technology Issuer. The Company has a total of 73,708,147 common shares issued and outstanding.

Additional information on the company can be found at [www.darelle.com](http://www.darelle.com)

**For Further Information, Contact:**

Dean Bethune  
President & CEO  
Phone (778) 840-3325  
Email: [dbethune@darelle.com](mailto:dbethune@darelle.com)

*All information contained in this news release with respect to North Star was supplied by North Star and the Company has relied on the accuracy of such information without independent verification.*

*As noted above, completion of the Proposed Transaction is subject to a number of conditions, including but not limited to, shareholder approval of the voluntary delisting of the common shares of DOSI from the TSXV and TSXV acceptance of such delisting. The Proposed Transaction cannot close until the required shareholder approval is obtained in respect of the applicable matters. There can be no assurance that the Proposed Transaction will be completed as proposed or at all. Investors are cautioned that, except as disclosed in the management information circular or listing statement of the Company to be prepared in connection with the Proposed Transaction, any information released or received with respect to the Proposed Transaction may not be accurate or complete and should not be relied upon. Trading in the securities of DOSI should be considered highly speculative.*

**Neither the TSX Venture Exchange Inc. nor its Regulation Services Provider (as that term is defined in policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this news release.**

*This news release does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States or to U.S. Persons. The securities referred to in this news release have not been and will not be registered under the United States Securities Act of 1933, as amended (the “U.S. Securities Act”) or any state securities laws and may not be offered or sold within the United States or to U.S. Persons unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available.*

### **Forward-Looking Information and Statements**

*This news release contains certain “forward-looking information” within the meaning of applicable Canadian securities legislation and may also contain statements that may constitute “forward-looking statements” within the meaning of the safe harbor provisions of the United States Private Securities Litigation Reform Act of 1995. Such forward-looking information and forward-looking statements are not representative of historical facts or information or current condition, but instead represent only the Company’s beliefs regarding future events, plans or objectives, many of which, by their nature, are inherently uncertain and outside of the Company’s control. Generally, such forward-looking information or forward-looking statements can be identified by the use of forward-looking terminology such as “plans”, “expects” or “does not expect”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates” or “does not anticipate”, “may”, “could”, “would”, “might” or “will be taken”, “will continue”, “will occur” or “will be achieved”. The forward-looking information and forward-looking statements contained herein may include, but are not limited to, information concerning the Proposed Transaction and the Concurrent Financing, expectations regarding whether the Proposed Transaction will be consummated, including whether conditions to the consummation of the Proposed Transaction will be satisfied, the timing for holding the annual general and special meeting of shareholders of the Company and the timing for completing the Proposed Transaction, expectations for the effects of the Proposed Transaction or the ability of the combined company to successfully achieve business objectives, expectations regarding whether the Concurrent Financing will be consummated, and expectations for reaching over one-million square feet of cultivation and extraction facilities under roof by the fourth quarter of 2019 or other economic, business, and/or competitive factors.*

*Among the key factors that could cause actual results to differ materially from those projected in the forward-looking information and statements are the following: the ability to consummate the Proposed Transaction and the Concurrent Financing; the ability to obtain requisite regulatory and shareholder approvals and the satisfaction of other conditions to the consummation of the Proposed Transaction on the proposed terms and schedule; the ability to satisfy the conditions to the consummation of the concurrent*

*financing or to the conversion of the Subscription Receipts; the potential impact of the announcement or consummation of the Proposed Transaction on relationships, including with regulatory bodies, employees, suppliers, customers and competitors; changes in general economic, business and political conditions, including changes in the financial markets; changes in applicable laws; compliance with extensive government regulation; and the diversion of management time on the Proposed Transaction and the Concurrent Financing. Should one or more of these risks, uncertainties or other factors materialize, or should assumptions underlying the forward-looking information or statements prove incorrect, actual results may vary materially from those described herein as intended, planned, anticipated, believed, estimated, or expected.*

*Although the Company believes that the assumptions and factors used in preparing, and the expectations contained in, the forward-looking information and statements are reasonable, undue reliance should not be placed on such information and statements, and no assurance or guarantee can be given that such forward-looking information and statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information and statements. The forward-looking information and forward-looking statements contained in this news release are made as of the date of this press release, and the Company does not undertake to update any forward-looking information and/or forward-looking statements that are contained or referenced herein, except in accordance with applicable securities laws. All subsequent written and oral forward-looking information and statements attributable to the Company or persons acting on its behalf is expressly qualified in its entirety by this notice.*

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