

FORM 51-102F3
MATERIAL CHANGE REPORT

1. Name and Address of Company

Halo Labs Inc. (the "**Corporation**")
77 King Street West, Suite 400,
Toronto, Ontario, M5K 0A1

2. Date of Material Change

November 27, 2019.

3. News Release

A news release with respect to the material change referred to in this report was disseminated on November 27, 2019 through the facilities of BusinessWire and subsequently filed on SEDAR.

4. Summary of Material Change

On November 27, 2019, the Corporation, as purchaser, and Boiketlo Biomed (Pty) Ltd. ("**Boiketlo**"), GMG Financial Services Ltd. ("**GMG**") and certain third party lenders (the "**Third Party Lenders**") entered into a definitive acquisition agreement (the "**Agreement**") pursuant to which the Corporation will acquire (the "**Transaction**"), directly and indirectly, all of the issued and outstanding shares of Bophelo Bioscience & Wellness (Pty) Ltd. ("**Bophelo**").

5. Full Description of Material Change

5.1 Full Description of Material Change

On November 27, 2019, the Corporation entered into the Agreement pursuant to which Halo has agreed to purchase, directly and indirectly, 100% of the issued and outstanding shares in the capital of Bophelo (the "**Bophelo Shares**") by way of: (i) the acquisition of 45% of the Bophelo Shares from Boiketlo; and (ii) the acquisition of 100% of the issued and outstanding shares in the capital of Middleton Gardens Ltd. (which holds 55% of the Bophelo Shares) from GMG.

Pursuant to the Agreement, Halo has also agreed to acquire, as receivables, certain debt claims owing by Bophelo to each of Boiketlo (the "**Boiketlo Debt Claim**") and the Third Party Lenders (the "**Third Party Debt Claims**").

As consideration for the acquisition of the Bophelo Shares, the Boiketlo Debt Claim and the Third Party Debt Claims, Halo has agreed to issue an aggregate of 43,712,667 common shares in the capital of Halo (the "**Halo Purchase Shares**") as follows: first, by paying out such number of Halo Purchase Shares that is equal to the aggregate amount owing under each of the Boiketlo Debt Claim and the Third Party Debt Claims divided by the closing Halo share price (being the greater of: (i) the amount equal to the volume weighted average trading price of Halo common shares for the twenty (20) consecutive trading days immediately preceding the trading day prior to the closing of the Transaction; and (ii) the minimum price permitted pursuant to applicable securities laws and the requirements of the NEO Exchange Inc.) to Boiketlo and the 3rd Party Lenders, respectively; second, by paying out an aggregate of 2,039,333 Halo Purchase Shares to GMG; and third, by

issuing 45% and 55% of the remaining Halo Purchase Shares to Boiketlo and GMG, respectively. Halo has also agreed to issue an additional 2,039,334 Halo common shares to GMG in connection with an arrangement fee.

Pursuant to the Agreement, the parties have agreed to provide customary representations and warranties and to perform customary actions during the period between signing and closing, including negotiating and executing an escrow agreement (under which the parties have agreed that 15% of the Halo Purchase Shares will be held in escrow for a specified period) and non-competition agreements with certain vendors.

The closing of the Transaction is subject to certain customary conditions, including the receipt of all necessary approvals, including local Lesotho regulatory approvals. The Transaction is expected to close in Q1 2020.

5.2 Disclosure for Restructuring Transaction

Not applicable

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

Not applicable.

7. Omitted Information

Not applicable.

8. Executive Officer

Kiran Sidhu
Chief Executive Officer and Director
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9. Date of Report

December 9, 2019.