

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

1. Name and Address of Company

Auxly Cannabis Group Inc.
666 Burrard Street, Suite 2500
Vancouver, British Columbia
V6C 2X8

2. Date of Material Change

September 25, 2019

3. News Release

The news release with respect to the material change referred to in this report was disseminated on September 25, 2019 through the facilities of Globe Newswire and filed on the system for electronic document analysis and retrieval (SEDAR).

4. Summary of Material Change

On September 25, 2019, Auxly Cannabis Group Inc. ("**Auxly**") announced the closing of its previously announced transaction (the "**Transaction**") with Imperial Brands PLC ("**Imperial Brands**").

5. Full Description of Material Change

On September 25, 2019, Auxly announced the closing of its previously announced Transaction with Imperial Brands.

As previously announced on July 25, 2019, Imperial Brands invested C\$123 million by way of a debenture pursuant to the Transaction, which is convertible into 19.9% ownership of Auxly. Imperial Brands granted Auxly non-exclusive global licenses to certain Imperial Brands vaping patents, access to its vapor innovation business, Nerudia, and will use Auxly as its exclusive partner for the future development, manufacture, commercialization, sale and distribution of cannabis products of any kind anywhere in the world.

5.2. Disclosure of Restructuring Transactions

Not applicable.

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

Not applicable.

7. Omitted Information

Not applicable.

8. Executive Officer

The following executive officer is knowledgeable about the material change and this report:

Hugo Alves
CEO
Auxly Cannabis Group Inc.
647-812-0121

9. **Date of Report**

October 3, 2019