

FORM 51-102F3

MATERIAL CHANGE REPORT

Item 1 Name and Address of Company

State the full name of your company and the address of its principal office in Canada.

Cardiol Therapeutics Inc. ("**Cardiol**" or the "**Company**")
2275 Upper Middle Road East
Oakville, Ontario, L6H 0C3

Item 2 Date of Material Change

State the date of the material change.

December 20, 2018

Item 3 News Release

State the date and method(s) of dissemination of the news release issued under section 7.1 of National Instrument 51-102.

A News release was disseminated on December 20, 2018 through various approved public media and was filed on SEDAR with the securities commissions of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador.

Item 4 Summary of Material Change(s)

Cardiol has completed its previously announced initial public offering (the "**IPO**") on the Toronto Stock Exchange (the "**TSX**"). In connection with the IPO, Cardiol issued (a) 3,000,000 units (the "**Units**") at a price of \$5.00 per Unit, with each Unit consisting of one Class A common share of the Company (a "**Unit Share**" and each Class A common share, a "**Common Share**") and one Common Share purchase warrant of the Company (a "**Warrant**"); and (b) an additional 374,544 Warrants at a price of \$0.38 per Warrant pursuant to the partial exercise by the underwriters of the Over-Allotment Option, resulting in aggregate gross proceeds of \$15,142,327.

Item 5 Full Description of Material Change

5.1 Full Description of Material Change

Cardiol has completed its previously announced IPO on the TSX. In connection with the IPO, Cardiol issued (a) 3,000,000 Units at a price of \$5.00 per Unit, with each Unit consisting of a Unit Share and a Common Share and one Warrant; and (b) an additional 374,544 Warrants at a price of \$0.38 per Warrant pursuant to the partial exercise by the underwriters of the Over-Allotment Option, resulting in aggregate gross proceeds of \$15,142,327. Cardiol's Common Shares and Warrants commenced trading on December 20, 2018 on the facilities of the TSX under the symbols "CRDL" and "CRDL.WT" respectively.

Each Warrant is exercisable into one Common Share (a "**Warrant Share**") at the price of \$6.50 per Warrant Share, subject to adjustment, for a period of two years, subject to accelerated expiry if, at any time, the volume weighted average trading price of the Common Shares is equal to or greater than \$10.00 for any 10 consecutive trading day period.

The IPO was made through a syndicate of underwriters led by AltaCorp Capital Inc. and including Mackie Research Capital Corporation, Raymond James Ltd., Echelon Wealth Partners Inc., and Paradigm Capital Inc. (the "**Underwriters**"). Cardiol has granted the Underwriters an over-allotment option (the "**Over-Allotment Option**"), which has been partially exercised and which may also be exercisable in whole or in part, for a period of 30 days, to purchase additional: (a) Units at a price of \$5.00 per Unit ("**Over-Allotment Units**"); (b) Common Shares at a price of \$4.62 per Common Share ("**Over-Allotment Shares**"); (c) Warrants at a price of \$0.38 per Warrant ("**Over-Allotment Warrants**"); or (d) any combination of Over-Allotment Units, Over-Allotment Shares or Over-Allotment Warrants, so long as the aggregate number of Over-Allotment Shares that may be issued under the Over-Allotment Option does not exceed 450,000 Over-Allotment Shares and the additional number of Over-Allotment Warrants that may be issued under the Over-Allotment Option does not exceed 75,456 Over-Allotment Warrants.

5.2 Disclosure for Restructuring Transactions

Not applicable

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

If this Report is being filed on a confidential basis in reliance on subsection 7.1(2) of National Instrument 51-102, state the reasons for that reliance.

Not applicable

Item 7 Omitted Information

State whether any information has been omitted on the basis that it is confidential information.

Not applicable

Item 8 Executive Officer

Give the name and business telephone number of an executive officer of your company who is knowledgeable about the material change and the Report, or the name of an officer through whom such executive officer may be contacted.

David Elsley
President and Chief Executive Officer
Tel: 905-491-6793

Item 9 Date of Report

December 28, 2018