

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

**1. Name and Address of Company**

PROSMART ENTERPRISES INC  
302-1353 Ellis Street  
Kelowna, BC  
V1Y 1Z9

**2. Date of Material Change**

June 25, 2018

**3. News Release**

The news release was distributed on June 25, 2018 through FSC Wire Canadian Basic and filed on SEDAR.

**4. Summary of Material Change**

ProSmart Enterprises Inc (“**ProSmart**”) announced the closing of the sale of 3,020,457 units (the “**Units**”) for gross proceeds of \$1,057,159.95 led by Mackie Research Capital Corporation (the “**Agent**”).

**5. Full Description of Material Change**

**5.1 Full Description of Material Change**

ProSmart closed the sale of 3,020,457 Units for gross proceeds of \$1,057,159.95 on June 25, 2018 (the “**Brokered Offering**”). Each Unit consists of one common share in the capital of the Company (the “**Share**”) and one transferable common share purchase warrant (the “**Warrant**”), with each Warrant exercisable into one additional Share at a price of \$0.45 for a period of two years from closing, expiring on June 25, 2020.

The Company has the option to force conversion through an acceleration clause (the “**Acceleration Clause**”). The acceleration clause gives the Company the right, beginning on the date that is four months plus one day following closing, in the event that the closing price of the Shares on the TSX Venture Exchange (the “**TSXV**”) is \$0.55 or more per Share for 10 consecutive trading days, to accelerate the expiry date of the Warrants by giving notice to the holders thereof (by disseminating a press release advising of the acceleration of the expiry date of the Warrants), and, in such case, the Warrants will expire on the 30th day after the date of such notice. The Acceleration Clause for these Warrants can be exercised on or after October 26, 2018.

All securities issued in connection with the closing of the Brokered Offering are subject to a statutory hold period of four months plus one day in accordance with applicable securities legislation expiring on October 26, 2018.

In connection with the First Tranche, the Agent received a cash commission equal to 8.0% of the gross proceeds received by the Company from the sale of Units by the Agent (and its selling group), being \$84,572.80. Additionally, the Company issued an aggregate of 241,636 non-transferable broker warrants to the Agent (and its selling group) (the "**Compensation Options**"), representing 8.0% of the Units sold by the Agent (and its selling group), with each Compensation Option entitling the holder thereof to purchase one broker unit (the "**Broker Units**") at an exercise price of \$0.35 per Broker Unit until June 25, 2020. Each Broker Unit is comprised of one Share and one non-transferable broker warrant (the "**Broker Warrant**"). Each Broker Warrant is exercisable into an additional Share at \$0.45 until June 25, 2020, subject to the Acceleration Clause. In addition, the Company paid the Agent a work fee of \$30,000, a payment for advisory services which was satisfied upon the issuance of 100,000 Shares of the Company at the transaction price of \$0.35 per Share and paid the Agent's reasonable expenses in connection with the First Tranche.

The Brokered Offering is subject to the final acceptance of the TSXV.

The net proceeds from the Brokered Offering will be used for general working capital purposes.

## **5.2 Disclosure for Restructuring Transactions**

Not applicable.

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

Not applicable.

## **7. Omitted Information**

None.

## **8. Executive Officers**

For further information, please contact Alan Schuler, Chief Executive Officer at 778.760-8700.

## **9. Date of Report**

June 26, 2018