

Form 51-102F3
MATERIAL CHANGE REPORT

Item 1. Name and Address of Company

ProSmart Enterprises Inc. (the “Company”)
302-1353 Ellis Street
Kelowna, BC V1Y 1Z9

Item 2. Date of Material Change

May 27, 2019.

Item 3. News Release

News Release dated May 27, 2019 was disseminated via Stockwatch and Market News and filed on SEDAR on May 27, 2019.

Item 4. Summary of Material Change

The Company has terminated discussion on a potential transaction.

Item 5. Full Description of Material Change

5.1 Full Description of Material Change

The Company announced on December 14, 2019 and again on February 22, 2019 that it had entered into a non-binding letter of intent with a private acquirer regarding the potential sale of all or substantially all of the assets of the Company (the “**Potential Transaction**”) which Potential Transaction, if consummated, would represent a “Reviewable Disposition” as defined in Policy 5.3 – Acquisitions and Dispositions of Non-Cash Assets of the TSX Venture Exchange (the “**TSXV**”). The Company also made clear in the announcement that there could be no guarantee that the Potential Transaction would be completed as proposed or at all.

Today, the Company confirms that the Potential Transaction will not be completed. Accordingly, the Company is no longer in business discussions with that potential buyer.

In connection with the Potential Transaction, the Company’s common shares were halted from trading by the TSXV effective December 14, 2019. Following termination of discussions regarding the Potential Transaction, the Company will apply to have the trading halt lifted by the TSXV. In addition, the Company’s shares also remain under a cease-trade order issued by the British Columbia Securities Commission on February 1, 2019 (see press release

dated February 1, 2019). The Company is working to have the cease-trade order revoked as soon as possible.

5.2 Disclosure for Restructuring Transactions

Not applicable.

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

Not applicable.

Item 7. Omitted Information

None.

Item 8. Executive Officers

The following senior officer of the Company is knowledgeable about the material change and this Material Change Report and may be contacted:

Alan Schuler, Chief Executive Officer
Telephone: 778-760-8700

Item 9. Date of Report

DATED at Vancouver, BC, this 27th day of May, 2019.