

**FORM 51-102F3
MATERIAL CHANGE REPORT**

ITEM 1. Name and Address of Company

MediPharm Labs Corp. (the “**Company**”)
151 John Street
Barrie, Ontario
L4N 2L1

ITEM 2. Date of Material Change

October 10, 2019.

ITEM 3. News Release

A news release with respect to the material change was disseminated by the Company on October 10, 2019 through Globe Newswire (the “**News Release**”).

ITEM 4. Summary of Material Change

On October 10, 2019, the Company announced that it had entered into a credit agreement (the “**Credit Facility**”) with a top 5 Canadian Schedule 1 bank for an aggregate \$38.7 million. The Credit Facility was upsized from the previously announced committed term sheet of \$20.0 million, and is comprised of a revolving term facility, a non-revolving term facility and a non-revolving delayed draw term facility.

ITEM 5. Full Description of Material Change

See the full text of the News Release attached hereto as Schedule “A”.

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

Not applicable.

ITEM 7. Omitted Information

Not applicable.

ITEM 8. Executive Officer

Patrick McCutcheon
Chief Executive Officer
Telephone: 705-719-7425
Email: investors@medipharmlabs.com

ITEM 9. Date of Report

October 10, 2019.

Schedule “A”



MediPharm Labs Closes New \$38.7 Million Upsized Credit Facility with a Top 5 Canadian Schedule 1 Bank to Support Growth

FOR IMMEDIATE RELEASE

TORONTO, October 10, 2019 (GLOBE NEWSWIRE) - MediPharm Labs Corp. (TSX: LABS) (OTCQX: MEDIF) (FSE: MLZ) (“MediPharm Labs” or the “Company”) a global leader in specialized, research-driven cannabis extraction, distillation, purification and cannabinoid isolation, is pleased to announce its wholly-owned subsidiary, MediPharm Labs Inc. (“MediPharm”) has closed a credit agreement (the “Credit Facility”) with a top 5 Canadian Schedule 1 bank (the “Bank”) for an aggregate \$38.7 million. The Credit Facility was upsized from the previously announced committed term sheet of \$20.0 million, and is comprised of a revolving term facility, a non-revolving term facility and a non-revolving delayed draw term facility.

“With the successful upsizing of our Credit Facility and the proceeds from our recent \$75 million bought deal equity offering, we have strengthened our balance sheet and our ability to execute our global business plan to efficiently seize the growth opportunities before us,” said Pat McCutcheon, Chief Executive Officer of MediPharm Labs. “In particular, this enlarged facility will enhance liquidity and support the delivery of our stated Canadian and Australian capex strategy, to ramp up of production capacity to meet contracted and expected demand for our new product classes.”

The Company’s \$38.7 million Credit Facility was upsized from the previously announced committed term sheet of \$20.0 million. The revolving term facility is for up to \$25.0 million subject to the Company’s borrowing base, can be drawn in Canadian or Australian dollars, has a 1-year term and is to be used for Canadian and Australian working capital. The \$5.7 million non-revolving term facility was fully drawn on closing, has a 3-year term and was used to refinance and reduce the interest expense of an existing mortgage. The non-revolving delayed draw term facility of up to \$8.0 million has a 3-year term and is to be used to fund capital expenditures.

“MediPharm Labs has distinguished itself in the cannabis industry as a diverse, profitable, risk-managed growth company,” said Mr. McCutcheon. “The closing of the Credit Facility required extensive due diligence of our current production site and capabilities, along with a detailed review of our Company’s expected revenue growth, liquidity and regulatory compliance. The Credit Facility will add to our strong balance sheet to assist us in executing on our business strategy and accelerating our domestic and international expansion strategies.”

The Credit Facility will bear interest at the Bank’s prime lending rate plus a certain per cent per annum dependent upon the Company’s debt to EBITDA ratio. The Credit Facility has a first ranking general security interest in the Company’s assets and can be repaid without penalty.

About MediPharm Labs Corp.

Founded in 2015, MediPharm Labs specializes in the production of purified, pharmaceutical-grade cannabis oil and concentrates and advanced derivative products utilizing cGMP (current Good Manufacturing Practices) designed facility and ISO standard built clean rooms. MediPharm Labs has invested in an expert, research-driven team, state-of-the-art technology, downstream purification methodologies and purpose-built facilities with 5 primary extraction lines having 300,000 KG of annual processing capacity to deliver pure, safe and precisely-dosed cannabis products for its customers. Through the Company's wholesale, private and white label platform, MediPharm Labs formulates, processes, packages and distributes active pharmaceutical ingredients and advanced cannabinoid-based products to domestic and international markets. As a global leader, MediPharm Labs has completed commercial exports to Australia and is nearing completion of its Australian extraction facility expected in 2019 with 75,000 KG of annual processing capacity.

For further information, please contact:

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION:

This news release contains "forward-looking information" and "forward-looking statements" (collectively, "forward-looking statements") within the meaning of the applicable Canadian securities legislation. All statements, other than statements of historical fact, are forward-looking statements and are based on expectations, estimates and projections as at the date of this news release. Any statement that involves discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions, future events or performance (often but not always using phrases such as "expects", or "does not expect", "is expected", "anticipates" or "does not anticipate", "plans", "budget", "scheduled", "forecasts", "estimates", "believes" or "intends" or variations of such words and phrases or stating that certain actions, events or results "may" or "could", "would", "might" or "will" be taken to occur or be achieved) are not statements of historical fact and may be forward-looking statements. In this news release, forward-looking statements relate to, among other things, capital expenditures for the Barrie and Australian facilities, ramp up of production capacity, expected demand for new product classes, execution of our business strategy, accelerating our domestic and international expansion strategies, the completion of the Australian facility and the processing capacity of the Australian facility. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable, are subject to known and unknown risks, uncertainties, and other factors which may cause the actual results and future events to differ materially from those expressed or implied by such forward-looking statements. Such factors include, but are not limited to: general business, economic, competitive, political and social uncertainties; the inability of MediPharm Labs to obtain adequate financing; the delay or failure to receive regulatory approvals; and other factors discussed in MediPharm Labs' filings, available on the SEDAR website at www.sedar.com. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on the forward-looking statements and information contained in this news release. Except as required by law, MediPharm Labs assumes no obligation to update the forward-looking statements of beliefs, opinions, projections, or other factors, should they change.