

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

**Item 1            Name and Address of Company**

GTEC Holdings Ltd. (the “Company”)  
1632 Dickson Avenue, Suite 335  
Kelowna, BC V1Y7T2

**Item 2            Date of Material Change(s)**

September 4, 2019

**Item 3            News Release**

A news release was issued by the Company on September 4, 2019 through the newswire services of GLOBE NEWSWIRE and was filed under the Company’s profile on the System for Electronic Document Analysis and Retrieval.

**Item 4            Summary of Material Change(s)**

Cannibis Cowboy Inc. (“CCI”), a 25% owned subsidiary of the Company signed a definitive agreement to sell assets relating to 8 of its non-operational retail store locations (the “**Transaction**”) to Fire & Flower Inc., a wholly owned subsidiary of Fire & Flower Holdings Corp.

Upon the closing of the Transaction, CCI will immediately settle its outstanding debt to the Company in the sum of \$4 million dollars, strengthening the Company’s balance sheet. The Company will retain its 25% equity stake in CCI, which upon the closing of the Transaction, will have 16 locations remaining with municipal development permits issued in the Province of Alberta.

**Item 5            Full Description of Material Change**

**5.1            Full Description of Material Change**

A full copy of the news release is attached hereto as Schedule “A”

**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**

Not applicable.

**Item 8            Executive Officer**

Norton Singhavon, Chief Executive Officer  
Telephone: 1-778-760-8338

**Item 9            Date of Report**

September 10, 2019

## SCHEDULE "A"

*/ NOT FOR DISSEMINATION IN THE UNITED STATES OR FOR DISTRIBUTION TO UNITED STATES  
WIRE SERVICES /*

### **GTEC Subsidiary Cannabis Cowboy Announces the Sale of Certain Assets and \$4 Million Debt Repayment to GTEC**

- GTEC subsidiary Cannabis Cowboy sale of certain assets including 8 development permits relating to unlicensed, non-operational retail locations
- GTEC to receive \$4 million debt repayment which will strengthen its balance sheet
- GTEC retaining its 25% equity stake in Cannabis Cowboy
- Cannabis Cowboy remains with 16 location development permits

**Kelowna, BC – September 4, 2019** – GTEC Holdings Ltd. (TSX-V:GTEC) (OTCQB:GGTTF) (FRA:1BUP) ("**GTEC**" or the "**Company**"), a vertically integrated premium cannabis producer, is pleased to announce that its 25% owned subsidiary, Cannabis Cowboy Inc. ("**CCI**"), has signed a definitive agreement to sell assets relating to 8 of its non-operational retail store locations (the "**Transaction**") to Fire & Flower Inc., ("**Fire & Flower**") a wholly owned subsidiary of Fire & Flower Holdings Corp. ("**FFHC**") (TSX:FAF).

#### **Background**

GTEC invested \$4 million into Cannabis Cowboy by way of shareholder loans and owns a 25% equity stake in CCI. The use of funds is to develop up to 27 recreational cannabis stores in the Province of Alberta. CCI had 23 municipal development permits issued, which were required in order to apply for a retail cannabis storefront with the Alberta Gaming and Liquor Commission ("**AGLC**"). The retail locations are currently non-operational and in the licensing application stage with the AGLC.

#### **Transaction Terms**

Pursuant to the terms of the Transaction, an aggregate purchase price of \$5,650,000, with \$4,520,000 payable in cash and, \$1,130,000 payable in common shares of FFHC at a price equal to the 10-day volume weighted average price leading to the closing of the Transaction. The Transaction is expected to close on or about October 1, 2019, subject to closing conditions which are customary for similar transactions.

#### **Shareholder Loan Repayment**

Upon the closing of the Transaction, CCI will immediately settle its outstanding debt to GTEC in the sum of \$4 million dollars, strengthening GTEC's balance sheet. GTEC will retain its 25% equity stake in CCI, which upon the closing of the Transaction, will have 16 locations remaining with municipal Development Permits issued in the Province of Alberta.

#### **Strategic Rationale**

As part of GTEC's growth strategy, the Company is divesting of non-core/non-operational assets to strengthen its balance sheet. GTEC will focus the organization's resources on the cultivation and extraction of premium indoor flower and its derivatives, with the mandate to establish long-term brand equity and

consumer loyalty by distributing premium quality cannabis products.

### **About Fire & Flower**

Fire & Flower is a leading purpose-built, independent adult-use cannabis retailer poised to capture significant Canadian market share. The Company guides consumers through the complex world of cannabis through education-focused, best-in-class retailing while the Hifyre digital platform connects consumers with cannabis products. The Company's leadership team combines extensive experience in the cannabis industry with strong capabilities in retail operations.

Fire & Flower Holdings Corp. owns all issued and outstanding shares in Fire & Flower Inc., a licensed cannabis retailer that owns or has interest in cannabis retail store licences in the provinces of Alberta, Saskatchewan, Manitoba, Ontario and the Yukon Territory.

Through its strategic investment with Alimentation Couche-Tard (ATD.A, ATD.B), the Company has set its sights on the global expansion as new cannabis markets emerge.

### **About GTEC**

GTEC Holdings is a specialized cannabis company dedicated to cultivating ultra-premium quality cannabis in purpose-built indoor facilities. The company is vertically integrated across all major sectors of the Canadian cannabis industry and currently holds the following licences issued by Health Canada pursuant to the *Cannabis Act and Regulations*; three *Standard Cultivation* licences estimated to produce 4,000 kg of indoor flower annually, two *Standard Processing* licences (for adult-use sales into Provincial & Territorial supply chains), two *Medical Sales* licences (for direct to medical patients), *Standard Processing* (for extraction), and *Analytical Testing*.

The management team is comprised of a diverse skill set sourced from leading global food & beverage, CPG and premium alcohol companies. GTEC has completed three cultivation facilities and is currently cultivating and selling cannabis. GTEC's retail division is pursuing licensing for recreational cannabis stores across Western Canada.

GTEC's genetic portfolio is comprised of over 30 unique cultivars that have been developed through a comprehensive phenotyping process, which is expected to deliver a sustainable competitive advantage and provide favourable gross margins. GTEC's ultra-premium indoor flower will be marketed and sold under its flagship trademarked brands; BLK MKT™, Tenzo™, GreenTec™, Cognōscente™ and Treehugger™. GTEC is actively pursuing sales and distribution opportunities across all major business channels: medical, recreational, B2B and export. GTEC is a publicly traded corporation, listed on the TSX Venture Exchange, OTCQB Venture Market and Frankfurt Stock Exchange. The Company is headquartered in Kelowna, British Columbia.

To view more about the company or to request our most recent corporate presentation, please visit our website at [www.gtec.co](http://www.gtec.co)

On behalf of the board,

Norton Singhavon  
Founder, Chairman & CEO

Michael Blady  
Co-Founder & Vice President

For additional information, please contact:

GTEC Holdings Ltd.  
1-800-351-6358  
[contact@gtec.co](mailto:contact@gtec.co)

*Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.*

**CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION:**

This news release includes certain “forward-looking statements” under applicable Canadian securities legislation. 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; delay or failure to receive board, shareholder or regulatory approvals, where applicable and the state of the capital markets. 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. For instance, there can be no assurance that the Company will receive the \$4 million debt repayment and that the Transaction will close as anticipated, nor can there be any assurance that the Company’s overall annual production will increase to 4,000 kg of flower. Accordingly, readers should not place undue reliance on forward-looking statements. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.