

FORM 51-102F3

MATERIAL CHANGE REPORT

Item 1. Name and Address of Company

Avicanna Inc. (the “**Company**”)
480 University Avenue, Suite 1502
Toronto, Ontario M5G 1V2

Item 2. Date of Material Change

November 13, 2020

Item 3. News Release

A news release disseminated on November 13, 2020 via Canada Newswire and filed on SEDAR.

Item 4. Summary of Material Change

The Company priced its previously announced marketed public offering (the “**Offering**”) of units (the “**Units**”). The Company intends to issue the Units at a price of \$0.85 per Unit for gross proceeds of a minimum of \$5,000,000 and a maximum of \$7,000,000. Each Unit will consist of one common share of the Company (each a “**Common Share**”) and one-half of one common share purchase warrant (each full warrant, a “**Warrant**” and collectively the “**Warrants**”). Each Warrant will be exercisable for one Common Share (each a “**Warrant Share**”) at a price of \$1.20 per share at any time for a period of 36 months following closing of the Offering

Item 5. Full Description of Material Change

5.1 Full Description of Material Change

The material change is described in the news release attached hereto.

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. Senior Officer

For additional information, please contact Setu Purohit, President of the Company at 1-647-243-5283 or info@avicanna.com.

Item 9. Date of Report

November 13, 2020

NOT FOR DISTRIBUTION TO UNITED STATES NEWSWIRE SERVICES OR FOR DISSEMINATION IN THE UNITED STATES. ANY FAILURE TO COMPLY WITH THIS RESTRICTION MAY CONSTITUTE A VIOLATION OF UNITED STATES SECURITIES LAWS

AVICANNA ANNOUNCES PRICING OF PUBLIC MARKETED OFFERING OF UNITS

TORONTO, CANADA – November 13, 2020 – Avicanna Inc. (“**Avicanna**”, or the “**Company**”) (TSX: AVCN) (OTCQX: AVCNF) (FSE: 0NN) is pleased to announce that it has priced its previously announced marketed public offering (the “**Offering**”) of units (the “**Units**”) of the Company. The Company intends to issue the Units at a price of \$0.85 per Unit for gross proceeds of a minimum of \$5,000,000 and a maximum of \$7,000,000. Each Unit will consist of one common share of the Company (each a “**Common Share**”) and one-half of one common share purchase warrant (each full warrant, a “**Warrant**” and collectively the “**Warrants**”). Each Warrant will be exercisable for one Common Share (each a “**Warrant Share**”) at a price of \$1.20 per share at any time for a period of 36 months following closing of the Offering.

The Offering is being conducted on a “best efforts” basis by a syndicate of agents led by Echelon Wealth Partners Inc., as lead agent and sole-bookrunner, and including Beacon Securities Limited and Canaccord Genuity Corp. (collectively, the “**Agents**”).

The Company has granted the Agents an option, exercisable in whole or in part, at the sole discretion of the Agents, at any time for a period of 30 days from and including the closing of the Offering, to purchase from the Company up to an additional 15% of the Units sold under the Offering, on the same terms and conditions of the Offering to cover over-allotments, if any, and for market stabilization purposes (the “**Over-Allotment Option**”). The Over-Allotment Option may be exercised by the Agents to purchase additional Units, Common Shares, Warrants or any combination thereof.

The Offering will be completed on a “best efforts” basis through the Agents (i) by way of a short form prospectus to be filed in the Canadian Jurisdictions (ii) on a private placement basis to “accredited investors” meeting one or more of the criteria in Rule 501(a) of Regulation D (“**Regulation D**”) under the *United States Securities Act of 1933*, as amended (the “**U.S. Securities Act**”) pursuant to Rule 506(b) of Regulation D and/or Section 4(a)(2) thereof and similar exemptions under applicable state securities laws, Qualified Institutional Buyers in the United States pursuant to the registration exemptions provided by Rule 144A of the US Securities Act, and (iii) outside Canada and the United States on a basis which does not require the qualification or registration of any of the Company’s securities under domestic or foreign securities laws.

The Offering is expected to close on or about December 3, 2020, or such other date as the Company and the Agents may agree. Closing of the Offering is subject to customary closing conditions, including, but not limited to, the execution of an agency agreement and the receipt of all necessary regulatory approvals, including the approval of the securities regulatory authorities and the Toronto Stock Exchange.

The Company intends to use the net proceeds of the Offering for product development, working capital and general corporate purposes.

This news release does not constitute an offer to sell or a solicitation of an offer to sell any of securities in the United States. The securities have not been and will not be registered under the U.S. Securities Act or any state securities laws and may not be offered or sold within the United States or to U.S. Persons unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available.

About Avicanna Inc.

Avicanna is a diversified and vertically integrated Canadian biopharmaceutical company focused on the research, development, and commercialization of plant-derived cannabinoid-based products for the global consumer, medical, and pharmaceutical market segments.

Avicanna is an established leader in cannabinoid research and development, which it primarily conducts at its R&D headquarters in the Johnson & Johnson Innovation Centre, JLABS @ Toronto, Canada and in collaboration with leading Canadian academic and medical institutions. In addition to its developing pharmaceutical pipeline, Avicanna’s team of experts have developed and commercialized several industry leading product lines, including:

- Pura H&W™: an advanced and clinically tested line of CBD consumer derma-cosmetic products; and,
- RHO Phyto™: an advanced line of medical cannabis products containing varying ratios of CBD and THC currently available nation-wide across Canada in partnership with Medical Cannabis by Shoppers™, a subsidiary of Shoppers Drug Mart. RHO Phyto is the first strictly medical formulary of advanced “Cannabis 2.0” products, containing oils, sprays, capsules, creams, and gels, all 2 developed with scientific rigour, manufactured under GMP standards and supported by pre-clinical data.

With ongoing clinical trials on its derma-cosmetic (Pura H&W), medical cannabis (RHO Phyto) and a pipeline of pharmaceutical products, Avicanna’s dedication to researching the important role that cannabinoids play in an increasingly wider scope of products has been at the core of the Company’s vision since its inception. Furthermore, Avicanna’s commitment to education is demonstrated through its annual medical symposium, the Avicanna Academy educational platform, and the My Cannabis Clinic patient program through its subsidiary company.

Avicanna manages its own supply chain including cultivation and extraction through its two majority-owned subsidiaries, Sativa Nativa S.A.S. and Santa Marta Golden Hemp S.A.S., both located in Santa Marta, Colombia. Through these sustainable, economical, and industrial scale subsidiaries, Avicanna cultivates, processes, and commercializes a range of cannabis and hemp cultivars dominant in CBD, CBG, THC, and other cannabinoids for use as active pharmaceutical ingredients. Avicanna’s Avesta Genetica program specializes in the development and optimization of rare cultivars for commercial production along with feminized seeds for global export. In June 2020, Avicanna made history with a shipment of hemp seeds to the United States of America by completing the first ever export of hemp seeds from Colombia.

SOURCE: Avicanna Inc.

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For more information about Avicanna, visit www.avicanna.com, call 1-647-243-5283, or contact Setu Purohit, President by email at info@avicanna.com.

Cautionary Note Regarding Forward-Looking Information and Statements

This news release contains “forward-looking information” within the meaning of applicable securities laws. Forward-looking information contained in this press release may be identified by the use of words such as, “may”, “would”, “could”, “will”, “likely”, “expect”, “anticipate”, “believe”, “intend”, “plan”, “forecast”, “project”, “estimate”, “outlook” and other similar expressions. The forward-looking information contained in this news release is based on certain key expectations and assumptions made by the Company, including expectations and assumptions regarding the terms, timing and potential completion of the Offering, satisfaction of regulatory requirements in various jurisdictions and the use of proceeds from the Offering.

Forward-looking information is not a guarantee of future performance and is based upon a number of estimates and assumptions of management in light of management’s experience and perception of trends, current conditions and expected developments, as well as other factors relevant in the circumstances, including assumptions in respect of current and future market conditions, the current and future regulatory environment; and the availability of licenses, approvals and permits. Although the Company believes that the expectations and assumptions on which such forward-looking information is based are reasonable, undue reliance should not be placed on the forward-looking information because the Company can give no assurance that they will prove to be correct. Actual results and developments may differ materially from those contemplated by these statements. Forward-looking information is subject to a variety of risks and uncertainties that could cause actual events or results to differ materially from those projected in the forward-looking information. Such risks and uncertainties include, but are not limited to current and future market conditions, including the market price of the common shares of the Company, the delay or failure to receive regulatory approvals, and the risk factors set out in the Company’s annual information form dated April 15, 2020, filed with the Canadian securities regulators and available under the Company’s profile on SEDAR at www.sedar.com.

