

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

1. Name and Address of Company

Avicanna Inc. (the "**Corporation**")
480 University Avenue, Suite 1502
Toronto, Ontario, M5G 1V2

2. Date of Material Change

January 24, 2020.

3. News Release

News release dated January 24, 2020 was disseminated through the facilities of CNW Group and subsequently filed on the System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com.

4. Summary of Material Change

On January 24, 2020, the Corporation announced an up to CAD\$9,000,000 non-brokered private placement of units of the Corporation (the "**Offering**") and that it had closed the first tranche of the Offering issuing an aggregate of 822,721 units (each, a "**Unit**") at a price of CAD\$2.50 per Unit, for aggregate gross proceeds of approximately CAD\$2.06 million.

5. Full Description of Material Change

5.1 Full Description of Material Change

The material change is fully described in the news release attached hereto as Schedule "A", which news release is incorporated by reference herein.

5.2 Disclosure for Restructuring Transaction

Not applicable

6. Disclosure for Restructuring Transaction

Not applicable.

7. Reliance on subsection 7.1(2) or (3) of National Instrument 51-102

Not applicable.

8. Omitted Information

Not applicable.

9. Executive Officer

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

10. Date of Report

February 3, 2020

Schedule "A"

Avicanna Closes First Tranche of Private Placement

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

Toronto, Ontario – January 24, 2020 – Avicanna Inc. ("**Avicanna**" or the "**Company**") (TSX: AVCN) (OTCQX: AVCNF) (FSE: ONN), a biopharmaceutical company focused on the development, manufacturing and commercialization of organic and sustainable plant-derived cannabinoid-based products, is pleased to announce that it has closed the first tranche of an up to CAD\$9,000,000 non-brokered private placement (the "**Offering**"). Under the first tranche of the Offering, the Company has issued an aggregate of 822,721 Units (the "**Units**") at a price of CAD\$2.50 per Unit, for aggregate gross proceeds of approximately CAD\$2.06 million. The Company has also received additional subscription agreements for an additional CAD\$4 million, which it expects to close on in one or more further tranches on the same terms.

Each Unit was comprised of one (1) common share in the capital of the Company (each, a "**Common Share**") and one-half of one (1/2) common share purchase warrant (each whole warrant, a "**Warrant**"). Each Warrant is exercisable into one common share in the capital of the Company (each, a "**Warrant Share**") at a price of CAD\$3.00 per Warrant Share until January 24, 2023, subject to the Company's right to accelerate the expiry date of the Warrants upon thirty (30) days' notice in the event that the ten (10) day volume weighted average trading price of the Common Shares (subject to the average trading volume per day being at least 30,000 Common Shares) is equal to or exceeds CAD\$4.00 on the Toronto Stock Exchange.

The Company intends to use the proceeds from the Offering for corporate development and general working capital purposes. In addition, Avicanna has an unused USD\$5 million credit facility available to draw upon.

All securities issued under the first tranche of the Offering, including securities issuable on exercise thereof, are subject to a hold period expiring four months and one day from the date hereof. The Offering is subject to certain conditions including, but not limited to, the receipt of all necessary approvals, including the approval of the Toronto Stock Exchange.

About Avicanna

Avicanna is an Ontario corporation focused on the development, manufacturing and commercialization of plant-derived cannabinoid-based products through its two main business segments, cultivation and research and development.

Avicanna's two majority-owned subsidiaries, Sativa Nativa S.A.S. and Santa Marta Golden Hemp S.A.S., both located in Santa Marta, Colombia are the base for Avicanna's cultivation activities. These two companies are licensed to cultivate and process cannabis for the production of cannabis extracts and purified cannabinoids including cannabidiol (CBD) and tetrahydrocannabinol (THC).

Avicanna's research and development business is primarily conducted out of Canada at its headquarters in the Johnson & Johnson Innovation Centre, JLABS @ Toronto. Avicanna's scientific team develops products, and Avicanna has also engaged the services of researchers at the Leslie Dan Faculty of Pharmacy at the University of Toronto for the purpose of optimizing and improving upon its products.

Avicanna's research and development and cultivation activities are focused on the development of its key products, including plant-derived cannabinoid pharmaceuticals, phyto-therapeutics, derma-cosmetics and Extracts (defined as plant-derived cannabinoid extracts and purified cannabinoids, including distillates and isolates), with a goal of eventually having these products manufactured and distributed through various markets.

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 info@avicanna.com.

Cautionary Note Regarding Forward-Looking Information and Statements

Certain information in this press release contains forward-looking statements. Such statements include but are not limited to the expected size and completion of one or more future tranches of the Offering. This information is based on current expectations that are subject to significant risks and uncertainties that are difficult to predict, including the risk factors set out under the heading "Risk Factors" in the Company's long form final prospectus dated July 8, 2019. Actual results might differ materially from results suggested in any forward-looking statements. The Company assumes no obligation to update the forward-looking statements, or to update the reasons why actual results could differ from those reflected in the forward-looking statements, unless and until required by securities laws applicable to the Company.