

FORM 51-102F3
MATERIAL CHANGE REPORT

1. **Name and Address of Company**

Canbud Distribution Corporation (formerly, Cannabis Clonal Corporation.) (the “**Company**”)
120 Adelaide Street West, Suite 2500
Toronto, Ontario M5H 1T1

2. **Date of Material Change**

July 8, 2021

3. **News Release**

A press release disclosing the material change was released on July 8, 2021, through the facilities of Newsfile Corp.

4. **Summary of Material Change**

The Company completed its previously announced acquisition of Molecular Science Corp. (“**MSC**”), whereby the Company acquired all of the issued and outstanding shares of MSC pursuant to a three-cornered amalgamation (the “**Transaction**”) under the *Business Corporations Act* (Ontario).

5. **Full Description of Material Change**

Under the terms of the Transaction, Ontario 2847719 Inc. (“**Subco**”) amalgamated with MSC under the *Business Corporations Act* (Ontario) and will continue as a new corporation, wholly-owned by the Company. In connection with the Transaction, the Company issued an aggregate of 68,212,896 common shares (the “**Shares**”) of the Company to the former shareholders of MSC on the basis (the “**Exchange Basis**”) of approximately 3.313 Company Shares for each MSC common share (each, an “**MSC Share**”) outstanding, representing approximately 43.7% of the issued and outstanding Company Shares. All outstanding common share purchase warrants of MSC were replaced with common share purchase warrants of the Company, entitling the holders thereof to purchase an aggregate of up to 3,958,800 Company Shares for a purchase price of \$0.30 per share until July 8, 2024. In connection with the completion of the Transaction, the Company also issued 1,765,000 Shares as an advisory fee.

The Company Shares issued to the former shareholders of MSC are subject to resale restrictions, such that the holders thereof are permitted to trade 25% of such Company Shares on the date that is four months from July 8, 2021 and a further 25% of such Company Shares on the dates that are seven, 10 and 13 months after July 8, 2021. All of the Company Shares issued with respect to the advisory fee are subject to a hold period of four months plus a day from July 8, 2021.

In connection with the Transaction, and upon signing the Acquisition Agreement, the Company advanced a bridge loan (the “**Bridge Loan**”) of \$500,000 to MSC, which was used for the repayment of certain debt and for working capital purposes. The Bridge Loan bears interest at 5% per annum, matures sixty days from the date of the Bridge Loan, and is secured against the shares and assets of each of MSC and its main operating subsidiary.

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

The report is not being filed on a confidential basis.

7. **Omitted Information**

No significant facts have been omitted from this Material Change Report.

8. **Executive Officer**

For further information, contact Robert Tjandra, President (416) 847-7312.

9. **Date of Report**

This report is dated at Toronto, this 12th day of July, 2021.

Cautionary Statement Regarding Forward-Looking Information

Except for statements of historic fact, this material change report contains certain "forward-looking information" within the meaning of applicable securities law. Forward-looking information is frequently characterized by words such as "plan", "expect", "project", "intend", "believe", "anticipate", "estimate" and other similar words, or statements that certain events or conditions "may" or "will" occur. Forward-looking statements are based on the opinions and estimates at the date the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those anticipated in the forward-looking statements including, but not limited to delays or uncertainties with regulatory approvals, including that of the CSE. There are uncertainties inherent in forward-looking information, including factors beyond the Company's control. There are no assurances that the commercialization plans for the technology described in this material change report will come into effect on the terms or time frame described herein. The Company undertakes no obligation to update forward-looking information if circumstances or management's estimates or opinions should change except as required by law. The reader is cautioned not to place undue reliance on forward-looking statements. Additional information identifying risks and uncertainties that could affect financial results is contained in the Company's filings with Canadian securities regulators, which filings are available at www.sedar.com