

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

**Item 1. Name and Address of Company**

Aphria Inc. (“**Aphria**” or the “**Company**”)  
245 Talbot Street West, Suite 103  
Leamington, Ontario  
N8H 1N8

**Item 2. Date of Material Change**

April 23, 2019

**Item 3. News Release**

A news release announcing the material change referred to in this report was disseminated by Aphria on April 23, 2019 and filed on SEDAR and EDGAR under Aphria’s profile on the same date.

**Item 4. Summary of Material Change**

The Company has closed its previously announced offering of 5.25% convertible senior notes due 2024 for gross proceeds of US\$350 million (including US\$50 million pursuant to the exercise of the initial purchasers’ over-allotment option on April 26, 2019) to the Company. The notes were issued at par value.

**Item 5. Full Description of Material Change**

**5.1 Full Description of Material Change**

The Company has closed its previously announced offering of 5.25% convertible senior notes due 2024 for gross proceeds of US\$350 million (including US\$50 million pursuant to the exercise of the initial purchasers’ over-allotment option on April 26, 2019). The notes were issued at par value.

Aphria expects to use the net proceeds from the offering of the notes to support its international expansion initiatives, for future acquisitions and for general corporate purposes, including working capital requirements, in jurisdictions where federally and nationally legal.

The notes are governed by an Indenture between the Company and Glas Trust Company LLC dated as of April 23, 2019. The notes are unsecured obligations of Aphria and will mature on June 1, 2024, unless earlier repurchased, redeemed or converted. The notes will accrue interest at a rate of 5.25% per annum, payable semi-annually in arrears on June 1 and December 1 of each year, beginning on December 1, 2019. The initial conversion rate for the notes is 106.5644 common shares of Aphria per US\$1,000 principal amount of notes which is equivalent to an initial conversion

price of approximately US\$9.38 per common share. The initial conversion rate represents a premium of approximately 20% to the common share closing sale price of US\$7.82 on the New York Stock Exchange on April 17, 2019, the last trading day prior to the announcement of the pricing of the notes, and is subject to adjustment in certain events. The Indenture includes adjustment in the conversion rate of the notes in certain customary events and for a make-whole adjustment in the event of a fundamental change occurring prior to the maturity date of the notes.

Upon conversion, the notes will be settled in cash, Aphria common shares or a combination of cash and Aphria common shares, at the Company's election. The Company has the right to redeem the notes in certain circumstances (including for example, if the last reported sale price of Aphria's common shares has been at least 130% of the conversion price then in effect for at least 20 trading days, whether or not consecutive, during any 30 consecutive trading day period) on or after June 6, 2022 at a redemption price equal to 100% of the principal amount of the notes to be redeemed, plus accrued and unpaid interest, but excluding the redemption date. Holders also have the right to require Aphria to repurchase their notes upon the occurrence of a "fundamental change" (as defined in the Indenture governing the notes) at a cash repurchase price equal to 100% of the principal amount of the notes to be repurchased, plus accrued and unpaid interest, but excluding the repurchase date.

The offer and sale of the notes and any common shares of Aphria issuable upon conversion of the notes have not been registered under the *U.S. Securities Act of 1933*, as amended, or any state securities laws, or qualified for distribution by prospectus in Canada, and may not be offered or sold in the United States absent registration or an applicable exemption from such registration requirements, or sold in Canada absent an exemption from the prospectus requirements of Canadian securities laws.

## **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**

None.

## **Item 8. Executive Officers**

The executive officer who can answer questions regarding this report is Mr. Carl Merton, Chief Financial Officer of the Company. Mr. Merton can be reached at 519-564-6374.

## **Item 9. Date of Report**

This report is dated the 29th day of April, 2019.

### **Caution Concerning Forward-Looking Statements**

This material change report includes statements containing certain “forward-looking information” and “forward-looking statements” within the meaning of applicable securities laws (“**forward-looking statements**”). Forward-looking statements are frequently characterized by words such as “plan”, “continue”, “expect”, “project”, “intend”, “believe”, “anticipate”, “estimate”, “may”, “will”, “potential”, “proposed” and other similar words, or statements that certain events or conditions “may” or “will” occur. Examples of such statements include statements with respect to the planned use of proceeds from the notes offering. The statements are based on the opinion and estimates of management 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 projected in the forward-looking statements, including prevailing market conditions. The Company is under no obligation, and expressly 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 expressly required by applicable law.