# Form 51–102F3

***MATERIAL CHANGE REPORT***

# Item 1. Name and Address of Company

Heritage Cannabis Holdings Corp. (“**Heritage**” or the “**Company**”)

77 Bloor Street West, Suite 600

Toronto, ON

M5S 1M2

# Item 2. Date of Material Change

September 29, 2022

# Item 3. News Release

The news Release was issued and disseminated on September 29, 2022 and subsequently filed on SEDAR.

# Item 4. Summary of Material Change

The Company entered into a second loan amending agreement (the “Second Loan Amendment”) with BJK Holdings Ltd. (the “Lender”) for total proceeds of $19,775,000 on September 29th, 2022 (the “Closing Date”).

# Item 5. Full Description of Material Change

* 1. **Full Description of Material Change**

The Company entered into a Second Loan Amendment with the Lender dated September 29, 2022, pursuant to which the Lender granted to the Company the following: (i) an extension on the maturity date of the initial loan granted to the Company on March 29, 2021 to November 30th, 2024 (the “Extended Initial Loan”); (ii) an extension on the maturity date of the additional loan granted to the Company on October 4, 2021 to November 30th, 2024 (the “Extended Additional Loan”); (iii) an extension to the maturity date of the revolving line of credit of $5 million granted to the Company on October 4, 2021 to November 30th, 2024 (the “Extended Line of Credit”); and (iv) a further loan in the amount of $4,985,000 (the “Facility 4 Loan”).

The interest rate on the Extended Initial Loan for the period October 1, 2022 until July 31st, 2023 is RBC Prime minus 1.75%; for the period August 1st, 2023, up to November 30th, 2024 is RBC Prime plus 10% but in no case less than 14% and no greater than 18%; and if extended to November 30th, 2025 is RBC Prime plus 10% but in no case less than 15%. The interest rate on the Extended Additional Loan for the period October 1st, 2022 up to July 31, 2023 is RBC Prime minus 1.75%; for the period August 1st, 2023, up to November 30th, 2024 is RBC Prime plus 10% but in no case less than 14% and no greater than 18%; and if extended to November 30th, 2025 is RBC Prime plus 10% but in no case less than 15%. The interest rate on the Extended Line of Credit for the period October 1st, 2022 to July 31st, 2023 is 15% per annum; for the period August 1st, 2023, up to November 30th, 2024 is RBC Prime plus 10% but in no case less than 15% per annum; if extended to November 30th, 2025 is RBC Prime plus 10% but in no case less than 15%. The interest rate on the Facility 4 Loan for the period October 1st, 2022 up to July 31st, 2023 is RBC Prime minus 1.75%; for the period August 1st, 2022, up to November 30th, 2024 is RBC Prime plus 10% but in no case less than 14% and no greater than 18%; and if extended to November 30th, 2025 is RBC Prime plus 10% but in no case less than 15%.

In total, through the Extended Initial Loan, the Extended Additional Loan, the Extended Line of Credit and the Facility 4 Loan (collectively, the “Loan”) the Company has access to a total of $19.775 million through its Second Amended Loan Agreement with the Lender. Accordingly, on the Closing Date, the Company granted to the Lender a promissory note in the principal amount of $19.775 million together with interest, to represent the amount to be repaid on or before November 30, 2024. A one-time loan amendment fee of $985,000 is due to BJK on the Closing Date.

In connection with the Second Loan Amendment, the expiry date of an existing warrant certificate granted by the Company to the Lender to acquire up to 10,000,000 shares in the capital of the Company at an exercise price of $0.25 per share was extended to February 28th, 2025. The Company also granted an additional warrant certificate to the Lender on September 29, 2022 to acquire up to 50,000,000 shares in the capital of the Company at an exercise price of $0.10 per share with an expiry date of February 28th, 2025.

# 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 following senior Officer of the Company is knowledgeable about the material change and this Material Change Report and may be contacted:

David Schwede, President and Chief Executive Officer

Telephone: 1-888-940-5925

# Item 9. Date of Report

DATED at Toronto, ON, this 29th of September, 2022.