

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

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

Heritage Cannabis Holdings Corp. (“**Heritage**” or the “**Company**”)  
929 Mainland Street  
Vancouver, B.C. V6B 1S3

**Item 2. Date of Material Change**

December 14, 2018.

**Item 3. News Release**

News Release dated December 17, 2018 was disseminated on thenewswire.ca and filed on SEDAR on December 17 2018.

**Item 4. Summary of Material Change**

The Company has completed the acquisition of Purefarma Solutions Inc.

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

**5.1 Full Description of Material Change**

The Company announced that further to its press release dated December 7, 2018, the Company has completed the acquisition (the “**Acquisition**”) of all of the issued and outstanding shares of Purefarma Solutions Inc. (“**Purefarma**”), a private British Columbia company, pursuant to the terms of definitive agreements dated December 7, 2018 (together, the “**Definitive Agreement**”).

Pursuant to the Definitive Agreement and in consideration for the Acquisition, as of the date hereof Heritage issued an aggregate of 33,333,333 common shares of the Company (the “**Payment Shares**”) at a deemed price of \$0.195 per Payment Share.

In addition, pursuant to the terms of the Definitive Agreement, Heritage will issue additional common shares of the Company (the “**Earn Out Shares**”) to certain former shareholders of Purefarma subject to Purefarma obtaining certain cumulative gross margin targets over the next four calendar years (beginning in 2019). Based on these gross margin targets, the Company will calculate the amount of Earn Out Shares owed on an annual basis, being awarded within 120 days of the year end, in conjunction with the annual audit being completed. If fully achieved, a maximum of 21,100,000 Earn Out Shares will be issued, which would require Purefarma to earn \$100 million in cumulative gross margin by December 31, 2023.

Finally, pursuant to the Definitive Agreement and in exchange for a future royalty stream over the next four years (beginning in 2019), Heritage will pay an annual royalty based on that fiscal year's gross margin. The royalty is set at 12% for the first year, diminishing to 9%, 6% and 3% each year following.

In connection with the Acquisition, the Company also issued 1,200,000 common shares to an arm's length third party at a deemed price of \$0.195 per common share as an advisory fee. These shares are subject to a statutory hold period ending on April 15, 2019.

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

Clinton Sharples, President and Chief Executive Officer  
Telephone: 604-628-1767

**Item 9. Date of Report**

DATED at Vancouver, BC, this 17<sup>th</sup> day of December, 2018.