

FORM 51-102F3

MATERIAL CHANGE REPORT

1. Name and Address of Issuer:

Heritage Cannabis Holdings Corp. ("**Heritage**" or the "**Company**")
77 Bloor Street West, Suite 600
Toronto, ON
M5S 1M2

2. Date of Material Change:

October 7, 2020

3. News Release:

The news release was issued and disseminated on October 7, 2020 and subsequently filed on SEDAR.

4. Summary of Material Change:

The Company announced that it has completed its acquisition of all of the issued out outstanding securities of Opticann, Inc. ("**Opticann**"), a Colorado based oral and topical cannabinoid company with the rights to exclusively sell CBD and CBG products made with the patented VESIsorb® drug delivery system for optimized absorption and stability.

5. 5.1 – Full Description of Material Change:

Heritage issued 15,838,982 common shares of the Company ("**Common Shares**") on closing of the acquisition, the majority of which will be held in escrow by Heritage and released, subject to any reductions related to indemnification claims. Additionally, the vendors received i) 7,919,493 warrants exercisable for exchangeable shares of a subsidiary of the Company (the "**Class A Exchangeable Shares**"), with each warrant exercisable at a price of \$0.20 per Class A Exchangeable Share for a period of twenty-four months following the closing date; ii) 3,511,110 warrants exercisable for Class A Exchangeable Shares, with each warrant exercisable at a price of \$0.30 per Class A Exchangeable Share for a period of thirty-six months following the closing date; and iii) 100,000,000 class B exchangeable shares of a subsidiary of the Company (the "**Milestone Shares**"), said Milestone Shares being exchangeable by the vendors for Common Shares upon Opticann achieving certain milestones. The Class A Exchangeable Shares and Milestone Shares are exchangeable for Common Shares on a 1:1 basis, and the Milestone Shares are exchangeable for up to 100,000,000 Common Shares, subject to certain earnout conditions, the future price of the Common Shares, and other terms. If the earnout conditions are not achieved within certain timeframes, the Milestone Shares are cancellable by the issuer.

All securities issued on closing of the transaction are subject to a statutory four month and one day hold period.

The participation in the transaction of Peter Kampian, the Vice President of Finance and a consultant of Heritage and an executive officer of one of the vendors, may constitute a related party transaction under Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions (“**MI 61-101**”), but is otherwise exempt from (i) the formal valuation requirements of Section 5.4 of MI 61-101 by virtue of Subsection 5.5(a) of MI 61-101, and (ii) the minority shareholder approval requirements of Section 5.6 of MI 61-101 by virtue of Subsection 5.7(1)(a) of MI 61-101, on the basis that at the time of completion of the transaction the fair market value of the consideration provided to the corporation in which Peter Kampian is an executive officer did not exceed an amount equal to 25% of the Company’s market capitalization at such time. The Company did not file a material change report more than 21 days prior to the closing of the transaction as the Company wished to complete the transaction on an expedited basis for sound business reasons.

The Company has also agreed to issue 6,079,716 Common Shares to Geocann LLC (“**Geocann Distribution Consideration Shares**”) pursuant to the terms an Exclusive Distribution and Supply Agreement between Opticann and Geocann LLC dated June 30, 2020, as amended by the First Amending Agreement dated September 29, 2020. The Geocann Distribution Consideration Shares are subject to a statutory four month and one day hold period from the date of issuance.

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

Not applicable.

7. **Omitted Information:**

No significant facts remain confidential in, and no information has been omitted from, this report.

8. **Executive Officer:**

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: 416-705-8529

Date of Report:

October 8, 2020.