



PUF VENTURES INC.

NOTICE OF MEETING AND MANAGEMENT INFORMATION CIRCULAR

FOR

SPECIAL MEETING OF SHAREHOLDERS

IN RESPECT OF AN ARRANGEMENT BETWEEN

PUF VENTURES INC.

AND

NATURES HEMP CORP.

TO BE HELD ON AUGUST 7, 2018

No securities regulatory authority has in any way passed upon the merits of the transaction described in this information circular.

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PUF VENTURES INC.
Suite 804 – 750 West Pender Street
Vancouver, BC V6C 2T7

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

TAKE NOTICE that, pursuant to an order of the Supreme Court of British Columbia, a Special meeting (the “**Meeting**”) of holders (the “**PUF Shareholders**”) of common shares (the “**PUF Shares**”) of PUF Ventures Inc. (“**PUF**” or the “**Company**”) will be held at Suite 804 – 750 West Pender Street, Vancouver, British Columbia, V6C 2T7, at 1:00 p.m. (Pacific Time) on **Tuesday, August 7, 2018** for the following purposes:

1. To consider and, if thought fit, pass, with or without variation, a special resolution (the “**Arrangement Resolution**”) to approve an arrangement (the “**Arrangement**”) under Division 5 of Part 9 of the *Business Corporations Act* (British Columbia) (the “**BCBCA**”), the full text of which resolution is set forth in **Appendix A** to the accompanying Information Circular (the “**Circular**”) of the Company, which involves, among other things, the distribution of common shares of Natures Hemp Corp. (“**Natures Hemp**”) to the PUF Shareholders, all as more particularly described in the accompanying Circular;
2. To approve the adoption of a 10% rolling stock option plan of Natures Hemp, as more particularly described in the accompanying Circular;
3. To transact such other business as may properly come before the Meeting or any adjournment or postponement thereof.

AND TAKE NOTICE that PUF Shareholders who validly dissent from the Arrangement will be entitled to be paid the fair value of their PUF Shares subject to strict compliance with the provisions of the Interim Order (as set forth herein), the Plan of Arrangement and sections 237 to 247 of the BCBCA. The right to dissent is described in the section of the Circular entitled *The Arrangement – Dissenting Holders’ Rights*, the text of the Interim Order is set out in **Appendix C** to the Circular, and the dissent procedures is set out in **Appendix D** to this Circular. **Failure to comply with the requirements set forth in the Plan of Arrangement and sections 237 to 247 of the BCBCA may result in the loss of any right of dissent.**

The Circular provides additional information relating to the matters to be dealt with at the Meeting and is deemed to form part of this Notice. Also accompanying this Notice and the Circular is a form of proxy for use at the Meeting. Any adjourned meeting resulting from an adjournment of the Meeting will be held at a time and place to be specified at the Meeting. Only PUF Shareholders of record at the close of business on June 18, 2018 will be entitled to receive notice of and vote at the Meeting.

Registered PUF Shareholders who are unable to attend the Meeting are requested to date, sign and return the enclosed form of proxy and deliver it in accordance with the instructions set out in the proxy and in the Circular. If you are a non-registered PUF Shareholder and receive these materials through your broker or through another intermediary, please complete and return the materials in accordance with the instructions provided to you by your broker or the other intermediary. Failure to do so may result in your PUF Shares not being voted at the Meeting. See *General Proxy Information – Beneficial Shareholders* in the accompanying Circular for further information on how to vote your PUF Shares.

Dated at Toronto, Ontario, this 18th day of June, 2018.

PUF VENTURES INC.

“*Derek Ivany*”
President and CEO



PUF VENTURES INC.
Suite 804 – 750 West Pender Street
Vancouver, BC V6C 2T7

MANAGEMENT INFORMATION CIRCULAR
(Containing information as at June 18, 2018 unless indicated otherwise)

This Management Information Circular (the “**Circular**”) is furnished in connection with the solicitation of proxies by management of PUF Ventures Inc. (the “**Company**” or “**PUF**”) for use at the Special meeting (the “**Meeting**”) of its shareholders (the “**PUF Shareholders**”) to be held on Tuesday, August 7, 2018 at the time and place and for the purposes set forth in the accompanying notice of the Meeting.

Unless the context otherwise requires, capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Glossary of Terms in this Circular.

In considering whether to vote for the approval of the Arrangement, PUF Shareholders should be aware that there are various risks, including those described under *Risk Factors* in this Circular. PUF Shareholders should carefully consider these risk factors, together with other information included in this Circular, before deciding whether to approve the Arrangement.

No person has been authorized to give any information or to make any representation in connection with the Arrangement and other matters described herein other than those contained in this Circular and, if given or made, any such information or representation should be considered not to have been authorized by the Company.

This Circular does not constitute the solicitation of an offer to purchase any securities or the solicitation of a proxy by any person in any jurisdiction in which such solicitation is not authorized or in which the person making such solicitation is not qualified to do so or to any person to whom it is unlawful to make such solicitation.

Information contained in this Circular should not be construed as legal, tax or financial advice and PUF Shareholders are urged to consult their own professional advisors in connection therewith.

Descriptions in the body of this Circular of the terms of the Arrangement Agreement and the Plan of Arrangement are merely summaries of the terms of those documents. PUF Shareholders should refer to the full text of the Arrangement Agreement and the Plan of Arrangement for complete details of those documents. The full text of the Arrangement Agreement is attached to this Circular as **Appendix B** and the Plan of Arrangement is attached as Schedule A to the Arrangement Agreement.

INFORMATION CONCERNING FORWARD-LOOKING STATEMENTS

Except for statements of historical fact contained herein, the information presented in this Circular constitutes “forward-looking statements”. These statements relate to analyses and other information that are based on forecasts of future results, estimates of amounts not yet determinable and assumptions of management.

In certain cases, forward-looking statements can be identified by the use of words such as “plans”, “expects” or “does not expect”, “is expected”, “budget”, “potential”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates” or “does not anticipate”, or “believes”, or variations of such words and phrases or statements that certain actions, events or results “will”, “may”, “could”, “would”, “might” or “will be taken”, “occur” or “be achieved” or the negative of these terms or comparable terminology. By their very nature, forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. A variety of material factors include, among others: the Arrangement Agreement being terminated in certain circumstances; certain conditions precedent to the Arrangement not being satisfied; PUF incurring certain costs, even if the Arrangement is not completed; and failure to complete the Arrangement, could negatively impact the market price of PUF Shares and future business and financial results; a “market overhang” could adversely affect the market price of the Company after completion of the Arrangement; the integration of Natures Hemp and PUF may not occur as

planned; Natures Hemp and PUF being exposed to certain risks associated with the cannabis industry; as well as those risks described under *Risk Factors* in this Circular, the risks relating to the Company in its interim and annual consolidated financial statements and management's discussion and analysis of those statements, all of which are filed and available for review on SEDAR at www.sedar.com. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. The Company provides no assurances that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. The Company does not intend, and do not assume any obligation, to update any forward-looking statements, other than as required by applicable law. Accordingly, readers should not place undue reliance on forward-looking statements.

GLOSSARY OF TERMS

The following is a glossary of general terms and abbreviations used in this Circular:

“**AAA Heidelberg**” means AAA Heidelberg Inc., a majority-owned subsidiary of the Company located in Ontario;

“**ACMPR**” means Access to Cannabis for Medical Purposes Regulations, which Health Canada regulation was in effect as of August 24, 2016 pursuant to the Controlled Drugs and Substances Act, replacing the former Marihuana for Medical Purposes Regulations (MMPR);

“**affiliate**” has the meaning ascribed thereto in National Instrument 45-106 *Prospectus and Registration Exemptions* of the Canadian Securities Administrators;

“**Arrangement**” means the arrangement of the Company under the Arrangement Provisions pursuant to which the Company proposes to reorganize its business and assets, and which is set out in detail in the Plan of Arrangement;

“**Arrangement Agreement**” means the agreement dated effective May 18, 2018, between the Company and Natures Hemp, including all schedules annexed thereto, a copy of which is attached as **Appendix B** to this Circular, and any amendment(s) or variation(s) thereto;

“**Arrangement Provisions**” means Part 9, Division 5 of the BCBCA;

“**Arrangement Resolution**” means the special resolution to be considered by the PUF Shareholders at the Meeting to approve the Arrangement, the full text of which is set out in **Appendix A** to this Circular;

“**Assets**” means the business of development of CBD extraction from seeds and other plant parts for the creation of high quality oils and flours, proprietary hemp base food and medicinal products;

“**BCBCA**” means the *Business Corporations Act* (British Columbia), S.B.C. 2002, c. 57, as may be amended or replaced from time to time;

“**Beneficial Shareholder**” means a PUF Shareholder who is not a Registered Shareholder;

“**Board**” means the board of directors of the Company;

“**Business Day**” means a day that is not a Saturday, Sunday or statutory holiday in Vancouver, British Columbia;

“**BCA**” means the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44, as may be amended or replaced from time to time;

“**CBD**” means cannabidiol which is one of at least 113 cannabinoids identified in cannabis and is a major phytocannabinoid, accounting for up to 40% of the plant's extract and does not appear to have any psychoactive effects;

“**Circular**” means this management information circular, including the Notice of Meeting and all appendices attached hereto and all documents incorporated by reference herein, and all amendments hereof and supplements hereto;

“**Company**” or “**PUF**” means PUF Ventures Inc.;

“**Computershare**” means Computershare Investor Services Inc., the registrar and transfer agent of the Company;

“**Conversion Factor**” means the number arrived at by dividing the number of issued PUF Shares as of the close of business on the Share Distribution Record Date so that the number of Natures Hemp Shares to be issued to PUF

Shareholders is equal to approximately 17,500,000 subject to rounding of fractional shares and the exercise of dissent rights;

“**Court**” means the Supreme Court of British Columbia;

“**CSE**” or “**Exchange**” means the Canadian Securities Exchange;

“**Dissent Rights**” means the rights of dissent exercisable by the PUF Shareholders in respect of the Arrangement described in Article 4 of the Plan of Arrangement and under *Rights of Dissent* and the dissent procedures attached as **Appendix D** to this Circular;

“**Dissenting Shareholder**” means a PUF Shareholder who has duly and validly exercised Dissent Rights in respect of the Arrangement Resolution in strict compliance with the Dissent Rights and who has not withdrawn or been deemed to have withdrawn such exercise of Dissent Rights, and who will be entitled to be paid fair value for his, her or its PUF Shares in accordance with the Interim Order and the Plan of Arrangement;

“**Dissenting Shares**” means the PUF Shares in respect of which Dissenting Shareholders have exercised a right of dissent;

“**Effective Date**” means the date upon which all of the conditions to the completion of the Arrangement as set out in Article 6 of the Arrangement Agreement have been satisfied or waived in accordance with the Arrangement Agreement and the Final Order and all documents agreed to be delivered thereunder have been delivered;

“**Effective Time**” means 12:01 a.m. on the Effective Date that the Arrangement becomes effective, as set out in the Plan of Arrangement;

“**Final Order**” means the final order of the Court approving the Arrangement;

“**Health Canada**” means the department of the government of Canada with responsibility for national public health and the regulatory body in Canada that administers the ACMPR in (i) licensing and overseeing the commercial industry; and (ii) registering individuals to produce a limited amount of cannabis for their own medical purposes (or to have another individual produce it for them);

“**Interim Order**” means the interim order of the Court pursuant to the BCBCA, providing for, among other things, the calling and holding of the Meeting, as the same may be amended by the Court with the consent of PUF acting reasonably, a copy of which is attached to this Circular as **Appendix C**;

“**Intermediaries**” refers to brokers, investment firms, clearing houses and similar entities that own securities on behalf of Beneficial Shareholders;

“**Meeting**” means the Special meeting of the PUF Shareholders to be held on Tuesday, August 7, 2018, including any adjournment or postponement thereof;

“**MMPR**” means Marihuana for Medical Purposes Regulations, which was repealed on August 24, 2016 under the Controlled Drugs and Substances Act and replaced by the ACMPR;

“**Natures Hemp**” means Natures Hemp Corp., a private company continued from the federal jurisdiction to the Province of British Columbia under the BCBCA;

“**Natures Hemp Shareholder**” means a holder of Natures Hemp Shares;

“**Natures Hemp Shares**” means the common shares without par value in the authorized share structure of Natures Hemp;

“**New PUF Shares**” means the new class of common shares without par value which the Company will create, pursuant to Section 3.1(b)(ii) of the Plan of Arrangement and which, immediately after the Effective Date, will be identical in every relevant respect to the PUF Shares;

“**Notice of Meeting**” means the notice of Special meeting of the PUF Shareholders accompanying this Circular;

“**Plan of Arrangement**” means the plan of arrangement attached as Schedule A to the Arrangement Agreement, which Arrangement Agreement is attached as **Appendix B** to this Circular, and any amendment(s) or variation(s) thereto;

“**Proxy**” means the form of proxy accompanying this Circular;

“**PUF Options**” means the outstanding stock options, whether or not vested, to acquire PUF Shares;

“**PUF Shareholder**” means a holder of PUF Shares;

“**PUF Shares**” means the common shares without par value in the authorized share structure of the Company;

“**PUF Warrants**” means common share purchase warrants of PUF that are outstanding on the Effective Date;

“**Record Date**” means June 18, 2018 as the date for determination of PUF Shareholders entitled to receive notice of and to vote at the Meeting;

“**Registered Shareholder**” means a registered holder of PUF Shares as recorded in the shareholder register of the Company maintained by Computershare;

“**Registrar**” means the Registrar of Companies for the Province of British Columbia duly appointed under the BCBCA;

“**Regulation S**” means Regulation S promulgated under the U.S. Securities Act;

“**Regulatory Approvals**” means those sanctions, rulings, consents, orders, exemptions, permits and other approvals (including the waiver or lapse, without objection, of a prescribed time under a statute or regulation that states that a transaction may be implemented if a prescribed time lapses following the giving of notice without an objection being made) of governmental entities;

“**Rule 144**” means Rule 144 promulgated under the U.S. Securities Act;

“**SEC**” means the United States Securities and Exchange Commission;

“**Securities Act**” means the *Securities Act* (British Columbia) and the rules, regulations and published policies made thereunder, as now in effect and as they may be promulgated or amended from time to time;

“**Securities Laws**” means the Securities Act, together with all other applicable Canadian provincial securities laws, the U.S. Securities Act, U.S. Exchange Act, and applicable securities laws of the United States and the states thereof, and the rules and regulations and published policies of the securities authorities thereunder, as now in effect and as they may be promulgated or amended from time to time, and includes the rules and policies of the Exchange;

“**SEDAR**” means the System for Electronic Document Analysis and Retrieval of the Canadian Securities Administrators described in National Instrument 13-101 of the Canadian Securities Administrators and available for public view at www.sedar.com;

“**Share Distribution Record Date**” means the Record Date or such other day as approved by the Board, which date establishes the PUF Shareholders who will be entitled to receive the Natures Hemp Shares pursuant to the Plan of Arrangement;

“**Share Exchange Date**” means the date the Natures Hemp Shares are issued pursuant to the Plan of Arrangement and when Natures Hemp becomes a reporting issuer;

“**Special Warrants**” means the securities that were issued by Natures Hemp through private placements and an acquisition, which Special Warrants are convertible into Natures Hemp Shares after the Final Order is obtained and on the Share Exchange Date, at which time the 4 month hold period commences on the issuance of the Natures Hemp Shares;

“**subsidiary**” has the meaning ascribed thereto in National Instrument 45-106 *Prospectus and Registration Exemptions* of the Canadian Securities Administrators;

“**Tax Act**” means the *Income Tax Act* (Canada), R.S.C. 1995, c. 1, and the regulations made thereunder, as now in effect and as they may be amended or replaced from time to time;

“**U.S. Exchange Act**” means the *United States Securities Exchange Act of 1934*, as may be amended or replaced from time to time; and

“**U.S. Securities Act**” means the *United States Securities Act of 1933*, as may be amended or replaced from time to time.

SUMMARY OF INFORMATION CIRCULAR

This summary is qualified in its entirety by the more detailed information appearing elsewhere in this Circular, and the Arrangement Agreement and Plan of Arrangement attached as **Appendix B** to this Circular.

References in this Circular are to Canadian dollars unless otherwise indicated.

The Meeting

The Meeting will be held at the Company's registered and records office at Suite 804 – 750 West Pender Street, Vancouver, British Columbia, V6C 2T7, at 1:00 p.m. (Vancouver Time) on Tuesday, August 7, 2018.

At the Meeting, PUF Shareholders will be asked to consider, and if deemed advisable, approve the Arrangement Resolution authorizing the Arrangement, and to consider such other matters as may properly come before the Meeting. The Arrangement will consist of the distribution of Natures Hemp Shares to the PUF Shareholders.

By passing the Arrangement Resolution, the PUF Shareholders will also be giving authority to the Board to use its best judgment to proceed with and cause the Company to complete the Arrangement without any requirement to seek or obtain any further approval of the PUF Shareholders.

The Arrangement

The Company is an ACMPR license applicant listed on the CSE under the symbol, PUF, on the Frankfurt Exchange under the symbol, PU3, and on the OTCPK under the symbol, PUFXF. The Company is also a reporting issuer in the provinces of British Columbia, Alberta and Ontario. The Company is now in the final stage in its ACMPR application for majority owned AAA Heidelberg and to become a vertically integrated medical cannabis producer in Canada. For further details, see *Information Concerning the Company – Business and History of the Company*.

On May 18, 2018, the Company and Natures Hemp entered into the Arrangement Agreement. The purpose of the Arrangement is to allow the Company to divest itself of the Assets to Natures Hemp, enabling the Company to focus on the cultivation and future sales of cannabis with both THC and CBD and other vertically integrated products concerning cannabis. Natures Hemp will have a diversified management team, with special focus on hemp-related products, isolate extractions and related nutraceutical and medicinal products. The Board is of the view that the Arrangement will benefit the Company and the PUF Shareholders based on the information described herein.

The Arrangement will include the transfer of the Assets to Natures Hemp. The Arrangement will be subject to Court approval, as well as approval by the PUF Shareholders at the Meeting. Pursuant to the Arrangement, PUF will distribute all of the Natures Hemp Shares it receives to the PUF Shareholders on a *pro rata* basis, subject to the Conversion Factor. The PUF Shareholders will be entitled to receive one Natures Hemp Share with respect to approximately every 3.3665 PUF Shares held as at the Record Date. The total number of Natures Hemp Shares held by PUF Shareholders will be approximately 17,500,000. There will be no change in shareholders' holdings in PUF as a result of the Arrangement. No outstanding PUF Warrants or PUF Options will be transferred over to Natures Hemp.

Following completion of the Arrangement, (i) Natures Hemp will hold the Assets transferred to it by PUF, (ii) Natures Hemp will become a reporting issuer in the Provinces of British Columbia, Alberta and Ontario (provided that at least one of the parties to the Arrangement has been a "reporting issuer", as that term is defined in the *Securities Act* (Ontario) for at least 12 months prior to the Effective Date), and intends to apply for and meet the listing requirements on a Canadian stock exchange, (iii) each PUF Shareholder will continue to be a shareholder of the Company, (iv) all PUF Shareholders as at the Share Distribution Record Date will have become shareholders of Natures Hemp, and (v) the Company will retain its working capital for its Assets, and remain listed on the Exchange and continue to trade under the trading symbol, PUF, as a consumer products – biotechnology/ pharmaceuticals company. **There can be no guarantee that the Natures Hemp Shares will be listed on any stock exchange.**

On May 18, 2018, the Board approved the Arrangement and authorized the making of an application to the Court for the calling of the Meeting. The Company believes that the Arrangement offers a number of benefits to shareholders, a few of which are set out below:

- (i) The Company and Natures Hemp will serve different markets and are subject to different competitive forces and will require diverse short-term and long-term strategies. The separation into two independent companies, each with its own board of directors, will provide management of each company with a sharper business focus. This will permit both companies to pursue independent business strategies best suited to their business plans, and allow them to pursue opportunities in their respective markets.

- (ii) By vesting its interests in the Assets into a subsidiary company which will become a separate reporting entity, the Company will be better able to pursue different specific operating strategies directly on its own and through its subsidiaries, and indirectly through its holding in the former subsidiary without being subject to the financial constraints of competing interests.
- (iii) After the separation, each company will also have the flexibility to implement its own unique growth strategies, allowing both organizations to refine and refocus their business mix.
- (iv) Additionally, because the resulting business of Natures Hemp will be focused on its own separate industry, it will be more readily understood by public investors, allowing Natures Hemp to be in a better position to raise capital and align management and employee incentives with the interests of shareholders.
- (v) PUF Shareholders will have a direct equity interest in Natures Hemp and will be able to participate in any potential growth of Natures Hemp.

Each PUF Shareholder as of the Share Distribution Record Date, other than a Dissenting Shareholder, will, immediately after the Arrangement, hold a *pro rata* share of New PUF Shares in the capital of the Company and its *pro rata* share of Natures Hemp Shares to be distributed under the Arrangement subject to the Conversion Factor. The New PUF Shares will be identical in every respect to the present PUF Shares. The PUF Shareholders will own a total of approximately 17,500,000 Natures Hemp Shares. See *The Arrangement – Steps of the Arrangement*.

Recommendation and Approval of the Board of Directors

The Board has concluded that the terms of the Arrangement are fair and reasonable to, and in the best interests of, the Company and the PUF Shareholders. The Board has therefore approved the Arrangement and authorized the submission of the Arrangement to the PUF Shareholders and the Court for approval. The Board recommends that PUF Shareholders vote FOR the approval of the Arrangement.

The Arrangement must be approved by two-thirds of the votes cast at the Meeting by PUF Shareholders and by the Court which, the Company is advised, will consider, among other things, the fairness of the Arrangement to PUF Shareholders.

There is the availability of Dissent Rights to Registered Shareholders with respect to the Arrangement.

Reasons for the Arrangement

The decision to proceed with the Arrangement was based on, among other things, the following primary determinations:

1. Since incorporation, the Company's primary focus has been the acquisition, exploration and development of resource projects in Canada. On June 5, 2017, the Company announced that it had sold its Lac Saint Simon Property to Volt Energy Corp. pursuant to a mineral property acquisition agreement. The Company changed its industry classification from junior natural resource – mining to consumer products – biotechnology/ pharmaceuticals and is now focused on moving into the biomedical cannabis sector, now with a majority interest in AAA Heidelberg, a private Ontario company, which is in the final stage in its application for an ACMPR license from Health Canada. The Company's goal is to become the next publicly traded Canadian company to be granted a new medical marijuana production license. On October 12, 2017, the Company acquired 100% of Natures Hemp, a private company based in Vancouver, B.C. developing proprietary hemp base food and medicinal products with a major Canadian university and is in the process of applying for a license to cultivate hemp in Canada and one other international jurisdiction. The Company determined that it would be in the best interests of the Company for Natures Hemp to be spun out pursuant to the Arrangement so that Natures Hemp would focus on the development of CBD extraction from seeds and other plant parts to create high quality oils and flours, healthy hemp-based foods and medicinal products, and for the Company to focus on medical marijuana with a particular emphasis to growing cannabis for its joint venture partnership with Canopy Growth, and to proceed with the Arrangement. The transfer of the Assets to Natures Hemp will facilitate separate corporate development strategies for the Company moving forward and at the same time enable the PUF Shareholders to retain their interest in the Assets moving forward. For further details, see *Information Concerning the Company* and *Information Concerning Natures Hemp*.
2. Following the Arrangement, management of the Company is expected to consist of a strong executive team with significant experience, knowledge and connections in the medical marijuana industry, and management of Natures Hemp will be free to focus on developing the Assets.

3. The distribution of Natures Hemp Shares to the PUF Shareholders pursuant to the Arrangement will give the PUF Shareholders a direct interest in a new company that will focus on and pursue the development of the Assets.
4. As a separate company focusing on growing cannabis for its joint venture partnership with Canopy Growth, the Company will have direct access to broader public and private capital markets and will be able to issue debt and equity to fund its joint venture projects and to finance the acquisition and development of any new technology the Company may acquire on a priority basis.
5. As a separate company, Natures Hemp will have direct access to public and private capital markets and will be able to issue debt and equity to fund improvements and development of the Assets and its loyalty program and to finance the acquisition and development of any new projects that Natures Hemp may acquire on a priority basis.
6. As a separate company, Natures Hemp will be able to establish equity-based compensation programs to enable it to better attract, motivate and retain directors, officers and key employees, thereby better aligning management and employee incentives with the interests of shareholders.

See *The Arrangement – Reasons for the Arrangement*.

Conduct of Meeting and Shareholder Approval

The Interim Order provides that in order for the Arrangement to proceed, the Arrangement Resolution must be passed, with or without variation, by at least two-thirds (2/3) of the eligible votes cast with respect to the Arrangement Resolution by PUF Shareholders present in person or by proxy at the Meeting. See *The Arrangement – Approval of Special Resolution*.

Court Approval

The Arrangement, as structured, requires the approval of the Court. Prior to the mailing of this Circular, the Company obtained the Interim Order authorizing the calling and holding of the Meeting and providing for certain other procedural matters. The Interim Order does not constitute approval of the Arrangement or the contents of this Circular by the Court.

The Notice of Hearing of Petition is attached as **Appendix E** to this Circular. Following shareholder approval to the Arrangement, in hearing the petition for the Final Order, the Court will consider, among other things, the fairness of the Arrangement to the PUF Shareholders. Assuming approval of the Arrangement by the PUF Shareholders at the Meeting, the hearing for the Final Order is scheduled to take place at 9:45 a.m. (Vancouver time) on or after Monday, August 13, 2018 at the Courthouse located at 800 Smithe Street, Vancouver, British Columbia, or at such other date and time as the Court may direct. At this hearing, any PUF Shareholder or director, creditor, auditor or other interested party of the Company who wishes to participate or to be represented or who wishes to present evidence or argument may do so, subject to filing an appearance and satisfying certain other requirements. See *Court Approval of the Arrangement*.

Income Tax Considerations

Canadian federal income tax considerations for PUF Shareholders who participate in the Arrangement or who dissent from the Arrangement are set out in the summary under *Income Tax Considerations – Certain Canadian Federal Income Tax Considerations*, and certain United States Federal income tax considerations for PUF Shareholders who participate in the Arrangement or who dissent from the Arrangement are set out in the summary under *Certain Canadian Federal Income Tax Considerations – Holders Not Resident in Canada*.

PUF Shareholders should carefully review the tax considerations applicable to them under the Arrangement and are urged to consult their own legal, tax and financial advisors in regard to their particular circumstances. The Company cannot and does not provide tax advice. Information about tax considerations is provided as general information only.

Right to Dissent

PUF Shareholders will have the right to dissent from the Plan of Arrangement as provided in the Interim Order, the Plan of Arrangement and sections 237 to 247 of the BCBCA. Any PUF Shareholder who dissents will be entitled to be paid in cash the fair value for their PUF Shares held so long as such Dissenting Shareholder: (i) does not vote any of his, her or its PUF Shares in favour of the Arrangement Resolution, (ii) provides to the Company written objection to the Plan of Arrangement to the Company's head office at Suite 804 - 750 West Pender Street, Vancouver, British Columbia,

V6C 2T7, at least two Business Days before the Meeting or any postponement(s) or adjournment(s) thereof, and (iii) otherwise complies with the requirements of the Plan of Arrangement and sections 237 to 247 of the BCBCA. See *Rights of Dissent – Dissenters’ Rights* and Dissent Procedures set out in **Appendix D** to this Circular.

Investment Considerations

Investments in development stage companies such as the Company and Natures Hemp are highly speculative and subject to numerous and substantial risks that should be considered in relation to the Arrangement. There is no public market for the New PUF Shares and there can be no assurance that there will be a public market for the New PUF Shares and the Natures Hemp Shares after the Effective Date. See *Information Concerning Natures Hemp – Risk Factors*.

Failure to Complete Arrangement

IN THE EVENT THE ARRANGEMENT RESOLUTION IS NOT PASSED BY PUF SHAREHOLDERS, THE COURT DOES NOT APPROVE THE ARRANGEMENT OR THE ARRANGEMENT DOES NOT PROCEED FOR SOME OTHER REASON, THE COMPANY WILL CARRY ON BUSINESS AS IT IS CURRENTLY CARRYING ON. IN SUCH CIRCUMSTANCES, NATURES HEMP WILL LIKELY REMAIN A PRIVATE COMPANY.

Information Concerning the Company After the Arrangement

Following completion of the Arrangement, the Company will continue to carry on its primary business activities and remain listed on the Exchange and continue to trade under the trading symbol, PUF. Each PUF Shareholder will continue to be a shareholder of the Company, and following the Effective Date will receive its *pro rata* share of the Natures Hemp Shares to be distributed to such PUF Shareholders under the Arrangement.

Following completion of the Arrangement, the directors that are elected at the Meeting and the current officers will continue to be the directors and officers of the Company.

Information Concerning Natures Hemp After the Arrangement

Following completion of the Arrangement, (i) Natures Hemp will hold the Assets transferred to it by PUF, (ii) Natures Hemp will become a reporting issuer in the Provinces of British Columbia, Alberta and Ontario (provided that at least one of the parties to the Arrangement has been a “reporting issuer”, as that term is defined in the *Securities Act* (Ontario) for at least 12 months prior to the Effective Date), and intends to apply for and meet the listing requirements on a Canadian stock exchange, (iii) each PUF Shareholder will continue to be a shareholder of the Company, (iv) all PUF Shareholders as at the Share Distribution Record Date will have become shareholders of Natures Hemp, and (v) the Company will retain its working capital for its Assets, and remain listed on the Exchange and continue to trade under the trading symbol, PUF, as a consumer products – biotechnology/ pharmaceuticals company. **There can be no guarantee that the Natures Hemp Shares will be listed on any stock exchange.**

Following completion of the Arrangement, Natures Hemp will appoint additional directors and officers. See *Information Concerning Natures Hemp After the Arrangement*.

Risk Factors

In considering whether to vote for the approval of the Arrangement, PUF Shareholders should be aware that there are various risks, including those described in this Circular. PUF Shareholders should carefully consider these risk factors, together with other information included in this Circular, before deciding whether to approve the Arrangement.

GENERAL PROXY INFORMATION

Solicitation of Proxies

This Circular is provided in connection with the solicitation of proxies by the management of the Company for use at the Meeting for the purposes set out in the accompanying Notice of Meeting and at any adjournment thereof.

The solicitation of proxies will be primarily by mail, but proxies may be solicited personally or by telephone by directors or officers of the Company. The Company will bear all costs of this solicitation. The Company has arranged for Intermediaries to forward the Meeting Materials, as defined below, to Beneficial Shareholders held of record by those Intermediaries and the Company will not reimburse the Intermediaries for their fees and disbursements in that regard.

Record Date

The Board has fixed June 18, 2018 as the Record Date for determination of persons entitled to receive notice of and to vote at the Meeting. Only PUF Shareholders of record at the close of business on the Record Date who either attend the Meeting personally or complete, sign and deliver a form of proxy in the manner and subject to the provisions described herein will be entitled to vote or to have their PUF Shares voted at the Meeting.

Appointment of Proxyholders

The purpose of a proxy is to designate persons who will vote the proxy on behalf of a shareholder of the Company in accordance with the instructions given by the shareholder in the proxy. The persons whose names are printed in the enclosed form of proxy are officers or directors of the Company.

The individual(s) named in the accompanying form of proxy are management's representatives. **If you are a shareholder entitled to vote at the Meeting, you have the right to appoint a person or company other than the person(s) designated in the Proxy, who need not be a shareholder of the Company, to attend and act for you and on your behalf at the Meeting. You may do so either by inserting the name of that other person in the blank space provided in the Proxy or by completing and delivering another proper proxy and, in either case, delivering the completed Proxy to the office of Computershare Investor Services Inc., Proxy Department, 100 University Avenue, Toronto, Ontario M5J 2Y1 or vote via telephone or internet (online) as specified in the proxy form, no later than 1:00 p.m. on Thursday, August 2, 2018, unless the chair elects to exercise his discretion to accept proxies received subsequently.**

Voting by Proxyholder

The person(s) named in the Proxy will vote or withhold from voting the PUF Shares represented thereby in accordance with your instructions on any ballot that may be called for. If you specify a choice with respect to any matter to be acted upon, your PUF Shares will be voted accordingly. The Proxy confers discretionary authority on the person(s) named therein with respect to:

- (a) each matter or group of matters identified therein for which a choice is not specified, other than the appointment of an auditor and the election of directors;
- (b) any amendment to or variation of any matter identified therein; and
- (c) any other matter that properly comes before the Meeting.

As at the date hereof, the Board knows of no such amendments, variations or other matters to come before the Meeting, other than the matters referred to in the Notice of Meeting. However, if other matters should properly come before the Meeting, the Proxy will be voted on such matters in accordance with the best judgment of the person(s) voting the Proxy.

Who Can Vote at the Meeting

If a PUF Shareholder does not specify a choice and the PUF Shareholder has appointed one of the management proxyholders as proxyholder, the management proxyholder will vote in favour of the matters specified in the Notice of Meeting and in favour of all other matters proposed by management at the Meeting.

In respect of a matter for which a choice is not specified in the Proxy, the person(s) named in the Proxy will vote the PUF Shares represented by the Proxy for the approval of such matter.

Registered Shareholders

Registered Shareholders may wish to vote by Proxy whether or not they are able to attend the Meeting in person. Registered Shareholders electing to submit a Proxy may do so by completing, dating and signing the enclosed form of Proxy and returning it to Computershare by mail to Proxy Department, 100 University Avenue, Toronto, Ontario, M5J 2Y1, or vote via telephone or internet (online) as specified in the proxy form, no later than 1:00 p.m. on Thursday, August 2, 2018.

Beneficial Shareholders

The following information is of significant importance to PUF Shareholders who do not hold PUF Shares in their own name. Beneficial Shareholders should note that the only proxies that can be recognized and acted upon at the Meeting

are those deposited by Registered Shareholders (those whose names appear on the records of the Company as the registered holders of PUF Shares). Most shareholders are “non-registered” shareholders because the shares they own are not registered in their names but are instead registered in the name of the brokerage firm, bank or trust company through which they purchased the shares. Shares beneficially owned by a non-registered shareholder are registered either: (i) in the name of an Intermediary that the non-registered shareholder deals with in respect of their shares (Intermediaries include, among others, banks, trust companies, securities dealers, or brokers and trustees or administrators of self-administered RRSP, RRIFs, RESPs and similar plans); or (ii) in the name of a clearing agency (such as the Canadian Depository for Securities Limited or the Depository Trust & Clearing Corporation) of which the Intermediary is a participant.

If PUF Shares are listed in an account statement provided to a shareholder by a broker, then in almost all such cases those PUF Shares will not be registered in the shareholder’s name on the records of the Company. Such PUF Shares will more likely be registered under the names of the shareholder’s broker or an agent of that broker. In the United States, the vast majority of such PUF Shares are registered under the name of CDS & Co. as nominee for The Depository Trust Company (which acts as depository for many U.S. brokerage firms and custodian banks), and in Canada under the name of CDS & Co. (the registration name for The Canadian Depository for Securities Limited, which acts as nominee for many Canadian brokerage firms).

Intermediaries are required to seek voting instructions from Beneficial Shareholders in advance of shareholders’ meetings. Every Intermediary has its own mailing procedures and provides its own return instructions to clients.

If you are a Beneficial Shareholder

There are two kinds of Beneficial Shareholders: those who object to their name being made known to the issuers of securities which they own (called “**OBOs**” for objecting beneficial owners) and those who do not object to their name being made known to the issuers of the securities which they own (called “**NOBOs**” for non-objecting beneficial owners).

The Company is taking advantage of those provisions of National Instrument 54–101 *Communication of Beneficial Owners of Securities* of the Canadian Securities Administrators, which permits it to deliver proxy-related materials directly to its NOBOs. As a result, NOBOs can expect to receive a scannable voting instruction form (“**VIF**”). These VIFs are to be completed and returned to Computershare in the envelope provided or by facsimile to the number provided in the VIF. In addition, Computershare will tabulate the results of the VIFs received from NOBOs and will provide appropriate instructions at the Meeting with respect to the PUF Shares represented by the VIFs it receives.

This Circular, with related material, is being sent to both Registered and Beneficial Shareholders, if applicable. If you are a Beneficial Shareholder and the Company or its agent has sent the Meeting Materials directly to you, your name and address and information about your PUF Shares have been obtained in accordance with applicable securities regulatory requirements from the Intermediary who holds your PUF Shares on your behalf. Please return your VIF as specified in your request for voting instructions that you receive.

Beneficial Shareholders who are OBOs should carefully follow the instructions of their Intermediary in order to ensure that their PUF Shares are voted at the Meeting.

The form of proxy that will be supplied to Beneficial Shareholders by the Intermediaries will be similar to the Proxy provided to Registered Shareholders by the Company. However, its purpose is limited to instructing the Intermediary on how to vote on behalf of the Beneficial Shareholder. Most Intermediaries now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. in the United States and Broadridge Financial Solutions Inc., Canada, in Canada (collectively “**BFS**”). BFS mails a VIF in lieu of a Proxy provided by the Company. The VIF will name the same person(s) as the Proxy to represent Beneficial Shareholders at the Meeting. Beneficial Shareholders have the right to appoint a person (who need not be a Beneficial Shareholder of the Company), other than the person(s) designated in the VIF, to represent them at the Meeting. To exercise this right, Beneficial Shareholders should insert the name of the desired representative in the blank space provided in the VIF. The completed VIF must then be returned to BFS in the manner specified and in accordance with BFS’ instructions. BFS then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of PUF Shares to be represented at the Meeting.

If you receive a VIF from BFS, you cannot use it to vote PUF Shares directly at the Meeting. The VIF must be completed and returned to BFS in accordance with its instructions, well in advance of the Meeting in order to have the PUF Shares voted.

Although as a Beneficial Shareholder you may not be recognized directly at the Meeting for the purposes of voting PUF Shares registered in the name of your Intermediary, you, or a person designated by you, may attend at the Meeting as proxy holder for your Intermediary and vote your PUF Shares in that capacity. If you wish to attend the Meeting and indirectly vote your PUF Shares as proxy holder for your Intermediary, or have a person designated by you to do so, you should enter your own name, or the name of the person you wish to designate, in the blank space on the VIF provided to you and return the same to your Intermediary in accordance with the instructions provided by such Intermediary, well in advance of the Meeting.

Alternatively, you can request in writing that your broker send you a legal proxy which would enable you, or a person designated by you, to attend the Meeting and vote your PUF Shares.

With respect to OBOs, in accordance with applicable securities law requirements, the Company will have distributed copies of the Notice of Meeting, Circular and the form of Proxy (the “**Meeting Materials**”) to request to the clearing agencies and Intermediaries for distribution to non-registered shareholders.

Intermediaries are required to forward the Meeting Materials to non-registered shareholders unless a non-registered shareholder has waived the right to receive them. Intermediaries often use service companies to forward the Meeting Materials to non-registered shareholders.

Beneficial Shareholders (non-registered shareholders) should carefully follow the instructions of their Intermediary, including those regarding when and where the Proxy or voting instruction form is to be delivered.

Revocation of Proxies

In addition to revocation in any other manner permitted by law, a Registered Shareholder who has given a proxy may revoke it by:

- (a) executing a proxy bearing a later date or by executing a valid notice of revocation, either of the foregoing to be executed by the Registered Shareholder or the Registered Shareholder’s authorized attorney in writing, or if the Registered Shareholder is a corporation, under its corporate seal by an officer or attorney duly authorized, and by delivering the Proxy bearing a later date to Computershare or at the office of the Company c/o Suite 804 – 750 West Pender Street, Vancouver, British Columbia, V6C 2T7, at any time up to and including the last Business Day that precedes the date of the Meeting or, if the Meeting is adjourned or postponed, the last Business Day that precedes any reconvening thereof, or to the Chair of the Meeting on the day of the Meeting or any reconvening thereof, or in any other manner provided by law; or
- (b) personally attending the Meeting and voting the Registered Shareholder’s PUF Shares.

A revocation of a proxy will not affect a matter on which a vote is taken before the revocation.

INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON

No director or executive officer of the Company, or any person who has held such a position since the incorporation of the Company, nor any associate or affiliate of the foregoing persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted on at the Meeting.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

No informed person of the Company, proposed director of the Company or any associate or affiliate of an informed person or proposed director, has any material interest, direct or indirect, in any transaction since the incorporation of the Company or in any proposed transaction which has materially affected or would materially affect the Company or any of its subsidiaries, other than as disclosed elsewhere in this Circular, except as follows:

Christopher Hornung is a director of the Company and a principal of AAA Heidelberg. Pursuant to a share exchange agreement dated January 26, 2015 among the Company, AA Heidelberg and the shareholders of AAA Heidelberg, on May 8, 2017, the Company issued a total of 500,003 PUF Shares to the shareholders of AAA Heidelberg at a deemed price of \$0.40 per PUF Share. Mr. Hornung was issued 71,429 PUF Shares and abstained from voting on the approval of the transaction and issuance of those PUF Shares.

Pursuant to a share purchase agreement dated October 11, 2017 between the shareholders of Natures Hemp and the Company, on October 12, 2017, the Company issued a total of 1,200,000 PUF Shares to the shareholders of Natures Hemp at a deemed price of \$0.50 per PUF Share, as follows:

- Derek Ivany is a director and officer of the Company, and director and shareholder of Natures Hemp. Mr. Ivany was issued 276,000 PUF Shares and abstained from voting on the approval of the transaction and issuance of those PUF Shares.
- Christopher Hornung is a director the Company, and an officer of Kenex Manufacturing Limited, which is a shareholder of Natures Hemp. Kenex Manufacturing Limited was issued 231,600 PUF Shares. Mr. Hornung abstained from voting on the approval of the transaction and issuance of those PUF Shares. He is not a party to the transaction.

For further details of the transaction, see *Information Concerning the Company - Business and History of the Company – Natures Hemp Corp.*

On December 29, 2017, (i) Derek Ivany exercised 150,000 stock options of PUF at a price of \$0.235 per PUF Share; and (ii) Elben Capital Corp., a company owned by Mr. Ivany, exercised 150,000 stock options of PUF at a price of \$0.265 per PUF Share.

On June 12, 2018, Natures Hemp completed a private placement of Special Warrants at \$0.05 per Special Warrant and issued (i) 1,000,000 Special Warrants to Derek Ivany for \$50,000, and (ii) 2,500,000 Special Warrants to Equity Analytica Inc., a company which Derek Ivany is President, for \$125,000, convertible into Natures Hemp Shares at the earlier date of: (i) two business days after the Plan of Arrangement is approved by the Court; and (ii) a date to be determined at the sole discretion of the Board of Natures Hemp.

VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

The Company is authorized to issue an unlimited number of common shares without par value. As of the Record Date, there were 58,915,028 PUF Shares issued and outstanding, each carrying the right to one vote. No group of shareholders has the right to elect a specified number of directors, nor are there cumulative or similar voting rights attached to the PUF Shares.

To the knowledge of the directors and executive officers of the Company, no person or corporation beneficially owns, or controls or directs, directly or indirectly, voting securities of the Company carrying 10% or more of the voting rights attached to any class of outstanding voting securities of the Company.

VOTES NECESSARY TO PASS RESOLUTIONS

A simple majority of affirmative votes cast at the Meeting is required to pass the resolution(s) described herein as ordinary resolutions and an affirmative vote of two-thirds (2/3) of the votes cast in person or by proxy at the Meeting is required to pass the resolution(s) described herein as special resolutions.

THE ARRANGEMENT

General

The Arrangement will be carried out pursuant to the Arrangement Agreement, the Plan of Arrangement and related documents. A summary of the principal terms of the Arrangement Agreement and the Plan of Arrangement is provided in this section. This summary does not purport to be complete and is qualified in its entirety by reference to the Arrangement Agreement, which is available on PUF's SEDAR profile at www.sedar.com and the Plan of Arrangement, which is appended to this Circular. Capitalized terms have the meaning set out in the Glossary of Terms, or are otherwise defined herein.

Approval of Special Resolution

At the Meeting, PUF Shareholders will be asked to approve the Arrangement Resolution, in the form set out in **Appendix A** attached to this Circular. The approval of the Arrangement Resolution will require at least a two-thirds (2/3) majority of the votes cast by PUF Shareholders at the Meeting present in person or represented by proxy voting as

a single class. In addition, completion of the Arrangement is subject to receipt of required Regulatory Approvals, including the approval of the Court and other customary closing conditions.

The Board has approved the terms of the Arrangement Agreement and the Plan of Arrangement and unanimously recommends that the PUF Shareholders vote FOR the Arrangement Resolution. See *The Arrangement – Steps of the Arrangement - Recommendation of the PUF Board* below.

Reasons for the Arrangement

The Board has determined that the Company should concentrate its efforts on its primary business activities. To this end, the Board approved a reorganization of the Company pursuant to the Arrangement as described in this Circular.

The Board is of the view that the Arrangement will benefit the Company and the PUF Shareholders. This conclusion is based on the following primary determinations:

The decision to proceed with the Arrangement was based on, among other things, the following primary determinations:

- Since incorporation, the Company's primary focus has been the acquisition, exploration and development of resource projects in Canada. On June 5, 2017, the Company announced that it had sold its Lac Saint Simon Property to Volt Energy Corp. pursuant to a mineral property acquisition agreement. The Company changed its industry classification from junior natural resource – mining to consumer products – biotechnology/ pharmaceuticals and is now focused on moving into the biomedical cannabis sector, now with a majority interest in AAA Heidelberg, a private Ontario company, which is in the final stage in its application for an ACMPR license from Health Canada. The Company's goal is to become the next publicly traded Canadian company to be granted a new medical marijuana production license. On October 12, 2017, the Company acquired 100% of Natures Hemp, a private company based in Vancouver, B.C. developing proprietary hemp base food and medicinal products with a major Canadian university and is in the process of applying for a license to cultivate hemp in Canada and one other international jurisdiction. The Company determined that it would be in the best interests of the Company for Natures Hemp to be spun out pursuant to the Arrangement so that Natures Hemp would focus on the development of CBD extraction from seeds and other plant parts to create high quality oils and flours, healthy hemp-based foods and medicinal products, and for the Company to focus on medical marijuana with a particular emphasis to growing cannabis for its joint venture partnership with Canopy Growth, and to proceed with the Arrangement. The transfer of the Assets to Natures Hemp will facilitate separate corporate development strategies for the Company moving forward and at the same time enable the PUF Shareholders to retain their interest in the Assets moving forward. For further details, see *Information Concerning the Company* and *Information Concerning Natures Hemp*.
- Following the Arrangement, management of the Company is expected to consist of a strong executive team with significant experience, knowledge and connections in the medical marijuana industry, and management of Natures Hemp will be free to focus on developing the Assets.
- The distribution of Natures Hemp Shares to the PUF Shareholders pursuant to the Arrangement will give the PUF Shareholders a direct interest in a new company that will focus on and pursue the development of the Assets.
- As a separate company focusing on growing cannabis for its joint venture partnership with Canopy Growth, the Company will have direct access to broader public and private capital markets and will be able to issue debt and equity to fund its joint venture projects and to finance the acquisition and development of any new technology the Company may acquire on a priority basis.
- As a separate company, Natures Hemp will have direct access to public and private capital markets and will be able to issue debt and equity to fund improvements and development of the Assets and its loyalty program and to finance the acquisition and development of any new projects that Natures Hemp may acquire on a priority basis.
- As a separate company, Natures Hemp will be able to establish equity based compensation programs to enable it to better attract, motivate and retain directors, officers and key employees, thereby better aligning management and employee incentives with the interests of shareholders.

Fairness of the Arrangement

The Arrangement was determined to be fair to the PUF Shareholders by the Board based upon the following factors, among others:

1. the procedures by which the Arrangement will be approved, including the requirement for two-thirds (2/3) approval by the PUF Shareholders and approval by the Court after a hearing at which fairness will be considered;
2. the proposed application for listing of the Natures Hemp Shares and meeting the listing requirements on a Canadian stock exchange;
3. the opportunity for PUF Shareholders who are opposed to the Arrangement, upon compliance with certain conditions, to dissent from the approval of the Arrangement in accordance with the Interim Order, and to be paid fair value for their PUF Shares; and
4. each PUF Shareholder on the Share Distribution Record Date will participate in the Arrangement on a *pro rata* basis and, upon completion of the Arrangement, will continue to hold substantially the same *pro rata* interest that such PUF Shareholder held in the Company prior to completion of the Arrangement and substantially the same *pro rata* interest in Natures Hemp.

Steps of the Arrangement

The following description is a summary of the Plan of Arrangement and is qualified in its entirety by reference to the full text of the Plan of Arrangement, which is attached as **Appendix B** to this Circular. At the Effective Time, pursuant to the Plan of Arrangement, save and except for Dissenting Shares, the following principal steps will occur and will be deemed to occur in the order set out in the Plan of Arrangement (any terms below not defined in this Circular are defined in the Plan of Arrangement):

- (a) PUF will transfer the Assets to Natures Hemp in consideration for the number equal to the number of PUF Shares as of the Record Date of Natures Hemp Shares less the number of Natures Hemp Shares already issued to PUF in accordance with Section 3.1 of the Plan of Arrangement (the “**Distributed Natures Hemp Shares**”), such Distributed Natures Hemp Shares to be multiplied by the Conversion Factor so that PUF shall receive from Natures Hemp consideration for the Assets, the number of common shares equal to the issued and outstanding PUF Shares as of the Share Distribution Record Date. Thereafter, PUF will be added to the central securities registers of Natures Hemp in respect of such Natures Hemp Shares.
- (b) The authorized share capital of PUF will be altered by:
 - (i) changing the identifying name of the PUF Shares to Class A common shares without par value, being the “**PUF Class A Common Shares**”;
 - (ii) creating a class consisting of an unlimited number of common shares without par value (the “**New PUF Shares**”); and
 - (iii) creating a class consisting of an unlimited number of Class A preferred shares without par value, having the rights and restrictions described in Schedule A to the Plan of Arrangement, being the PUF Class A Preferred Shares.
- (c) Each issued PUF Class A Common Share will be exchanged for one New PUF Share and one PUF Class A Preferred Share and, subject to the exercise of a right of dissent, the holders of the PUF Class A Common Shares will be removed from the central securities register of PUF and will be added to the central securities register as the holders of the number of New PUF Shares and PUF Class A Preferred Shares that they have received on the exchange.
- (d) All of the issued PUF Class A Common Shares will be cancelled with the appropriate entries being made in the central securities register of PUF and the aggregate paid up capital (as that term is used for purposes of the Tax Act) of the PUF Class A Common Shares immediately prior to the Effective Date will be allocated between the New PUF Shares and the PUF Class A Preferred Shares so that the aggregate paid up capital of the PUF Class A Preferred Shares is equal to the aggregate fair market value of the Distributed Natures Hemp Shares as of the Effective Date, and each PUF Class A Preferred Share so issued will be issued by PUF at an issue price equal to the aggregate fair market value of the Distributed Natures Hemp Shares as of the Effective Date, divided by the number of issued PUF Class A Preferred Shares, such aggregate fair market value of the Distributed

Natures Hemp Shares to be determined as at the Effective Date by resolution of the board of directors of PUF. PUF will redeem the issued PUF Class A Preferred Shares for consideration consisting solely of the Distributed Natures Hemp Shares such that each holder of PUF Class A Preferred Shares will, subject to the rounding of fractions and the exercise of rights of dissent, receive that number of Natures Hemp Shares that is equal to the number of PUF Class A Preferred Shares held by such holder multiplied by the Conversion Factor. The total number of Natures Hemp Shares to be distributed to PUF Shareholders shall be approximately 17,500,000, subject to the rounding of fractions and exercise of rights of dissent.

- (e) The name of each holder of PUF Class A Preferred Shares will be removed as such from the central securities register of PUF, and all of the issued PUF Class A Preferred Shares will be cancelled with the appropriate entries being made in the central securities register of PUF.
- (f) The Distributed Natures Hemp Shares transferred to the holders of the PUF Class A Preferred Shares pursuant to step §(e) above will be registered in the names of the former holders of PUF Class A Preferred Shares and appropriate entries will be made in the central securities registers of Natures Hemp.
- (g) The PUF Class A Common Shares and the PUF Class A Preferred Shares, none of which will be allotted or issued once the steps referred to in steps §(c) and §(e) above are completed, will be cancelled and the authorized share structure of PUF will be changed by eliminating the PUF Class A Common Shares and the PUF Class A Preferred Shares therefrom.
- (h) The Notice of Articles and Articles of PUF will be amended to reflect the changes to its authorized share structure made pursuant to the Plan of Arrangement.

Dissenting Shareholders

Each PUF Share held by a Dissenting Shareholder will be deemed to be directly transferred and assigned by such Dissenting Shareholder to PUF (free and clear of any liens) and cancelled for the following consideration (which is more particularly described in the Plan of Arrangement): (a) the fair value of the PUF Shares (in cash) to be determined as of the close of business on the day before the Effective Time; or (b) if it is determined that a Dissenting Shareholder is not entitled, for any reason, to be paid the fair value for their PUF Shares, then such PUF Shares will be deemed to have participated in the Arrangement as of the Effective Time and such holder will be entitled to receive Natures Hemp Shares as consideration as if such holder had not exercised Dissent Rights.

In no circumstances will PUF or any other person be required to recognize a person purporting to exercise Dissent Rights unless such person is a Registered Shareholder in respect of which such rights are sought to be exercised.

Effect of the Arrangement

On completion of the Arrangement, Natures Hemp will issue approximately 17,500,000 Natures Hemp Shares to the PUF Shareholders. For a description of the rights attached to the Natures Hemp Shares, see *Information Concerning Natures Hemp – Share Capital*.

Following completion of the Arrangement, (i) Natures Hemp will hold the Assets transferred to it by PUF, (ii) Natures Hemp will become a reporting issuer in the Provinces of British Columbia, Alberta and Ontario (provided that at least one of the parties to the Arrangement has been a “reporting issuer”, as that term is defined in the *Securities Act* (Ontario) for at least 12 months prior to the Effective Date), and intends to apply for and meet the listing requirements on a Canadian stock exchange, (iii) each PUF Shareholder will continue to be a shareholder of the Company, (iv) all PUF Shareholders will have become shareholders of Natures Hemp, and (v) the Company will retain its working capital for its Assets, and remain listed on the Exchange and continue to trade under the trading symbol, PUF, as a consumer products – biotechnology/pharmaceuticals company. **There can be no guarantee that the Natures Hemp Shares will be listed on any stock exchange.**

Effective Date of the Arrangement

If the Arrangement Resolution is passed, the Final Order is obtained, every other requirement of the BCBCA relating to the Arrangement is complied with and all other conditions disclosed in the Arrangement Agreement and summarized below under *The Arrangement Agreement — Conditions to the Arrangement Becoming Effective* are satisfied or waived, the Arrangement will become effective on the Effective Date. PUF and Natures Hemp currently expect that the Effective Date will be in September, 2018.

Recommendation of the PUF Board

By passing the Arrangement Resolution, the PUF Shareholders will also be giving authority to the Board to use its best judgment to proceed with and cause the Company to complete the Arrangement without any requirement to seek or obtain any further approval of the PUF Shareholders.

The Board approved the Arrangement and authorized the submission of the Arrangement to the PUF Shareholders and the Court for approval. In reaching this conclusion, the Board considered the benefits to the Company and the PUF Shareholders, as well as the financial position, opportunities and the outlook for the future potential and operating performance of the Company and Natures Hemp.

The Arrangement Resolution also provides that the Plan of Arrangement may be amended by the Board before or after the Meeting without further notice to PUF Shareholders. The Board has no current intention to amend the Plan of Arrangement; however, it is possible that the Board may determine that it is appropriate that amendments be made.

After careful consideration, the Board has unanimously determined that the offered consideration of the share exchange, subject to the Conversion Factor under the Arrangement is fair, from a financial point of view, to PUF Shareholders and that the Arrangement is in the best interests of PUF. **Accordingly, the Board has concluded that the Arrangement is in the best interests of the Company and the PUF Shareholders, and unanimously recommends that the PUF Shareholders vote FOR the Arrangement Resolution at the Meeting.**

Conditions to the Arrangement

The Arrangement Agreement provides that the Arrangement will be subject to the fulfillment of certain conditions, including the following:

1. the Arrangement Agreement must be approved by the PUF Shareholders at the Meeting in the manner referred to under *Shareholder Approval*, as described below;
2. the Arrangement must be approved by the Court in the manner referred to under *Court Approval of the Arrangement*, as described below;
3. all other consents, orders, regulations and approvals, including regulatory and judicial approvals and orders, required, necessary or desirable for the completion of the Arrangement must have been obtained or received, each in a form acceptable to the Company and Natures Hemp; and
4. the Arrangement Agreement must not have been terminated.

If any of the conditions set out in the Arrangement Agreement are not fulfilled or performed, the Arrangement Agreement may be terminated, or in certain cases the Company or Natures Hemp, as the case may be, may waive the condition in whole or in part. As soon as practicable after the fulfillment of the conditions contained in the Arrangement Agreement, the Final Order will be deposited with the records office of the Company together with such other material as may be required, in order that the Arrangement will become effective.

Management of the Company believes that all material consents, orders, regulations, approvals or assurances required for the completion of the Arrangement will be obtained in the ordinary course upon application therefore.

SHAREHOLDER APPROVAL

In order for the Arrangement to become effective, the Arrangement Resolution must be passed, with or without variation, by a special resolution of at least two-thirds (2/3) of the eligible votes cast in respect of the Arrangement Resolution by PUF Shareholders present in person or by proxy at the Meeting.

The sole shareholder of Natures Hemp as at May 18, 2018, being PUF, has approved the Arrangement by consent resolution.

COURT APPROVAL OF THE ARRANGEMENT

The Arrangement as structured requires the approval of the Court. Prior to the mailing of this Circular, the Company obtained the Interim Order authorizing the calling and holding of the Meeting and providing for certain other procedural matters. The Interim Order is attached as **Appendix C** to this Circular. The Notice of Hearing of Petition is attached as **Appendix E** to this Circular.

Assuming approval of the Arrangement Resolution by the PUF Shareholders at the Meeting, the hearing for the Final Order is scheduled to take place at 9:45 a.m. (Vancouver time) on or after Monday, August 13, 2018 at the Courthouse located at 800 Smithe Street, Vancouver, British Columbia or at such other date and time as the Court may direct. At this hearing, any security holder, director, auditor or other interested party of the Company who wishes to participate or to be represented or present evidence or argument may do so, subject to filing an appearance and satisfying certain other requirements.

The Court has broad discretion under the BCBCA when making orders in respect of arrangements and the Court may approve the Arrangement as proposed or as amended in any manner the Court may direct, subject to compliance with such terms and conditions, if any, as the Court thinks appropriate. The Court, in hearing the application for the Final Order, will consider, among other things, the fairness of the terms and conditions of the Arrangement to the PUF Shareholders.

The Arrangement requires Court approval under the BCBCA. In addition to this approval, the Court will be asked for a declaration following a Court hearing that the Arrangement is procedurally and substantially fair to the PUF Shareholders, which will, in part, serve as the basis for the Section 3(a)(10) Exemption. Before the mailing of this Circular, PUF obtained the Interim Order providing for the calling and holding of the Meeting, the Dissent Rights and certain other procedural matters. The text of the Interim Order is set out in **Appendix C** to this Circular. If the Arrangement Resolution is passed at the Meeting in the manner required by the Interim Order, PUF intends to make an application to the Court for the Final Order at 9:45 a.m. (Vancouver time), or as soon thereafter as counsel may be heard, on Monday, August 13, 2018 at the Courthouse, 800 Smithe Street, Vancouver, British Columbia, or at any other date and time as the Court may direct. The Final Order is required for the Arrangement to become effective. The Court has broad discretion under the BCBCA when making orders with respect to the Arrangement and the Court will consider, among other things, the fairness and reasonableness of the Arrangement, both from a substantive and a procedural point of view. The Court may approve the Arrangement, either as proposed or as amended, on the terms presented or substantially on those terms or may not approve the Arrangement. Depending upon the nature of any required amendments and in accordance with the Arrangement Agreement, PUF or Natures Hemp may determine not to proceed with the Arrangement.

Any PUF Shareholders who wish to appear or be represented and to present evidence or arguments at that hearing must file and serve a response to petition no later than 4:00 p.m. (Vancouver time) on August 6, 2018 along with any other documents required, all as set out in the Interim Order and Notice of Petition for Final Order, the texts of which are set out in Appendices C and E to this Circular, and satisfy any other requirements of the Court. Such persons should consult with their legal advisor with respect to the legal rights available to them in relation to the Arrangement and as to the necessary requirements to assert any such rights.

Final Order

Subject to the terms of the Arrangement Agreement, and if the Arrangement Resolution is approved by PUF Shareholders at the Meeting in the manner required by the Interim Order, PUF intends to make an application to the Court for the Final Order.

The application for the Final Order approving the Arrangement is currently scheduled for Monday, August 13, 2018 at 9:45 a.m. (Vancouver time), or as soon thereafter as counsel may be heard, at the Courthouse, 800 Smithe Street, Vancouver, British Columbia, or at any other date and time as the Court may direct. Any PUF Shareholder or any other interested party who wishes to appear or be represented and/or to present evidence or arguments at the hearing of the application for the Final Order must file and serve a response to petition no later than 4:00 p.m. (Vancouver time) on August 6, 2018 along with any other documents required, all as set out in the Interim Order and the Notice of Petition, the text of which are set out in Appendices C and E, respectively, to this Circular, and satisfy any other requirements of the Court. Such persons should consult with their legal advisors as to the necessary requirements. In the event that the hearing is adjourned, then, subject to further order of the Court, only those persons having previously filed and served a response to petition will be given notice of the adjournment.

Offers and sales of the Natures Hemp Shares to be issued pursuant to the Arrangement have not been and will not be registered under the U.S. Securities Act or the Securities Laws of any state of the United States and will be issued in reliance upon the Section 3(a)(10) Exemption and similar exemptions from registration or qualification under any applicable Securities Laws of any state of the United States in which PUF Shareholders reside. The Section 3(a)(10) Exemption exempts from registration a security that is issued in exchange for outstanding securities, claims or property interests, where the terms and conditions of such issuance and exchange are approved, after a hearing upon the procedural and substantive fairness of such terms and conditions at which all persons to whom it is proposed to issue securities in such exchange have the right to appear, and receive timely and adequate notice thereof, by a court or by a

governmental authority expressly authorized by law to grant such approval. The Court will be advised at the hearing of the application for the Final Order that if the terms and conditions of the Arrangement, and the procedural and substantive fairness thereof, are approved by the Court, the Final Order will be relied upon to constitute the basis for the Section 3(a)(10) Exemption with respect to the Natures Hemp Shares to be issued pursuant to the Arrangement. Accordingly, the Final Order of the Court will, if granted, constitute a basis for the Section 3(a)(10) Exemption with respect to the issuance of the Natures Hemp Shares in connection with the Arrangement. To the extent state blue-sky laws are applicable to any offers or sales of Natures Hemp Shares made in any state or territory of the United States, Natures Hemp will rely on available exemptions under such laws. See *Completion of Arrangement – United States Securities Law Considerations*.

For further information regarding the Court hearing and your rights in connection with the Court hearing, see the form of Notice of Hearing of Petition attached at **Appendix E** to this Circular. The Notice of Hearing of Petition constitutes notice of the Court hearing of the application for the Final Order and is your only notice of the Court hearing.

COMPLETION OF ARRANGEMENT

Proposed Timetable for Arrangement

The anticipated timetable for the completion of the Arrangement and the key dates proposed are as follows:

Record Date:	June 18, 2018
Special Meeting:	August 7, 2018
Final Court Approval:	August 13, 2018
Share Distribution Record Date:	June 18, 2018
Share Exchange Date:	September 4, 2018 or another date determined by the PUF Board
Effective Date:	to be determined
Mailing of DRS Statement for Natures Hemp Shares:	approximately 5 to 10 business days after the Effective Date

Notice of the actual Share Distribution Record Date will be given to the PUF Shareholders through one or more press releases. The boards of directors of each of the Company and Natures Hemp will determine the Effective Date depending upon satisfaction that all of the conditions to the completion of the Arrangement are satisfied.

Share Certificates

Before the Share Distribution Record Date, the share certificates representing, on their face, PUF Shares will be deemed to represent only New PUF Shares with no right to receive Natures Hemp Shares. After the Share Distribution Record Date, the share certificates representing, on their face, PUF Shares, will be deemed under the Plan of Arrangement to represent New PUF Shares and an entitlement to receive Natures Hemp Shares in accordance with the terms of the Arrangement. As soon as practicable after the Effective Date, DRS Statements representing the appropriate number of Natures Hemp Shares will be sent to all PUF Shareholders of record on the Share Distribution Record Date.

No New PUF Share certificates will be issued for the New PUF Shares created under the Arrangement and therefore holders of PUF Shares must retain their certificates as evidence of their ownership of New PUF Shares. Certificates representing, on their face, PUF Shares will constitute good delivery in connection with the sale of New PUF Shares after the Effective Date.

Relationship Between the Company and Natures Hemp After the Arrangement

On completion of the Arrangement, the directors and management of the Company will consist of the following:

Derek Ivany	President, CEO and Director
Christopher P. Cherry	CFO
Christopher Hornung	Director
Jerry Habuda	Director
Joseph Perino	Director

On completion of the Arrangement, the directors and management of Natures Hemp will consist of the following:

Derek Ivany	CEO and Director
Sean McGrath	CFO and Corporate Secretary
David Parry	Director
Robert V. Matthews	Director

Distribution and Resale of New PUF Shares and Natures Hemp Shares under Canadian Securities Laws

Exemption from Canadian Prospectus Requirements and Resale Restrictions

The distribution of the New PUF Shares and Natures Hemp Shares pursuant to the Arrangement will constitute a distribution of securities that is exempt from the prospectus requirements of Canadian Securities Laws and is exempt from or otherwise is not subject to the registration requirements under applicable Canadian Securities Laws. The New PUF Shares and Natures Hemp Shares received pursuant to the Arrangement will not be legended and may be resold through registered dealers in each of the provinces of Canada provided that (i) the trade is not a “control distribution” as defined National Instrument 45-102 *Resale of Securities* of the Canadian Securities Administrators, (ii) no unusual effort is made to prepare the market or to create a demand for the New PUF Shares or Natures Hemp Shares, as the case may be, (iii) no extraordinary commission or consideration is paid to a person or company in respect of such sale, and (iv) if the selling security holder is an insider or officer of Natures Hemp, the selling security holder has no reasonable grounds to believe that Natures Hemp is in default of applicable Canadian Securities Laws.

The foregoing discussion is only a general overview of the requirements of Canadian securities laws for the resale of the New PUF Shares and Natures Hemp Shares received upon completion of the Arrangement. All holders of PUF Shares are urged to consult with their own legal counsel to ensure that any resale of their New PUF Shares and Natures Hemp Shares complies with applicable securities legislation.

United States Securities Laws Considerations

The New PUF Shares and the Natures Hemp Shares to be issued to the PUF Shareholders under the Arrangement have not been registered under the U.S. Securities Act, or under the securities laws of any state of the United States, and will be issued to PUF Shareholders resident in the United States in reliance on the exemption from registration set forth in Section 3(a)(10) of the U.S. Securities Act on the basis of the approval of the Arrangement by the Court, and pursuant to available exemptions from registration under applicable state securities laws. The Court will be advised that the Court’s approval, if obtained, will constitute the basis for an exemption from the registration requirements of the U.S. Securities Act.

The discussions presented herein do not address the U.S. Securities Laws for persons who are “affiliates” of Natures Hemp other than as expressly referenced herein. The definition of “affiliates” for such purpose is set forth under *Resales of Natures Hemp Shares after the Effective Date* below. Further information applicable to PUF Shareholders in the United States is disclosed under *Note to United States Shareholders*.

The following discussion does not address the Canadian Securities Laws that will apply to the issue of New PUF Shares or Natures Hemp Shares into the United States or the resale of these securities within Canada by PUF Shareholders in the United States. PUF Shareholders in the United States reselling their New PUF Shares or Natures Hemp Shares in Canada must comply with Canadian Securities Laws, as outlined elsewhere in this Circular, and should confirm that any such sales comply with an exemption from registration under the U.S. Securities Act, as further discussed below.

U.S. Resale Restrictions – Securities Issued to PUF Shareholders

The New PUF Shares and the Natures Hemp Shares be issued to a PUF Shareholder who is an “affiliate” of either the Company or Natures Hemp prior to the Arrangement or will be an “affiliate” of Natures Hemp after the Arrangement will be subject to certain restrictions on resale imposed by the U.S. Securities Act. Pursuant to Rule 144 under the U.S. Securities Act, an “affiliate” of an issuer for the purposes of the U.S. Securities Act is a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such issuer.

The foregoing discussion is only a general overview of certain requirements of United States Securities Laws applicable to the securities received upon completion of the Arrangement. All holders of securities received in connection with the Arrangement are urged to consult with counsel to ensure that the resale of their securities complies with applicable securities legislation.

Exemption from the Registration Requirements of the U.S. Securities Act

The offer and sale of Natures Hemp Shares to be received by PUF Shareholders pursuant to the Arrangement have not been and will not be registered under the U.S. Securities Act or the Securities Laws of any state of the United States and will be issued in reliance upon the Section 3(a)(10) Exemption and exemptions provided under the Securities Laws of each state of the United States in which PUF Shareholders reside, described above as “state blue-sky laws”. The Section 3(a)(10) Exemption exempts the issuance of any securities issued in exchange for one or more bona fide outstanding

securities from the general requirement of registration under the U.S. Securities Act where the terms and conditions of the issuance and exchange of such securities have been approved by a court of competent jurisdiction that is expressly authorized by law to grant such approval, after a hearing upon the procedural and substantive fairness of the terms and conditions of such issuance and exchange at which all persons to whom it is proposed to issue the securities have the right to appear and receive timely and adequate notice thereof. The Court is authorized to conduct a hearing at which the procedural and substantive fairness of the terms and conditions of the Arrangement will be considered. The Court issued the Interim Order on June 22, 2018 and, subject to the approval of the Arrangement by the PUF Shareholders, a hearing in respect of the Final Order for the Arrangement will be held on Monday, August 13, 2018 at 9:45 a.m. (Vancouver time), or as soon thereafter as counsel may be heard, before the Court at the courthouse at 800 Smithe Street, Vancouver, British Columbia. All PUF Shareholders are entitled to appear and be heard at this hearing. Accordingly, the Final Order will, if granted, constitute a basis for reliance on the Section 3(a)(10) Exemption with respect to the Natures Hemp Shares to be received by PUF Shareholders in exchange for their PUF Shares pursuant to the Arrangement. To the extent state blue-sky laws are applicable to any offers or sales of Natures Hemp Shares made in any state or territory of the United States, Natures Hemp will rely on available exemptions under such laws.

Resales by Affiliates Pursuant to Rule 144

In general, pursuant to Rule 144, persons who are “affiliates” of Natures Hemp after the Effective Date, or were “affiliates” of Natures Hemp within 90 days prior to the Effective Date, will be entitled to sell in the United States those Natures Hemp Shares that they receive pursuant to the Arrangement, provided that, during any three-month period, the number of such securities sold does not exceed the greater of one percent of the then outstanding securities of such class or, if such securities are listed on a United States securities exchange and/or reported through the automated quotation system of a U.S. registered securities association, the average weekly trading volume of such securities during the four calendar week period preceding the date of sale, subject to specified restrictions on manner of sale requirements, aggregation rules, notice filing requirements and the availability of current public information about the issuer required under Rule 144. Persons who are “affiliates” of Natures Hemp after the Effective Date or who were “affiliates” of Natures Hemp during such period should consult with their respective securities counsel before engaging in offers or sales of Natures Hemp Shares issued pursuant to the Arrangement.

Resales by Affiliates Pursuant to Regulation S

In general, pursuant to Regulation S, if at the Effective Date Natures Hemp is a “foreign private issuer” (as defined in Rule 3b-4 under the U.S. Exchange Act), persons who are “affiliates” of Natures Hemp after the Effective Date, or were “affiliates” of Natures Hemp within 90 days prior to the Effective Date, solely by virtue of their status as an officer or director of Natures Hemp, may sell their Natures Hemp Shares outside the United States in an “offshore transaction” (which would include a sale through the CSE) if none of the seller, an affiliate or any person acting on their behalf engages in “directed selling efforts” in the United States with respect to such securities and provided that no selling concession, fee or other remuneration is paid in connection with such sale other than the usual and customary broker’s commission that would be received by a person executing such transaction as agent. For purposes of Regulation S, “directed selling efforts” means any activity undertaken for the purpose of, or that could reasonably be expected to have the effect of, conditioning the market in the United States for any of the securities being offered. Also, for purposes of Regulation S, an offer or sale of securities is made in an “offshore transaction” if the offer is not made to a person in the United States and either (a) at the time the buy order is originated, the buyer is outside the United States, or the seller reasonably believes that the buyer is outside of the United States, or (b) the transaction is executed in, on or through the facilities of a “designated offshore securities market” (which would include a sale through the CSE), and neither the seller nor any person acting on its behalf knows that the transaction has been pre-arranged with a buyer in the United States. Certain additional restrictions set forth in Rule 903 of Regulation S are applicable to sales outside the United States by a holder of Natures Hemp Shares who is an “affiliate” of Natures Hemp after the Effective Date, or was an “affiliate” of Natures Hemp within 90 days prior to the Effective Date, other than by virtue of his or her status as an officer or director of Natures Hemp.

Additional Information for U.S. Security Holders

THE SECURITIES ISSUABLE IN CONNECTION WITH THE ARRANGEMENT HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SEC OR SECURITIES REGULATORY AUTHORITIES IN ANY STATE, NOR HAS THE SEC OR THE SECURITIES REGULATORY AUTHORITIES OF ANY STATE PASSED ON THE ADEQUACY OR ACCURACY OF THIS CIRCULAR AND ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

This Circular has been prepared in accordance with the applicable disclosure requirements in Canada. Residents of the United States should be aware that such requirements are different than those of the United States applicable to proxy statements under the U.S. Exchange Act. Likewise, information concerning the Company and Natures Hemp have been

prepared in accordance with Canadian standards, and may not be comparable to similar information for United States companies.

PUF Shareholders should be aware that the acquisition of the securities described herein may have tax consequences both in the United States and in Canada. See *Certain Canadian Federal Income Tax Considerations – Holders Not Resident in Canada* for certain information concerning United States tax consequences of the Arrangement for investors who are resident in, or citizens of, the United States.

The enforcement by investors of civil liabilities under the United States federal securities laws may be affected adversely by the fact that the Company and Natures Hemp are incorporated or organized under the laws of a foreign country, that some or all of their officers and directors and any experts named herein may be residents of a foreign country, and that all or a substantial portion of the Assets of the Company and Natures Hemp and said persons may be located outside the United States.

Expenses of Arrangement

Pursuant to the Arrangement Agreement, the costs relating to the Arrangement, including without limitation, financial, advisory, accounting, and legal fees will be borne by the party incurring them. The costs of the Arrangement to the Effective Date will be borne by the Company.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular PUF Shareholder. This summary is not exhaustive of all Canadian federal income tax considerations. No representation with respect to the Canadian federal income tax consequences to any particular PUF Shareholder is made herein. Accordingly, PUF Shareholders should consult their own tax advisors with respect to their particular circumstances including, where relevant, the application and effect of the income and other taxes of any country, province, territory, state or local tax authority.

The following summarizes the principal Canadian federal income tax considerations relating to the Arrangement applicable to a PUF Shareholder (in this summary, a “**Holder**”) who, at all material times for purposes of the Tax Act:

- holds all New PUF Shares and PUF Shares, and will hold all Natures Hemp Shares;
- solely as capital property;
- deals at arm’s length with PUF and Natures Hemp;
- is not “affiliated” with the Company or Natures Hemp;
- is not a “financial institution” for the purposes of the mark-to-market rules in the Tax Act; and
- has not acquired PUF Shares on the exercise of an employee stock option.

PUF Shares, New PUF Shares and Natures Hemp Shares generally will be considered to be capital property of the Holder unless the Holder holds the shares in the course of carrying on a business or acquired them in a transaction considered to be an adventure in the nature of trade.

This summary is based on the current provisions of the Tax Act, the regulations thereunder (the “**Regulations**”) and management’s understanding of the current administrative practices and policies of the Canada Revenue Agency (the “**CRA**”). It also takes into account specific proposals to amend the Tax Act and Regulations (the “**Proposed Amendments**”) announced by the Minister of Finance (Canada) prior to the date hereof. It is assumed that all Proposed Amendments will be enacted in their present form, and that there will be no other relevant change to any relevant law or administrative practice, although no assurances can be given in these respects. This summary does not take into account any provincial, territorial, or foreign income tax considerations which may differ from the Canadian federal income tax considerations discussed below. An advance income tax ruling will not be sought from the CRA in respect of the Arrangement.

This summary also assumes that at the Effective Date under the Arrangement and all other material times thereafter, the paid-up capital of the PUF Shares as computed for the purposes of the Tax Act will not be less than the fair market value of the Assets to be transferred to Natures Hemp pursuant to the Arrangement, and is qualified accordingly.

This summary is of a general nature only, and is not exhaustive of all possible Canadian federal income tax considerations. This summary is not intended to be, and should not be construed to be, legal or tax advice to any PUF Shareholder. **Accordingly, Holders should each consult their own tax and legal advisors for advice as to the income tax consequences of the Arrangement applicable to them in their particular circumstances.**

Holders Resident in Canada

This portion of the summary is generally applicable to a Holder who, at all relevant times, for purposes of the application of the Tax Act is, or is deemed to be, resident in Canada (a “**Resident Holder**”). Certain Resident Holders whose PUF Shares or Natures Hemp Shares might not otherwise qualify as capital property may be entitled to have such shares, and every other “Canadian security” (as defined in the Tax Act) owned by them in the taxation year and any subsequent taxation year, deemed to be capital property by making an irrevocable election in accordance with subsection 39(4) of the Tax Act. Resident Holders considering making such an election should consult their own tax advisors for advice as to whether the election is available or advisable in their own particular circumstances.

Exchange of PUF Shares for New PUF Shares and PUF Class A Preferred Shares

A Resident Holder whose PUF Class A Common Shares (the re-designated PUF Shares) are exchanged for New PUF Shares and PUF Class A Preferred Shares pursuant to the Arrangement will not realize any capital gain or loss as a result of the exchange. The Resident Holder will be required to allocate the adjusted cost base (“**ACB**”) of the Resident Holder’s PUF Shares, determined immediately before the Arrangement, *pro rata* to the New PUF Shares and PUF Class A Preferred Shares received on the exchange based on the relative fair market value of those New PUF Shares and PUF Class A Preferred Shares immediately after the exchange. The fair market value of the PUF Class A Common Shares and the New PUF Shares is a question of fact to be determined having regard to all of the relevant circumstances.

Redemption of PUF Class A Preferred Shares

Pursuant to the Arrangement, the paid-up capital of the PUF Class A Common Shares immediately before their exchange for New PUF Shares and PUF Class A Preferred Shares will be allocated to the PUF Class A Preferred Shares to be issued on the exchange to the extent of an amount equal to the fair market value of the Natures Hemp Shares to be issued to PUF pursuant to the Arrangement in consideration for the Assets and the balance of such paid-up capital will be allocated to the New PUF Shares to be issued on the exchange.

The Company expects that the fair market value of the Natures Hemp Shares to be so issued will be materially less than the paid-up capital of the PUF Class A Common Shares immediately before the exchange. Accordingly, the Company is not expected to be deemed to have paid, and no Resident Holder is expected to be deemed to have received, a dividend as a result of the distribution of Natures Hemp Shares on the redemption of the PUF Class A Preferred Shares pursuant to the Arrangement.

Each Resident Holder whose PUF Class A Preferred Shares are redeemed for Natures Hemp Shares pursuant to the Arrangement will realize a capital gain (capital loss) equal to the amount, if any, by which the fair market value of the Natures Hemp Shares less reasonable costs of disposition, exceed (are exceeded by) their ACB immediately before the redemption. Any capital gain or loss so arising will be subject to the usual rules applicable to the taxation of capital gains and losses described below. See *Taxation of Capital Gains and Losses* below.

The cost to a Resident Holder of PUF Class A Preferred Shares acquired on the exchange will be equal to the fair market value of the Natures Hemp Shares at the time of their distribution.

Disposition of New PUF Shares and Natures Hemp Shares

A Resident Holder who disposes of a New PUF Share and Natures Hemp Share will realize a capital gain (capital loss) equal to the amount by which the proceeds of disposition of the share, less reasonable costs of disposition, exceed (are exceeded by) the ACB of the share to the Resident Holder determined immediately before the disposition. Any capital gain or loss so arising will be subject to the usual rules applicable to the taxation of capital gains and losses described below.

Taxation of Capital Gains and Losses

A Resident Holder who realizes a capital gain (capital loss) in a taxation year must include one half of the capital gain (“**taxable capital gain**”) in income for the year, and may deduct one half of the capital loss (“**allowable capital loss**”) against taxable capital gains realized in the year, and to the extent not so deductible, against taxable capital gains arising in any of the three preceding taxation years or any subsequent taxation year.

The amount of any capital loss arising from a disposition or deemed disposition of a PUF Class A Preferred Share, New PUF Share and Natures Hemp Share by a Resident Holder that is a corporation may, to the extent and under circumstances specified in the Tax Act, be reduced by the amount of certain dividends received or deemed to be received by the corporation on the share. Similar rules may apply if the corporation is a member of a partnership or beneficiary of a trust that owns shares, or where a partnership or trust of which the corporation is a member or beneficiary is a member of a partnership or a beneficiary of a trust that owns shares.

A Resident Holder that is a “Canadian-controlled private corporation” for the purposes of the Tax Act may be required to pay an additional 6 $\frac{2}{3}$ % refundable tax in respect of any net taxable capital gain that it realizes on disposition of a PUF Class A Preferred Share, New PUF Share and Natures Hemp Share.

Taxation of Dividends

A Resident Holder who is an individual will be required to include in income any dividends received or deemed to be received on the Resident Holder’s New PUF Shares and Natures Hemp Shares and will be subject to the gross-up and dividend tax credit rules applicable to taxable dividends received from taxable Canadian corporations, including the enhanced gross-up and dividend tax credit rules applicable to any dividends designated by Natures Hemp as “eligible dividends”, as defined in the Tax Act. There may be limitations on the ability of Natures Hemp to designate dividends as eligible dividends.

A Resident Holder that is a corporation will be required to include in income any dividend that it receives or is deemed to be received on the Resident Holder’s New PUF Shares and Natures Hemp Shares and generally will be entitled to deduct an equivalent amount in computing its taxable income. Resident Holders that are corporations should consult their own tax advisors having regard to their own circumstances.

A “private corporation” or a “subject corporation” (as defined in the Tax Act) may be liable under Part IV of the Tax Act to pay a refundable tax on any dividend that it receives or is deemed to receive on Natures Hemp Shares to the extent that the dividend is deductible in computing the corporation’s taxable income.

Taxable dividends received by an individual or trust, other than certain specified trusts, may give rise to minimum tax under the Tax Act.

Alternative Minimum Tax on Individuals

A capital gain realized, or deemed to be realized, by a Resident Holder who is an individual (including certain trusts and estates) may give rise to liability to alternative minimum tax under the Tax Act.

Dissenting Resident Holders

A Resident Holder who exercises Dissent Rights in respect of the Arrangement (a “**Dissenting Resident Holder**”) and who disposes of PUF Shares in consideration for a cash payment from PUF will be deemed to have received a dividend from PUF equal to the amount by which the cash payment (other than any portion of the payment that is interest awarded by a court) exceeds the paid-up capital (computed for the purpose of the Tax Act) of the Dissenting Resident Holder’s PUF Shares. The balance of the payment (equal to the paid-up capital of the Dissenting Resident Holder’s PUF Shares) will be treated as proceeds of disposition. The Dissenting Resident Holder will also realize a capital gain (or capital loss) to the extent that the proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of the Dissenting Resident Holder’s PUF Shares. In certain circumstances, the full payment received by a Dissenting Resident Holder that is a corporation resident in Canada may be treated under the Tax Act as proceeds of disposition.

Any deemed dividend received by a Dissenting Resident Holder and any capital gain or capital loss realized by the Dissenting Resident Holder, will be treated in the same manner as described under *Dividends on Natures Hemp Shares* and *Taxation of Capital Gains and Capital Losses* below.

A Dissenting Resident Holder will be required to include in computing its income any interest awarded by a court in connection with the Arrangement. In addition, a Dissenting Resident Holder that, throughout the relevant taxation year, is a “Canadian controlled private corporation” (as defined in the Tax Act) may be liable to pay a refundable tax on its “aggregate investment income” (as defined in the Tax Act), including any taxable capital gains and interest income. Dissenting Resident Holders should consult their own tax advisors with respect to the Canadian federal income tax consequences of exercising their Dissent Rights.

Other Tax Considerations

This Circular does not address any tax considerations of the Arrangement other than certain Canadian and U.S. income tax considerations. Holders of securities who are resident in jurisdictions other than Canada should consult their own tax advisors with respect to the tax implications of the Arrangement, including any associated filing requirements in such jurisdictions and with respect to the tax implications in such jurisdictions of owning shares after the Arrangement. Holders of securities should also consult their own tax advisors regarding provincial, territorial or state tax considerations of the Arrangement or of holding Natures Hemp Shares.

Holders Not Resident in Canada

No legal opinion from U.S. legal counsel or ruling from the United States Internal Revenue Service has been requested, or will be obtained, regarding the U.S. federal income tax consequences of the Arrangement. Shareholders who are subject to U.S. taxation should consult with their own professional advisers with regard to the Arrangement's U.S. tax implications.

The following portion of this summary is applicable only to PUF Shareholders (each in this portion of the summary a "Non-resident Holder") who:

- have not been, are not, and will not be resident or deemed to be resident in Canada for purposes of the Tax Act;
- do not and will not, and are not and will not be deemed to, use or hold PUF Shares, New PUF Shares, PUF Class A Preferred Shares and Natures Hemp Shares in connection with carrying on a business in Canada; and
- whose PUF Class A Common Shares (the re-designated PUF Shares), PUF Class A Preferred Shares, New PUF Shares and Natures Hemp Shares will not at the Effective Date under the Arrangement, or at any material time thereafter, constitute "taxable Canadian property" for the purposes of the Tax Act.

Generally, a PUF Class A Common Share, PUF Class A Preferred Share, New PUF Share and Natures Hemp Share, as applicable, owned by a Non-resident Holder will not be taxable Canadian property of the Non-resident Holder at a particular time provided that, at that time, (i) the share is listed on a designated stock exchange, (ii) neither the Non-resident Holder nor persons with whom the Non-resident Holder does not deal at arm's length alone or in any combination has owned 25% or more of the shares of any class or series in the capital of the issuing corporation within the previous five years, and (iii) the share was not acquired in a transaction as a result of which it was deemed to be taxable Canadian property of the Non-resident Holder.

Special rules, which are not discussed in this summary, may apply to a Non-resident Holder that is an insurer carrying on business in Canada.

Capital Gains and Capital Losses on Share Exchanges and Subsequent Dispositions of Shares

A Non-resident Holder who participates in the Arrangement will not be subject to tax under the Tax Act on any capital gain realized on the exchange of PUF Class A Common Shares (the re-designated PUF Shares) for New PUF Shares and PUF Class A Preferred Shares, nor on the redemption of PUF Class A Preferred Shares in consideration for Natures Hemp Shares.

Similarly, any capital gain realized by a Non-resident Holder on the subsequent disposition or deemed disposition of a New PUF Share and Natures Hemp Share acquired pursuant to the Arrangement will not be subject to tax under the Tax Act, provided either that the shares do not constitute taxable Canadian property of the Non-resident Holder at the time of disposition, or an applicable income tax treaty exempts the capital gain from tax under the Tax Act.

Non-resident Holders will be exempt from the reporting and withholding obligations of §116 of the Tax Act in respect of the disposition of PUF Class A Common Shares and PUF Class A Preferred Shares pursuant to the Arrangement.

Deemed Dividends on the Redemption of PUF Class A Preferred Shares

For the reasons set out above under *Holders Resident in Canada - Redemption of PUF Class A Preferred Shares*, the Company expects that no Non-Resident Holder will be deemed to have received a dividend on the redemption of PUF Class A Preferred Shares for Natures Hemp Shares.

Taxation of Dividends

Dividends paid or credited, or deemed to be paid or credited, on a Non-Resident Holder's Natures Hemp Shares will be subject to withholding tax under the Tax Act at a rate of 25% unless the rate is reduced under the provisions of an applicable income tax treaty or convention. In the case of a beneficial owner of dividends who is a resident of the United States for purposes of the *Canada-US Tax Convention (1980)* and who is entitled to the benefits of that treaty, the rate of withholding will generally be reduced to 15% (or 5% in the case of a company beneficially owning at least 10% of Natures Hemp's voting shares). Non-Resident Holders should consult their own tax advisors in this regard.

Dissenting Non-Resident Holders

A Non-resident Holder who validly exercises Dissent Rights (a "Non-resident Dissenter") and consequently is paid the fair value for the Non-resident Dissenter's PUF Shares in accordance with the Arrangement, will be deemed to have received a dividend equal to the amount, if any, by which the payment exceeds the paid-up capital of the Non-resident Dissenter's PUF Shares. Any such deemed dividend will be subject to tax as discussed above under "Holders Not Resident in Canada - Taxation of Dividends". The Non-resident Dissenter will not be subject to tax under the Tax Act on any capital gain that may arise in respect of the resulting disposition of the PUF Shares.

The Non-resident Holder will also be subject to Canadian withholding tax on that portion of any such payment that is on account of interest at the rate of 25%, unless reduced by an applicable income tax treaty, if any.

The foregoing discussion is only a general overview of the requirements of Canadian tax and securities laws for the resale of the New PUF Shares and the Natures Hemp Shares received upon completion of the Arrangement. All holders of PUF Shares are urged to consult with their own tax accountant or legal counsel to ensure that any resale of their New PUF Shares and Natures Hemp Shares complies with applicable tax and securities legislation.

APPROVAL OF NATURES HEMP STOCK OPTION PLAN

Adoption of 10% Rolling Plan of Natures Hemp

On May 17, 2018, the directors and sole shareholder of Natures Hemp established the Natures Hemp Stock Option Plan as a rolling stock option plan in accordance with the policies of the Exchange. The maximum number of Natures Hemp Shares reserved for issuance under the Natures Hemp Stock Option Plan is ten percent (10%) of the issued and outstanding Natures Hemp Shares on a "rolling" basis. It is anticipated that Natures Hemp will have approximately 224,000,000 issued Natures Hemp Shares after the completion of the Plan of Arrangement, conversion of the Special Warrants and 1 to 4 share subdivision such that the maximum number of Natures Hemp Shares that may be reserved for issuance under the Natures Hemp Stock Option Plan will initially be 22,400,000. See *Information Concerning Natures Hemp After the Arrangement – Options to Purchase Natures Hemp Shares*.

Purpose of the Natures Hemp Stock Option Plan

The purpose of the Natures Hemp Stock Option Plan is to provide an incentive to Natures Hemp's directors, officers, employees, management companies and consultants to continue their involvement with Natures Hemp, to increase their efforts on Natures Hemp's behalf and to attract new qualified employees, while at the same time reducing the cash compensation Natures Hemp would otherwise have to pay. The Natures Hemp Stock Option Plan is also intended to assist in aligning management and employee incentives with the interests of shareholders.

General Description and Exchange Policies

The following is a brief description of the principal terms of the Natures Hemp Stock Option Plan, which description is qualified in its entirety by the terms of the Natures Hemp Stock Option Plan. A full copy of the Natures Hemp Stock Option Plan is available to PUF Shareholders upon request and will be available at the Meeting.

Number of Shares Reserved. The number of Natures Hemp Shares which may be issued pursuant to options granted under the Natures Hemp Stock Option Plan shall not exceed ten percent (10%) of the issued and outstanding Natures Hemp Shares from time to time.

Maximum Term of Options. The term of any options granted under the Natures Hemp Stock Option Plan is fixed by the board of directors at the time of grant and may not exceed ten years from the date of grant. The options are non-assignable and non-transferable.

Exercise price. The exercise price under each option shall be not less than the Market Price on the date of grant. The “**Market Price**” of Natures Hemp Shares at any grant date means the last closing price per share on the trading day immediately preceding the day on which Natures Hemp announces the grant of the option or, if the grant is not announced, on the date of grant, or if the Natures Hemp Shares are not listed on any stock exchange, the “**Market Price**” of Natures Hemp Shares means the price per share on the over-the-counter market determined by dividing the aggregate sale price of the Natures Hemp Shares sold by the total number of such Natures Hemp Shares so sold on the applicable market for the last day prior to the date of grant.

Amendment. The directors of Natures Hemp may from time to time, subject to applicable law and to the prior approval, if required, of the Exchange or any other regulatory body having authority over Natures Hemp or the Natures Hemp Stock Option Plan, suspend, terminate or discontinue the Natures Hemp Stock Option Plan at any time, or amend or revise the terms of the Natures Hemp Stock Option Plan or of any Option granted under the Natures Hemp Stock Option Plan and the option agreement relating thereto, provided that no such amendment, revision, suspension, termination or discontinuance shall in any manner adversely affect any Option previously granted to an optionee under the Natures Hemp Stock Option Plan without the consent of that optionee. Any amendments to the Natures Hemp Stock Option Plan or options granted thereunder will be subject to the approval of the shareholders.

Vesting. The directors of Natures Hemp may determine and impose terms upon which each option shall become vested. All options granted to consultants providing investor relations activities shall vest over a minimum twelve month period with no more than one-quarter of such options vesting over a three month period.

Termination. Options may be exercised after the service provider has left his/her employ/office or has been advised by Natures Hemp that his/her services are no longer required or his/her service contract has expired, until the term applicable to such options expires, except as follows:

- (a) in the case of the death of an optionee, any vested option held by him at the date of death will become exercisable by the optionee’s lawful personal representatives, heirs or executors until the earlier of one year after the date of death of such optionee and the date of expiration of the term otherwise applicable to such option;
- (b) an option granted to (i) directors or officers will expire 90 days and (ii) to all others including, but not limited to, employees and consultants, will expire 30 days (or such other time, not to exceed one year, as shall be determined by the Board as at the date of grant or agreed to by the Natures Hemp directors and the optionee at any time prior to expiry of the option) after the date the optionee ceases to be employed by or provide services to Natures Hemp, and only to the extent that such option was vested at the date the optionee ceased to be so employed by or to provide services to Natures Hemp; and
- (c) in the case of an optionee being dismissed from employment or service for cause, such optionee’s options, whether or not vested at the date of dismissal will immediately terminate without right to exercise same.

Effect of a Take-Over Bid. If a Take Over Bid, as defined in as defined in Multilateral Instrument 62-104, is made to the shareholders generally then Natures Hemp shall immediately upon receipt of notice of the Take Over Bid, notify each optionee currently holding an option of the Take Over Bid, with full particulars thereof whereupon such option may, notwithstanding sections 3.6 and 3.7 of the Natures Hemp Option Plan or any vesting requirements set out in the stock option agreement, be immediately exercised in whole or in part by the optionee, subject to vesting requirements.

Administration. The directors of Natures Hemp shall, without limitation, have full and final authority in their discretion, but subject to the express provisions of the Natures Hemp Stock Option Plan, to interpret the Natures Hemp Stock Option Plan, to prescribe, amend and rescind rules and regulations relating to the Natures Hemp Stock Option Plan and to make all other determinations deemed necessary or advisable in respect of the Natures Hemp Stock Option Plan. Administration of the Natures Hemp Stock Option Plan shall be the responsibility of the appropriate officers of Natures Hemp and all costs in respect thereof shall be paid by Natures Hemp.

At the Meeting, PUF Shareholders will be asked to approve, ratify and affirm by ordinary resolution the Natures Hemp Option Plan Resolution, in the form set out in **Appendix A** attached to this Circular. A full copy of the Natures Hemp Stock Option Plan is available to PUF Shareholders upon request and will be available at the Meeting.

The Board unanimously recommends that PUF Shareholders vote FOR the Natures Hemp Stock Option Plan Resolution.

RIGHTS OF DISSENT

Dissenters' Rights

Pursuant to the terms of the Interim Order and the Plan of Arrangement, the Company has granted the PUF Shareholders who object to the Arrangement Resolution the right to dissent (the “**Dissent Right**”) in respect of the Arrangement. A Dissenting Shareholder will be entitled to be paid in cash the fair value of the Dissenting Shareholder’s PUF Shares so long as the dissent procedures are strictly adhered to. The Dissent Right is granted in Article 5 of the Plan of Arrangement. **A registered Dissenting Shareholder who intends to exercise the Dissent Right is referred to the full text of Sections 237 to 247 of the BCBCA which is attached as Appendix D to this Circular.**

A PUF Shareholder who wishes to exercise his or her Dissent Right must give written notice of his or her dissent (a “**Notice of Dissent**”) to the Company at its head office at Suite 804 - 750 West Pender Street, Vancouver, British Columbia, V6C 2T7, marked to the attention of the CEO, by delivering the Notice of Dissent to the Company at least two days before the Meeting.

The giving of a Notice of Dissent does not deprive a Dissenting Shareholder of his or her right to vote at the Meeting on the Arrangement Resolution. However, the procedures for exercising Dissent Rights given in **Appendix D** must be strictly followed as a vote against the Arrangement Resolution or the execution or exercise of a proxy voting against the Arrangement Resolution does not constitute a Notice of Dissent.

PUF Shareholders should be aware that they will not be entitled to exercise a Dissent Right with respect to any PUF Shares if they vote (or instruct or are deemed, by submission of any incomplete proxy, to have instructed his or her proxy holder to vote) in favour of the Arrangement Resolution. A Dissenting Shareholder may, however, vote as a proxyholder for a PUF Shareholder whose proxy requires an affirmative vote on the Arrangement Resolution, without affecting his or her right to exercise the Dissent Right.

In the event that a PUF Shareholder fails to perfect or effectively withdraws its claim under the Dissent Right or forfeits its right to make a claim under the Dissent Right, each PUF Share held by that PUF Shareholder will thereupon be deemed to have been exchanged in accordance with the terms of the Arrangement as of the Effective Date.

PUF Shareholders who wish to exercise Dissent Rights should review the dissent procedures described in Appendix D and seek legal advice, as failure to adhere strictly to the Dissent Right requirements will result in the loss or unavailability of any right to dissent.

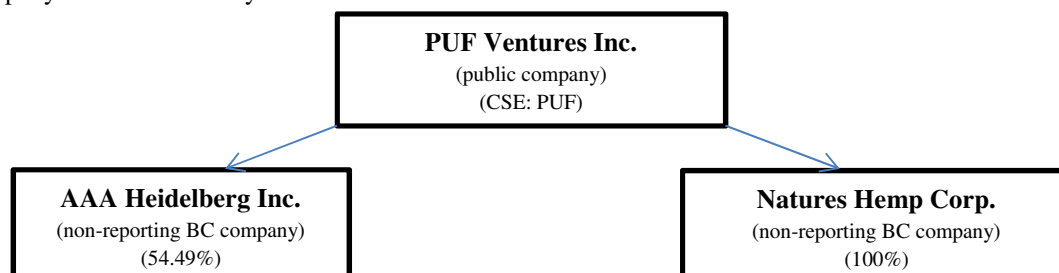
INFORMATION CONCERNING THE COMPANY

Name, Address and Incorporation

The Company was incorporated on June 24, 2004 under the laws of the Province of British Columbia under incorporation number BC0698428. On July 20, 2004, the Company changed its name from 0698428 BC Ltd. to High Ridge Resources Inc. On January 1, 2010, the Company changed its name from High Ridge Resources Inc. to New High Ridge Resources Inc. On February 7, 2011, the Company changed its name from New High Ridge Resources Inc. to Newton Gold Corp. On November 7, 2013, the Company changed its name from Newton Gold Corp. to Chlormet Technologies, Inc. On November 13, 2015, the Company changed its name from Chlormet Technologies, Inc. to PUF Ventures Inc. The Company’s head office and registered and records office is located at Suite 804 - 750 West Pender Street, Vancouver, British Columbia, V6C 2T7.

Intercorporate Relationships

The following chart sets out the subsidiaries of the Company, jurisdiction of incorporation and percentage ownership by the Company of such subsidiary:



AAA Heidelberg Inc. – On May 8, 2017, the Company acquired a majority interest, owning 54.49% of AAA Heidelberg. See *Information Concerning the Company – Business and History of the Company - AAA Heidelberg Inc.*

Natures Hemp Corp. – On October 13, 2017, the Company acquired a 100% interest, owning 1,961 common shares of Natures Hemp. See *Information Concerning the Company - Business and History of the Company – Natures Hemp Corp.* below.

Available Information

The Company files reports and other information with Canadian provincial securities commissions. These reports and information are available to the public free of charge on PUF’s SEDAR profile at www.sedar.com.

Comparative Market Prices

Effective June 19, 2014, The PUF Shares listed and commenced trading on the CSE under the symbol “PUF”. The following tables set forth information relating to the trading of the PUF Shares on the CSE for the twelve-month period preceding the date of this Circular.

Month	High (\$)	Low (\$)	Volume
June 2017	0.44	0.33	7,788,360
July 2017	0.37	0.32	4,908,477
August 2017	0.42	0.35	4,326,573
September 2017	0.65	0.40	15,789,886
October 2017	0.61	0.44	9,958,406
November 2017	1.15	0.38	42,742,381
December 2017	1.64	0.79	32,764,189
January 2018	2.09	1.20	24,106,572
February 2018	1.36	0.76	18,553,519
March 2018	1.14	0.82	6,318,984
April 2018	0.91	0.59	6,992,122
May 2018	0.87	0.60	4,263,690
June 1 to 15, 2018	0.86	0.73	1,985,281

Prior Sales

The following table contains details of the prior sales of the securities of the Company within the 12 months prior to the date of this Circular.

Date Issued	Number of Securities ⁽¹⁾	Issue Price Per Common Share	Aggregate Issue Price	Reason for Issuance
June 9/17	280,000 PUF Shares	\$0.075	\$21,000	warrant exercises
June 9/17	216,250 PUF Shares	\$0.30	\$64,875	warrant exercises
June 16/17	300,000 PUF Shares	\$0.075	\$22,500	warrant exercise
June 28/17	100,000 PUF Shares	\$0.235	\$23,500	stock option exercise
July 21/17	50,000 PUF Shares	\$0.265	\$13,250	stock option exercise
Aug 21/17	50,000 PUF Shares	\$0.235	\$11,750	stock option exercise
Sept. 1/17	50,000 PUF Shares	\$0.30	\$15,000	warrant exercise
Sept. 1/17	100,000 PUF Shares	\$0.235	\$23,500	stock option exercise
Sept. 1/17	50,000 PUF Shares	\$0.265	\$13,250	stock option exercise
Sept. 5/17	100,000 PUF Shares	\$0.265	\$26,500	stock option exercise
Sept. 8/17	200,000 PUF Shares	\$0.235	\$47,000	stock option exercises
Sept. 8/17	135,000 PUF Shares	\$0.30	\$40,500	warrant exercises
Sept. 8/17	335,000 PUF Shares	\$0.075	\$25,125	warrant exercises
Sept. 14/17	50,000 PUF Shares	\$0.265	\$13,250	stock option exercise
Sept. 14/17	200,000 PUF Shares	\$0.075	\$15,000	warrant exercise
Sept. 15/17	55,000 PUF Shares	\$0.25	\$13,750	warrant exercise
Sept. 15/17	100,000 PUF Shares	\$0.30	\$30,000	warrant exercise
Sept. 19/17	25,000 PUF Shares	\$0.30	\$7,500	warrant exercise
Sept. 25/17	12,500 PUF Shares	\$0.30	\$3,750	warrant exercise
Sept. 25/17	152,000 PUF Shares	\$0.075	\$11,400	warrant exercise

Date Issued	Number of Securities⁽¹⁾	Issue Price Per Common Share	Aggregate Issue Price	Reason for Issuance
Sept. 29/17	95,000 PUF Shares	\$0.25	\$23,750	warrant exercises
Sept. 29/17	231,500 PUF Shares	\$0.30	\$69,450	warrant exercises
Sept. 29/17	50,000 PUF Shares	\$0.40	\$20,000	warrant exercises
Oct. 3/17	1,700,000 PUF Shares	\$0.40	\$680,000	warrant exercises
Oct. 3/17	1,315,000 PUF Shares	\$0.30	\$394,500	warrant exercises
Oct. 3/17	25,000 PUF Shares	\$0.265	\$6,625	option exercise
Oct. 3/17	330,000 PUF Shares	\$0.25	\$82,500	warrant exercises
Oct. 3/17	448,000 PUF Shares	\$0.075	\$33,600	warrant exercises
Oct. 11/17	87,500 PUF Shares	\$0.30	\$26,250	warrant exercises
Oct. 12/17	1,200,000 PUF Shares	\$0.50	0.00	Share purchase ⁽¹⁾
Nov. 10/17	225,000 PUF Shares	\$0.30	\$67,500	warrant exercises
Nov. 15/17	50,000 PUF Shares	\$0.30	\$15,000	warrant exercises
Nov. 17/17	250,000 PUF Shares	\$0.25	\$62,500	warrant exercises
Nov. 17/17	560,500 PUF Shares	\$0.30	\$168,150	warrant exercises
Nov. 17/17	50,000 PUF Shares	\$0.40	\$20,000	warrant exercises
Nov. 22/17	175,000 PUF Shares	\$0.30	\$62,500	warrant exercises
Nov. 30/17	442,500 PUF Shares	\$0.30	\$132,750	warrant exercises
Nov. 30/17	362,370 PUF Shares	\$0.40	\$144,948	warrant exercises
Dec. 4/17	20,000 PUF Shares	\$0.25	\$5,000	warrant exercises
Dec. 4/17	191,500 PUF Shares	\$0.30	\$57,450	warrant exercises
Dec. 4/17	252,000 PUF Shares	\$0.40	\$100,800	warrant exercises
Dec. 7/17	10,000 PUF Shares	\$0.075	\$750	warrant exercises
Dec. 7/17	15,000 PUF Shares	\$0.30	\$4,500	warrant exercises
Dec. 7/17	100,000 PUF Shares	\$0.40	\$40,000	warrant exercises
Dec. 11/17	700,000 PUF Shares	\$0.075	\$52,500	warrant exercises
Dec. 18/17	120,000 PUF Shares	\$0.25	\$30,000	warrant exercises
Dec. 18/17	182,500 PUF Shares	\$0.30	\$54,750	warrant exercises
Dec. 18/17	116,000 PUF Shares	\$0.40	\$46,400	warrant exercises
Dec. 22/17	20,000 PUF Shares	\$0.265	\$5,300	option exercise
Dec. 27/17	5,640 PUF Shares	\$0.25	\$1,410	warrant exercises
Dec. 27/17	93,860 PUF Shares	\$0.40	\$37,544	warrant exercises
Dec. 29/17	150,000 PUF Shares	\$0.235	\$35,250	option exercise
Dec. 29/17	150,000 PUF Shares	\$0.265	\$39,750	option exercise
Jan. 2/18	334,000 PUF Shares	\$0.30	\$103,200	warrant exercises
Jan. 2/18	260,000 PUF Shares	\$0.40	\$104,000	warrant exercises
Jan. 8/18	100,000 PUF Shares	\$0.235	\$23,500	option exercise
Jan. 8/18	46,800 PUF Shares	\$0.25	\$11,700	warrant exercises
Jan. 8/18	387,500 PUF Shares	\$0.30	\$116,250	warrant exercises
Jan. 8/18	240,000 PUF Shares	\$0.40	\$96,000	warrant exercises
Jan. 9/18	40,000 PUF Shares	\$0.265	\$10,600	option exercise
Jan. 9/18	25,000 PUF Shares	\$0.30	\$7,500	warrant exercises
Jan. 9/18	120,000 PUF Shares	\$0.40	\$48,000	warrant exercises
Jan. 9/18	250,000 PUF Shares	\$0.465	\$116,250	option exercise
Jan. 15/18	84,000 PUF Shares	\$0.075	\$6,300	warrant exercises
Jan. 15/18	50,000 PUF Shares	\$0.25	\$12,500	warrant exercises
Jan. 15/18	175,000 PUF Shares	\$0.30	\$52,500	warrant exercises
Jan. 15/18	72,000 PUF Shares	\$0.40	\$28,800	warrant exercises
Jan. 17/18	55,000 PUF Shares	\$0.30	\$16,500	warrant exercises
Jan. 23/18	40,000 PUF Shares	\$0.265	\$10,600	option exercise
Feb. 6/18	40,000 PUF Shares	\$0.40	\$16,000	warrant exercises
Feb. 6/18	250,000 PUF Shares	\$0.465	\$116,250	option exercise
Feb. 14/18	100,000 PUF Shares	\$0.40	\$40,000	warrant exercises
Mar. 2/18	25,000 PUF Shares	\$0.30	\$7,500	warrant exercises
Mar. 13/18	5,000 PUF Shares	\$0.30	\$1,500	warrant exercises
Mar. 29/18	100,000 PUF Shares	\$0.235	\$23,500	option exercise

Date Issued	Number of Securities ⁽¹⁾	Issue Price Per Common Share	Aggregate Issue Price	Reason for Issuance
Apr. 4/18	100,000 PUF Shares	\$0.40	\$40,000	warrant exercises
Apr. 9/18	45,000 PUF Shares	\$0.30	\$13,500	warrant exercises
Apr. 25/18	50,000 PUF Shares	\$0.30	\$15,000	warrant exercises
Apr. 27/18	185,250 PUF Shares	\$0.30	\$55,575	warrant exercises
May 1/18	50,000 PUF Shares	\$0.30	\$15,000	warrant exercises
May 22/18	400,000 PUF Shares	\$0.40	\$160,000	warrant exercise
May 22/18	24,900 PUF Shares	\$0.25	\$6,225	warrant exercise
June 18/18	40,000 PUF Shares	\$0.40	\$16,000	warrant exercise
TOTAL:	15,979,070 PUF Shares		\$4,254,077	

- (1) The Company entered into a share purchase agreement dated Oct. 11/17 with the shareholders of Natures Hemp wherein, on October 12, 2017, the Company issued 1,200,000 PUF Shares at a deemed price of \$0.50 per PUF Share in exchange for 100% of the issued and outstanding common shares of Natures Hemp on October 13, 2017.

Dividends or Capital Distributions

The Company has not declared or paid any cash dividends or capital distributions on the PUF Shares during the two preceding years. For the immediate future, the Company does not envisage any earnings arising from which dividends could be paid. Any decision to pay dividends on PUF Shares in the future will be made by the Board on the basis of the earning, financial requirements and other conditions existing at such time.

Ownership of PUF Securities

As at the date of this Circular, the following table outlines the number of PUF securities owned or controlled, directly or indirectly, by each of the directors and officers of the Company, and each associate or affiliate of an insider of the Company, and each person acting jointly or in concert with the Company.

Name	Positions	PUF Shares	PUF Warrants	PUF Options
Derek Ivany	President, CEO, Director	2,241,000 ⁽¹⁾	725,000 ⁽¹⁾	1,050,000 ⁽¹⁾
Christopher P. Cherry	CFO	324,200 ⁽²⁾	60,000 ⁽²⁾	Nil
Christopher Hornung	Director	387,900	120,000	200,000
Jerry Habuda	Director	427,400	180,000	200,000
Joseph Perino	Director	360,000	90,000	100,000

- (1) Of these securities, 1,506,000 PUF Shares, 525,000 PUF Warrants and 150,000 PUF Options are held directly by Mr. Ivany, 710,000 PUF Shares, 200,000 PUF Warrants and 750,000 PUF Options are held by Elben Capital Corp., a company owned by Mr. Ivany, and 25,000 PUF Shares are held by Steve Ivany, brother of Mr. Ivany.
- (2) Of these securities, 50,000 PUF Shares are held directly by Mr. Cherry, and 274,200 PUF Shares and 60,000 PUF Warrants are held indirectly by Cherry Consulting Ltd., a company owned and operated by Mr. Cherry.

Business and History of the Company

The Company was incorporated on June 24, 2004 under the laws of the Province of British Columbia under incorporation number BC0698428. On July 20, 2004, the Company changed its name from 0698428 BC Ltd. to High Ridge Resources Inc. On January 1, 2010, the Company changed its name from High Ridge Resources Inc. to New High Ridge Resources Inc. On February 7, 2011, the Company changed its name from New High Ridge Resources Inc. to Newton Gold Corp. On November 7, 2013, the Company changed its name from Newton Gold Corp. to Chlormet Technologies, Inc. On November 13, 2015, the Company changed its name from Chlormet Technologies, Inc. to PUF Ventures Inc. The Company's head office and registered and records office is located at Suite 804 - 750 West Pender Street, Vancouver, British Columbia, V6C 2T7.

On March 1, 2006, the Company was listed and commenced trading on the TSX Venture Exchange under the symbol "CMT" until June 18, 2014. Effective June 19, 2014, the Company delisted from the TSX Venture Exchange and listed and commenced trading on the CSE under the symbol "PUF".

The Company owned a 100% interest in certain mineral claims located in the Omineca Mining Division of British Columbia, referred to as the Chuchi Property. In December 2008, the Company wrote down the recorded cost of the Chuchi Property to nil. On November 19, 2014, the Company announced that it received confirmation from Kiska Metals Corporation ("Kiska") (formerly listed on the TSX Venture Exchange and now delisted) of their intent to enter into a definitive agreement for an option of the Company's Chuchi Property. The definitive agreement was finalized on

January 15, 2015. During the year ended December 31, 2016, Kiska accelerated the option agreement and issued the Company 800,000 common shares of Kiska to receive a 100% interest in the Chuchi Property. As a result, the Company had recorded an impairment of \$194,454 during the year ended December 31, 2015. During the year ended December, 2016, the Company sold 1,000,000 shares of Kiska for gross proceeds of \$50,000.

On March 26, 2014, the Company acquired a 16.5% interest in AAA Heidelberg, a private company located in Ontario, for cash of \$120,000. The Company signed a letter of intent (“**LOI**”) with the principals of AAA Heidelberg whereby the Company was granted the exclusive option to acquire the balance of the 83.5% interest subject to certain conditions including the grant of an ACMPR (formerly MMPR) license and by issuing up to 18,350,000 PUF Shares subject to the escrow policies of the CSE. A share exchange agreement was finalized effective January 26, 2015 (the “**Share Exchange Agreement**”). On February 24, 2015, the Company issued the first tranche of 4,350,000 PUF Shares to the shareholders of AAA Heidelberg representing an additional 19.79% interest. On October 30, 2015, the Company issued the second tranche of 2,000,000 PUF Shares representing an additional 9.1% interest, which represented the Company’s 45.39% ownership interest in AAA Heidelberg. On May 8, 2017, the Company issued a third tranche of 500,003 PUF Shares at a deemed price of \$0.40 per PUF Share representing an additional 9.1% interest. The transfer resulted in the Company currently owning a total of 54.49% of AAA Heidelberg. AAA Heidelberg is in the final stage in its application for an ACMPR license from Health Canada. The Company has an option to acquire the balance of shares to own 100% of AAA Heidelberg upon receipt of the ACMPR license. For further details, see *AAA Heidelberg Inc.* below.

On November 26, 2014, the Company formed a subsidiary in Washington State, PacCan Industries LLC, which subsequently converted its name and status to PacCan Real Estate Holdings Corporation, in order to acquire rental property. On June 1, 2015, the Company completed the transaction on its target property of a 9.7 acre parcel of land and associated buildings in Whatcom County, Washington. The purchase price for the property was US\$1,200,000. Upon the closing of the property, a promissory note dated June 1, 2015 was signed to secure a non-recourse and fully severable mortgage on the property in the principal amount of US\$1,080,000 with interest at 5% per annum. Interest only payments were required monthly and the principal amount of the mortgage was due May 31, 2017. In April 2016, the Company sold the property at an amount equal to the outstanding mortgage.

On May 12, 2015, the Company announced the closing of the acquisition of 100% of Vapetronix Holdings Inc. (“**Vapetronix**”), a former subsidiary of the Company. On September 7, 2017 the Company announced a plan of arrangement to spin out 100% of the assets of Vapetronix, including WeedBeacon a development stage medicinal marijuana mobile application tracking technology that synchronizes a vaporizer device to a smart phone, which will track a variety of metrics for patients and physicians such as cannabis usage data, the efficacy of certain strains, side effects, as well as several other features. Vapetronics changed its name to Weed Points Loyalty Inc. on September 12, 2017. Weed Points changed its name to Cannvas MedTech Inc. (“**Cannvas**”) effective December 13, 2017. The Vapetronix assets were spun out of the Company effective January 16, 2018, to Cannvas, a reporting issuer in British Columbia, Alberta and Ontario. Cannvas is a business technology company within the cannabis health sciences sector currently developing a patient-centric data-enabled learning platform for the cannabis space. The platform is an innovative solution to empower medical cannabis patients to take control of their healthcare experience. Cannvas also owns the exclusive rights to the “1313” electronic cigarette brand, a medicinal marijuana mobile application technology, and several research and development projects. The purchase price for the Cannvas common shares was an aggregate of 7,000,000 PUF Shares of which 1,500,000 PUF Shares will be released subject to certain performance milestones being met. Finders’ fees of 700,000 units of the Company were issued on closing.

On July 16, 2015, the Company qualified to trade on the OTC Pink Sheets (“**OTCPK**”) under the symbol “**CHLMF**” and has been made eligible for book-entry delivery and depository services of the Depository Trust Company to facilitate electronic settlement of transfers of its PUF Shares in the United States. This electronic method of clearing securities speeds up the receipt of stock and cash and therefore accelerates the settlement process for investors. On February 24, 2016, the Company changed its symbol on the OTCPK to “**PUFXF**”. Since November 13, 2015, the Company has been trading on the Frankfurt Stock Exchange under the symbol “**PU3**”.

On June 30, 2016, the Company announced the completion of a 4 for 1 share consolidation. As a result, 75,767,574 PUF Shares were reduced to 18,941,894 PUF Shares. The PUF Shares commenced trading on a consolidated basis on June 28, 2016 under the new CUSIP number 74530Q205.

On August 2, 2016, the Company announced that it had acquired a 100% interest in certain mineral claims located in west central Quebec, Canada, situated approximately 2 km from the boundary of Nemaska Lithium’s Whabouchi Project and known as the Lac Saint Simon Lithium (the “**Lac Saint Simon Property**”) pursuant to a mineral property acquisition agreement with Thomas Clarke, as vendor and beneficial owner of the claims, through the issuance of 2,000,000 PUF Shares at a deemed price of \$0.065 per PUF Share for a total consideration of \$130,000. On June 5,

2017, the Company announced that it had sold its Lac Saint Simon Property to Volt Energy Corp. (“**Volt**”) (TSXV: VOLT) pursuant to a mineral property acquisition agreement dated June 1, 2017 with Volt. In consideration for the sale of 100% of the asset, the Company was granted 2.5 million common shares of Volt.

On August 15, 2016, the Company raised \$203,100 by way of a non-brokered private placement. A total of 4,062,000 units were issued at \$0.05 per PUF Share. Each unit consisted of one PUF Share and one transferable PUF Warrant exercisable at \$0.075 per PUF Share for a period of two years from the date of issuance. The Company paid finder’s fees of \$4,920 and issued 202,800 finder’s warrants having the same terms as the PUF Warrants. The net proceeds were to be used to complete the Company’s AAA Heidelberg AMPR license application, expansion of the Cannvas 1313 brand of e-cigarettes and associated products, and for general working capital.

On August 19, 2016, the Company issued a total of 1,890,880 PUF Shares at a deemed price of \$0.05 per PUF Share representing a full year of interest-only payments totaling \$94,544, \$94,544 and 405,180 PUF Shares as finder’s fees pursuant to the securing of a new private mortgage group that replaced the Company’s then existing lender. Also, the Company concurrently completed debt settlements totaling \$58,710 by the issuance of 1,174,200 PUF Shares at a deemed price of \$0.05 per PUF Share to certain creditors for past consulting and other services provided to the Company. The total debt amount was \$173,514 and total of 3,470,260 PUF Shares were issued.

On November 4, 2016, the Company raised \$309,000 by way of a non-brokered private placement. A total of 1,545,000 units were issued at \$0.20 per PUF Share. Each unit consisted of one PUF Share and one transferable PUF Warrant exercisable at \$0.25 per PUF Share for a period of two years from the date of issuance. In addition, the Company raised \$65,000 by way of a flow-through common share non-brokered private placement. A total of 260,000 flow-through PUF Shares were issued at \$0.25 per PUF Share. The Company paid finder’s fees of \$14,280 and issued 67,500 finder’s warrants having the same terms as the PUF Warrants. The net proceeds were to be used to complete the Company’s AAA Heidelberg AMPR license application, expansion of the Cannvas 1313 brand of e-cigarettes and associated products, and for general working capital.

On March 10, 2017, the Company raised \$1,914,125 by way of a non-brokered private placement. A total of 7,656,500 units were issued at \$0.25 per PUF Share. Each unit consisted of one PUF Share and one transferable PUF Warrant exercisable at \$0.40 per PUF Share for a period of two years from the date of issuance. The Company paid finder’s fees of \$74,843 and issued 299,370 finder’s warrants having the same terms as the PUF Warrants. The net proceeds were to be used to complete the Company’s AAA Heidelberg AMPR license application, expansion of the Vapetronix 1313 brand of e-cigarettes and associated products, and for general working capital.

On June 1, 2017, the Company announced that through a joint venture agreement with industry leader Canopy Growth (TSX: WEED), it would join CraftGrow, a collection of high quality cannabis grown by a select and diverse set of producers made available through the Tweed Main Street website at www.Tweedmainstreet.com, which provides the Company with many benefits including a direct sales channel to the marketplace.

The Company has an option to acquire the balance of shares to own 100% of AAA Heidelberg upon receipt of the ACMPR license. While it cannot guarantee nor estimate the timing of the issuance of a license to AAA Heidelberg, it is the Company’s goal to become a leading supplier of medical marijuana in Canada.

In the previous Health Canada framework, the Company successfully entered Stage 6, the “Pre-Inspection” stage.

Effective May 25, 2017, Health Canada abridged and amended the application process for prospective licensed producers. Under the new framework, the Company was required to submit a proof of readiness for the grow facility in London, Ontario, to Health Canada and await the “Issuance of License to Produce” (Stage 3). The Company has been working with its ACMPR consultants on the finalization of remaining items and facility upgrades in advance of any potential request for inspection by Health Canada. Specific focus was directed towards completing the following items:

- Installation of an air purification unit
- Renovation of office space and employee break areas
- Installation of final security systems
- Sanitization and purification of the facility
- Installation of perimeter security fencing
- Improving the building façade

On June 27, 2017, the Company announced that it had received and subsequently provided responses to a status update request letter from Health Canada with respect to the readiness for licensing of its majority-owned AAA Heidelberg facility in London, Ontario.

On January 25, 2018, Health Canada announced changes to the physical security requirement under the ACMPR application process. The Office of Medical Cannabis announced two targeted changes to physical security requirements under the ACMPR. The changes were to align the physical security requirements with the evidence of actual risks to public safety without imposing an unjustifiable burden on regulated parties. The security measures were necessary for: (i) areas where cannabis plants are cultivated, propagated, harvested or trimmed and to areas where cannabis seeds are present or stored, and (ii) the vault and storage areas.

The Company moved immediately to complete the Confirmation of Readiness submission and call for a Health Canada inspection of its London, Ontario facility.

The Company's London, Ontario facility has the most up-to-date growing and security technologies available. The security system meets or exceeds all requirements demand by Health Canada. The growing facility meets the highest level of pharmaceutical standards and features a state-of-the-art HVAC and Surna Water Chilled Climate Control system. These systems provide the backbone of the facility's automated control for temperature, light, humidity, carbon dioxide, and special ventilation for bacteria regulation, grow lights, tracking software and auxiliary hardware have also been installed. The facility is expected to have an annual production of approximately 600 kilograms of medical cannabis.

On February 8, 2018, the Company announced that Health Canada had contacted AAA Heidelberg to acknowledge the company's position in the ACMPR licensing process which is the confirmation of readiness stage. Upon receipt and successful review of an evidence package, AAA Heidelberg can expect to receive an ACMPR license to grow medical cannabis. The evidence package was submitted in late February.

On July 11, 2017, the Company launched a nutraceutical CBD product line. Manufactured in the United States under stringent quality control adherence and derived from high quality industrial hemp, the Company aims to initially focus the distribution of the products in Canada and in Europe with a specific emphasis on Germany and Croatia. The Company will introduce the new CBD line to physicians and naturopathic practitioners in Europe. Initial product-testing phase in the German marketplace is expected to commence in the near future at which time the Company will unveil its CBD brand. For further information on CBD, see *Natures Hemp Corp.* below.

On July 12, 2017, the Company announced that it had executed a binding purchase and sale agreement whereby the Company would acquire the property immediately adjacent to its current AAA Heidelberg facility in London, Ontario, so as to increase its potential cultivation space by approximately 300%. The adjacent property has an equal footprint of half an acre and the Company estimates that this extra space will allow for a potential facility expansion to 35,000 square feet from its current 8,800 square feet.

On September 27, 2017, the Company announced that it had agreed to a strategic partnership with the Richmond Valley Council, the local government in the Northern Rivers region of northeastern New South Wales, Australia, to construct a 1 million square-foot greenhouse operation, with large scale manufacturing, processing and office facilities for the cultivation, production and manufacture of medical cannabis and associated products in Australia. The agreement was between the Richmond Valley Council and PUF Ventures Australia Pty Ltd. (now Solaris Nutraceuticals Pty Ltd. and former subsidiary of the Company), which was to be led by Mr. Michael Horsfall of Sydney, New South Wales, Australia as President and CEO.

On September 27, 2017, the Company announced that it had agreed to a strategic partnership with the Richmond Valley Council, the local government in the Northern Rivers region of northeastern New South Wales, Australia, to construct a large-scale greenhouse operation in Australia. The agreement was between the Richmond Valley Council and PUF Ventures Australia Pty Ltd. (a former subsidiary of the Company and now Solaris Nutraceuticals Pty Ltd. ("**Solaris**")), which was to be led by Mr. Michael Horsfall of Sydney, New South Wales, Australia as President and CEO. This is a landmark agreement whereby the council will provide the land for five years at no cost, with an option for Northern Rivers Project to purchase the parcel on favourable terms after the fifth year. The Richmond Valley Council has been extremely supportive of Northern Rivers Project's growth strategy and vision and is committed to improving local economic and employment opportunities.

Construction of the large-scale medicinal cannabis facility would be completed in stages at an estimated total cost of CAD\$50 million. The first phase of the project would cover approximately 300,000 square feet and include large scale manufacturing, processing and office facilities for the cultivation, production and manufacture of medical cannabis and

other associated products. The Company would seek financing to cover the costs of the project from both local and international partners.

On October 11, 2017, the Company announced the acquisition of a hemp-based food and medicinal product line and entered into an agreement to purchase Natures Hemp, a private company developing proprietary hemp base food and medicinal products with a major Canadian university. On October 12, 2017, the Company announced that it had completed the acquisition of Natures Hemp. Pursuant to the share purchase agreement, the Company purchased 100% of the issued and outstanding Natures Hemp Shares in consideration of the issuance of a total of 1,200,000 PUF Shares (equivalent to a value of CAD\$600,000) which was distributed on a *pro rata* basis to the shareholders of Natures Hemp at a deemed price of \$0.50 per share. For further details, see *Natures Hemp Corp.* below.

On October 18, 2017, the Company announced that it had entered into a strategic partnership with MYM Nutraceuticals Inc. (CSE:MYM) (“MYM”), an innovative company focused on acquiring Health Canada licenses to produce and sell high-end organic medicinal cannabis supplements and topical products, for the construction of the Northern Rivers Project.

Solaris has filed three applications with the Australian Office of Drug Control for the cultivation, production and manufacture of medical cannabis at the Northern Rivers Project, and has filed an application to obtain a medicinal cannabis license and a cannabis research license in collaboration with the National Institute of Complementary Medicine, an Australian Health Research Institute based at Western Sydney University in New South Wales (NSW), Australia.

On November 16, 2017, the Company announced that Solaris had retained Mr. Casey Houwelings and Mr. Peter Cummings as greenhouse consultants for the medical cannabis Northern River Project.

On November 21, 2017, the Company announced that Solaris had engaged Dutch greenhouse builder KUBO, for engineering and the tendering process for the construction of the 1,200,000-square foot, fully automated greenhouse to be built in New South Wales Australia.

On November 27, 2017, the Company announced the results of its annual general and special meeting held on November 24, 2017 relating to the plan of arrangement with Cannvas. All resolutions presented to the shareholders were overwhelmingly approved. The Company also announced that in the past 60 days, it had received proceeds of \$1,858,760 from the exercise of warrants. The Company also reported that security components had arrived at the London, Ontario grow facility and that the installation of the necessary security enhancements and protocols was underway.

On December 21, 2017, the Company announced that Solaris’ applications for medicinal cannabis licenses for its Northern Rivers Project in New South Wales, Australia, for both cultivation and production, cannabis research license and manufacturing license have been accepted by the Office of Drug Control. The Company also announced the name change of PUF Ventures Australia to Solaris Nutraceuticals Pty Ltd.

On January 16, 2018, the Company announced the closing of the plan of arrangement with Cannvas, with Cannvas becoming a reporting issuer in the provinces of British Columbia, Alberta and Ontario.

On February 15, 2018, the Company announced that Solaris had been awarded an AUD\$2,500,000 Regional Jobs Investment Program (RJIP) grant, through Federal Department of Innovation, Industry & Science.

On February 20, 2018, the Company announced that a joint venture agreement between Southern Cross University and Solaris to commit to the development of hemp and medicinal cannabis products in the NSW Northern Rivers region that will enhance animal and human health. The agreement will pave the way for a flourishing industry built on the medicinal value of cannabis.

On April 4, 2018, the Company announced a plan of arrangement to spin out its wholly-owned subsidiary, Natures Hemp with further details in the near future.

On April 23, 2018, the Company announced the appointment of Dr. Cezar Khursigara to its Advisory Board. The Advisory Board will oversee all areas related to the Company’s medical cannabis research and development initiatives. Dr. Khursigara is a leading researcher focused on microbiology and biotechnology applications. He is an Associate Professor in the Department of Molecular and Cellular Biology and Director of the Molecular Imaging and Mass Spectrometry Facilities at the University of Guelph.

On April 26, 2018, the Company announced the appointment of Dr. Peter Toliás to its Advisory Board. Dr. Toliás is currently Professor and Chair of the Department of Chemistry and Chemical Biology and Director of the Center for Healthcare Innovation at the Stevens Institute of Technology. Dr. Toliás received his Ph.D. from McGill University and served as an Associate in the Department of Cellular & Developmental Biology at Harvard University.

On May 4, 2018, the Company announced the formation of Pure Grow Medicinals S.A.S. in Colombia to pursue additional international opportunities in the cannabis industry. Colombia is in the early stages of legalizing cannabis for medicinal and export purposes, and represents a strategic opportunity for the Company. Medical cannabis was formally legalized in Colombia in 2015. Like Canada, local producers must obtain licenses from the government for the cultivation of psychoactive and non-psychoactive plants. Due to its proximity to the equator, Colombia has the ideal natural environment to grow many different crops including cannabis. Plants are grown in open-air greenhouses, under a 12-hour sun cycle, throughout the year, and there is ample access to natural water sources. A minimal requirement for electricity and access to water are substantial cost advantages making Colombia one of the lowest cost cannabis producers in the world.

On May 24, 2018, the Company announced that it had entered into the Arrangement Agreement with its subsidiary, Natures Hemp whereby the Company would transfer the Assets to Natures Hemp and that Natures Hemp would become a reporting issuer in the Provinces of British Columbia, Alberta and Ontario upon completion of the Arrangement. The Company also announced that Natures Hemp was in the process of raising funds by way of Special Warrant financings and that the Special Warrants would be converted into Natures Hemp Shares after the PUF Meeting.

AAA Heidelberg Inc.

On March 26, 2014, the Company acquired a 16.5% interest in AAA Heidelberg, a private company located in Ontario, for cash of \$120,000. The Company signed an LOI with the principals of AAA Heidelberg whereby the Company was granted the exclusive option to acquire the balance of the 83.5% interest subject to certain conditions including the grant of an ACMPR (formerly MMPR) license and by issuing up to 18,350,000 PUF Shares subject to the escrow policies of the CSE. The Share Exchange Agreement was finalized effective January 26, 2015. On February 24, 2015, the Company issued the first tranche of 4,350,000 PUF Shares to the shareholders of AAA Heidelberg representing an additional 19.79% interest. On October 30, 2015, the Company issued the second tranche of 2,000,000 PUF Shares representing an additional 9.1% interest, which represented the Company's 45.39% ownership interest in AAA Heidelberg. On May 8, 2017, the Company issued a third tranche of 500,003 PUF Shares at a deemed price of \$0.40 per PUF Share representing an additional 9.1% interest. The transfer resulted in the Company now owning a majority interest in AAA Heidelberg, representing 54.49% of AAA Heidelberg. During this time, AAA Heidelberg was in Stage 5 of 7 in its application for an ACMPR license from Health Canada. The Company has an option to acquire the balance of shares to own 100% of AAA Heidelberg upon receipt of the ACMPR license.

On November 3, 2014, the Company provided AAA Heidelberg with a \$160,000 loan. On February 20, 2015, the Company guaranteed a first mortgage to a third party in the amount of \$400,000 on behalf of AAA Heidelberg that was due on July 7, 2015. On August 6, 2015, the Company agreed to pay the third party \$4,000 in interest plus a bonus of \$1,600 for a two month extension of the mortgage on behalf of AAA Heidelberg. The third party had the option to extend the mortgage for another year. Upon doing so, the Company paid the third party \$100,000 to reduce the principal balance of the mortgage by \$64,000 and pre-pay the interest on the mortgage for a one year period along with a bonus of \$60,000. This loan is secured by all the assets of AAA Heidelberg and subordinate only to a first mortgage to the third party in the amount of \$400,000. As at March 31, 2016, the total amount of the loan was \$332,710. The loan will be repaid upon the final closing of the transaction as outlined in the Share Exchange Agreement by a cancellation of PUF Shares otherwise issuable with a fair value of \$332,710. During the year ended December 31, 2016, the Company issued a total of 1,890,880 units of the Company with a fair value of \$0.05 per unit representing a full year of interest totaling \$94,544 as well as 405,180 units as a finder's fee for securing another mortgagor. During the year ended December 31, 2016, the Company also advanced \$30,000 in cash to cover certain expenditures of AAA Heidelberg. At December 31, 2016, the total amount of the loan receivable from AAA Heidelberg was \$477,514. The loan will be repaid upon the final closing of the transaction as outlined in the Share Exchange Agreement by a cancellation of PUF Shares otherwise issuable with a fair value of \$477,514. During the period ended September 30, 2016, the Company issued a total of 1,890,880 PUF Shares at a deemed value of \$0.05 per PUF Share representing a full year of interest-only payments totaling \$94,544 and 405,180 PUF Shares as finder's fees valued at \$26,337, pursuant to the securing of a new private mortgage group that replaced the Company's existing lender. The loan will be repaid upon the final closing of the transaction as outlined in the Share Exchange Agreement by a cancellation of PUF Shares otherwise issuable with a fair value of \$453,591.

AAA Heidelberg currently owns a secure 8,800 square foot commercial building and land located in London, Ontario. Since December 2013, AAA Heidelberg has had an application pending with Health Canada for a new ACMPR license for the production of up to 1,320 pounds of marijuana in the first year.

As of April 1, 2014, new producers will be required to be licensed by Health Canada and to conform to strict new regulations. On April 2, 2014, the Company received its final copy of an independent economic analysis on the Company's entry into Canada's emerging medical marijuana industry. The report states "the new regulations suggest that the medical marijuana industry will be put on the same footing as the pharmaceutical manufacturing sector. The regulations are quite onerous in terms of production distribution and security standards. Health Canada will only issue licenses to producer/distributors that they deem capable of meeting these detailed regulatory standards. That suggests that Canada will very rapidly evolve from a market of thousands of informal producers to one of a much smaller number of sophisticated producers.

On May 15, 2014, the Company announced that Betty Quon was hired as AAA Heidelberg's General Manager for its London, Ontario facility. Ms. Quon is responsible for all aspects of AAA Heidelberg's ongoing permit application with Health Canada in order to streamline the permitting process. Ms. Quon's skill set will enhance AAA Heidelberg's ability to both attract the talent and build a team than can execute their business strategy.

On June 12, 2014, the Company announced that David Hyde and Associates was retained by AAA Heidelberg to assist in completing all of the security protocols required by Health Canada in order to be granted a license under ACMPR. David Hyde and Associates is uniquely qualified to assist AAA Heidelberg as they have worked with other licensed producers that have already received a license under ACMPR.

On June 23, 2014, the Company announced that AAA Heidelberg has initiated its Doctor Outreach Program to identify and create relationships with the doctors and clinics in southern Ontario that are pro medical marijuana, in advance of the issuance of an ACMPR license. In conjunction with the Doctor Outreach Program, AAA Heidelberg has hired David Bard as its Director of Business Development. Mr. Bard will utilize his considerable experience in the pharmaceutical and medical device industry. This experience has given him unique relationships with doctors and clinics in southern Ontario to which he can ultimately market AAA Heidelberg and the various strains of medical marijuana that AAA Heidelberg plans to grow.

On September 24, 2014, the Company announced that AAA Heidelberg had been notified by Health Canada that it has passed the Enhanced Screening stage and was currently in the Security Stage. In this stage, the principals of AAA Heidelberg are subject to detailed background checks. Upon passing the Security Stage, AAA Heidelberg anticipates a review and then a pre-license inspection.

To this end, completion of the build-out of the facility continues. The facility will feature automated systems for temperature, light, humidity, carbon dioxide, and special ventilation for bacteria control. The entire facility has been planned to meet the highest level of pharmaceutical standards.

As announced on November 12, 2014, the last major remaining interrelated components of the build-out were completed, being the HVAC and Surna Water Chilled Climate Control equipment. Remaining work includes the installation and commissioning of the climate control interfaces and computer systems.

On July 12, 2017, the Company announced that it had executed a binding purchase and sale agreement whereby the Company would acquire the property immediately adjacent to its current AAA Heidelberg facility in London, Ontario, so as to increase its potential cultivation space by approximately 300%. The adjacent property has an equal footprint of half an acre and the Company estimates that this extra space will allow for a potential facility expansion to 35,000 square feet from its current 8,800 square feet. The Company announced that it would not be seeking an immediate amendment to its currently contemplated ACMPR application. Rather, if and when a license is granted, the option to substantially increase the facility scale will afford the Company a greater opportunity to grow additional specialty strains in conjunction with its recently consummated joint venture agreement with Canopy Growth as a member of its exclusive CraftGrow program.

On October 4, 2017, the Company announced an update on the progress made at its majority-owned AAA Heidelberg growing facility in London, Ontario and its proof of readiness submission to Health Canada. Since June 27, 2017, when the Company announced a facility update, the management team had been working with David Hyde and other consultants to complete the buildout of the facility in preparation for notice to Health Canada. While the bulk of the items have been finished, there was a need to update the overall security plan.

Since late June 2017, the Company has completed the following items and facility upgrades:

- Installation of an air purification unit
- Renovation of office space and employee break areas
- Sanitization and purification of the facility
- Installation of perimeter security fencing

The final step is the security system installation.

After a rigorous screening process and several onsite audits, the Company had formally engaged and contracted Veridin Systems Canada (“**Veridin**”) to finalize installation of the necessary security enhancements and protocols as advised David Hyde, of David Hyde and Associates. Veridin has been providing security services to the controlled substance sector since 1991 and as a result, has a deep understanding of Health Canada’s regulations and requirements for securing ACMPR facilities. Veridin works with other medical marijuana and pharmaceutical clients across Canada to secure their facilities utilizing integrated security solutions consisting of intrusion detection, access control, video surveillance and remote monitoring services.

On January 25, 2018, Health Canada announced changes to the physical security requirement under the ACMPR application process. The Office of Medical Cannabis announced two targeted changes to physical security requirements under the ACMPR. The changes were to align the physical security requirements with the evidence of actual risks to public safety without imposing an unjustifiable burden on regulated parties. The security measures were necessary for: (i) areas where cannabis plants are cultivated, propagated, harvested or trimmed and to areas where cannabis seeds are present or stored, and (ii) the vault and storage areas.

The Company moved to immediately to complete the Confirmation of Readiness submission and call for a Health Canada inspection of its London, Ontario facility.

The Company’s London, Ontario facility has the most up-to-date growing and security technologies available. The security system meets or exceeds all requirements demand by Health Canada. The growing facility meets the highest level of pharmaceutical standards and features a state-of-the-art HVAC and Surna Water Chilled Climate Control system. These systems provide the backbone of the facility’s automated control for temperature, light, humidity, carbon dioxide, and special ventilation for bacteria regulation, grow lights, tracking software and auxiliary hardware have also been installed. The facility is expected to have an annual production of approximately 600 kilograms of medical cannabis.

On February 8, 2018, the Company announced that Health Canada had contacted AAA Heidelberg to acknowledge the company’s position in the ACMPR licensing process which is the confirmation of readiness stage. Upon receipt and successful review of an evidence package, AAA Heidelberg can expect to receive an ACMPR license to grow medical cannabis. The evidence package was submitted in late February.

The PUF management team is committed to installing the most up-to-date growing and security technologies in its Canadian and international facilities. To meet this objective, the team recently traveled to Smith Falls, Ontario to visit Canopy Growth’s Tweed operation which is housed in the famous former Hershey Chocolate Factory located at 1 Hershey Drive. The overall operation comprises 40 acres of land with over 500,000 sq. ft. of available space. Tweed occupies 168,000 sq. ft. of licensed production space, plus office space where Canopy Growth’s head office is located. As the leader in cannabis production, Tweed’s operation is lean, automated and data-driven, with an R&D facility, oil extraction infrastructure, and in-house lab. Precise climate controlled rooms for each stage of cannabis production, from clone to cured bud, allows for the highest quality and widest variety of product in the sector.

The Company is now focused on building a global brand with expansion into the European and Australian markets, and as the Canadian government moves closer to legalizing recreational use of cannabis, the Company will continue to move forward creating shareholder value by also expanding the number of market verticals the Company is involved in.

The Company does not know nor can it predict the timeframe for AAA Heidelberg to complete the ACMPR application process and receive a response from Health Canada; accordingly, there is no certainty that AAA Heidelberg will be granted a license under ACMPR, or that the transaction will be completed.

Should AAA Heidelberg be granted a license, the Company intends to complete the transaction by issuing the remaining PUF Shares to the shareholders of AAA Heidelberg.

Business of the Company Following the Arrangement

Following completion of the Arrangement, (i) Natures Hemp will hold the Assets transferred to it by PUF, (ii) Natures Hemp will become a reporting issuer in the Provinces of British Columbia, Alberta and Ontario (provided that at least

one of the parties to the Arrangement has been a “reporting issuer”, as that term is defined in the *Securities Act* (Ontario) for at least 12 months prior to the Effective Date), and intends to apply for and meet the listing requirements on a Canadian stock exchange, (iii) each PUF Shareholder will continue to be a shareholder of the Company, (iv) all PUF Shareholders will have become shareholders of Natures Hemp, and (v) the Company will retain its working capital for its Assets, and remain listed on the Exchange and continue to trade under the trading symbol, PUF, as a consumer products – biotechnology/pharmaceuticals company. **There can be no guarantee that the Natures Hemp Shares will be listed on any stock exchange.**

Dividend Policy

The Company has not paid dividends on the PUF Shares since incorporation. The Company currently intends to retain all available funds, if any, for use in its business.

Directors and Officers

The directors and officers of the Company are as follows:

Derek Ivany	President, CEO and Director
Christopher P. Cherry	CFO
Christopher Hornung	Director
Jerry Habuda	Director
Joseph Perino	Director

The current directors and officers of the Company will continue to be the directors and officers of the Company upon completion of the Arrangement.

Material Contracts

Except for contracts entered into in the ordinary course of business, the only contract entered into by the Company in the last two years and which can be reasonably regarded as material to the Company are as follows:

1. Share Exchange Agreement dated January 26, 2015 among the Company, AAA Heidelberg and the shareholders of AAA Heidelberg.
2. Share Exchange Agreement dated April 2, 2015 among the Company, Cannabis and the shareholders of Cannabis regarding acquisition of Cannabis.
3. Mineral Property Acquisition Agreement dated July 21, 2016 between the Company and Thomas Clarke regarding acquisition of Lac Saint Simon Property.
4. Mineral Property Acquisition Purchase Agreement dated June 1, 2017 between the Company and Volt regarding sale of Lac Saint Simon Property to Volt.
5. Arrangement Agreement dated September 7, 2017, as amended October 11, 2017, between the Company and Vapetronix Holdings Inc. (now Cannabis).
6. Share Purchase Agreement dated October 11, 2017 between the shareholders of Natures Hemp and the Company.
7. Arrangement Agreement dated May 18, 2018 between the Company and Natures Hemp, including all schedules annexed thereto, a copy of which is attached as **Appendix B** to this Circular, and any amendment(s) or variation(s) thereto.

These material contracts are available at www.sedar.com.

INFORMATION CONCERNING NATURES HEMP CORP.

Name, Address and Incorporation

Natures Hemp Corp. was incorporated federally pursuant to the CBCA on May 1, 2017 under corporation number 1020572-9. On May 10, 2018, Natures Hemp continued from the federal jurisdiction to the jurisdiction of British Columbia. Natures Hemp is currently a private company which is a wholly-owned subsidiary of PUF, with its registered and records office located at Suite 804 - 750 West Pender Street, Vancouver, British Columbia, V6C 2T7.

Business of Natures Hemp

Natures Hemp is a private company based in Vancouver, B.C. and is currently in the process of applying for a license to cultivate hemp in Canada and one other international jurisdiction. It is also working with a major Canadian university, with the goal to develop proprietary methods CBD (see Glossary of Terms) extraction from seeds and other parts of hemp plants, to create high quality oils and flours. In turn, Natures Hemp will use these products to create high quality and healthy hemp based food and medicinal products.

By fall of 2018, Natures Hemp plans to introduce several innovative hemp-based products to the marketplace including an organic, hemp-based dairy alternative. As a new entrant in the \$6 billion Canadian dairy industry, Natures Hemp's priority will be to build brand awareness and to differentiate its product from other dairy alternatives such as soy and almond beverages.

While hemp is traditionally known for its use in textiles due its long and strong fibers, it is the hemp seeds that are being used to create healthy food and medicinal products. Seeds are typically pressed to produce oil and the remaining byproduct is processed into a flour from which products like pasta, baked goods and other healthy foods can be created. Hemp seeds are being recognized as a superfood, like flax and chia seeds, because they are high in protein, contains 20 amino acids, and are also high in the fatty acids omega-3 and omega-6.

CBD is a natural compound found throughout the seeds, stalk and flowers of hemp plants. It is a cannabinoid that occurs naturally in significant quantities in hemp and, because it has shown to be non-psychoactive, is an appealing option for food and medicinal products.

As of June 2018, Natures Hemp is currently working with the University of Manitoba in formulating a proprietary hemp milk product for the North American and European market places. The product is currently being formulated in the food sciences department laboratory in conjunction with the University of Manitoba and the Natures Hemp staff.

History

On October 11, 2017, the Company announced the acquisition of a hemp-based food and medicinal product line and entered into an agreement to purchase Natures Hemp, a private company developing proprietary hemp based food and medicinal products with a major Canadian university. The Company believes that Natures Hemp, with their hemp-based food and medicinal products and plans for cultivation, is a natural fit with the overall strategy for the Company. The market for hemp-based products is growing at a phenomenal rate. Natures Hemp is currently working closely with senior levels of provincial and federal governments for its application for hemp cultivation and to secure development grants and loans for a new facility in Ontario. The facility will allow for greater product development, and processing and packaging new lines of food and other hemp-based products expected to be launched by the summer of 2018.

On October 12, 2017, the Company announced that it had completed the acquisition of Natures Hemp. Pursuant to the share purchase agreement, the Company purchased 100% of the issued and outstanding Natures Hemp Shares in consideration of the issuance of a total of 1,200,000 PUF Shares (equivalent to a value of CAD\$600,000) which was distributed on a *pro rata* basis to the Natures Hemp Shareholders at a deemed price of \$0.50 per share.

On May 16, 2018, Natures Hemp completed a forward stock split on the basis of 8,924.018387 Natures Hemp Shares for one (1) Natures Hemp Share.

On June 12, 2018, Natures Hemp completed a non-brokered private placement to raise gross proceeds of \$378,000 by the issuance of 7,560,000 Special Warrants at a deemed price of \$0.05 per Natures Hemp Special Warrant, convertible into Natures Hemp Shares at the earlier date of: (i) two business days after the Plan of Arrangement is approved by the Court; and (ii) a date to be determined at the sole discretion of the Board of Natures Hemp.

On June 18, 2018, Natures Hemp completed a non-brokered private placement to raise gross proceeds of \$243,000 by the issuance of 2,430,000 Special Warrants at a deemed price of \$0.10 per Natures Hemp Special Warrant, convertible into Natures Hemp Shares at the earlier date of: (i) two business days after the Plan of Arrangement is approved by the Court; and (ii) a date to be determined at the sole discretion of the Board of Natures Hemp.

Natures Hemp is currently conducting a private placement financing at \$0.25 per Special Warrant to raise gross proceeds of up to \$5,000,000, which is expected to complete on or before July 31, 2018.

Natures Hemp is currently in discussions with several groups for potential acquisitions in three international jurisdictions.

Natures Hemp may complete additional financings to develop its business following the date of the Circular and approval of the Plan of Arrangement.

Upon completion of the Arrangement, Natures Hemp will be a reporting issuer in the provinces of British Columbia, Alberta and Ontario (provided that at least one of the parties to the Arrangement has been a “reporting issuer”, as that term is defined in the *Securities Act* (Ontario) for at least 12 months prior to the Effective Date), and intends to apply for and meet the listing requirements on a Canadian stock exchange following completion of the Arrangement. **Natures Hemp will have to meet the listing requirements, and there can be no guarantee that the Natures Hemp Shares will be listed on any stock exchange.**

Directors and Officers

The directors and officers of Natures Hemp are or will be as follows:

Name of Nominee; Current Position with the Company, Province/State and Country of Residence	Occupation, Business or Employment ⁽¹⁾	Period as a Director and Officer of the Company	Natures Hemp Shares Beneficially Owned or Controlled ⁽¹⁾
Derek Ivany Ontario, Canada <i>CEO and Director</i>	CEO of PUF Ventures Inc.; co-founder of Natures Hemp Corp.; management consultant past 15 years.	Director, CFO, Treasurer: May 1, 2017	Nil
David Parry⁽²⁾ British Columbia, Canada <i>Director</i>	Co-founder of Solaris Nutraceuticals Pty Ltd. and Managing Director of Natures Hemp Corp.	Director, President: May 1, 2017	Nil
Anastase E. Maragos Secretary	Lawyer.	Secretary: May 1, 2017	Nil
Sean McGrath⁽²⁾ British Columbia, Canada <i>Proposed CFO and Secretary</i>	Chartered professional accountant (CPA, CGA).	CFO and Secretary: Share Exchange Date	Nil
Robert V. Matthews⁽²⁾ British Columbia, Canada <i>Proposed Director</i>	Retired.	Director: Share Exchange Date	Nil

(1) The information as to principal occupation, business or employment has been furnished by the respective nominees. Unless otherwise indicated, each nominee has held the same or a similar principal occupation with the organization indicated or a predecessor thereof for the last five years.

(2) Proposed members of the Audit Committee.

Compensation of Directors and Officers of Natures Hemp

As at the date of this Circular, no compensation was paid to the directors and officers of Natures Hemp.

Share Capital

The authorized capital of Natures Hemp consists of an unlimited number of common shares without par value. All Natures Hemp Shares, both issued and unissued, rank equally as to dividends, voting powers and participation in assets. No shares have been issued subject to call or assessment. There are no preemptive or conversion rights, and no provision for redemption, purchase for cancellation, surrender or sinking funds. Provision as to modifications, amendments or variations of such rights or such provisions are contained in Natures Hemp’s articles and the BCBCA.

Options to Purchase Natures Hemp Shares

On May 17, 2018, the directors and sole shareholder of Natures Hemp adopted the Natures Hemp Stock Option Plan as a 10% rolling stock option plan in accordance with the policies of the Exchange. At the Meeting, PUF Shareholders will be asked to approve, ratify and affirm by ordinary resolution the Natures Hemp Option Plan Resolution, in the form set out in **Appendix A** attached to this Circular. A full copy of the Natures Hemp Stock Option Plan is available to PUF Shareholders upon request and will be available at the Meeting. As at the date of this Circular, Natures Hemp does not have any stock options outstanding. See *Approval of Natures Hemp Stock Option Plan* and **Appendix A**.

Dividends

Natures Hemp has paid no dividends since its inception. At the present time, Natures Hemp intends to retain any earnings for corporate purposes. The payment of dividends in the future will depend on the earnings and financial condition of Natures Hemp and on such other factors as the board of directors of Natures Hemp may consider appropriate. However, since Natures Hemp is currently in a development stage, it is unlikely that earnings, if any, will be available for the payment of dividends in the foreseeable future.

Prior Sales

The following table contains details of the prior sales of the securities of Natures Hemp within the 12 months prior to the date of this Circular:

Date Issued	Number of Securities ⁽¹⁾	Issue Price Per Security	Aggregate Issue Price	Reason for Issuance
May 1/17	450 Natures Hemp Shares ⁽¹⁾	\$100	\$45,000	private placement
May 1/17	450 Natures Hemp Shares ⁽¹⁾	\$100	\$45,000	private placement
May 1/17	10 Natures Hemp Shares ⁽¹⁾	\$100	\$1,000	private placement
May 1/17	90 Natures Hemp Shares ⁽¹⁾	\$100	\$9,000	private placement
Aug. 15/17	75 Natures Hemp Shares ⁽¹⁾	\$53	\$3,975	private placement
Aug. 30/17	886 Natures Hemp Shares ⁽¹⁾	\$53	\$46,958	private placement
June 12/18	7,560,000 Special Warrants ⁽²⁾⁽³⁾	\$0.05	\$378,000	private placement
June 18/18	2,430,000 Special Warrants ⁽²⁾⁽³⁾	\$0.10	\$243,000	private placement

⁽¹⁾ All of these 1,961 Natures Hemp Shares were transferred to PUF on October 13, 2017 pursuant to a share purchase agreement dated October 11, 2017 when Natures Hemp sold to PUF a 100% interest in Natures Hemp.

⁽²⁾ On May 16, 2018, Natures Hemp completed a forward stock split on the basis of 8,924.018387 Natures Hemp Shares for one (1) Natures Hemp Share. The securities represent post-forward stock figures.

⁽³⁾ The Special Warrants are convertible into Natures Hemp Shares at the earlier date of: (i) two business days after the Plan of Arrangement is approved by the Court; and (ii) a date to be determined at the sole discretion of the Board of Natures Hemp.

Legal Proceedings

Natures Hemp is not a party to any outstanding legal proceedings, and is not aware of any such proceedings contemplated.

Material Contracts

Except for contracts entered into in the ordinary course of business, the only material contract entered into by Natures Hemp since its incorporation and which can be reasonably regarded as material to Natures Hemp are as follows:

1. Share Purchase Agreement dated October 11, 2017 among the Company and the Natures Hemp Shareholders.
2. Arrangement Agreement dated May 18, 2018 between the Company and Natures Hemp, including all schedules annexed thereto, a copy of which is attached as **Appendix B** to this Circular, and any amendment(s) or variation(s) thereto.

Interest of Experts

No person whose profession or business gives authority to a statement made by such person and who is named in this Circular (being the auditors of the Company) has received or will receive a direct or indirect interest in the property of the Company or any related person of the Company. As at the date of this Circular, the aforementioned persons do not beneficially own, directly or indirectly, any securities of the Company. In addition, none of the aforementioned persons nor any director, officer or employee of any of the aforementioned persons, is or expected to be elected, appointed or employed as a director, senior officer, promoter or employee of the Company.

INFORMATION CONCERNING NATURES HEMP AFTER THE ARRANGEMENT

General

On completion of the Arrangement, Natures Hemp will continue to be a corporation continued under and governed by the BCBCA and will be its own entity apart from PUF.

Directors and Officers

Upon completion of the Arrangement, the directors and officers of Natures Hemp will be:

Derek Ivany	CEO and Director
Sean McGrath	CFO and Corporate Secretary
David Parry	Director
Robert V. Matthews	Director

New Management of Natures Hemp

The following is a description of the core management team of Natures Hemp:

Derek Ivany, Current CFO, Treasurer and Director; Proposed CEO

Mr. Ivany brings a wealth of experience in the small cap markets and has industry relationships in Ontario with various groups in the nascent medical marijuana sector. Mr. Ivany has worked with various public companies in the capacity of officer, director and business development consultant over the past 15 years and has been involved in financing mandates in excess of \$100,000,000. Mr. Ivany plans to leverage his experience and network as the Company repositions itself as a hopeful AMPR licensee and, in the meantime, continues to build out its related offerings.

Sean McGrath, Proposed CFO and Corporate Secretary

Mr. McGrath is a chartered professional accountant (CPA, CGA) who has spent the last 20 years providing financial management and consulting services to publicly traded companies. Mr. McGrath has worked in the energy, technology and mining sectors. He is currently the CFO and a director of Volt Energy Corp., a TSX Venture Exchange-listed mineral exploration company in Canada. He previously served as the CFO for Moovly Media Inc., a technology company that provides a cloud-based platform that enables users to create and generate multimedia content. Mr. McGrath previously held the position of general manager of finance for Minera IRL Ltd., a South American gold producer listed on the TSX Venture Exchange, Bolsa de Valores de Lima (BVL) and Alternative Investment Market (AIM) stock exchanges.

David Parry, Current President and Director

Mr Parry is Co-founder of Solaris Nutraceuticals Pty Ltd. and Managing Director of Natures Hemp in Canada which is developing food-based hemp products with the University of Manitoba and the Ontario Government. Mr. Parry has over 20 years working with public and private companies in the natural resource sector. Mr. Parry has an extensive network of contacts and relationships throughout MENA, Europe, the Former Soviet Union (FSU), Asia and Africa and significant experience in mergers and acquisitions. He has been directly involved in over \$500 million of transactions in the last 10 years in the oil and gas sector. He currently sits on the board of Volt Energy Corp. a mineral exploration company in Canada, and Northwest Mettech, a private tech company that supplies coating systems to the GE, Pratt and Whitney and others in the Aerospace Industry. Mr Parry also owns Mirage Door Systems in Canada which manufactures Screen Doors.

Robert V. Matthews, Proposed Director

Mr. Matthews is currently a director of MAS Gold Corp., a member of the advisory board of Eros Resources Corp. (TSXV: ERC) and Skeena Resources Limited (TSXV: SKE). Mr. Matthews was formerly CFO of Skeena Resources Limited, Brett Resources and various other junior exploration companies. Additionally, Mr. Matthews articulated at PwC and then worked as a general accountant at MacMillan Bloedel where he assisted with acquisitions and dispositions, was the lead on corporate planning before he was promoted to the position of Vice President Controller in 1983. Mr. Matthews also sat on the boards of Vancouver Community College, Langara College, the provincial post-secondary education advisory panel and the Accounting Standards Board of Canada.

Capital Structure

As a result of the completion of the Arrangement, the Natures Hemp share capital will increase from the issuance of Natures Hemp Shares contemplated by the Arrangement.

The authorized capital of Natures Hemp following the completion of the Arrangement will continue to consist of an unlimited number of Natures Hemp Shares without par value. The rights attributed to the Natures Hemp Shares will not be changed following the completion of the Arrangement. See *Information Concerning Natures Hemp – Share Capital*.

Stock Exchange Listing

On completion of the Arrangement, Natures Hemp intends to apply for and meet the listing requirements on a Canadian stock exchange. In the event the Arrangement Resolution is not passed by PUF Shareholders, the Court does not approve the Arrangement or the Arrangement does not proceed for some other reason, the Company will carry on business as it is currently carrying on. In such circumstances, Natures Hemp will likely remain a private company. **There can be no guarantee that the Natures Hemp Shares will be listed on any stock exchange.**

Dividends

Natures Hemp has not to date paid any dividends on the Natures Hemp Shares nor does it intend to pay any dividends on the Natures Hemp Shares in the immediate future as management anticipates that all available funds will be invested to finance further acquisition, exploration and development of its mineral properties.

Post-Arrangement Shareholdings

Immediately after completion of the Arrangement, conversion of the Special Warrants and share subdivision, it is estimated that current PUF Shareholders will own approximately 31.25% of the then issued and outstanding Natures Hemp Shares.

Auditors

Dale Matheson Carr-Hilton Labonte, Chartered Accountants, is expected to be appointed as the auditor of Natures Hemp following the Effective Date.

Transfer Agent and Registrar

Upon completion of the Arrangement, Natures Hemp's transfer agent and registrar will be Computershare Investor Services Inc. of 3rd Floor, 510 Burrard Street, Vancouver, British Columbia, V6B 3B9.

RISK FACTORS

Risk Factors Relating to the Arrangement

The following risk factors should be considered by PUF Shareholders in evaluating whether to approve the Arrangement. These risk factors should be considered in conjunction with the other information included in this Circular.

Termination of the Arrangement Agreement or Failure to Obtain Required Approvals

Each of the Company and Natures Hemp has the right to terminate the Arrangement Agreement in certain circumstances. Accordingly, there is no certainty, nor can the Company provide any assurance, that the Arrangement Agreement will not be terminated before the completion of the Arrangement. In addition, the completion of the Arrangement is subject to a number of conditions, certain of which are outside the control of the Company, including PUF Shareholders approving the Arrangement and required regulatory approvals, including of the Final Court Order being obtained. There is no certainty, nor can the Company provide any assurance, that these conditions will be satisfied. If for any reason the Arrangement is not completed, the market price of PUF Shares may be adversely affected and PUF Shareholders will lose the prospective benefits of the Arrangement. Moreover, if the Arrangement Agreement is terminated, there is no assurance that the Company will pursue or be able to complete an alternative transaction to spin-out or realize the value of its Assets, and PUF Shareholders will continue to be subject to the risk factors of both the Company and Natures Hemp as disclosed in this Circular.

Decline in the Market Price for the PUF Shares

If the Arrangement is not completed, the market price of the PUF Shares may decline to the extent that the current market price of the PUF Shares reflects a market assumption that the Arrangement will be completed. If the Arrangement is not completed and the Board decides to seek another merger or arrangement, there can be no assurance that it will be able to find a party willing to pay an equivalent or more attractive price than the total consideration to be paid pursuant to the Arrangement.

Failure to Obtain Requisite Shareholder Approval

To be effective, the Arrangement Resolution must be approved by a resolution passed by not less than 66 2/3% of the votes cast by the PUF Shareholders in person or by proxy at the Meeting on the basis of one vote per PUF Share held. There can be no certainty, nor can the Company provide any assurance, that the requisite PUF Shareholder approval of the Arrangement Resolution will be obtained.

Income Tax

The Arrangement may give rise to adverse tax consequences to PUF Shareholders, and each PUF Shareholder is urged to consult with his, her or its own tax advisor. See *Certain Canadian Federal Income Tax Considerations*.

Costs of the Arrangement

There are certain costs related to the Arrangement, such as legal and accounting fees incurred, that must be paid even if the Arrangement is not completed.

Financial Statements

The unaudited financial statements of Natures Hemp prepared by management attached as **Appendix F** and information derived therefrom contained in this Circular are presented for illustrative purposes only and may not be an indication of the Company's or Natures Hemp's financial condition following the Arrangement for several reasons. For example, such financial statements have been derived from the historical financial statements of the Company and certain assumptions have been made. The information upon which these assumptions have been made is historical, preliminary and subject to change. In addition, the assumptions used in preparing the financial statements may not prove to be accurate.

Exercise of Dissent Rights

Registered Shareholders have the right to exercise Dissent Rights and demand payment equal to the fair value of their PUF Shares in cash. If Dissent Rights are exercised in respect of a significant number of PUF Shares, a substantial cash payment may be required to be made to such PUF Shareholders, which could have an adverse effect on the Company's financial condition and cash resources. The Company may elect, in its sole discretion, not to complete the Arrangement if a significant number of PUF Shareholders exercise Dissent Rights.

Risk Factors Relating to the Company and AAA Heidelberg

The following risk factors should be carefully considered in evaluating the Company, AAA Heidelberg, the Arrangement and the resulting Company upon completion of the Arrangement. These risk factors are not a definitive list of all risk factors associated with the Company and AAA Heidelberg. It is believed that these are the factors that could cause actual results to be different from expected and historical results. The market in which the Company and AAA Heidelberg currently competes is very competitive and changes rapidly. Sometimes new risks emerge and management may not be able to predict all of them, or be able to predict how they may cause actual results to be different from those contained in any forward-looking statements. You should not rely upon forward-looking statements as a prediction of future results. The following risk factors are associated with the Company's strategy of becoming a licensed producer under the ACMPR:

Reliance on License

Investors should be aware that companies cannot legally conduct a medical marijuana business without a licence from Health Canada, and that there is likely significant time and cost required to obtain such a licence. Entering this sector requires a commitment of significant resources, and there are a number of risks, cost implications and time required before a company can begin licensed operations. There is no assurance that the Company will be successful in obtaining a licence, having access to requisite funds or in creating shareholder value.

Regulatory Risks

The activities of AAA Heidelberg are subject to regulation by governmental authorities, particularly Health Canada. Achievement of AAA Heidelberg's business objectives are contingent, in part, upon compliance with regulatory requirements enacted by these governmental authorities and obtaining all Regulatory Approvals, where necessary, for

the sale of its products. AAA Heidelberg cannot predict the time required to secure all appropriate Regulatory Approvals for its products, the extent of testing and documentation that may be required by governmental authorities, or the effect of the process by the actions of its shareholders. Any delays in obtaining, or failure to obtain Regulatory Approvals would significantly delay the development of markets and products and could have a material adverse effect on the business, results of operations and financial condition of AAA Heidelberg and the Company upon completion of the Arrangement.

Change in Laws, Regulations, and Guidelines

AAA Heidelberg's operations are subject to a variety of laws, regulations and guidelines relating to the manufacture, management, transportation, storage, and disposal of medical marijuana but also including laws and regulations relating to health and safety, the conduct of operations, and the protection of the environment. On March 21, 2014, the Federal Court of Canada issued an order affecting the repeal of the MMPR and the application of certain portions of the MMPR which are inconsistent with the MMAR in response to a motion brought by four individuals. On August 24, 2016, the MMPR was repealed under the Controlled Drugs and Substances Act and replaced by the ACMPR. See *Glossary of Terms*. While to the knowledge of AAA Heidelberg's management, AAA Heidelberg is currently in compliance with all such laws, however, further changes to such laws, regulations, and guidelines due to matters beyond the control of AAA Heidelberg may cause adverse effects to AAA Heidelberg's business, financial condition and results of operations and for the Company upon completion of the Arrangement.

While the impact of such changes are uncertain and are highly dependent on which specific laws, regulations, or guidelines are changed and on the outcome of any such court actions, it is not expected that any such changes would have an effect on AAA Heidelberg's operations that is materially different than the effect on similar-sized companies in the same business as AAA Heidelberg.

Limited Operating History

AAA Heidelberg, while incorporated in 2010, began carrying on business in 2013 and has yet to generate revenue from the sale of products. AAA Heidelberg is therefore subject to many of the risks common to early-stage enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial, and other resources and lack of revenues. There is no assurance that AAA Heidelberg will be successful in achieving a return on shareholders' investment and likelihood of success must be considered in light of the early stage of operations.

Reliance on a Single Facility

To date, AAA Heidelberg's activities and resources have been primarily focused on its facility in London, Ontario and AAA Heidelberg will continue to be focused on this facility for the foreseeable future. Adverse changes or developments affecting the facility could have a material and adverse effect on AAA Heidelberg's business, financial condition, and prospects.

Reliance on Management

The success of AAA Heidelberg is dependent upon the ability, expertise, judgment, discretion, and good faith of its management. While employment agreements are customarily used as a primary method of retaining the services of key employees, these agreements cannot assure the continued services of such employees. Any loss of the services of such individuals could have a material adverse effect on AAA Heidelberg's business, operating results, or financial condition.

Factors Which may Prevent Realization of Growth Targets

AAA Heidelberg is currently in the early development stage. AAA Heidelberg's growth strategy contemplates outfitting the facility with additional production resources. There is a risk that these additional resources will not be achieved on time, on budget, or at all, as they are can be adversely affected by a variety of factors, including the following:

- delays in obtaining, or conditions imposed by Regulatory Approvals;
- plant design errors;
- environmental pollution;
- non-performance by third party contractors;
- increases in materials or labour costs;
- construction performance falling below expected levels of output or efficiency;
- breakdown, aging or failure of equipment or processes;

- contractor or operator errors;
- labour disputes, disruptions or declines in productivity; inability to attract sufficient numbers of qualified workers; disruption in the supply of energy and utilities; and
- major incidents and/or catastrophic events such as fires, explosions, earthquakes or storms.

As a result, there is a risk that AAA Heidelberg may not have product or sufficient product available for shipment to meet the anticipated demand or to meet future demand when it arises.

AAA Heidelberg has a history of net losses, may incur significant net losses in the future, and may not achieve or maintain profitability.

AAA Heidelberg has incurred losses in recent periods. AAA Heidelberg may not be able to achieve or maintain profitability and may continue to incur significant losses in the future. In addition, AAA Heidelberg expects to continue to increase operating expenses as it implements initiatives to continue to grow its business. If AAA Heidelberg's revenues do not increase to offset these expected increases in costs and operating expenses, AAA Heidelberg will not be profitable.

Additional Financing

The building and operation of AAA Heidelberg's facilities and business are capital intensive. In order to execute the anticipated growth strategy, AAA Heidelberg will require some additional equity and/or debt financing to support on-going operations, to undertake capital expenditures, and/or to undertake acquisitions or other business combination transactions. There can be no assurance that additional financing will be available to AAA Heidelberg or the Company when needed or on terms which are acceptable. AAA Heidelberg's inability to raise financing to support on-going operations or to fund capital expenditures or acquisitions could limit AAA Heidelberg's growth and may have a material adverse effect upon future profitability. AAA Heidelberg and the Company may require additional financing to fund its operations to the point where it is generating positive cash flows.

Increased Competition

Upon completion of the Arrangement, there is potential that AAA Heidelberg and the Company will face intense competition from other companies, some of which can be expected to have longer operating histories and more financial resources and manufacturing and marketing experience than AAA Heidelberg. Increased competition by larger and better financed competitors could materially and adversely affect the business, financial condition, and results of operations of AAA Heidelberg and the Company.

Because of the early stage of the industry in which AAA Heidelberg operates, AAA Heidelberg expects to face additional competition from new entrants. If the number of users of medical marijuana in Canada increases, the demand for products will increase and AAA Heidelberg expects that competition will become more intense, as current and future competitors begin to offer an increasing number of diversified products. To remain competitive, AAA Heidelberg will require a continued high level of investment in research and development, marketing, sales, and client support. Upon completion of the Arrangement, AAA Heidelberg and the Company may not have sufficient resources to maintain research and development, marketing, sales, and client support efforts on a competitive basis which could materially and adversely affect the business, financial condition, and results of operations of AAA Heidelberg and the Company.

Risks Inherent in an Agricultural Business

AAA Heidelberg's business involves the growing of medical marijuana, an agricultural product. As such, the business is subject to the risks inherent in the agricultural business such as insects, plant diseases, and similar agricultural risks. Although AAA Heidelberg will grow its products indoors under climate controlled conditions and will carefully monitor the growing conditions with trained personnel, there can be no assurance that natural elements will not have a material adverse effect on the production of its products.

Vulnerability to Rising Energy Costs

AAA Heidelberg's medical marijuana growing operations consume considerable energy, making AAA Heidelberg and the Company, upon completion of the Arrangement, vulnerable to rising energy costs. Rising or volatile energy costs may adversely impact the business of AAA Heidelberg and its ability to operate profitably.

Transportation Disruptions

Due to the perishable and premium nature of AAA Heidelberg's products, AAA Heidelberg will depend on fast and efficient courier services to distribute its product. Any prolonged disruption of this courier service could have an adverse effect on the financial condition and results of operations of AAA Heidelberg and the Company upon completion of the Arrangement. Rising costs associated with the courier services used by AAA Heidelberg to ship its products may also adversely impact the business of AAA Heidelberg and its ability to operate profitably.

Unfavourable Publicity or Consumer Perception

AAA Heidelberg believes the medical marijuana industry is highly dependent upon consumer perception regarding the safety, efficacy, and quality of the medical marijuana produced. Consumer perception of AAA Heidelberg's products can be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention, and other publicity regarding the consumption of medical marijuana products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention, or other research findings or publicity will be favourable to the medical marijuana market or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favourable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for AAA Heidelberg's products and the business, results of operations, financial condition and cash flows of AAA Heidelberg and the Company upon completion of the Arrangement. AAA Heidelberg's dependence upon consumer perceptions means that adverse scientific research reports, findings, regulatory proceedings, litigation, media attention or other publicity, whether or not accurate or with merit, could have a material adverse effect on AAA Heidelberg and the Company, the demand for AAA Heidelberg's products, and the business, results of operations, financial condition and cash flows of AAA Heidelberg and the Company post transaction. Further, adverse publicity reports or other media attention regarding the safety, the efficacy, and quality of medical marijuana in general, or AAA Heidelberg's products specifically, or associating the consumption of medical marijuana with illness or other negative effects or events, could have such a material adverse effect. Such adverse publicity reports or other media attention could arise even if the adverse effects associated with such products resulted from consumers' failure to consume such products appropriately or as directed.

Product Liability

As a manufacturer and distributor of products designed to be ingested by humans, AAA Heidelberg faces an inherent risk of exposure to product liability claims, regulatory action, and litigation if its products are alleged to have caused significant loss or injury. In addition, the manufacture and sale of AAA Heidelberg's products involve the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. Previously unknown adverse reactions resulting from human consumption of AAA Heidelberg's products or in combination with other medications or substances could occur. AAA Heidelberg and the Company may be subject to various product liability claims, including, among others, that AAA Heidelberg's products caused injury or illness, include inadequate instructions for use or include inadequate warnings concerning possible side effects or interactions with other substances. A product liability claim or regulatory action against AAA Heidelberg could result in increased costs, could adversely affect AAA Heidelberg's reputation with its clients and consumers generally, and could have a material adverse effect on our results of operations and financial condition of AAA Heidelberg and the Company post transaction. There can be no assurances that AAA Heidelberg will be able to obtain or maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. Such insurance is expensive and may not be available in the future on acceptable terms, or at all. The inability to obtain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could prevent or inhibit the commercialization of AAA Heidelberg's potential products.

Product Recalls

Manufacturers and distributors of products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labeling disclosure. If any of AAA Heidelberg's products are recalled due to an alleged product defect or for any other reason, AAA Heidelberg could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. AAA Heidelberg may lose a significant amount of sales and may not be able to replace those sales at an acceptable margin or at all. In addition, a product recall may require significant management attention. Although AAA Heidelberg has detailed procedures in place for testing finished products, there can be no assurance that any quality, potency or contamination problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits. Additionally, if one of AAA Heidelberg's significant brands were subject to recall, the image of that brand

and AAA Heidelberg could be harmed. A recall for any of the foregoing reasons could lead to decreased demand for AAA Heidelberg's products and could have a material adverse effect on the results of operations and financial condition of AAA Heidelberg and the Company post transaction. Additionally, product recalls may lead to increased scrutiny of AAA Heidelberg's operations by Health Canada or other regulatory agencies, requiring further management attention and potential legal fees and other expenses.

Reliance on Key Inputs

AAA Heidelberg's business is dependent on a number of key inputs and their related costs including raw materials and supplies related to its growing operations, as well as electricity, water and other local utilities. Any significant interruption or negative change in the availability or economics of the supply chain for key inputs could materially impact the business, financial condition and operating results of AAA Heidelberg and the Company post transaction. Some of these inputs may only be available from a single supplier or a limited group of suppliers. If a sole source supplier was to go out of business, AAA Heidelberg might be unable to find a replacement for such source in a timely manner or at all. If a sole source supplier were to be acquired by a competitor, that competitor may elect not to sell to AAA Heidelberg in the future. Any inability to secure required supplies and services or to do so on appropriate terms could have a materially adverse impact on the business, financial condition and operating results of AAA Heidelberg and the Company post transaction.

Dependence on Suppliers and Skilled Labour

The ability of AAA Heidelberg to compete and grow will be dependent on it having access, at a reasonable cost and in a timely manner, to skilled labour, equipment, parts and components. No assurances can be given that AAA Heidelberg will be successful in maintaining its required supply of skilled labour, equipment, parts and components. It is also possible that the final costs of the major equipment contemplated by AAA Heidelberg's capital expenditure program may be significantly greater than anticipated by AAA Heidelberg's management, and may be greater than funds available to AAA Heidelberg, in which circumstance AAA Heidelberg may curtail, or extend the timeframes for completing, its capital expenditure plans. This could have an adverse effect on the financial results of AAA Heidelberg.

Forecast Uncertainties

AAA Heidelberg must rely largely on its own market research to forecast sales as detailed forecasts are not generally obtainable from other sources at this early stage of the medical marijuana industry in Canada. A failure in the demand for its products to materialize as a result of competition, technological change or other factors could have a material adverse effect on the business, results of operations, and financial condition of AAA Heidelberg and the Company post transaction.

Operating Risk and Insurance Coverage

AAA Heidelberg has insurance to protect its assets, operations, and employees. While AAA Heidelberg believes its insurance coverage addresses all material risks to which it is exposed and is adequate and customary in its current state of operations, such insurance is subject to coverage limits and exclusions and may not be available for the risks and hazards to which AAA Heidelberg is exposed. In addition, no assurance can be given that such insurance will be adequate to cover AAA Heidelberg's liabilities or will be generally available in the future or, if available, that premiums will be commercially justifiable. If AAA Heidelberg were to incur substantial liability and such damages were not covered by insurance or were in excess of policy limits, or if AAA Heidelberg were to incur such liability at a time when it is not able to obtain liability insurance, its business, results of operations, and financial condition could be materially adversely affected.

Exchange Restrictions on Business

As part of its conditional approval, the Exchange requires that as a condition to listing the Company deliver an undertaking confirming that, while listed on the Exchange, the Company post transaction will only conduct the business of production, acquisition, sale and distribution of medical marijuana in Canada as permitted under the Health Canada License. This undertaking could have an adverse effect on the Company post transaction's ability to export marijuana from Canada and on its ability to expand its business into other areas including the provision of non-medical marijuana in the event that the laws were to change to permit such sales and the Company post transaction is still listed on the Exchange and still subject to such undertaking at the time. This undertaking may prevent the Company post transaction from expanding into new areas of business when the Company post transaction's competitors have no such restrictions. All such restrictions could materially and adversely affect the growth, business, financial condition, and results of operations of the Company post transaction.

Management of Growth

AAA Heidelberg may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of AAA Heidelberg to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train, and manage its employee base. The inability of AAA Heidelberg to deal with this growth may have a material adverse effect on AAA Heidelberg's business, financial condition, results of operations and prospects.

Conflicts of Interest

Certain of the directors and officers of AAA Heidelberg and the Company are also directors and officers of other companies, and conflicts of interest may arise between their duties as officers and directors of AAA Heidelberg and the Company and as officers and directors of such other companies.

Litigation

AAA Heidelberg may become party to litigation from time to time in the ordinary course of business which could adversely affect its business. Should any litigation in which AAA Heidelberg becomes involved be determined against AAA Heidelberg such a decision could adversely affect its ability to continue operating and the market price for the Company post transaction common shares and could use significant Company resources. Even if AAA Heidelberg is involved in litigation and wins, litigation can redirect significant company resources.

Market Price of the Company's Post Transaction's Common Shares may be Subject to Wide Price Fluctuations

The market price of the Company post transaction's common shares may be subject to wide fluctuations in response to many factors, including variations in the operating results of the Company post transaction and its subsidiaries, divergence in financial results from analysts' expectations, changes in earnings estimates by stock market analysts, changes in the business prospects for the Company post transaction and its subsidiaries, general economic conditions, legislative changes, and other events and factors outside of the Company's post transaction control. In addition, stock markets have from time to time experienced extreme price and volume fluctuations, as well as general economic and political conditions which could adversely affect the market price of the Company's post transaction common shares.

Dividends

The Company pre or post transaction has no earnings or dividend record, and does not anticipate paying any dividends on the common shares in the foreseeable future. Dividends paid by the Company would be subject to tax and, potentially, withholdings.

Environmental and Employee Health and Safety Regulations

AAA Heidelberg's operations are subject to environmental and safety laws and regulations concerning, among other things, emissions and discharges to water, air and land, the handling and disposal of hazardous and non-hazardous materials and wastes, and employee health and safety. AAA Heidelberg will incur ongoing costs and obligations related to compliance with environmental and employee health and safety matters. Failure to comply with environmental and safety laws and regulations may result in additional costs for corrective measures, penalties or in restrictions on our manufacturing operations. In addition, changes in environmental, employee health and safety or other laws, more vigorous enforcement thereof or other unanticipated events could require extensive changes to AAA Heidelberg's operations or give rise to material liabilities, which could have a material adverse effect on the business, results of operations, and financial condition of AAA Heidelberg and the Company post transaction.

Risk Factors Relating to Natures Hemp

The following risk factors should be carefully considered in evaluating Natures Hemp upon completion of the Arrangement. There are a number of factors that could negatively affect Natures Hemp's business and the value of the Natures Hemp Shares. These risk factors are not a definitive list of all risk factors associated with Natures Hemp and other factors may arise in the future that are currently not foreseen by management of Natures Hemp that may present additional risks in the future. The following risk factors are associated with Natures Hemp pertaining to the outlook and conditions currently known to Natures Hemp that could have a material impact on the financial condition, operations and business of Natures Hemp:

No Assurance that the Proposed Arrangement will be Completed as Contemplated or at all

Completion of the proposed Arrangement is subject to a number of conditions, including the approvals of the Court, PUF Shareholders and the Natures Hemp Shareholders. Should the Arrangement fail to receive approval of the PUF Shareholders at the Meeting, Natures Hemp will remain a private company. There is no assurance that any or all of these conditions will be satisfied or waived. In the event that the Arrangement is completed, Natures Hemp will become a reporting issuer in the provinces of British Columbia, Alberta and Ontario (provided that at least one of the parties to the Arrangement has been a “reporting issuer”, as that term is defined in the *Securities Act* (Ontario) for at least 12 months prior to the Effective Date), and intends to apply for and meet the listing requirements on a Canadian stock exchange.

Requirements for Further Financing

Natures Hemp presently does not have sufficient financial resources to undertake all of its currently planned activities beyond completion of the Arrangement. In the event that the Arrangement is completed and Natures Hemp proceeds to apply for and meet the listing requirements on a Canadian stock exchange, Natures Hemp will need to obtain further financing, whether through debt financing, equity financing or other means. **There can be no guarantee that the Natures Hemp Shares will be listed on any stock exchange.** There can be no assurance that Natures Hemp will be able to raise the balance of the financing required or that such financing can be obtained without substantial dilution to shareholders. Failure to obtain additional financing on a timely basis could cause Natures Hemp to reduce or terminate its operations.

The Natures Hemp Shares may not be Qualified Investments under the Tax Act for a Registered Plan

Natures Hemp is currently a private company, the shares of which are not listed for trading on any stock exchange. Accordingly, there is currently no public market for Natures Hemp securities and there is no guarantee that there will ever be a public market for Natures Hemp’s securities. An application for listing of Natures Hemp on any stock exchange will not be made on the Effective Date. There is no assurance that the Natures Hemp Shares will be issued if the Arrangement is not completed. As a result, there is no assurance when, or if, the Natures Hemp Shares will be listed on any stock exchange. If the Natures Hemp Shares are not listed on a designated stock exchange in Canada before the due date for Natures Hemp’s first income tax return or if Natures Hemp does not otherwise satisfy the conditions in the Tax Act to be a “public corporation”, the Natures Hemp Shares will not be considered to be a qualified investment for a Registered Plan from their date of issue. Where a Registered Plan acquires a Natures Hemp Share in circumstances where the Natures Hemp Shares are not a qualified investment under the Tax Act for the Registered Plan, adverse tax consequences may arise for the Registered Plan and the annuitant, beneficiary or holder under the Registered Plan, including that the Registered Plan may become subject to penalty taxes, the annuitant of such Registered Plan may be deemed to have received income therefrom or be subject to a penalty tax or, in the case of a registered education savings plan, such plan may have its tax exempt status revoked.

Limited Operating History

Natures Hemp has a very limited history of operations and must be considered a start-up. As such, Natures Hemp is subject to many risks common to such enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources and the lack of revenues. There is no assurance that Natures Hemp will be successful in achieving a return on shareholders’ investment and the likelihood of success must be considered in light of its early stage of operations.

Natures Hemp has limited financial resources, has not earned any revenue since commencing operations, has no source of operating cash flow and there is no assurance that additional funding will be available to it for further advancement of Natures Hemp’s business. There can be no assurance that Natures Hemp will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in delay or indefinite postponement of development of Natures Hemp’s business.

Negative Cash Flow

Natures Hemp has no history of earnings or cash flow from operations. Natures Hemp does not expect to generate material revenue or to achieve self-sustaining operations for several years, if at all.

No Market for Securities

There is currently no market through which any of Natures Hemp Shares may be sold and there is no assurance that the Natures Hemp Shares will be listed for trading on a Canadian stock exchange, or if listed, will provide a liquid market

for such securities. Until the Natures Hemp Shares are listed on a Canadian stock exchange, holders of the Natures Hemp Shares may not be able to sell their Natures Hemp Shares. Even if a listing is obtained, there can be no assurance that an active public market for the Natures Hemp Shares will develop or be sustained after completion of the Arrangement. The holding of Natures Hemp Shares involves a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. The Natures Hemp Shares should not be purchased by persons who cannot afford the possibility of the loss of their entire investment.

Dividend Policy

Natures Hemp does not presently intend to pay cash dividends in the foreseeable future, as any earnings are expected to be retained for use in developing and expanding its business. However, the actual amount of dividends received from Natures Hemp will remain subject to the discretion of its board of directors and will depend on results of operations, cash requirements and future prospects of Natures Hemp and other factors.

Conflicts of Interest

The directors of Natures Hemp may be directors, officers or shareholders of other companies that are engaged in similar businesses to Natures Hemp. Such associations may give rise to conflicts of interest from time to time. The directors of Natures Hemp are required by law to act honestly and in good faith with a view to the best interests of Natures Hemp and to disclose any interest which they may have in any project or opportunity of Natures Hemp. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict will disclose his interest and abstain from voting on such matter. In determining whether or not Natures Hemp will participate in any project or opportunity, the directors will primarily consider the degree of risk to which Natures Hemp may be exposed and its financial position at the time.

MANAGEMENT CONTRACTS

Certain management functions of the Company are performed by the directors or executive officers of the Company through private companies that are controlled by such directors or executive officers.

A copy of this Circular is posted for public access on the Company's SEDAR profile at www.sedar.com, or, alternatively, can be obtained upon written request to the Company at Suite 804 – 750 West Pender Street, Vancouver, British Columbia V6C 2T7.

TRANSFER AGENT AND REGISTRAR

PUF's registrar and transfer agent is Computershare Investor Services Inc., of 3rd Floor, 510 Burrard Street, Vancouver, British Columbia, V6C 3B9.

Prior to the Effective Date, Natures Hemp intends to appoint Computershare Investor Services Inc. as its registrar and transfer agent.

LEGAL PROCEEDINGS

The Company is not aware of pending legal proceedings to which the Company or Natures Hemp is or is likely to be a party or of which any of its properties are, or to the best of knowledge of management of the Company or Natures Hemp are likely to be subject.

ADDITIONAL INFORMATION

The audited financial statements of the Company for the year ended December 31, 2017 and the related management discussion and analysis, and the unaudited interim financial statements of the Company for the period ended March 31, 2018 and the related management discussion and analysis (collectively, the “**Financial Statements**”) were filed on SEDAR at www.sedar.com on April 30, 2018 and May 30, 2018, respectively, with the securities commissions or similar regulatory authorities in British Columbia, Alberta and Ontario and are specifically incorporated by reference into, and form an integral part of, this Circular. Additional information relating to the Company and copies of the Financial Statements may be obtained at www.sedar.com, and upon request from the Company at Suite 804 - 750 West Pender Street, Vancouver, British Columbia, V6C 2T7, telephone: (604) 682-2928 or fax: (604) 685-6905. Copies of the above documents will be provided, upon request, free of charge to PUF Shareholders. The Company may require

the payment of a reasonable charge from any person or company who is not a PUF Shareholder, who requests a copy of any such document.

OTHER MATTERS

Management of the Company is not aware of any other matter to come before the Meeting other than as set forth in the Notice of Meeting. If any other matter properly comes before the Meeting, it is the intention of the persons named in the enclosed form of proxy to vote the Shares represented thereby in accordance with their best judgment on such matter.

BOARD APPROVAL

The undersigned hereby certifies that the contents and the sending of this Circular to the PUF Shareholders have been approved by the Board.

Dated at Toronto, Ontario, this 18th day of June, 2018.

PUF VENTURES INC.

“Derek Ivany”

Derek Ivany,
President, CEO and Director

**APPENDIX A -
RESOLUTIONS FOR THE SPECIAL MEETING OF PUF VENTURES INC.**

Capitalized words used in this Appendix A and not otherwise defined shall have the meaning ascribed to such terms in the Circular.

I. Arrangement Resolution:

“BE IT RESOLVED AS A SPECIAL RESOLUTION THAT:

1. The arrangement (the “**Arrangement**”) under Section 288 of the British Columbia *Business Corporations Act* involving PUF Ventures Inc. (“**PUF**”), all as more particularly described and set forth in the management information circular (the “**PUF Circular**”) of PUF dated June 18, 2018, accompanying the notice of this meeting (as the Arrangement may be, or may have been, modified or amended), is hereby authorized, approved and adopted.
2. The plan of arrangement, as it may be or has been amended (the “**Plan of Arrangement**”), involving PUF and implementing the Arrangement, the full text of which is set out in Appendix B to the PUF Circular, is hereby authorized, approved and adopted.
3. The arrangement agreement (the “**Arrangement Agreement**”) between PUF and Natures Hemp Corp. dated May 18, 2018, and all the transactions contemplated therein, the actions of the directors of PUF in approving the Arrangement and any amendments thereto and the actions of the directors and officers of PUF in executing and delivering the Arrangement Agreement and any amendments thereto are hereby confirmed, ratified, authorized and approved.
4. Notwithstanding that these resolutions have been passed (and the Arrangement adopted) or that the Arrangement has been approved by the Supreme Court of British Columbia, the directors of PUF are hereby authorized and empowered, without further notice to, or approval of, any securityholders of PUF:
 - (a) to amend the Arrangement Agreement or the Plan of Arrangement to the extent permitted by the Arrangement Agreement or the Plan of Arrangement; or
 - (b) subject to the terms of the Arrangement Agreement, not to proceed with the Arrangement.
5. Any one or more directors or officers of PUF is hereby authorized, for and on behalf and in the name of PUF, to execute and deliver, whether under corporate seal of PUF or not, all such agreements, applications, forms, waivers, notices, certificates, confirmations and other documents and instruments and to do or cause to be done all such other acts and things as in the opinion of such director or officer may be necessary, desirable or useful for the purpose of giving effect to these resolutions, the Arrangement Agreement and the completion of the Plan of Arrangement in accordance with the terms of the Arrangement Agreement, including:
 - (a) all actions required to be taken by or on behalf of PUF, and all necessary filings and obtaining the necessary approvals, consents and acceptances of appropriate regulatory authorities; and
 - (b) the signing of the certificates, consents and other documents or declarations required under the Arrangement Agreement or otherwise to be entered into by PUF;

such determination to be conclusively evidenced by the execution and delivery of such document, agreement or instrument or the doing of any such act or thing.”

II. Natures Hemp Stock Option Plan Resolution:

“BE IT RESOLVED AS AN ORDINARY RESOLUTION THAT:

1. The adoption of the stock option plan of Natures Hemp Corp., as described in the PUF Circular, be and is hereby ratified and approved for the ensuing year; and
2. Any one director or officer of Natures Hemp Corp. be authorized to make all such arrangements, to do all acts and things and to sign and execute all documents and instruments in writing, whether under corporate seal of Natures Hemp Corp. or otherwise, as may be considered necessary or advisable to give full force and effect to the foregoing.”

APPENDIX B -
ARRANGEMENT AGREEMENT AND PLAN OF ARRANGEMENT

ARRANGEMENT AGREEMENT

THIS ARRANGEMENT AGREEMENT (the “**Agreement**”) is dated as of the 18th day of May, 2018.

BETWEEN:

PUF VENTURES INC., a company with a head office at 804-750 West Pender Street, Vancouver, British Columbia.

(“**PUF**”)

AND:

NATURES HEMP CORP., a company with a head office at 804-750 West Pender Street, Vancouver, British Columbia.

(“**Natures Hemp**”)

(collectively, “the **Parties**”).

RECITALS:

- A. The Parties have entered into the Agreement wherein it is contemplated that PUF will transfer its Assets (as such term is defined in this Agreement) to its wholly-owned subsidiary, Natures Hemp.
- B. The Parties hereto intend to carry out the transactions contemplated herein by way of an arrangement under the provisions of the *Business Corporations Act* (British Columbia); and
- C. The Parties hereto have entered into this Agreement to provide for the matters referred to in the foregoing recital and for other matters relating to such arrangement.

NOW THEREFORE, in consideration of the covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto do hereby covenant and agree as follows:

**ARTICLE 1
INTERPRETATION**

1.1 Definitions

In this Agreement, unless there is something in the context or subject matter inconsistent therewith, the following defined terms have the meanings hereinafter set forth:

- (a) “**Agreement**”, “**herein**”, “**hereof**”, “**hereto**”, “**hereunder**” and similar expressions mean and refer to this arrangement agreement (including the schedules hereto) as supplemented, modified or amended, and not to any particular article, section, schedule or other portion hereof;
- (b) “**Applicable Laws**” means all applicable corporate laws, rules of applicable stock exchanges and applicable securities laws, including the rules, regulations, notices, instruments, blanket orders and policies of the securities regulatory authorities in Canada;
- (c) “**Arrangement**” means the arrangement pursuant to Section 288 of the BCBCA set forth in the Plan of Arrangement;
- (d) “**Arrangement Provisions**” means Part 9, Division 5 of the BCBCA;
- (e) “**Arrangement Resolution**” means the special resolution in respect to the Arrangement and other related matters to be considered at the PUF Meeting;
- (f) “**Assets**” means the business of development of cannabidiol extraction from seeds and other plant parts for the creation of high quality oils and flours, proprietary hemp base food and medicinal products as described in Schedule B to the Arrangement Agreement;

- (g) “**BCBCA**” means the Business Corporations Act (British Columbia), S.B.C. 2002, c.57, as amended, including the regulations promulgated thereunder;
- (h) “**Business Day**” means a day other than a Saturday, Sunday or other than a day when banks in the City of Vancouver, British Columbia are not generally open for business;
- (i) “**Company**” means PUF Ventures Inc.;
- (j) “**Computershare**” means Computershare Investor Services Inc., the registrar and transfer agent of the Company;
- (k) “**Court**” means the Supreme Court of British Columbia;
- (l) “**Dissenting Shareholder**” means a PUF Shareholder who validly exercises rights of dissent under the Arrangement and who will be entitled to be paid fair value for his, her or its PUF Shares in accordance with the Interim Order and the Plan of Arrangement;
- (m) “**Dissenting Shares**” means the PUF Shares in respect of which Dissenting Shareholders have exercised a right of dissent;
- (n) “**Effective Date**” means the date upon which the Arrangement becomes effective in accordance with the Arrangement Agreement and the Final Order;
- (o) “**Final Order**” means the final order of the Court approving the Arrangement;
- (p) “**IFRS**” means International Financial Reporting Standards as issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee;
- (q) “**Information Circular**” means the management information circular of PUF to be sent by PUF to the PUF Shareholders in connection with the PUF Meeting;
- (r) “**Interim Order**” means an interim order of the Court concerning the Arrangement in respect of PUF, containing declarations and directions with respect to the Arrangement and the holding of the PUF Meeting, as such order may be affirmed, amended or modified by any court of competent jurisdiction;
- (s) “**Natures Hemp**” means Natures Hemp Corp., a private company continued from the federal jurisdiction to the Province of British Columbia under the BCBCA;
- (t) “**Natures Hemp Shareholder**” means a holder of Natures Hemp Shares;
- (u) “**Natures Hemp Shares**” means the common shares without par value in the authorized share structure of Natures Hemp;
- (v) “**New PUF Shares**” means the new class of common shares without par value which the Company will create, pursuant to Section 3.1(b)(ii) of the Plan of Arrangement and which, immediately after the Effective Date, will be identical in every relevant respect to the PUF Shares;
- (w) “**Notice of Meeting**” means the notice of special meeting of the PUF Shareholders in respect of the PUF Meeting;
- (x) “**Parties**” means PUF and Natures Hemp and “**Party**” means any one of them;
- (y) “**Person**” means an individual, partnership, unincorporated association, unincorporated syndicate, unincorporated organization, trust, trustee, executor, administrator or other legal representative;
- (z) “**Plan of Arrangement**” means the plan of arrangement substantially in the form set out in Schedule A to this Agreement, as amended or supplemented from time to time in accordance with Article 6 thereof and Article 6 hereof;
- (aa) “**PUF Meeting**” means the special meeting of the PUF Shareholders to be held on August 7, 2018, and any adjournment(s) or postponement(s) thereof;
- (bb) “**PUF Shareholder**” means a holder of PUF Shares;

- (cc) “**Registrar**” means the Registrar of Companies for the Province of British Columbia duly appointed under the BCBCA;
- (dd) “**Record Date**” means the record date with respect to voting at the PUF Meeting;
- (ee) “**Share Distribution Record Date**” means the Record Date or such other day as approved by the board of directors of PUF, which date establishes the PUF Shareholders who will be entitled to receive Natures Hemp Shares, pursuant to the Plan of Arrangement; and
- (ff) “**Tax Act**” means the Income Tax Act (Canada), as may be amended, or replaced, from time to time.

1.2 Interpretation Not Affected by Headings, etc.

The division of this Agreement into articles, sections and subsections is for convenience of reference only and does not affect the construction or interpretation of this Agreement. The terms “this Agreement”, “hereof”, “herein” and “hereunder” and similar expressions refer to this Agreement (including Schedules A to B hereto) and not to any particular article, section or other portion hereof and include any agreement or instrument supplementary or ancillary hereto.

1.3 Number, etc.

Words importing the singular number include the plural and vice versa, words importing the use of any gender include all genders, and words importing persons include firms and corporations and vice versa.

1.4 Date for Any Action

If any date on which any action is required to be taken hereunder by any of the Parties is not a Business Day and a business day in the place where an action is required to be taken, such action is required to be taken on the next succeeding day which is a Business Day and a business day, as applicable, in such place.

1.5 Entire Agreement

This Agreement, together with the agreements and documents herein and therein referred to, constitute the entire agreement among the Parties pertaining to the subject matter hereof and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written, among the Parties with respect to the subject matter hereof.

1.6 Currency

All sums of money which are referred to in this Agreement are expressed in lawful money of Canada.

1.7 Accounting Matters

Unless otherwise stated, all accounting terms used in this Agreement shall have the meanings attributable thereto under IFRS, as applicable and all determinations of an accounting nature are required to be made shall be made in a manner consistent with IFRS.

1.8 References to Legislation

References in this Agreement to any statute or sections thereof shall include such statute as amended or substituted and any regulations promulgated thereunder from time to time in effect.

1.9 Enforceability

All representations, warranties, covenants and opinions in or contemplated by this Agreement as to the enforceability of any covenant, agreement or document are subject to enforceability being limited by applicable bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other laws relating to or affecting creditors’ rights generally, and the discretionary nature of certain remedies (including specific performance and injunctive relief and general principles of equity).

1.10 Schedules

The following schedules attached hereto are incorporated into and form an integral part of this Agreement:

Schedule A – Plan of Arrangement

Schedule B – Assets

ARTICLE 2 THE ARRANGEMENT

2.1 Plan of Arrangement

The Parties will forthwith jointly file, proceed with and diligently prosecute an application for an Interim Order providing for, among other things, the calling and holding of the PUF Meeting for the purpose of considering and, if deemed advisable, approving the Arrangement Resolution and upon receipt thereof, the Parties will forthwith carry out the terms of the Interim Order to the extent applicable to it. Provided all necessary approvals for the Arrangement Resolution are obtained from the PUF Shareholders, the Parties shall jointly submit the Arrangement to the Court and apply for the Final Order. Upon issuance of the Final Order and subject to the conditions precedent in Article 5, PUF shall forthwith proceed to file the Articles of Arrangement, the Final Order and such other documents as may be required to give effect to the Arrangement with the Registrar pursuant to the Arrangement Provisions, whereupon the transactions comprising the Arrangement shall occur and shall be deemed to have occurred in the order set out therein without any act or formality.

2.2 Interim Order

The Interim Order shall provide that:

- (a) the securities of PUF for which holders shall be entitled to vote on the Arrangement Resolution shall be the PUF Shares;
- (b) the PUF Shareholders shall be entitled to vote on the Arrangement Resolution, with each PUF Shareholder being entitled to one vote for each PUF Share held by such holder;
- (c) the requisite majority for the approval of the Arrangement Resolution shall be two-thirds of the votes cast by the PUF Shareholders present in person or by proxy at the PUF Meeting.

2.3 Information Circular and Meetings

As promptly as practical following the execution of this Agreement and in compliance with the Interim Order and Applicable Laws, PUF shall:

- (a) prepare the Information Circular and cause such circular to be mailed to the PUF Shareholders and filed with applicable regulatory authorities and other governmental authorities in all jurisdictions where the same are required to be mailed and filed; and
- (b) convene the PUF Meeting.

2.4 Effective Date

The Arrangement shall become effective in accordance with the terms of the Plan of Arrangement on the Effective Date.

ARTICLE 3 COVENANTS

3.1 Covenants Regarding the Arrangement

From the date hereof until the Effective Date, the Parties will use all reasonable efforts to satisfy (or cause the satisfaction of) the conditions precedent to its obligations hereunder and to take, or cause to be taken, all other action

and to do, or cause to be done, all other things necessary, proper or advisable under Applicable Laws to complete the Arrangement, including using reasonable efforts:

- (a) to obtain all necessary waivers, consents and approvals required to be obtained by it from other parties to loan agreements, leases and other contracts;
- (b) to obtain all necessary consents, assignments, waivers and amendments to or terminations of any instruments and take such measures as may be appropriate to fulfill its obligations hereunder and to carry out the transactions contemplated hereby; and
- (c) to effect all necessary registrations and filings and submissions of information requested by governmental authorities required to be effected by it in connection with the Arrangement.

3.2 Covenants Regarding Execution of Documents

- (a) The Parties will perform all such acts and things, and execute and deliver all such agreements, notices and other documents and instruments as may reasonably be required to facilitate the carrying out of the intent and purpose of this Agreement.

3.3 Giving Effect to the Arrangement

The Arrangement shall be effected in the following manner:

- (a) The Parties shall proceed forthwith to apply for the Interim Order providing for, among other things, the calling and holding of the PUF Meeting for the purpose of, among other things, considering and, if deemed advisable, approving and adopting the Arrangement;
- (b) The Natures Hemp Shareholder shall approve the Arrangement by consent resolutions;
- (c) Upon obtaining the Interim Order, PUF shall call the PUF Meeting and mail the Information Circular and related Notice of Meeting and form of Proxy to the PUF Shareholders;
- (d) If the PUF Shareholders approve the Arrangement, PUF shall thereafter (subject to the exercise of any discretionary authority granted to PUF's Board by the PUF Shareholders) take the necessary actions to submit the Arrangement to the Court for approval and grant of the Final Order; and
- (e) Upon receipt of the Final Order, PUF shall, subject to compliance with any of the other conditions provided for in Article 5 hereof and to the rights of termination contained in Article 7 hereof, file the required material with the Registrar in accordance with the terms of the Plan of Arrangement.

ARTICLE 4 REPRESENTATIONS AND WARRANTIES

4.1 Representations and Warranties

Each of the Parties hereby represents and warrants to the other that:

- (a) It is a corporation duly incorporated and validly subsisting under the laws of its jurisdiction of existence, and has full capacity and authority to enter into this Agreement and to perform its covenants and obligations hereunder;
- (b) It has taken all corporate actions necessary to authorize the execution and delivery of this Agreement and this Agreement has been duly executed and delivered by it;
- (c) Neither the execution and delivery of this Agreement nor the performance of any of its covenants and obligations hereunder will constitute a material default under, or be in any material contravention or breach of: (i) any provision of its constituting or governing corporate documents, (ii) any judgment, decree, order, law, statute, rule or regulation applicable to it, or (iii) any agreement or instrument to which it is a party or by which it is bound; and

- (d) No dissolution, winding up, bankruptcy, liquidation or similar proceedings have been commenced or are pending or proposed in respect of it.

ARTICLE 5 CONDITIONS PRECEDENT

5.1 Mutual Conditions Precedent

The respective obligations of the Parties to consummate the transactions contemplated hereby, and in particular the Arrangement, are subject to the satisfaction, on or before the Effective Date or such other time specified, of the following conditions, any of which may be waived by the mutual written consent of such Parties without prejudice to their right to rely on any other of such conditions:

- (a) the Interim Order shall have been granted in form and substance satisfactory to the Parties, acting reasonably, and such order shall not have been set aside or modified in a manner unacceptable to the Parties, acting reasonably, on appeal or otherwise;
- (b) the Arrangement Resolution shall have been passed by the PUF Shareholders at the PUF Meeting in accordance with the Arrangement Provisions, the constating documents of PUF, the Interim Order and the requirements of any applicable regulatory authorities;
- (c) the Arrangement and this Agreement, with or without amendment, shall have been approved by the Natures Hemp Shareholder to the extent required by, and in accordance with, the Arrangement Provisions and the constating documents of Natures Hemp;
- (d) the Final Order shall have been granted in form and substance satisfactory to the Parties, acting reasonably;
- (e) all other consents, orders, regulations and approvals, including regulatory and judicial approvals and orders required or necessary or desirable for the completion of the transactions provided for in this Agreement and the Plan of Arrangement shall have been obtained or received from the persons, authorities or bodies having jurisdiction in the circumstances, each in form acceptable to the Parties;
- (f) there shall not be in force any order or decree restraining or enjoining the consummation of the transactions contemplated by this Agreement and the Arrangement; and
- (g) this Agreement shall not have been terminated under Article 7.

Except for the conditions set forth in this §5.1 which, by their nature, may not be waived, any of the other conditions in this §5.1 may be waived, either in whole or in part, by any of the Parties, as the case may be, at its discretion.

5.2 Closing

Unless this Agreement is terminated earlier pursuant to the provisions hereof, the Parties shall meet at the offices of PUF at Suite 804 – 750 West Pender Street, Vancouver, BC, V6C 2T7, or such other location as agreed to by the Parties, at 11:00 a.m. (Vancouver time) on such date as they may mutually agree (the “**Closing Date**”), and each of them shall deliver to the other of them:

- (a) the documents required to be delivered by it hereunder to complete the transactions contemplated hereby, provided that each such document required to be dated the Effective Date shall be dated as of, or become effective on, the Effective Date and shall be held in escrow to be released upon the occurrence of the Effective Date; and
- (b) written confirmation as to the satisfaction or waiver by it of the conditions in its favour contained in this Agreement.

5.3 Merger of Conditions

The conditions set out in §5.1 hereof shall be conclusively deemed to have been satisfied, waived or released upon the occurrence of the Effective Date.

5.4 Merger of Representations and Warranties

The representations and warranties in §4.1 shall be conclusively deemed to be correct as of the Effective Date and each shall accordingly merge in and not survive the effectiveness of the Arrangement.

ARTICLE 6 AMENDMENT

6.1 Amendment

This Agreement may at any time and from time to time before or after the holding of the PUF Meeting be amended by written agreement of the Parties hereto without, subject to Applicable Laws, further notice to or authorization on the part of their respective securityholders and any such amendment may, without limitation:

- (a) change the time for performance of any of the obligations or acts of the Parties;
- (b) waive any inaccuracies or modify any representation or warranty contained herein or in any document delivered pursuant hereto;
- (c) waive compliance with or modify any of the covenants herein contained and waive or modify performance of any of the obligations of the Parties; or
- (d) waive compliance with or modify any other conditions precedent contained herein;

provided that no such amendment reduces or materially adversely affects the consideration to be received by a PUF Shareholder without approval by the PUF Shareholders, given in the same manner as required for the approval of the Arrangement or as may be ordered by the Court.

ARTICLE 7 TERMINATION

7.1 Termination

Subject to §7.2, this Agreement may at any time before or after the holding of the PUF Meeting, and before or after the granting of the Final Order, but in each case prior to the Effective Date, be terminated by direction of the PUF Board without further action on the part of the PUF Shareholders, or by the board of directors of Natures Hemp without further action on the part of the respective Natures Hemp Shareholder and nothing expressed or implied herein or in the Plan of Arrangement shall be construed as fettering the absolute discretion by the boards of directors of PUF and Natures Hemp, respectively, to elect to terminate this Agreement and discontinue efforts to effect the Arrangement for whatever reasons it may consider appropriate.

7.2 Cessation of Right

The right of any of the Parties or any other party to amend or terminate the Plan of Arrangement pursuant to §6.1 and §7.1 shall be extinguished upon the occurrence of the Effective Date.

ARTICLE 8 NOTICES

8.1 Notices

All notices which may or are required to be given pursuant to any provision of this Agreement shall be given or made in writing and shall be deemed to be validly given if served personally or by electronic transmission, in each case to the attention of the senior officer at the following addresses or at such other address as shall be specified by a Party by like notice:

In the case of PUF Ventures Inc.:

Suite 804 - 750 West Pender Street
Vancouver, BC V6C 2T7

Attention: Derek Ivany, President, CEO and Director
E-mail: derek@puf.ca

In the case of Natures Hemp Corp.:

Suite 804 - 750 West Pender Street
Vancouver, BC V6C 2T7

Attention: David Parry, Director
E-mail: david@natureshemp.ca

or such other address as the Parties may, from time to time, advise to the other Parties hereto by notice in writing. Any notice that is delivered to such address shall be deemed to be delivered on the date of delivery if delivered on a Business Day prior to 4:00 p.m. (local time at the place of receipt) or on the next Business Day if delivered after 4:00 p.m. or on a non-Business Day. Any notice delivered by facsimile transmission shall be deemed to be delivered on the date of transmission if delivered on a Business Day prior to 4:00 p.m. (local time at the place of receipt) or on the next Business Day if delivered after 4:00 p.m. or on a non-Business Day.

ARTICLE 9 GENERAL

9.1 Assignment and Enurement

This Agreement shall enure to the benefit of and be binding upon the Parties hereto and their respective successors and assigns. This Agreement may not be assigned by any party hereto without the prior consent of the other Parties hereto.

9.2 Disclosure

Each Party shall receive the prior consent, not to be unreasonably withheld, of the other Parties prior to issuing or permitting any director, officer, employee or agent to issue, any press release or other written statement with respect to this Agreement or the transactions contemplated hereby. Notwithstanding the foregoing, if any Party is required by law or administrative regulation to make any disclosure relating to the transactions contemplated herein, such disclosure may be made, but that Party will consult with the other Parties as to the wording of such disclosure prior to its being made.

9.3 Costs

Except as contemplated in the Arrangement and herein, each Party hereto covenants and agrees to bear its own costs and expenses in connection with the transactions contemplated hereby.

9.4 Severability

If any one or more of the provisions or parts thereof contained in this Agreement should be or become invalid, illegal or unenforceable in any respect in any jurisdiction, the remaining provisions or parts thereof contained herein shall be and shall be conclusively deemed to be, as to such jurisdiction, severable therefrom and:

- (a) the validity, legality or enforceability of such remaining provisions or parts thereof shall not in any way be affected or impaired by the severance of the provisions or parts thereof severed; and
- (b) the invalidity, illegality or unenforceability of any provision or part thereof contained in this Agreement in any jurisdiction shall not affect or impair such provision or part thereof or any other provisions of this Agreement in any other jurisdiction.

9.5 Further Assurances

Each Party hereto shall, from time to time and at all times hereafter, at the request of any other Party hereto, but without further consideration, do all such further acts, and execute and deliver all such further documents and instruments as may be reasonably required in order to fully perform and carry out the terms and intent hereof.

9.6 Time of Essence

Time shall be of the essence of this Agreement.

9.7 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein and the Parties hereto irrevocably attorn to the jurisdiction of the courts of the Province of British Columbia. Each of the Parties hereto hereby irrevocably and unconditionally consents to and submits to the jurisdiction of the courts of the Province of British Columbia in respect of all actions, suits or proceedings arising out of or relating to this Agreement or the matters contemplated hereby (and agrees not to commence any action, suit or proceeding relating thereto except in such courts) and further agrees that service of any process, summons, notice or document by single registered mail to the addresses of the parties set forth in this Agreement shall be effective service of process for any action, suit or proceeding brought against any Party in such court. The Parties hereby irrevocably and unconditionally waive any objection to the laying of venue of any action, suit or proceeding arising out of this Agreement or the matters contemplated hereby in the courts of the Province of British Columbia and hereby further irrevocably and unconditionally waive and agree not to plead or claim in any such court that any such action, suit or proceeding so brought has been brought in an inconvenient forum.

9.8 Waiver

No waiver by any Party shall be effective unless in writing and any waiver shall affect only the matter, and the occurrence thereof, specifically identified and shall not extend to any other matter or occurrence.

9.9 Counterparts

This Agreement may be executed in counterparts, each of which shall be deemed an original, and all of which together constitute one and the same instrument. Execution of this Agreement electronically or manually, and the electronic delivery of this Agreement in counterparts shall constitute valid delivery of the same.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first above written.

PUF VENTURES INC.

Per: "Derek Ivany"
Authorized Signatory

NATURES HEMP CORP.

Per: "David Parry"
Authorized Signatory

**SCHEDULE A
TO THE ARRANGEMENT AGREEMENT**

**PLAN OF ARRANGEMENT
UNDER DIVISION 5 OF PART 9 OF THE
BUSINESS CORPORATIONS ACT (BRITISH COLUMBIA)
S.B.C. 2002, c. 57**

**ARTICLE 1.
INTERPRETATION**

1.1 In this Plan of Arrangement, the following terms have the following meanings:

- (a) “**Agreement**” means the arrangement agreement (including the schedules thereto) dated May 18, 2018, between PUF and Natures Hemp as supplemented, modified or amended, and not to any particular article, section, schedule or other portion thereof;
- (b) “**Applicable Laws**” means all applicable corporate laws, rules of applicable stock exchanges and applicable securities laws, including the rules, regulations, notices, instruments, blanket orders and policies of the securities regulatory authorities in Canada;
- (c) “**Arrangement**” means the arrangement pursuant to Section 288 of the BCBCA set forth in the Plan of Arrangement;
- (d) “**Arrangement Provisions**” means Part 9, Division 5 of the BCBCA;
- (e) “**Arrangement Resolution**” means the special resolution in respect to the Arrangement and other related matters to be considered at the PUF Meeting;
- (f) “**Assets**” means the assets of PUF to be transferred to Natures Hemp pursuant to the Arrangement, as more particularly described in Schedule B attached to the Agreement;
- (g) “**BCBCA**” means the Business Corporations Act (British Columbia), S.B.C. 2002, c.57, as amended, including the regulations promulgated thereunder;
- (h) “**Business Day**” means a day other than a Saturday, Sunday or other than a day when banks in the City of Vancouver, British Columbia are not generally open for business;
- (i) “**Company**” means PUF Ventures Inc.;
- (j) “**Computershare**” means Computershare Investor Services Inc., the registrar and transfer agent of the Company;
- (k) “**Conversion Factor**” means the number arrived at by dividing the number of issued PUF Shares as of the close of business on the Share Distribution Record Date so that the number of Natures Hemp Shares to be issued to PUF Shareholders is equal to 17,500,000 subject to rounding of fractional shares and the exercise of dissent rights;
- (l) “**Court**” means the Supreme Court of British Columbia;
- (m) “**Dissenting Shareholder**” means a PUF Shareholder who validly exercises rights of dissent under the Arrangement and who will be entitled to be paid fair value for his, her or its PUF Shares in accordance with the Interim Order and the Plan of Arrangement;
- (n) “**Dissenting Shares**” means the PUF Shares in respect of which Dissenting Shareholders have exercised a right of dissent;
- (o) “**Effective Date**” means the date upon which the Arrangement becomes effective in accordance with the Arrangement Agreement and Final Order;
- (p) “**Final Order**” means the final order of the Court approving the Arrangement;

- (q) “**IFRS**” means International Financial Reporting Standards as issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee;
 - (r) “**Information Circular**” means the management information circular of PUF to be sent by PUF to the PUF Shareholders in connection with the PUF Meeting;
 - (s) “**Interim Order**” means an interim order of the Court concerning the Arrangement in respect of PUF, containing declarations and directions with respect to the Arrangement and the holding of the PUF Meeting, as such order may be affirmed, amended or modified by any court of competent jurisdiction;
 - (t) “**Notice of Meeting**” means the notice of special meeting of the PUF Shareholders in respect of the PUF Meeting;
 - (u) “**Parties**” means PUF and Natures Hemp and “**Party**” means any one of them;
 - (v) “**Person**” means an individual, partnership, unincorporated association, unincorporated syndicate, unincorporated organization, trust, trustee, executor, administrator or other legal representative;
 - (w) “**Plan of Arrangement**” means this plan of arrangement, as amended or supplemented from time to time in accordance with Article 6 hereof;
 - (x) “**PUF**” means PUF Ventures Inc.;
 - (y) “**PUF Board**” means the board of directors of PUF;
 - (z) “**PUF Class A Common Shares**” means the PUF Shares following the re-designation described in Section 3.1(b)(i) of the Plan of Arrangement;
 - (aa) “**PUF Class A Preferred Shares**” means the Class A preferred shares without par value in the authorized share structure of the Company and issued pursuant to Section 3.1(b)(iii) of the Plan of Arrangement;
 - (bb) “**PUF Meeting**” means the special meeting of the PUF Shareholders to be held on August 7, 2018, and any adjournment(s) or postponement(s) thereof;
 - (cc) “**PUF Shareholder**” means a holder of PUF Shares;
 - (dd) “**PUF Shares**” means the Common Shares without par value in the authorized share structure of the Company;
 - (ee) “**Registrar**” means the Registrar of Companies for the Province of British Columbia duly appointed under the BCBCA;
 - (ff) “**Tax Act**” means the *Income Tax Act* (Canada), as may be amended, or replaced, from time to time.
- 1.2 The division of this Plan of Arrangement into articles and sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Plan of Arrangement.
- 1.3 Unless reference is specifically made to some other document or instrument, all references herein to articles and sections are to articles and sections of this Plan of Arrangement.
- 1.4 Unless the context otherwise requires, words importing the singular number shall include the plural and vice versa; words importing any gender shall include all genders; and words importing persons shall include individuals, partnerships, associations, corporations, funds, unincorporated organizations, governments, regulatory authorities, and other entities.
- 1.5 In the event that the date on which any action is required to be taken hereunder by any of the Parties is not a Business Day in the place where the action is required to be taken, such action shall be required to be taken on the next succeeding day which is a Business Day in such place.

- 1.6 References in this Plan of Arrangement to any statute or sections thereof shall include such statute as amended or substituted and any regulations promulgated thereunder from time to time in effect.

**ARTICLE 2.
ARRANGEMENT AGREEMENT**

- 2.1 This Plan of Arrangement is made pursuant and subject to the provisions of, and forms part of, the Arrangement Agreement.
- 2.2 This Plan of Arrangement will become effective in accordance with its terms and be binding on the Effective Date on the PUF Shareholders.

**ARTICLE 3.
ARRANGEMENT**

- 3.1 On the Effective Date, the following shall occur and be deemed to occur in the following chronological order without further act or formality, notwithstanding anything contained in the provisions attaching to any of the Parties, but subject to the provisions of Article 6:
- (a) PUF will transfer the Assets to Natures Hemp in consideration for the number equal to the number of PUF Shares as of the Record Date of Natures Hemp common shares less the number of Natures Hemp common shares already issued to PUF (collectively the “**Distributed Natures Hemp Shares**”). The central securities register of Natures Hemp shall be amended accordingly.
 - (b) The authorized share capital of PUF will be altered by:
 - (i) changing the identifying name of the PUF Shares to Class A common shares without par value, being the “**PUF Class A Common Shares**”;
 - (ii) creating a class consisting of an unlimited number of common shares without par value (the “**New PUF Shares**); and
 - (iii) creating a class consisting of an unlimited number of Class A preferred shares without par value, having the rights and restrictions described in Schedule A to the Plan of Arrangement, being the PUF Class A Preferred Shares.
 - (c) Each issued PUF Class A Common Share will be exchanged for one New PUF Share and one PUF Class A Preferred Share and, subject to the exercise of a right of dissent, the holders of the PUF Class A Common Shares will be removed from the central securities register of PUF and will be added to the central securities register as the holders of the number of New PUF Shares and PUF Class A Preferred Shares that they have received on the exchange.
 - (d) All of the issued PUF Class A Common Shares will be cancelled with the appropriate entries being made in the central securities register of PUF and the aggregate paid up capital (as that term is used for purposes of the Tax Act) of the PUF Class A Common Shares immediately prior to the Effective Date will be allocated between the New PUF Shares and the PUF Class A Preferred Shares so that the aggregate paid up capital of the PUF Class A Preferred Shares is equal to the aggregate fair market value of the Distributed Natures Hemp Shares as of the Effective Date, and each PUF Class A Preferred Share so issued will be issued by PUF at an issue price equal to the aggregate fair market value of the Distributed Natures Hemp Shares as of the Effective Date, divided by the number of issued PUF Class A Preferred Shares, such aggregate fair market value of the Distributed Natures Hemp Shares to be determined as at the Effective Date by resolution of the board of directors of PUF. PUF will redeem the issued PUF Class A Preferred Shares for consideration consisting solely of the Distributed Natures Hemp Shares such that each holder of PUF Class A Preferred Shares will, subject to the rounding of fractions and the exercise of rights of dissent, receive that number of Natures Hemp Shares that is equal to the number of PUF Class A Preferred Shares held by such holder multiplied by the Conversion Factor. The total number of

Natures Hemp Shares to be distributed to PUF Shareholders shall be 17,500,000 subject to the rounding of fractions and exercise of rights of dissent.

- (e) PUF will redeem the issued PUF Class A Preferred Shares for consideration consisting solely of the Distributed Natures Hemp Shares such that each holder of PUF Class A Preferred Shares will, subject to the rounding of fractions and the exercise of rights of dissent, receive that number of Natures Hemp Shares that is equal to the number of PUF Class A Preferred Shares held by such holder multiplied by the Conversion Factor;
 - (f) The name of each holder of PUF Class A Preferred Shares will be removed as such from the central securities register of PUF, and all of the issued PUF Class A Preferred Shares will be cancelled with the appropriate entries being made in the central securities register of PUF.
 - (g) The Distributed Natures Hemp Shares transferred to the holders of the PUF Class A Preferred Shares pursuant to step §(e) above will be registered in the names of the former holders of PUF Class A Preferred Shares and appropriate entries will be made in the central securities registers of Natures Hemp.
 - (h) The PUF Class A Common Shares and the PUF Class A Preferred Shares, none of which will be allotted or issued once the steps referred to in steps §(c) and §(e) above are completed, will be cancelled and the authorized share structure of PUF will be changed by eliminating the PUF Class A Common Shares and the PUF Class A Preferred Shares therefrom.
 - (i) The Notice of Articles of PUF will be amended to reflect the changes to its authorized share structure made pursuant to the Plan of Arrangement.
- 3.2 Notwithstanding §3.1(e) and §3.1(i) no fractional Natures Hemp Shares shall be distributed to the PUF Shareholders, as a result all fractional share amounts arising under such sections shall be rounded down to the nearest whole number. Any Distributed Natures Hemp Shares not distributed as a result of this rounding down shall be dealt with as determined by the board of directors of PUF in its absolute discretion.
- 3.3 The holders of the PUF Class A Common Shares and the holders of New PUF Shares and PUF Class A Preferred Shares referred to in §3.1(c), and the holders of the PUF Class A Preferred Shares referred to in §3.1(e), §3.1(f) and §3.1(g), shall mean in all cases those persons who are PUF Shareholders at the close of business on the Share Distribution Record Date, subject to Article 5.
- 3.4 In addition to the chronological order in which the transactions and events set out in §3.1 shall occur and shall be deemed to occur, the time on the Effective Date for the redemption of the PUF Class A Preferred Shares set out in §3.1(e) shall occur and shall be deemed to on the Effective Date.
- 3.5 All New PUF Shares, PUF Class A Preferred Shares and Natures Hemp Shares issued pursuant to this Plan of Arrangement shall be deemed to be validly issued and outstanding as fully paid and non-assessable shares for all purposes of the BCBCA.
- 3.6 The Arrangement shall become final and conclusively binding on the PUF Shareholders and Natures Hemp Shareholders and the Parties on the Effective Date.
- 3.7 Notwithstanding that the transactions and events set out in §3.1 shall occur and shall be deemed to occur in the chronological order therein set out without any act or formality, each of the Parties shall be required to make, do and execute or cause and procure to be made, done and executed all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may be required to give effect to, or further document or evidence, any of the transactions or events set out in §3.1 including, without limitation, any resolutions of directors authorizing the issue, transfer or redemption of shares, any share transfer powers evidencing the transfer of shares and any receipt therefore, and any necessary additions to or deletions from share registers.

ARTICLE 4.
CERTIFICATES

- 4.1 Recognizing that the PUF Shares shall be re-designated as PUF Class A Common Shares pursuant to §3.1(b)(i) and that the PUF Class A Common Shares shall be exchanged partially for New PUF Shares and PUF Class A Preferred Shares pursuant to §3.1(c), PUF shall not issue replacement share certificates representing the PUF Class A Common Shares.
- 4.2 Recognizing that the Distributed Natures Hemp Shares shall be transferred to the PUF Shareholders as consideration for the redemption of the PUF Class A Preferred Shares pursuant to §3.1(e), Natures Hemp shall issue one share certificate representing all of the respective Distributed Natures Hemp Shares, registered in the name of PUF, which share certificate shall be held by the Depositary until the Distributed Natures Hemp Shares are transferred to the PUF Shareholders and such certificate shall then be cancelled by the Depositary. To facilitate the transfer of the Distributed Natures Hemp Shares to the PUF Shareholders as of the Share Distribution Record Date, PUF shall execute and deliver to the Depositary and the Transfer Agent an irrevocable power of attorney, authorizing them to distribute and transfer the Distributed Natures Hemp Shares to such PUF Shareholders in accordance with the terms of this Plan of Arrangement and Natures Hemp shall deliver a treasury order or such other direction to effect such issuance to the Transfer Agent as requested by it.
- 4.3 Recognizing that all of the PUF Class A Preferred Shares issued to the PUF Shareholders pursuant to §3.1(c) will be redeemed by PUF as consideration for the distribution and transfer of the Distributed Natures Hemp Shares under §3.1(e), PUF shall issue one share certificate representing all of the PUF Class A Preferred Shares issued pursuant to §3.1(c) and §3.1(e) in the name of the Depositary, for the benefit of the PUF Shareholders until such PUF Class A Preferred Shares are redeemed, and such certificate shall then be cancelled.
- 4.4 As soon as practicable after the Effective Date, Natures Hemp shall cause (through the Transfer Agent) to be issued to the registered holders of PUF Shares as of the Share Distribution Record Date, share certificates representing the respective Natures Hemp Shares to which they are entitled pursuant to this Plan of Arrangement and shall cause such share certificates or direct registration statements (“DRS”) to be mailed to such registered holders.
- 4.5 From and after the Effective Date, share certificates representing PUF Shares immediately before the Effective Date, except for those deemed to have been cancelled pursuant to Article 5, shall for all purposes be deemed to be share certificates representing New PUF Shares, and no new share certificates shall be issued with respect to the New PUF Shares issued in connection with the Arrangement.
- 4.6 PUF Shares traded, if any, after the Share Distribution Record Date and prior to the Effective Date shall represent New PUF Shares, and shall not carry any right to receive a portion of the Distributed Natures Hemp Shares.

ARTICLE 5.
DISSENTING SHAREHOLDERS

- 5.1 Notwithstanding §3.1 hereof, holders of PUF Shares may exercise rights of dissent (the “**Dissent Right**”) in connection with the Arrangement pursuant to the Interim Order and in the manner set forth in sections 237 – 247 of the BCBCA (collectively, the “**Dissent Procedures**”).
- 5.2 PUF Shareholders who duly exercise Dissent Rights with respect to their PUF Shares (“**Dissenting Shares**”) and who:
- (a) are ultimately entitled to be paid fair value for their Dissenting Shares, shall be deemed to have transferred their Dissenting Shares to PUF for cancellation immediately before the Effective Date; or
 - (b) for any reason are ultimately not entitled to be paid fair value for their Dissenting Shares, shall be deemed to have participated in the Arrangement on the same basis as a non-dissenting PUF

Shareholder and shall receive New PUF Shares and Natures Hemp Shares on the same basis as every other non-dissenting PUF Shareholder, and in no case shall PUF be required to recognize such person as holding PUF Shares on or after the Effective Date.

- 5.3 If a PUF Shareholder exercises the Dissent Right, PUF shall on the Effective Date set aside and not distribute that portion of the Distributed Natures Hemp Shares that is attributable to the PUF Shares for which the Dissent Right has been exercised. If the dissenting PUF Shareholder is ultimately not entitled to be paid for their Dissenting Shares, PUF shall distribute to such PUF Shareholder his, her or its pro-rata portion of the respective Distributed Natures Hemp Shares. If a PUF Shareholder duly complies with the Dissent Procedures and is ultimately entitled to be paid fair value for their Dissenting Shares, then PUF shall retain the portion of Distributed Natures Hemp Shares attributable to such PUF Shareholder (collectively, the “**Non-Distributed Shares**”), and the Non-Distributed Shares shall be dealt with as determined by the board of directors of PUF in its absolute discretion.

ARTICLE 6. AMENDMENTS

- 6.1 The Parties may amend, modify and/or supplement this Plan of Arrangement at any time and from time to time prior to the Effective Date, provided that each such amendment, modification and/or supplement must be:
- (a) set out in writing;
 - (b) filed with the Court and, if made following the PUF Meeting, approved by the Court; and
 - (c) communicated to holders of PUF Shares and Natures Hemp Shares, as the case may be, if and as required by the Court.
- 6.2 Any amendment, modification or supplement to this Plan of Arrangement may be proposed by PUF at any time prior to the PUF Meeting with or without any other prior notice or communication, and if so proposed and accepted by the persons voting at the PUF Meeting (other than as may be required under the Interim Order), shall become part of this Plan of Arrangement for all purposes.
- 6.3 PUF, with the consent of the other parties, may amend, modify and/or supplement this Plan of Arrangement at any time and from time to time after the PUF Meeting and prior to the Effective Date with the approval of the Court.
- 6.4 Any amendment, modification or supplement to this Plan of Arrangement may be made following the Effective Date but shall only be effective if it is consented to by the Parties, provided that such amendment, modification or supplement concerns a matter which, in the reasonable opinion of the Parties, is of an administrative nature required to better give effect to the implementation of this Plan of Arrangement and is not adverse to the financial or economic interests of any of the Parties or any former holder of PUF Shares and Natures Hemp Shares as the case may be.

ARTICLE 7. REFERENCE DATE

- 7.1 This Plan of Arrangement is dated for reference the 18th day of May, 2018.

**SCHEDULE A
TO THE PLAN OF ARRANGEMENT**

SPECIAL RIGHTS AND RESTRICTIONS FOR CLASS A PREFERRED SHARES

The Class A Preferred Shares as a class has or shall have attached to them the following special rights and restrictions:

Definitions

- (1) In these Special Rights and Restrictions,
 - (a) “**Arrangement**” means the arrangement pursuant to Division 5 of Part 9 of the Business Corporations Act (British Columbia) S.B.C 2002, c.57 as contemplated by the Arrangement Agreement,
 - (b) “**Arrangement Agreement**” means the Arrangement Agreement dated as of May 18, 2018 between PUF Ventures Inc. (the “**Company**”) and Natures Hemp Corp.
 - (c) “**Old Common Shares**” means the common shares in the authorized share structure of the Company that have been re-designated as Class A Common Shares without par value pursuant to the Plan of Arrangement,
 - (d) “**Effective Date**” means the date upon which the Arrangement becomes effective,
 - (e) “**New PUF Shares**” means the Common Shares without par value created in the authorized share structure of the Company pursuant to the Plan of Arrangement, and
 - (f) “**Plan of Arrangement**” means the Plan of Arrangement attached as Schedule “A” to the Arrangement Agreement.
- (2) The holders of the Class A Preferred Shares are not as such entitled to receive notice of, nor to attend or vote at, any general meeting of the shareholders of the Company.
- (3) Class A Preferred Shares shall only be issued on the exchange of Old Common Shares for New PUF Shares and Class A Preferred Shares pursuant to and in accordance with the Plan of Arrangement.
- (4) The capital to be allocated to the Class A Preferred Shares shall be the amount determined in accordance with §3.1(d) of the Plan of Arrangement.
- (5) The Class A Preferred Shares shall be redeemable by the Company pursuant to and in accordance with the Plan of Arrangement.
- (6) Any Class A Preferred Share that is or is deemed to be redeemed pursuant to and in accordance with the Plan of Arrangement shall be cancelled and may not be reissued.

**SCHEDULE B
TO THE ARRANGEMENT AGREEMENT**

ASSETS

PUF VENTURES INC. ASSETS TO BE TRANSFERRED TO NATURES HEMP CORP.

The business of development of cannabidiol extraction from seeds and other plant parts for the creation of high quality oils and flours, proprietary hemp base food and medicinal products.

APPENDIX C -
INTERIM ORDER



NO. S-186975
VANCOUVER REGISTRY

IN THE SUPREME COURT OF BRITISH COLUMBIA

**IN THE MATTER OF A PROPOSED ARRANGEMENT INVOLVING PUF VENTURES INC.,
NATURES HEMP CORP. AND THE SHAREHOLDERS OF PUF VENTURES INC.**

PUF VENTURES INC.

PETITIONER

ORDER MADE AFTER APPLICATION

INTERIM ORDER

BEFORE MASTER *TOKAREK*

FRIDAY, THE 22ND DAY OF JUNE, 2018.

ON THE APPLICATION WITHOUT NOTICE of the Petitioner, PUF Ventures Inc. ("PUF") for an interim order (the "Interim Order") pursuant to its Petition dated June 18, 2018, coming on for hearing at Vancouver, British Columbia, on the 22nd day of June, 2018, and on hearing Linas Antanavicius, counsel for the Petitioner, and upon reading the Petition herein and the Affidavit #1 of Christopher P. Cherry made on June 18, 2018 and the pleadings and process filed herein:

THIS COURT ORDERS that:

Definitions

1. As used in this Order, unless otherwise defined, terms beginning with capital letters have the respective meanings set out in the notice of meeting and management information circular (the "Circular") for the special meeting (the "Meeting") of shareholders of PUF (the "PUF Shareholders") attached as **Exhibit "B"** to the Affidavit of Christopher P. Cherry sworn on June 18, 2018 (the "**Cherry Affidavit**").

The Meeting

2. Pursuant to Sections 289 and 291 of the *Business Corporations Act*, S.B.C., 2002, c. 57, as amended (the “BCBCA”), PUF is authorized and directed to call, hold and conduct the Meeting of the PUF Shareholders to be held at 1:00 p.m. (Vancouver time) on August 7, 2018 at Suite 804, 750 West Pender Street, Vancouver, British Columbia, V6C 2T7 or other location in British Columbia to:

- (a) consider, and if thought advisable, to pass, with or without amendment, a special resolution (the “Arrangement Resolution”) to approve an arrangement (the “Arrangement”) under section 288 of the BCBCA, the full text of which resolution is set forth in Appendix A to, and all as more particularly described in the Circular; and
- (b) consider other matters, including without limitation such amendments or variations to the foregoing matters, as may properly come before the Meeting or any adjournment thereof.

3. The Meeting shall be called, held and conducted in accordance with the BCBCA, the Circular and the articles of PUF, subject to the terms of this Interim Order, and any further Order of this Court, and the rulings and directions of the Chair of the Meeting, such rulings and directions not to be inconsistent with this Interim Order.

Adjournment of the Meeting

4. PUF, if it deems advisable, is specifically authorized to adjourn or postpone the Meeting on one or more occasions, without the necessity of first convening the Meeting or first obtaining any vote of the PUF Shareholders respecting the adjournment or postponement and without the need for approval of the Court. Notice of any such adjournments or postponements shall be given by press release, news release, newspaper advertisement, or by notice sent to PUF Shareholders by one of the methods specified in paragraph 9 of this Interim Order.

5. The Record Date (as defined in paragraph 7 below) shall not change in respect of adjournments or postponements of the Meeting.

Amendments

6. Prior to the Meeting, PUF is authorized to make such amendments, revisions or supplements to the Arrangement in accordance with the Arrangement Agreement without any additional notice to the PUF Shareholders, and the Arrangement as so amended, revised and supplemented shall be the Arrangement submitted to the Meeting, and the subject of the Arrangement Resolution.

Record Date

7. The record date for determining the PUF Shareholders entitled to receive notice of, attend and vote at the Meeting shall be June 18, 2018 (the “**Record Date**”), as previously approved by the Board or such other date as the Board may determine as disclosed to the PUF Shareholders in the manner they see fit.

The Meeting Materials

8. The Circular is hereby deemed to represent sufficient and adequate disclosure, including for the purpose of Section 290(1)(a) of the BCBCA, and PUF shall not be required to send to the PUF Shareholders any other or additional statement pursuant to Section 290(1)(a) of the BCBCA.

9. The Circular, form of proxy and voting instructions in substantially the same form as contained in Exhibits “B”, “C” and “D” to the Cherry Affidavit (collectively, the “**Meeting Materials**”), with such deletions, amendments, corrections or additions thereto as counsel for the Petitioner may advise are necessary or desirable, provided that such amendments are not inconsistent with the terms of this Interim Order, shall be sent to:

- (a) the PUF Shareholders as they appear on the securities registers of PUF as at the Record Date, such Meeting Materials to be sent at least twenty-one (21) days prior to the date of the Meeting, excluding the date of mailing, delivery or transmittal and excluding the date of the Meeting, by one or more of the following methods:
 - (i) by prepaid ordinary or air mail addressed to the PUF Shareholder at his, her or its address as it appears on the applicable register of holders of PUF as at the Record Date;

- (ii) by delivery in person or by delivery to the addresses specified in paragraph 9 (a)(i) above; or
 - (iii) by email or facsimile transmission to any PUF Shareholder who identifies himself, herself or itself to the satisfaction of PUF, acting through its representatives, who requests such email or facsimile transmission; and
- (b) in the case of non-registered PUF Shareholders, by providing copies of the Meeting Materials to intermediaries and registered nominees for sending to beneficial owners;

and substantial compliance with this paragraph shall constitute good and sufficient notice of the Meeting.

10. Accidental failure of or omission by PUF to give notice to any one or more PUF Shareholders, or the non-receipt of such notice by one or more PUF Shareholders, or any failure or omission to give such notice as a result of events beyond the reasonable control of PUF (including, without limitation, any inability to use postal services), shall not constitute a breach of this Interim Order or, in relation to notice to PUF Shareholders, a defect in the calling of the Meeting, and shall not invalidate any resolution passed or proceeding taken at the Meeting, but if any such failure or omission is brought to the attention of PUF then it shall use reasonable best efforts to rectify it by the method and in the time most reasonably practicable in the circumstances.

Deemed Receipt of Meeting Materials

11. The Meeting Materials shall be deemed, for the purposes of this Order, to have been received:

- (a) in the case of mailing, the day, Saturdays and holidays excepted, following the date of mailing;
- (b) in the case of delivery in person, the day following personal delivery or the day following delivery to the person's address in paragraph 9 above; and
- (c) in the case of any means of transmitted, recorded or electronic communication, when dispatched or delivered for dispatch.

Updating Meeting Materials

12. Notice of any amendments, updates or supplement to any of the information provided in the Meeting Materials may be communicated to the PUF Shareholders by press release, news release, newspaper advertisement or by notice sent to the PUF Shareholders by any of the means set forth in paragraph 9 herein, as determined to be the most appropriate method of communication by the Board.

Quorum and Voting

13. The quorum for the Meeting shall be the quorum for the approval of a special resolution pursuant to the articles of PUF.

14. The votes taken at the Meeting shall be taken on the basis of one vote per common share and the vote required to pass the Arrangement Resolution shall be the affirmative vote of at least 66 ²/₃% of the aggregate votes cast by the PUF Shareholders, voting as a single class, present in person or represented by proxy at the Meeting.

15. In all other respects, the terms, restrictions and conditions of the articles of PUF will apply in respect of the Meeting.

Permitted Attendees

16. The only persons entitled to attend the Meeting shall be the registered PUF Shareholders or their respective proxyholders as of the Record Date, PUF's Board, officers, auditors, the directors, officers, auditors and advisors of Natures Hemp Corp., and any other person admitted on the invitation of the Chair or with the consent of the Meeting, and the only persons entitled to be represented and to vote at the Meeting shall be the registered PUF Shareholders as at the close of business on the Record Date, or their respective proxyholders.

Scrutineers

17. A representative of PUF's registrar and transfer agent (or any agent thereof) is authorized to act as scrutineer for the Meeting.

Solicitation of Proxies

18. PUF is authorized to use the form of proxy in connection with the Meeting, in substantially the same form as attached as Exhibit "C" to the Cherry Affidavit and PUF may in its discretion waive generally the time limits for deposit of proxies by PUF Shareholders if PUF deems it reasonable to do so. PUF is authorized, at its expense, to solicit proxies, directly and through its officers, directors and employees, and through such agents or representatives as it may retain for the purpose, and by mail or such other forms of personal or electronic communication as it may determine.

19. The procedure for the use of proxies at the Meeting shall be as set out in the Meeting Materials.

Dissent Rights

20. Each of the PUF Shareholders may exercise rights of dissent ("**Dissent Rights**") under Division 2 of Part 8 of the BCBCA, as modified by Article 4 of the Plan of Arrangement with respect to common shares of PUF in connection with the Arrangement, provided that the notice of dissent contemplated by Section 242 of the BCBCA must be received by PUF at Suite 804 – 750 West Pender Street, Vancouver, British Columbia, Canada V6C 2T7, Attention: Corporate Secretary, by 11:00 a.m. (Vancouver time) on August 2, 2018, or two business days prior to the date of the Meeting or any date to which the Meeting may be postponed or adjourned.

Application for Final Order

21. Upon the approval, with or without variation by the PUF Shareholders of the Arrangement, in the manner set forth in this Interim Order, PUF may apply to this Court for, *inter alia*, an Order:

- (a) pursuant to BCBCA Section 291(4)(a) approving the Arrangement; and
- (b) pursuant to BCBCA Section 291(4)(c) declaring that the terms and conditions of the Arrangement are fair and reasonable

(collectively, the "**Final Order**")

and that the hearing of the Final Order will be held on August 13, 2018 at 9:45 a.m. (Vancouver time) at the Courthouse at 800 Smithe Street, Vancouver, British Columbia or as soon thereafter as the hearing of the Final Order can be heard or at such other date and time as this Court may direct.

22. The form of Notice of Hearing of Petition, attached as **Appendix "E"** to the Circular, is hereby approved as the form of notice of proceedings for such approval.

23. Any PUF Shareholder has the right to appear (either in person or by counsel) and make submissions at the hearing of the application for the Final Order.

24. Any PUF Shareholder, director or auditor of the Petitioner, or any other interested party with leave of the Court, may appear at the hearing of the Final Order provided that such person shall file a Response to the Petition herein in the form prescribed by the Rules of Court of the Supreme Court of British Columbia, and deliver a copy of the filed Response, together with a copy of all material on which such person intends to rely at the hearing, to counsel for the Petitioner at its address for delivery as set out in the Petition, on or before 4:00 p.m. (Vancouver Time) on August 6, 2018, or as the Court may otherwise direct.

25. Sending the Notice of Hearing of Petition and this Interim Order as attached to the Circular in accordance with paragraph 9 of this Order shall constitute good and sufficient service of the within proceedings and no other form of service need be made and no other material need be served on such persons in respect of these proceedings and that service of the affidavits in support is dispensed with.


26. In the event the hearing for the Final Order is adjourned, only those persons who have filed and delivered a Response to Petition in accordance with this Interim Order need be served with materials filed in this proceeding and provided with notice of the adjourned hearing date.

Variance and Further Court Orders


27. The Petitioner shall be entitled, at any time, to apply to vary this Interim Order or to apply for further Orders as may be appropriate.


28. British Columbia Supreme Court Civil Rules 8-1 and 16-1(3) will not apply to any further applications in respect of this proceeding, including the application for the Final Order and any application to vary this Interim Order.

THE FOLLOWING PARTIES APPROVE THE FORM OF THIS ORDER AND CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE AS BEING BY CONSENT:



Linas Antanavicius
COUNSEL FOR THE PETITIONER BY THE

By the Court 

REGISTRAR 



APPENDIX D - DISSENT PROCEDURES

Pursuant to the Interim Order, PUF Shareholders have the right to dissent to the Arrangement. Such right of dissent is described in the Circular. See *Rights of Dissent* for details of the right to dissent and the procedure for compliance with the right of dissent. The full text of Sections 237 to 247 of the BCBCA is set forth below. Note that certain provisions of Sections 237 to 247 have been modified by the Interim Order.

SECTIONS 237 TO 247 OF THE BUSINESS CORPORATIONS ACT (BRITISH COLUMBIA)

Definitions and application

237 (1) In this Division:

“**dissenter**” means a shareholder who, being entitled to do so, sends written notice of dissent when and as required by section 242;

“**notice shares**” means, in relation to a notice of dissent, the shares in respect of which dissent is being exercised under the notice of dissent;

“**payout value**” means,

- (a) in the case of a dissent in respect of a resolution, the fair value that the notice shares had immediately before the passing of the resolution,
- (b) in the case of a dissent in respect of an arrangement approved by a court order made under section 291(2)(c) that permits dissent, the fair value that the notice shares had immediately before the passing of the resolution adopting the arrangement, or
- (c) in the case of a dissent in respect of a matter approved or authorized by any other court order that permits dissent, the fair value that the notice shares had at the time specified by the court order,
excluding any appreciation or depreciation in anticipation of the corporate action approved or authorized by the resolution or court order unless exclusion would be inequitable.

(2) This Division applies to any right of dissent exercisable by a shareholder except to the extent that

- (a) the court orders otherwise, or
- (b) in the case of a right of dissent authorized by a resolution referred to in section 238(1)(g), the court orders otherwise or the resolution provides otherwise.

Right to dissent

238 (1) A shareholder of a company, whether or not the shareholder’s shares carry the right to vote, is entitled to dissent as follows:

- (a) under section 260, in respect of a resolution to alter the articles (i) to alter restrictions on the powers of the company or on the business it is permitted to carry on;
- (b) under section 272, in respect of a resolution to adopt an amalgamation agreement;
- (c) under section 287, in respect of a resolution to approve an amalgamation under Division 4 of Part 9;
- (d) in respect of a resolution to approve an arrangement, the terms of which arrangement permit dissent;
- (e) under section 301(5), in respect of a resolution to authorize or ratify the sale, lease or other disposition of all or substantially all of the company’s undertaking;
- (f) under section 309, in respect of a resolution to authorize the continuation of the company into a jurisdiction other than British Columbia;
- (g) in respect of any other resolution, if dissent is authorized by the resolution;
- (h) in respect of any court order that permits dissent.

(2) A shareholder wishing to dissent must

- (a) prepare a separate notice of dissent under section 242 for
 - (i) the shareholder, if the shareholder is dissenting on the shareholder’s own behalf, and

- (ii) each other person who beneficially owns shares registered in the shareholder's name and on whose behalf the shareholder is dissenting,
- (b) identify in each notice of dissent, in accordance with section 242(4), the person on whose behalf dissent is being exercised in that notice of dissent, and
- (c) dissent with respect to all of the shares, registered in the shareholder's name, of which the person identified under paragraph (b) of this subsection is the beneficial owner.
- (3) Without limiting subsection (2), a person who wishes to have dissent exercised with respect to shares of which the person is the beneficial owner must
 - (a) dissent with respect to all of the shares, if any, of which the person is both the registered owner and the beneficial owner, and
 - (b) cause each shareholder who is a registered owner of any other shares of which the person is the beneficial owner to dissent with respect to all of those shares.

Waiver of right to dissent

- 239 (1) A shareholder may not waive generally a right to dissent but may, in writing, waive the right to dissent with respect to a particular corporate action.
- (2) A shareholder wishing to waive a right of dissent with respect to a particular corporate action must
- (a) provide to the company a separate waiver for
 - (i) the shareholder, if the shareholder is providing a waiver on the shareholder's own behalf, and
 - (ii) each other person who beneficially owns shares registered in the shareholder's name and on whose behalf the shareholder is providing a waiver, and
 - (b) identify in each waiver the person on whose behalf the waiver is made.
- (3) If a shareholder waives a right of dissent with respect to a particular corporate action and indicates in the waiver that the right to dissent is being waived on the shareholder's own behalf, the shareholder's right to dissent with respect to the particular corporate action terminates in respect of the shares of which the shareholder is both the registered owner and the beneficial owner, and this Division ceases to apply to
- (a) the shareholder in respect of the shares of which the shareholder is both the registered owner and the beneficial owner, and
 - (b) any other shareholders, who are registered owners of shares beneficially owned by the first mentioned shareholder, in respect of the shares that are beneficially owned by the first mentioned shareholder.
- (4) If a shareholder waives a right of dissent with respect to a particular corporate action and indicates in the waiver that the right to dissent is being waived on behalf of a specified person who beneficially owns shares registered in the name of the shareholder, the right of shareholders who are registered owners of shares beneficially owned by that specified person to dissent on behalf of that specified person with respect to the particular corporate action terminates and this Division ceases to apply to those shareholders in respect of the shares that are beneficially owned by that specified person.

Notice of resolution

- 240 (1) If a resolution in respect of which a shareholder is entitled to dissent is to be considered at a meeting of shareholders, the company must, at least the prescribed number of days before the date of the proposed meeting, send to each of its shareholders, whether or not their shares carry the right to vote,
- (a) a copy of the proposed resolution, and
 - (b) a notice of the meeting that specifies the date of the meeting, and contains a statement advising of the right to send a notice of dissent.
- (2) If a resolution in respect of which a shareholder is entitled to dissent is to be passed as a consent resolution of shareholders or as a resolution of directors and the earliest date on which that resolution can be passed is specified in the resolution or in the statement referred to in paragraph (b), the company may, at least 21 days before that specified date, send to each of its shareholders, whether or not their shares carry the right to vote,
- (a) a copy of the proposed resolution, and
 - (b) a statement advising of the right to send a notice of dissent.

(3) If a resolution in respect of which a shareholder is entitled to dissent was or is to be passed as a resolution of shareholders without the company complying with subsection (1) or (2), or was or is to be passed as a directors' resolution without the company complying with subsection (2), the company must, before or within 14 days after the passing of the resolution, send to each of its shareholders who has not, on behalf of every person who beneficially owns shares registered in the name of the shareholder, consented to the resolution or voted in favour of the resolution, whether or not their shares carry the right to vote,

- (a) a copy of the resolution,
- (b) a statement advising of the right to send a notice of dissent, and
- (c) if the resolution has passed, notification of that fact and the date on which it was passed.

(4) Nothing in subsection (1), (2) or (3) gives a shareholder a right to vote in a meeting at which, or on a resolution on which, the shareholder would not otherwise be entitled to vote.

Notice of court orders

241 If a court order provides for a right of dissent, the company must, not later than 14 days after the date on which the company receives a copy of the entered order, send to each shareholder who is entitled to exercise that right of dissent

- (a) a copy of the entered order, and
- (b) a statement advising of the right to send a notice of dissent.

Notice of dissent

242 (1) A shareholder intending to dissent in respect of a resolution referred to in section 238(1)(a), (b), (c), (d), (e) or (f) must,

- (a) if the company has complied with section 240(1) or (2), send written notice of dissent to the company at least 2 days before the date on which the resolution is to be passed or can be passed, as the case may be,
- (b) if the company has complied with section 240(3), send written notice of dissent to the company not more than 14 days after receiving the records referred to in that section, or
- (c) if the company has not complied with section 240(1), (2) or (3), send written notice of dissent to the company not more than 14 days after the later of
 - (i) the date on which the shareholder learns that the resolution was passed, and
 - (ii) the date on which the shareholder learns that the shareholder is entitled to dissent.

(2) A shareholder intending to dissent in respect of a resolution referred to in section 238(1)(g) must send written notice of dissent to the company

- (a) on or before the date specified by the resolution or in the statement referred to in section 240(2)(b) or (3)(b) as the last date by which notice of dissent must be sent, or
- (b) if the resolution or statement does not specify a date, in accordance with subsection (1) of this section.

(3) A shareholder intending to dissent under section 238(1)(h) in respect of a court order that permits dissent must send written notice of dissent to the company

- (a) within the number of days, specified by the court order, after the shareholder receives the records referred to in section 241, or
- (b) if the court order does not specify the number of days referred to in paragraph (a) of this subsection, within 14 days after the shareholder receives the records referred to in section 241.

(4) A notice of dissent sent under this section must set out the number, and the class and series, if applicable, of the notice shares, and must set out whichever of the following is applicable:

- (a) if the notice shares constitute all of the shares of which the shareholder is both the registered owner and beneficial owner and the shareholder owns no other shares of the company as beneficial owner, a statement to that effect;

- (b) if the notice shares constitute all of the shares of which the shareholder is both the registered owner and beneficial owner but the shareholder owns other shares of the company as beneficial owner, a statement to that effect and
 - (i) the names of the registered owners of those other shares,
 - (ii) the number, and the class and series, if applicable, of those other shares that are held by each of those registered owners, and
 - (iii) a statement that notices of dissent are being, or have been, sent in respect of all of those other shares;
 - (c) if dissent is being exercised by the shareholder on behalf of a beneficial owner who is not the dissenting shareholder, a statement to that effect and
 - (i) the name and address of the beneficial owner, and
 - (ii) a statement that the shareholder is dissenting in relation to all of the shares beneficially owned by the beneficial owner that are registered in the shareholder's name.
- (5) The right of a shareholder to dissent on behalf of a beneficial owner of shares, including the shareholder, terminates and this Division ceases to apply to the shareholder in respect of that beneficial owner if subsections (1) to (4) of this section, as those subsections pertain to that beneficial owner, are not complied with.

Notice of intention to proceed

- 243 (1) A company that receives a notice of dissent under section 242 from a dissenter must,
- (a) if the company intends to act on the authority of the resolution or court order in respect of which the notice of dissent was sent, send a notice to the dissenter promptly after the later of
 - (i) the date on which the company forms the intention to proceed, and
 - (ii) the date on which the notice of dissent was received, or
 - (b) if the company has acted on the authority of that resolution or court order, promptly send a notice to the dissenter.
- (2) A notice sent under subsection (1) (a) or (b) of this section must
- (a) be dated not earlier than the date on which the notice is sent,
 - (b) state that the company intends to act, or has acted, as the case may be, on the authority of the resolution or court order, and
 - (c) advise the dissenter of the manner in which dissent is to be completed under section 244.

Completion of dissent

- 244 (1) A dissenter who receives a notice under section 243 must, if the dissenter wishes to proceed with the dissent, send to the company or its transfer agent for the notice shares, within one month after the date of the notice,
- (a) a written statement that the dissenter requires the company to purchase all of the notice shares,
 - (b) the certificates, if any, representing the notice shares, and if section 242(4)(c) applies, a written statement that complies with subsection of this section.
- (2) The written statement referred to in subsection (1)(c) must
- (a) be signed by the beneficial owner on whose behalf dissent is being exercised, and
 - (b) set out whether or not the beneficial owner is the beneficial owner of other shares of the company and, if so, set out
 - (i) the names of the registered owners of those other shares,
 - (ii) the number, and the class and series, if applicable, of those other shares that are held by each of those registered owners, and
 - (iii) that dissent is being exercised in respect of all of those other shares.
- (3) After the dissenter has complied with subsection (1),

- (a) the dissenter is deemed to have sold to the company the notice shares, and
- (b) the company is deemed to have purchased those shares, and must comply with section 245, whether or not it is authorized to do so by, and despite any restriction in, its memorandum or articles.
- (4) Unless the court orders otherwise, if the dissenter fails to comply with subsection (1) of this section in relation to notice shares, the right of the dissenter to dissent with respect to those notice shares terminates and this Division, other than section 247, ceases to apply to the dissenter with respect to those notice shares.
- (5) Unless the court orders otherwise, if a person on whose behalf dissent is being exercised in relation to a particular corporate action fails to ensure that every shareholder who is a registered owner of any of the shares beneficially owned by that person complies with subsection (1) of this section, the right of shareholders who are registered owners of shares beneficially owned by that person to dissent on behalf of that person with respect to that corporate action terminates and this Division, other than section 247, ceases to apply to those shareholders in respect of the shares that are beneficially owned by that person.
- (6) A dissenter who has complied with subsection (1) of this section may not vote, or exercise or assert any rights of a shareholder, in respect of the notice shares, other than under this Division.

Payment for notice shares

245 (1) A company and a dissenter who has complied with section 244(1) may agree on the amount of the payout value of the notice shares and, in that event, the company must

- (a) promptly pay that amount to the dissenter, or
- (b) if subsection (5) of this section applies, promptly send a notice to the dissenter that the company is unable lawfully to pay dissenters for their shares.

(2) A dissenter who has not entered into an agreement with the company under subsection (1) or the company may apply to the court and the court may

- (a) determine the payout value of the notice shares of those dissenters who have not entered into an agreement with the company under subsection (1), or order that the payout value of those notice shares be established by arbitration or by reference to the registrar, or a referee, of the court,
- (b) join in the application each dissenter, other than a dissenter who has entered into an agreement with the company under subsection (1), who has complied with section 244(1), and
- (c) make consequential orders and give directions it considers appropriate.

(3) Promptly after a determination of the payout value for notice shares has been made under subsection (2) (a) of this section, the company must

- (a) pay to each dissenter who has complied with section 244(1) in relation to those notice shares, other than a dissenter who has entered into an agreement with the company under subsection (1) of this section, the payout value applicable to that dissenter's notice shares, or
- (b) if subsection (5) applies, promptly send a notice to the dissenter that the company is unable lawfully to pay dissenters for their shares.

(4) If a dissenter receives a notice under subsection (1) (b) or (3) (b),

- (a) the dissenter may, within 30 days after receipt, withdraw the dissenter's notice of dissent, in which case the company is deemed to consent to the withdrawal and this Division, other than section 247, ceases to apply to the dissenter with respect to the notice shares, or
- (b) if the dissenter does not withdraw the notice of dissent in accordance with paragraph (a) of this subsection, the dissenter retains a status as a claimant against the company, to be paid as soon as the company is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the company but in priority to its shareholders.

(5) A company must not make a payment to a dissenter under this section if there are reasonable grounds for believing that

- (a) the company is insolvent, or
- (b) the payment would render the company insolvent.

Loss of right to dissent

246 The right of a dissenter to dissent with respect to notice shares terminates and this Division, other than section 247, ceases to apply to the dissenter with respect to those notice shares, if, before payment is made to the dissenter of the full amount of money to which the dissenter is entitled under section 245 in relation to those notice shares, any of the following events occur:

- (a) the corporate action approved or authorized, or to be approved or authorized, by the resolution or court order in respect of which the notice of dissent was sent is abandoned;
- (b) the resolution in respect of which the notice of dissent was sent does not pass;
- (c) the resolution in respect of which the notice of dissent was sent is revoked before the corporate action approved or authorized by that resolution is taken;
- (d) the notice of dissent was sent in respect of a resolution adopting an amalgamation agreement and the amalgamation is abandoned or, by the terms of the agreement, will not proceed;
- (e) the arrangement in respect of which the notice of dissent was sent is abandoned or by its terms will not proceed;
- (f) a court permanently enjoins or sets aside the corporate action approved or authorized by the resolution or court order in respect of which the notice of dissent was sent;
- (g) with respect to the notice shares, the dissenter consents to, or votes in favour of, the resolution in respect of which the notice of dissent was sent;
- (h) the notice of dissent is withdrawn with the written consent of the company;
- (i) the court determines that the dissenter is not entitled to dissent under this Division or that the dissenter is not entitled to dissent with respect to the notice shares under this Division.

Shareholders entitled to return of shares and rights

247 If, under section 244(4) or (5), 245(4) (a) or 246, this Division, other than this section, ceases to apply to a dissenter with respect to notice shares,

- (a) the company must return to the dissenter each of the applicable share certificates, if any, sent under section 244(1)(b) or, if those share certificates are unavailable, replacements for those share certificates,
- (b) the dissenter regains any ability lost under section 244(6) to vote, or exercise or assert any rights of a shareholder, in respect of the notice shares, and
- (c) the dissenter must return any money that the company paid to the dissenter in respect of the notice shares under, or in purported compliance with, this Division.

APPENDIX E -
NOTICE OF HEARING

NO. S-186975
VANCOUVER REGISTRY

IN THE SUPREME COURT OF BRITISH COLUMBIA

IN THE MATTER OF A PROPOSED ARRANGEMENT INVOLVING PUF VENTURES INC.,
NATURES HEMP CORP. AND THE SHAREHOLDERS OF PUF VENTURES INC.

PUF VENTURES INC.

PETITIONER

NOTICE OF HEARING

To: The Shareholders of PUF Ventures Inc. and Natures Hemp Corp.

TAKE NOTICE that a Petition has been filed by PUF Ventures Inc. (the "Petitioner") in the Supreme Court of British Columbia for approval of the plan of arrangement (the "Arrangement"), pursuant to the Business Corporations Act, S.B.C 2002, Chapter 57, as amended.

AND TAKE FURTHER NOTICE that by an Interim Order of the Supreme Court of British Columbia, pronounced on June 22, 2018, the Court has given directions as to the calling of special meeting of the holders of commons shares (the "PUF Shareholders") in the capital of the Petitioner for the purpose, inter alia, of considering and voting upon the Arrangement and approving the Arrangement.

AND TAKE FURTHER NOTICE that the Petition of PUF Ventures Inc. dated June 18, 2018 for a Final Order approving the Arrangement and for a determination that the terms and conditions of the Arrangement are fair to the PUF Shareholders shall be heard before the presiding judge in Chambers at the courthouse at 800 Smithe Street, Vancouver, British Columbia on August 13, 2018 at 9:45 a.m. or soon thereafter as counsel may be heard.

A copy of the said Petition and other documents in the proceedings will be furnished to any PUF Shareholder upon request in writing to the Petitioner's counsel at 1150 – 789 West Pender Street, Vancouver, British Columbia, V6C 1H2.

1. Date of Hearing

The Petition is unopposed, by consent or without notice.

The date of the hearing has been determined pursuant to the Interim Order. The Petitioner expects that the Petition will be unopposed.

2. Duration of Hearing

The time estimate of the Petitioner is 15 minutes.

3. Jurisdiction

This matter is not within the jurisdiction of a master

Dated at the City of Vancouver, in the Province of British Columbia, this 22nd day of June, 2018.

"Linas Antanavicius"

Linas Antanavicius
COUNSEL FOR THE PETITIONER

This Notice of Hearing is filed by Linas Antanavicius, whose place of business and address for delivery is 1150 – 789 West Pender Street, Vancouver, British Columbia V6C 1H2.

**APPENDIX F -
UNAUDITED FINANCIAL STATEMENTS PREPARED BY MANAGEMENT OF
NATURES HEMP CORP.
FOR THE YEAR ENDED DECEMBER 31, 2017**

**NATURES HEMP CORP.
UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Expressed in Canadian Dollars

(Unaudited – prepared by management)

Notice to Reader

Under National Instrument 51-102, Part 4.3(3)(a), if an auditor has not performed an audit and/or review of the financial statements, they must be accompanied by a notice indicating that the financial statements have not been audited or reviewed by an auditor.

The accompanying unaudited financial statements of Natures Hemp Corp. for the year ended December 31, 2017 have been prepared in accordance with International Financial Reporting Standards. These financial statements are the responsibility of the Company's management and have been approved by the Board of Directors. The Company's independent auditors have not performed an audit or review of these financial statements.

Natures Hemp Corp

Statements of Financial Position

(Expressed in Canadian dollars)

(Unaudited – prepared by management)

December 31,
2017
-\$-

ASSETS

Current assets

Cash

53,254

Receivables (Note 4)

712

TOTAL ASSETS

53,966

LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)

Current liabilities

Accounts payable

-

TOTAL LIABILITIES

-

SHAREHOLDERS' EQUITY (DEFICIENCY)

Share capital (Note 6)

61,174

Deficit

(7,208)

TOTAL SHAREHOLDERS' EQUITY (DEFICIENCY)

53,966

TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY

53,966

Nature of Operations and Going Concern (Note 1)

Approved by the Directors:

“Derek Ivany”

“David Parry”

See accompanying notes to the financial statements

Natures Hemp Corp

Statements of Loss and Comprehensive Loss

(Expressed in Canadian dollars)

(Unaudited – prepared by management)

Year ended December 31, 2017

\$

EXPENSES

Automotive	1,071
Consulting	5,000
Office administration	556
Shareholders communications	581

Loss and comprehensive loss for the year	7,208
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	(7,208)
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Basic and diluted loss per share	\$ (3.68)
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Weighted average number of common shares outstanding	1,961
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See accompanying notes to the financial statements

Natures Hemp Corp

Statements of Changes in Shareholders' Equity (Deficiency)

(Expressed in Canadian dollars)

(Unaudited – prepared by management)

	Share capital			
	Number of shares	Amount	Deficit	Total
Balance at May 1, 2017	-	\$ -	\$ -	\$ -
Shares issued for cash	1,961	61,174	-	61,174
Loss for the year	-	-	(7,208)	(7,208)
Balance at December 31, 2017	1,961	\$ 61,174	\$ (7,208)	\$ 53,966

See accompanying notes to the financial statements

Natures Hemp Corp

Statements of Cash Flows

(Expressed in Canadian dollars)

(Unaudited – prepared by management)

	Year ended December 31
	2017
	-\$-
OPERATING ACTIVITIES	(7,208)
Loss for the year	
Adjustments for non-cash items:	
Net change in non-cash working capital accounts:	
Receivables	(712)
NET CASH FLOWS USED IN OPERATING ACTIVITIES	7,920
FINANCING ACTIVITIES	
Shares issued net of cost	61,174
NET CASH FLOWS PROVIDED BY FINANCING ACTIVITIES	61,174
Increase in cash in the year	53,254
Cash, beginning	-
CASH, ENDING	53,254

See accompanying notes to the financial statements

Natures Hemp Corp

Notes to the Financial Statements

(Expressed in Canadian dollars)

For the year ended December 31, 2017

1. NATURE OF OPERATIONS AND GOING CONCERN

Natures Hemp Corp (the "Company") was incorporated under the Canada Business Corporations Act on May 1, 2017 and has continued as a company under the Business Corporations Act of British Columbia on May 10, 2018. The Company is currently in the process of applying for a license to cultivate hemp in Canada and one other international jurisdiction. It is also working with a major Canadian university, with the goal to develop proprietary methods cannabidiol (CBD) extraction from seeds and other parts of the plants, to create high quality oils and flours. In turn, Natures Hemp will use these products to create high quality and healthy hemp-based food and medicinal products. The Company's head office and principle place of business is located at 804 – 750 West Pender Street, Vancouver, British Columbia, V6C 2T7.

These financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning they will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. At December 31, 2017 the Company had a working capital of \$53,966. The Company's ability to meet its obligations and maintain its current operations is contingent upon successful completion of additional financing arrangements, continued cooperation of creditors and related parties, and ultimately upon the discovery of proven reserves and generating profitable operations. These material uncertainties may cast significant doubt upon the entity's ability to continue as a going concern.

The Company will depend almost exclusively on outside capital. Such outside capital will include the issuance of additional equity shares. There can be no assurance that capital will be available to meet the continuing exploration costs or, if the capital is available, that it will be on terms acceptable to the Company. The issuances of additional equity securities by the Company may result in significant dilution to the equity interests of its current shareholders. Obtaining commercial loans, assuming those loans would be available, will increase the Company's liabilities and future cash commitments. If the Company is unable to obtain financing in the amounts and on terms deemed acceptable, the business and future success may be adversely affected, thus giving rise to doubt about the Company's ability to continue as a going concern. These financial statements do not include any adjustments relating to the recoverability and reclassification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

2. BASIS OF PREPARATION

Statement of compliance to International Financial Reporting Standards

These financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations of the IFRS Interpretations Committee ("IFRIC").

The financial statements were authorized for issue on May 20, 2018 by the directors of the Company.

Natures Hemp Corp

Notes to the Financial Statements

(Expressed in Canadian dollars)

For the year ended December 31, 2017

2. BASIS OF PREPARATION (cont'd...)

Critical Accounting Estimates and Judgments

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported expenses during the period. Actual results could differ from these estimates.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- i) The carrying value and the recoverability of exploration and evaluation assets, which are included in the statements of financial position. The cost model is utilized and the value of the exploration and evaluation assets is based on the expenditures incurred. At every reporting period, management assesses the potential impairment which involves assessing whether or not facts or circumstances exist that suggest the carrying amount exceeds the recoverable amount.
- ii) The recognition of deferred tax assets. The Company considers whether the realization of deferred tax assets is probable in determining whether or not to recognize these deferred tax assets.
- iii) The recorded value of provisions. This amount represents a best estimate of the probable amount payable taking into account available evidence including past history of payments and uncertainty of outflow of future resources.

3. SIGNIFICANT ACCOUNTING POLICIES

New or revised accounting standards not yet adopted

The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective:

IFRS 9 - Financial Instruments was issued in November 2009 and covers the classification and measurement of financial assets as part of its project to replace IAS 39 - Financial Instruments: Recognition and Measurement. In October 2010, the requirements for classifying and measuring financial liabilities were added to IFRS 9. Under this guidance, entities have the option to recognize financial liabilities at fair value through earnings. If this option is elected, entities would be required to reverse the portion of the fair value change due to own credit risk out of earnings and recognize the change in other comprehensive income. IFRS 9 is applicable for periods beginning on or after January 1, 2018. The Company has not yet assessed the impact of the standard or determined whether it will adopt the standard early.

IFRS 7: Amended to require additional disclosures on transition from IAS 39 and IFRS 9, effective for annual periods beginning on or after January 1, 2018.

The Company anticipates that the application of the above new and revised standards, amendments and interpretations will have no material impact on its results and financial position. Disclosure changes are anticipated.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

Natures Hemp Corp

Notes to the Financial Statements

(Expressed in Canadian dollars)

For the year ended December 31, 2017

4. RECEIVABLES

	2017
GST receivables	\$ 712

5. RELATED PARTY TRANSACTIONS AND BALANCES

The Company defines key management as directors and officers of the Company.

During the year ended December 31, 2017, there were no fees paid to any key management.

There were no amounts due to key management personnel as at December 31, 2017.

6. SHARE CAPITAL AND RESERVES

Authorized: Unlimited common shares without par value

On August 2017, 1,961 common shares were issued as part of the initial formation of the Company.

On October 12, 2017, PUF Ventures Inc. purchased the Company by issuing 1,200,000 of its common shares with a deemed value of \$600,000 for all issued and outstanding shares of the Company.

7. CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to carry out exploration and evaluation activities and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company depends on external financing to fund its activities. The capital structure of the Company currently consists of common shares. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, acquire or dispose of assets or adjust the amount of cash.

The issuance of common shares requires approval of the Board of Directors. It is the Company's objective to safeguard its ability to continue as a going concern, so that it can continue to explore and develop its properties for the benefit of its stakeholders. The Company seeks to place its cash with reputable financial institutions. Accordingly, the Company believes that it is exposed to minimal credit risks at the current time. There are no externally imposed capital requirements.

Natures Hemp Corp

Notes to the Financial Statements

(Expressed in Canadian dollars)

For the year ended December 31, 2017

8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments consist of cash, receivables, investment, accounts payable and accrued liabilities, and due to related parties. Cash has been designated as fair value through profit and loss, receivables as loans and receivables, investments as AFS, and accounts payable and accrued liabilities and due to related parties are designated as other financial liabilities. The fair value of these financial instruments approximates their carrying value due to the short-term nature of these instruments. Cash and investments are measured using level one of the fair value hierarchy.

The Company is exposed to a variety of financial risks by virtue of its activities including currency, credit, interest rate, liquidity and other price risk. There has been no change in the way management managed these risks for the year.

a) Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. Cash is held in a large Canadian financial institution, which has a strong credit rating from a primary credit rating institution. There is nominal risk associated with receivables as this is due primarily from a government agency.

b) Interest rate risk

Interest rate risk consists of two components:

(a) To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.

(b) To the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

Due to the short-term nature of the Company's financial instruments, fluctuations in market rates do not have a significant impact on estimated fair values as of December 31, 2017. The Company manages interest rate risk by maintaining an investment policy that focuses primarily on the preservation of capital and liquidity.

c) Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its financial obligations as they come due. The Company's ability to continue as a going concern is dependent on management's ability to raise the required capital through future equity issuances. The Company manages its liquidity risk by forecasting cash flows required by operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning, and approval of significant expenditures and commitments. All the Company's financial liabilities have contractual maturities less than 30 days and are subject to normal trade terms. The Company is exposed to liquidity risk.