

## FORM 51-102F3

### MATERIAL CHANGE REPORT

**Item 1: Name and Address of Reporting Issuer**

PUF Ventures Inc. (the “Company”)  
804-750 West Pender Street  
Vancouver, BC V6C 2T7

**Item 2: Date of Material Change**

June 29, 2018.

**Item 3: News Release**

A news release was issued and disseminated on June 29, 2018 and filed on SEDAR ([www.sedar.com](http://www.sedar.com)).

**Item 4: Summary of Material Changes**

The Company announced the formation of Propagation Services Canada Inc. (“PSC”) which will provide “flower ready” starter plants to Cannabis Cultivators in Canada and internationally.

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

The Company announced the formation of PSC which will provide “flower ready” starter plants to Cannabis Cultivators in Canada and internationally.

PSC was jointly formed with the Company and Casey Houweling (“Houwelings”), a vegetable greenhouse grower with over 40 years of floral and vegetable propagation experience. Houwelings currently operates a large-scale vegetable propagation business in a 20-hectare HA (2.2 million square feet) facility located in Delta, British Columbia.

Under a Letter of Intent signed on May 22, 2018 between the Company and Houwelings, the two parties have agreed to the following:

- A 50/50 joint ownership interest in PSC.
- Under a 15-year facility lease agreement, PSC will initially lease 3.9 HA (419,500 square feet) of Houwelings Delta facility with the right to increase growing area as industry demand increases up to 2.2 million square feet.
- Under a management agreement, Houwelings Propagation staff will manage cannabis propagation operations on behalf of PSC.
- The Company will commit up to \$6 million in a non-interest-bearing capital loan to PSC for upgrades to the Houwelings greenhouse facility to be compliant with Health Canada guidelines and other capital improvements.
- The Company will pay for all license application costs which will be recoverable from future profits of PSC.
- Delivery of first plant orders is anticipated for the first quarter of 2019

The Company is in the process of preparing and finalizing a shareholders’ agreement, management agreement and a sublease agreement in relation to the LOI.

The Company will provide further details upon signing the definitive agreement which is currently in motion by both parties.

Internationally, the Company owns a 35 percent stake in Solaris Nutraceuticals, a private company based in Australia which is building a large-scale, hi-tech and ultra-efficient 1.2 million sq. ft. cannabis greenhouse in New South Wales, Australia. Houweling is a consultant to the Solaris project.

**About Propagation Services Canada Inc.**

Propagation Services Canada is a joint venture company focused on the cannabis propagation market in Canada. Its Delta facility is one of the most technologically advanced greenhouses in North America, with full propagation services, experienced staff and 18 MW of power in place. For more information on the greenhouse and company please visit [www.propcan.ca](http://www.propcan.ca)

**About PUF Ventures Inc.**

PUF Ventures Inc. is a growth oriented and diversified company focused on the international cannabis industry. It has ownership in several cannabis companies: AAA Heidelberg, Solaris Nutraceuticals Pty Ltd., and Natures Hemp Corp., and is actively pursuing other opportunities within the industry. PUF has an option to purchase 100% of AAA Heidelberg Inc., an advanced applicant for an ACMPR license. Solaris Nutraceuticals is building the largest medical cannabis greenhouse in the Southern Hemisphere. For more information please visit: [www.puf.ca](http://www.puf.ca).

**Item 6: Reliance on subsection 7.1(2) or (3) of National Instrument 51-102**

Not applicable.

**Item 7: Omitted Information**

None.

**Item 8: Executive Officer**

For further information, please contact:

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**Item 9: Date of Report**

July 3, 2018.