

**FORM 51-102F3**

**MATERIAL CHANGE REPORT**

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

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

**Item 2: Date of Material Change**

September 27, 2017.

**Item 3: News Release**

Two news releases were issued and disseminated on September 27, 2017 and filed on SEDAR ([www.sedar.com](http://www.sedar.com)).

**Item 4: Summary of Material Changes**

The Company announced that it has 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 Company also announced that at the request of IIROC, the Company wishes to clarify some information contained in its news release of earlier today.

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

The Company announced that it has 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 is between Richmond Valley Council, PUF Ventures Australia (“**PVA**”), a recently formed majority owned subsidiary of the Company, which shall be led by Mr. Michael Horsfall of Sydney, New South Wales, Australia as President and CEO. At full scale, the new facility will have the capacity to support annual production of 100,000 kilograms of high quality cannabis, which equates to an associated annual revenue generation potential of between C\$800 million and C\$1.1 billion (based on current pricing metrics in the Australian cannabis marketplace).

PVA has agreed to a purchase option agreement with the Richmond Valley Council for a 27-hectare parcel of land near the town of Casino in northern New South Wales, Australia. This is a landmark agreement whereby the council will provide the land for 5 years at no cost, with an option for PVA to purchase the parcel on favorable terms after year 5. The Richmond Valley Council has been extremely supportive of PVA’s growth strategy and vision and is committed to improving local economic and employment opportunities. The purchase agreement and associated partnership with the Richmond Valley Council will allow PVA to enter the cannabis market on a solid footing with the full support of the local political and governing bodies. Having the largest medical cannabis facility in the southern hemisphere in Richmond Valley is expected to draw other investments in research, education, manufacturing, tourism and other sectors.

According to Grandview Research, the global medical cannabis market is estimated to reach more than \$70 Billion by 2025, approximately ten times the size of the estimated total Canadian cannabis market at the same time. Australia is one of 12 countries that have introduced new medical cannabis laws in the past 2.5 years. Assuming recreational cannabis becomes legal and with a population of more than 24 million people, roughly two-thirds of Canada's population, it is suggested that the cannabis market in Australia could grow to \$9 Billion over the next 7 years. Being one of the first companies to market, PVA looks to capture a significant portion of that potential revenue.

Coinciding with the formation of PVA, the Company has appointed Mr. Michael Horsfall as President and CEO of the majority owned subsidiary. Mr. Horsfall has worked extensively as a strategic business consultant with various Australian and internationally listed companies and brings over 20 years' experience to the role. He has been responsible for successfully leading pursuit and capture teams across government and whole-of-government (WOG) IT outsourcing projects, at both the federal and state level. Mr. Horsfall has won numerous awards for excellence for his work with the Kosovo Safehavens & Immigration Detention Centres. He has worked with companies on M&A activities and large scale program recovery, and as a qualified Programme Director he has managed and advised on some of the largest programs within the Australian government. Mr. Horsfall has founded and been involved in numerous companies in the information technology, consulting, finance, hospitality and real estate sectors. He brings with him an extensive network and relationships combined with an in-depth understanding of government, which he will leverage to full advantage.

The strategic partnership between PVA and the Richmond Valley Council accelerates PUF's aggressive global expansion strategy. The cannabis cultivation application protocols in Australia are similar to the Health Canada ACMPR process where requirements are broad and restrictive, and substantial funding is required. It includes an extensive police check, plus strict regulations on the type and amount that security cultivation facilities will require. PVA will file its formal application with the Office of Drug Control in the coming weeks and is working diligently toward becoming a licensed producer in Australia.

PUF is on the path of becoming one of the largest cannabis companies in the world. The Company is currently working through the ACMPR process with Health Canada; it has launched a biomedical cannabidiol ("CBD") product line to be manufactured in the United States and sold in Europe with a specific emphasis on Germany and Croatia; and now is planning a multi-phased build-out of a 1 million-square-foot cultivation facility in Australia, that, when complete, will have production capacity of approximately 100,000 kilograms of cannabis per year, which equates to an associated revenue generation potential of approximately C\$800 Million to \$1.1 Billion.

The Company also announced that at the request of IIROC, the Company wishes to clarify some information contained in its news release of earlier today.

The Company plans to construct a one 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 construction of the facility will be completed in stages at an estimated total cost of C\$50 million. The first phase of the project is to cover approximately 300,000 -square-feet which upon completion will be the largest medical cannabis greenhouse in Australia. The first crop, based on current construction timelines, permitting and various Australian approvals, is expected to be planted in the fourth quarter 2018. PUF will seek financing to cover the costs of the project from both local and international partners.

At full scale, the new facility will have the capacity to support annual production of 100,000 kilograms of high quality cannabis which, based on the current market price for high quality medical cannabis in Australia of between C\$227 and C\$315 per ounce or C\$8,000 and C\$11,000 per kilogram, equates to an associated annual revenue generation potential of between C\$800 million and C\$1.1 billion. Our own internal calculations and analysis suggest these prices will hold or likely increase due the higher margin high quality medical grade cannabis grown. Total operating costs are estimated to be between 20-25 percent of revenue.

PVA has agreed to a purchase option agreement with the Richmond Valley Council for a 27-hectare parcel of land near the town of Casino in northern New South Wales, Australia. This is a landmark agreement whereby the council will provide the land for five years at no cost, with an option for PVA to purchase the parcel on favorable terms after year five. The cost of the parcel at year five will be based on the current value of the land (2017) and not the reassessed value at the future date. In addition, PVA will be entitled to credits for money spent on land infrastructure.

The Company retracts the statement that PUF is on the path of becoming one of the largest cannabis companies in the world.

Some of the statements contained in the release are forward-looking statements, such as estimates and statements that describe the Issuer's future plans, objectives or goals, including words to the effect that the Issuer or management expects a stated condition or result to occur. Since forward-looking statements address future events and conditions, by their very nature, they involve inherent risks and uncertainties.

No stock exchange or securities regulatory authority has reviewed or accepted responsibility for the adequacy or accuracy of the release.

**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**

October 13, 2017.