

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

1. Name and Address of Company

PureK Holdings Corp. (the "**Corporation**" or "**PureK**")
Suite 206, 595 Howe Street
Vancouver, British Columbia
V6C 2T5

2. Date of Material Change

December 7, 2020

3. News Release

A press release disclosing the material change was released on December 8, 2020 and December 11, 2020 through the facilities of Globe Newswire.

4. Summary of Material Change

The Corporation announced that it completed its previously-announced qualifying transaction (the "**Qualifying Transaction**") pursuant to the policies of the TSX Venture Exchange ("**TSXV**"). The Corporation also announced that trading in the common shares of the Company (the "**Common Shares**") commenced trading on the TSXV under the symbol "PKAN" on December 10, 2020, following the issuance by the TSXV of its final bulletin in respect of the Qualifying Transaction.

The Qualifying Transaction was completed in accordance with the terms of the previously-announced business combination agreement dated November 20, 2020 (the "**Business Combination Agreement**").

Pursuant to the Qualifying Transaction and the Business Combination Agreement, PureK has approximately 7,005,626 Common Shares and 1,025,000 Series 1 Preferred Shares outstanding and has reserved for issuance 12,500 Common Shares pursuant to stock options and 7,500 Common Shares pursuant to agent's options. Additionally, the board of directors and officers of the Company were announced.

5.1 Full Description of Material Change

PureK announced that it has completed the Qualifying Transaction pursuant to the policies of the TSXV. For additional information about the Qualifying Transaction, please see the Company's news release dated November 23, 2020 and the filing statement of the Company dated November 20, 2020 (the "**Filing Statement**"), which are available at www.sedar.com.

Trading in the Common Shares commenced on the TSXV under the symbol "PKAN" on December 10, 2020 following the issuance by the TSXV of its final bulletin in respect of the Qualifying Transaction.

The Qualifying Transaction was completed in accordance with the terms of the Business Combination Agreement among the Company, Heavenly Rx Ltd. ("**Heavenly**"), Heavenly Rx, LLC ("**Heavenly Subco**"), PureKana, LLC ("**PureKana**"), Cody J. Alt and Jeff Yauck (the "**PureKana Founders**").

Pursuant to the terms of the Business Combination Agreement:

- The Company: (a) amended its articles and notice of articles to create a series of convertible preferred shares (the "**Series 1 Preferred Shares**"); (b) consolidated its issued and outstanding Common Shares on the basis of 40 existing Common Shares for one consolidated Common Share (the "**Consolidation**"); and (c) changed its name to "PureK Holdings Corp.";
- The parties completed a triangular merger among the Company, a subsidiary of Heavenly Subco ("**Heavenly LLC 2**") and a wholly-owned subsidiary of the Company ("**AF1 Subco**"), each formed under the laws of Delaware, whereby Heavenly LLC 2 merged with and into AF1 Subco under the Delaware Limited Liability Company Act, with AF1 Subco continuing as the surviving corporation (the "**Merger**");
- Heavenly indirectly received 4,000,000 post-Consolidation Common Shares and the PureKana Founders received an aggregate of 2,818,125 post-Consolidation Common Shares pursuant to the Merger, each at a deemed price of US\$8.00 per share. The PureKana Founders also receive an aggregate of 1,025,000 Series 1 Preferred Shares, each at a deemed price of US\$8.00 per share; and
- The Company indirectly acquired a 50.1% interest in PureKana.

AF1 Subco is a wholly-owned subsidiary of the Company. In connection with the Merger, the Company indirectly assumed Heavenly Subco's obligations under outstanding promissory notes held by the PureKana Founders in the aggregate principal amount of US\$6,934,298.

Immediately following the Merger, Heavenly distributed to its shareholders an aggregate of 1,349,934 Common Shares, and contributed to certain arm's length third party limited partnerships an aggregate of 2,050,000 Common Shares, and the PureKana Founders sold the 1,025,000 Series 1 Preferred Shares to arm's length parties for aggregate gross proceeds of US\$8,200,000.

As a result of the Merger and following the completion of the Consolidation, the Company has approximately 7,005,626 Common Shares and 1,025,000 Series 1 Preferred Shares outstanding and has reserved for issuance 12,500 Common Shares pursuant to stock options and 7,500 Common Shares pursuant to agent's options.

The board of directors of the Company now consists of four directors: Paul Norman (Chairman), Jeff Yauck, Cody Alt and Michael Galloro. The officers of the Company are Kathy Casey (Chief Executive Officer) and Brian Meadows (Chief Financial Officer and Corporate Secretary). The directors and officers of the Company, as a group, beneficially own, or control or direct, directly or indirectly, 2,890,907 Common Shares, which are subject to escrow restrictions as further described in the Filing Statement.

Early Warning Disclosure Pursuant to National Instrument 62-103

In connection with the Qualifying Transaction, each of Jeff Yauck and Cody Alt acquired ownership, control or direction over Common Shares requiring disclosure pursuant to the early warning requirements of applicable securities laws.

Prior to the completion of the Qualifying Transaction, each of Jeff Yauck and Cody Alt had no ownership of, or exercised control or direction over, any voting or equity securities of the

Company. In connection with the Qualifying Transaction, each of Jeff Yauck and Cody Alt acquired ownership of 1,409,063 Common Shares representing approximately 20.1% of the issued and outstanding Common Shares on a non-diluted basis and 12.9% on a fully diluted basis in accordance with the terms of the Merger.

Each of Jeff Yauck and Cody Alt: (i) acquired the Common Shares in connection with the Qualifying Transaction; (ii) holds the Common Shares for investment purposes; and (iii) does not have any current intentions to increase or decrease his beneficial ownership or control or direction over any additional securities of the Company. Each of Jeff Yauck and Cody Alt may, from time to time and depending on market and other conditions, acquire additional Common Shares through market transactions, private agreements, treasury issuances, convertible securities or otherwise, or may sell all or some portion of the Common Shares they each own or control, or may continue to hold the Common Shares.

Copies of the early warning reports may be obtained from Brian Meadows, Chief Financial Officer, PureK Holdings Corp., +1 (855) 553-7441, ir@purekana.com.

About PureK Holdings Corp.

PureK Holdings Corp. indirectly owns a 50.1% equity interest in PureKana, LLC. PureKana is recognized as a Top 10 cannabidiol ("CBD") brand in the United States and has operated a profitable direct-to-consumer online business since its inception in 2017. Its product lineup includes high quality CBD that can be consumed in the form of tinctures, capsules, topicals, patches, and gummies. PureKana's brand and direct-to-consumer marketing expertise has helped to establish PureKana as one of the leading online CBD brands in the United States. The online presence is now being expanded into broader retail outlets. PureKana operates legally in the jurisdictions where it carries on business.

5.2 Disclosure for Restructuring Transactions

Not applicable.

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

The report is not being filed on a confidential basis.

7. Omitted Information

No significant facts have been omitted from this Material Change Report.

8. Executive Officer

For further information, contact Brian Meadows, Chief Financial Officer and Corporate Secretary of the Corporation at 1 (855) 553-7441.

9. Date of Report

This report is dated December 15, 2020.

Cautionary Statement Regarding Forward-Looking Information

Certain statements contained in this material change report constitute "forward-looking information" as such term is used in applicable Canadian securities laws. Forward-looking information is based on plans, expectations and estimates of management at the date the information is provided and is subject to certain factors and assumptions, including, that the Company's financial condition and development plans do not change as a result of unforeseen events and that the Company obtains regulatory approval. Forward-looking information is subject to a variety of risks and uncertainties and other factors that could cause plans, estimates and actual results to vary materially from those projected in such forward-looking information. Factors that could cause the forward-looking information in this material change report to change or to be inaccurate include, but are not limited to, the risk that any of the assumptions referred to prove not to be valid or reliable, that occurrences such as those referred to above are realized and result in delays, or cessation in planned work, that the Company's financial condition and development plans change, and delays in regulatory approval, as well as the other risks and uncertainties applicable the CBD industry and to the Company as set forth in the Company's Filing Statement in respect of the Qualifying Transaction filed under the Company's profile at www.sedar.com. The Company undertakes no obligation to update these forward-looking statements, other than as required by applicable law.