

**Form 51-102F3**  
**Material Change Report**

**Item 1 Name and Address of Company**

The BC Bud Corporation (the “Company”)  
Suite 830-999 West Broadway  
Vancouver, British Columbia  
V5Z 1K5

**Item 2 Date of Material Change**

August 30, 2024 (as the effective date of the Loan as defined below) and October 15, 2024

**Item 3 News Release**

A news release was disseminated on October 16, 2024 through the facilities of Stockwatch.

**Item 4 Summary of Material Change**

On October 15, 2024, the Company filed its consolidated audited financial statements for the year ended February 28, 2024 which included a restatement of the financial statements for the year ended February 28, 2023 (the “Restatement”).

The Company entered into a loan agreement with Sutton Ventures Ltd. (“Sutton”), a private entity owned and controlled by CEO, Brayden Sutton, dated effective August 30, 2024 (the “Loan Agreement”), pursuant to which Sutton has advanced to the Company the principal amount of \$100,000 (the “Loan”).

**Item 5 Full Description of Material Change**

*Restatement*

The Company filed its consolidated audited financial statements for the year ended February 28, 2024 and the Restatement.

Pursuant to the Restatement, the following amounts have been restated compared to what was previously reported:

- (i) a reduction in accounts receivable by \$305,736 to \$259,785 as at February 28, 2023 to write down accrued revenue that was not collected after the year end;
- (ii) a reduction in advances by \$529,387 to \$Nil as at February 28, 2023 with a corresponding increase to inventory of \$477,016 to \$583,073 as at February 28, 2023 to reclassify advances to inventory and write down certain inventory amounts and their costs following a reassessment of IAS 2;
- (iii) a reduction in accounts payable by \$37,420 to \$227,895;
- (iv) an increase in the deficit of \$320,687 as a result of the adjusting entries above.

Adjustments to the Company’s income statement for the year ended February 28, 2023 reflect:

- (i) a decrease in revenue of \$720,346 to \$269,239 with a corresponding decrease in the costs of good sold of \$709,516 to \$422,707 for the year ended February 28, 2023 following a reassessment of revenue recognition under IFRS 15 related to among other things products held on consignment;
- (ii) a decrease in advertising and promotion of \$64,392 to \$65,766 and corresponding increase to consulting fees of \$12,736 to \$325,196 to reclassify professional fees recorded within marketing fees in the year ended February 28, 2023;
- (iii) an allocation of \$305,736 to 'bad debt' for which no prior allowance was made to write down accrued revenue not collected after the year ended February 28, 2023 following a reassessment of IFRS 9; and
- (iv) an inventory write down of \$17,839 for which no prior allowance was made.

The refiled financial statements and MD&A are available for viewing under the Company's profile on the SEDAR+ website at [www.sedarplus.ca](http://www.sedarplus.ca).

#### *Loan*

The Company entered into the Loan Agreement with Sutton for the Loan. The Loan bears interest at a rate of 8.0% per annum and matures on the earlier of February 28, 2026 or an event of default occurring. The Loan is secured by way of a general security interest in all personal and after acquired property of the Company. The Loan is in addition to a \$150,000 loan made by Sutton to the Company's subsidiary in 2021.

As a result of the relationship of Sutton to the Company, it is a "related party" to the Company within the meaning of Multilateral Instrument 61-101- Protection of Minority Security Holders in Special Transactions ("**MI 61-101**"). As such, the Loan constitutes a "related party transaction" within the meaning of MI 61-101.

The Loan does not impact the holdings of Mr. Sutton in the Company.

The Company has not entered into any agreement with an interested party or a joint actor with an interested party in connection with the Loan.

The board of directors approved the Loan, with Brayden Sutton abstaining from voting. There are no prior valuations in respect of the Company or the Loan and neither the board of the Company nor its officers are aware of the existence of any such valuation. The Loan is exempt from the formal valuation (pursuant to subsections 5.5(a) and 5.7(1)(a) of MI 61-101 as the fair market value of the transactions, insofar as it involves interested parties, is not more than the 25% of the Company's market capitalization.

The material change report in connection with the Loan was not filed 21 days in advance of the completion of Loan for the purposes of Section 5.2(2) of MI 61-101 on the basis that the proceeds of the Loan were required to complete the audited financial statements.

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

This Report is not being filed on a confidential basis in reliance on subsection 7.1(2) or (3) of National Instrument 51-102.

**Item 7**            **Omitted Information**

No information has been omitted on the basis that it is confidential information.

**Item 8**            **Executive Officer**

Brayden Sutton is knowledgeable about the material change and the Report and may be contacted (778) 656-0377.

**Item 9**            **Date of Report**

November 1, 2024