

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

**Item 1**      **Name and Address of Company**

The Tinley Beverage Company Inc. (the “**Company**” or “**Tinley**”)  
181 Bay Street, Suite 1800  
Toronto, Ontario, Canada  
M5J 2T9

**Item 2**      **Date of Material Change**

August 30, 2024 (the “**Closing Date**”)

**Item 3**      **News Release**

On the Closing Date, a news release in respect of the material change was disseminated by the Company through Newsfile Corp. A copy of such news release is appended as Schedule “A” and was filed under the Company’s profile on SEDAR at [www.sedarplus.com](http://www.sedarplus.com).

**Item 4**      **Summary of Material Change**

On the Closing Date, the Company issued 9,997,720 units (“**Units**”) of the Company under a non-brokered private placement at a price of \$0.18 per Unit for gross proceeds of approximately \$1.8 million (the “**Private Placement**”) and settled approximately \$6.5 million of outstanding indebtedness of the Company owing to certain creditors, including \$5,338,035 of secured debt owing to its strategic partner, Blaze Life Holdings, LLC (“**BLH**”), by way of the issuance of an additional 16,790,661 Units and the transfer of Tinley’s bottling line to BLH at a deemed price of approximately \$3.5 million (the “**Debt Settlement**” and, together with the Private Placement, the “**Transactions**”).

Each Unit was comprised of five (5) common shares of the Company (each a “**Common Share**”) and five (5) common share purchase warrants (each a “**Warrant**”). Each Warrant is exercisable into one Common Share at a price of \$0.05 for a period of three years from the date of issuance.

Of the 26,788,381 Units issued by the Company under the Transactions, 3,627,472 Units were acquired, directly or indirectly, by an insider of the Company, being Anthony Yanow, a director of the Company, pursuant to the Private Placement (the “**Insider Subscriptions**”) and approximately \$5.4 million of outstanding indebtedness was settled with certain insiders of the Company, being BLH, an insider of the Company, and the Company’s former CEO, Ted Zittell, who remains a director of the Company (the “**Insider Settlements**” and, together with the Insider Subscriptions, the “**Insider Transactions**”). BLH became a control person of the Company as a result of the closing of its Debt Settlement. The Company relied on exemptions from the formal valuation and minority shareholder approval requirements provided under Sections 5.5(b) and 5.7(1)(b) of Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* (“**MI 61-101**”) to complete the Insider Subscriptions that took place as part of the Private Placement, and under Sections 5.5(b) and 5.7(1)(e) of MI 61-101 to complete the Insider Settlements.

A copy of the Company’s press release dated as of the Closing Date is attached to this report as Schedule “A”.

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

On the Closing Date, the Company issued an aggregate of 26,788,381 Units and transferred its bottling line to BLH pursuant to the closing of the Transactions, which resulted in net proceeds of approximately \$1.8 million and the settlement of approximately \$6.5 million of indebtedness,

including \$5,338,035 of secured debt owing to BLH and approximately \$83,825 owing to the Company's former CEO, Ted Zittell, who remains a director of the Company. Each Unit was comprised of five (5) Common Shares and five (5) Warrants, with each Warrant exercisable into one Common Share for a period of three years from the date of issuance. As a result of the closing of the Transactions, BLH became a control person of the Company. The Transactions were undertaken by the Company to improve the financial position of the Company by funding ongoing business initiatives, settling certain debt obligations and for general corporate and working capital purposes.

Pursuant to the Insider Transactions: (i) BLH was issued 10,167,685 Units under the Debt Settlement to settle approximately \$1.8 million of secured indebtedness under its up to US\$3.5 principal amount secured convertible grid note issued to BLH dated June 10, 2022 (the "**BLH Note**") and was transferred Tinley's bottling line to settle the remaining approximately \$3.5 million of indebtedness under the BLH Note; (ii) Mr. Yanow was indirectly issued 3,627,472 Units under the Private Placement; and (iii) Mr. Zittell was indirectly issued 465,694 Units under the Debt Settlement. As a result of the Debt Settlements, the Company extinguished all of the indebtedness under the BLH Note and under its US\$612,250 principal amount secured convertible note issued to Richard Gillis on June 10, 2022 and all security interests against Tinley's and its subsidiaries have been discharged.

As a result of the closing of the Transactions, BLH owns, or exercises control or direction over, an aggregate of 66,838,425 Common Shares and 66,838,425 Warrants, representing approximately 18.40% of the issued and outstanding Common Shares or 36.80% of the issued and outstanding Common Shares upon the exercise of the Warrants (assuming that all of the Warrants owned by BLH immediately following the Private Placement are exercised and that no other securities, including those convertible into, or exercisable for, Common Shares, are issued, converted or exercised). Prior to the closing of the Transaction, BLH owned, or exercised control or direction over, 16,000,000 Common Shares and 16,000,000 Warrants, representing approximately 6.98% of the total issued and outstanding Common Shares, or approximately 13.95% assuming the exercise of all Warrants BLH owned or exercised control or direction over.

The Insider Transactions were considered "related party transactions" within the meaning of MI 61-101. The Company relied on exemptions from the formal valuation and minority shareholder approval requirements provided under Sections 5.5(b) and 5.7(1)(b) of MI 61-101 to complete the Insider Subscriptions that took place as part of the Private Placement, and under Sections 5.5(b) and 5.7(1)(e) of MI 61-101 to complete the Insider Settlements that took place as part of the Debt Settlement.

In connection with the completion of the Insider Settlements, the board of directors of the Company and the independent directors of the Company, acting in good faith, determined that (i) the Company was in serious financial difficulty, (ii) the Insider Settlements were designed to improve the financial position of the Company and (iii) the terms of the Insider Settlements were reasonable in the Company's circumstances. The Company did not file a material change report in respect of the related party transactions more than 21 days prior to the closing of the Transactions, which the Company deemed reasonable in the circumstances so as to be able to avail itself of the proceeds of the Insider Subscriptions and reduce its debt obligations under the Insider Settlements in an expeditious manner. The Company confirms that, to the knowledge of the Company and its directors and senior officers, there were been no prior valuations in respect of the Company in the 24 months prior date of the closing of the Transactions.

**Item 6**                    **Reliance on Subsection 7.1(2) of National Instrument 51-102**

Not applicable.

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

Not applicable.

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

Larry Weintraub, Chief Executive Officer, is knowledgeable about the material change and this report. Mr. Weintraub can be contacted at [relations@drinktinley.com](mailto:relations@drinktinley.com).

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

September 3, 2024

**SCHEDULE A**

**(see attached)**



## **Tinley's Announces the Closing of its Non-Brokered Private Placement and Debt Settlement with an Aggregate Transaction Value of Approximately \$8.3 Million**

### ***FOR IMMEDIATE RELEASE***

TORONTO, Ontario and LOS ANGELES, California, September 3, 2024 – The Tinley Beverage Company Inc. ([CSE:TNY](#); [OTC:TNYBF](#)) (“**Tinley’s**” or the “**Company**”) is pleased to announce the closing of its previously announced non-brokered private placement of 9,997,720 units of the Company (“**Units**”) at a price of \$0.18 per Unit for gross proceeds of approximately \$1.8 million (the “**Private Placement**”) and the settlement of approximately \$6.5 million of outstanding indebtedness of the Company owing to certain creditors, including \$5,338,035 of secured debt owing to Blaze Life Holdings, LLC (“**BLH**”), pursuant to the issuance of an additional 16,790,661 Units and the transfer of Tinley’s bottling line to its strategic partner, BLH, at a deemed price of approximately \$3.5 million (the “**Debt Settlement**”).

### **Private Placement and Debt Settlement**

Pursuant to the closing of the Private Placement and Debt Settlement, the Company issued an aggregate of 26,788,381 Units, including 9,997,720 Units under the Private Placement and 16,790,661 Units under the Debt Settlement. Each Unit consists of five (5) common shares in the capital of the Company (each a “**Common Share**”) and five (5) Common Share purchase warrants (each, a “**Warrant**”). Each Warrant will entitle the holder to purchase one (1) Common Share at a price of \$0.05 per Common Share until the date which is three (3) years from the date of closing. The Company confirms that certain insiders (or Related Parties under CSE Policies) of the Company subscribed for an aggregate of 3,627,472 Units under the Private Placement for an aggregate subscription price of \$652,945 (the “**Insider Subscriptions**”) and that of the \$6.5 million settled under the Debt Settlement, approximately \$5.4 million involved settlements with insiders of the Company, being BLH and the Company’s former CEO who remains a director of the Company (the “**Insider Settlements**”).

As a result of the Debt Settlement, the Company has extinguished all of the indebtedness under its up to US\$3.5 principal amount secured convertible grid note issued to BLH dated June 10, 2022 (the “**BLH Note**”) and its US\$612,250 principal amount secured convertible note issued to Richard Gillis on June 10, 2022 and all security interests against Tinley’s and its subsidiaries have been discharged.

“I am incredibly proud of what is happening now at Tinley’s, and energized by our momentum,” said CEO, Larry Weintraub. “We are moving forward fast, with increased sales opportunities, new product innovation, and widening distribution. Most impressively, as I have seen for myself in the field, when wholesalers, retailers, and customers try Beckett’s products, they love the way they taste! This raise gives us the capital we now need to provide marketing support to our field partners, to grow our brands and promote sales, and to ensure that we can quickly meet the growing demand for our products. As part of this, we’ve done the work to restructure a material amount of lingering debt, clean up our balance sheet, and further lower our overhead. We will continue to operate lean and focus on expanding the availability and awareness of our brands: Beckett’s Tonics® and

Beckett's '27<sup>®</sup> non-alcoholic cocktails and sprits, and now, our new Beckett's Tonics<sup>®</sup> Hemp THC-infused ready-to-drink cocktails."

### **Early Warning Matters**

The closing of the Debt Settlement resulted in BLH becoming a new Control Person (as defined in the Policies of the Canadian Securities Exchange (the "CSE")) of the Company, as it now owns, or exercises control or direction over, an aggregate of 66,838,425 Common Shares and 66,838,425 Warrants, representing approximately 18.40% of the total issued and outstanding Common Shares, or approximately 36.80% assuming the exercise of all Warrants BLH owns or exercises control or direction over. Prior to the closing of the Debt Settlement, BLH owned, or exercised control or direction over, 16,000,000 Common Shares and 16,000,000 Warrants, representing approximately 6.98% of the total issued and outstanding Common Shares, or approximately 13.95% assuming the exercise of all Warrants BLH owned or exercised control or direction over. The Company confirms that it was granted CSE approval to avoid seeking securityholder approval for the creation of such new Control Person as a result of BLH having an existing right to obtain up to 50.1% of Tinley's issued and outstanding Common Shares pursuant to the terms of the Control Option (as defined in the BLH Note) set out in the BLH Note. Please see the news release of the Company dated June 10, 2022 for additional details relating to the BLH Note and the Control Option.

A copy of the early warning report relating to BLH's acquisition of Tinley's securities can be obtained from Paul Burgis at (310) 507-9146 or on the SEDAR profile of the Issuer at [www.sedar.com](http://www.sedar.com).

### **Regulatory Matters**

The Insider Subscriptions and Insider Settlements are considered related party transactions under Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* ("MI 61-101"). The Company relied on exemptions from the formal valuation and minority shareholder approval requirements provided under Sections 5.5(b) and 5.7(b) of MI 61-101 to complete the Insider Subscriptions and under Sections 5.5(b) and 5.7(e) of MI 61-101 to complete the Insider Settlements on the basis of financial hardship. Further details will be provided in the Company's material change report to be filed on SEDAR. The Company did not file a material change report in respect of the related party transactions less than 21 days prior to the closing of the Private Placement and the Debt Settlement, which the Company deems reasonable in the circumstances so as to be able to avail itself of the proceeds of the Private Placement and settle indebtedness under the Debt Settlement in an expeditious manner.

The Company intends to use the net proceeds from the Private Placement to fund its ongoing business initiatives and for general corporate and working capital purposes.

Of the Units issued under the Private Placement and Debt Settlement, including securities issuable on exercise thereof, 4,576,544 Units were issued under National Instrument 45-106 – *Prospectus Exemptions* and are subject to a hold period expiring four (4) months and one (1) day from the date of issuance, with the exception of the 3,627,472 such Units issued to a director of the Company under the Private Placement, which are not subject to any hold period as approved by the CSE. The other 22,211,837 Units issued under the Private Placement and Debt Settlement outside of Canada were issued under Ontario Securities Commission Rule 72-503 – *Distributions Outside of Canada* and are not subject to a statutory hold period in accordance with applicable Canadian securities laws.

This press release shall not constitute an offer to sell or the solicitation of an offer to buy the securities in the United States nor shall there be any sale of the securities in any jurisdiction in which such offer, solicitation or sale would be unlawful. The securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**1933 Act**"), or any state securities laws and may not be offered or sold in the United States unless registered under the 1933 Act and any applicable securities laws of any state of the United States or an applicable exemption from the registration requirements is available.

### **Forward-Looking Statements**

This news release contains forward-looking statements and information (collectively, "**forward-looking statements**") within the meaning of applicable Canadian securities laws. Forward-looking statements are statements and information that are not historical facts but instead include financial projections and estimates, statements regarding plans, goals, objectives and intentions, statements regarding the Company's expectations with respect to its future business and operations, management's expectations regarding growth and phrases containing words such as "ongoing", "estimates", "intends", "expects", "anticipates", or the negative thereof or any other variations thereon or comparable terminology referring to future events or results, or that events or conditions "will", "may", "could", or "should" occur or be achieved, or comparable terminology referring to future events or results. Factors that could cause actual results to differ materially from any forward-looking statement include, but are not limited to, the timing of production of the Company's new THC-infused products, the timing of the receipt of all final CSE approvals for the Private Placement and Debt Settlement, use of proceeds from the Private Placement, political risks, uncertainties relating to the availability, and costs, of financing needed in the future, changes in equity markets, inflation, changes in exchange rates, fluctuations in input costs, and changes in consumer tastes and preferences. Forward-looking statements are subject to significant risks and uncertainties, and other factors that could cause actual results to differ materially from expected results. Readers should not place undue reliance on forward-looking statements. These forward-looking statements are made as of the date hereof and the Company assumes no responsibility to update them or revise them to reflect new events or circumstances other than as required by law. Products, formulations, and timelines outlined herein are subject to change at any time.

For further information, please contact:

**The Tinley Beverage Company Inc.**

Larry Weintraub

[relations@drinktinley.com](mailto:relations@drinktinley.com) CSE:TNY; OTC:TNYBF

Twitter: @drinktinleys and @drinkbecketts

Instagram: @drinktinleys and @drinkbecketts

[www.drinkbecketts.com](http://www.drinkbecketts.com)

[www.drinktinley.com](http://www.drinktinley.com)