

51-102F3
MATERIAL CHANGE REPORT

Item 1 Name and Address of Company

BevCanna Enterprises Inc. (the “**Company**”)
200 – 1672 West 2nd Avenue
Vancouver, BC, V6J 1H

Item 2 Date of Material Change

April 14, 2020.

Item 3 News Release

The news release dated April 14, 2020 was disseminated via Cision.

Item 4 Summary of Material Change

The Company announced that it has closed a non-brokered private placement financing (the “**Equity Financing**”) of \$300,000. The Company also announced the closing of the first tranche of a non-brokered financing (the “**Debenture Financing**”) of secured convertible debentures (each, a “**Debenture**”) for gross proceeds of \$630,000.

Item 5 Full Description of Material Change

5.1 Full Description of Material Change

The Company announced that it closed an Equity Financing of \$300,000. The Company also announced the closing of the first tranche of a Debenture Financing of Debentures for gross proceeds of \$630,000. The Company also announced that it settled debt in the amount of \$758,500 owed by the Company to creditors of the Company in exchange for the issuance of 1,896,250 common shares.

The Equity Financing

Pursuant to the Equity Financing, the Company sold 705,879 common shares (each, a “**Share**”) at a price of \$0.425 per Share for gross proceeds of \$300,000. The Company intends to use the proceeds of the Equity Financing for general working capital purposes.

The Debenture Financing

The Debentures will mature on the date that is 36 months from the date of issuance (the “**Issue Date**”) and will bear interest at a rate of 8.0 per cent per annum, accrued and paid semi-annually in arrears in equal instalments at the end of each calendar quarter, commencing on the date of issuance of the Debentures. Repayment of the Debentures will be made on or prior to 5:00 p.m. PST, on the date which is 36 months following the Issue Date (the “**Maturity Date**”).

The principal amount of the Debentures may be convertible, at the election of the holder of the Debentures (the “**Debentureholders**”), into common shares in the capital of the Company (each, a “**Conversion Share**”), in whole or in part, at any time following the Issue Date but on or before the Maturity Date at a conversion price of \$0.75 per Conversion Share (the “**Conversion Price**”). The Debentures are secured by a first ranking charge over the Company’s present and after acquired properties, subject to permitted encumbrances.

Further, the Debentures have a mandatory conversion feature such that the Company may elect to automatically convert the principal amount of the Debentures into Conversion Shares at the Conversion Price in the event the volume-weighted average closing of the Shares on the Canadian Securities Exchange is at least \$1.00 per Share for 10 consecutive trading days. All accrued and unpaid interest will be paid in cash. Commencing 18 months after the date of issuance of the Debentures the Company may, at any time and from time to time, at its option, redeem all, or any portion of the Debentures at a price equal to 110 per cent of the principal amount of the Debentures plus all accrued and unpaid interest up to and including the date of redemption, upon not less than 15 days' and not more than 60 days' prior written notice to the Debentureholders. The proceeds of the Debenture Financing will be used for general working capital purposes. The Debentures will not be listed or posted for trading on any exchange.

Debt Settlement

The Company also announced that it settled debt in the amount of \$758,500 owed by the Company to creditors of the Company in exchange for the issuance of 1,896,250 common shares (each, a "**Debt Settlement Share**") at a deemed price of \$0.40 per Debt Settlement Share. Included in the total debt settlement was a settlement of debt in the amount of \$60,000 owed to John Campbell, a director and officer of the Company, for unpaid remuneration for services provided by Mr. Campbell as an officer of the Company, and a settlement of debt in the amount of \$250,000 owed to Naturo Group Investments Inc. ("**Naturo**"), a company controlled by Marcello Leone, the Chief Executive Officer, Chairman and a director of the Company, in repayment of a strategic advance.

The securities issued in the Equity Financing, the Debenture Financing and the debt settlement are subject to resale restrictions imposed by applicable law or regulation, including a statutory hold period expiring four months and one day from the date of closing of the transactions.

The material change is fully described in Item 4 above and in the attached news release which has been filed on SEDAR.

MI 61-101 Requirements

The following supplementary information is provided in accordance with Section 5.2 of MI 61-101.

(a) a description of the transaction and its material terms:

See Item 4 above.

(b) the purpose and business reasons for the transaction:

The purpose of the transaction with John Campbell and Naturo is to settle debt owed to creditors of the Company.

(c) the anticipated effect of the transaction on the issuer's business and affairs:

The Company does not anticipate any material effect on the Company's business and affairs.

(d) a description of:

- a. the interest in the transaction of every interested party and of the related parties and associated entities of the interested parties:

John Campbell, an officer and a director of the Company, directly acquired 150,000 Shares in settlement of \$60,000 in accounts payable to him, for services rendered as an officer of the Company. As such, the Campbell settlement was a “related-party transaction” as such term is defined in MI 61-101. Campbell’s participation in the Campbell settlement was approved by disinterested members of the board of directors of the Company.

Naturo, a company controlled by Marcello Leone, an officer and a director of the Company, directly acquired 625,000 Shares in settlement of \$250,000 in accounts payable to him, in repayment of a strategic advance. As such, the Naturo settlement was a “related-party transaction” as such term is defined in MI 61-101. Naturo’s participation in the Naturo settlement was approved by disinterested members of the board of directors of the Company.

- b. the anticipated effect of the transaction on the percentage of securities of the issuer, or of an affiliated entity of the issuer, beneficially owned or controlled by each person or company referred to in subparagraph (i) for which there would be a material change in that percentage:

The following table sets out the effect of the Campbell and Naturo settlement on the percentage of securities of the Company beneficially owned or controlled by Campbell and Leone:

Name and Position	Dollar Amount of Shares Acquired	Number of Securities Acquired	No. of Shares Held prior to Closing of the Settlement	Percentage of Issued and Outstanding Shares prior to Closing of the Settlement	No. of Shares Held After Closing of the Settlement	Percentage of Issued and Outstanding Shares After Closing of the Settlement
John Campbell <i>Officer and Director</i>	\$60,000	150,000 common shares	Undiluted: 622,000 ⁽¹⁾ Diluted: 1,447,000 ⁽²⁾	Undiluted: 1.01% ⁽³⁾ Diluted: 2.33% ⁽⁴⁾	Undiluted: 772,000 ⁽⁵⁾ Diluted: 1,597,000 ⁽⁶⁾	Undiluted: 1.22% ⁽⁷⁾ Diluted: 2.49% ⁽⁸⁾
Marcello Leone <i>Officer and Director</i>	\$250,000	625,000 common shares	Undiluted: 10,134,461 ⁽⁹⁾ Diluted: 13,401,128 ⁽¹⁰⁾	Undiluted: 16.54% ⁽³⁾ Diluted: 20.45% ⁽¹¹⁾	Undiluted: 10,759,461 ⁽¹²⁾ Diluted: 14,026,128 ⁽¹³⁾	Undiluted: 17.04% ⁽⁷⁾ Diluted: 21.12% ⁽¹⁴⁾

⁽¹⁾ Shares held jointly by Campbell and Shen-Wen Lin.

⁽²⁾ Comprised of: (a) 622,000 Shares held jointly by Campbell and Shen-Wen Lin; and (b) options held by Campbell, each of which is exercisable into one Share, exercisable at a price of \$0.50 per Share, with (i) 125,000 exercisable until February 28, 2024, (ii) 100,000 exercisable until July 5, 2022, (iii) 50,000 exercisable until October 24, 2022 and 250,000 exercisable at \$0.33 per Share until December 23, 2022 and 300,000 exercisable at \$0.30 until March 25, 2023 and all of which may be exercised within the next 60 days.

⁽³⁾ Based on 61,245,238 Shares outstanding prior to the completion of the settlement on April 14, 2020.

⁽⁴⁾ Based on 62,070,238 Shares comprised of: (a) 61,245,238 Shares outstanding prior to the completion of the Settlement on April 14, 2020; and (b) 825,000 Shares that may be issued on exercise of options held directly.

⁽⁵⁾ Shares held jointly by Campbell and Shen-Wen Lin.

- (6) Comprised of: (a) 772,000 Shares held jointly by Campbell and Shen-Wen Lin; and (b) all of the convertible securities of the Company set out in footnote (2) above.
- (7) Based on 63,141,488 Shares outstanding after the completion of the settlement on April 14, 2020.
- (8) Based on 63,966,488 Shares comprised of: (a) 63,141,488 Shares outstanding after the completion of the settlement on April 14, 2020; and (b) 825,000 Shares that may be issued on exercise of options held directly.
- (9) Comprised of: (a) 1,502,050 Shares held directly and (b) 8,632,411 shares held indirectly through Naturo;
- (10) Comprised of: (a) 1,502,050 Shares held directly and (b) 8,632,411 shares held indirectly through Naturo; and (c) options held by Leone, each of which is exercisable into one Share, exercisable at a price of \$0.50 per Share, with (i) 1,000,000 exercisable until February 28, 2024, (ii) 100,000 exercisable until July 5, 2022, and 500,000 exercisable at \$0.33 per Share until December 23, 2022 and 1,666,667 exercisable at \$0.30 until March 25, 2023 and all of which may be exercised within the next 60 days, but only to the extent that, if, after giving effect to such exercise, Leone would in the aggregate beneficially own, or exercise control or direction over, that number of voting securities of the Company which is 19.9% or less of the total issued and outstanding voting securities of the Company, immediately after giving effect to such exercise.
- (11) Based on 64,511,905 Shares comprised of: (a) 61,245,238 Shares outstanding prior to the completion of the Settlement on April 14, 2020; and (b) 3,266,667 Shares that may be issued on exercise of options held directly, but only to the extent that, if, after giving effect to such exercise, Leone would in the aggregate beneficially own, or exercise control or direction over, that number of voting securities of the Company which is 19.9% or less of the total issued and outstanding voting securities of the Company, immediately after giving effect to such exercise.
- (12) Comprised of: (a) 1,502,050 Shares held directly and (b) 9,257,411 shares held indirectly through Naturo;
- (13) Comprised of: (a) 1,502,050 Shares held directly and (b) 9,257,411 shares held indirectly through Naturo; and (b) all of the convertible securities of the Company set out in footnote (2) above.
- (14) Based on 66,408,155 Shares comprised of: (a) 63,141,488 Shares outstanding after the completion of the settlement on April 14, 2020; and (b) 3,266,667 Shares that may be issued on exercise of options held directly, but only to the extent that, if, after giving effect to such exercise, Leone would in the aggregate beneficially own, or exercise control or direction over, that number of voting securities of the Company which is 19.9% or less of the total issued and outstanding voting securities of the Company, immediately after giving effect to such exercise.

(e) unless this information will be included in another disclosure document for the transaction, a discussion of the review and approval process adopted by the board of directors and the special committee, if any, of the issuer for the transaction, including a discussion of any materially contrary view or abstention by a director and any material disagreement between the board and the special committee:

The Campbell and Naturo settlement were approved by disinterested members of the board of directors of the Company with Campbell and Leone abstaining on the resolution of the board of directors approving the Campbell and Naturo settlement. A special committee was not established in connection with the approval of the Campbell and Naturo settlement, and no materially contrary view or abstention was expressed or made by any director.

(f) a summary in accordance with section 6.5 of MI 61-101, of the formal valuation, if any, obtained for the transaction, unless the formal valuation is included in its entirety in the material change report or will be included in its entirety in another disclosure document for the transaction:

Not applicable.

(g) *disclosure, in accordance with section 6.8 of MI 61-101, of every prior valuation in respect of the issuer that related to the subject matter of or is otherwise relevant to the transaction:*

a. *that has been made in the 24 months before the date of the material change report:*

Not applicable.

b. *the existence of which is known, after reasonable enquiry, to the issuer or to any director or officer of the issuer:*

Not applicable.

(h) *the general nature and material terms of any agreement entered into by the issuer, or a related party of the issuer, with an interested party or a joint actor with an interested party, in connection with the transaction:*

The Company entered into a debt settlement and subscription agreement with Campbell pursuant to which Campbell subscribed for 150,000 Shares in settlement of \$60,000 in account payable by the Company.

The Company entered into a debt settlement and subscription agreement with Naturo pursuant to which Naturo subscribed for 625,000 Shares in settlement of \$250,000 in account payable by the Company.

See Item 4 above and the attached news release for a full description of the Campbell Settlement.

(i) *disclosure of the formal valuation and minority approval exemptions, if any, on which the issuer is relying under sections 5.5 and 5.7 of MI 61-101 respectively, and the facts supporting reliance on the exemptions:*

MI 61-101 requires that issuers obtain a formal valuation and minority shareholder approval of related party transactions, unless an applicable exemption is available. The Campbell and Naturo settlement were exempt from the valuation requirement of MI 61-101 by virtue of the exemption contained in (i) Section 5.5(a) of MI 61-101 in that the fair market value of the Settlement did not exceed 25% of the Company's market capitalization and (ii) section 5.5(b) of MI 61-101 as the Company's Shares are not listed on a specified market and from the minority shareholder approval requirements of MI 61-101 by virtue of the exemption contained in section 5.7(1)(a) of MI 61-101 in that the fair market value of the Settlement did not exceed 25% of the Company's market capitalization.

As this material change report is being filed less than 21 days before the transaction, there is a requirement under MI 61-101 to explain why the shorter period was reasonable or necessary in the circumstances. In the view of the Company it was necessary to immediately close the Campbell Settlement and therefore, such shorter period was reasonable and necessary in the circumstances to improve the Company's financial position.

5.2 *Disclosure for Restructuring Transactions*

Not Applicable.

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

N/A

Item 7 Omitted Information

None

Item 8 Executive Officer

John Campbell, Chief Financial Officer
Telephone: 1-604-569-1414

Item 9 Date of Report

April 15, 2020.

Press Release

BevCanna Secures Financing to Fuel Growth

Continued investment by primary investor group signals ongoing confidence in the cannabis-infused beverage expert

VANCOUVER, B.C., April 14, 2020. Emerging leader in cannabis-infused beverages [BevCanna Enterprises Inc.](#) (CSE:BEV, Q:BVNNF, FSE:7BC) ("BevCanna" or the "Company") announced today that it has closed a non-brokered private placement financing (the "Equity Financing") of \$300,000. The Company also announced the closing of the first tranche of a non-brokered financing (the "Debenture Financing") of secured convertible debentures (each, a "Debenture") for gross proceeds of \$630,000.

"We're very pleased with the confidence that investors have shown in us, especially in these uncertain economic times," said John Campbell, Chief Financial Officer at BevCanna. "We are also very appreciative of the ongoing support and signaled confidence from our vendors and partners who have directly participated in securing our additional financing in a cost effective manner, through the direct use of debt for equity settlements. Our corporate overhead structure is lean and our capital expenditure needs are moderate. These two cornerstones of our business philosophy will help to ensure our future success."

The Equity Financing

Pursuant to the Equity Financing, BevCanna sold 705,879 common shares (each, a "Share") at a price of \$0.425 per Share for gross proceeds of \$300,000. The Company intends to use the proceeds of the Equity Financing for general working capital purposes.

The Debenture Financing

The Debentures will mature on the date that is 36 months from the date of issuance (the "Issue Date") and will bear interest at a rate of 8.0 per cent per annum, accrued and paid semi-annually in arrears in equal instalments at the end of each calendar quarter, commencing on the date of issuance of the Debentures. Repayment of the Debentures will be made on or prior to 5:00 p.m. PST, on the date which is 36 months following the Issue Date (the "Maturity Date").

The principal amount of the Debentures may be convertible, at the election of the holder of the Debentures (the "Debentureholders"), into common shares in the capital of the Company (each, a "Conversion Share"), in whole or in part, at any time following the Issue Date but on or before the Maturity Date at a conversion price of \$0.75 per Conversion Share (the "Conversion Price"). The Debentures are secured by a first ranking charge over the Company's present and after acquired properties, subject to permitted encumbrances.

Further, the Debentures have a mandatory conversion feature such that the Company may elect to automatically convert the principal amount of the Debentures into Conversion Shares at the Conversion Price in the event the volume-weighted average closing of the Shares on the Canadian Securities Exchange is at least \$1.00 per Share for 10 consecutive trading days. All accrued and unpaid interest will be paid in cash. Commencing 18 months after the date of issuance of the Debentures the Company may, at any time and from time to time, at its option, redeem all, or any portion of the

Debentures at a price equal to 110 per cent of the principal amount of the Debentures plus all accrued and unpaid interest up to and including the date of redemption, upon not less than 15 days' and not more than 60 days' prior written notice to the Debentureholders. The proceeds of the Debenture Financing will be used for general working capital purposes. The Debentures will not be listed or posted for trading on any exchange.

Debt Settlement

The Company also announces that it has settled debt in the amount of \$758,500 owed by the Company to creditors of the Company in exchange for the issuance of 1,896,250 common (each, a "Debt Settlement Share") at a deemed price of \$0.40 per Debt Settlement Share. Included in the total debt settlement was a settlement of debt in the amount of \$60,000 owed to John Campbell, a director and officer of the Company, for unpaid remuneration for services provided by Mr. Campbell as an officer of the Company, and a settlement of debt in the amount of \$250,000 owed to Naturo Group Investments Inc. ("Naturo"), a company controlled by Marcello Leone, the Chief Executive Officer, Chairman and a director of the Company, in repayment of a strategic advance.

The securities issued in the Equity Financing, the Debenture Financing and the debt settlement are subject to resale restrictions imposed by applicable law or regulation, including a statutory hold period expiring four months and one day from the date of closing of the transactions.

None of the securities issued in the Equity Financing, the Debenture Financing and the debt settlement will be registered under the United States Securities Act of 1933, as amended (the "1933 Act"), and none of them may be offered or sold in the United States absent registration or an applicable exemption from the registration requirements of the 1933 Act. This news release shall not constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of the securities in any state where such offer, solicitation, or sale would be unlawful.

The debt settlements with John Campbell and Naturo (together, the "Settlements") were "related party transactions" within the meaning of Multilateral Instrument 61-101 Protection of Minority Security Holders in Special Transactions ("MI 61-101"). The Settlements were exempt from the valuation requirement of MI 61-101 by virtue of the exemptions contained in section 5.5(b) of MI 61-101 as the Company's Shares are not listed on a specified market and from the minority shareholder approval requirements of MI 61-101 by virtue of the exemption contained in section 5.7(1)(a) of MI 61-101 in that the fair market value of the Settlements did not exceed 25% of the Company's market capitalization. As the material change report disclosing the Settlements is being filed less than 21 days before the transaction, there is a requirement under MI 61-101 to explain why the shorter period was reasonable or necessary in the circumstances. In the view of the Company it was necessary to immediately close the Settlements and therefore, such shorter period was reasonable and necessary in the circumstances to improve the Company's financial position.

About BevCanna Enterprises Inc.

[BevCanna Enterprises Inc.](#) (CSE: BEV, O:BVNNF, FSE:7BC) develops and manufactures cannabinoid-infused beverages and consumer products for in-house brands and white label clients. With decades of experience creating, branding and distributing iconic brands that have resonated with consumers on a global scale, the team demonstrates an expertise unmatched in the emerging cannabis beverage category. Based in British Columbia, Canada, BevCanna has a 292-acre outdoor cultivation site in the

Okanagan Valley and the exclusive rights to a pristine spring water aquifer, access to a world-class 40,000-square-foot, HACCP certified manufacturing facility, with a current bottling capacity of up to 210M bottles per annum. BevCanna's vision is to be a global leader in infused innovations.

On behalf of the Board of Directors:

John Campbell, Chief Financial Officer and Chief Strategy Officer
Director, BevCanna Enterprises Inc.

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Disclaimer for Forward-Looking Information

This news release contains forward-looking information that involves various risks and uncertainties regarding future events. Such forward-looking information can include without limitation statements based on current expectations involving a number of risks and uncertainties and are not guarantees of future performance of the Company, such as statements regarding that the two cornerstones of the Company's business philosophy, a lean corporate overhead structure and moderate capital expenditure needs, will help to ensure the Company's future success. There are numerous risks and uncertainties that could cause actual results and the Company's plans and objectives to differ materially from those expressed in the forward-looking information, including adverse market conditions. Actual results and future events could differ materially from those anticipated in such information. These and all subsequent written and oral forward-looking information are based on estimates and opinions of management on the dates they are made and are expressly qualified in their entirety by this notice. The Company disclaims any intent or obligation to update publicly any forward-looking information, whether as a result of new information, future events or results or otherwise, other than as required by applicable securities laws.