

**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 1H4

**Item 2 Date of Material Change**

July 14, 2020.

**Item 3 News Release**

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

**Item 4 Summary of Material Change**

The Company announced that it has entered into a non-binding letter of intent (the "**LOI**") with full-service live genetic and seed preservation cannabis company Phenome One Corp. ("**Phenome**") and private label nutrient company Norstar Nutrients Ltd. ("**Norstar**").

The Company also announced it has settled debt in the amount of \$22,500 owed by the Company to two creditors of the Company in respect of unpaid consulting fees and a signing bonus in respect of an advisory board appointment in exchange for 75,000 common shares (each, a "**Debt Settlement Share**") at a deemed price of \$0.30 per Debt Settlement Share.

**Item 5 Full Description of Material Change**

*5.1 Full Description of Material Change*

The Company announced that it has entered into an LOI with Phenome and Norstar.

Under the proposed agreement (the "**Definitive Agreement**"), the Company would agree to pay the following consideration, subject to compliance with applicable CSE policies:

- (a) 2,000,000 common shares of the Company upon execution of the Definitive Agreement and an additional Nutrient Development definitive agreement to be entered into concurrently with the Definitive Agreement;
- (b) 2,000,000 common shares of the Company to be issued 45 days prior to planting the Company's 2021 outdoor cultivation crop; upon Phenome successfully reviewing the Company's genetic library and providing monthly progress reports and work plans from inception of the Definitive Agreement and Nutrient Development definitive agreement, for an optimized risk adjusted revenue stream by focusing on optimal yield, early frost risk mitigation, and premium market positioning, which both parties shall mutually agree upon; and

- (c) A 3% royalty on gross revenue from Product sales derived from Phenome's Elite Library cultivars and/or the Company's cultivars that Phenome genetically enhances.

The Company also announced it has settled debt in the amount of \$22,500 owed by the Company to two creditors of the Company in respect of unpaid consulting fees and a signing bonus in respect of an advisory board appointment in exchange for 75,000 Debt Settlement Shares at a deemed price of \$0.30 per Debt Settlement Share.

The Debt Settlement Shares are subject to a hold period of four months from the date of issuance.

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

*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**

July 14, 2020.

# BevCanna Signs LOI with Phenome One and Norstar Nutrients

*Cannabis-infused beverage expert to gain access to one of Canada's largest genetic cannabis libraries and customized proprietary nutrient formulae*

VANCOUVER, BC, July 14, 2020 /CNW/ - Emerging leader in infused cannabis beverages, [BevCanna Enterprises Inc.](#) (CSE: BEV) (Q: BVNMF) (FSE: 7BC) ("BevCanna" or the "Company") announced today that it has entered into a non-binding letter of intent (the "LOI") with full-service live genetic and seed preservation cannabis company [Phenome One Corp.](#) ("Phenome") and private label nutrient company Norstar Nutrients Ltd. ("Norstar").

Phenome One has one of Canada's largest live genetic cannabis libraries, with over 350 cultivars that have been lab-tested and rigorously field-tested over 29 years. Under the proposed agreement (the "Definitive Agreement"), BevCanna will gain access to Phenome's library with a unique access to growing, breeding and cloning IP. adding to BevCanna's own significant library of cannabis genetics. Under the LOI, the parties intend to enter into the Definitive Agreement within 45 days of the LOI.

Phenome One will also identify, breed, enhance and preserve this existing library of cultivars, consisting of genotype and phenotype selection from BevCanna's current inventory of seeds, cultivars and/or genetic material. Breeding programs will be focused on genetic development of existing cultivars for geographic and environmental conditions at Anarchist Mountain, Osoyoos. An emphasis will be weighed from results of production yields and laboratory analysis that demonstrate high CBD, THC and specific medicinal cannabinoid and terpenes.

The Definitive Agreement will also provide BevCanna with access to Norstar's proprietary formulae, Standard Operating Procedures (SOP) and farming data, generated through three years of field testing in the Golden Mile. The nutrient formulae and regimes are customized to the elite library of rigorously tested production cultivars. SOPs for feed and specific plant nutrient schedules will also be provided for selected cultivars.

"This agreement will provide a unique advantage to BevCanna, in that we'll gain access to both Phenome One's extensive genetic cannabis library and Norstar's proprietary formulas," said John Campbell, Chief Strategy Officer at BevCanna. "We're also excited to leverage their significant expertise in optimizing our existing cultivars, increasing our overall cannabis yield projections."

Under the Definitive Agreement, BevCanna would agree to pay the following consideration, subject to compliance with applicable CSE policies:

- 2,000,000 common shares of BevCanna upon execution of the Definitive Agreement and an additional Nutrient Development definitive agreement to be entered into concurrently with the Definitive Agreement;
- 2,000,000 common shares of BevCanna to be issued 45 days prior to planting BevCanna's 2021 outdoor cultivation crop; upon Phenome successfully reviewing BevCanna's genetic library and providing monthly progress reports and work plans from inception of the Definitive Agreement and Nutrient Development definitive agreement, for an optimized risk adjusted revenue stream by focusing on optimal yield, early frost risk mitigation, and premium market positioning, which both parties shall mutually agree upon; and
- A 3% royalty on gross revenue from Product sales derived from Phenome's Elite Library cultivars and/or BevCanna's cultivars that Phenome genetically enhances.

The Company also announces it has settled debt in the amount of \$22,500 owed by the Company to two creditors of the Company in respect of unpaid consulting fees and a signing bonus in respect of an advisory board appointment in exchange for 75,000 common shares (each, a "Debt Settlement Share") at a deemed price of \$0.30 per Debt Settlement Share.

The Debt Settlement Shares are subject to a hold period of four months from the date of issuance.

None of the securities acquired in the transactions noted above 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.

### **About BevCanna Enterprises Inc.**

[BevCanna Enterprises Inc.](#) (CSE:BEV, Q: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 resonate 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 fertile Okanagan Valley and the exclusive rights to a pristine spring water aquifer, as well as a world-class 40,000-square-foot, HACCP certified manufacturing facility, with a current bottling capacity of up to 210M bottles per annum.

### **About Phenome One Corp.**

[Phenome One Corp.](#) is a full-service cannabis farming company focused on elite strain selective breeding, spanning over 29 years of generational cannabis farming experience. Phenome utilizes state of the art growing systems incorporating proprietary nutrient regimes with experience in all growing mediums. Phenome's elite line of rigorously tested production cultivars consists of 350+ cultivars that have a minimum of nine commercial production cycles. This includes all heirloom varieties dating back three decades: glennwarp, the BC classics line, and all modern CBD, THC, and CBG rich cultivars. Phenome has a mass selection process, which allows it to carry fewer lines with superior genetic quality and expression; giving Phenome a competitive advantage over competitive catalogs.

### **About Norstar Nutrients Ltd.**

Norstar Nutrients is a private label nutrient company with over a decade of formulating and nutrient line testing. Norstar offers a unique blend of macro and micro-nutrients formulated for optimal essential oil production, immune system health, and industry leading production. Norstar's beneficials have been formulated under a multi strain growing system which thrives with heirloom varieties as well as modern day hybrids. Norstar's raw materials are sourced globally from the highest quality salt providers. Since the nutrients are sourced from raw salts, formulations are produced at a fraction of the cost of other farmers. Norstar's beneficials have been formulated under a multi strain growing system which thrives with their heirloom varieties as well as modern day hybrids. Norstar's two-part nutrient system provides everything plants need in the vegetative periods, right through to the flowering stage with slight elemental ratio adjustments. The optimal flower boost provides a bump some plants may need for the mid-flower developmental phase.

### **On behalf of the Board of Directors:**

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


### 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. Forward-looking statements made in this news release relate to: the Definitive Agreement, including the timing thereof and the consideration payable by BevCanna under same; that under the proposed agreement with Phenome and Norstar and the timing thereof, BevCanna will gain access to Phenome's library with a unique access to growing, breeding and cloning IP. adding to BevCanna's own significant library of cannabis genetics; that Phenome will also identify, breed, enhance and preserve this existing library of cultivars, consisting of genotype and phenotype selection from Bevcanna's current inventory of seeds, cultivars and/or genetic material; that Breeding programs will be focused on genetic development of existing cultivars for geographic and environmental conditions at Anarchist Mountain, Osoyoos and an emphasis will be weighed from results of production yields and laboratory analysis that demonstrate high CBD, THC and specific medicinal cannabinoid and terpenes; that under the proposed agreement, Bevcanna will be provided with access to Norstar's proprietary formulae, Standard Operating Procedures (SOP) and farming data, generated through three years of field testing in the Golden Mile; that the proposed agreement will provide a unique advantage to BevCanna, in that the Company will gain access to both Phenome's extensive genetic cannabis library and Norstar's proprietary formulas; that the Company to leverage the other parties' significant expertise in optimizing its existing cultivars, increasing its overall cannabis yield projections; and other matters relating to the Company's business plans.*

*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 the inability of the parties to enter into the proposed Definitive Agreement on the terms announced or at all; the inability of the Company to obtain necessary licences from Health Canada with respect to cannabis; and 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, and the Company does not assume any liability for disclosure relating to any other company mentioned herein.*

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CO: BevCanna Enterprises Inc.

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