

**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**

September 18, 2020.

**Item 3 News Release**

The news release dated September 18, 2020 was disseminated via Stockwatch and BayStreet.

**Item 4 Summary of Material Change**

The Company announced that it has closed a non-brokered private placement financing (the “**Equity Financing**”). Pursuant to the Equity Financing, the Company sold 844,800 units (each, a “**Unit**”) at a price of \$0.25 per Unit for gross proceeds of \$211,200. Each Unit was comprised of one common share and one share purchase warrant (each, a “**Warrant**”), with each Warrant entitling the holder to purchase one additional share at a price of \$0.40 per share until September 18, 2022. The intended use of proceeds of the Equity Financing is general working capital purposes.

The Company also announced it has settled debt (the “**Debt Settlement**”) in the amount of \$659,131.50 owed by the Company to certain creditors of the Company in exchange for 2,636,526 common shares (each, a “**Debt Settlement Share**”) at a deemed price of \$0.25 per Debt Settlement Share.

The Company further announced that it has granted (the “**Grant**”) an aggregate of 500,000 stock options to purchase up to 500,000 common shares of the Company to two consultants of the Company. All 500,000 options granted vest immediately upon the Grant and are exercisable for a period of 2 years from the date of Grant at a price of \$0.30 per common share.

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

*5.1 Full Description of Material Change*

The Company announced that it has closed an Equity Financing. Pursuant to the Equity Financing, the Company sold 844,800 Units at a price of \$0.25 per Unit for gross proceeds of \$211,200. Each Unit was comprised of one common share and one Warrant, with each Warrant entitling the holder to purchase one additional share at a price of \$0.40 per share until September 18, 2022. The intended use of proceeds of the Equity Financing is general working capital purposes.

The Company also announced the closing of a Debt Settlement in the amount of \$659,131.50 owed by the Company to certain creditors of the Company in exchange for 2,636,526 Debt Settlement Shares at a deemed price of \$0.25 per Debt Settlement Share.

The Company further announced the Grant of an aggregate of 500,000 stock options to purchase up to 500,000 common shares of the Company to two consultants of the Company. All 500,000 options granted vest immediately upon the Grant and are exercisable for a period of 2 years from the date of Grant at a price of \$0.30 per common share.

None of the securities acquired in the Equity Financing, the Debt Settlement and the Grant 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 securities acquired in the Equity Financing, Debt settlement and the Grant 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, Marcello Leone and Martino Ciambrelli 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:

(i) 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 640,000 Shares in settlement of \$160,000 in accounts payable to him, for services rendered as an officer of the Company.

Marcello Leone, an officer and a director of the Company, directly acquired 720,000 Shares in settlement of \$180,000 in accounts payable to him, for services rendered as an officer of the Company.

Martino Ciambrelli, an officer and a director of the Company, directly acquired 480,000 Shares in settlement of \$120,000 in accounts payable to him, for services rendered as an officer of the Company.

As such, the Debt Settlement was a “related-party transaction” as such term is defined in MI 61-101. Mr. Campbell, Mr. Leone and Mr. Ciambrelli’s participation in the Debt Settlement was approved by disinterested members of the board of directors of the Company.

(ii) 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 Debt Settlement on the percentage of securities of the Company beneficially owned or controlled by Mr. Campbell, Mr. Leone and Mr. Ciambrelli:

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 Officer and Director	\$160,000	640,000 common shares	Undiluted: 772,000 <sup>(1)</sup> Diluted: 1,597,000 <sup>(2)</sup>	Undiluted: 0.80% <sup>(3)</sup> Diluted: 1.64% <sup>(4)</sup>	Undiluted: 1,412,000 <sup>(5)</sup> Diluted: 2,237,000 <sup>(6)</sup>	Undiluted: 1.41% <sup>(7)</sup> Diluted: 2.21% <sup>(8)</sup>
Marcello Leone Officer and Director	\$180,000	720,000 common shares	Undiluted: 9,613,211 <sup>(9)</sup> Diluted: 12,526,878 <sup>(10)</sup>	Undiluted: 9.96% <sup>(3)</sup> Diluted: 12.59% <sup>(11)</sup>	Undiluted: 10,333,211 <sup>(12)</sup> Diluted: 13,246,878 <sup>(13)</sup>	Undiluted: 10.33% <sup>(7)</sup> Diluted: 12.87% <sup>(14)</sup>
Martino Ciambrelli Officer and Director	\$120,000	480,000 common shares	Undiluted: 21,500 <sup>(15)</sup> Diluted: 471,500 <sup>(16)</sup>	Undiluted: 0.02% <sup>(3)</sup> Diluted: 0.49% <sup>(17)</sup>	Undiluted: 501,500 <sup>(18)</sup> Diluted: 951,500 <sup>(19)</sup>	Undiluted: 0.50% <sup>(7)</sup> Diluted: 0.95% <sup>(20)</sup>

<sup>(1)</sup> Shares held jointly by Campbell and Shen-Wen Lin.

- (2) Comprised of: (a) 772,000 Shares held jointly by Campbell and Shen-Wen Lin; and (b) 125,000 options each of which is exercisable into one Share at a price of \$0.50 per Share until February 28, 2024, (c) 100,000 options each of which is exercisable into one Share at a price of \$0.50 per Share until July 5, 2022, (d) 50,000 options each of which is exercisable into one Share at a price of \$0.50 per Share until October 24, 2022, (e) 250,000 options each of which is exercisable into one Share at a price of \$0.33 per Share until December 23, 2022, and (f) 300,000 options each of which is exercisable into one Share at a price of \$0.30 per Share until March 25, 2023, and all of which may be exercised within the next 60 days.
- (3) Based on 96,551,115 Shares outstanding prior to the completion of the Debt Settlement on September 18, 2020.
- (4) Based on 97,376,115 Shares comprised of: (a) 96,551,115 Shares outstanding prior to the completion of the Debt Settlement on September 18, 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) 1,412,000 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 100,032,351 Shares outstanding after the completion of the Debt Settlement on September 18, 2020.
- (8) Based on 100,857,351 Shares comprised of: (a) 100,032,351 Shares outstanding after the completion of the Debt Settlement on September 18, 2020; and (b) 825,000 Shares that may be issued on exercise of Options held directly.
- (9) Comprised of: (a) 1,285,050 Shares held directly, and (b) 8,328,161 Shares held indirectly through Naturo Group Investments Inc. ("Naturo"), a company wholly owned and controlled by Mr. Leone.
- (10) Comprised of: (a) 1,285,050 Shares held directly, and (b) 8,328,161 Shares held indirectly through Naturo, a company wholly owned and controlled by Mr. Leone; and (c) 1,000,000 options each of which is exercisable into one Share at a price of \$0.50 per Share until February 28, 2024, (d) 100,000 options each of which is exercisable into one Share at a price of \$0.50 per Share until July 5, 2022, (e) 147,000 options each of which is exercisable into one Share at a price of \$0.50 per Share until December 23, 2022, (f) 1,666,667 options each of which is exercisable into one Share at a price of \$0.30 per Share until March 25, 2023, and all of which may be exercised within the next 60 days.
- (11) Based on 99,464,782 Shares comprised of: (a) 96,551,115 Shares outstanding prior to the completion of the Debt Settlement on September 18, 2020; and (b) 2,913,667 Shares that may be issued on exercise of Options held directly.
- (12) Comprised of: (a) 2,005,050 Shares held directly, and (b) 8,328,161 Shares held indirectly through Naturo, a company wholly owned and controlled by Mr. Leone.
- (13) Comprised of: (a) 2,005,050 Shares held directly, (b) 8,328,161 Shares held indirectly through Naturo, a company wholly owned and controlled by Mr. Leone, and (c) all of the convertible securities of the Company set out in footnote (10) above.
- (14) Based on 102,946,018 Shares comprised of: (a) 100,032,351 Shares outstanding after the completion of the Debt Settlement on September 18, 2020; and (b) 2,913,667 Shares that may be issued on exercise of Options held directly.
- (15) Shares held directly.
- (16) Shares held directly; and (b) 125,000 options each of which is exercisable into one Share at a price of \$0.50 per Share until February 28, 2024, (c) 100,000 options each of which is exercisable into one Share at a price of \$0.50 per Share until July 5, 2022, (d) 25,000 options each of which is exercisable into one Share at a price of \$0.50 per Share until December 23, 2022, (e) 200,000 options each of which is exercisable into one Share at a price of \$0.30 per Share until March 25, 2023, and all of which may be exercised within the next 60 days.
- (17) Based on 97,001,115 Shares comprised of: (a) 96,551,115 Shares outstanding prior to the completion of the Debt Settlement on September 18, 2020; and (b) 450,000 Shares that may be issued on exercise of Options held directly.
- (18) Shares held directly.
- (19) Comprised of: (a) Shares held directly, and (b) all of the convertible securities of the Company set out in footnote (16) above.
- (20) Based on 100,482,351 Shares comprised of: (a) 100,032,351 Shares outstanding after the completion of the Debt Settlement on September 18, 2020; and (b) 450,000 Shares that may be issued on exercise of Options held directly.

- (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 Debt Settlement was approved by disinterested members of the board of directors of the Company and Mr. Campbell, Mr. Leone and Mr. Ciambrelli abstained on the resolution of the board of directors approving the Debt Settlement. A special committee was not established in connection with the approval of the Debt 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:*

- (i) *that has been made in the 24 months before the date of the material change report:*

Not applicable.

- (ii) *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 John Campbell pursuant to which John Campbell subscribed for 640,000 Shares in settlement of \$160,000 in account payable by the Company.

The Company entered into a debt settlement and subscription agreement with Marcello Leone pursuant to which Marcello Leone subscribed for 720,000 Shares in settlement of \$180,000 in account payable by the Company.

The Company entered into a debt settlement and subscription agreement with Martino Ciambrelli pursuant to which Martino Ciambrelli subscribed for 480,000 Shares in settlement of \$120,000 in account payable by the Company.

See Item 4 above and the attached news release for a full description of the Debt 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 Debt Settlement was 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 Debt 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**

September 22, 2020.



Press Release

## BevCanna Enterprises Announces Closing of Equity Financing, Shares For Debt Transaction and Stock Option Grants

VANCOUVER, BC, September 18, 2020. Emerging leader in infused cannabis beverages, BevCanna Enterprises Inc. (CSE:BEV, Q:BVNNF, FSE:7BC) ("BevCanna" or the "Company"), is pleased to announce it has closed a non-brokered private placement financing (the "Equity Financing"). Pursuant to the Equity Financing, the Company sold 844,800 units (each, a "Unit") at a price of \$0.25 per Unit for gross proceeds of \$211,200. Each Unit was comprised of one common share and one share purchase warrant (each, a "Warrant"), with each Warrant entitling the holder to purchase one additional share at a price of \$0.40 per share until September 18, 2022. The intended use of proceeds of the Equity Financing is general working capital purposes.

The Company also announces it has settled debt (the "Debt Settlement") in the amount of \$659,131.50 owed by the Company to certain creditors of the Company in exchange for 2,636,526 common shares (each, a "Debt Settlement Share") at a deemed price of \$0.25 per Debt Settlement Share.

The Company also announces that it has granted (the "Grant") an aggregate of 500,000 stock options to purchase up to 500,000 common shares of the Company to two consultants of the Company. All 500,000 options granted vest immediately upon the Grant and are exercisable for a period of 2 years from the date of Grant at a price of \$0.30 per common share.

None of the securities acquired in the Equity Financing, the Debt Settlement and the Grant 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 securities acquired in the Equity Financing, Debt settlement and the Grant 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 debt settlements with John Campbell, Martino Ciambrelli and Marcello Leone (collectively, the "Director 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 Director 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 common shares are not listed



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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 Director Settlements did not exceed 25% of the Company's market capitalization. As the material change report disclosing the Director 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 Director 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, OTCQB: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 owns 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 also recently acquired US natural health and wellness e-commerce platform Pure Therapy. 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.

### **For media enquiries or interviews, please contact:**

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### **For investor inquiries, please contact:**

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