

**251-102F3**  
**MATERIAL CHANGE REPORT**

**Item 1 Name and Address of Company**

BevCanna Enterprises Inc. (the “**Company**”)  
PO Box 34061 Vancouver D CSC  
Vancouver, British Columbia V6J 4M1

**Item 2 Date of Material Change**

December 4, 2020.

**Item 3 News Release**

The news release dated December 4, 2020 was disseminated via BayStreet and Stockwatch.

**Item 4 Summary of Material Change**

The Company announced that it has settled debt (the “**Debt Settlement**”) in the amount of \$311,975 owed by the Company to certain creditors of the Company in exchange for 575,000 common shares (each, a “**Debt Settlement Share**”) at a deemed price of \$0.40 per Debt Settlement Share and 182,167 Debt Settlement Shares at a deemed price of \$0.45 per Debt Settlement Share.

The Company also announces it has granted (the “**Grant**”) an aggregate of 700,000 stock options (each, an “**Option**”) to purchase up to 700,000 common shares of the Company to two consultants of the Company. The Options granted vest immediately upon the Grant and are exercisable for a period of 1 year from the date of Grant at a price of \$0.47 per common share.

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

*5.1 Full Description of Material Change*

The Company announced that a Debt Settlement in the amount of \$311,975 owed by the Company to certain creditors of the Company in exchange for 575,000 Debt Settlement Shares at a deemed price of \$0.40 per Debt Settlement Share and 182,167 Debt Settlement Shares at a deemed price of \$0.45 per Debt Settlement Share.

The Company also announced a Grant of an aggregate of 700,000 Options to purchase up to 700,000 common shares of the Company to two consultants of the Company. The Options granted vest immediately upon the Grant and are exercisable for a period of 1 year from the date of Grant at a price of \$0.47 per common share.

The 575,000 Debt Settlement Shares issued at a deemed price of \$0.40 per Debt Settlement Share are subject to a hold period of four months and one day from the date of issuance. None of the securities acquired in the Grant are subject to a hold period.

The Company wishes to provide a clarification to its News Release of November 20, 2020, whereby it announced the grant of 7,800,000 stock options (the “ Past Options”). The Company wishes to clarify that the following terms apply:

- 6,700,000 of the Past Options vested immediately upon the grant and are exercisable for a period of 1 year from the date of grant at a price of \$0.40 per common share.
- 500,000 of the Past Options vested immediately upon the grant and are exercisable for a period of 2 years from the date of grant at a price of \$0.40 per common share.
- 300,000 of the Past Options vest as to 25% quarterly and are exercisable for a period of 2 years from the date of grant at a price of \$0.40 per common share.
- 300,000 of the Past Options vest subject to achievement of certain milestones and are exercisable for a period of 2 years from the date of grant at a price of \$0.40 per common share.

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 Marcello Leone 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 262,500 Shares in settlement of \$105,000 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 312,500 Shares in settlement of \$125,000 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. The participation by each of Mr. Campbell and Mr. Leone 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 and Mr. 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 Officer and Director	\$105,000	262,500 common shares	Undiluted: 1,677,000 <sup>(1)</sup> Diluted: 2,352,000 <sup>(2)</sup>	Undiluted: 1.56% <sup>(3)</sup> Diluted: 2.17% <sup>(4)</sup>	Undiluted: 1,939,500 <sup>(5)</sup> Diluted: 2,614,500 <sup>(6)</sup>	Undiluted: 1.78% <sup>(7)</sup> Diluted: 2.40% <sup>(8)</sup>
Marcello Leone Officer and Director	\$125,000	312,500 common shares	Undiluted: 2,451,050 <sup>(9)</sup> Diluted: 3,664,717 <sup>(10)</sup>	Undiluted: 2.28% <sup>(3)</sup> Diluted: 3.37% <sup>(11)</sup>	Undiluted: 2,763,550 <sup>(12)</sup> Diluted: 3,977,217 <sup>(13)</sup>	Undiluted: 2.55% <sup>(7)</sup> Diluted: 3.63% <sup>(14)</sup>

<sup>(1)</sup> Comprised of: (a) 550,000 Shares held directly and (b) 1,127,000 Shares held jointly by Campbell and Shen-Wen Lin.

<sup>(2)</sup> Comprised of: (a) 550,000 Shares held directly, (b) 1,127,000 Shares held jointly by Campbell and Shen-Wen Lin; and (c) 125,000 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) 50,000 options each of which is exercisable into one Share at a price of \$0.50 per Share until October 24, 2022, and (f) 400,000 options each of which is exercisable into one Share at a price of \$0.40 until November 20, 2021, and all of which may be exercised within the next 60 days.

<sup>(3)</sup> Based on 107,641,997 Shares outstanding prior to the completion of the Debt Settlement on December 4, 2020.

- (4) Based on 108,316,997 Shares comprised of: (a) 107,641,997 Shares outstanding prior to the completion of the Debt Settlement on December 4, 2020; and (b) 675,000 Shares that may be issued on exercise of Options held directly.
- (5) Comprised of: (a) 550,000 Shares held directly and (b) 1,389,500 Shares held jointly by Campbell and Shen-Wen Lin.
- (6) Comprised of: Comprised of: (a) 550,000 Shares held directly, (b) 1,389,500 Shares held jointly by Campbell and Shen-Wen Lin, and (c) all of the convertible securities of the Company set out in footnote (2) above.
- (7) Based on 108,399,164 Shares outstanding after the completion of the Debt Settlement on December 4, 2020.
- (8) Based on 109,074,164 Shares comprised of: (a) 108,399,164 Shares outstanding after the completion of the Debt Settlement on December 4, 2020; and (b) 675,000 Shares that may be issued on exercise of Options held directly.
- (9) 2,451,050 Shares held directly.
- (10) Comprised of: (a) 2,451,050 held directly, Comprised of: (a) 2,451,050 held directly, (b) 1,000,000 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) 147,000 options each of which is exercisable into one Share at a price of \$0.50 per Share until December 23, 2022, (e) 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 108,855,664 Shares comprised of: (a) 107,641,997 Shares outstanding prior to the completion of the Debt Settlement on December 4, 2020; and (b) 1,213,667 Shares that may be issued on exercise of Options held directly.
- (12) 2,763,550 Shares held directly.
- (13) Comprised of: (a) 2,763,550 Shares held directly, and (c) all of the convertible securities of the Company set out in footnote (10) above.
- (14) Based on 109,612,831 Shares comprised of: (a) 108,399,164 Shares outstanding after the completion of the Debt Settlement on December 4, 2020; and (b) 1,213,667 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 and Mr. Leone 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 Marcello Leone pursuant to which Marcello Leone subscribed for 312,500 Shares in settlement of \$125,000 in account payable by the Company.

The Company entered into a debt settlement and subscription agreement with John Campbell pursuant to which John Campbell subscribed for 262,500 Shares in settlement of \$105,000 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**

December 9, 2020.



Press Release

## BevCanna Enterprises Announces Debt Settlement Transactions

VANCOUVER, BC, December 4, 2020. Emerging leader in infused cannabis beverages, BevCanna Enterprises Inc. (CSE:BEV, Q:BVNNF, FSE:7BC) ("BevCanna" or the "Company"), announced today that it has settled debt (the "Debt Settlement") in the amount of \$311,975 owed by the Company to certain creditors of the Company in exchange for 575,000 common shares (each, a "Debt Settlement Share") at a deemed price of \$0.40 per Debt Settlement Share and 182,167 Debt Settlement Shares at a deemed price of \$0.45 per Debt Settlement Share.

The Company also announces it has granted (the "Grant") an aggregate of 700,000 stock options (each, an "Option") to purchase up to 700,000 common shares of the Company to two consultants of the Company. The Options granted vest immediately upon the Grant and are exercisable for a period of 1 year from the date of Grant at a price of \$0.47 per common share.

The 575,000 Debt Settlement Shares issued at a deemed price of \$0.40 per Debt Settlement Share are subject to a hold period of four months and one day from the date of issuance. None of the securities acquired in the Grant are subject to a hold period.

None of the securities acquired in 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 debt settlements with John Campbell and Marcello Leone (together, 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 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.



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The Company wishes to provide a clarification to its News Release of November 20, 2020, whereby it announced the grant of 7,800,000 stock options (the "Past Options"). The Company wishes to clarify that the following terms apply:

- 6,700,000 of the Past Options vested immediately upon the grant and are exercisable for a period of 1 year from the date of grant at a price of \$0.40 per common share.
- 500,000 of the Past Options vested immediately upon the grant and are exercisable for a period of 2 years from the date of grant at a price of \$0.40 per common share.
- 300,000 of the Past Options vest as to 25% quarterly and are exercisable for a period of 2 years from the date of grant at a price of \$0.40 per common share.
- 300,000 of the Past Options vest subject to achievement of certain milestones and are exercisable for a period of 2 years from the date of grant at a price of \$0.40 per common share.

### **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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