

51-102F3
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

January 8, 2021.

Item 3 News Release

The news release dated January 9, 2021 was disseminated via Cision.

Item 4 Summary of Material Change

The Company announced that it has completed a \$5M capital injection, including a fully-subscribed C\$3.5M above market offering. 2.33M units (the “**Units**”) were offered in the non-brokered private placement, at an offering price of \$1.50 per Unit, to raise gross proceeds of C\$3.5 million (the “**Offering**”). The Company also announced that it has received C\$1.5M in proceeds from the voluntary exercise of stock options.

Item 5 Full Description of Material Change.

5.1 Full Description of Material Change

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The Company confirmed that this financing will replace the previously announced \$5M unit offering. Due of the significant progress made on key initiatives and subsequent increase in the Company’s current share value in past months, investor demand has prompted the Board to cancel the now well below market financing at \$0.50, and instead to close on a more favourable above market fully-subscribed offering of \$1.50.

Each Unit consists of one common share (each, a “**Share**”) and one share purchase warrant (each, a “**Warrant**”), with each Warrant entitling the holder to purchase one additional Share at a price of \$2.00 per Share for a period of one year following the date of closing of the Offering, subject to an acceleration provision of the Company whereby, in the event the Company’s common shares have a closing price on the Canadian Securities Exchange (or such other exchange on which the Shares may be traded at such time) of greater than \$2.25 per Share for a period of 5 consecutive trading days at any time after four months and one day from the closing date of the Offering, the Company may accelerate the expiry date of the Warrants by giving

notice via news release to the holders thereof and, in such case, the Warrants will expire on the 30th day after the date on which the news release is disseminated by the Company.

The aggregate proceeds will be used to provide additional working capital for a number of key growth initiatives.

The funds raised are expected to fully finance the Company's domestic and international expansion and growth initiatives, as the Company closes in on the Naturo acquisition, expands distribution of its TRACE beverage and natural health supplements product lines, commercializes its recreational cannabis products and white label services, and continues to fuel the continued growth of direct to consumer e-commerce Pure Therapy, as the company moves to positive EBITDA.

The Company also announced that it has settled debt (the "**Debt Settlement**") in the amount of \$37,500 owed by the Company to one creditor of the Company in exchange for 25,000 common shares in the capital of the Company (each, a "**Debt Settlement Share**") at a deemed price of \$1.50 per Debt Settlement Share.

All securities issued in connection with the Offering and the Debt Settlement will be subject to a statutory hold period of four months and one day from the date of issuance in accordance with applicable securities legislation. No finder's fees were paid in connection with the Offering.

The Company also announced that it has entered into a marketing and investor relations agreement (the "**Agreement**") dated January 5, 2021 with Winning Media LLC (the "**Consultant**") pursuant to which the Consultant has agreed to provide certain corporate branding, marketing, online corporate communications and investor relations services to the Company for a term of one month, for total cash consideration of US\$150,000, which was paid upon entry into the Agreement.

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

January 11, 2021.

BevCanna Completes \$5M Capital Injection, Including a Fully-Subscribed \$3.5M Above Market Offering at \$1.50

Strong investor interest in the upwardly revised offering signalling confidence in the health and wellness company's future

VANCOUVER, B.C., January 9, 2021. Emerging leader in cannabis-infused beverages BevCanna Enterprises Inc. (CSE:BEV, Q:BVNNF, FSE:7BC) ("**BevCanna**" or the "**Company**") is pleased to announce that the Company has completed a \$5M capital injection, including a fully-subscribed C\$3.5M above market offering. 2.33M units (the "Units") were offered in the non-brokered private placement, at an offering price of \$1.50 per Unit, to raise gross proceeds of C\$3.5 million (the "Offering"). The Company also announced that it has received C\$1.5M in proceeds from the voluntary exercise of stock options.

BevCanna confirmed that this financing will replace the previously announced \$5M unit offering. Due of the significant progress made on key initiatives and subsequent increase in the Company's current share value in past months, investor demand has prompted the Board to cancel the now well below market financing at \$0.50, and instead to close on a more favourable above market fully-subscribed offering of \$1.50.

"We're extremely pleased with the progress that we've made on our key initiatives over the past quarter, and how positively investors have responded to our growth and future outlook," said Marcello Leone, Chief Executive Officer at BevCanna. "This vote of confidence in BevCanna's future is allowing us to offer equity at terms favourable to both current and prospective shareholders. These funds will provide the capital for BevCanna to move ahead with our ongoing domestic and international expansion, and to continue our transformation into a comprehensive health and wellness company, offering a full range of plant-based beverage and natural health products through multiple distribution channels, in global markets."

The aggregate proceeds will be used to provide additional working capital for a number of key growth initiatives, including:

- Acceleration of BevCanna's white-label and in-house brand product commercialization strategy for Canada. The Company is in the final stage of receipt of their Standard Processing License from Health Canada, which will enable BevCanna to begin production at their manufacturing facility and begin selling its products through licensed Canadian retailers.
- BevCanna's upcoming acquisition of functional beverage manufacturer Naturo Group Inc., ("Naturo") including the company's flagship TRACE Beverage brand and the company's proprietary Health Canada-approved plant-based fulvic and humic formulation
- Development of the recently acquired Pure Therapy direct-to-consumer nutraceutical and hemp-CBD ecommerce brand and platform, through which BevCanna is expanding and launching proprietary plant-based natural products directly into the global health and wellness market, including the burgeoning U.S. CBD market. The Company continues to invest in new products and customer acquisition.
- Evaluation of prospective international & domestic M&A opportunities

The resulting transformation of the infused beverage expert into a comprehensive health and wellness brand will create the only fully licensed, in-house and white-label beverage manufacturing company that distributes both conventional and cannabis-based beverage and wellness products, and will have access to global, multi-channel distribution networks of traditional and cannabis sales channels.

The funds raised are expected to fully finance BevCanna's domestic and international expansion and growth initiatives, as the Company closes in on the Naturo acquisition, expands distribution of its TRACE beverage and natural health supplements product lines, commercializes its recreational cannabis products and white label services, and continues to fuel the continued growth of direct to consumer e-commerce Pure Therapy, as the company moves to positive EBITDA.

Each Unit consists of one common share (each, a "Share") and one share purchase warrant (each, a "Warrant"), with each Warrant entitling the holder to purchase one additional Share at a price of \$2.00 per Share for a period of one year following the date of closing of the Offering, subject to an acceleration provision of the Company whereby, in the event the Company's common shares have a closing price on the Canadian Securities Exchange (or such other exchange on which the Shares may be traded at such time) of greater than \$2.25 per Share for a period of 5 consecutive trading days at any time after four months and one day from the closing date of the Offering, the Company may accelerate the expiry date of the Warrants by giving notice via news release to the holders thereof and, in such case, the Warrants will expire on the 30th day after the date on which the news release is disseminated by the Company.

The Company also announced today that it has settled debt (the "Debt Settlement") in the amount of \$37,500 owed by the Company to one creditor of the Company in exchange for 25,000 common shares in the capital of the Company (each, a "Debt Settlement Share") at a deemed price of \$1.50 per Debt Settlement Share.

All securities issued in connection with the Offering and the Debt Settlement will be subject to a statutory hold period of four months and one day from the date of issuance in accordance with applicable securities legislation. No finder's fees were paid in connection with the Offering.

None of the securities issued in the Offering 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.

BevCanna also announced today that it has entered into a marketing and investor relations agreement (the "Agreement") dated January 5, 2021 with Winning Media LLC (the "Consultant") pursuant to which the Consultant has agreed to provide certain corporate branding, marketing, online corporate communications and investor relations services to the Company for a term of one month, for total cash consideration of US\$150,000, which was paid upon entry into the Agreement.

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 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.

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Disclaimer for Forward-Looking Information

This news release contains forward-looking statements. All statements, other than statements of historical fact that address activities, events or developments that the Company believes, expects or anticipates will or may occur in the future are forward-looking statements. Forward-looking statements in this news release include statements regarding: the intended use of the net proceeds from the Offering; BevCanna's ongoing domestic and international expansion and transformation into a comprehensive health and wellness company; the proposed terms of the acquisition of Naturo; the receipt of a Standard Processing License from Health Canada; the future business plans of Naturo and BevCanna; the perceived benefits of combining the businesses of Naturo and BevCanna and other statements regarding the business of the Company. The forward-looking statements reflect management's current expectations based on information currently available and are subject to a number of risks and uncertainties that may cause outcomes to differ materially from those discussed in the forward-looking statements.

Although the Company believes that the assumptions inherent in the forward-looking statements are reasonable, forward-looking statements are not guarantees of future performance and, accordingly, undue reliance should not be put on such statements due to their inherent uncertainty. Factors that could cause actual results or events to differ materially from current expectations include, among other things: that the proceeds of the Offering may not be used for the intended uses as stated in this news release; that the CSE may not approve the acquisition of Naturo as proposed or at all; that the parties may not be able to satisfy the conditions to closing of the acquisition of Naturo, including approval by the shareholders of one or both parties, as applicable; that the Company may not be issued licences by Health Canada; general market conditions and volatility of commodity prices; and other factors beyond the control of the parties. The Company expressly disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise, except as required by applicable law.

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