

Form 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 Dates of Material Change

January 31, 2021

Item 3 News Release

The press release was disseminated on February 8, 2021 via Cision.

Item 4 Summary of Material Change

The Company entered into an amended and restated amalgamation agreement dated January 31, 2021 with Naturo Group Investments Inc. ("Naturo"), in respect of a transaction which will result in the Company holding all issued and outstanding securities of the post-amalgamation entity (the "Transaction"). Upon completion of the Transaction, the business of Naturo will continue as the business of the post-amalgamation entity.

The Transaction is a Related Party Transaction under Multilateral Instrument 61-101 Protection of Minority Security Holdings in Special Transactions, as related parties to the Company form part of the shareholder group of Naturo.

Item 5 Full Description of Material Change

See attached press release for details.

The Transaction 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. The newly formed company will now have access to global, multi-channel distribution networks of traditional and cannabis sales channels. The Company will take ownership of Naturo's 40,000 sq. ft. high-capacity beverage facility, 315- acres of outdoor cultivatable land valued at \$10.4M, beverage manufacturing equipment valued at \$3.4M (as of year end), and a proprietary Health Canada approved fulvic and humic plantbased mineral formulation. The Company will also take possession of one of Naturo's most valuable assets, their exclusive onsite alkaline spring water source, independently valued at \$18M. As water resources become increasingly more scarce, the Company expects that the proprietary resource will contribute to a strengthened balance sheet and to the Company's unique positioning within the exploding plant-based and cannabis sectors. The Company will also own the Naturo flagship brand, TRACE, which currently enjoys a leadership position within the Canadian plant-based fulvic and humic mineral category and is sold in more than 3,000 Canadian retailers, with select international agreements and partnerships under review. Along with their nationally distributed alkaline and sparkling waters, TRACE is expanding its product selection to nutraceuticals and is incorporating

additional nutraceuticals and herbal remedies, including cannabinoids, adaptogens, and nootropics, into its products to be sold in domestic and international markets.

The Transaction constitutes a “related party transaction” within the meaning of Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* (“MI 61-101”) as each of Mr. Marcello Leone and Mr. Martino Ciambrelli are shareholders of Naturo and are also a director and Chief Executive Officer and a director and President of the Company, respectively. The Transaction is exempt from the formal valuation and minority shareholder approval requirements under MI 61-101 pursuant to sections 5.5(a) and 5.7(1)(a) as the fair market value of the Transaction does not exceed 25% of the Company’s market capitalization.

Mr. Leone has control over 4,892,007 Naturo shares, and would receive the same number of common shares of BevCanna (each, a “Share”) on completion of the Transaction. As at February 10, 2021, Mr. Leone controls an aggregate of 6,280,550 Shares, 2,363,550 of which are held personally and 3,917,000 are held by Naturo, but deemed to be controlled by Mr. Leone as Mr. Leone is a control person of Naturo. On completion of the Transaction, Mr. Leone is anticipated to have control over an aggregate of 7,255,557 Shares, representing 4.38% of the Shares of the Company, and 7,655,557 Shares on a partially diluted basis, representing 4.61% of the Shares of the Company. The 3,917,000 Shares held by Naturo will not be deemed to be controlled by Mr. Leone upon closing of the Transaction, as he will no longer be a control person of Naturo. Also, it is anticipated that upon completion of the Transaction, Mr. Leone will transfer the 4,892,007 Shares to be received by him in consideration for his Naturo shares and 945,007 Shares currently held by him to a family member pursuant to a binding agreement.

Mr. Ciambrelli has control over 47,912 Naturo shares, and would receive the same number of Shares on completion of the Transaction. On completion of the Transaction, Mr. Ciambrelli would have control over 557,912 Shares on an undiluted basis, representing 0.34% of the Shares of the Company, and 982,912 Shares on a partially diluted basis, representing 0.99% of the Shares of the Company.

The Transaction is being approved by disinterested members of the board of directors of the Company with Messrs. Leone and Ciambrelli abstaining on the resolutions of the board of directors approving the Transaction. There was no prior valuation in respect of the Company in the past 24 months.

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

Not applicable.

Item 7 Omitted Information

Not applicable.

Item 8 Executive Officer

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

Item 9 Date of Report

February 11, 2021

BevCanna Completes Next Step in Transformative Acquisition of Naturo Group, Including More Than \$37M in Assets

Entry into amended agreement paves the way for closing of landmark acquisition

VANCOUVER, BC, February 8, 2021. Emerging leader in health and wellness beverages and products, BevCanna Enterprises Inc. (CSE:BEV, O:BVNNF, FSE:7BC) (“**BevCanna**” or the “**Company**”) is pleased to announce that, further to its news releases dated November 24, 2020 and December 12, 2020, it has entered into an amended and restated agreement (the “**Definitive Agreement**”) dated January 31, 2021 with Naturo Group Investments Inc. (“**Naturo**”). The parties have also completed the exchange of disclosure schedules, one of the precedent conditions of the Definitive Agreement.

Upon completion of the transaction (the “**Transaction**”), Naturo will become a wholly-owned subsidiary of BevCanna and the Company will carry on the combined business of BevCanna and Naturo. There will be no change in management of BevCanna on closing. The Transaction is expected to close in the next 10 days.

The coming together of these two emerging industry leaders will create a diversified health and wellness beverage and natural products company, with proforma \$55M+ in assets on the balance sheet, and a multi-channel sales and distribution network positioned for growth.

“BevCanna and Naturo each bring a number of unique strengths to the combination, that together form an even stronger company,” said Marcello Leone, Founder of Naturo and CEO of BevCanna. “BevCanna’s leadership in the cannabis-infused beverage sector and direct to consumer e-commerce business, together with Naturo’s innovative TRACE plant-based mineral beverages and supplements, significant manufacturing & natural resource assets and extensive distribution network, will form the foundation of a unique, market-leading health and wellness company well positioned for long-term growth.”

The new BevCanna will offer one of the most unique and diverse portfolios of beverage and wellness products within both the cannabis and the plant-based categories, and will expand BevCanna’s leadership position, becoming the only fully licensed, in-house and white-label beverage manufacturing company that distributes both conventional CPG and cannabis-based beverage and wellness products. The Transaction will provide access to global, multi-channel distribution networks of traditional and cannabis specific sales channels.

BevCanna will realize a number of key benefits from the acquisition, including:

- Creation of a “development to distribution” beverage manufacturing vertical for both traditional and cannabis-infused beverages and natural products.
- Direct ownership of a proprietary on-site natural alkaline spring water aquifer, valued at C\$18M. As water resources become increasingly scarce, the proprietary resource will contribute to a strengthened balance sheet and to BevCanna’s unique positioning within the exploding plant-based and cannabis sectors.
- An established and growing mass market distribution network of over 3,000 retail points, via Naturo’s market-leading TRACE plant-based mineral beverages and supplements. TRACE is sold across the country through Canadian retailers, with select international agreements and partnerships under review. Along with their nationally distributed alkaline and sparkling waters, and plant-based mineral beverages and supplements, TRACE is expanding its product selection and is incorporating additional nutraceuticals, including cannabinoids, adaptogens, and nootropics, into its products to be sold in domestic and international markets.

- TRACE'S proprietary Health Canada-approved plant-based fulvic and humic formulations – a category which is expanding exponentially across North America and globally.
- Naturo's 315-acres of outdoor cultivatable land and 40,000 sq. ft. high-capacity beverage facility valued at C\$10.4M, optimized for both traditional and cannabis-infused beverage manufacture, and beverage manufacturing equipment valued at C\$3.4M (as of year-end).
- As per Naturo's latest independent estimate pricing report as of January 2021, Naturo's enterprise value is between C\$37M-C\$38M.

Standard Processing License

The Company also shared an update on the status of its Standard Processing License. On January 29, 2021, the Application was presented to the Health Canada Licensing Panel. On February 1, 2021, the Company submitted formal responses to Health Canada's Licensing Panel's short list of Request For More Information (RMI) and received confirmation from the Health Canada Assigned Reviewer on February 2, 2021. The application will now be presented to Health Canada's Licensing Panel for approval.

"BevCanna has worked closely with Health Canada to ensure that its application is complete and comprehensive, in order to be approved as expeditiously as possible," said Mr. Leone. "We have received assurance that our license is to be granted shortly and we are fully prepared to begin production and distribution immediately."

Once granted, BevCanna will be fully authorized to begin production of cannabis-infused products at its full-service high-capacity beverage manufacturing facility in Osoyoos, B.C., and will begin production of its white-label products and commercialization of its in-house products through licensed Canadian retailers over the next two quarters, positioning the Company to fully capitalize on the burgeoning Canadian cannabis-infused beverage sector. The comprehensive licensing process, of which BevCanna is in the final stages, places the Company in the unique position of being the only full-service high-capacity cannabis-infused beverage manufacturer in Canada. Together with the transformative Naturo acquisition, this will accelerate BevCanna's evolution into a diversified health and wellness company.

Naturo Transaction

The Transaction constitutes a "related party transaction" within the meaning of Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions ("**MI 61-101**") as Messrs. Marcello Leone and Martino Ciambrelli are shareholders of Naturo and also directors and the Chief Executive Officer and President, respectively, of the Company. The Transaction is exempt from the formal valuation and minority shareholder approval requirements under MI 61-101 pursuant to sections 5.5(a) and 5.7(1)(a) as the fair market value of the Transaction, insofar as it involves interested parties, does not exceed 25% of the Company's market capitalization at the time the Transaction was agreed to. As the news release and material change report disclosing the Transaction are being filed less than 21 days before the expected closing date of the Transaction, there is a requirement under MI 61-101 to explain why the shorter period is reasonable or necessary in the circumstances. In order to fully realize on the significant market opportunity presented by the combination of the two complementary companies, the Company intends to complete the Transaction in the next 10 days.

The Company also announces that it has settled debt (the "**Debt Settlement**") in the amount of \$51,501 owed by the Company to certain creditors of the Company in exchange for 35,000 common shares (each, a "**Debt Settlement Share**") at a deemed price of \$0.90 per Debt Settlement Share and 23,810 Debt Settlement Shares at a deemed price of \$0.84 per Debt Settlement Share.

The Company also announces it has granted (the “**Grant**”) an aggregate of 100,000 stock options (each, an “**Option**”) to purchase up to 100,000 common shares of the Company to one consultant of the Company and one director 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 \$1.00 per common share.

The Debt Settlement Shares are not subject to a hold period. The securities acquired in the Grant are subject to a hold period of four months and one day from the date of the Grant.

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.

About BevCanna Enterprises Inc.

[BevCanna Enterprises Inc.](#) ([CSE:BEV](#), [O:BVNNE](#), [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 Statements

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 proposed terms of the acquisition of Naturo and the anticipated timing of the closing of thereof; the future business plans of Naturo and BevCanna; the perceived benefits of combining the businesses of Naturo and BevCanna; and the receipt of a Standard Processing License from Health Canada and the timing thereof; that upon receipt of the Standard Processing License, the Company will begin production of its white-label products and commercialization of its in-house products through licensed Canadian retailers over the next two quarters, positioning the Company to fully capitalize on the burgeoning Canadian cannabis-infused

beverage sector. 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 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 granted a Standard Processing License from Health Canada at all or on the timeline announced; 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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