

**51-102F3**  
**MATERIAL CHANGE REPORT**

**Item 1 Name and Address of Company**

BevCanna Enterprises Inc. (the “**Company**”)  
PO Box 33957 Vancouver D CSC  
Vancouver, BC, V6J 4L7

**Item 2 Date of Material Change**

July 28, 2021.

**Item 3 News Release**

The news release dated July 28, 2021 was disseminated via Cision.

**Item 4 Summary of Material Change**

The Company announced that its wholly owned subsidiary Naturo Group, has been selected by the British Columbia Ministry of Forests, Lands, Natural Resource Operations and Rural Development, and has commenced manufacturing and delivery of a Special Limited Edition TRACE-branded white-label water for the Ministry’s Wildfire Services Division.

The Company also announced that it has completed a shares issuance for debt exchange. The Company settled debt (the “**Debt Settlement**”) in the amount of \$629,340.02 owed by the Company to certain creditors of the Company in exchange for 1,144,255 common shares (each, a “**Debt Settlement Share**”) at a deemed price of \$0.55 per Debt Settlement. Of the Debt Settlement Shares, 257,727 are subject to a hold period of four months and one day from the date of issuance and 886,528 are not subject to any hold period.

**Item 5 Full Description of Material Change**

*5.1 Full Description of Material Change*

The Company announced that its wholly owned subsidiary Naturo Group, has been selected by the British Columbia Ministry of Forests, Lands, Natural Resource Operations and Rural Development, and has commenced manufacturing and delivery of a Special Limited Edition TRACE-branded white-label water for the Ministry’s Wildfire Services Division.

The Company also announced that it has completed a Debt Settlement in the amount of \$629,340.02 owed by the Company to certain creditors of the Company in exchange for 1,144,255 Debt Settlement Shares at a deemed price of \$0.55 per Debt Settlement. Of the Debt Settlement Shares, 257,727 are subject to a hold period of four months and one day from the date of issuance and 886,528 are not subject to any hold period.

None of the securities acquired in 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.

**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 is to settle debt owed to certain 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:*

a. *the interest in the transaction of every interested party and of the related parties and associated entities of the interested parties:*

Marcello Leone, an officer and a director of the Company, directly acquired 143,182 Shares in settlement of \$78,750 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. Leone's participation in the Debt Settlement was approved by disinterested members of the board of directors of the Company.

John Campbell, an officer and a director of the Company, directly acquired 114,545 Shares in settlement of \$63,000 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's participation in the Debt Settlement was approved by disinterested members of the board of directors of the Company.

b. *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. Leone and Mr. Campbell:

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
Marcello Leone Officer and Director	\$78,750	143,182 common shares	Undiluted: 1,089,797 <sup>(1)</sup> Diluted: 1,089,797	Undiluted: 0.62% <sup>(2)</sup> Diluted: 0.62%	Undiluted: 1,232,979 Diluted: 1,232,979	Undiluted: 0.69% <sup>(3)</sup> Diluted: 0.69%

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 <i>Officer and Director</i>	\$63,000	114,545 common shares	Undiluted: 2,135,863 <sup>(4)</sup> Diluted: 2,810,863 <sup>(5)</sup>	Undiluted: 1.22% <sup>(2)</sup> Diluted: 1.59% <sup>(6)</sup>	Undiluted: 2,250,408 <sup>(7)</sup> Diluted: 2,925,408 <sup>(8)</sup>	Undiluted: 1.27% <sup>(3)</sup> Diluted: 1.65% <sup>(9)</sup>

<sup>(1)</sup> Shares held directly.

<sup>(2)</sup> Based on 175,773,351 Shares outstanding prior to the completion of the Debt Settlement on July 28, 2021.

<sup>(3)</sup> Based on 176,917,606 Shares outstanding after the completion of the Debt Settlement on July 28, 2021.

<sup>(4)</sup> Comprised of: (a) 746,363 Shares held directly, and (b) 1,389,500 Shares held jointly by Campbell and Shen-Wen Lin.

<sup>(5)</sup> Comprised of: (a) 746,363 Shares held directly, and (b) 1,389,500 Shares held jointly by Mr. Campbell and Shen-Wen Lin; (b) 125,000 Options held by Mr. Campbell, each of which is exercisable into one Share, exercisable at a price of \$0.50 per Share until February 28, 2024, and (c) 100,000 Options held by Mr. Campbell, each of which is exercisable into one Share, exercisable at a price of \$0.50 per Share until July 5, 2022, (d) 50,000 Options held by Mr. Campbell, each of which is exercisable into one Share, exercisable at a price of \$0.50 per Share until October 25, 2022, and (d) 400,000 Options held by Mr. Campbell, each of which is exercisable into one Share, exercisable at a price of \$0.40 per Share until November 20, 2021.

<sup>(6)</sup> Based on 176,448,351 Shares comprised of: (a) 175,773,351 Shares outstanding prior to the completion of the Debt Settlement on July 28, 2021; and (b) 125,000 Options held by Mr. Campbell, each of which is exercisable into one Share, exercisable at a price of \$0.50 per Share until February 28, 2024, and (c) 100,000 Options held by Mr. Campbell, each of which is exercisable into one Share, exercisable at a price of \$0.50 per Share until July 5, 2022, (c) 50,000 Options held by Mr. Campbell, each of which is exercisable into one Share, exercisable at a price of \$0.50 per Share until October 25, 2022, and (d) 400,000 Options held by Mr. Campbell, each of which is exercisable into one Share, exercisable at a price of \$0.40 per Share until November 20, 2021.

<sup>(7)</sup> Comprised of: (a) 860,908 Shares held directly, and (b) 1,389,500 Shares held jointly by Campbell and Shen-Wen Lin.

<sup>(8)</sup> Comprised of: (a) 860,908 Shares held directly, (b) 1,389,500 Shares held jointly by Mr. Campbell and Shen-Wen Lin; and (b) 125,000 Options held by Mr. Campbell, each of which is exercisable into one Share, exercisable at a price of \$0.50 per Share until February 28, 2024, and (c) 100,000 Options held by Mr. Campbell, each of which is exercisable into one Share, exercisable at a price of \$0.50 per Share until July 5, 2022, (c) 50,000 Options held by Mr. Campbell, each of which is exercisable into one Share, exercisable at a price of \$0.50 per Share until October 25, 2022, and (d) 400,000 Options held by Mr. Campbell, each of which is exercisable into one Share, exercisable at a price of \$0.40 per Share until November 20, 2021.

<sup>(9)</sup> Based on 177,592,606 Shares comprised of: (a) 176,917,606 Shares outstanding after the completion of the Debt Settlement on July 28, 2021; and (b) 125,000 Options held by Mr. Campbell, each of which is exercisable into one Share, exercisable at a price of \$0.50 per Share until February 28, 2024, and (c) 100,000 Options held by Mr. Campbell, each of which is exercisable into one Share, exercisable at a price of \$0.50 per Share until July 5, 2022, (c) 50,000 Options held by Mr. Campbell, each of which is exercisable into one Share, exercisable at a price of \$0.50 per Share until October 25, 2022, and (d) 400,000 Options held by Mr. Campbell, each of which is exercisable into one Share, exercisable at a price of \$0.40 per Share until November 20, 2021.

*(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. Leone and Mr. Campbell abstained on the resolution of the board of directors approving the Debt Settlement as it related to their respective interests. 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:*

- a. *that has been made in the 24 months before the date of the material change report:*

Not applicable.

- b. *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 Mr. Leone pursuant to which Mr. Leone subscribed for 143,182 Shares in settlement of \$78,750 in account payable by the Company.

The Company entered into a debt settlement and subscription agreement with Mr. Campbell pursuant to which Mr. Campbell subscribed for 114,545 Shares in settlement of \$63,000 in account payable by the Company.

See Item 4 above and the attached news release for a full description of the Campbell 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 Debt Settlement insofar as it involves interested parties 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.

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**

August 11, 2021.

## **BevCanna’s Naturo Group Signs Supply Agreement with B.C. Ministry of Forests to Supply B.C. Firefighters Limited-Edition TRACE Alkaline Water**

*Government supply agreement will see BevCanna’s Naturo Group supply B.C. firefighters with limited-edition TRACE branded natural alkaline spring waters sourced directly from its pristine B.C. Interior aquifer*

VANCOUVER, British Columbia--(BUSINESS WIRE)--July 28, 2021--Emerging leader in innovative health and wellness beverages and products, BevCanna Enterprises Inc. (CSE:BEV, Q:BVNNF, FSE:7BC) (“**BevCanna**” or the “**Company**”) announces today that the Company’s wholly-owned subsidiary, Naturo Group, has been selected by the British Columbia Ministry of Forests, Lands, Natural Resource Operations and Rural Development, and has commenced manufacturing and delivery of a Special Limited Edition TRACE-branded white-label water for the Ministry’s Wildfire Services Division.

The B.C. Ministry of Forests, Lands, Natural Resource Operations and Rural Development is responsible for the stewardship of provincial Crown land and ensures the sustainable management of forest, wildlife, water and other land-based resources. Internationally recognized as a leader in wildfire management, the BC Wildfire Service employs 1,100 Type 1 Firefighters, and responds to nearly 1,600 wildfires annually on behalf of the Province of B.C.

“We’re pleased that we’ve been awarded the contract with BC Wildfire Service,” said Melise Panetta, President of BevCanna. “We are proud to be providing the firefighters with a special edition of our TRACE-branded natural 7.7ph alkaline spring water, sourced directly from our proprietary B.C. Interior aquifer – the very land and forest that they work so hard to keep safe. We think that’s its very fitting that these heroes will be kept hydrated with B.C.’s own TRACE-branded water. We’ve already begun production and delivery to the firefighters.”

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

BevCanna Enterprises Inc.(CSE:BEV, Q:BVNNF, FSE:7BC) is a diversified health & wellness beverage and natural products company. BevCanna develops and manufactures a range of alkaline, plant-based and cannabinoid beverages and supplements for both in-house brands and white-label clients.

With decades of experience creating, manufacturing and distributing iconic brands that resonate with consumers on a global scale, the team demonstrates an expertise unmatched in the nutraceutical and cannabis-infused beverage categories. Based in British Columbia, Canada, BevCanna owns a pristine alkaline spring water aquifer and a world-class 40,000-square-foot, HACCP certified manufacturing facility, with a bottling capacity of up to 210M bottles annually. BevCanna’s extensive distribution network includes more than 3,000 points of retail distribution through its market-leading TRACE brand, its Pure Therapy natural health and wellness e-commerce platform, its fully licensed Canadian cannabis manufacturing and distribution network, and a partnership with #1 U.S. cannabis beverage company Keef Brands.

### **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 agreement with British Columbia Ministry of Forests, Lands, Natural Resource Operations and Rural Development and its terms and anticipated benefits; and other statements regarding the business plans 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: general market conditions; changes to consumer preferences; and volatility of commodity prices; and other factors beyond the control of the parties. The Company 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 law, and the Company does not assume any liability for disclosure relating to any other company mentioned herein.

The Company also announced today that it has completed a shares issuance for debt exchange. The Company settled debt (the "**Debt Settlement**") in the amount of \$629,340.02 owed by the Company to certain creditors of the Company in exchange for 1,144,255 common shares (each, a "**Debt Settlement Share**") at a deemed price of \$0.55 per Debt Settlement. Of the Debt Settlement Shares, 257,727 are subject to a hold period of four months and one day from the date of issuance and 886,528 are not subject to any hold period.

None of the securities acquired in 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.

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.

## **Contacts**

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

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

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

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