

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

December 15, 2023

Item 3 News Release

The news release dated December 15, 2023 was disseminated via Stockwatch and BayStreet.

Item 4 Summary of Material Change

The Company announced that further to its news release dated December 8, 2023, it has settled debt (the “**Debt Settlement**”) in the aggregate amount of \$3,057,715.22 owed by the Company to certain creditors of the Company in exchange for an aggregate of 87,363,286 common shares in the capital of the Company (each, a “**Share**”) at a deemed price of \$0.035 per Share.

Item 5 Full Description of Material Change

5.1 Full Description of Material Change

The Company announced that further to its news release dated December 8, 2023, it completed a Debt Settlement in the aggregate amount of \$3,057,715.22 owed by the Company to certain creditors of the Company in exchange for an aggregate of 87,363,286 Shares at a deemed price of \$0.035 per Share.

Of the 87,363,286 Shares issued pursuant to the Debt Settlement, 79,075,502 Shares are subject to a statutory hold period of four months plus one day.

The Company also announces that it filed for voluntary bankruptcy of its majority owned subsidiary Naturo Springs Inc. on December 12, 2023, which currently has no assets.

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:*

Martino Ciambrelli, a director of the Company, directly acquired 1,903,571 Shares in settlement of \$66,625.00 in accounts payable to him, for services rendered as a director of the Company. As such, the Debt Settlement was a "related-party transaction" as such term is defined in MI 61-101. Mr. Ciambrelli's participation in the Debt Settlement was approved by disinterested members of the board of directors of the Company.

Bruce Dawson-Scully, an officer of the Company, directly acquired 9,362,076 Shares in settlement of \$327,672.68 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.

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. Ciambrelli and Mr. Dawson-Scully.

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
Martino Ciambrelli <i>Director</i>	\$66,625.00	1,903,571 common shares	Undiluted: 5,950 ⁽¹⁾ Diluted: 130,950 ⁽²⁾	Undiluted: 0.00% ⁽³⁾ Diluted: 0.06% ⁽⁴⁾	Undiluted: 1,909,521 ⁽⁵⁾ Diluted: 2,040,471 ⁽⁶⁾	Undiluted: 0.59% ⁽⁷⁾ Diluted: 0.63% ⁽⁸⁾
Bruce Dawson-Scully <i>Officer</i>	\$327,672.68	9,362,076 common shares	Undiluted: 3,117,340 ⁽⁹⁾ Diluted: 3,162,778 ⁽¹⁰⁾	Undiluted: 1.32% ⁽³⁾ Diluted: 1.34% ⁽¹¹⁾	Undiluted: 12,479,416 ⁽¹²⁾ Diluted: 12,524,854 ⁽¹³⁾	Undiluted: 3.86% ⁽⁷⁾ Diluted: 3.87% ⁽¹⁴⁾

⁽¹⁾ Shares held directly.

⁽²⁾ Comprised of: (i) 5,950 Shares held directly, and (ii) 125,000 stock options (each, an "Option") held by Mr. Ciambrelli, each of which is exercisable into one Share, exercisable at a price of \$0.50 per Share until February 28, 2024.

⁽³⁾ Based on 236,084,467 Shares outstanding prior to the completion of the Debt Settlement on December 15, 2023.

⁽⁴⁾ Based on 236,209,467 Shares comprised of: (i) 236,084,467 Shares outstanding prior to the completion of the Debt Settlement on December 15, 2023, and (ii) 125,000 Options held by Mr. Ciambrelli, each of which is exercisable into one Share, exercisable at a price of \$0.50 per Share until February 28, 2024.

⁽⁵⁾ Shares held directly.

- (6) Comprised of: (i) 1,909,521 Shares held directly, and (ii) 125,000 Options held directly.
- (7) Based on 323,447,753 Shares outstanding after the completion of the Debt Settlement on December 15, 2023.
- (8) Based on 323,572,753 Shares comprised of: (i) 323,447,753 Shares outstanding after the completion of the Debt Settlement on December 15, 2023, (ii) 125,000 Options held by Mr. Ciambrelli, each of which is exercisable into one Share, exercisable at a price of \$0.50 per Share until February 28, 2024.
- (9) Comprised of: (i) 2,344,454 Shares held directly, (ii) 88,315 Shares held indirectly in the name of Andrea Flaman in Trust, (iii) 173,513 Shares held indirectly in the name of Bruce Dawson-Scully in Trust, (iv) 5,239 Shares held indirectly in the name of Delta 9 Remedy Corp., and (v) 505,819 Shares held indirectly in the name of Donna Scully in Trust.
- (10) Comprised of: (i) 2,344,454 Shares held directly, (ii) 88,315 Shares held indirectly in the name of Andrea Flaman in Trust, (iii) 173,513 Shares held indirectly in the name of Bruce Dawson-Scully in Trust, (iv) 5,239 Shares held indirectly in the name of Delta 9 Remedy Corp., and (v) 505,819 Shares held indirectly in the name of Donna Scully in Trust, (vi) 40,000 Share purchase warrants (each, a "Warrant") held indirectly in the name of Andrea Flaman in Trust, each of which is exercisable into one Share, exercisable at a price of \$1.75 per Share until January 27, 2024, and (vii) 5,438 Warrants held indirectly in the name of Delta 9 Remedy Corp., each of which is exercisable into one Share, exercisable at a price of \$4.80 per Share until January 27, 2024.
- (11) Based on 236,129,905 Shares comprised of: (i) 236,084,467 Shares outstanding prior to the completion of the Debt Settlement on December 15, 2023, (ii) 40,000 Warrants held indirectly in the name of Andrea Flaman in Trust, each of which is exercisable into one Share, exercisable at a price of \$1.75 per Share until January 27, 2024, and (iii) 5,438 Warrants held indirectly in the name of Delta 9 Remedy Corp., each of which is exercisable into one Share, exercisable at a price of \$4.80 per Share until January 27, 2024.
- (12) Comprised of: (i) 11,706,530 Shares held directly, (ii) 88,315 Shares held indirectly in the name of Andrea Flaman in Trust, (iii) 173,513 Shares held indirectly in the name of Bruce Dawson-Scully in Trust, (iv) 5,239 Shares held indirectly in the name of Delta 9 Remedy Corp., and (v) 505,819 Shares held indirectly in the name of Donna Scully in Trust.
- (13) Comprised of: (i) 11,706,530 Shares held directly, (ii) 88,315 Shares held indirectly in the name of Andrea Flaman in Trust, (iii) 173,513 Shares held indirectly in the name of Bruce Dawson-Scully in Trust, (iv) 5,239 Shares held indirectly in the name of Delta 9 Remedy Corp., (v) 505,819 Shares held indirectly in the name of Donna Scully in Trust, (vi) 40,000 Warrants held indirectly in the name of Andrea Flaman in Trust, each of which is exercisable into one Share, exercisable at a price of \$1.75 per Share until January 27, 2024, and (vii) 5,438 Warrants held indirectly in the name of Delta 9 Remedy Corp., each of which is exercisable into one Share, exercisable at a price of \$4.80 per Share until January 27, 2024.
- (14) Based on 323,493,191 Shares comprised of: (i) 323,447,753 Shares outstanding after the completion of the Debt Settlement on December 15, 2023, (ii) 40,000 Warrants held indirectly in the name of Andrea Flaman in Trust, each of which is exercisable into one Share, exercisable at a price of \$1.75 per Share until January 27, 2024, and (iii) 5,438 Warrants held indirectly in the name of Delta 9 Remedy Corp., each of which is exercisable into one Share, exercisable at a price of \$4.80 per Share until January 27, 2024.

(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. Ciambrelli abstained on the resolution of the board of directors approving the Debt Settlement as it related to his respective interest. 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. Ciambrelli pursuant to which Mr. Ciambrelli subscribed for 1,903,571 Shares in settlement of \$66,625 in account payable by the Company.

The Company entered into a debt settlement and subscription agreement with Mr. Dawson-Scully pursuant to which Mr. Dawson-Scully subscribed for 9,362,076 Shares in settlement of \$327,672.68 in account payable by the Company.

(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.

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 23, 2023.