

51-102F3
MATERIAL CHANGE REPORT

Item 1 Name and Address of Company

BevCanna Enterprises Inc. (the "**Company**")
PO Box 34061 Vancouver D CSC
Vancouver, BC, V6J 4M1

Item 2 Date of Material Change

June 19, 2024.

Item 3 News Release

The news release dated June 19, 2024 was disseminated via Stockwatch and BayStreet.

Item 4 Summary of Material Change

The Company announced that further to its press release dated June 13, 2024, it has settled debt (the "**Debt Settlement**") in the aggregate amount of \$2,660,139.05 owed by the Company to certain creditors of the Company which consists of the following:

- \$433,669.23 owed to certain creditors of the Company in exchange for an aggregate of 722,782 common shares (each, a "**Share**") at a deemed price of \$0.60 per share which Shares will be subject to a hold period of four months and one day as required by the Canadian Securities Exchange.
- \$250,000 owed to certain creditors of the Company in exchange for an aggregate of 416,666 Shares at a deemed price of \$0.60 per Share which will not be subject to a restricted period.
- \$465,125.21 owed to a creditor of the Company in exchange for 775,208 units of the Company (each, a "**Unit**") at a deemed price of \$0.60 per Unit, each Unit consisting of one common share of the Company and 0.35 common share purchase warrants (each whole warrant, a "**Warrant**"), with each Warrant exercisable to purchase an additional common share of the Company (each, a "**Warrant Share**") at an exercise price of \$0.60 per Warrant Share for a period of two years from the closing date of the debt settlement transaction. The Warrants and Warrant Shares will be subject to a restricted period of four months and one day as required by the Canadian Securities Exchange. The Shares for this creditor will be subject to a staged release as required by the Canadian Securities Exchange, whereby 10% of the Shares will be unrestricted on the closing date, 15% will become unrestricted on the 30th day from the closing date, 25% will become unrestricted on the 60th day from the closing date, 25% will become unrestricted on the 90th day from the closing date, and the final 25% will become unrestricted on the 120th day from the closing date.
- \$1,511,344.61 owed to certain creditors of the Company in exchange for an aggregate of 2,518,905 Units. The Warrants and Warrant Shares will be subject to a restricted period of four months and one day as required by the Canadian Securities Exchange.

All creditors have entered into voting support agreements whereby, until the date that all Shares issued in the debt settlement are sold by such persons, the holders have agreed to support and vote in favor of any future shares for debt arrangements which require shareholder approval in accordance with applicable securities laws and stock exchange policies.

Item 5 Full Description of Material Change

5.1 Full Description of Material Change

The Company completed the Debt Settlement in the aggregate amount of \$2,660,139.05 owed by the Company to certain creditors of the Company.

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 802,083 Units in settlement of debt in the aggregate amount \$481,250. 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.

Marcello Leone, an officer and a director of the Company, indirectly through Chili Ventures Corp., a company wholly owned and controlled by Mr. Leone, acquired 200,000 Units in settlement of debt in the aggregate amount of \$120,000. 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 105,000 Units in settlement of debt in the aggregate amount of \$63,000. 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.

Martino Ciambrelli, a director of the Company, acquired 95,756 Units in settlement of debt in the aggregate amount of \$57,453.94. As such, the Debt Settlement was a "related-party transaction" as such term is defined in MI 61-101. Ms. Panetta's participation in the Debt Settlement was approved by the board of directors of the Company.

Howard Blank, a director of the Company, acquired 15,750 Shares in settlement of debt in the aggregate amount of \$9,450. As such, the Debt Settlement was a "related-party

transaction” as such term is defined in MI 61-101. Ms. Panetta’s participation in the Debt Settlement was approved by 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, Mr. Campbell, Mr. Ciambrelli and Mr. Blank:

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 <i>Officer and Director</i>	\$601,250	1,002,083 Units	Undiluted: 39,677 Diluted: 39,677	Undiluted: 0.69% ⁽¹⁾ Diluted: 0.69%	Undiluted: 1,061,927 ⁽²⁾ Diluted: 1,412,656 ⁽³⁾	Undiluted: 10.5% ⁽⁴⁾ Diluted: 13.49%
John Campbell <i>Officer and Director</i>	\$63,000	105,000 Units	Undiluted: 397,957 ⁽⁵⁾ Diluted: 397,957 ⁽⁶⁾	Undiluted: 6.99% ⁽¹⁾ Diluted: 6.99%	Undiluted: 502,957 ⁽⁷⁾ Diluted: 539,707 ⁽⁸⁾	Undiluted: 4.97% ⁽⁴⁾ Diluted: 5.31%
Martino Ciambrelli <i>Director</i>	\$57,453.94	95,756 Units	Undiluted: 28,336 Diluted: 28,336	Undiluted: 0.49% ⁽¹⁾ Diluted: 0.49%	Undiluted: 124,092 Diluted: 157,606 ⁽⁹⁾	Undiluted: 1.22% ⁽⁴⁾ Diluted: 1.55%
Howard Blank <i>Director</i>	\$9,450	15,750 Shares	Undiluted: 10,372 Diluted: 10,372	Undiluted: 0.18% ⁽¹⁾ Diluted: 0.18%	Undiluted: 26,122 Diluted: 26,122	Undiluted: 0.25% ⁽⁴⁾ Diluted: 0.25%

(1) Based on 5,691,006 Shares outstanding prior to the completion of the Debt Settlement on June 19, 2024.

(2) Comprised of: (i) 841,760 Shares held directly, and (ii) 220,167 Shares held indirectly in the name of Chili Ventures Inc. (“Chili”), a company wholly-owned and controlled by Mr. Leone.

(3) Comprised of: (i) 841,760 Shares held directly; (ii) 220,167 Shares held indirectly in the name of Chili, (iii) 280,729 share purchase warrants (“each, a “Warrant”) held by Mr. Leone, each of which is exercisable into one Share, exercisable at a price of \$0.60 per Share until June 19, 2026, and (iv) 70,000 Warrants held indirectly in the name of Chili, each of which is exercisable into one Share, exercisable at a price of \$0.60 per Share until June 19, 2026.

(4) Based on 10,124,567 Shares outstanding after the completion of the Debt Settlement on June 19, 2024.

(5) Comprised of: (i) 275,509 Shares held directly, and (ii) 122,448 Shares held jointly by Mr. Campbell and the spouse of Mr. Campbell.

(6) Comprised of: (i) 275,509 Shares held directly, and (ii) 122,448 Shares held jointly by Mr. Campbell and Shen-Wen Lin.

(7) Comprised of: (i) 380,509 Shares held directly, (ii) 122,448 Shares held jointly by Mr. Campbell and the spouse of Mr. Campbell.

(8) Comprised of: (i) 380,509 Shares held directly, (ii) 122,448 Shares held jointly by Mr. Campbell and the spouse of Mr. Campbell, and (iii) 36,750 Warrants held directly, each of which is exercisable into one Share, exercisable at a price of \$0.60 per Share until June 19, 2026.

⁽⁹⁾ Comprised of: (i) 124,092 Shares held directly, and (ii) 33,514 Warrants held by Mr. Ciambrelli, each of which is exercisable into one Share, exercisable at a price of \$0.60 per Share until June 19, 2026.

(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, Mr. Ciambrelli 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:

See Section 5.1(d).

(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.

The Company did not file a material change report 21 days prior to closing of the Financing as the Company was not aware of all details of the insider participation in the Financing until just before closing.

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

June 27, 2024.