

FORM 51-102F3

Material Change Report

Item 1. Name and Address of Company

Prime Drink Group Corp. (the “**Corporation**”)
609 - 1188 avenue Union
Montréal, QC, H3B 0E5

Item 2. Date of Material Change

May 14, 2024, May 16, 2024, and May 21, 2024.

Item 3. News Release

News releases disclosing the information contained in this material change report were issued by the Corporation on May 15, 2024 and May 22, 2024 via Canadian Newswire and subsequently filed on SEDAR+.

Item 4. Summary of Material Change

On May 14, 2024, the Corporation entered into a share purchase agreement dated May 14, 2024 (the “**Share Purchase Agreement**”) with 9296-0186 Québec Inc. (“**9296**”), the shareholders of 9296 (together with 9296, the “**Vendors**”), and Angelpart Ventures Inc., whereby the Corporation will acquire all of the issued and outstanding common shares (“**Triani Shares**”) of Triani Canada Inc. (“**Triani**”), subject to the terms and conditions described therein (the “**Transaction**”).

In connection with the Transaction, the Corporation intends to consolidate its outstanding common shares on a 5:1 basis (the “**Consolidation**”).

The Corporation has entered into an amended and restated investor rights agreement effective May 10, 2024 (the “**Amended and Restated IRA**”), amending, restating and replacing the investor rights agreement dated September 19, 2022 between the Corporation and 9474-8431 Québec Inc. (“**9474**”).

On May 16, 2024, the Corporation closed the initial tranche of a non-brokered private placement of subscription receipts of the Corporation (the “**Subscription Receipts**”) for gross proceeds of \$5,283,625 at a price of \$0.625 per Subscription Receipt (the “**Offering**”) in connection with the Transaction.

On May 21, 2024, the Corporation has entered into an amended and restated share purchase agreement (the “**Amended and Restated SPA**”), amending, restating and replacing the Share Purchase Agreement.

Item 5. Full Description of Material Change

a) Share Purchase Agreement

On May 14, 2023 the Corporation entered into the Share Purchase Agreement with the Vendors, and Angelpart Ventures Inc., whereby the Corporation will acquire all of the issued and outstanding Triani Shares, subject to the terms and conditions described therein.

In connection with closing of the Transaction, the Corporation will change its name to “Prime Group Corp.” (the “**Name Change**”) and will continue the business of Triani as further described below.

Pursuant to the Share Purchase Agreement, the Corporation will acquire the Triani Shares in exchange for (i) \$2,000,000 in payable in cash, or through the issuance of a promissory note in the amount of \$2,000,000 and bearing interest at a rate of 10% per annum, on the date that is 12 months from the closing date of the Transaction (the “**Closing Date**”); and (ii) 140,000,000 common shares in the capital of the Corporation (“**Prime Shares**”) having an aggregate value of \$17,500,000, with each Prime Share to be issued at a deemed price \$0.125 (on a pre-Consolidation basis (as defined below)), subject to adjustment (the “**Consideration**”). In addition to the Consideration, the Corporation intends to pay an additional amount up to \$18,500,000 (the “**Bonus Consideration**”) to the Vendors payable in Prime Shares if Triani reaches certain EBITDA targets in the financial years ended March 31, 2025, 2026 and 2027. The Prime Shares payable pursuant to the Bonus Consideration shall be issued at a deemed price equal to \$0.125 per Prime Share (on a pre-Consolidation basis) for any Bonus Consideration payable in the financial years ended March 31, 2025, and 2026, and \$0.16 per Prime Share for any Bonus Consideration payable in the financial year ended March 31, 2027.

It is intended that the Transaction will result in the creation of a new Control Person (as such term is defined in the policies of the CSE), or Control Person(s), of the resulting entity following completion of the Transaction.

Pursuant to the Share Purchase Agreement, the Corporation and 9296 shall enter into a License and Option Agreement as of the Closing Date (the “**License and Option Agreement**”), whereby the Corporation shall be granted: (i) an exclusive license in favour of the Corporation (the “**License**”) for the use of the intellectual property identified in the Share Purchase Agreement (the “**IP**”); (ii) a right of first refusal to acquire the IP in the event of disposition of such IP by the owner(s) thereof for the duration of the License; (iii) an exclusive option to acquire the IP, to be valued by an independent valuation, at a minimum price of \$35,000,000 for a period of 3 years following the Closing Date. Additionally, the Corporation and 9372-3039 Québec Inc. (or such other corporation identified by the Vendors) shall enter into a property option agreement, whereby the Corporation shall be granted: (i) an exclusive option to acquire the St-Jean sur Richelieu property, for a 3 year period starting on the 3rd anniversary of the Closing Date and ending on the 6th anniversary of the Closing Date, at a price equal to the higher of 5,000,000 and the fair market value of such property at the time of exercise of the option; and (ii) an exclusive option to acquire the Terrebonne property, for a 3 year period starting on the 3rd anniversary of the Closing Date and ending on the 6th anniversary of the Closing Date, at a price equal to the higher of \$29,000,000 and the fair market value of such property at the time of exercise of the option (the “**Property Option Agreement**”). The specific terms of the License and Option Agreement and the Property Option Agreement shall be finalized by the parties thereto and remain subject to the terms to be contained therein.

Additionally, the Corporation shall make a cash contribution in the amount of \$5,000,000 to the operations of Triani on the Closing Date. Such amount shall be used as working capital by the Corporation in the ordinary course of business.

Prior to closing of the Transaction, the Corporation intends to complete the Consolidation resulting in 1 Prime Share outstanding following the Consolidation for every 5 Prime Shares outstanding prior to the Consolidation.

In connection with the Transaction, Triani intends to complete a non-brokered private placement of convertible debentures in the aggregate principal amount of up to \$3,000,000, bearing interest at a rate of 12.1% per annum, maturing 12 months from the date of issuance, and automatically convertible into Prime Shares (post-Consolidation) immediately following the closing of the Transaction, at a deemed price per Prime Share equal to \$0.50, or such other

price as permitted by the CSE (the “**Bridge Convertible Debenture Offering**”). In accordance with applicable securities laws, all securities issued under the Bridge Convertible Debenture Offering will be subject to a four month and one day hold period from the date of issuance. The net proceeds of the Bridge Convertible Debenture Offering will be to fund the Transaction and for general and corporate working capital purposes.

Completion of the Transaction is subject to a number of terms and conditions, including, but not limited to: (i) completion of the Offering; (ii) completion of the Consolidation; (iii) the parties obtaining all necessary consents, orders and regulatory and shareholder approvals, including the conditional approval of the CSE, subject only to customary conditions of closing; (iv) no material adverse change occurring in respect of either the Corporation or Triani; (v) the Name Change having been effected; (vi) the parties having delivered all documents and other items specified in the Share Purchase Agreement, including, but not limited to, an executed copy of the License and Option Agreement, the Property Option Agreement, and an opinion from 9296’s legal counsel that the discharge of Triani Canada’s wastewater complies with the regulations of the city of Terrebonne; (vii) the of certain directors of the Corporation being tendered and the nominees of 9296 having been elected, subject to closing of the Transaction; and (viii) such other closing conditions as set out in the Share Purchase Agreement.

b) Amended and Restated IRA

As previously announced on September 20, 2022, the Corporation is party to an investor rights agreement dated September 19, 2022, whereby 9474 was granted, among other things, customary anti-dilution, top-up, and demand and piggy-back registration rights, and certain negotiated governance and director nomination rights, including the right to elect two new directors to the board of directors of the Corporation (the “**IRA**”).

The Corporation and 9474 have entered into the Amended and Restated IRA, whereby the parties have agreed to limit the rights previously granted to 9474 under the IRA to the negotiated governance and director nomination rights, including the right to elect two new directors to the board of directors of the Corporation, subject to the terms and conditions contained therein.

c) Concurrent Financing - Subscription Receipts

On May 16, 2024, in connection with the Transaction, the Corporation closed an initial tranche of the previously announced Offering of Subscription Receipts which consisted of the sale of 8,453,800 Subscription Receipts at a price of \$0.625 per Subscription Receipt. Each Subscription Receipt shall be converted, without payment of any additional consideration and without any further action by the holder thereof, into one Prime Share on a post-Consolidation basis, subject to adjustment, upon satisfaction or waiver of certain escrow release conditions, including all of the conditions precedent required for the completion of the Transaction, pursuant to the terms of a subscription receipt agreement entered into between Computershare Trust Company of Canada and the Corporation dated May 16, 2024.

The Subscription Receipts are subject to resale restrictions, including a hold period of four months and one day from the date of issuance pursuant to applicable Canadian securities laws.

In connection with the closing of the initial tranche of the Offering, the Corporation will pay cash finders’ fees in the amount of \$224,392.50.

d) Amended and Restated SPA

On May 21, 2024, the parties to the Share Purchase Agreement entered into the Amended and

Restated SPA, amending, restating, and replacing the SPA to revise the purchase price adjustment provisions.

Pursuant to the Amended and Restated SPA, the purchase price payable by the Corporation is subject to adjustment such that the purchase price shall be decreased by the amount by which the total current assets of Triani are less than its total current liabilities (subject to certain exclusions) pursuant to its unaudited financial statements for the three months ended June 30, 2024, prepared in accordance with IFRS (the “**Purchase Price Adjustment Amount**”). The Purchase Price Adjustment Amount, if applicable, shall be deducted first from the \$2,000,000 cash payable by the Corporation to the Vendors, with any remaining amount to be deducted from the \$17,500,000 payable by the Corporation to the Vendors in common shares of the Corporation (the “**Share Consideration Adjustment Amount**”). Pursuant to the Amended and Restated SPA, the Corporation will issue to the Vendors non-transferrable common share purchase warrants of the Corporation (each, an “**Adjustment Warrant**”) equal to the Share Consideration Adjustment Amount divided by \$0.625. Each Adjustment Warrant shall entitle the holder thereof to acquire one Prime Share at an exercise price of \$0.625 for a period of eighteen (18) months from the Closing Date.

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

Jean Gosselin
Chief Financial Officer
Telephone: (514) 394-7717
Email: info@prime-group.ca

Item 9. Date of Report

May 24, 2024