

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

Item 1 Name and Address of Company

Xebra Brands Ltd.
1055 West Georgia St., 1500 Royal Centre
PO Box 11117
Vancouver BC V6E 4N7
Canada

Item 2 Date of Material Change

March 8, 2023

Item 3 News Release

The press release attached as Schedule A was released on March 9, 2023.

Item 4 Summary of Material Change

The material change is described in the press release attached as Schedule A.

Item 5 Full Description of Material Change

The material change is described in the press release attached as Schedule A.

Item 6 Reliance of subsection 7.1(2) of National Instrument 51-102

Not applicable.

Item 7 Omitted Information

Not applicable.

Item 8 Executive Officer

Jay Garnett, CEO and Director
Xebra Brands Ltd.
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jay.garnett@xebrabrands.com

Item 9 Date of Report

March 9, 2023.

SCHEDULE A

Mexican Government Grants XEBRA Brands the First Ever Cannabis Authorizations for the Cultivation, Processing, Production, and the National Commercialization of Cannabis Products

Vancouver, BC, Canada, March 09, 2023, Xebra Brands Ltd. (“Xebra”) (XBRA: CSE) (XBRAD: OTCQB) (9YC0 : FSE), a cannabis company, is pleased to report that the Mexican Health Regulatory Agency (the Mexican FDA equivalent) (the “COFEPRIS”) has granted to Xebra’s wholly owned Mexican subsidiary Desart MX, SA de CV (“Xebra Mexico”), an outright first-mover-advantage in Mexico, by officially issuing corporate cannabis authorizations to, among other things, import and acquire cannabis seeds, cultivate and harvest cannabis, process and produce cannabis, and sell cannabis products both domestically and through export.

Xebra announced on December 2nd, 2021, that all five Supreme Court justices voted unanimously in favor of granting Xebra Mexico an irrevocable injunction to commercialize cannabis products. The final step required the COFEPRIS to deliver formal authorizations. Those authorizations have now been received by Xebra and include standard conditions concerning safety protocols, security measures, phyto-sanitation processes, pest management procedures, and customary inspection and reporting provisions. The authorizations are subject to Xebra satisfying the industry standard conditions. Notably, there are no restrictions on where in Mexico, Xebra can cultivate cannabis, nor on the size of the cultivation facilities, or the volume of processing and manufacturing operations. The authorizations will initially apply specifically to the commercialization of cannabis products with low levels of THC (under 1%).

“This represents an important moment for cannabis globally with the first ever grant for full cultivation, harvesting, processing and commercial activities to a corporate entity in Mexico,” said Jay Garnett, CEO of Xebra Brands. *“This grant follows years of hard work and focus by a devoted team and is only the beginning of what Xebra has laid as the foundation for growth. The path is now clear for Xebra to continue forward to unlock the commercial opportunities that exists. We are excited to start the process of engaging with potential partners and stakeholders through various commercial joint-ventures/partnerships,”* states Jay Garnett, CEO.

Xebra looks forward to a productive and cooperative relationship going forward with the COFEPRIS to understand their guidance and operate within the authorizations, rules, regulations, and conditions set forth for the Mexican cannabis market.

Xebra will take a methodical approach to assessing all opportunities for partnership and growth that have been presented to it since it began the process of the application for the authorization on November 29th, 2018. We recognize the historical importance and commercial opportunity of being granted these authorizations by the Mexican Government as a first mover company.

“We look forward to delivering to our shareholders, a plan in which we recognize the full potential of these authorizations on a similar scale to those corporations that were granted licenses through Health Canada upon legalization in Canada,” said Jay Garnett, CEO.

Xebra will provide an update on its plans for the Mexican cannabis market in coming weeks.

Please contact Xebra for more information as it unfolds its story to its shareholders, the public, and the world.

Jay Garnett
CEO

For more information contact:

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Certain information contained in this press release constitutes forward-looking statements under applicable securities laws. Any statements that are not statements of historical fact may be deemed to be forward-looking statements, these include, without limitation, statements regarding Xebra Brands Ltd.'s expectations in respect of its ability to successfully execute its business plan or business model; its ability to enter into and execute partnerships or joint venture opportunities on acceptable terms; its ability to provide economic, environmental, social, or any benefits of any type in the communities it operates in or may operate it in the future; its ability to be a first mover in a country, or to obtain or retain government licenses, permits or authorizations in general, or specifically in Mexico, Canada, or elsewhere, including cannabis authorizations from the Mexican Health Regulatory Agency (COFEPRIS); its ability to satisfy the conditions of authorizations granted by COFEPRIS; its ability to successfully apply for, obtain and retain trademarks and other intellectual property in any jurisdiction; its ability to be cost competitive; its ability to commercialize, cultivate, grow, or process hemp or cannabis in Mexico, Canada, or elsewhere and related plans and timing; its ability to manufacture, commercialize or sell cannabis-infused beverages, wellness products, or other products in Mexico, Canada, or elsewhere, and its related plans and claims, including market interest and availability; its ability to create wellness products that have a therapeutic effect or benefit; plans for future growth and the direction of the business; plans to increase product volumes, the capacity of existing facilities, supplies from third party growers and contractors; expected growth of the cannabis industry generally; management's expectations, beliefs and assumptions in general, including manufacturing costs, production activity and market potential in Mexico or any jurisdiction; events or developments that Xebra expects to take place in the future; general economic conditions; and other risk factors described in the MD&A of the Company for the period ended November 30, 2022. All statements, other than statements of historical facts, are forward-looking information and statements. The words “aim”, “believe”, “expect”, “anticipate”, “contemplate”, “target”, “intends”, “continue”, “plans”, “budget”, “estimate”, “may”, “will”, and similar expressions identify forward-looking information and statements. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by Xebra as of the dates of such statements, are inherently subject to significant business, economic and competitive uncertainties and contingencies. Known and unknown factors could cause actual results to differ materially from those projected in the forward-looking statements. Such factors include, but are not limited to, the inability of Xebra to retain the authorizations granted by COFEPRIS, the inability to generate sufficient revenues or to raise sufficient funds to carry out its business plan; changes in government legislation, taxation, controls, regulations and political or economic developments in various countries; risks associated with agriculture and cultivation activities generally, including inclement weather, access to supply of seeds, poor crop yields, and spoilage; compliance with import and export laws of various countries; significant fluctuations in cannabis prices and transportation costs; the risk of obtaining necessary licenses and permits; inability to identify, negotiate and complete potential acquisitions, dispositions or joint ventures for any reason; the ability to retain key employees; dependence on third parties for services and supplies; non-performance by contractual counter-parties; general economic conditions; the continued growth in global demand for cannabis products and the continued increase in jurisdictions legalizing cannabis; and the timely receipt of regulatory approvals for license applications on terms satisfactory to Xebra. In addition, there is no assurance Xebra will: be a low-cost producer or exporter; obtain a dominant market position in any jurisdiction; have products that will be unique. The foregoing list is not exhaustive and Xebra undertakes no obligation to update or revise any of the foregoing except as required by law. Many of these uncertainties and contingencies could affect Xebra's actual performance and cause its actual performance to differ materially from what has been expressed or implied in any forward-looking statements made by, or on behalf of, Xebra. Readers are cautioned that forward-looking statements are not guarantees of future performance and readers should not place undue reliance on such forward-looking statements. There can be no assurance that

such statements will prove to be accurate and actual results and future events could differ materially from those set out in such statements.