

Form 51-102F3

MATERIAL CHANGE REPORT

Item 1 Name and Address of Company

Xebra Brands Ltd.
410-1111 Melville Street
Vancouver, BC V6E 3V6

Item 2 Date of Material Change

March 6, 2024.

Item 3 News Release

The press release was disseminated on March 7, 2024 through Newsfile Corp.

Item 4 Summary of Material Change

Xebra Brands Ltd. (“Xebra” or the “Company”), a cannabis company, announced that it closed its non-brokered private placement (the “**Offering**”) of 12,000,000 units of the Company (the “**Units**”) as previously announced on October 2, 2023 and January 31, 2024. The Units were issued at a price of \$0.05 per Unit for gross proceeds of \$600,000.

Each Unit is comprised of one common share of the Company (a “**Common Share**”) and one Common Share purchase warrant (a “**Warrant**”). Each Warrant entitles the holder thereof to acquire one Common Share (a “**Warrant Share**”) at an exercise price of C\$0.10 per Warrant Share at any time for a period of eighteen (18) months following the closing of the Offering.

All of the Units sold under the Offering were purchased by David Ross Macias Diaz, a director of the Company, under a strategic investment agreement. Following the closing of the Offering, Mr. Diaz holds 18.04% and 30.56% of the Common Shares of the Company on a non-diluted basis and partially diluted basis, respectively. The Company obtained such shareholder approval at its annual general and special meeting held on November 7, 2023 for the issuance of the Units to Mr. Diaz.

The net proceeds of the Offering are expected to be used for working capital and general corporate purposes. All securities issued in connection with the Offering will be subject to a hold period of four months and one day from the Closing Date. The Offering is subject to the final acceptance of the CSE.

Item 5 Full Description of Material Change

See attached press release for details.

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

Rodrigo Gallardo, Interim CEO and President
Phone: 1(833) XEBRA 88

Item 9 Date of Report

March 7, 2024



NEWS RELEASE

Xebra Brands Announces Closing of Non-Brokered Private Placement of Units and Shares for Debt Settlement

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Vancouver, BC, Canada, March 7, 2024, Xebra Brands Ltd. ("Xebra" or the "Company") (XBRA: CSE) (XBRAD: OTCQB) (9YCO: FSE), a cannabis company, is pleased to announce that it has closed its non-brokered private placement (the "**Offering**") of 12,000,000 units of the Company (the "**Units**") as previously announced on October 2, 2023 and January 31, 2024. The Units were issued at a price of \$0.05 per Unit for gross proceeds of \$600,000.

Each Unit is comprised of one common share of the Company (a "**Common Share**") and one Common Share purchase warrant (a "**Warrant**"). Each Warrant entitles the holder thereof to acquire one Common Share (a "**Warrant Share**") at an exercise price of C\$0.10 per Warrant Share at any time for a period of eighteen (18) months following the closing of the Offering.

All of the Units sold under the Offering were purchased by David Ross Macias Diaz, a director of the Company, under a strategic investment agreement. Following the closing of the Offering, Mr. Diaz holds 18.04% and 30.56% of the Common Shares of the Company on a non-diluted basis and partially diluted basis, respectively. The Company obtained such shareholder approval at its annual general and special meeting held on November 7, 2023 for the issuance of the Units to Mr. Diaz.

The net proceeds of the Offering are expected to be used for working capital and general corporate purposes. All securities issued in connection with the Offering will be subject to a hold period of four months and one day from the Closing Date. The Offering is subject to the final acceptance of the CSE.

Certain Early Warning Disclosures

Immediately prior to the Offering, Mr. Diaz did not have ownership of any securities of Xebra. After giving effect to the Offering, Mr. Diaz ownership stands at 12,000,000 Common Shares and 12,000,000 Warrants, representing approximately a 18.04% ownership interest in the Company's issued and outstanding common shares on a non-diluted basis and 30.56% on a partially diluted basis, assuming the exercise in full of the Warrants.

This press release and Mr. Diaz's corresponding early warning report (the "**Early Warning Report**") which will be available on SEDAR+ under Xebra's profile in the near term, constituting the required disclosure pursuant to section 5.2 of National Instrument 62-104 *Take-Over Bids and Issuer Bids* ("**NI 62-104**"). The requirement to file an early warning report was triggered because the acquisition of the Units by Mr. Diaz caused Mr. Diaz's ownership in the Company to exceed 10% on a non-diluted and partially diluted basis. Mr. Diaz entered into the Offering for investment purposes and intends to

review his investment in the Company on a continuing basis. Depending upon a number of factors including market and other conditions, Mr. Diaz may from time to time increase or decrease his beneficial ownership, control, direction or economic exposure over securities of the Company. This news release and the Early Warning Report are issued under the early warning provisions of Canadian securities legislation.

Xebra is a corporation existing under the laws of British Columbia with its head office at 410-1111 Melville Street, Vancouver, BC, V6E 3V6.

Debt Settlement

The Company also announces that it intends to settle a total of \$262,712 (the "**Debt**") of accrued liabilities for fees and expenses owed to certain officers, directors and consultants of the Company (the "**Debt Settlement**"). The Company expects to settle the Debt by issuing a total of 4,776,582 Common Shares at a price of \$0.055 per Common Share. The board of directors and management of the Company believe that the proposed Debt Settlement is in the best interests of the Company as it allows the Company to preserve its funds for operations and continued growth opportunities. The Debt Settlement is subject to CSE acceptance. The Common Shares issuable under the Debt Settlement will be subject to a hold period of four months and one day from the date of issuance.

Related Party Disclosures

Certain directors and officers of the Company (the "**Insiders**") are expected to be issued 4,487,273 Common Shares pursuant to the Debt Settlement, directly and indirectly. Accordingly, the issuance of such Common Shares to the Insiders pursuant to the Debt Settlement each constitute a "related party transaction" as such term is defined under Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**"). Xebra is relying on exemptions from the formal valuation and minority shareholder approval requirements provided under MI 61-101 pursuant to section 5.5(b) and section 5.7(1)(b) of MI 61-101.

Convertible Debenture Offering

As previously announced on October 2, 2023 and January 31, 2024, the Company and Mr. Diaz reserve the right to close an additional private placement of up to a principal amount of \$400,000 of unsecured convertible debenture units (the "**CD Offering**") in the near future. Each convertible debenture unit issued pursuant to the CD Offering is expected to consist of: (i) C\$1,000 principal amount of unsecured convertible debenture of the Company (each, a "**Debenture**"); and (ii) 20,000 Common Share purchase warrants (each, a "**CD Warrant**"). Each CD Warrant shall entitle the holder to acquire one Common Share (a "**CD Warrant Share**") at an exercise price of C\$0.10 per CD Warrant Share at any time for a period of eighteen (18) months following the closing of the CD Offering. The Debentures are expected to mature on the date that is 36 months from the date of issuance (the "**Maturity Date**") and shall bear interest at a rate of 8% per annum, payable semi-annually in arrears, and will not be redeemable by the Company. The Debentures will be convertible into Common Shares (a "**Debenture Share**") at the option of the holder at any time prior to the Maturity Date at a conversion price equal to \$0.05 per Debenture Share.

The securities issued under the Offering and Debt Settlement have not been and will not be registered under the U.S. Securities Act of 1933, as amended, and were not to be offered or sold in the United States absent registration or an applicable exemption from the registration requirements. This news release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any

sale of the securities in the United States or in any other jurisdiction in which such offer, solicitation or sale would be unlawful.

ABOUT XEBRA

Xebra Brands Ltd. is an international leading cannabis company dedicated to providing high-quality CBD products to consumers around the world. With a focus on compliance, quality, and innovation, Xebra is committed to leading the way in the CBD industry.

Rodrigo Gallardo
Interim CEO

For more information contact:

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Cautionary Note Regarding Forward-Looking Information

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 close the Debt Settlement or CD Offering and timing of closing of the Debt Settlement or CD Offering, its expected use of the net proceeds of the Offering and CD Offering, the ability to obtain necessary approvals in connection with the Offering, CD Offering and Debt Settlement; 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 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 its CBD products, 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, 2023. 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, failure to receive required regulatory approvals for securities offerings, 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.