

FORM 7

MONTHLY PROGRESS REPORT

Name of Listed Issuer: **BevCanna Enterprises Inc.** (the "Issuer").

Trading Symbol: **BEV**

Number of Outstanding Listed Securities: **177,059,763**

Date: **October 1, 2021**

Report on Business

1. Provide a general overview and discussion of the development of the Issuer's business and operations over the previous month. Where the Issuer was inactive disclose this fact.
 - **During September 2021, the Issuer continued developing cannabinoid-infused beverages and consumer products for in-house brands and white label clients.**
 - **On September 15, 2021, the Issuer announced multiple product listings and purchase orders from British Columbia Liquor Distribution Branch (BCLDB). The products are expected to ship in late September 2021. The BCLDB has chosen to list the internationally popular *Bubba Kush Root Beer* and *Orange Kush Classic Soda* from #1 selling US beverage brand Keef Brands¹ for provincial and private retail distribution.**
 - **On September 15, 2021, the Issuer announced the premiere of local BC beverage brand State B Cannabis Beverage Co. for provincial and private retail distribution. Two State B beverages will be listed: *Sparkle* and *Resolve*.**
 - **On September 17, 2021, the Issuer announced it will host a special management call to discuss upcoming corporate milestones and review recent developments. The teleconference will be held on Monday September 20, 2021, at 7:30 a.m. PST.**
 - **On September 27, 2021, the Issuer announced the shipment of its award-winning Keef Brands cannabis-infused beverages to the Ontario Cannabis Store (OCS). The Keef products will be available in Ontario retail locations across the province and online at ocs.ca in October 2021 and are also expected to hit British Columbia and Alberta shelves by early November 2021.**

2. Provide a general overview and discussion of the activities of management.
 - **Developing new infused cannabis beverage brands.**

- **Forming R&D relationships with multiple Canadian Licensed Producers and established US entities looking to enter the Canadian market with their infused product portfolio.**
 - **The Issuer announced multiple product listings and purchase orders from British Columbia Liquor Distribution Branch (BCLDB). The products are expected to ship in late September 2021. The BCLDB has chosen to list the internationally popular *Bubba Kush Root Beer* and *Orange Kush Classic Soda* from #1 selling US beverage brand Keef Brands1 for provincial and private retail distribution.**
 - **The Issuer premiered its local BC beverage brand State B Cannabis Beverage Co. for provincial and private retail distribution. Two State B beverages will be listed: *Sparkle* and *Resolve*.**
 - **The Issuer hosted a special management call to discuss upcoming corporate milestones and review recent developments. The teleconference will be held on Monday September 20, 2021, at 7:30 a.m. PST.**
 - **The Issuer shipped its award-winning Keef Brands cannabis-infused beverages to the Ontario Cannabis Store (OCS). The Keef products will be available in Ontario retail locations across the province and online at ocs.ca in October 2021 and are also expected to hit British Columbia and Alberta shelves by early November 2021.**
3. Describe and provide details of any new products or services developed or offered. For resource companies, provide details of new drilling, exploration or production programs and acquisitions of any new properties and attach any mineral or oil and gas or other reports required under Ontario securities law.

None.

4. Describe and provide details of any products or services that were discontinued. For resource companies, provide details of any drilling, exploration or production programs that have been amended or abandoned.

None.

5. Describe any new business relationships entered into between the Issuer, the Issuer's affiliates or third parties including contracts to supply products or services, joint venture agreements and licensing agreements etc. State whether the relationship is with a Related Person of the Issuer and provide details of the relationship.

On September 13, 2021, the Issuer announced that it has entered into a sales services agreement with Canada's leading cannabis sales agency, Velvet Management Inc. Velvet Management is a premier full-service cannabis marketing agency that represents Canadian Licensed Producers at all levels of selling and marketing, to government buyers and private retailers. Velvet will take on the role of the Issuer's "feet on the street"

retail sales force across Canada, representing the Issuer's house brands, including their award-winning partner and #1 selling US beverage brand, Keef Brands

On September 13, 2021, the Issuer announced it has entered into a promotion and investor relations agreement (the "Agreement") dated June 23, 2021, with TruTap LLC (the "Consultant") pursuant to which the Consultant agreed to provide certain promotion, corporate branding, marketing, online corporate communications and investor relations services to the Issuer for a term of one month (the "Term") commencing on July 1, 2021, for total cash consideration of US\$82,000, which was paid upon entry into the Agreement. The services to be provided by the Consultant may include lead generation, data segmentation, event-based optimization, paid advertising and paid media relationships, and may be provided through external portals and financial media, online presentations, and other platforms and media.

On September 20, 2021, the Issuer announced that it has entered into a definitive agreement dated September 19, 2021 (the "Agreement") to acquire Embark Health Inc. ("Embark").

The Transaction

The Agreement is among Embark Health Inc., an arm's length privately held corporation, 1323977 B.C. Ltd. ("Subco"), a wholly-owned subsidiary of the Issuer, Bruce Dawson-Scully, in his capacity as shareholder representative and not in his personal capacity, and certain shareholders of Embark, pursuant to which the Issuer will acquire all of the issued and outstanding securities of Embark (each an, "Embark Security") by way of a three-cornered amalgamation (the "Transaction"). Upon completion of the Transaction, Embark will become a wholly-owned subsidiary of the Issuer.

Pursuant to the Agreement, the Issuer will acquire all of the issued and outstanding Embark Securities by way of a "three-cornered" amalgamation (the "Amalgamation") whereby Subco, a wholly-owned subsidiary of the Issuer, and Embark shall amalgamate pursuant to the provisions of the *Business Corporations Act* (British Columbia) to form one corporation, which shall continue under the name "Embark Health Inc.", as a wholly owned subsidiary of the Issuer.

Pursuant to the Amalgamation, on closing of the Transaction ("Closing"), the Issuer will, subject to customary closing adjustments, issue to holders (each, a "Embark Shareholder") of common shares of Embark (each an "Embark Share") an aggregate

of 46,666,666 common shares of the Issuer (each a “Issuer Share”, and such Issuer Shares issued as consideration for the Transaction, the “Consideration Shares”) issued at a deemed price of \$0.45 per share, equivalent to aggregate consideration of \$21,000,000. The deemed price represents a 33% premium to the volume weighted average trading price of the Issuer Shares on the CSE for the five trading days preceding the date of this announcement of approximately \$0.34 per share. In addition to the Consideration Shares, the Amalgamation provides for the issuance of preferred shares of the Issuer to each Embark Shareholder which entitle the holders to receive earn-out payments of an aggregate of up to \$9,199,442, contingent upon Embark achieving up to \$92,178,280 EBITDA over the first three completed financial years following the Closing. The Consideration Shares will be subject to voluntary resale restrictions, with 1/12th of the Consideration Shares being released from the resale restriction on the last day of each month following Closing for a period of one year. The earn-out payments will be made by the issuance of the Issuer Shares pursuant to conversion of the preferred shares (at a rate equal to the then current 5-day VWAP), redemption of preferred shares for cash, or a combination of both conversion and redemption, at the Issuer’s sole discretion. The Agreement also provides for a post-closing price adjustment pursuant to which the net proceeds from the disposition of Embark’s facility in Woodstock Ontario will be distributed to Embark Shareholders if such disposition occurs within 18 months of Closing.

6. Describe the expiry or termination of any contracts or agreements between the Issuer, the Issuer’s affiliates or third parties or cancellation of any financing arrangements that have been previously announced.

None.

7. Describe any acquisitions by the Issuer or dispositions of the Issuer’s assets that occurred during the preceding month. Provide details of the nature of the assets acquired or disposed of and provide details of the consideration paid or payable together with a schedule of payments if applicable, and of any valuation. State how the consideration was determined and whether the acquisition was from or the disposition was to a Related Person of the Issuer and provide details of the relationship.

None.

8. Describe the acquisition of new customers or loss of customers.

None.

9. Describe any new developments or effects on intangible products such as brand names, circulation lists, copyrights, franchises, licenses, patents, software, subscription lists and trademarks.

None.

10. Report on any employee hirings, terminations or lay-offs with details of anticipated length of lay-offs.

None.

11. Report on any labour disputes and resolutions of those disputes if applicable.

None.

12. Describe and provide details of legal proceedings to which the Issuer became a party, including the name of the court or agency, the date instituted, the principal parties to the proceedings, the nature of the claim, the amount claimed, if any, if the proceedings are being contested, and the present status of the proceedings.

None.

13. Provide details of any indebtedness incurred or repaid by the Issuer together with the terms of such indebtedness.

On September 13, 2021, the Issuer announced it has settled debt (the “Debt Settlement”) in the amount of \$400,194.21 owed by the Issuer to certain creditors of the Issuer in exchange for 873,335 common shares (each, a “Debt Settlement Share”) at a deemed price of \$0.45 per Debt Settlement Share and 13,077 Debt Settlement Shares at a deemed price of \$0.55 per Debt Settlement Share. 523,077 of the Debt Settlement Shares are subject to a hold period of four months and one day from the date of issuance.

14. Provide details of any securities issued and options or warrants granted.

Security	Number Issued	Details of Issuance	Use of Proceeds⁽¹⁾
Stock Options	2,500,000	Directors, Officers, Employees and Consultants	N/A

(1) State aggregate proceeds and intended allocation of proceeds.

15. Provide details of any loans to or by Related Persons.

None.

16. Provide details of any changes in directors, officers or committee members.

None.

17. Discuss any trends which are likely to impact the Issuer including trends in the Issuer's market(s) or political/regulatory trends.

The COVID-19 pandemic has resulted in the extended shutdown of certain businesses in various parts of the world, which may in turn result in disruptions or delays to our supply chain. These may include disruptions from the temporary closure of third-party supplier and manufacturer facilities, interruptions in product supply or restrictions on the export or shipment of our products. Any disruption of our suppliers and their contract manufacturers may impact our sales and operating results. The outbreak of COVID-19 may also impact customer demand, the availability of key components that are sourced from other jurisdictions, logistics flows and the availability of other resources to support our operations.

To date the outbreak has not had a material adverse impact on our operations. However, the future impact of the outbreak is highly uncertain and cannot be predicted, and there is no assurance that the outbreak will not have a material adverse impact on the future results of the Issuer. The extent of the impact, if any, will depend on future developments, including actions taken to contain COVID-19.

Certificate Of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Certificate of Compliance.
2. As of the date hereof there were is no material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to the Exchange that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in CNSX Policy 1).
4. All of the information in this Form 7 Monthly Progress Report is true.

Dated **October 1, 2021**

Marcello Leone

Name of Director or Senior
Officer

"Marcello Leone"

Signature

CEO and Director

Official Capacity

<i>Issuer Details</i> Name of Issuer BevCanna Enterprises Inc.	For Month End September 2021	Date of Report YY/MM/DD 21/10/01
Issuer Address PO Box 33957 Vancouver D CSC		
City/Province/Postal Code Vancouver, BC, V6J 4L7	Issuer Fax No. N/A	Issuer Telephone No. 604-569-1414
Contact Name Marcello Leone	Contact Position CEO and Director	Contact Telephone No. 604-569-1414
Contact Email Address info@bevcanna.com	Web Site Address www.bevcanna.com	