

51-102F3
MATERIAL CHANGE REPORT

Item 1 Name and Address of Company

BevCanna Enterprises Inc. (the “**Company**”)
PO Box 33957 Vancouver D CSC
Vancouver, BC, V6J 4L7

Item 2 Date of Material Change

September 13, 2021.

Item 3 News Release

The news release dated September 13, 2021 was disseminated via Cision.

Item 4 Summary of Material Change

The Company announced that it has entered into a sales services agreement with Canada’s leading cannabis sales agency, Velvet Management Inc.

The Company also announced that 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 Company 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 Company further announced that it has settled debt (the “**Debt Settlement**”) in the amount of \$400,194.21 owed by the Company to certain creditors of the Company 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.

Item 5 Full Description of Material Change

5.1 Full Description of Material Change

The Company announced that it has entered into a sales services agreement with Canada’s leading cannabis sales agency, Velvet Management Inc.

The Company also announced that it has entered into an Agreement dated June 23, 2021, with the Consultant pursuant to which the Consultant agreed to provide certain promotion, corporate branding, marketing, online corporate communications and investor relations services to the Company for a Term commencing on July 1, 2021, for total cash consideration of US\$82,000, which was paid upon entry into the Agreement. The Consultant’s contact information is as follows: TruTap LLC, Contact Person: Adriel Simeon, Tel: 1(334)258.8149, 1159 Brook Drive West, Dunedin, FL 34698. 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.

The Company further announced a Debt Settlement in the amount of \$400,194.21 owed by the Company to certain creditors of the Company in exchange for 873,335 Debt Settlement Shares 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.

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 116,667 Shares in settlement of \$52,500.15 in accounts payable to him, for services rendered as an officer of the Company. 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 93,333 Shares in settlement of \$41,999.85 in accounts payable to him, for services rendered as an officer of the Company. 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.

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 and Mr. Campbell:

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>	\$52,500.15	116,667 common shares	Undiluted: 1,232,979 ⁽¹⁾ Diluted: 1,232,979	Undiluted: 0.70% ⁽²⁾ Diluted: 0.70%	Undiluted: 1,349,646 Diluted: 1,349,646	Undiluted: 0.76% ⁽³⁾ Diluted: 0.76%
John Campbell <i>Officer and Director</i>	\$41,999.85	93,333 common shares	Undiluted: 2,135,863 ⁽⁴⁾ Diluted: 2,810,863 ⁽⁵⁾	Undiluted: 1.21% ⁽²⁾ Diluted: 1.59% ⁽⁶⁾	Undiluted: 2,229,196 ⁽⁷⁾ Diluted: 2,904,196 ⁽⁸⁾	Undiluted: 1.26% ⁽³⁾ Diluted: 1.63% ⁽⁹⁾

⁽¹⁾ Shares held directly.

⁽²⁾ Based on 176,173,351 Shares outstanding prior to the completion of the Debt Settlement on September 13, 2021.

⁽³⁾ Based on 177,059,763 Shares outstanding after the completion of the Debt Settlement on September 13, 2021.

⁽⁴⁾ Comprised of: (a) 746,363 Shares held directly, and (b) 1,389,500 Shares held jointly by Campbell and Shen-Wen Lin.

⁽⁵⁾ Comprised of: (a) 746,363 Shares held directly, and (b) 1,389,500 Shares held jointly by Mr. Campbell and Shen-Wen Lin; (b) 125,000 Options held by Mr. Campbell, each of which is exercisable into one Share, exercisable at a price of \$0.50 per Share until February 28, 2024, and (c) 100,000 Options held by Mr. Campbell, each of which is exercisable into one Share, exercisable at a price of \$0.50 per Share until July 5, 2022, (d) 50,000 Options held by Mr. Campbell, each of which is exercisable into one Share, exercisable at a price of \$0.50 per Share until October 25, 2022, and (d) 400,000 Options held by Mr. Campbell, each of which is exercisable into one Share, exercisable at a price of \$0.40 per Share until November 20, 2021.

⁽⁶⁾ Based on 176,848,351 Shares comprised of: (a) 176,173,351 Shares outstanding prior to the completion of the Debt Settlement on July 28, 2021; and (b) 125,000 Options held by Mr. Campbell, each of which is exercisable into one Share, exercisable at a price of \$0.50 per Share until February 28, 2024, and (c) 100,000 Options held by Mr. Campbell, each of which is exercisable into one Share, exercisable at a price of \$0.50 per Share until July 5, 2022, (c) 50,000 Options held by Mr. Campbell, each of which is exercisable into one Share, exercisable at a price of \$0.50 per Share until October 25, 2022, and (d) 400,000 Options held by Mr. Campbell, each of which is exercisable into one Share, exercisable at a price of \$0.40 per Share until November 20, 2021.

⁽⁷⁾ Comprised of: (a) 863,030 Shares held directly, and (b) 1,389,500 Shares held jointly by Campbell and Shen-Wen Lin.

⁽⁸⁾ Comprised of: (a) 863,030 Shares held directly, (b) 1,389,500 Shares held jointly by Mr. Campbell and Shen-Wen Lin; and (b) 125,000 Options held by Mr. Campbell, each of which is exercisable into one Share, exercisable at a price of \$0.50 per Share until February 28, 2024, and (c) 100,000 Options held by Mr. Campbell, each of which is exercisable into one Share, exercisable at a price of \$0.50 per Share until July 5, 2022, (c) 50,000 Options held by Mr. Campbell, each of which is exercisable into one Share, exercisable at a price of \$0.50 per Share until October 25, 2022, and (d) 400,000 Options held by Mr. Campbell, each of which is exercisable into one Share, exercisable at a price of \$0.40 per Share until November 20, 2021.

⁽⁹⁾ Based on 177,734,763 Shares comprised of: (a) 177,059,763 Shares outstanding after the completion of the Debt Settlement on July 28, 2021; and (b) 125,000 Options held by Mr. Campbell, each of which is exercisable into one Share, exercisable at a price of \$0.50 per Share until February 28, 2024, and (c) 100,000 Options held by Mr. Campbell, each of which is exercisable into one Share, exercisable at a price of \$0.50 per Share until July 5, 2022, (c) 50,000 Options held by Mr. Campbell, each of which is exercisable into one Share, exercisable at a price of \$0.50 per Share until October 25, 2022, and (d) 400,000 Options held by Mr. Campbell, each of which is exercisable into one Share, exercisable at a price of \$0.40 per Share until November 20, 2021.

(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 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:*

The Company entered into a debt settlement and subscription agreement with Mr. Leone pursuant to which Mr. Leone subscribed for 116,667 Shares in settlement of \$52,500.15 in account payable by the Company.

The Company entered into a debt settlement and subscription agreement with Mr. Campbell pursuant to which Mr. Campbell subscribed for 93,333 Shares in settlement of \$41,999.85 in account payable by the Company.

See Item 4 above and the attached news release for a full description of the Campbell Settlement.

- (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.

As this material change report is being filed less than 21 days before the transaction, there is a requirement under MI 61-101 to explain why the shorter period was reasonable or necessary in the circumstances. In the view of the Company it was necessary to immediately close the Debt

Settlement and therefore, such shorter period was reasonable and necessary in the circumstances to improve the Company's financial position.

The material change is fully described in Item 4 above and in the attached news release which has been filed on SEDAR.

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

September 16, 2021.

BevCanna Signs Agreement with Canada's Leading Cannabis Sales Agency, Velvet Management

The premier cannabis marketing agency will be instrumental in building national brand awareness and accelerating BevCanna's sales penetration

VANCOUVER, British Columbia--(BUSINESS WIRE)--September 13, 2021--Emerging leader in innovative health and wellness beverages and products, BevCanna Enterprises Inc. (CSE:BEV, Q:BVNNF, FSE:7BC) (“**BevCanna**” or the “**Company**”) announces today 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. A privately-owned company with a brokerage/agency model, Velvet works with premium licensed producers and processors nationally, including The Valens Company (TSX:VLNS), Citizen Stash, The Green Organic Dutchman (TSX:TGOD), Harvest One (TSXV:HVT), FIGR (OTC:PYYX), Sugarbud (CSE:SUGR), and Collective Project.

Velvet will take on the role of BevCanna’s “feet on the street” retail sales force across Canada, representing BevCanna’s house brands, including their award-winning partner and #1 selling US beverage brand, Keef Brands.¹ As BevCanna’s representative, Velvet has begun pre-sales of the soon-to-launch Keef Brands across key markets; building awareness and providing marketing information and trade tools to retailers to drive sales of BevCanna products. BevCanna will also invest in Health Canada-compliant product sampling and budtender education, driving purchases through budtender recommendations.

“Engaging Velvet, a leading agency in the Canadian market, will accelerate our sales penetration nationally and build awareness through their substantial network of retailers,” said Melise Panetta, President of BevCanna. “Velvet has already begun to pre-sell BevCanna products in key provinces including Ontario, Canada’s largest market for cannabis products, and as we launch the Keef brand across the country, Velvet will expand our reach into a wider range of retailers in each province.”

¹ BDSA

About BevCanna Enterprises Inc.

BevCanna Enterprises Inc. (CSE:BEV, Q:BVNNF, FSE:7BC) is a diversified health & wellness beverage and natural products company. BevCanna develops and manufactures a range of alkaline, plant-based, and cannabinoid beverages and supplements for both in-house brands and white-label clients.

With decades of experience creating, manufacturing and distributing iconic brands that resonate with consumers on a global scale, the team demonstrates an expertise unmatched in the nutraceutical and cannabis-infused beverage categories. Based in British Columbia, Canada, BevCanna owns a pristine alkaline spring water aquifer and a world-class 40,000-square-foot, HACCP certified manufacturing facility, with a bottling capacity of up to 210M bottles annually. BevCanna's extensive distribution network includes more than 3,000 points of retail distribution through its market-leading TRACE brand, its Pure Therapy natural health and wellness e-commerce platform, its fully licensed Canadian cannabis manufacturing and distribution network, and a partnership with #1 U.S. cannabis beverage company Keef Brands.

Disclaimer for Forward-Looking Information

This news release contains forward-looking statements. All statements, other than statements of historical fact that address activities, events or developments that the Company believes, expects or anticipates will or may occur in the future are forward-looking statements. Forward-looking statements in this news release include statements regarding: that Velvet Management will be instrumental building national brand awareness and accelerating BevCanna's sales penetration; that as BevCanna's representative, Velvet has begun pre-sales of the soon-to-launch Keef Brands across key markets, building awareness, and providing marketing information and trade tools to retailers to drive sales of BevCanna products; that BevCanna will also invest in Health Canada-compliant product sampling and budtender education, driving purchases through budtender recommendations; that Velvet will expand the Company's reach into a wider range of retailers in each province; and other statements regarding the business plans of the Company. The forward-looking statements reflect management's current expectations based on information currently available and are subject to a number of risks and uncertainties that may cause outcomes to differ materially from those discussed in the forward-looking statements.

Although the Company believes that the assumptions inherent in the forward-looking statements are reasonable, forward-looking statements are not guarantees of future performance and, accordingly, undue reliance should not be put on such statements due to their inherent uncertainty. Factors that could cause actual results or events to differ materially from current expectations include, among other things: general market conditions; changes to consumer preferences; and volatility of commodity prices; and other factors beyond the control of the parties. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law, and the Company does not assume any liability for disclosure relating to any other company mentioned herein.

The Company 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 Company 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 Consultant’s contact information is as follows: TruTap LLC, Contact Person: Adriel Simeon, Tel: 1(334)258.8149, 1159 Brook Drive West, Dunedin, FL 34698. 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.

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None of the securities acquired in the Debt Settlement will be registered under the United States Securities Act of 1933, as amended (the “1933 Act”), and none of them may be offered or sold in the United States absent registration or an applicable exemption from the registration requirements of the 1933 Act. This news release shall not constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of the securities in any state where such offer, solicitation, or sale would be unlawful.

The debt settlements with John Campbell, Melise Panetta and Marcello Leone (collectively, the “Settlements”) were “related party transactions” within the meaning of Multilateral Instrument 61-101 Protection of Minority Security Holders in Special Transactions (“MI 61-101”). The Settlements were exempt from the valuation requirement of MI 61-101 by virtue of the exemptions contained in section 5.5(b) of MI 61-101 as the Company’s common 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 Settlements did not exceed 25% of the Company’s market capitalization. As the material change report disclosing the Settlements is being filed less than 21 days before the transaction, there is a requirement under MI 61-101 to explain why the shorter period was reasonable or necessary in the circumstances. In the view of the Company, it was necessary to immediately close the Settlements and therefore, such shorter period was reasonable and necessary in the circumstances to improve the Company’s financial position.

Contacts

On behalf of the Board of Directors:

John Campbell, Chief Financial Officer and Chief Strategy Officer
Director, BevCanna Enterprises Inc.

For media enquiries or interviews, please contact:

Wynn Theriault, Thirty Dash Communications Inc.
416-710-3370
wynn@thirtydash.ca

For investor enquiries, please contact:

Bryce Allen, BevCanna Enterprises Inc.
778-766-3744
bryce@bevcanna.com