

51-102F3
MATERIAL CHANGE REPORT

Item 1 Name and Address of Company

Laguna Blends Inc. (the “Company”)
#302-1912 Enterprise Way
Kelowna, BC V1Y 9S9

Item 2 Date of Material Change

October 11, 2016

Item 3 News Release

The news release was disseminated through Stockwatch, Market News, and through Access wire on October 11, 2016.

Item 4 Summary of Material Change

On October 11 2016, the Company announced that it has entered into a letter of intent (the “LOI”) with Carlsbad Naturals whereby Laguna and Carlsbad plan to enter into an equity acquisition and exclusive licence agreement for the purpose of pursuing mutually beneficial business opportunities in the Cannabidiol (CBD) bottled water Industry and CBD ingestible products Industry. Laguna will have the ability to acquire majority control of the Company with total equity interest of sixty percent (60%) and will initially purchase nineteen percent (19%) equity interest in Carlsbad.

Item 5 Full Description of Material Change

The material change is described in Item 4 above and in the attached News Release which has been filed on SEDAR at www.sedar.com

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

N/A

Item 7 Omitted Information

None

Item 8 Executive Officer

Stuart Gray
CEO and Director, (949) 424-2716 Ext 8001

Item 9 Date of Report

October 11, 2016



NEWS RELEASE

Laguna Announces Letter Of Intent with Carlsbad Naturals CBD Bottled Water Company to Acquire 60% Equity Interest and Exclusive Licenses in a Transaction Valued at \$1.8 MM USD

KELOWNA, BC – October 11, 2016 – Laguna Blends Inc. (CSE: [LAG](#)) (OTC: [LAGBF](#)) (Frankfurt: [LB6A.F](#)) (the “**Company**” or “**Laguna**,” is pleased to announce that it has signed a letter of intent (the “**LOI**”) with Carlsbad Naturals (“**Carlsbad**”) whereby Laguna and Carlsbad plan to enter into an equity acquisition and exclusive licence agreement (“**Equity and License Agreement**”) for the purpose of pursuing mutually beneficial business opportunities in the Cannabidiol (CBD) bottled water Industry and CBD ingestible products Industry (the “**Proposed Transaction**”).

Carlsbad is a market leader in the distribution and sales of nano-amplified CBD bottled water in the USA. The Company has a proprietary process of incorporating CBD into its formulation. Carlsbad Naturals has achieved unaudited U.S. sales in excess of \$500,000 in its first year of business as of August 31, 2016. The hemp cannabinoid innovator, Isodiol, sources nano-amplified hemp CBD to manufacturers to create unique finished products. Isodiol is a shareholder in Carlsbad.

“We are proud to announce the alignment of Laguna Blends and Carlsbad Naturals,” states Jared Berry, co-Founder of Carlsbad Naturals. “Laguna Blends’ extensive client base and distribution network will fulfill the growing demand for hemp CBD products worldwide.”

Mr. Stuart Gray, Laguna’s CEO said “With the growing awareness and market demand of CBD worldwide Laguna is positioning itself to be a market leader in the sale of CBD bottled water. In addition to the current sales growth of Carlsbad, Laguna can generate CBD water sales through its existing affiliates in the USA and Canada. Laguna currently is in discussions internationally with wholesale distributors regarding Carlsbad white label opportunities.”

Mr. Ray Grimm, Laguna’s President stated, “The partnership with Carlsbad, firmly solidifies Laguna as a unique player in the crowded multibillion dollar bottled water industry. The team of Doctors that formulated the Carlsbad water did so with the sole purpose of creating a high alkaline water offering the benefits of CBD. Many believe this to be the next evolution in the water industry, providing unique health benefits due to the proprietary nanotechnology. Carlsbad CBD water provides antioxidants at the cellular level along with providing cellular hydration and energy.”

“Carlsbad Naturals’ all-natural hemp CBD nano-amplified water has been a game changer for the people who frequent our location,” states Larry Banegas, founder of the Kuseyaay Wellness Center on the Barona reservation. “Since the beginning of time, indigenous people have always been in tune with nature and sought benefits from plant botanicals. With today’s natural retail products, however, consistency can be difficult to achieve. The formulators of Carlsbad Naturals’ water have achieved consistency and quality at

the highest level. It doesn't get more natural than this. Visitors to our facility have come to rely on an ample supply of this unique bottled water."

Pursuant to the terms of the Proposed Transaction, Laguna will have the ability to acquire majority control of the Company with total equity interest of sixty percent (60%). Laguna will initially purchase nineteen percent (19%) equity interest in Carlsbad for a one-time payment of \$570,000 USD (paid for in Laguna common shares). Laguna will then have a 120-day option from the date of a signed definitive agreement to acquire an additional forty-one percent (41%) interest for \$1,230,000 USD (paid in shares and cash). The common shares issued are subject to a six month hold and a lock up leak out agreement.

After completion of the first 19% equity interest in Carlsbad, Laguna, will receive exclusive Carlsbad Naturals marketing rights for CBD water in the following regions: Canada, Germany, Japan, India, South Korea and Thailand. In addition, Laguna will have nonexclusive marketing rights in the USA. Laguna will have the ability to negotiate the transfer of marketing rights and or white label CBD water rights in these regions under the terms of the agreement.

In addition, after completion of the first 19% equity interest in Carlsbad, Laguna will also receive the exclusive network marketing rights for VitaDots, CBD Gummies and nonexclusive retail and online marketing rights for VitaDots in the following regions: USA, Canada, Germany, Japan, South Korea and Thailand. In addition, Laguna will have the right to transfer the non-exclusive ownership rights to a third party at its discretion and negotiate white label opportunities.

Under the licence agreement Carlsbad will grant to Laguna (i) a licence to its trade-marks to be placed on the water bottles, (ii) a right and licence to Laguna to sell the Carlsbad CBD water products in Canada, USA, Germany, Japan, India, South Korea and Thailand. (iii) a licence to its trade-marks to be placed on the VitaDot bottles, (iv) a right and licence to Laguna to sell the VitaDot products in Canada, USA, Germany, Japan, South Korea and Thailand.

Under the licence agreement Carlsbad will grant to Laguna (i) a licence to its trade-marks to be placed on the VitaDot bottles, (ii) a right and licence to Laguna to sell the Carlsbad products in Canada, USA, Germany, Japan, South Korea and Thailand.

Laguna and Carlsbad anticipate finalizing the definitive Agreement by Nov 10, 2016.

Bottled water is poised to become the king of beverages in the United States. It seems that Americans love their bottled water. According to data recently released by [Beverage Marketing Inc.](#), the amount of bottled water sold rose 7.9 percent in 2015. That's on top of a 7 percent increase in 2014.

Americans now drink astonishing amounts of bottled water: In 2015, we bought the equivalent of 1.7 billion half-liter bottles of water every week. That's more than five bottles of water for every man, woman, and child in the country every single week. A typical family of four is going through one of those shrink-wrapped 24-packs of bottled water each week.

Bottled water sales in 2015 rose almost three times faster than the whole market for "liquid refreshment," and bottled water rose even as sales of carbonated soda fell 1.5 percent, to the lowest level per person since 1985.

The flip in consumption habits between carbonated soda and bottled water just since 2000 has been dramatic.

In 2000, each American was drinking 53.7 gallons of carbonated soda a year, equal to 573 12-ounce cans a year, 11 a week. Soda consumption in 2015 was down to 38.9 gallons per person.

In contrast, from 2000 to 2015, bottled water consumption more than doubled, from 16.7 gallons a person to 36.4 gallons.

If bottled water sales continue to grow close to what they have the last two years, and carbonated soda sales fall just another one percent, 2016 will be the year that Americans buy more bottled water than packaged soda.

About Carlsbad Naturals

Created by a team of doctors, Carlsbad Naturals brings cutting edge science to deliver nutrients and hydration in an effective way, naturally and responsibly. Applying quantum physics, our nanotechnology successfully increases the surface area of each substance we put in our water, so that less is much more.

Carlsbad Naturals is a market leader in the distribution and sales of CBD Water. With its unique and proprietary way of infusing CBD's through nanotechnology Carlsbad is poised to remain the market leader.

We at Carlsbad Naturals are committed to providing the highest quality products for our customers. This is why we work with Solar Rain®, a company in California with the same high standards, not only for the products they make but also their strong belief in preserving our planet by their use of sustainable and renewable resources.

For more information about Carlsbad Naturals, go to www.cbdnaturals.com

For more information about Solar Rain, go to www.SolarRainWatery.com

About Laguna Blends Inc.

Laguna is a network marketing company that generates retail sales through independent affiliates. Affiliates utilize tools and technology that enable them to build an international business from their own home or anywhere else in the world. This technology replaces the need for expensive travel and hotel meetings.

The Company is currently focused on the nutritional health benefits derived from hemp and CBD's.

Functional Beverage Products

“**Caffe**” is an instant, “just add water” hot coffee beverage that is infused with both whey and hemp protein. With 2 grams of protein in every serving, Laguna’s proprietary product packs a powerful protein punch. Caffe, contains Instant coffee, whey protein hydrolysate, hemp protein, natural flavors.

“**Pro369**” is a single serving, “on-the-go,” plant based, instant, hemp protein that is served cold and comes in 4 delicious flavors. Pro369 is water soluble and can be directly mixed in water, added to milk, almond milk or coconut milk. Pro369 can also be blended in a shake or smoothie. Pro369 is also a source of Omegas, 3, 6 and 9 and contains ginseng.

Laguna Blends has been granted approval from Health Canada for four powdered Pro369 flavours: Chocolate Banana, Mixed Berry and Vanilla Caramel and Tropical Powder. Pro369 contains Hemp protein, natural flavors, stevia, and American ginseng.

The Minister of Health from Health Canada has granted Laguna a product license along with a Natural Product Number (“NPN”) for all four of the Pro369 Flavours. They are all listed under the same NPN.

- A source of protein that helps build and repair body tissues.

- Source of amino acids involved in muscle protein synthesis.
- Assists in the building of lean muscle.
- An adaptogen to help maintain a healthy immune system.
- Supportive therapy for the promotion of healthy glucose levels.

CannaCeuticals, CBD Skin Care Products

“CannaCeuticals” Swiss heritage is at the core of Canna’s revolutionary skincare products. It’s pure, cosmeceutical-grade CBD extract hails from the crisp, clean air of Switzerland, but Canna’s heritage goes much further than that. Swiss culture is known for its precision and perfectionism, and CannaCeuticals radiates that same standard in every formula it produces. Canna’s team of formulators are made up of chemists and product developers that analyze every detail, sourcing ingredients from all ends of the earth to create the most balanced, highly efficacious, anti-aging CBD skincare products in the world.

CannaCeuticals CBD7 anti-aging skincare products incorporate cannabidiol (CBD), a superior antioxidant and a potential anti-inflammatory agent, both of which are significant in anti-aging. Canna’s Swiss heritage influences a sense of unity in its products, and it combines CBD with other essential anti-aging ingredients to create formulas that pack a powerful punch.

Clinical trials were conducted by BioScreen Testing Services, Inc., a third party FDA approved lab located in the USA. The test subjects that used the Cannaceutical facial serum noticed a 100% overall improvement of the skin appearance within a two-week period.

Laguna has signed a distribution agreement with ISO International, LLC, a transaction under which Laguna has acquired the exclusive right to market, promote and distribute seven CBD skin care products of CannaCeuticals of California, USA (“Canna”)

Hemp has long been recognized by the health and nutrition industry as a super food, cited in many publications as a balanced source of all ingredients required to achieve health and wellness.

What is Cannabidiol

Cannabidiol (CBD) is a non-psychoactive cannabinoid found in abundance in the hemp plant. Hemp genetics are naturally rich in cannabidiol as well as other non-psychoactive cannabinoids and phytochemicals. Cannabidiol, and all the other cannabinoids in the cannabis plant, were patented by the United States Government in 2003 as neuroprotectants and antioxidants.

None of the statements contained in this news release are health claims and the FDA has not evaluated these claims. Laguna’s products and proposed products are not intended to diagnose, treat, cure or prevent any disease.

HempOmega®

HempOmega® is an environmentally sustainable, vegetarian source of Omegas 3 and 6 that boasts a superior nutrient profile. A water soluble, homogenous, powdered ingredient, it can be easily integrated and/or manipulated, with no unpleasant taste or chemical contamination – opening up entirely new product formulation opportunities. Hemp Omega’s greater ability to endure the digestive process delivers unmatched bioavailability, thereby maximizing its potential health benefits.

The Company currently sells its products through its independent affiliates in the USA and Canada.

HempOmega® is a Trademark owned by Naturally Splendid Enterprises, Ltd. and is used under license by Laguna Blends Inc.

ON BEHALF OF THE BOARD

“Stuart Gray”
Chief Executive Officer

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Forward-Looking Information:

This news release contains "forward-looking information" within the meaning of applicable securities laws relating to statements regarding the Company's business, products and future the Company's business, its product offerings and plans for sales and marketing. Although the Company believes that the expectations reflected in the forward looking information are reasonable, there can be no assurance that such expectations will prove to be correct. Readers are cautioned to not place undue reliance on forward-looking information. Such forward looking statements are subject to risks and uncertainties that may cause actual results, performance and developments to differ materially from those contemplated by these statements depending on, among other things, the risks that the Company's products and plan will vary from those stated in this news release and the Company may not be able to carry out its business plans as expected. Except as required by law, the Company expressly disclaims any obligation, and does not intend, to update any forward looking statements or forward-looking information in this news release. Although the Company believes that the expectations reflected in the forward looking information are reasonable, there can be no assurance that such expectations will prove to be correct and makes no reference to profitability based on sales reported. The statements in this news release are made as of the date of this release.