

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

**Item 1 Name and Address of Company**

Yerbaé Brands Corp. (the “**Company**” or “**Yerbaé**”)  
18801 N Thompson Peak Parkway  
Suite D-380  
Scottsdale, AZ, 85255

**Item 2 Date of Material Change**

December 29, 2023

**Item 3 News Release**

The news release dated December 29, 2023 was disseminated through Stockwatch and BayStreet on December 29, 2023.

**Item 4 Summary of Material Change**

The Company announced that it intends to reprice an additional 1,219,512 outstanding common share purchase warrants (collectively, the “**Warrants**”) and update its current warrant exercise incentive program (the “**Incentive Program**”) to include the Warrants. The Company also announced that it granted (the “**Grant**”) an aggregate of 531,250 stock options (each, an “**Option**”) to purchase up to 531,250 common shares (each, a “**Share**”) in the capital of the Company to certain directors and officers of the Company, an aggregate of 1,666,665 restricted share units (each, a “**RSU**”) of the Company to certain officers of the Company as well as an aggregate of 1,002,775 performance share units (each, a “**PSU**”) of the Company to certain directors and officers of the Company pursuant to its Omnibus Equity Incentive Plan.

**Item 5 Full Description of Material Change**

*5.1 Full Description of Material Change*

Yerbaé announced that it intends to reprice the Warrants which were issued on February 8, 2023 to former holders of an aggregate of US\$1,500,000 in convertible promissory notes of Yerbaé Brands Co. (“**Yerbaé USA**”) and converted immediately prior to the closing the Company’s reverse takeover transaction with Yerbaé USA. The Warrants have an exercise price of US\$1.50 per Share and an expiry date of August 8, 2024. Management believes repricing these “out of the money” Warrants could encourage their earlier exercise, improving the Company’s balance sheet and helping to finance a number of business development opportunities. The Warrants will be deemed to be amended to adjust their exercise price to US\$1.20 per Share. Following the amendment to the Warrants, an aggregate of aggregate of 3,234,675 Warrants (collectively, the “**Amended Warrants**”) will seek to be amended, inclusive of the 2,015,163 Warrants seeking amendment as previously announced by Yerbaé on December 8, 2023. For more information on the transaction with Yerbaé USA, please see the Company’s news releases dated May 24, 2022, November 23, 2022, December 22, 2022, February 3, 2023, and February 9, 2023.

The Amended Warrants will also be deemed to have been amended to include an acceleration provision whereby, if for any ten (10) consecutive trading days (the “**Premium Trading Days**”) following the repricing the closing price of the Shares exceeds US\$1.44 per Share, the Amended Warrants’ expiry date will be accelerated such that holders will have thirty (30) calendar days to exercise the Amended Warrants (if they have not first expired in the normal course) (the “**Acceleration Clause**”). The activation of the Acceleration Clause will be announced by press release and the 30-day period will commence no later than seven (7) days after the last Premium Trading Day.

The amendment of the 1,219,512 Warrants remains subject to the prior consent of the Warrant holders and the approval (the “**Warrant Amendment Approval**”) of TSX Venture Exchange (“**TSXV**”).

The Company also announced that if it obtains Warrant Amendment Approval, it will include the 1,219,512 Warrants within its warrant incentive program (the “**Incentive Program**”) previously announced on December 8, 2023 in order to encourage the early exercise of the Amended Warrants. Under the Incentive Program, the Company will offer an inducement to each Warrant holder that exercises its Amended Warrants prior to 5:00 p.m. (Vancouver time) on January 15, 2024, by the issuance of one additional Share purchase warrant (each, an “**Incentive Warrant**”) for each Warrant exercised. Each Incentive Warrant will entitle the holder to purchase one additional Share at a price of US\$1.50 per Share for a period of two (2) years from the date of the Warrant Amendment Approval and will be subject to a four month and one day hold period from their date of issuance.

The inclusion of the 1,219,512 Warrants into the Incentive Program is conditional upon receipt by Yerbaé of the Warrant Amendment Approval as well as the further approval of the TSXV. The Incentive Program shall expire on January 15, 2024 at 5:00 p.m. (Vancouver time). The Company originally received approval for the Incentive Program by the TSXV on December 14, 2023.

In addition, the Company granted an aggregate of 531,250 Options to purchase up to 531,250 Shares and awarded an aggregate of 1,666,665 RSUs and 1,002,775 PSUs, each effective January 1, 2024. The Options are exercisable for a period of 7 years from the date of Grant at a price of US\$0.96 per Share. All Options vest as to: (i) 25% 15 months following the date of Grant; (ii) 25% 18 months following the date of Grant; (iii) 25% 21 months following the date of Grant; and (iv) 25% 24 months following the date of Grant.

Each RSU represents the right to receive, once vested, one Share in the capital of the Company. The RSUs vest 12 months from the date of the RSU Award.

Each PSU represents the right to receive, once vested and the requisite performance criteria is met, one Share. Accordingly, each PSU shall vest contingent upon and at the time the Company reaches US\$18,500,000 in net sales and raises at least US\$10,000,000 in funds to support working capital needs as well as 12 months having elapsed from the date of grant.

All of the Options, the RSUs, the PSUs and the Shares underlying such Options, RSUs, and PSUs, as applicable, are subject to a hold period of four months and one day from the date of issuance.

5.2 *Disclosure for Restructuring Transactions*

N/A

**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**

Todd Gibson, Chief Executive Officer, 480.471.8391

**Item 9 Date of Report**

January 3, 2024