

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

May 5, 2023

Item 3 News Release

The news release dated May 5, 2023 was disseminated through Market News and Stockwatch on May 5, 2023.

Item 4 Summary of Material Change

On May 5, 2023, the Company closed the second tranche (the “**Second Tranche**”) of its previously announced private placement offering of up to 4,000 unsecured convertible debenture units (collectively, the “**Debenture Units**”) of the Company at a price of US\$1,000 per Debenture Unit. The Second Tranche consisted of 2,152 Debenture Units for gross proceeds of US\$2,152,000 and for aggregate gross proceeds, together with the closing of the first tranche, of US\$3,802,000 (the “**Offering**”). The Offering was conducted by a syndicate of agents led by Beacon Securities Limited and including Echelon Wealth Partners Inc. and Roth Canada Inc. (collectively, the “**Agents**”).

Each Debenture Unit is comprised of: (i) one (1) US\$1,000 principal amount unsecured convertible debenture (each, a “**Debenture**”); and (ii) 714 common share purchase warrants (each, a “**Warrant**”).

The Debentures matures on April 30, 2025 (the “**Maturity Date**”) and bears interest at a rate of 6.0% per annum, payable on the earlier of the Maturity Date or the date of conversion of the Debentures. The interest will be payable in common shares in the capital of the Company (each, a “**Common Share**”) to be determined at the Market Price (as that term is defined in the Policies of the TSX Venture Exchange (“**TSXV**”). The principal amount of the Debentures will be convertible at the holder’s option into Common Shares at any time prior to the close of business on the earlier of: (i) the last business day immediately preceding the Maturity Date, and (ii) the date fixed for redemption in the case of a change of control, at a conversion price of US\$1.40 per Common Share (the “**Conversion Price**”), subject to adjustment in certain customary events.

Each Warrant entitles the holder thereof to acquire one Common Share (each, a “**Warrant Share**”) at a price per Warrant Share of US\$1.70 at any time prior to the Maturity Date, subject to an acceleration right whereby, if, in the event the Common Shares have a daily volume weighted average trading price on the TSXV (or such other recognized North American securities exchange) of US\$3.00 or greater per Common Share for any 10 consecutive trading day period

at any time after the date that is four months following the issuance of the Warrants, the Company may accelerate the expiry of the Warrants by giving notice to the holders thereof (by disseminating a news release advising of the acceleration) and, in such case, the Warrants will be deemed to have expired on the day which is 30 days after the date of such notice.

The Company intends to use the net proceeds from the Offering for working capital and general corporate purposes.

All securities issued in connection with the Offering are subject to a statutory four-month hold period.

In connection with the closing of the Second Tranche, the Company paid the Agents a cash fee of US\$141,050 and issued to the Agents an aggregate of 100,750 compensation options (each, a “**Compensation Option**”), entitling the Agents to purchase an equal number of Common Shares at a price equal to the Conversion Price. The Compensation Options have a term of 24 months from the closing of the Second Tranche.

The Company has also paid the Agents, in connection with the closing of the Second Tranche, a corporate finance fee of US\$9,500. In addition, the Agents received an aggregate of 6,850 corporate finance fee compensation options (each, a “**Corporate Finance Fee Compensation Option**”), entitling the Agents to purchase an equal number of Common Shares at a price equal to the Conversion Price. The Corporate Finance Fee Compensation Options have a term of 24 months from the closing of the Second Tranche.

The securities offered will not be registered under the U.S. Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements. This press 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 any State in which such offer, solicitation or sale would be unlawful.

Item 5 Full Description of Material Change

5.1 Full Description of Material Change

A full description of the material change is described in Item 4 above and in the News Release filed on SEDAR+ at www.sedarplus.ca.

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

September 26, 2023