

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

Item 1. Name and Address of Reporting Issuer

BC Craft Supply Co. Ltd. (the "Company")
Suite 810 - 789 West Pender Street
Vancouver, BC V6C 1H2

Item 2. Date of Material Change

January 27, 2022

Item 3. News Release

A news release was disseminated on January 27, 2022 through Globenewswire and subsequently filed on SEDAR.

Item 4. Summary of Material Changes

On January 27, 2022, the Company announced that it has secured an interim financing facility (the "Interim Facility") from Avro Capital Corp. ("Avro") which was approved by the Supreme Court of British Columbia pursuant to the terms of a debtor-in-possession financing term sheet between the Company and Avro.

Item 5. Full Description of Material Change

5.1 Full Description of Material Change

The Company secured the Interim Facility from Avro which was approved by the Supreme Court of British Columbia pursuant to the terms of a debtor-in-possession financing term sheet between the Company and Avro.

The Interim Facility is in the maximum principal amount of \$415,000, which will be comprised of an initial advance of \$215,000, with subsequent advances from time to time as agreed upon between the Company and Avro, in an amount not exceeding \$200,000. The Interim Facility will finance the continuation of the Company's operations and allow the Company to meet its obligations in the normal course of business as they become due. In addition, the Interim Facility will assist the Company in funding certain growth initiatives that the Company's management believe will generate significant revenues through increased sales of products by its distribution partner and other possible channels.

The Interim Facility is secured by a priority Court-ordered charge in the maximum principal amount of \$415,000, plus interest of 11.5% per annum, costs, fees and disbursements, ranking in priority to all other encumbrances on the Company's assets, properties and undertakings, other than an administrative charge. The Interim Facility will mature and be fully repayable on the date that is six (6) months from the date of the first advance, which may be extended if Avro agrees to such extension.

The Company will continue to provide updates on the next steps of the proposal process under the BIA and the Interim Facility as and when they have been

determined. Further information about the proceedings will be made available on the proposal trustee's website at <https://www.crowemackayco.ca/>.

5.2 Disclosure of Restructuring Transaction

Not applicable

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

Not applicable.

Item 7. Omitted Information

Not applicable.

Item 8. Executive Officer

For further information, please contact:
Matthew Watters
Chief Executive Officer
Telephone: 604-687-2038

Item 9. Date of Report

January 31, 2021.