

FORM 51-102F3
MATERIAL CHANGE REPORT

ITEM 1. NAME AND ADDRESS OF COMPANY

Beach Wizardry & Magic Inc. (the "**Company**")
204 - 1075 Pendergast St,
Victoria, British Columbia, V8V 0A1

ITEM 2. DATE OF MATERIAL CHANGE

August 28, 2024

ITEM 3. NEWS RELEASE

The news release was disseminated on August 28, 2024 through AccessWire and subsequently filed on SEDAR+.

ITEM 4. SUMMARY OF MATERIAL CHANGE

On August 28, 2024, the Company announced that it closed the second tranche (the "**Second Tranche**") of its non-brokered private placement (the "**Offering**") previously announced on June 18, 2024 and June 20, 2024. Under the Second Tranche, the Company issued 833,332 common shares of the Company (the "**Shares**") at a price of C\$0.18 per Share for gross proceeds of \$150,000. In aggregate under the Offering, the Company issued 3,723,911 Shares at a price of \$0.18 per Share for aggregate gross proceeds of \$670,304.04.

Additionally, the Company announced that it entered into and closed a convertible loan agreement (the "**Convertible Loan Agreement**") with certain lenders ("**Lenders**") for an aggregate principal amount of \$786,510 (the "**Loan**") on a non-brokered private placement basis.

The Loan bears interest at a rate of 13.5% per annum (the "**Interest**"), calculated and payable annually in cash and matures on February 28, 2026 (the "**Maturity Date**"). From and after the date of issue and until the Maturity Date, the Lenders may elect to convert the amount of the Loan then outstanding (not including Interest) into common shares of the Company (each, a "**Conversion Share**") at a conversion price of \$0.18 per Conversion Share, in accordance with the terms the Convertible Loan Agreement. The Company is entitled to extend the Maturity Date by six (6) months at its discretion.

Certain directors, officers and insiders of the Company participated in the Second Tranche of the Offering in an aggregate amount of 416,666 Shares and in the Convertible Loan Agreement in an aggregate amount of \$650,000. Such participation is considered to be a "related party transaction" as defined in Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* ("**61-101**"). The Transactions will be exempt from the formal valuation and minority shareholder approval requirements of 61-101 as neither the fair market value of the securities issued to related parties nor the consideration for such securities will exceed 25% of the Company's market capitalization.

ITEM 5.1 FULL DESCRIPTION OF MATERIAL CHANGE

Please see the news release attached as Schedule "A" for a full description of the material change.

ITEM 5.2 DISCLOSURE FOR RESTRUCTURING TRANSACTIONS

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

Contact: Craig Fraser, Chief Executive Officer
Telephone: +1 (778) 561-1450

ITEM 9. DATE OF REPORT

September 6, 2024

SCHEDULE "A"
NEWS RELEASE DATED AUGUST 28, 2024

[See attached]

BEACN Closes Second Tranche of Non-Brokered Private Placement and Convertible Loan Agreement

Not for distribution to United States Newswire Services or for dissemination in the United States

VANCOUVER, BC / ACCESSWIRE / August 28, 2024 / BEACN Wizardry & Magic Inc.

(TSXV:BECN) ("BEACN" or the "Company") is pleased to announce that further to its news releases dated June 18, 2024 and June 20, 2024, it has closed the second and final tranche (the "Second Tranche") of its non-brokered private placement (the "Offering"), issuing an additional 833,332 common shares of the Company (the "Shares") at a price of \$0.18 per Share for additional proceeds of \$150,000. In aggregate under the Offering, the Company issued 3,723,911 Shares at a price of \$0.18 per Share for aggregate gross proceeds of \$670,304.04.

At the option of the investor and with the approval of the Company, the Shares may be designated an Eligible Business Corporation Share (an "EBC Share") and if so, the designated investor will be eligible for a 30% tax credit. If elected, there will be restrictions on the sale of the EBC Shares for a period of 5 years.

Except for EBC Shares, all of the securities issued with respect to the Offering will be subject to a hold period of four months and one day in accordance with applicable securities laws. EBC Shares will be subject to a hold period of four months and one day in accordance with applicable securities laws and in addition will be subject to restrictions on sale for a period of five years.

Convertible Loan Agreement

Additionally, the Company is pleased to announce that it has entered into and closed, a convertible loan agreement (the "Convertible Loan Agreement") with certain lenders ("Lenders") for an aggregate principal amount of \$786,510 (the "Loan") on a non-brokered private placement basis.

The Loan bears interest at a rate of 13.5% per annum (the "Interest"), calculated and payable annually in cash and matures on February 27, 2026 (the "Maturity Date"). From and after the date of issue and until the Maturity Date, the Lenders may elect to convert the amount of the Loan then outstanding (not including Interest) into common shares of the Company (each, a "Conversion Share") at a conversion price of \$0.18 per Conversion Share, in accordance with the terms of the Convertible Loan Agreement. The Company is entitled to extend the Maturity Date by six (6) months at its discretion.

The proceeds from the Offering and the Convertible Loan Agreement (the "Transactions") will be used to (i) accelerate the Company's B2B and B2C sales initiatives, (ii) support strategic inventory purchases of current and new products, (iii) continue research and development of new products and (iv) for general working capital. The Transactions are subject to final approval by the TSXV.

Certain directors, officers and insiders of the Company participated in the Second Tranche of the Offering in an aggregate amount of 416,666 Shares and in the Convertible Loan Agreement in an aggregate amount of \$650,000. Such participation is considered to be a "related party transaction" as defined in Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions* ("61-101"). The Transactions will be exempt from the formal valuation and minority shareholder approval requirements of 61-101 as neither the fair market value of the securities issued to related parties nor the consideration for such securities will exceed 25% of the Company's market capitalization.

This news release does not constitute an offer of securities for sale in the United States. The securities being offered have not been, nor will they be, registered under the United States Securities Act of 1933, as amended, and such securities may not be offered or sold within the United States.

About BEACN

BEACN is a Victoria BC based consumer electronics company that develops innovative audio equipment, peripherals and technology for gamers, live streamers, and content creators. BEACN is committed to delivering premium products that enable everyone to produce studio-quality content. BEACN's award-winning product ecosystem includes BEACN Mic, BEACN Mic Stand, BEACN Mix and BEACN Mix Create. BEACN is listed on the TSXV under the symbol BECN.

Media & Investor Enquiries

Craig Fraser

ir@beacn.com

+1 (778) 561-1450

Reader Advisory

*Certain information set forth in this news release contains forward-looking statements or information ("**forward-looking statements**"), including details about the Transactions and the Company's proposed use of proceeds from the Transactions. By their nature, forward-looking statements are subject to numerous risks and uncertainties, some of which are beyond the Corporation's control, including risks associated with the inability to complete the Transactions, timing of receipt of regulatory approval, change in market conditions, evolving global supply chain issues, evolving economic and political issues, and demand for BEACN products.*

Although the Company believes that the expectations in its forward-looking statements are reasonable, its forward-looking statements have been based on factors and assumptions concerning future events which may prove to be inaccurate. Those factors and assumptions are based upon currently available information. Such statements are subject to known and unknown risks, uncertainties and other factors that could influence actual results or events and cause actual results or events to differ materially from those stated, anticipated or implied in the forward-looking statements. Accordingly, readers are cautioned not to place undue reliance on the forward-looking statements, as no assurance can be provided as to future results, levels of

activity or achievements. Furthermore, the forward-looking statements contained in this document are made as of the date of this document and, except as required by applicable law, the Company does not undertake any obligation to publicly update or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise. The forward-looking statements contained in this document are expressly qualified by this cautionary statement.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

SOURCE: BEACN Wizardry & Magic Inc.