

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

ITEM 1. NAME AND ADDRESS OF COMPANY

Avanco Capital Corp.
Suite 300 – 1055 West Hastings Street,
Vancouver, BC V6E 2E9

ITEM 2. DATE OF MATERIAL CHANGE

May 30, 2018

ITEM 3. NEWS RELEASE

Issued May 30, 2018 and disseminated through the facilities of various news dissemination services.

ITEM 4. SUMMARY OF MATERIAL CHANGE

The Issuer announced conditional approval of the Issuer's proposed Qualifying Transaction (as such term is defined in the policies of the TSX Venture Exchange) from the Exchange and updated shareholders on the terms of the Transaction and a concurrent financing.

ITEM 5. FULL DESCRIPTION OF MATERIAL CHANGE

See attached news release.

ITEM 6. RELIANCE ON SUBSECTION 7.1(2) OR (3) OF NATIONAL INSTRUMENT 51-102

Not Applicable.

ITEM 7. OMITTED INFORMATION

There are no significant facts required to be disclosed herein which have been omitted.

ITEM 8. EXECUTIVE OFFICER

Contact: Joanne Yan, Chief Executive Officer
Telephone: (604) 961-8188

ITEM 9. DATE OF REPORT

May 30, 2018

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OR DISSEMINATION IN THE UNITED STATES**

AVANCO CAPITAL CORP.

May 30, 2018

Trading Symbol: AAA.P

**AVANCO AND HILL STREET RECEIVE CONDITIONAL APPROVAL OF
PROPOSED QUALIFYING TRANSACTION**

Vancouver, May 30, 2018 – Avanco Capital Corp. (TSX-V: AAA.P) (“**Avanco**”) and Hill Street Marketing Inc. (“**Hill Street**”) are pleased to announce that further to Avanco’s press release dated September 25, 2017, the TSX Venture Exchange (the “**Exchange**”) has granted its conditional approval to the completion of the proposed qualifying transaction (“**Qualifying Transaction**”) of Avanco and Hill Street, and Avanco has filed a filing statement dated May 29, 2018 (the “**Filing Statement**”) respecting the Qualifying Transaction on SEDAR.

Qualifying Transaction

The Qualifying Transaction is structured as a three-cornered amalgamation, whereby each of Avanco, Hill Street and Avanco’s wholly owned subsidiary, Avanco Hill Street Acquisition Corp. (“**Avanco Sub**”), are parties to a definitive merger agreement (the “**Definitive Agreement**”) dated May 28, 2018. Pursuant to the Definitive Agreement, Avanco Sub and Hill Street will amalgamate under the terms of the *Business Corporations Act (Ontario)*, and on amalgamation, Avanco will issue shares and other securities to the former securityholders of Avanco Sub and Hill Street.

Following completion of the Qualifying Transaction, the former securityholders of Hill Street will control approximately 37% of the issued and outstanding shares of Avanco (assuming the maximum \$5,000,000 is raised in the Concurrent Financing (as defined below)). Upon closing of the Qualifying Transaction, the amalgamated entity will be a wholly owned subsidiary of Avanco, and Avanco will be renamed “Hill Street Beverage Company”, or such other name as may be agreed to by the board of directors of Avanco and approved by the TSX Venture Exchange (the “**Resulting Issuer**”).

It is expected that the common shares of the Resulting Issuer will resume trading on the Exchange upon completion of the Qualifying Transaction under the symbol “**BEER.V**”.

Concurrent Financing

Concurrent with the closing of the Qualifying Transaction, Avanco and Avanco Sub intend to complete a brokered private placement (the “**Concurrent Financing**”) of up to an aggregate 28,571,429 subscription receipts (the “**Subscription Receipts**”) at a subscription price of \$0.175 per Subscription Receipt for aggregate gross proceeds up to a maximum of \$5,000,000, subject

to an overallotment option in favour of the Agent (as defined below). Each Subscription Receipt is, upon completion of the Qualifying Transaction, convertible into one unit of the Resulting Issuer ("**Resulting Issuer Units**"), with each Resulting Issuer Unit being comprised of one common share of the Resulting Issuer (each, a "Resulting Issuer Share") and one half of one warrant of the Resulting Issuer (each, a "Resulting Issuer Concurrent Financing Warrant"), with each Resulting Issuer Concurrent Financing Warrant exchangeable for one Resulting Issuer Share at a purchase price of \$0.35 per share for a period of 24 months from the date of issuance. Eight Capital will act as lead agent and solebook runner in connection with the Concurrent Financing (the "**Agent**").

The gross proceeds of the Concurrent Financing, net of 50% of the Cash Commission (as defined below) and the reasonable costs and expenses of the Agent and their counsel (the "**Net Escrowed Funds**"), will be deposited in escrow with an escrow agent ("the Concurrent Financing Escrow Agent") on closing of the Concurrent Financing. The Net Escrowed Funds will be released from escrow immediately prior to the closing of the Qualifying Transaction and the Agent's sole satisfaction of the following conditions (the "**Escrow Release Conditions**"):

- I. the completion or irrevocable waiver or satisfaction of all conditions precedent to the Qualifying Transaction;
- II. the receipt of all required shareholder, third party (as applicable) and regulatory approvals including, without limitation, the conditional approval of the Exchange for the Qualifying Transaction and the Concurrent Financing, if applicable, and the conditional approval of the Exchange of the listing of the common shares issuable upon conversion of the Subscription Receipts after giving effect to the Qualifying Transaction; and
- III. Avanco, Avanco Sub and the Agent (on its own behalf and on behalf of the syndicate) having delivered a joint notice to the Concurrent Financing Escrow Agent confirming that the conditions set forth in (I) and (II) above have been met or waived.

In the event that the Escrow Release Conditions are not satisfied on or before the date that is 120 days following closing of the Concurrent Financing (the "**Termination Time**"), the Net Escrowed Funds together with accrued interest earned thereon will be returned to the holders of the Subscription Receipts and the Subscription Receipts will be cancelled. To the extent that the Escrowed Funds are insufficient to refund 100% of the purchase price of the Subscription Receipts to the holders thereof, Hill Street and Avanco shall be responsible for any shortfall.

At the effective time of the completion of the Qualifying Transaction, the Subscription Receipts will be converted to Resulting Issuer Units without payment of any additional consideration or any further action on the part of the holder thereof.

In connection with the Concurrent Financing, the Agent is entitled to receive a cash commission equal to 7% of the gross proceeds raised under the Concurrent Financing (the "Cash Commission"). In addition, the Agent is entitled to receive broker warrants to purchase up to 7% of the Subscription Receipts sold under the Concurrent Financing (each, a "Broker

Warrant”), with each Broker Warrant being exercisable for one Resulting Issuer Unit at a price of \$0.175 per Resulting Issuer Unit for a period of two years from the closing of the Qualifying Transaction.

The Qualifying Transaction is expected to close on or about June 15, 2018. The completion of the Qualifying Transaction remains subject to final approval from the Exchange and satisfaction of certain conditions to closing.

For further information please contact:

Avanco Capital Corp.

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Hill Street Marketing Inc.

Terry Donnelly

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There can be no assurance that the Qualifying Transaction will be completed as proposed or at all.

Investors are cautioned that, except as disclosed in the Filing Statement, any information released or received with respect to the transaction may not be accurate or complete and should not be relied upon. Trading in the securities of a capital pool company should be considered highly speculative.

The TSX Venture Exchange has in no way passed on the merits of the proposed transaction and has neither approved or disapproved the contents of this press release.

Neither 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.

FORWARD LOOKING INFORMATION

This press release contains forward-looking statements and information that are based on the beliefs of management and reflect the Issuer’s current expectations. When used in this press release, the words “estimate”, “project”, “belief”, “anticipate”, “intend”, “expect”, “plan”, “predict”, “may” or “should” and the negative of these words or such variations thereon or comparable terminology are intended to identify forward-looking statements and information. The forward-looking statements and information in this press release includes information relating to the acquisition (including the structure of the acquisition), the Qualifying Transaction (including shareholder approval, principal shareholder support, and other terms such as the continuation, the name change, and the completion or termination), the Concurrent Offering, the principal owner, and the directors and management of the Resulting Issuer upon completion of the Qualifying Transaction. Such statements and information reflect the current view of Avanco with respect to risks and uncertainties that may cause actual results to differ materially from those contemplated in those forward-looking statements and information.

By their nature, forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements, or other future events, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the following risks: risks associated with the completion of the Qualifying Transaction and matters relating thereto and the risks associated with the marketing and sale of securities, the need for additional financing, reliance on key personnel, the potential for conflicts of interest among certain officers or directors with certain other projects, and the volatility of Avanco's common share price and volume. Forward-looking statements are made based on management's beliefs, estimates and opinions on the date that statements are made and Avanco undertakes no obligation to update forward-looking statements if these beliefs, estimates and opinions or other circumstances should change. Investors are cautioned against attributing undue certainty to forward-looking statements.

Avanco cautions that the foregoing list of material factors is not exhaustive. When relying on Avanco's forward-looking statements and information to make decisions, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. The Issuer has assumed a certain progression, which may not be realized. It has also assumed that the material factors referred to in the previous paragraph will not cause such forward-looking statements and information to differ materially from actual results or events. However, the list of these factors is not exhaustive and is subject to change and there can be no assurance that such assumptions will reflect the actual outcome of such items or factors. While Avanco may elect to, it does not undertake to update this information at any particular time.

THE FORWARD-LOOKING INFORMATION CONTAINED IN THIS PRESS RELEASE REPRESENTS THE EXPECTATIONS OF THE ISSUER AS OF THE DATE OF THIS PRESS RELEASE AND, ACCORDINGLY, IS SUBJECT TO CHANGE AFTER SUCH DATE. READERS SHOULD NOT PLACE UNDUE IMPORTANCE ON FORWARD-LOOKING INFORMATION AND SHOULD NOT RELY UPON THIS INFORMATION AS OF ANY OTHER DATE. WHILE AVANCO MAY ELECT TO, IT DOES NOT UNDERTAKE TO UPDATE THIS INFORMATION AT ANY PARTICULAR TIME EXCEPT AS REQUIRED IN ACCORDANCE WITH APPLICABLE LAWS.