

51-102F3
MATERIAL CHANGE REPORT

Item 1 **Name and Address of Company**

TRANSCANNA HOLDINGS INC. (the “Company”)
2489 Bellevue Ave, West Vancouver
British Columbia V7V 1E1

Item 2 **Date of Material Change**

March 31, 2021

Item 3 **News Release**

The news release was disseminated by Newsfile on April 1, 2021.

Item 4 **Summary of Material Change**

The Company announced that it has closed a Unit financing, completed the Daly Facility Construction Loan Agreement, issued shares for debt to certain employees and received an MCTO.

Item 5 **Full Description of Material Change**

5.1 **Full Description of Material Change**

The Company announced that it has closed a Unit financing, completed the Daly Facility Construction Loan Agreement, issued shares for debt to certain employees and received an MCTO.

Daly Facility Loan

The Company announced that that further to its news release of February 3, 2021, the Company has successfully completed a Construction Loan Agreement (the “**Construction Loan**”) with a US based lender (the “**Lender**”) for a secured convertible loan of \$2M USD.

Proceeds will be used exclusively for capital expenditures that will dramatically increase production capacity at the Company's Daly Facility in Modesto, California.

The Company’s planned facility build-out consists of four phases - phase 1 includes 22,500 square feet of cultivation, a 16,000 square foot distribution and inventory storage area and a 12,000 square foot packaging facility.

The Construction Loan comes in the form of a secured convertible loan bearing 10% annual interest, with interest payable a year after the agreement date. The Construction Loan matures after a two-year period, whereupon the Company will repay the principal plus interest in cash. Subject to regulatory approval, the entire principal amount outstanding is convertible at the Lender's option after expiry of the applicable statutory hold period into common shares of the Company at a fixed conversion price of USD \$0.59 per common share at any time from the agreement date until the maturity date. Upon the first drawdown by the Company of any part of the Construction Loan, the Lender will be entitled to appoint one member to the Board of Directors of the Company.

Unit Financing

In connection with the closing, the Company issued 1,578,194 Units at a price of \$1.00 per Unit, for gross proceeds of \$1,578,194. Each Unit consists of one (1) common share and one (1) warrant. Each warrant entitles the holder to purchase one common share of the Company, at an exercise price of \$1.50 per share, for a period of two years from the date of issuance. The Company paid cash commissions of \$62,000 and issued 42,000 Broker's warrants in connection with finder's fees payable. In lieu of 8% cash finder's fees, 20,400 Broker's Units were issued.

The private placement is subject to the approval of the Canadian Securities Exchange (“CSE”) and the securities will be subject to a four-month hold period under securities laws. The Company intends to use the net proceeds from the private placement for working capital purposes.

Management Cease Trade Order (MCTO)

The Company also announced that it anticipates a delay in the filing of the financial statements required pursuant to Part 4 of National Instrument 51-102 Continuous Disclosure Obligations (the “**Instrument**”) as a result of difficulties in the collection of data from its wholly-owned subsidiary, Lyfted Farms, Inc.

The delay is due to difficulties in coordinating with the auditor the collection of all of the required data and documentation to complete the audit on a consolidated basis. As well, certain key persons who are needed to complete the audit have been affected by the current COVID-19 pandemic due to stay at home restrictions.

The Instrument requires that the Company’s audited financial statements and MD&A for the fiscal year ended November 30, 2020 be filed by March 30, 2021. The Company and its auditor are in the process of completing the associated audit work to complete these audited financial statements. The Company expects that the audited financial statements and MD&A for the year ended November 30, 2020 (collectively, the “**Required Filings**”) will be completed and filed on or before May 31, 2021.

In connection with the anticipated delays in making the Required Filings within the time periods mandated by the Instrument, the Company has been granted a management cease trade order (“MCTO”) under National Policy 12-203 Cease Trade Orders (“NP 12-203”) by the British Columbia Securities Commission, as principal regulator for the Company. The MCTO will restrict all trading by the Company’s CEO and CFO in securities of the Company, whether direct or indirect. The issuance of the MCTO will not affect the ability of persons who are not directors, officers or insiders of the Company to trade their securities. The MCTO will remain in effect until the Required Filings are filed or until it is revoked or varied.

The Company confirms that it intends to satisfy the provisions of the alternative information guidelines described in NP 12-203 by issuing bi-weekly default status reports in the form of a news release for so long as it remains in default of the requirement to make the Required Filings. The Company has no material information relating to its affairs that has not been generally disclosed.

Shares for Debt

The Company has entered into debt settlement agreements to settle obligations owed to certain employees of its subsidiary, Lyfted Farms Inc., in the amount of \$634,804.33 through the issuance of an aggregate of 610,388 common shares of the Company (the “Shares”) at a deemed value of \$1.04 per Share. The issuance of the Shares is subject to the approval of the CSE, and when issued the Shares will be subject to a statutory four month hold period.

Legal Update

The Company has settled matters related to a civil action it had launched with the British Columbia Supreme Court against Umbrella Capital Group Ltd. The Company has received \$100,000 in settlement of the action.

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

Officer

Stephanie Wesik, President

Item 9

Date of Report

April 5, 2021



2489 Bellevue Avenue
West Vancouver, B.C. V7V 1E1

TransCanna Closes Unit Financing, Completes Daly Facility Loan, Issues Shares for Debt and Receives MCTO

**Canadian Securities Exchange: TCAN
Borse Frankfurt: TH8**

Vancouver, BC, April 1, 2021 - TransCanna Holdings Inc. (CSE: TCAN: XETR: TH8) ("**TransCanna**" or the "**Company**") is pleased to announce that it has closed a Unit financing, completed the Daly Facility Construction Loan Agreement, issued shares for debt to certain employees and received an MCTO.

"Thank you to all of our shareholders for their support, I'm very excited about today's press release, to provide everyone with a number of updates as our entire team has been working feverishly to move the company into a position to be well capitalized through phase 1 of our build out process". Stated Bob Blink, CEO of the Company.

Daly Facility Loan

TransCanna is also pleased to announce that further to its news release of February 3, 2021, the Company has successfully completed a Construction Loan Agreement (the "Construction Loan") with a US based lender (the "**Lender**") for a secured convertible loan of \$2M USD.

"After a lengthy and thorough due diligence process, we are delighted to have found the right partners with this Lender for this exciting next phase," said Mr. Blink.

Proceeds will be used exclusively for capital expenditures that will dramatically increase production capacity at the Company's Daly Facility in Modesto, California.

"With this funding, we will complete Phase 1 construction at the Daly Facility, which is already 80% finished," said Mr. Blink. "Achieving this significant milestone will empower us to increase output, boost profits, and set the stage for our Californian expansion."

The Company's planned facility build-out consists of four phases – phase 1 includes 22,500 square feet of cultivation, a 16,000 square foot distribution and inventory storage area and a 12,000 square foot packaging facility.

"This increased capacity will significantly assist us in meeting the outstripped demand for our supply of prized exotic flower, and to be even more responsive to the growing and evolving needs of our retailers and end consumers," said Alan Applonie, Company General Manager. "It will also give us the ability to reasonably explore deals with a number of potential industry partners who have expressed interest in collaborating with us."

The Construction Loan comes in the form of a secured convertible loan bearing 10% annual interest, with interest payable a year after the agreement date. The Construction Loan matures after a two-year period, whereupon the Company will repay the principal plus interest in cash. Subject to regulatory approval, the entire principal amount outstanding is convertible at the Lender's option after expiry of the applicable statutory hold period into common shares of the Company at a fixed conversion price of USD \$0.59 per common share at any time from the agreement date until the maturity date.

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About TransCanna Holdings Inc.

TransCanna Holdings Inc. is a California-based, Canadian-listed company building cannabis-focused brands for the California lifestyle, through its wholly-owned California subsidiaries.

TransCanna's wholly owned subsidiary Lyfted Farms is California's authentic cannabis brand whose pioneering spirit has been continuously providing the finest cannabis flower genetics and cultivation methods since 1984. The Lyfted Farms brand of exclusive cannabis flower is sold at premium retailers throughout the state. With its new cultivation facility in Daly, California, the company is now poised to become one of the largest and most efficient vertically integrated cannabis companies in the California market.

For further information, please visit the Company's website at www.transcanna.com or email the Company at info@transcanna.com.

On behalf of the Board of Directors
Bob Blink, CEO

Corporate Communications:
Hybrid Financial @hybridtcan
irteam@transcanna.com
604-800-3589

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

Cautionary Note Regarding Forward-Looking Statements:

This release includes certain statements and information that may constitute forward-looking information within the meaning of applicable Canadian securities laws or forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995. Forward-looking statements relate to future events or future performance and reflect the expectations or beliefs regarding future events of management of the Company. Generally, forward-looking statements and information can be identified by the use of forward-looking terminology such as "intends" or "anticipates", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "should", "would" or "occur". This information and these statements, referred to herein as "forward-looking statements", are not historical facts, are made as of the date of this news release and include without limitation, statements regarding discussions of future plans, estimates and forecasts and statements as to management's expectations and intentions with respect to, among other things: commencement of operations of the Facility; the increase of the Company's output; the receipt of licensing approvals for the Company's facilities; expansions to and growth of the Company's business operations and the use and availability of the proceeds from the Convertible Loan.

These forward-looking statements involve numerous risks and uncertainties and actual results might differ materially from results suggested in any forward-looking statements. These assumptions, risks and uncertainties include, among other things: the receipt of necessary regulatory approval and licensing approvals; market uncertainties related to the COVID-19 pandemic; potential negative consumer, investor or public perception of a party's respective current brand or company; changes in consumer preferences and product trends; general market trends; political, legal and regulatory uncertainty relating to cannabis products generally; and the use and availability of proceeds from the Convertible Loan.

In making the forward looking statements in this news release, the Company has applied several material assumptions, including without limitation: the ability of the Company to commence operations at the Facility; the ability of the Company to increase its output; the ability

of the Company to receive the necessary licensing approvals for its facilities; the ability of the Company to achieve its anticipated expansion and growth of its business operations; and the ability of the Company to make the required interest payments under the Convertible Loan.

Although management of the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements or forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements.

Accordingly, readers should not place undue reliance on forward-looking statements and forward-looking information. Readers are cautioned that reliance on such information may not be appropriate for other purposes. The Company does not undertake to update any forward-looking statement, forward-looking information or financial out-look that are incorporated by reference herein, except in accordance with applicable securities laws. We seek safe harbor.