

IKÄNIK FARMS INC.
FORM 51-102F3
MATERIAL CHANGE REPORT

Item 1. Name and Address of Company

Ikänik Farms Inc.
2100 Scotia Plaza, 40 King Street West
Toronto, Ontario
M5H 3C2

Item 2. Date of Material Change

May 05, 2021

Item 3. News Release

A News Release in respect of the material change was disseminated via PR Newswire on May 05, 2021 and subsequently filed on SEDAR.

Item 4. Summary of Material Change

Ikänik Farms, Inc. advised of pending failure-to-file cease trade order.

Item 5. Full Description of Material Change

For further information, attached hereto is a copy of the News Release.

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

Confidentiality is not requested.

Item 7. Omitted Information

No information has been omitted in respect of the material change.

Item 8. Executive Officer

Brian Baca
Chief Executive Officer
(951) 210-7250

Item 9. Date of Report

May 06, 2021

IKÄNIK FARMS ADVISED OF PENDING FAILURE-TO-FILE CEASE TRADE ORDER

Corona, California – May 5, 2021 - Ikänik Farms, Inc. (CSE: IKNK.U) (FSE: DFMA) (the “**Company**” or “**Ikänik Farms**”) has been advised by the Ontario Securities Commission that it will be issuing a failure-to-file cease trade order (“**CTO**”) against the Company.

The order, a copy of which will be made public and available for review, will be issued as a result of the Company not having filed on or before April 30, 2021 the audited financial statements for the year ended December 31, 2020 (the “**Audited Financial Statements**”) of Ikänik Farms, Inc., the reverse takeover acquirer in connection with the Company’s reverse takeover transaction which closed March 30, 2021 (the “**Transaction**”).

Two critical items have resulted in delays in finalizing the Audited Financial Statements.

1. Ikänik has prepared the Audited Financial Statements and is awaiting the valuations of Ikänik subsidiaries by its valuation advisor (the “**Valuation Advisor**”) and final audit by its auditors. With respect to the valuations, in connection with the Transaction, approval of the valuation methods contained in the Audited Financial Statements for the years ended 2018 and 2019 were obtained in connection with the Transaction shortly prior to closing on March 30, 2021. Accordingly, the Valuation Advisor was unable to begin their valuation process for the Audited Financial Statements until receipt of such valuation approval methods in order to maintain consistency in valuations. Upon receipt, Ikänik instructed the Valuation Advisor to commence its valuation procedure immediately as this is the final outstanding item for its auditor to complete its audit.
2. Although the Valuation Advisor did commence its review, the Company has been informed that the Valuation Advisor’s analysts responsible for the valuation component of the Audited Financial Statements, who reside in India, contracted COVID-19, and as a result, such review has been delayed.

While the situation is largely out of the Ikänik’s hands and is contingent on the day-to-day developments of the Valuation Advisor and the health of its staff, Ikänik has requested that the Valuation Advisor complete the valuation process as expeditiously as possible, whether this includes utilizing the previous analysts pending their full recovery or the transition to other Valuation Advisor personnel. Under the circumstances, the Valuation Advisor has advised that they will be able to complete their work, enabling its auditors to complete its audit, in each case on or before May 25, 2021.

The CTO will remain in place until such time as it is revoked following the filing of the Audited Financial Statements by the Company. There can be no assurance that the Company will be able to remedy its filing default and have the CTO lifted in a timely manner or at all.

The Company's management and board of directors are working expeditiously to ensure the completion of the audit and filing of the Audited Financial Statements.

The Company will make further announcements with respect to the status of the Audited Financial Statements as and when appropriate.

About Ikänik Farms

Ikänik Farms is a California based, Multi-National Operator (MNO) who is building a dynamic portfolio of brands, inspired by its passion for health and wellness, action sports, and supported by its vertically integrated retail, distribution and cultivation in CA and its medical grade cultivation and laboratory in Colombia. The company's leadership brings decades of expertise in R&D, cultivation, retail, branding, and corporate finance. Ikänik Farms' operation in Colombia, through its pharma division Pideka, holds both GMP-PHARMA and (GACP) Good Agricultural and Collection Practice certifications for its Casa Flores operating facility.

Forward Looking Statements

This news release includes "forward-looking information" and "forward-looking statements" within the meaning of Canadian securities laws and United States securities laws (together, "forward-looking information"). All information, other than statements of historical facts, included in this news release that address activities, events or developments that the Company expects or anticipates will or may occur in the future is forward-looking information. When used in this news release, words such as "will", "could", "plan", "estimate", "expect", "intend", "may", "potential", "believe", "should", and similar expressions, are forward-looking information, including, but not limited to: statements with respect to the Audited Financial Statements, including the anticipated delay in filing the Audited Financial Statements and timing to complete the Company's audit.

Although the Company has attempted to identify important factors that could cause actual results, performance or achievements to differ materially from those contained in the forward-looking information, there can be other factors that cause results, performance or achievements not to be as anticipated, estimated or intended, including, but not limited to: changes in laws, a change in management, the inability to obtain additional financing, increased competition, hindering market growth and state adoption due to inconsistent public opinion and perception of the medical-use and adult-use marijuana industry and, regulatory or political change.

There can be no assurance that such information will prove to be accurate or that management's expectations or estimates of future developments, circumstances or results will materialize. As a result of these risks and uncertainties, the results or events predicted in the forward-looking information may differ materially from actual results or events.

Accordingly, readers should not place undue reliance on forward-looking information. The forward-looking information in this news release is made as of the date of this release. The Company disclaims any intention or obligation to update or revise such information, except as required by applicable law, and the Company does not assume any liability for disclosure relating to any other company mentioned herein.

On behalf of the Board of Directors of Ikänik Farms Inc.

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