

Form 62-103F1

Required Disclosure under the Early Warning Requirements

Item 1 – Security and Reporting Issuer

1.1 State the designation of securities to which this report relates and the name and address of the head office of the issuer of the securities.

This report relates to the acquisition of Common Shares (as defined herein) in the capital of Ayurcann Holdings Corp. (the “**Issuer**”) pursuant to a debt conversion agreement dated October 17, 2022 (the “**Debt Conversion Agreement**”) between the Issuer and 2388765 Ontario Inc. (the “**Acquiror**”).

The Issuer’s head office is located at 1080 Brock Road, Unit 6, Pickering, Ontario L1W 3H3.

1.2 State the name of the market in which the transaction or other occurrence that triggered the requirement to file this report took place.

Not applicable. The transaction that triggered the requirement to file this report did not occur on a stock exchange or other securities market that represents a published market for the securities that are the subject of this report. Instead, the transaction that triggered the requirement to file this report was a private transaction, as described in Item 2.2, below.

Item 2 – Identity of the Acquiror

2.1 State the name and address of the acquiror.

2388765 Ontario Inc.
97 Laskin Drive
Maple, ON L6A 5A4

2.2 State the date of the transaction or other occurrence that triggered the requirement to file this report and briefly describe the transaction or other occurrence.

On October 17, 2022, the Issuer settled debt owing to the Acquiror in the amount of \$30,000, pursuant to the Debt Conversion Agreement (the “**Transaction**”). As part of the Transaction, the Acquiror converted \$30,000 of its debt owed by the Issuer into 475,435 common shares in the capital of the Issuer (“**Common Shares**”), at a deemed price of \$0.0631 per Common Share. The Common Shares issued in connection with the Transaction are subject to a statutory hold period of four months and a day from the date of issuance.

2.3 State the names of any joint actors.

Igal Sudman is a director and sole shareholder of the Acquiror (the “**Joint Actor**”).

Item 3 – Interest in Securities of the Reporting Issuer

3.1 State the designation and number or principal amount of securities acquired or disposed of that triggered the requirement to file this report and the change in the acquiror’s securityholding percentage in the class of securities.

Prior to the closing of the Transaction, the Acquiror, together with the Joint Actor, beneficially owned an aggregate of 26,419,989 Common Shares (of which 12,487,887 Common Shares were owned by the Acquiror directly and 13,932,102 Common Shares were owned by the Joint Actor), representing approximately 17.12% of the total issued and outstanding Common Shares on a non-diluted and partially diluted basis.

Following the completion of the Transaction, the Acquiror, together with the Joint Actor, now has ownership and control over an aggregate of 26,895,424 Common Shares (of which 12,963,322 Common Shares are owned directly by the Acquiror and 13,932,102 Common Shares are owned by the Joint Actor), representing approximately 17.43% of the total issued and outstanding Common Shares on a non-diluted basis and partially diluted basis.

The Joint Actor most recently filed an early warning report pursuant to National Instrument 62-104 – *Take-Over Bids and Issuer Bids* on March 26, 2021 (the “Prior EWR”). Since then, the Issuer has issued Common Shares in a variety of transactions, which has resulted in the Acquiror’s, together with the Joint Actor, holdings decreasing by more than 2%. As at the date of the Prior EWR, the Acquiror directly, or indirectly, or exercised control or direction over 23,816,919 Common Shares, representing approximately 23.59% of the issued and outstanding Common Shares on a non-diluted basis, and 23.86% on a partially-diluted basis.

3.2 State whether the acquiror acquired or disposed ownership of, or acquired or ceased to have control over, the securities that triggered the requirement to file this report.

The Acquiror acquired ownership of or control over 475,435 Common Shares.

3.3 If the transaction involved a securities lending arrangement, state that fact.

Not Applicable.

3.4 State the designation and number or principal amount of securities and the acquiror’s securityholding percentage in the class of securities, immediately before and after the transaction or other occurrence that triggered the requirement to file this report.

Please see Item 3.1 and 3.2.

3.5 State the designation and number or principal amount of securities and the acquiror's securityholding percentage in the class of securities referred to in Item 3.4 over which

(a) the acquiror, either alone or together with any joint actors, has ownership and control,

Please see Item 3.1 and 3.2

(b) the acquiror, either alone or together with any joint actors, has ownership but control is held by persons or companies other than the acquiror or any joint actor, and

Not applicable.

(c) the acquiror, either alone or together with any joint actors, has exclusive or shared control but does not have ownership.

Not applicable.

3.6 If the acquiror or any of its joint actors has an interest in, or right or obligation associated with, a related financial instrument involving a security of the class of securities in respect of which disclosure is required under this item, describe the material terms of the related financial instrument and its impact on the acquiror's securityholdings.

Not Applicable.

3.7 If the acquiror or any of its joint actors is a party to a securities lending arrangement involving a security of the class of securities in respect of which disclosure is required under this item, describe the material terms of the arrangement including the duration of the arrangement, the number or principal amount of securities involved and any right to recall the securities or identical securities that have been transferred or lent under the arrangement.

State if the securities lending arrangement is subject to the exception provided in section 5.7 of NI 62-104.

Not applicable.

3.8 If the acquiror or any of its joint actors is a party to an agreement, arrangement or understanding that has the effect of altering, directly or indirectly, the acquiror's economic exposure to the security of the class of securities to which this report relates, describe the material terms of the agreement, arrangement or understanding.

Not applicable.

Item 4 – Consideration Paid

4.1 State the value, in Canadian dollars, of any consideration paid or received per security and in total.

Pursuant to the Transaction, the Acquiror settled \$30,000 of debt owed by the Issuer and acquired 475,435 Common Shares at a deemed price of \$0.0631 per Common Share.

4.2 In the case of a transaction or other occurrence that did not take place on a stock exchange or other market that represents a published market for the securities, including an issuance from treasury, disclose the nature and value, in Canadian dollars, of the consideration paid or received by the acquiror.

Please see Item 4.1.

4.3 If the securities were acquired or disposed of other than by purchase or sale, describe the method of acquisition or disposition.

Please see Item 2.2 and Item 3.1.

Item 5 – Purpose of the Transaction

State the purpose or purposes of the acquiror and any joint actors for the acquisition or disposition of securities of the reporting issuer. Describe any plans or future intentions which the acquiror and any joint actors may have which relate to or would result in any of the following:

- (a) the acquisition of additional securities of the reporting issuer, or the disposition of securities of the reporting issuer;**
- (b) a corporate transaction, such as a merger, reorganization or liquidation, involving the reporting issuer or any of its subsidiaries;**
- (c) a sale or transfer of a material amount of the assets of the reporting issuer or any of its subsidiaries;**
- (d) a change in the board of directors or management of the reporting issuer, including any plans or intentions to change the number or term of directors or to fill any existing vacancy on the board;**
- (e) a material change in the present capitalization or dividend policy of the reporting issuer;**
- (f) a material change in the reporting issuer's business or corporate structure;**

- (g) a change in the reporting issuer's charter, bylaws or similar instruments or another action which might impede the acquisition of control of the reporting issuer by any person or company;**
- (h) a class of securities of the reporting issuer being delisted from, or ceasing to be authorized to be quoted on, a marketplace;**
- (i) the issuer ceasing to be a reporting issuer in any jurisdiction of Canada;**
- (j) a solicitation of proxies from securityholders;**
- (k) an action similar to any of those enumerated above.**

The Common Shares that have been acquired by the Acquiror, together with the Joint Actor, are being held for investment purposes. In the future, the Acquiror and the Joint Actor may, from time to time and depending on market and other conditions, acquire or dispose of additional Common Shares and/or other equity, debt, or other securities or instruments of the Issuer in the open market or otherwise, and reserves the right to engage in similar transactions with respect to the securities.

Item 6 – Agreements, Arrangements, Commitments or Understandings With Respect to Securities of the Reporting Issuer

Describe the material terms of any agreements, arrangements, commitments or understandings between the acquiror and a joint actor and among those persons and any person with respect to securities of the class of securities to which this report relates, including but not limited to the transfer or the voting of any of the securities, finder's fees, joint ventures, loan or option arrangements, guarantees of profits, division of profits or loss, or the giving or withholding of proxies. Include such information for any of the securities that are pledged or otherwise subject to a contingency, the occurrence of which would give another person voting power or investment power over such securities, except that disclosure of standard default and similar provisions contained in loan agreements need not be included.

Not Applicable

Item 7 – Change in Material Fact

If applicable, describe any change in a material fact set out in a previous report filed by the acquiror under the early warning requirements or Part 4 in respect of the reporting issuer's securities.

Please see Item 3.1.

Item 8 – Exemption

If the acquiror relies on an exemption from requirements in securities legislation applicable to formal bids for the transaction, state the exemption being relied on

and describe the facts supporting that reliance.

Not Applicable.

Item 9 – Certification

The acquiror must certify that the information in this report is true and complete in every respect. In the case of an agent, the certification is based on the agent's best knowledge, information and belief but the acquiror is still responsible for ensuring that the information filed by the agent is true and complete.

This report must be signed by each person on whose behalf the report is filed or his or her authorized representative.

It is an offence to submit information that, in a material respect and at the time and in the light of the circumstances in which it is submitted, is misleading or untrue.

Certificate

I, as the Acquiror, certify, or I, as the agent filing this report on behalf of an Acquiror, certify to the best of my knowledge, information and belief, that the statements made in this report are true and complete in every respect.

Dated this 18th day of October, 2022.

2388765 ONTARIO INC.

Per: /s/ "Igal Sudman"
Authorized Signing Officer