

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

Item 1: Name and Address of Company

Ayurcann Holdings Corp. (the “**Company**”)
Unit 6, 1080 Brock Road
Pickering, Ontario L1W 3H3

Item 2: Date of Material Change

December 22, 2023.

Item 3: News Release

A news release was disseminated on December 22, 2023, via Newsfile Corp. and filed on the Company’s SEDAR+ profile at www.sedarplus.ca.

Item 4: Summary of Material Change

On December 22, 2023, the Company announced its intention to complete debt settlements (together, the “**Debt Settlements**”) in the amount of \$756,000 with each of 2388765 Ontario Inc. a company controlled by Igal Sudman (“**238 Ontario**”) and 1000677847 Ontario Inc. a company controlled by Roman Buzaker (“**100 Ontario**”) to preserve the Company’s cash. The Company intends to settle the amounts in common shares in the capital of the Company (“**Common Shares**”) at a deemed price of \$0.05 per Common Share.

Item 5.1: Full Description of Material Change

Annual General and Special Meeting

At the Company’s annual general and special meeting of shareholders of the Company (the “**Shareholders**”) held on December 20, 2023 (the “**Meeting**”), Shareholders voted in favour of each resolution put forward at the Meeting at a passing rate of over 96%, including approval of each of the Future Share Issuance Resolution and Equity Incentive Plan Resolution (each as defined herein) by a majority of minority Shareholders.

Each nominee listed in the Company’s management information circular dated November 29, 2023 (the “**Circular**”), was elected as a director of the Company, resulting in each of the current directors being re-elected to the board of directors of the Company (the “**Board**”).

In addition, at the Meeting, Shareholders reappointed Clearhouse LLP as the Company’s auditor the ensuing year and authorized the board of directors to fix their compensation, and disinterested Shareholders: (i) authorized and approved the future issuance of Common Share to Messrs. Sudman and Buzaker, which would result in them becoming new Control Persons of the Company, therefore Materially Affecting Control (as such terms are defined in the policies of the Canadian Securities Exchange (the “**CSE**”) of the Company, as required pursuant to the policies of the CSE (the “**Future Shares Issuance Resolution**”), as more particularly set forth in the Circular; and (ii) ratified the repeal and replacement the Company’s current stock option plan and restricted share unit plan with the adoption of the proposed equity incentive plan for the Company (the “**Equity Incentive Plan Resolution**”), as more particularly set forth in the Circular.

Debt Settlement

On October 30, 2023, the Board, on recommendation from the compensation committee of the Board, authorized and approved bonuses (together, the “**Management Bonuses**”) in the amount of \$756,000 to each of 238 Ontario and 100 Ontario pursuant to the terms and conditions of certain executive agreements entered into between the Company and each of 238 Ontario and 100 Ontario, respectively, (together, the “**Executive Agreements**”).

Pursuant to the terms and conditions of the respective Executive Agreements, the Company engaged: (x) Igal Sudman, through 238 to perform Chief Executive Officer services for the Company and (y) Roman Buzaker through 100 Ontario to perform Chief Financial Officer services for the Company.

The Common Shares will be subject to a four month and one day hold period pursuant to the policies of the CSE and applicable securities laws.

Pursuant to the policies of the CSE, completion of the Debt Settlement was subject to prior approval from the disinterested Shareholders and at the Meeting the Company received the requisite disinterested Shareholder approval. The Company intends to complete the Debt Settlement in or around the first week of January 2024.

Each Debt Settlement constitutes a “related party transaction”, as such term is defined in Multilateral Instrument 61-101 – *Protection of Minority Shareholders in Special Transactions* (“**MI 61-101**”) due to the involvement of each of Messrs. Sudman and Buzaker (together, the “**Officers**”), who are directors and officers of the Company and direct and control, 236 Ontario and 100 Ontario, respectively, and would require the Company to receive minority shareholder approval for, and obtain a formal valuation for the subject matter of, the transaction in accordance with MI 61-101, prior to the completion of such transaction. However, in completing each Debt Settlement, the Company intends to rely on exemptions from: (x) the formal valuation requirements of MI 61-101, on the basis that the Company is not listed on Specified Markets (as defined in MI 61-101), as determined in accordance with MI 61-101; and (y) the minority shareholder approval requirements of MI 61-101, on the basis that the fair market value of each Officers’ participation in their respective Debt Settlement does not and will not exceed \$2,500,000, as determined in accordance with MI 61-101.

Item 5.2 Disclosure for Restructuring Transactions

Not applicable.

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

Not applicable.

Item 7: Omitted Information

No information has been omitted on the basis that it is confidential information.

Item 8: Executive Officer

For additional information with respect to this material change, the following person may be contacted:

Ayurcann Holdings Corp.
Igal Sudman, Chief Executive Officer
(905) 492-3322
info@ayurcann.com

Item 9: Date of Report

January 2, 2024.