

TransCanna Enters Into Option To Acquire 196,000 Square Foot, Fully Enclosed Cannabis Facility on 6.5 Acres of Land

Vancouver, British Columbia--(Newsfile Corp. - February 4, 2019) - **TransCanna Holdings Inc.** (CSE: TCAN) (FSE: TH8) ("TransCanna" or the "Company") is pleased to announce that on February 1st the Company accepted an assignment of a real estate option agreement ("Option Agreement") from its CEO, Jim Pakulis, to acquire a land, building and asset package (the "Property") which includes an existing 196,000 square foot facility on 6.5 acres of land, as well as cannabis packaging and processing equipment. The purchase price for the Property, should the option for purchase be exercised, is an aggregate of US\$15 million payable in cash. Approximately US\$8 million in tenant improvements has been completed over the past two years creating a vertically integrated cannabis facility.

The seller of the Property, who is at arm's length to the Company, specializes in building USDA grade, commercial HVAC facilities throughout the US. As a result, the seller performed all of the facility's tenant improvements, much of which were to USDA standards. The intended purpose of the facility includes divisions for transportation & distribution, extraction, manufacturing, bottling, nursery and growing. Conditional on the Property being acquired, the company expects to lease space to a third-party laboratory testing company. The facility will be able to employ up to approximately 500 staff members operating two, eight-hour shifts, predicated on demand. The facility is located in an area zoned for cannabis in northern California.

Preliminary architectural drawings for the additional acreage includes approximately 400,000 square feet for a fully enclosed two story grow facility. Pending execution of definitive documents, the Company and the seller have reached an agreement in which the seller will become a consultant to the Company, which would include management of construction for the additional facility, should the Company determine to complete that facility.

"With the recent \$8 million of tenant improvements performed, this is one of the largest cannabis focused, vertically integrated facilities in California. The intended use of the facility will be to transfer branded companies that we acquire, or that we create, and bring them inhouse. This means we have complete control over our nursery, grow, manufacturing, extraction and distribution. We believe the consistency in our ecosystem that we can offer, and the scale that we can create, will result in TransCanna owning a portfolio of premium brands that will materially benefit the retailer and their customers," states Jim Pakulis, CEO of TransCanna.

Mr. Pakulis paid a non-refundable US\$250,000 deposit to the seller of the facility in order to secure the Option Agreement and pursuant to the assignment agreement entered into with the Company has been reimbursed for this cost. No other payments are due to Mr. Pakulis pursuant to the assignment. As Mr. Pakulis is the CEO and a director of the Company, the assignment of the Option Agreement to the Company constitutes a "related party transaction" as such term is defined in Multilateral Instrument 61-101 - Protection of Minority Security Holders in Special Transactions ("MI 61-101"). The Company is relying on exemptions from the formal valuation and minority shareholder approval requirements available under MI 61-101. The Company is relying on exemptions from the formal valuation and minority approval requirements of MI 61-101, specifically the exemptions as set forth sections 5.5(a) and 5.7(1)(a) of MI 61-101 as the fair market value of the transaction, insofar as it involves interested parties, is not more than the 25% of the Company's market capitalization. The board of directors of the Company approved the assignment of the Option Agreement, with Mr. Pakulis having declared his interest in, and abstaining from voting on, the assignment.

The facility is currently not licensed for cannabis, nor is the acquisition dependent on receiving those licenses. The Company intends to submit all appropriate licensing application to the appropriate regulatory bodies in February. Conditional on receiving the appropriate licensing approvals at the local level, the Company will submit licensing applications to the state.

Pursuant to the Option Agreement, the Company has until March 15 to determine to exercise its option and complete the purchase.

Acquisition financing is pending and will be announced by the Company once secured. The facility requires an approximately \$1.5 million to finish tenant improvements and become operational.

Should the Company complete the acquisition of the Property, a success fee of up to 2,000,000 common shares will be payable to Haywood Securities Inc. in consideration of financial advisory services being provided to the Company.

In addition, the Company has entered into an agreement with Haywood Securities Inc. to settle an advisory fee of \$110,000 payable in connection with the Company's initial public offering through the issuance of 56,266 common shares at a price of \$1.955 per share. The shares will be subject to a four month hold period ending on June 2, 2019.

About Transcanna Holdings Inc.

TransCanna Holdings Inc. is a Canadian based company providing branding, transportation and distribution services, through its wholly-owned California subsidiaries, to a range of industries including the cannabis marketplace.

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

James Pakulis
President and Chief Executive Officer
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The information in this news release includes certain information and statements about management's view of future events, expectations, plans and prospects that constitute forward looking statements. These statements are based upon assumptions that are subject to significant risks and uncertainties. Because of these risks and uncertainties and as a result of a variety of factors, the actual results, expectations, achievements or performance may differ materially from those anticipated and indicated by these forward looking statements. Forward-looking statements in this news release include, but are not limited to: the expected purchase of the facility, the terms of the facility acquisition, the payment of finders fees in relation thereto, the ability of the Company to secure financing and the acquisition of appropriate licenses for the facility,. Any number of factors could cause actual results to differ materially from these forward-looking statements as well as future results. Although the Company believes that the expectations reflected in forward looking statements are reasonable, it can give no assurances that the expectations of any forward looking statements will prove to be correct. Except as required by law, the Company disclaims any intention and assumes no obligation to update or revise any forward looking statements to reflect actual results, whether as a result of new information, future events, changes in assumptions, changes in factors affecting such forward looking statements or otherwise.

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TransCanna 

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