

Form 51-102F3
Material Change Report

Item 1 Name and Address of Company

Transcanna Holdings Inc. (the “Company”)
Suite 820-1130 West Pender Street
Vancouver, B.C. V6E 4A4

Item 2 Date of Material Change

January 31, 2019 and February 1, 2019

Item 3 News Release

A news release was disseminated on February 4, 2019 through the facilities of Newsfile Corp.

Item 4 Summary of Material Change

The Company has entered into an assignment dated February 1, 2019 (the “Assignment”) of a real estate option agreement (the “Option Agreement”) with its CEO, James Pakulis to acquire a land, building and asset package (the “Property”) which includes an existing 196,000 sq ft facility on 6.5 acres of land as well as cannabis packaging and processing equipment.

In addition, the Company has entered into an agreement dated January 31, 2019 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.

Item 5 Full Description of Material Change

The Company entered into the Assignment with its CEO in respect of the Property. The purchase price for the Property, should the option be exercised, is an aggregate of US\$15.0 million payable in cash.

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. The Property is located in an area zoned for cannabis in northern California. The Property will serve as the hub for the Company's intended distribution network.

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 an additional facility on the Property, should the Company determine to complete that facility.

The Company reimbursed Mr. Pakulis for a non-refundable US\$250,000 paid by Mr. Pakulis to secure the option. No other consideration was paid. No formal valuation was obtained for the assignment, but the Company intends to obtain an independent valuation for the Property. The Company is not aware of any prior valuations pertaining to the assignment and is continuing its due diligence regarding the Property.

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.

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.

Item 6

Reliance on subsection 7.1(2) or (3) of National Instrument 51-102

This Report is not being filed on a confidential basis in reliance on subsection 7.1(2) or (3) of National Instrument 51-102.

Item 7 Omitted Information

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

Item 8 Executive Officer

James Pakulis, CEO is knowledgeable about the material change and the Report and may be contacted (604) 609.6199.

Item 9 Date of Report

March 13, 2019