

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

February 20, 2019

Item 3 News Release

A news release was disseminated on February 20, 2019 through the facilities of Newsfile Corp.

Item 4 Summary of Material Change

The Company has appointed Haywood Securities Inc. (“Haywood”) to act as lead agent on behalf of a syndicate of agents to be formed, including Gravititas Securities Inc. (collectively, the “Agents”) to sell, by way of a private placement on a best efforts basis, up to 5,000,000 units of the Company (each a “Unit”) at a price of \$2.00 per Unit (the “Issue Price”) for gross proceeds of up to \$10,000,000 (the “Offering”), subject to receipt of all applicable regulatory approvals.

Item 5 Full Description of Material Change

The Company intends to complete a brokered private placement to raise up to \$10.0 million through the sale of Units at a price of \$2.00 per Unit.

Each Unit will comprise one common share of the Company (each a “Share”) and one half of one common share purchase warrant (each whole warrant, a “Warrant”). Each Warrant will entitle the holder to acquire an additional Share at a price of \$3.00 for a period of 36 months from the date of closing of the Offering (the “Closing Date”).

The Company intends to use the net proceeds of the Offering to partially fund the acquisition of the 196,000 sq ft cannabis facility as announced on February 4, 2019 and for working capital and general corporate purposes. The Company still anticipates it will seek a commercial lending facility to secure the full purchase price for the facility and once it has executed definitive documentation for such a facility, it will provide a further update on the progress of the acquisition. The completion of the Offering will be conditional upon the Company being in a position to complete the facility acquisition.

The Company will, upon the closing of the Offering: 1) pay the Agents a commission equal to 8.0% of the gross proceeds of the Offering, payable in cash or in Units at the discretion of the Agents; and 2) issue to the Agents compensation options (the "Compensation Options") equal to 8.0% of the Units sold, subject to compliance with all required regulatory approvals. The Compensation Options will entitle the Agent's to purchase Units at an exercise price per Compensation Option that is equal to the Issue Price and have a term of 36 months from the Closing Date. The Company will also pay to the Agents a corporate finance fee of \$250,000 of which 50% will be payable in cash and 50% will be payable in Units at the Issue Price.

The Offering may be completed in multiple closings, with the final closing expected to occur on or before March 28, 2019, subject to the receipt of all necessary regulatory approvals. All securities issued pursuant to the Offering will be subject to a four month hold period in accordance with applicable Canadian securities laws

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