

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

March 17, 2019

Item 3 News Release

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

Item 4 Summary of Material Change

The Company signed definitive documents to acquire the land, building and asset package (the “**Property**”) which includes an existing 196,000 square foot facility on 5.5 acres of land as well as cannabis packaging and processing equipment, as previously announced by the Company on February 4, 2019.

Item 5 Full Description of Material Change

The Company has signed definitive documents regarding the acquisition of the Property (the “**Acquisition**”).

The total purchase price for the Property is US\$15 million (the “**Purchase Price**”). A US\$250,000 non-refundable deposit was previously paid to the seller of the Property (the “**Seller**”), and the Company will make a US\$8 million down payment from the proceeds of the Company’s proposed \$13.0 million brokered private placement once closed. In respect of the remainder of the Purchase Price due, the Seller agreed to a carry back note of US\$6.750 million at 7% p.a. interest only for up to thirteen months, with an initial maturity date of October 15, 2019, subject to a six-month extension (the “**Note**”).

As consideration for the seller’s agreement to accept the Note, the Company agreed to issue to the seller an aggregate of 500,000 common shares upon closing of the Acquisition. The Company has also agreed to amend the vesting schedule applicable to the 1,200,000 share purchase warrants the Company agreed to issue to the seller along, conditional upon the closing, for a previously agreed extension, for which the Company also paid US\$200,000 in cash. Each warrant will be exercisable to acquire one common share of the Company at an exercise price of \$2.60 per share for a five-year period from the date of issuance, vesting quarterly in equal portions over the initial 12

months of the five-year term commencing on the date of the original extension, being February 21, 2019, notwithstanding the warrants shall be issued upon closing of the acquisition of the Property.

In the event that the Company determines to exercise its option to extend the maturity date of the Note to April 15, 2020, the Company will issue to the seller a further 500,000 common shares.

All of the securities issuable to the seller in connection with the Property acquisition will be subject to applicable resale restrictions from the date of their issuance in accordance with Canadian and U.S. 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 21, 2019