

TransCanna Corporate Update, Letter to Shareholders

Vancouver, British Columbia--(Newsfile Corp. - January 25, 2021) - **TransCanna Holdings Inc. (CSE: TCAN) (XETR: TH8) ("TransCanna" or the "Company")**

Dear Shareholders,

As we close out the first month of the new year we would like to share a number of updates with you while setting the stage for clear and steady communication as we anticipate a very productive year ahead. We would like to thank all of our shareholders for their support and patience and applaud the entire TransCanna team for their hard work in the face of a tumultuous year in which the unforeseen circumstances related to COVID-19 have challenged us, our industry, and our society.

TransCanna's wholly owned subsidiary Lyfted Farms, is ALL about the relationship with the end consumer. As Cannabis moves towards becoming federally legal in the USA, we believe interest from Pharmaceutical Companies, Aging Tobacco Dynasties, and the Behemoth Alcohol industry, will look to this new sector with deep interest and vigor. Certainly, as a country the USA will garner broad attention but we may see heavy focus on the largest cannabis market in the world, CALIFORNIA. At our core is a sustainable, deep and meaningful relationship with the end consumers. Expanding our competitive advantage beyond this relationship will be our significant Cannabis Campus in Modesto, California, "the Daly Facility". Our focus remains steadfast on consistent quality, growth, and maintaining our strong relationship with the end consumer.

Looking Forward

As excited as we are about the positive shift in sentiment, this year our most exciting news will undoubtedly be the opening of our Daly Facility this Spring. This achievement will mark the Company's most significant milestone to date, the impact of which cannot be overstated as we anticipate incremental growth on our cultivation capacity and a fundamental change to our growth trajectory. With financial and business plan proof-of-concept completed at the Jerusalem Court location, we are ready to scale the Daly Facility to industrial-level output. Products from our smaller Jerusalem Facility, in the meantime, continue to sell out.

Recent Achievements

Of all the things the TransCanna team has to be proud of this last year, a major highlight would be the success of Lyfted Farms in continuing to connect with end consumers. Notably, Lyfted Farms' Garlic Noodles™ cannabis flower was confirmed by a State-certified third-party laboratory to contain 31.3% THC, with total cannabinoids at 41.43%-a record achievement for our cultivation team.

Demand for [Lyfted Farms'](#) products is continuing to climb, especially in Southern-California, where the first official order sold out in just a few days. To support this demand and to further diversify our product range, we are continually releasing new genetics. We have also refined our processing and packaging techniques to ensure customers receive the best possible product experience. The ongoing mission to provide the finest cannabis product is recognized in the marketplace and we can expect to see news of additional signed off-take agreements once dates for completion of Phase 1 of the Daly Facility are solidified and harvest schedules are clear.

Daly Facility Plans

Construction is currently ongoing, with Phase 1 of 4 expected to be completed by March 2021. Phase 1 will include increased cultivation capacity, along with the processing, manufacturing, and distribution of our own product and those of 3rd parties. Our processing license is also on track for approval in March of

2021.

Phase 2 of the Daly Facility is set to begin in the fall of 2021. The focus of Phase 2 construction will be on further increasing our cultivation capacity.

Overcoming 2020's Challenges

In addition to the unforeseen challenges of the coronavirus pandemic, the destructive wildfires that ravaged the state of California also tested us this past year.

The company's distribution business was inevitably affected, as many third-party farms within the Emerald Triangle unfortunately lost crops in the fires or due to contamination from smoke and ash. As a result, our Q4 and year-end numbers for 2020 were lower than the CAD \$12-14 million projected in November, yet we expect this impact to be temporary and largely mitigated by the expansion opportunities presented by the opening of our Daly facility, changing political climate and growth in the market.

Currently our company is also placing increased focus on our most profitable activities as one measure to adapt in the face of the challenges highlighted above. One example of this pivot is focusing activities on our Daly Facility while putting the Lemoore expansion on hold for the foreseeable future.

In Conclusion

Despite the historic challenges the pandemic has created in 2020, in which there was no guidebook to follow, the hard work and dedication of our team continued to propel us forward. We are truly grateful for their efforts and look forward to the incoming cannabis-friendly administration in the United States to provide us with new and exciting ways to keep growing. Consumer enthusiasm for Lyfted products continues to surge, and the opening of the new Daly Facility will greatly increase our production capacity to take our business to new levels of success.

For updated information with respect to our company, please see our filings on SEDAR at www.sedar.com and on the CSE at www.thecse.com.

Sincerely,

Bob Blink
Chief Executive Officer
604-349-3011

FORWARD LOOKING INFORMATION:

Certain information in this release may contain forward-looking statements, such as statements regarding future expansions and cost savings and plans regarding production increases and financings. This information is based on current expectations and assumptions, including assumptions concerning the completion of the expansion of the Daly Facility, government approval of pro-cannabis policies, greater access to financial services and increased cultivation capacity, that are subject to significant risks and uncertainties that are difficult to predict. Actual results might differ materially from results suggested in any forward-looking statements. Risks that could cause results to differ from those stated in the forward-looking statements in this release include unexpected increases in operating costs, a continued strain on farmers due to fires and the Coronavirus pandemic and competition from other retailers. All forward-looking statements, including any financial outlook or future-oriented financial information, contained in this release are made as of the date of this release and are included for the purpose of providing information about management's current expectations and plans relating to the future. The Company assumes no obligation to update the forward-looking statements, or to update the reasons why actual results could differ from those reflected in the forward-looking statements unless and until required by securities laws applicable to the Company. Additional

information identifying risks and uncertainties is contained in the Company's filings with the Canadian securities regulators, which filings are available at www.sedar.com.

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