

TransCanna Enters into Deed in Lieu of Foreclosure Agreement and Provides Construction Update

Vancouver, British Columbia--(Newsfile Corp. - February 13, 2023) - TransCanna Holdings Inc. (CSE: TCAN) (FSE: TH8) ("**TransCanna**" or the "**Company**" or the "**Guarantor**") announced that the Company entered into a Deed in Lieu of Foreclosure Agreement, dated February 13, 2023 (the "**Deed in Lieu**"), by and among the Pelorus Fund REIT, LLC (the "**Lender**"), Dalvi, LLC, ("**Propco**"), Lyfted Farms, Inc. ("**Opco**" together with Propco, the "**Borrower**"), the Company and James R. Blink, solely in his individual capacity (the "**Limited Guarantor**" and together with the Guarantor, the "**Guarantor Parties**"), that provides for, among other things, the transfer at a future closing of substantially all of the Loan Collateral (excluding certain equity interests and contracts) to a designee of the Lender (the "**Transactions**"). The Lender reserved all rights and remedies under the previously announced Loan Agreement dated as of July 29, 2022 (the "**Loan Agreement**"), by and among the Borrower, Guarantor Parties and Lender whereby the Lender had provided a term loan to the Borrower in the original principal amount of \$15,808,000 (the "**Loan Amount**"), secured against all or substantially all the assets of the Borrower and the Company (the "**Loan Collateral**") in accordance with the terms and provisions thereof. The Company also announces that certain events of default exist under the Loan Agreement and such events of default are acknowledged by the Borrower and Guarantor Parties under the Deed in Lieu. The Company further announces that, pursuant to the Deed in Lieu, the Borrower and the Guarantor Parties acknowledged that (i) the Lender has no obligation to disburse additional amounts to Borrower pursuant to the terms of the Loan Agreement and any disbursement or other protective advances may be made at the sole discretion of the Lender, and (ii) to the extent the Lender has elected or in the future elects to make any new money advances to or for the benefit of Borrower or any Guarantor Party, such amounts shall automatically be deemed to be: (1) added to the outstanding Loan Amount under the Loan Agreement, (2) obligations incurred under the Loan Agreement and guaranteed by the Guarantor Parties in accordance with the terms of the Loan Agreement, and (3) secured by all of the Loan Collateral in accordance with the terms of documents auxiliary and additional to the Loan Agreement. As of January 31, 2023, the total amount of outstanding principal and accrued but unpaid interest (including interest accruing at the Default Interest Rate as a result of the Existing Events of Default, to the extent permitted by applicable law) due and owing to the Lender under the Loan Agreement (including, without limitation, protective advances made to the Borrower through such date) is \$17,654,612.32.

Closing of the Transactions is subject to the satisfaction of certain conditions precedent for transactions of this nature including, among other things, requisite shareholder approval of a resolution to approve the Transactions and a call option agreement to be entered into between the Company and the Lender. The Company expects to announce an annual and special meeting of shareholders in due course. James Blink and Travis Heilman, directors of the Company, have entered into a voting support agreement with the Lender agreeing to vote their common shares of the Company in favour of the Transactions and the matters related thereto.

The Company provides an update on construction at its Daly Facility in Modesto, California. On September 21, 2022, the Company announced that construction its Daly Facility would be complete within four to five months of that date. The Company does not expect construction to be completed as previously forecasted, and the Company is currently coordinating additional resources to bring the project to completion. Delays in construction have resulted, in part, from unexpected expenses associated with the need for supplemental engineering to meet County and State regulations necessitating additional capital expenditures. Once contracting resources are operating at full capacity, it is expected that the construction will take up to six months to complete the project. Due to the ongoing events of default under the Loan Agreement, the Lender has no obligation to advance the additional funds that are required to complete the planned build out and any advances made to the Borrower to

fund such construction or any other expenses of the Borrower or Guarantor are at the sole and absolute discretion of the Lender.

TransCanna

TransCanna Holdings Inc. is a California-based, Canadian-listed company building cannabis-focused brands for the California lifestyle, through its wholly-owned California subsidiaries.

TransCanna's wholly owned subsidiary Lyfted Farms is California's authentic cannabis brand whose pioneering spirit has been continuously providing the finest cannabis flower genetics and cultivation methods since 1984. The Lyfted Farms brand of exclusive cannabis flower is sold to premium retailers, and wholesalers throughout the state.

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, or visit the Company's website at www.transcanna.com. To contact the Company, please email info@transcanna.com.

On behalf of the Board of Directors
Bob Blink, CEO
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FORWARD-LOOKING INFORMATION:

Certain information in this release may contain forward-looking statements, including statements about the approval and closing of transactions contemplated pursuant to the deed in lieu of foreclosure, the calling of the shareholders' meeting, construction and timing of completion of construction, if at all, and other statements which are not historical facts. When used in this document, the words such as "could", "plan" "estimate", "expect", "intend", "may", "potential", "should" and similar expressions indicate forward-looking statements.

Although TransCanna believes that its expectations reflected in these forward-looking statements are reasonable, such statements involve risks and uncertainties and no assurance can be given that actual results will be consistent with these forward-looking statements. Forward-looking statements are based on the opinions and estimates of management at the date that the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in forward-looking statements.

Readers are cautioned not to place undue reliance on forward-looking statements, as there can be no assurance that the plans, intentions or expectations upon which they are based will occur. By their nature, forward-looking statements involve numerous assumptions, known and unknown risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and other events contemplated by the forward-looking statements will not occur. Although TransCanna believes that the expectations represented by such forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct as these expectations are inherently subject to business, economic and competitive uncertainties and contingencies. Some of the risks and other factors which could cause results to differ materially from those expressed in the forward-looking statements contained in this press release include, but are not limited to, unexpected increases in operating costs, competition from other retailers changes in exchange rate between the Canadian Dollar and other currencies, the impact of global supply chain delays and the retention of key staff.

This cautionary statement expressly qualifies the forward-looking statements contained in this press release. TransCanna undertakes no obligation to update forward-looking statements if circumstances or management's estimates or opinions should change except as required by law.

The Canadian Securities Exchange has not reviewed, approved or disapproved the content of

this news release.

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