TransCanna Holdings Inc. Mails Annual General and Special Meeting Materials

Vancouver, British Columbia--(Newsfile Corp. - April 10, 2023) - TransCanna Holdings Inc. (CSE: TCAN) (FSE: TH8) ("**TransCanna**" or the "**Company**") announced today that it has completed the mailing of its Management Information Circular and proxy materials (collectively, the "**Materials**") to holders of common shares of the Company (the "**Shareholders**") in connection with its annual general and special meeting of Shareholders (the "**Meeting**") scheduled to be held April 28, 2023.

The main purpose of the Meeting, in addition to usual annual meeting matters, is for the Shareholders to consider and if deemed advisable (i) pass a resolution approving the previously announced asset transfer transactions and other matters in connection thereto (the "**Transaction Resolution**") pursuant to the deed in lieu of foreclosure agreement, dated February 13, 2023 (the "**Deed in Lieu**"), entered into by and among Pelorus Fund REIT, LLC (the "**Secured Lender**"), Dalvi, LLC, ("**Dalvi**"), Lyfted Farms, Inc. ("**Lyfted Farms**" and together with Dalvi, the "**Borrower**"), the Company and James R. Blink, solely in his individual capacity as limited guarantor (together with the Company, the "**Guarantor Parties**"), and (ii) pass a resolution approving the previously announced call option agreement, dated March 29, 2023, (the "**Call Option Agreement**") between PMG Lyfted Farms, LLC (a designee of the Secured Lender) (the "**Optionee**") and the Company, and other matters in connection thereto (the "**Call Option Resolution**"). The Deed in Lieu was entered into by the Company following the occurrence and continuation of events of default under the previously announced loan agreement, effective as of July 29, 2022 (the "**Loan Agreement**"), by and among the Secured Lender, the Borrower and the Guarantor Parties, whereby the Secured Lender had provided a term loan to the Borrower in the original principal amount of $15,808,000 USD (the "**Loan Amount**"). In accordance with the terms and provisions of the Loan Agreement and the Loan Documents (as defined in the Loan Agreement), the Loan Amount and all other Obligations (as defined in the Loan Agreement) are secured by a first-priority security interest and lien on the Collateral (as defined therein) of the Company and the Borrower.

A copy of the Loan Agreement, Deed in Lieu and Call Option Agreement are available on the Company's SEDAR page at www.sedar.com.

Transaction Resolution

At the Meeting, the Shareholders will consider, and if deemed advisable, approve (i) the conveyance by Dalvi to a designee (together with any other designee of the Secured Lender in connection with the Deed In Lieu, individually and collectively, the "**Designee**") of the Secured Lender of good and indefeasible fee simple title to the Collateral that constitutes real property (the "**Real Property Collateral**"), and (ii) the transfer and assignment by Lyfted Farms and the Company to a Designee, of substantially all of the Collateral that constitutes personal property (excluding equity interests owned by the Company, the "**Personal Property Collateral**") (the transfer of the Real Property Collateral and Personal Property Collateral, collectively, the "**Transfer**"), which constitutes the transfer of substantially all of the assets of the Company and the Borrower, requiring the approval by special resolution of the Shareholders pursuant to section 301 of the *Business Corporations Act* (British Columbia).

In order for the Transaction Resolution to be adopted, it must be approved by the affirmative votes cast by not less than two-thirds of the common shares of the Company (the "**Common Shares**") represented in person or by proxy at the Meeting that vote on such resolution. The Board of Directors of the Company (the "**Board**") recommends Shareholders vote FOR the Transaction Resolution.

IF SHAREHOLDERS DO NOT APPROVE THE TRANSACTION RESOLUTION, THE COLLATERAL OF THE COMPANY (AND THE BORROWER) IS SUBJECT TO FORECLOSURE BY THE SECURED LENDER AND THE GUARANTEE BY THE COMPANY UNDER THE LOAN

AGREEMENT MAY BE CALLED BY THE SECURED LENDER.

Call Option Agreement and Resolution

The Call Option Agreement provides the Optionee the right (the "**Call Right**"), but not the obligation, to cause the Company to issue to the Optionee, or such other person as designated by the Optionee, such number of Common Shares as is equal to up to 95% of the issued and outstanding Common Shares as of the applicable date(s) the Common Shares issued in connection with such Call Right are issued (the "**Call Right Closing Date**") (calculated on a fully-diluted basis after giving effect to the shares issued upon exercise of the applicable Call Right) at the Call Purchase Price (as defined below). The purchase price per Common Share at which the Company shall be required to issue the Common Shares pursuant to the Call Right (the "**Call Purchase Price**") shall be equal to US$0.00001 per share (subject to any customary adjustments). In consideration of the Call Right, the Optionee shall cause the Company to be released as a guarantor under the Loan Agreement on the later of: (i) the date wherein the Optionee has acquired 10% or more of the issued and outstanding Common Shares (on a non-diluted basis) pursuant to one or more exercises of the Call Right; and (ii) March 29, 2024. The Optionee shall have no obligation to remove the Company as a guarantor under the Loan Agreement in the event the Optionee does not acquire 10% or more of the issued and outstanding Common Shares (on a non-diluted basis) pursuant to one or more exercises of the Call Right. Until the first Call Right Closing Date, the Company: (a) is restricted from any corporate restructuring, winding up, declaration of dividends; (b) shall allow for a representative of the Optionee to attend and observe any meeting of the Board; and (c) shall timely file requisite government filings and use best efforts to maintain its reporting issuer status and.

At the Meeting, the Shareholders will consider, and if thought advisable, ratify, approve and confirm the entry by the Company into the Call Option Agreement; approve the performance by the Company of its obligations under the Call Option Agreement; and approve the issuance of the Common Shares pursuant to the terms of the Call Option Agreement.

As required by the Canadian Securities Exchange (the "**Exchange**"), in order for the Call Option Resolution to be adopted, it must be approved by the affirmative votes cast by disinterested holders of not less than a majority of the Common Shares represented in person or by proxy at the Meeting that vote on such resolution. The Board recommends Shareholders vote FOR the Call Option Resolution.

Background and Reasons for the Transactions and Underlying Call Option Agreement

The Board considers the approval of the Transaction Resolution and Call Option Resolution (the "**Resolutions**") to be beneficial for the Company and the Borrower, the Company's and the Borrower's respective creditors, employees, and suppliers for the following reasons: (i) the Company and the Borrower have no means of funding operations without continued advances from the Secured Lender, which due to the ongoing events of default, are solely at the discretion of the Secured Lender; (ii) the Secured Lender has indicated to the Board that approval of the Transaction Resolution and Call Option Resolution significantly increases the likelihood that the Secured Lender will elect to make such protective advances to the Company and the Borrower to preserve, protect and maintain the value of the Loan Collateral until the closing of the transactions contemplated by the Transaction Resolution and Call Option Resolution, which continued funding will allow the Company and the Borrower to continue to pay trade creditors, suppliers and employees to the extent necessary to preserve, protect and maintain the value of the Loan Collateral; (iii) the only alternative to the transactions contemplated by the approval of the Transaction Resolution and Call Option Resolution would be a foreclosure sale process, receivership or other liquidation process, all of which would incur significant additional cost and expense to get to the same result, which would be to the detriment of the Company's creditors; and (iv) ensuring a smooth transfer of the assets of the Borrower to the Designee presents the best opportunity for the Company's suppliers and employees to be contracted by the Designee, as the Board anticipates that the Designee entity will need to promptly engage employees and suppliers following the closing of the transactions contemplated by the Transaction Resolutions.

It is anticipated that either (i) the Designee will acquire the Real Property Collateral and Personal Property Collateral pursuant to the Deed in Lieu; or (ii) the Secured Lender will enforce its rights and remedies under the Loan Documents and applicable law against the Real Property Collateral and Personal Property Collateral. In either event, it is expected that the Company and its subsidiaries will not directly or indirectly own substantially any of their currently held assets following the foregoing and the Company will thereafter derive most of its value from being a publicly traded company. Such value as a publicly traded company will be difficult to realize if the Company remains a guarantor under the Loan Agreement. The mostly likely avenue to removing the Company as a guarantor under the Loan Agreement would be for the transactions contemplated by the Deed in Lieu and Call Option Agreement to close, which would then require the Optionee (under certain circumstances) to subsequently remove the Company as a guarantor under the Loan Agreement pursuant to the terms of the Call Option Agreement (which will result in dilution to Shareholders). It is also highly unlikely that the Company would be released as a guarantor under the Loan Agreement if the Resolutions are not approved by the Shareholders. While a significant percentage exercise of the Call Right would result in significant dilution to Shareholders, it may also result in the Company not meeting the share distribution requirements of the Exchange which factor may ameliorate the actions of the Optionee. Based on the foregoing, the Board has determined that given the totality of the circumstances it is advisable and in the best interests of the Shareholders to vote in favour of the Resolutions.

The Company (through the Borrower) operates cannabis cultivation, manufacturing and sales through its material assets, located in Modesto, California, comprised of the land, 12,000 square foot building, and equipment located on Jerusalem Court (the "**Jerusalem Facility**") and the 196,000 square foot facility on 5.5 acres of land located on Daly Avenue (the "**Daly Facility**") and various applicable cannabis nursery, cultivation and type 11 distribution licenses. As a whole, the subsidiaries operate as a vertically integrated system in the State of California covering most aspects of the cannabis business from seed to sale including cultivation, processing, distribution and crop management.

The Company (and the Borrower) entered into the Loan Agreement in July 2022 in order to refinance existing debt and to pay certain costs associated with the completion of the expansion of the Daly Facility. At the time of the Loan Agreement, the Company (and the Borrower) had already maximized capacity at the Jerusalem Facility and required further capital to expand the Daly Facility. The Company (and the Borrower) is in default under the Loan Agreement and the assets and operations of the Borrower do not support a value above what is owed under the Loan Agreement. While operations are expected to expand with the completion and commission of the Daly Facility, the Company (and the Borrower) does not currently have the financial resources to complete the Daly Facility, maintain its cannabis licences, continue to operate as a going concern and bring it to full production capacity. The Board has no present intention to file a voluntary petition for relief under Chapter 7 of the United States Bankruptcy Code on behalf of the Borrower due to the inability to find a willing funding partner to sponsor insolvency or bankruptcy proceedings and U.S. federal bankruptcy proceedings are unavailable to the cannabis operating subsidiaries of the Company due to the federal illegality of cannabis. The Board has also considered bankruptcy or insolvency proceedings with respect to the Company under Canadian bankruptcy law and has no present intention to pursue insolvency or bankruptcy proceedings due to an inability to find a willing funding partner to sponsor such proceedings. For all the reasons stated above, the Board has determined it is in the best interests of the Company (and the Borrower) to enter into and close the transactions contemplated by the Deed in Lieu to voluntarily transfer the Loan Collateral to the Designee, subject to the existing liens held by and indebtedness owed to the Secured Lender.

IF SHAREHOLDERS DO NOT APPROVE THE CALL OPTION RESOLUTION, THE COLLATERAL OF THE COMPANY (AND THE BORROWER) ARE SUBJECT TO FORECLOSURE AND THE GUARANTEE BY COMPANY UNDER THE LOAN AGREEMENT MAY BE CALLED BY THE SECURED LENDER.

IN THE EVENT EITHER THE CALL OPTION RESOLUTION OR THE TRANSACTION RESOLUTION IS NOT APPROVED BY THE SHAREHOLDERS, THE RELEASE OF THE COMPANY FROM THE GUARANTY UNDER THE LOAN AGREEMENT IS HIGHLY UNLIKELY TO

OCCUR, RESULTING IN THE SHAREHOLDERS LIKELY BEING UNABLE TO REALIZE ANY VALUE WITH RESPECT TO THE COMPANY FOLLOWING EITHER (I) THE CLOSING OF THE TRANSACTIONS CONTEMPLATED BY THE DEED IN LIEU AND THE CALL OPTION AGREEMENT, OR (II) IN THE ALTERNATIVE, THE SECURED LENDER ENFORCING ITS RIGHTS AND REMEDIES UNDER THE LOAN DOCUMENTS AND APPLICABLE LAW AGAINST THE REAL PROPERTY COLLATERAL AND PERSONAL PROPERTY COLLATERAL.

Your vote is important regardless of the numbers of securities you own.

The details of all matters proposed to be put before the Shareholders at the Meeting are set forth in the management information circular and the Company encourages all Shareholders to read the Materials, which are available on www.sedar.com.

The Board has fixed March 14, 2023 as the record date for the Meeting (the "**Record Date**"). Only Shareholders of record at the close of business on the Record Date are entitled to vote at the Meeting or any adjournment or postponement thereof.

If you are a registered Shareholder of the Company and unable to attend the Meeting in person, please exercise your right to vote by completing and returning the accompanying form of proxy and deposit it with Odyssey Trust Company. Proxies must be completed, dated, signed and returned to Odyssey Trust Company (Vancouver Office), at 350 - 409 Granville Street, Vancouver, British Columbia, Canada, V6C 1T2 by 10:00 a.m. PST (Vancouver time) on April 26, 2023, or if the Meeting is adjourned or postponed, not less than 48 hours (excluding Saturdays, Sundays and holidays) before the date to which the Meeting is adjourned or postponed. Mailing voting can be completed at Odyssey Trust Company, 350 - 409 Granville Street, Vancouver, British Columbia, Canada, V6C 1T2. Late proxies may be accepted or rejected by the Chairman of the Meeting at his discretion and the Chairman of the Meeting is under no obligation to accept or reject any particular late proxy. The Chairman of the Meeting may waive or extend the proxy cut-off without notice.

If you are a non-registered Shareholder, please follow the instructions from your bank, broker or other financial intermediary for instructions on how to vote your shares.

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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The Canadian Securities Exchange has not reviewed, approved or disapproved the content of this news release.

Forward-Looking Information

This news release contains statements that constitute "forward-looking information" or "forward-looking

statements" within the meaning of applicable securities laws. The words "may, " "would, " "could, " "should," "will," "intend," "plan," "goal," "anticipate," "believe," "estimate," "expect," "achieve," "must," "next," "focus," "potential," "progress," "develop," "continue," "advance," "improve," "opportunity," "future," "prospect," "vision," "target," "growth," "option," "pursue," "near-term," "de-risking," "eventual," "later," "until," and similar expressions, as they relate to the Company or its management, are intended to identify such forward-looking information. Forward-looking statements are based on assumptions as of the date of this news release and reflect management's current estimates, beliefs, intentions and expectations. They are not guarantees of future performance. Forward-looking statements in this news release include, among other things, statements with respect to the Meeting; statements with respect to any anticipated consequences of shareholders approving or not approving the Transaction Resolution and the Call Option Resolution; the potential foreclosure by the Secured Lender; the potential exercise of the Call Option, if at all; the timing of any future financing under the Loan, if at all and statements regarding management's expectations on the Company's future performance.

The Company cautions that all forward looking statements are inherently uncertain and that actual performance may be affected by many materials factors, many of which are beyond the Company's control. Such factors include, among other things: the risk that the conditions precedent to close the transactions contemplated by the Deed in Lieu are not met; the risk that the Resolutions are not approved by Shareholders; the risk that the Call Option Agreement will not be exercised in a manner resulting in the Company being released from its guaranty under the Loan Agreement; the Shareholders may experience significant dilution if the Call Option is exercised; the receipt of regulatory approvals; the Company may not be able to carry out its business plans as expected; prevailing market conditions; general business and economic uncertainties; and other risks and factors detailed from time to time in the filings made by the Company with securities regulators and stock exchanges. Accordingly, actual and future events, conditions and results may differ materially from the estimates, beliefs, intentions and expectations expressed or implied in the forward-looking information. These factors should be considered carefully and readers should not place undue reliance on the forward-looking statements. Although the forward-looking statements contained in this news release are based upon what management believes to be reasonable assumptions, the Company cannot assure readers that actual results will be consistent with these forward-looking statements.

The Company assumes no obligation to update or revise them to reflect new events or circumstances, except as required by law.

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