

# CALL OPTION AGREEMENT

This Call Option Agreement (this "**Agreement**"), is made and entered as of March 29, 2023, by and among TransCanna Holdings Inc. (the "**Corporation**") and PMG Lyfted Farms, LLC (the "**Optionee**").

WHEREAS, the Optionee desires to have the right to purchase such number of common shares in the capital of the Corporation (the "**Shares**") as further described herein, and the Corporation desires to grant such right to the Optionee, under the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, including the payment of US\$10.00 from the Optionee to the Corporation, the receipt or which is hereby acknowledged by the Corporation, and as further described herein, the parties agree as follows:

1. Defined Terms.

(a) For purposes of this Agreement:

- (i) "**Business Day**" means any day, except a Saturday, Sunday or legal holiday on which banking institutions in the city of Vancouver, British Columbia are authorized or obligated by Law to close; provided that, if the Common Shares are listed on any domestic stock exchange, the term "**Business Day**" as used in this Section 1(a)(i) means Business Days on which such exchange is open for trading; and
- (ii) "**Government Authority**" means any federal, state, local or foreign government or political subdivision thereof, or any agency or instrumentality of such government or political subdivision, or any self-regulated organization or other non-governmental regulatory authority or quasi-governmental authority, (to the extent that the rules, regulations or orders of such organization or authority have the force of Law), any applicable stock exchange or any arbitrator, court or tribunal of competent jurisdiction.
- (iii) "**Law**" means (a) all statutes, laws, rule of common law, orders, regulations, ordinances, judgments, orders, decrees and injunctions of Governmental Authorities, approval, concession, grant, franchise, license, agreement, directive, guideline, policy, requirement, or other governmental restriction or any similar form of decision of, or determination by, or any interpretation or administration of any of the foregoing by, any Governmental Authority, whether now or hereinafter in effect and, in each case, as amended affecting the Corporation and the Agreement; and (b) the organizational documents of the Corporation.
- (iv) "**Loan Agreement**" means the loan agreement by and among Pelorus Fund Reit, LLC, Dalvi, LLC, Lyfted Farms, Inc., the Corporation and James R. Blink dated July 29, 2022.

- (v) “**Misrepresentation**” means any an untrue statement of a material fact or an omission to state a material fact required or necessary to make the statements contained therein not misleading in light of the circumstances in which they are made.
- (vi) “**Securities Authority**” means the British Columbia Securities Commission and any other applicable securities commissions or securities regulatory authority of a province or territory of Canada.

2. Grant of Call Option.

(a) **Right to Purchase.** Subject to the terms and conditions of this Agreement and subject to satisfaction of the Condition Precedent (as defined herein) evidenced by written acknowledgement of the Exchange (as defined herein), at any time on or after the date hereof (the "**Call Commencement Date**"), the Optionee shall have the right (the "**Call Right**"), but not the obligation, to cause the Corporation to issue to the Optionee, or such other person as designated by the Optionee, such number of common shares in the capital of the Corporation as is equal to up to 95% of the issued and outstanding common shares of the Corporation as of the applicable Right Closing Date(s) (calculated on a fully-diluted basis after giving effect to the Shares issued upon exercise of the Call Right) at the Call Purchase Price (as defined herein).

(b) **Procedures.**

- (i) If the Optionee desires to purchase the Shares under Section 2(a), in one or more tranches, the Optionee shall deliver to the Corporation a written notice (the "**Call Exercise Notice**") exercising the Call Right.
- (ii) The Corporation shall, at the closing of each purchase consummated under this Section 2(b), represent and warrant to the Optionee that: (A) the Corporation has the corporate authority to issue the Shares; and (B) the Shares (upon receipt of the applicable Call Purchase Price) are issued as fully-paid and non-assessable securities of the Corporation free and clear of all encumbrances.
- (iii) Subject to Section 2(c), the closing of any sale of Shares under this Section 2 shall take place no later than 5 Business Days following receipt by the Corporation of the applicable Call Exercise Notice (the "**Call Right Closing Date**").

(c) **Closing of Sale.** The Optionee will pay the Call Purchase Price for the Shares by certified cheque or bank draft or by wire transfer of immediately available funds on the applicable Call Right Closing Date.

(d) **Cooperation.** The Corporation shall take all actions as may be reasonably necessary to consummate the sale contemplated by this Section 2, including, without

limitation, entering into agreements and delivering certificates, instruments and consents as may be deemed necessary or appropriate (including any requisite approval of the shareholders of the Corporation or waivers from the Canadian Securities Exchange). Without limiting the foregoing, as majority approval of the disinterested shareholders of the Corporation (the “**Shareholders**”) acceptable to the Canadian Securities Exchange (the “**Exchange**”) is required pursuant to regulatory requirements as a condition precedent (the “**Condition Precedent**”) to consummate the transactions contemplated by this Agreement:

- (i) the Corporation shall:
  - (A) convene and conduct a Shareholders’ meeting, in accordance with the Corporation’s constating documents and applicable Law as soon as reasonably practicable to approve the transactions contemplated by this Agreement (the “**Shareholders’ Meeting**”);
  - (B) not adjourn, postpone or cancel (or propose the adjournment, postponement or cancellation of) the Shareholders’ Meeting without the prior written consent of the Optionee, except as required for quorum purposes (in which case the Shareholders’ Meeting shall be adjourned and not cancelled) or by applicable Law;
  - (C) use commercially reasonable efforts to solicit proxies in favour of the approval of the transactions contemplated by this Agreement, including, if so requested by the Optionee, acting reasonably, and at the expense of the Optionee, if the Optionee has working capital to do so, using a proxy solicitation services firm acceptable to the Optionee and, to solicit proxies in favour of the approval of the transactions contemplated by this Agreement;
  - (D) provide the Optionee with copies of or access to information regarding the Shareholders’ Meeting generated by any proxy solicitation services firm, as reasonably requested from time to time by the Optionee;
  - (E) consult with the Optionee in fixing the date of the Shareholders’ Meeting, give notice to the Optionee of the Shareholders’ Meeting and allow the Optionee’s representatives to attend the Shareholders’ Meeting;
  - (F) promptly advise the Optionee, at such times as the Optionee may reasonably request and at least on a daily basis on each of the last 10 Business Days prior to the date of the Shareholders’ Meeting, as to the aggregate tally of the proxies received by the Corporation in respect of the approval of the transactions contemplated by this Agreement;

- (G) Promptly advise the Optionee of receipt of any communication (written or oral) from any shareholder of the Corporation in opposition to the transactions contemplated herein (other than non-substantive communications); and
  - (H) Not change the record date for the Shareholders entitled to vote at the Shareholders' Meeting in connection with any adjournment or postponement thereof (unless required by applicable Law);
- (ii) the Corporation shall promptly prepare and complete the notice of the Shareholders' Meeting and accompanying management information circular and all information it incorporates by reference, including all schedules, appendices and exhibits to such management information circular, to be sent to the Shareholders in connection with the Shareholders' Meeting, as amended, supplemented or otherwise modified from time to time in accordance with the terms of this Agreement (the "**Corporation Circular**"), together with any other documents required by Law in connection with the Shareholders' Meeting and the transactions contemplated herein;
  - (iii) the Corporation shall promptly cause the Corporation Circular and such other documents to be filed and sent to each Shareholder and other person as required by Law, in each case using best efforts so as to permit the Shareholders' Meeting to be held as soon as reasonably practicable as specified in Section 2(d)(i)(A);
  - (iv) on the date of mailing the Corporation Circular, the Corporation shall ensure that the Corporation Circular complies in all material respects with applicable Law, does not contain any Misrepresentation. The Corporation shall not be responsible for any information included in the Corporation Circular related to the Optionee that was furnished by the Optionee for inclusion in the Corporation Circular pursuant to Section 2(d)(vi) and provides the Shareholders with sufficient information to permit them to form a reasoned judgement concerning the matters to be placed before the Shareholders' Meeting. Without limiting the generality of the foregoing, the Corporation Circular shall include a statement that the directors and senior officers of the Corporation who are holders of Shares have agreed to vote their Shares, as applicable, in favour of approving the transactions contemplated by this Agreement;
  - (v) the Corporation shall give the Optionee and its legal counsel a reasonable opportunity to review and comment on drafts of the Corporation Circular and other related documents, and shall give reasonable consideration to any comments made by them, and agrees that all information relating solely to

the Optionee or any of its respective included in the Corporation Circular must be in a form and content satisfactory to the Optionee;

- (vi) the Optionee shall provide the Corporation with, on a timely basis, all information regarding the Optionee and its affiliates and shall ensure that such information does not contain any Misrepresentation; and
- (vii) each party shall promptly notify the other party if it becomes aware that the Corporation Circular contains a Misrepresentation, or otherwise requires an amendment or supplement. The parties shall co-operate in the preparation of any such amendment or supplement as required or appropriate, and the Corporation shall promptly mail, file or otherwise publicly disseminate any such amendment or supplement to the shareholders of the Corporation, if required by applicable Law, file the same with the Securities Authorities or any other Governmental Authority as required.

(e) **Closing.** At the closing of any sale and purchase under this Section 2, the Corporation shall deliver to the Optionee a certificate or direct registration system statement representing the Shares to be issued (if any) against receipt of the Call Purchase Price.

(f) **Access.** Between the date hereof and the final Call Right Closing Date, the Corporation will cooperate with any due diligence review to be conducted by the Optionee or its agents and representatives, including, without limitation, providing information and making available documents and senior corporate officers, as the Optionee or its counsel may reasonably request; provided, however, that the Corporation shall be required to make available senior corporate officers only (i) by telephone, web or cloud-based communications, or at the Corporation's principal offices; and (ii) during the Corporation's ordinary business hours.

3. Call Purchase Price.

(a) If the Optionee exercises the Call Right hereunder, the purchase price per Share at which the Corporation shall be required to issue the Shares (the "**Call Purchase Price**") shall be equal to US\$0.00001 per Share (subject to any customary adjustment).

(b) In further consideration of the Call Right contemplated hereunder, the Optionee shall cause the Corporation to be removed 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 of the Corporation (on a non-diluted basis) pursuant to one or more exercises of the Call Right; and
- (ii) the date that is 12 months following the date first written above.

For certainty, and notwithstanding any other provision contemplated herein, the Optionee shall have no obligation to remove the Corporation as a guarantor under the Loan Agreement in the event the Optionee does not exercise any part of the Call Right.

4. Covenants of the Corporation. The Corporation covenants and agrees that during the period commencing on the Call Commencement Date and until the first Call Right Closing, the Corporation:

- (a) shall not amend its constating documents;
- (b) amend, alter or change the rights, preferences or privileges of the Shares or any other equity securities of the Corporation;
- (c) shall not effect any split, consolidation, reclassification, redemption or repurchase of its securities;
- (d) shall not reorganize, amalgamate or merge;
- (e) shall not declare, set aside or pay any dividend or other disposition of any kind or nature (whether in cash, stock or property or any combination thereof) in respect of any securities;
- (f) shall not undertake any voluntary dissolution, liquidation or winding-up or any other disposition of its assets for the purpose of winding up,
- (g) shall complete on a timely basis all requisite filings with Governmental Authorities or as may otherwise be required under applicable Law;
- (h) shall allow a representative of the Optionee to attend and observe any meeting of the board of directors of the Corporation;
- (i) use its best efforts to maintain its status as its status as a "reporting issuer" (or the equivalent thereof) not in default of the requirements of applicable Canadian securities Laws in at least one jurisdiction of Canada, provided that the foregoing requirement is subject to the obligations of the directors to comply with their fiduciary duties to the Corporation; and
- (j) shall not make or enter into any commitment or agreement in contravention of the foregoing.

5. Notices. All notices, requests, consents, claims, demands, waivers and other communications hereunder shall be in writing and shall be deemed to have been given (a) when delivered by hand (with written confirmation of receipt); (b) when received by the addressee if sent by a nationally recognized overnight courier (receipt requested); (c) on the date sent by e-mail of a PDF document (with confirmation of transmission) if sent during normal business hours of the recipient, and on the next Business Day if sent after normal business hours of the recipient; or

(d) on the third Business Day after the date mailed, by certified or registered mail, return receipt requested, postage prepaid. Such communications must be sent to the respective parties at the addresses indicated below (or at such other address for a party as shall be specified in a notice given in accordance with this Section 5).

If to the Corporation:

TransCanna Holdings Inc.  
2489 Bellevue Avenue  
West Vancouver, B.C.  
V7V 1E1

[REDACTED]

[REDACTED] [REDACTED]

If to the Optionee:

PMG Lyfted Farms, LLC

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

6. Entire Agreement. This Agreement constitutes the sole and entire agreement of the parties to this Agreement with respect to the subject matter contained herein, and supersedes all prior and contemporaneous understandings and agreements, both written and oral, with respect to such subject matter.

7. Successor and Assigns. This Agreement shall be binding upon and shall enure to the benefit of the parties hereto and their respective successors and permitted assigns. However, neither this Agreement nor any of the rights of the parties hereunder may otherwise be transferred or assigned by any party hereto, except that the Optionee may assign its rights and obligations hereunder to any person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the Optionee. Any attempted transfer or assignment in violation of this Section 7 shall be void.

8. No Third-Party Beneficiaries. This Agreement is for the sole benefit of the parties hereto and their respective successors and permitted assigns and nothing herein, express or implied, is intended to or shall confer upon any other person any legal or equitable right, benefit or remedy of any nature whatsoever, under or by reason of this Agreement.

9. Headings. The headings in this Agreement are for reference only and shall not affect the interpretation of this Agreement.

10. Amendment and Modification; Waiver. This Agreement may only be amended, modified or supplemented by an agreement in writing signed by each party hereto. No waiver by any party of any of the provisions hereof shall be effective unless explicitly set forth in writing and signed by the party so waiving. Except as otherwise set forth in this Agreement, no failure to exercise, or

delay in exercising, any right, remedy, power or privilege arising from this Agreement shall operate or be construed as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

11. Severability. If any term or provision of this Agreement is invalid, illegal or unenforceable in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other term or provision of this Agreement or invalidate or render unenforceable such term or provision in any other jurisdiction.

12. Governing Law; Forum Selection. All matters arising out of or relating to this Agreement shall be governed by and construed in accordance with the laws of the province of British Columbia, and the federal laws of Canada applicable therein without giving effect to any choice or conflict of law provision or rule. Any action or proceeding arising out of or relating to this Agreement or the transactions contemplated hereby shall be instituted in the courts of the province of British Columbia and each party irrevocably submits to the exclusive jurisdiction of such courts in any such action or proceeding. The parties irrevocably and unconditionally waive any objection to the venue of any action or proceeding in such courts and irrevocably waive and agree not to plead or claim in any such court that any such action or proceeding brought in any such court has been brought in an inconvenient forum.

13. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which shall together be deemed to be one and the same agreement. A signed copy of this Agreement delivered by facsimile, e-mail or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

14. No Strict Construction. The parties to this Agreement have participated jointly in the negotiation and drafting of this Agreement. If an ambiguity or question of intent or interpretation arises, this Agreement will be construed as if drafted jointly by the parties, and no presumption or burden of proof will arise favouring or disfavouring any party by virtue of the authorship of any of the provisions of this Agreement.

**[SIGNATURE PAGE FOLLOWS]**



IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date first written above.

**TRANCANNA HOLDINGS INC.**

By "James Robert Blink"

Name: James Robert Blink

Title: CEO

**PMG LYFTED FARMS, LLC**

By "Dan Leimel"

Name: Dan Leimel

Title: CEO of the Manager of the  
Sole Managing Member