

51-102F3
MATERIAL CHANGE REPORT

Item 1 **Name and Address of Company**

TRANSCANNA HOLDINGS INC. (the “**Company**”)
2489 Bellevue Ave, West Vancouver
British Columbia V7V 1E1

Item 2 **Date of Material Change**

May 1, 2023

Item 3 **News Release**

The news release was disseminated by Stockwatch and Market News on May 1, 2023

Item 4 **Summary of Material Change**

TransCanna Holdings Inc. announces Annual General and Special Meeting results.

Item 5 **Full Description of Material Change**

5.1 **Full Description of Material Change**

The company is pleased to report the results for the Annual General and Special Meeting (“**Meeting**”) of Shareholders of the Company held on Friday, April 28, 2023. All matters put forward before the TransCanna shareholders (the “**Shareholders**”) for consideration and approval as set out in the Management Information Circular March 29, 2023 were approved by the Shareholders.

Specifically, the Shareholders: (i) approved an ordinary resolution to set the number of directors of the Company at three (3); (ii) approved the election of James R. Blink, Joshua Baker and Travis Heilman as directors of the Company; (iii) approved the appointment of BG Borgers, Certified Public Accountants as auditors of the Company for the ensuing year; (iv) approved the previously announced asset transfer transactions contemplated by the deed in lieu of foreclosure agreement (the “**Deed in Lieu**”) 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 (together with the Company, the “**Guarantor Parties**”) dated February 13, 2023 (the “**Transaction Resolution**”) by special resolution; and (v) ratified and approved the call option agreement (the “**Call Option Agreement**”) and the issuance of common shares of the Company (“**Common Shares**”) thereunder by ordinary resolution of disinterested Shareholders (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, the

Loan Amount, together with all other Obligations (as defined in the Loan Agreement) were secured by a first-priority security interest and lien on the Collateral (as defined therein).

At the Meeting, the Shareholders approved the conveyance to the Secured Lender of good and indefeasible fee simple title to the Collateral under the Loan Agreement that constitutes real property (the “**Real Property Collateral**”) to a designee of the Secured Lender by Dalvi, and the transfer and assignment to a designee (each such designee, a “**Designee**”), as agreed by Lyfted Farms and the Company, all Collateral that constitutes personal property (the “**Personal Property Collateral**”) (the transfer of the Real Property Collateral and Personal Property Collateral, collectively, the “**Transfer**”), constituting the Transfer of all or substantially all of the undertaking of the Company, in each case as contemplated by the Deed in Lieu, which Transfer required the approval by special resolution of the Shareholders pursuant to section 301 of the *Business Corporations Act* (British Columbia).

At the Meeting, the Shareholders ratified, confirmed and approved the entry by the Company into the Call Option Agreement; approved the performance by the Company of its obligations under the Call Option Agreement, and approved the issuance of the Common Shares thereunder. The Call Option Agreement provides PMG Lyfted Farms, LLC, (a designee of the Secured Lender) (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 (the “**Call Purchase Price**”) shall be equal to US\$0.00001 per share (subject to any customary adjustments).

In further 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) the date that is 12 months following the date of the Call Option Agreement. 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 use its best efforts to maintain its reporting issuer status and timely file requisite government filings.

The approvals obtained by the Company for the Transaction Resolution and Call Option Resolution satisfy two conditions precedent for closing the Transfers. Such closing is anticipated to occur, subject to satisfaction (or waiver) of all conditions precedent contemplated under the Deed in Lieu, on or before May 15, 2023, or such other date as agreed among the parties to the Deed in Lieu.

5.2 Disclosure for Restructuring Transactions

N/A

Item 6 **Reliance on subsection 7.1(2) or (3) of National Instrument 51-102**

N/A

Item 7 **Omitted Information**

None

Item 8 **Officer**

James Robert Blink, President

Item 9 **Date of Report**

May 1, 2023