

## Form 62-103F1

### ***Required Disclosure under the Early Warning Requirements***

State if this report is filed to amend information disclosed in an earlier report. Indicate the date of the report that is being amended.

#### **ITEM 1 – SECURITY AND REPORTING ISSUER**

- 1.1 *State the designation of securities to which this report relates and the name and address of the head office of the issuer of the securities.*

This report relates to the acquisition of Multiple Voting Shares (“**Multiple Voting Shares**”) and Subordinate Voting Shares in the authorized capital of:

Bhang Inc.  
7251 NE 2nd Avenue, Suite 201  
Miami, FL 33138  
United States

- 1.2 *State the name of the market in which the transaction or other occurrence that triggered the requirement to file this report took place.*

On July 9, 2019, the Issuer and Bhang Corporation completed their previously announced reverse take-over transaction, pursuant to which Bhang Corporation became wholly-owned subsidiary of the Issuer (the “**RTO**”).

#### **ITEM 2 – IDENTITY OF THE ACQUIROR**

- 2.1 *State the name and address of the acquiror.*

Richard Sellers (the “**Acquiror**”)  
1647 Willow Pass Road, Unit 134  
Concord, CA, 94520  
United States

- 2.2 *State the date of the transaction or other occurrence that triggered the requirement to file this report and briefly describe the transaction or other occurrence.*

On July 9, 2019, the Acquiror acquired beneficial ownership over 500,000 Subordinate Voting Shares, which represent 1% of that class of shares, and 17,382.609 Multiple Voting Shares of the Issuer, which represent 30.69% of that class of shares, by way of a previously announced reverse take-over transaction between the Issuer, Bhang Corporation, Bhang Canada Inc. and Pele Acquisition Corp. The Multiple Voting Shares were issued at a value of \$500 per share and the Subordinate Voting Shares were issued at a value of \$0.50 per share.

Immediately prior to the transactions described herein, the Acquiror beneficially owned or exercised control or direction over zero Multiple Voting Shares and zero Subordinate Voting Shares of the Issuer.

Each Multiple Voting Share has a restricted right to convert into 1,000 Subordinate Voting Shares of the Issuer. Assuming conversion of all Multiple Voting Shares into

Subordinate Voting Shares by the Acquiror, the Acquiror would own 26.69% of the Subordinate Voting Shares on a partially diluted basis or 16.91% of the outstanding Subordinate Voting Shares, assuming the conversion of all outstanding Multiple Voting Shares.

- 2.3 *State the names of any joint actors.*

N/A

### **ITEM 3– INTEREST IN SECURITIES OF THE REPORTING ISSUER**

- 3.1 *State the designation and number or principal amount of securities acquired or disposed of that triggered the requirement to file this report and the change in the acquiror's securityholding percentage in the class of securities.*

See item 2.2.

- 3.2 *State whether the acquiror acquired or disposed ownership of, or acquired or ceased to have control over, the securities that triggered the requirement to file this report.*

See Item 2.2.

- 3.3 *If the transaction involved a securities lending arrangement, state that fact.*

Not applicable.

- 3.4 *State the designation and number or principal amount of securities and the acquiror's securityholding percentage in the class of securities, immediately before and after the transaction or other occurrence that triggered the requirement to file this report.*

See Item 2.2.

- 3.5 *State the designation and number or principal amount of securities and the acquiror's securityholding percentage in the class of securities referred to in Item 3.4 over which*

- (a) *the acquiror, either alone or together with any joint actors, has ownership and control,*

See Item 2.2.

- (b) *the acquiror, either alone or together with any joint actors, has ownership but control is held by persons or companies other than the acquiror or any joint actor, and*

Not applicable.

- (c) *the acquiror, either alone or together with any joint actors, has exclusive or shared control but does not have ownership.*

Not applicable.

- 3.6 *If the acquiror or any of its joint actors has an interest in, or right or obligation associated with, a related financial instrument involving a security of the class of securities in respect of which disclosure is required under this item, describe the material terms of the related financial instrument and its impact on the acquiror's securityholdings.*

Not applicable.

- 3.7 *If the acquiror or any of its joint actors is a party to a securities lending arrangement involving a security of the class of securities in respect of which disclosure is required under this item, describe the material terms of the arrangement including the duration of the arrangement, the number or principal amount of securities involved and any right to recall the securities or identical securities that have been transferred or lent under the arrangement.*

Not applicable.

*State if the securities lending arrangement is subject to the exception provided in section 5.7 of NI 62-104.*

Not applicable.

- 3.8 *If the acquiror or any of its joint actors is a party to an agreement, arrangement or understanding that has the effect of altering, directly or indirectly, the acquiror's economic exposure to the security of the class of securities to which this report relates, describe the material terms of the agreement, arrangement or understanding.*

Not applicable.

#### **ITEM 4 – CONSIDERATION RECEIVED**

- 4.1 *State the value, in Canadian dollars, of any consideration paid or received per security and in total.*

See Item 2.2.

- 4.2 *In the case of a transaction or other occurrence that did not take place on a stock exchange or other market that represents a published market for the securities, including an issuance from treasury, disclose the nature and value, in Canadian dollars, of the consideration paid or received by the acquiror.*

See Item 2.2.

- 4.3 *If the securities were acquired or disposed of other than by purchase or sale, describe the method of acquisition or disposition.*

See Item 2.2.

#### **ITEM 5 – PURPOSE OF THE TRANSACTION**

*State the purpose or purposes of the acquiror and any joint actors for the acquisition or disposition of securities of the reporting issuer. Describe any plans or future intentions which the acquiror and any joint actors may have which relate to or would result in any of the following:*

- (a) *the acquisition of additional securities of the reporting issuer, or the disposition of securities of the reporting issuer;*
- (b) *a corporate transaction, such as a merger, reorganization or liquidation, involving the reporting issuer or any of its subsidiaries;*

- (c) *a sale or transfer of a material amount of the assets of the reporting issuer or any of its subsidiaries;*
- (d) *a change in the board of directors or management of the reporting issuer, including any plans or intentions to change the number or term of directors or to fill any existing vacancy on the board;*
- (e) *a material change in the present capitalization or dividend policy of the reporting issuer;*
- (f) *a material change in the reporting issuer's business or corporate structure;*
- (g) *a change in the reporting issuer's charter, bylaws or similar instruments or another action which might impede the acquisition of control of the reporting issuer by any person or company;*
- (h) *a class of securities of the reporting issuer being delisted from, or ceasing to be authorized to be quoted on, a marketplace;*
- (i) *the issuer ceasing to be a reporting issuer in any jurisdiction of Canada;*
- (j) *a solicitation of proxies from securityholders;*
- (k) *an action similar to any of those enumerated above.*

The Acquiror acquired the Multiple Voting Shares and Subordinate Voting Shares pursuant to the RTO. Presently, the Acquiror has no intention of acquiring any securities of the Issuer. The Acquiror may acquire ownership of or control over further securities of the Issuer in the future depending upon market circumstances. Increase or decrease in ownership of securities of the Issuer will depend on numerous conditions, including the price of the shares of the Issuer and general market conditions.

#### **ITEM 6— AGREEMENTS, ARRANGEMENTS, COMMITMENTS OR UNDERSTANDINGS WITH RESPECT TO SECURITIES OF THE REPORTING ISSUER**

*Describe the material terms of any agreements, arrangements, commitments or understandings between the acquiror and a joint actor and among those persons and any person with respect to securities of the class of securities to which this report relates, including but not limited to the transfer or the voting of any of the securities, finder's fees, joint ventures, loan or option arrangements, guarantees of profits, division of profits or loss, or the giving or withholding of proxies. Include such information for any of the securities that are pledged or otherwise subject to a contingency, the occurrence of which would give another person voting power or investment power over such securities, except that disclosure of standard default and similar provisions contained in loan agreements need not be included.*

In accordance with the policies of the Canadian Securities Exchange, the Acquiror has entered into an escrow agreement with respect to his shares of the Issuer pursuant to Form 46-102F1.

In connection with a brokered private placement financing completed concurrently as a condition precedent to the RTO, the Acquiror has entered into a lock-up agreement with the agents for such financing pursuant to which the Acquiror will not, among other things, without the prior consent of such agents, such consent not to be unreasonably withheld or delayed, offer, issue, sell, grant, secure, pledge, dispose of or monetize, engage in any hedging transaction, contract to sell, lend, swap, or enter into any other agreement to transfer the

economic consequences of, or otherwise dispose of or deal with, or publicly announce any intention to offer, sell, contract to sell, grant or sell any option to purchase, hypothecate, pledge, transfer, assign, purchase any option or contract to sell, lend, swap, or enter into any agreement to transfer the economic consequences of, or otherwise dispose of or deal with, whether through the facilities of a stock exchange, by private placement or otherwise any securities of the Issuer, or other securities convertible into or exercisable or exchangeable for such first mentioned securities held by the undersigned, directly or indirectly, and including by way of distribution by the Issuer of any securities to its shareholders for a period of ninety days after July 9, 2019.

The Multiple Voting Shares held by the Acquiror are subject to the provisions of the coattail agreement between the Issuer, the Acquiror, other holders of Multiple Voting Shares and the Issuer's transfer agent, as described in the Issuer's listing statement dated July 9, 2019 posted and filed under the Issuer's profile on [www.sedar.com](http://www.sedar.com).

#### **ITEM 7 – CHANGE IN MATERIAL FACT**

*If applicable, describe any change in a material fact set out in a previous report filed by the acquiror under the early warning requirements or Part 4 in respect of the reporting issuer's securities.*

Not applicable.

#### **ITEM 8 – EXEMPTION**

*If the acquiror relies on an exemption from requirements in securities legislation applicable to formal bids for the transaction, state the exemption being relied on and describe the facts supporting that reliance.*

Not applicable

#### **ITEM 9 – CERTIFICATION**

##### **Certificate**

I, as the Acquiror, certify that the statements made in this report are true and complete in every respect.

**July 15, 2019**

(signed) "Richard Sellers"