

Form 62-103F1

**REQUIRED DISCLOSURE UNDER THE EARLY WARNING REQUIREMENTS**

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

Not applicable.

**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.**

Securities: subordinate voting shares ("**SV Shares**")

Issuer: Bhang Inc. ("**Bhang**" or the "**Issuer**")  
66 Wellington Street West, Suite 4100  
Toronto, Ontario  
M5K 1B7

**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.**

The Acquiror (defined below) acquired SV Shares pursuant to a securities for debt settlement with the Issuer.

**Item 2 - Identity of the Acquiror**

**2.1 State the name and address of the Acquiror**

WeirFoulds LLP (the "**Acquiror**")  
66 Wellington Street West, Suite 4100  
Toronto, Ontario M5K 1B7

**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 May 24, 2019 Bhang issued 535,640 SV Shares of the Issuer (the "**Debt Settlement Shares**") to 1200124 Ontario Inc. ("**1200124**"), a company controlled by the Acquiror, at a deemed price of \$0.50 per SV Share as partial payment of certain debt in the amount of \$267,820.00 owed by the Issuer to the Acquiror. In total, the Issuer issued an aggregate of 950,000 Debt Settlement Shares pursuant to a debt settlement transaction completed on May 24, 2019 (the "**Debt Settlement Transaction**"), including the 535,640 SV Shares issued to the Acquiror, with the balance of the other Debt Settlement Shares issued to other creditors of the Issuer.

Prior to the acquisition of Debt Settlement Shares, the Acquiror held 323,807 common shares of the Issuer (the "**Common Shares**"), representing approximately 9% of the then issued and outstanding Common Shares of the Issuer. On May 24, 2019, the

Issuer filed Articles of Amendment consolidating the Issuer's Common Shares on a 1:10 basis and re-designating the Common Shares as SV Shares. As a result of the Debt Settlement Transaction, the Acquiror holds a total of 870,026 SV Shares, on a post-consolidated basis, representing approximately 19% of the Issuer's issued and outstanding SV Shares.

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

Not applicable.

**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 the report and the change in the acquiror's security holding percentage in the class of securities.**

On May 24, 2019, 536,640 SV Shares of the Issuer were acquired by the Acquiror through 1200124.

Following the acquisition of the SV Shares, the Acquiror's security holding percentage in the issued and outstanding SV Shares is 19%.

**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 the report.**

Acquired ownership.

**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.**

Immediately before the Debt Settlement Transaction, the Acquiror held 323,807 Common Shares of the Issuer, representing approximately 9% of the Issuer's then issued and outstanding Common Shares.

Following the Debt Settlement Transaction the Acquiror holds a total of 870,026 SV Shares, on a post-consolidated basis, representing approximately 19% of the Issuer's issued and outstanding SV Shares.

**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,**

870,026 SV Shares representing 19% of the outstanding SV Shares.

**(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 Paid**

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

The Acquiror received 535,640 SV Shares pursuant to the Debt Settlement Transaction at a deemed value of \$267,820.00 based on a deemed price of \$0.50 per SV Share.

**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 4.1 above.

**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 above.

#### **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 intends to hold the SV Shares for investment purposes. The Acquiror may from time to time, depending on market and other conditions, acquire additional SV Shares or dispose of SV Shares through private agreement or otherwise.

**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.**

Not applicable.

**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 described the facts supporting that reliance.**

Not applicable.

*[Remainder of Page Intentionally Left Blank]*

**Certificate**

I, as the Acquiror, certify to the best of my knowledge, information and belief, that the statements made in this report are true and complete in every respect.

**DATED** this 30<sup>th</sup> day of May, 2019

**WEIRFOULDS LLP**

*"Michael Dolphin"*

Per: \_\_\_\_\_

Michael Dolphin