

Form 62-103F1

*Required Disclosure under the Early Warning Requirements*

**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.**

Common shares (the “**Common Shares**”), Class A Convertible Restricted Voting Shares (the “**Class A Shares**”) of Cannex Capital Holdings Inc. (formerly, Arco Resources Corp.) (the “**Issuer**”) having an address at 1241 Alberni Street Vancouver, British Columbia V6E 4R4. The Common Shares are listed on the Canadian Securities Exchange (the “**CSE**”) under the symbol “**CNNX**”.

**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.**

Not applicable.

**Item 2 – Identity of the Acquiror**

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

Leonid Gontmakher (the “**Acquiror**”)  
Dorado, Puerto Rico, 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.**

The Acquiror acquired the following securities of the Issuer in exchange for his common shares of Cannex Capital Group Inc. (“**CCGI**”) pursuant to an amalgamation agreement dated December 7, 2017 between the Issuer, 1141684 B.C. Ltd. (a wholly-owned subsidiary of the Issuer) and CCGI (the “**Transaction**”) completed on March 12, 2018:

- (a) 4,342,457 Common Shares; and
- (b) 25,606,400 Class A Shares.

(The Common Shares and Class A Shares are together hereinafter referred to as the “**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 this report and the change in the Acquiror’s securityholding percentage in the class of securities.**

Prior to the Transaction, the Acquiror did not hold any securities in the Issuer. Immediately following the Transaction, the Acquiror acquired by share exchange, 29,948,857 Shares representing approximately 16.3% of 183,713,937 Shares issued and outstanding. The Acquiror

also holds 1,800,000 common share purchase options of the Issuer, representing with his current shareholding an aggregate of 31,748,857 Shares held, assuming the exercise of all such options.

**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.**

The Acquiror acquired ownership and control of the Shares that triggered the requirement to file this report.

**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 3.1 above.

**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 3.1 above.

**(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.**

**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 acquired the securities in exchange for equivalent securities held in CCGI pursuant to the Transaction. The Shares were issued to the Acquiror at a deemed price of \$1.00 per Share. See 2.2 above.

- 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 section 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 section 4.1 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 acquired the securities in exchange for the securities held in CCGI pursuant to the Transaction. The Acquiror may, depending on market and other conditions, increase or decrease his ownership of the Issuer's securities.

#### **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.**

The Acquiror was appointed as a Director and the Chief Operating Officer of the Issuer upon completion of the Transaction.

The Shares acquired by the Acquiror are subject to an escrow agreement under the policies of the CSE which provides for the release of 10% upon completion of the Transaction and an additional 15% of the remaining balance every six months thereafter. The Transaction is constituted as a reverse takeover of the Issuer.

#### **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**

**The Acquiror must certify that the information in this report is true and complete in every respect. In the case of an agent, the certification is based on the agent’s best knowledge, information and belief but the Acquiror is still responsible for ensuring that the information filed by the agent is true and complete.**

**This report must be signed by each person on whose behalf the report is filed or his or her authorized representative.**

**It is an offence to submit information that, in a material respect and at the time and in the light of the circumstances in which it is submitted, is misleading or untrue.**

**Certificate**

I, as the Acquiror, certify, or I, as the agent filing this report on behalf of an 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.

March 19, 2018  
Date

“Leonid Gontmakher”  
Signature

Leonid Gontmakher  
Name/Title