

**PLEASE READ THIS MATERIAL CAREFULLY AS YOU ARE REQUIRED TO MAKE A  
DECISION BEFORE 5:00 P.M. (ET) ON SEPTEMBER 4, 2020**

*This Rights Offering Circular is prepared by management (the "Circular"). No securities regulatory authority or regulator has assessed the merits of these securities or reviewed this circular. Any representation to the contrary is an offence.*

*This is the Circular we referred to in the July 31 2020 Rights Offering Notice (the "Notice"), which you should have already received. Your rights certificate and relevant forms were enclosed with the Notice. This circular should be read in conjunction with the Notice and our continuous disclosure prior to making an investment decision.*

*The securities offered hereby have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), or the securities laws of any state of the United States. This Rights Offering Notice does not constitute an offer to sell or a solicitation of an offer to buy any of the securities offered hereby within the United States, and the securities offered herein may not be offered or sold in or into the United States or to U.S. persons unless registered under the U.S. Securities Act and applicable state securities laws, or pursuant to an exemption from such registration requirements. "United States" and "U.S. person" are defined in Regulation S under the U.S. Securities Act.*

**Rights Offering Circular**

**July 31, 2020**



**Global Hemp Group Inc.**

**PART 1 – SUMMARY OF OFFERING**

References in this Circular to we, our, us and similar terms mean to Global Hemp Group Inc. (the "**Company**"). References in this Circular to you, your and similar terms mean to holders of the Company's common shares (the "**Common Shares**"). Certain terms used in this Circular are defined elsewhere herein. Unless otherwise indicated, references herein to "\$" or "dollars" are to Canadian dollars.

**We currently have sufficient working capital to last 2 months, subject to additional sales from existing inventory. We require 30% of the offering to last 12 months.**

**1. Why are you reading this Circular?**

This Circular provides details about the rights offering and refer to the Notice, which shareholders of the Company should have already received.

We are issuing to the holders of Common Shares in the capital of the Company of record as at the close of business date (5:00 P.M. ET) on August 4, 2020 (the "**Record Date**") and who are resident in Canada (the "**Eligible Jurisdiction**") and outside the Eligible Jurisdiction where the Company is eligible to make such offer, an approximate total of 62,732,338 transferrable rights ("**Rights**") to subscribe for Common Shares and Warrants of the Company (collectively referred to as the "**Securities**") on the terms described in this Circular (the "**Rights Offering**").

This Circular provides additional details about the Rights Offering referred to in the Rights Offering notice dated July 31, 2020 (the "**Notice**"), a copy of which has been filed on SEDAR at [www.sedar.com](http://www.sedar.com).

## 2. What is being offered?

Each holder of Common Shares on the Record Date who resides in an Eligible Jurisdiction will receive one Right for every three (3) Common Shares held as at the Record Date. The Company will not be issuing fractional Rights. All fractional Rights will be rounded up to the next highest whole number of Rights.

## 3. What does one Right entitle you to receive?

Each Right entitles you to purchase one unit (a "Unit") upon payment of the Subscription Price (the "**Basic Subscription Privilege**"). Each Unit will consist of one (1) Common Share of the Company and one (1) full Share Purchase Warrant (the "**Warrant**"). Each whole Warrant will entitle the holder to purchase one additional Common Share at a price of \$0.05 for a period of thirty-six (36) months from its issuance. No fractional Common Shares will be issued.

In the event that the Company's common shares trade on the Canadian Securities Exchange (or such other exchange on which the common shares may be traded at such time) at a volume weighted average price of \$0.12 per share or more for a period of 10 consecutive trading days, the Company will have the right to accelerate the expiry date of the Warrants by giving notice to the holders thereof and, in such case, the Warrants will expire on the 30<sup>th</sup> day after the date on which such notice is given to the holder by the Company.

If you exercise your Basic Subscription Privilege in full, you will also be entitled to subscribe pro rata for Unit (the "**Additional Units**") not otherwise purchased, if any, pursuant to the Basic Subscription Privilege (the "**Additional Subscription Privilege**").

## 4. What is the Subscription Price?

The subscription price to be paid by the subscriber to exercise the Rights is \$0.02 per Unit (the "**Subscription Price**").

## 5. When does the offer expire?

The offer will expire at 5:00 p.m. (Eastern Time) ("**Expiry Time**") on September 4, 2020 (the "**Expiry Date**"). **Rights not exercised at or before the Expiry Time on the Expiry Date will be void and of no value.**

The Company reserves the right to extend the Expiry Time, in its sole discretion, subject to obtaining any required regulatory approvals, if the Company determines that the timely exercise of the Rights may be been prejudiced due to disruption in postal service.

## 6. What are the significant attributes of the Rights issued under the Rights Offering and the Securities to be issued upon exercise of the Rights?

Each Right entitles you to subscribe for one Unit upon payment of the Subscription Price. The authorized capital of the Company consists of an unlimited number of Common Shares and an unlimited number of preferred shares, both of which are without par value.

Holder of Common Shares are entitled to one vote per share at general meetings of the shareholders; to dividends, subject to payment of dividends declared but unpaid on the preferred shares, if, as and when declared by and the board of directors; and, upon liquidation, dissolution or winding-up of the Company, to receive on a pro-rata basis the net assets of the Company after payment of debts and other liabilities, subject to the rights of any securities having priority over the Common Shares.

The Warrants will be issued in the form of a warrant certificate (the "**Warrant Certificate**"). Each whole Warrant will entitle the holder to purchase one additional Common Share at a price of \$0.05 for a period of thirty-six (36) months from its issuance. In the event that the Company's common shares have a closing price on the Canadian Securities Exchange (or such other exchange on which the common shares may be traded at such time) of greater than \$0.12 per share for a period of 10 consecutive trading days, the Company may accelerate the expiry date of the Warrants by giving notice to the holders thereof and, in such case, the Warrants will expire on the 30<sup>th</sup> day after the date on which such notice is given to the holder

by the Company.

The Warrant Certificate will provide for adjustment in the number of Warrant Shares issuable upon exercise of the Warrants and/or exercise price per security upon the occurrence of certain events, and the Warrant Certificate may be amended, all of which are described in the Warrant Certificate available from the Company upon request.

As at the date hereof, there are 188,197,016 common shares issued and outstanding as fully paid and non-assessable and no preferred shares issued and outstanding. In addition, as of the date hereof, the Company has the following securities outstanding:

- i) 34,365,558 outstanding warrants at a weighted average exercise price of \$0.14; and
- ii) 18,400,000 outstanding options at a weighted average exercise price of \$0.08.

Assuming all of the Rights are exercised and no other issuances of Common Shares occur before the Expiry Time, the Company will have 250,929,354 Common Shares outstanding immediately after the Expiry Time.

**7. What are the minimum and maximum number or amount of Securities that may be issued under the Offering?**

The Rights Offering is not subject to any minimum subscription level. An approximate maximum of 62,732,338 Units comprised of an approximate maximum of 62,732,338 Common Shares and an approximate maximum of 62,732,338 Warrants will be issued under the Offering.

**8. Where will the Rights and the Securities issuable upon the exercise of the rights be listed for trading?**

The Common Shares are listed on the Canadian Securities Exchange (the “CSE”) under the ticker symbol “GHG”. The CSE has conditionally approved the listing of the Rights and the Securities issuable upon the exercise of the Rights. Such listing will be subject to the Company fulfilling all of the listing requirements of the CSE.

The Rights will be listed on the CSE under the symbol “GHG.RT” and holders of Rights may sell their Rights through facilities of the CSE. See “Are there restrictions on the resale of securities?” below. Trading in the Rights on the CSE will cease at 12:00 p.m. (Eastern Time) on September 4, 2020.

**PART 2 – USE OF AVAILABLE FUNDS**

**1. What will our available funds be upon the closing of the Rights Offering?**

Assuming the exercise of all Rights, the maximum gross proceeds to the Company from the Offering is estimated to be approximately \$1,254,646. The Company does not intend to combine any other additional source of funding to achieve its principal capital-raising purpose.

As at March 31, 2020, the Company’s working capital deficiency was \$279,502. However, this working capital deficiency includes an account payable valued at \$210,539 that is currently under dispute and will be eventually written-off. The available funds to be raised under this Offering assuming all Rights are exercised, or assuming a minimum of 35% of the Rights are exercised, will be sufficient to reduce and eliminate our current working capital deficiency which includes the above mentioned disputed liabilities in the amount of \$210,539. Furthermore, the Company expects the working capital deficiency will decrease in the coming months as it increases its biological assets from the growth and harvest of hemp plants this season and the anticipated additional sales from current inventory.

The following table outlines the available funds upon closing of the Rights Offering:

|          | Use of Funds   | Assuming 25% of the Offering | Assuming 50% of the Offering | Assuming 75% of the Offering | Assuming 100% of the Offering |
|----------|--|------------------------------|------------------------------|------------------------------|-------------------------------|
| <b>A</b> | Amount to be raised by this Offering                             | \$313,661                    | \$627,323                    | \$940,985                    | \$1,254,646                   |
| <b>B</b> | Selling commissions and fees                                     | \$25,092                     | \$50,185                     | \$75,278                     | \$100,371                     |
| <b>C</b> | Estimated offering costs (legal, accounting, audit, agent, etc.) | \$30,000                     | \$30,000                     | \$30,000                     | \$30,000                      |
| <b>D</b> | Available funds: $D = A - (B + C)$                               | \$258,899                    | \$547,138                    | \$835,707                    | \$1,124,275                   |
| <b>E</b> | Additional sources of funds required                             | \$0.00                       | \$0.00                       | \$0.00                       | \$0.00                        |
| <b>F</b> | Working Capital Deficiency <sup>(1)</sup>                        | \$68,693                     | \$68,693                     | \$68,693                     | \$68,693                      |
| <b>G</b> | Total: $G = (D + E) - F$   | \$190,206                    | \$478,445                    | \$767,014                    | \$1,055,582                   |

(1) The working capital deficiency of \$279,502 includes disputed liabilities of \$210,539, which the Company intends to challenge and when successful will write off resulting in a lower working capital deficiency of \$68,693.

## 2. How will we use the available funds?

The following table provides a detailed breakdown of how the available funds will be used by the Company:

| Description of intended use of available funds (listed in order of priority) | Assuming 25% of the Offering | Assuming 50% of the Offering | Assuming 75% of the Offering | Assuming 100% of the Offering |
|--|------------------------------|------------------------------|------------------------------|-------------------------------|
| Business expansion opportunities   | \$0                          | \$250,000                    | \$500,000                    | \$750,000                     |
| General working capital  | \$190,206                    | \$228,445                    | \$267,014                    | \$305,582                     |
| Total:   | \$190,206                    | \$478,445                    | \$767,014                    | \$1,055,582                   |

Assuming that the Company is able to successfully challenge and write off the disputed liabilities noted above, the Company will increase the funding for Business expansion opportunities by the amount written off.

We intend to spend the available funds as stated. However, the actual use of funds of the Right Offering may vary depending on operational and capital needs from time to time. We will reallocate funds only for sound business reasons.

## 3. How long will the available funds last?

The Company estimates that the funds raised in the Rights Offering, assuming 100% participation in the Rights Offering and subject to a 30% minimum participation, along with anticipated cash flows, will provide adequate working capital for the 12-month period after the Expiry Time.

### **PART 3 – INSIDER PARTICIPATION**

#### **1. Will insiders be participating?**

To the knowledge of the Company, after reasonable inquiry, no directors, senior officers and persons controlling over 10% of the Common Shares of the Company (collectively, the “**Insider Group**”), as the date hereof, will be participating in this Rights Offering or expressed their intention to participate in the Rights Offering.

#### **2. Who are the holders of 10% or more of our securities before and after the Rights Offering?**

To the knowledge of the Company, after reasonable inquiry, as at the date hereof and before the Offering, no person beneficially owns, or control or direct, directly or indirectly, voting securities of the Company carrying more than 10% of the voting rights attached to the voting securities of the Company.

### **PART 4 – DILUTION**

#### **1. If you do not exercise your Rights, by how much will your security holdings be diluted?**

If a shareholder elects not to exercise Rights, the value of the Common Shares held by such shareholder may be diluted as a result of the exercise of Rights by other shareholders by approximately 25.0%, assuming the issuance of the maximum number of Common Shares under the Rights Offering

### **PART 5 – STAND-BY COMMITMENT**

#### **1. Who is the stand-by guarantor and what are the fees?**

There is no stand-by guarantor that will be participating in the Rights Offering.

### **PART 6 – MANAGING DEALER, SOLICITING DEALER AND UNDERWRITING CONFLICTS**

#### **1. Who is the managing dealer or soliciting dealer and what are their fees?**

In connection with the Rights Offering, Twilight Capital Inc. will act as financial advisors to the Company to provide information on the terms of the Rights Offering to Eligible Holders, answer questions with respect to the Rights Offering and solicit the exercise of Rights by Eligible Holders.

Twilight Capital Inc. will be paid a fee of equivalent to 8% of the gross proceeds of any funds raised from investors introduced by the financial advisor to the Company in connection with the Rights Offering. Twilight Capital Inc. will also be entitled to receive incentive warrants that will be issued and calculated at 8% of the shares that will be issued from the exercise of Rights granted under this Offering.

#### **2. How can I contact the Financial Advisor?**

***Twilight Capital Inc.***

Attention: Nikolas Perrault

Email: [nikolas@twilightcapital.ca](mailto:nikolas@twilightcapital.ca)

#### **3. Does the Financial Advisor have a conflict of interest?**

There are no conflicts of interest between Twilight Capital Inc. and the Company.

## **PART 7 – HOW TO EXERCISE THE RIGHTS**

### **1. How does a security holder that is a registered holder participate in the Rights Offering?**

If you are a registered holder of Common Shares in an Eligible Jurisdiction, a certificate (the "Rights Certificate") representing the total number of transferable Rights to which you are entitled as at the Record Date will be mailed to you with a copy of the Rights Offering Notice. To exercise the Rights represented by the Rights Certificate, you must complete and deliver the Rights Certificate, together with payment, according to the instructions set out below. Rights not exercised before the Expiry Time will be void and of no value. The method of delivery is at the discretion and risk of the holder of the Rights Certificate and delivery to the Rights Agent will only be effective when actually received by the Rights Agent at its Subscription Office. See "Appointment of Rights Agent - Who is the Rights Agent?" Rights Certificates and payments received after the Expiry Time will not be accepted.

In order to exercise your Rights you must:

1. **Complete and sign Form 1 on the Rights Certificate.** The maximum number of Rights that you may exercise under the Basic Subscription Privilege is shown in the box on the upper right hand corner of the face of the Rights Certificate. If you complete the Form 1 (a) so as to exercise some but not all of the Rights evidenced by the Rights Certificate, you will be deemed to have waived the unexercised balance of such Rights, unless you otherwise specifically advise the Rights Agent at the time the Rights Certificate is surrendered to the Rights Agent.
2. **Additional Subscription Privilege.** Complete and sign Form 1 (b) on the Rights Certificate only if you also wish to participate in the Additional Subscription Privilege. See "How to exercise the Rights? - What is the Additional Subscription Privilege and how can you exercise this privilege?" in this Circular.
3. **Enclose payment in Canadian funds.** Payment must be made by certified cheque, bank draft or money order payable to the order of Odyssey Trust Company. To exercise the Rights you must pay \$0.02 per Unit. In addition to the amount payable for any Units you wish to purchase under the Basic Subscription Privilege, you must also pay the amount required for any Units subscribed for under the Additional Subscription Privilege.
4. **Delivery.** Deliver or mail the completed Rights Certificate and payment in the enclosed return envelope addressed to the Rights Agent so that it is received by the Rights Agent before the Expiry Time. If you are mailing your documents, registered mail is recommended. Please allow sufficient time to avoid late delivery.

The signature of the Rights Certificate holder must correspond in every particular with the name that appears on the face of the Rights Certificate. Signatures by a trustee, executor, administrator, guardian, attorney, officer of a company or any person acting in a fiduciary or representative capacity should be accompanied by evidence of authority satisfactory to the Rights Agent. We will determine all questions as to the validity, form, eligibility (including time of receipt) and acceptance of any subscription in our sole discretion.

Subscriptions for Units made in connection with this Offering either directly or through a Participant will be irrevocable. We reserve the right to reject any subscription if it is not in proper form or if the acceptance of the subscription or the issuance of Units for the subscription could be unlawful. We also reserve the right to waive any defect in respect of any particular subscription. Neither we nor the Rights Agent is under any duty to give any notice of any defect or irregularity in any subscription, nor will we be liable for the failure to give any such notice.

### **2. How does a security holder that is not a registered holder participate in the Rights Offering?**

Only registered Eligible Holders will be provided with Rights Certificates. You are a "Beneficial Eligible Holder" if you hold your Common Shares through a securities broker or dealer, bank or trust company or other participant (each, a "**Participant**") in the book-based system administered by CDS Clearing and

Depository Services Inc. ("CDS"). The total number of Rights to which all Beneficial Eligible Holders as at the Record Date are entitled will be issued to CDS and will be deposited with CDS following the Record Date. We expect that each Beneficial Eligible Holder will receive a confirmation of the number of Rights issued to it from its Participant in accordance with the practices and procedures of that Participant. CDS will be responsible for establishing and maintaining book-entry accounts for Participants holding Rights.

Neither we nor the Rights Agent will have any liability for (i) the records maintained by CDS or Participants relating to the Rights or the book-entry accounts maintained by them, (ii) maintaining, supervising or reviewing any records relating to such Rights, or (iii) any advice or representations made or given by CDS or Participants with respect to the rules and regulations of CDS or any action to be taken by CDS or Participants.

If you are a beneficial Eligible Holder:

1. to exercise your Rights held through a Participant, you must instruct such Participant to exercise all or a specified number of such Rights, and forward to such Participant, the Subscription Price for each Unit that you wish to purchase.
2. you may subscribe for Additional Units pursuant to the Additional Subscription Privilege by instructing such Participant to exercise the Additional Subscription Privilege in respect of the number of Additional Units you wish to subscribe for, and forwarding to such Participant the Subscription Price for such Additional Units requested.

Any excess funds will be returned to the relevant Participant for the account of the Beneficial Eligible Holders, without interest or deduction.

### 3. Who is eligible to receive Rights?

- *No offering outside of Eligible Jurisdictions*

The Rights are being offered to Eligible Holders in each of the provinces and territories of Canada. Shareholders will be presumed to be resident in the place of their registered address, unless the contrary is shown to the satisfaction of the Company. This Circular is not to be construed as an offering of the Rights, nor are the Units issuable upon exercise of the Rights offered for sale, in any jurisdiction outside the Eligible Jurisdictions or to holders of Common Shares who are residents of any jurisdiction other than the Eligible Jurisdictions.

- *Ineligible Holders may not acquire Rights or the Units issuable upon exercise of the Rights unless approved by the Company.*

We will not issue or forward Rights Certificates to Ineligible Holders unless they are Approved Ineligible Holders (as defined below). Ineligible Holders will be presumed to be resident in the place of their registered address.

Ineligible Holders will be sent the Rights Offering Notice, for information purposes only, together with a letter advising them that their Rights Certificates will be held by the Rights Agent. An Ineligible Holder, either registered or beneficial, may apply to the Company to claim their Rights Certificate by providing documentation confirming that the delivery of their Rights Certificate, and the exercise of their Rights, is lawful and complies with all applicable securities laws, and other laws, in the jurisdiction where the Ineligible Holder resides. If such documentation is acceptable to the Company, in its sole discretion, the Company may provide notice to the Rights Agent that such Ineligible Holder is an approved ineligible holder (an "**Approved Ineligible Holder**") and instruct the Rights Agent to deliver the Rights Certificate to the Approved Ineligible Holder. The Rights Certificate, and any Units that may be issued upon the exercise of the Rights, may be endorsed with restrictive legends according to applicable securities laws.

An Ineligible Holder that (1) (i) is a direct or indirect holder with an address of record in the United States and who is an "accredited investor" that satisfies one or more of the criteria set forth in Rule 501(a) of Regulation D promulgated under the U.S. Securities Act (each a "**Accredited Investor**"), and who provides evidence to such effect, in a form which satisfies, in the sole discretion of the Company, the requirements

of Rule 506(c) of Regulation D, which may require the Ineligible Holder to provide to us all or any combination of: (a) an Internal Revenue Service Form that reports such Ineligible Holder's income for the most recent two years; (b) bank statements and other statements of securities holdings, certificates of deposit or tax assessments; (c) a consumer report from a United States nationwide consumer reporting agency; (d) written confirmation from a United States registered broker-dealer, an investment adviser registered with the SEC, a licensed United States attorney or an accountant as to whether such Ineligible Holder is an "accredited investor"; (e) any other information we deem necessary to confirm the Ineligible Holder's status as a U.S. Accredited Investors in order to comply with Rule 506(c) of Regulation D; or (ii) is outside the Eligible Jurisdictions and the United States; and (2) satisfies us that such offering to and subscription by such Approved Ineligible Holder or transferee is lawful and in compliance with all applicable securities and other laws may have its Rights Certificates issued and forwarded by the Rights Agent upon direction from us.

A holder of Rights not resident in an Eligible Jurisdiction holding on behalf of a person resident in an Eligible Jurisdiction may be able to exercise the Rights provided the holder provides an investor letter, satisfactory to us, on or before the Expiry Time on the Expiry Date representing to us that the beneficial purchaser is resident in an Eligible Jurisdiction and satisfying us that such subscription is lawful and in compliance with all securities and other applicable laws (an "**Approved Eligible Holder**"). Participants receiving Rights on behalf of beneficial Ineligible Holders will be instructed by CDS not to permit the exercise of such Rights unless the holder is an Approved Eligible Holder.

The Rights Agent will hold the Rights of Ineligible Holders until August 21, 2020. If you do not satisfy the Company as to your eligibility to participate in the Rights Offering on or before August 21, 2020, the Rights Agent will, prior to the Expiry Time, attempt to sell such Rights on the CSE, on a best efforts basis. The Rights Agent's ability to sell the Rights, and the prices obtained for the Rights, are dependent on market conditions. The Rights Agent will not be subject to any liability for failure to sell any Rights held for the benefit of Ineligible Holders at any particular price or prices, or at all. The proceeds received by the Rights Agent, if any, from the sale of the Rights delivered to it, net of any applicable costs, expenses and taxes will be divided among the Ineligible Holders on a pro rata basis according to the total number of Common Shares held by them on the Record Date. The Rights Agent will mail cheques to the Ineligible Holders at their addresses appearing in the records of the Rights Agent for their respective proportions of those net proceeds, subject to any applicable taxes which must be withheld for particular Ineligible Holders, provided that the Rights Agent will not be required to make any such payment to any Ineligible Holder if the amount owing to such holder is less than \$10.00. Such amount will be used by the Company to offset a portion of the remuneration of the Rights Agent for its services.

Holders of Rights who are not resident in Canada should be aware that the purchase and sale of Rights or Common Shares or Warrants may have tax consequences in the jurisdiction where they reside, which are not described in this Circular. Accordingly, such holders should consult their own tax advisors about the specific tax consequences in the jurisdiction where they reside of acquiring, holding and disposing of Rights or Common Shares or Warrants.

#### **4. What is the additional subscription privilege and how can you exercise this privilege?**

##### *- Registered Holders of Rights*

If you exercise all of your Rights under the Basic Subscription Privilege, you may subscribe for additional Units that have not been subscribed and paid for pursuant to the Basic Subscription Privilege (the "**Additional Units**") under the Additional Subscription Privilege.

If you wish to exercise the Additional Subscription Privilege, you must first exercise your Basic Subscription Privilege in full by completing Form 1 (a) on the Rights Certificate for the maximum number of Units that you may subscribe for and also complete Form 1 (b) on the Rights Certificate, specifying the number of Additional Units desired. Send the purchase price for the Additional Units under the Additional Subscription Privilege with your Rights Certificate to the Rights Agent. The purchase price is payable in Canadian funds by certified cheque, bank draft or money order payable to the order of Odyssey Trust Company. These funds will be placed in a segregated account pending allocation of the Additional Units, with any excess funds being returned by mail without interest or deduction.

If the total number of Additional Units subscribed for by those who exercise their Additional Subscription Privilege is less than the number of available Additional Units, each such holder of Rights will be allotted the number of Additional Units subscribed for under the Additional Subscription Privilege.

If the total number of Additional Units subscribed for by those who exercise their Additional Subscription Privilege exceeds the number of available Additional Units, each such holder of Rights will be entitled to receive the number of Additional Units equal to the lesser of:

1. the number of Additional Units subscribed for by the holder under the Additional Subscription Privilege; and
2. the product (disregarding fractions) obtained by multiplying the aggregate number of Additional Units available through unexercised Rights by a fraction, the numerator of which is the number of Rights previously exercised by the holder and the denominator of which is the total number of Rights previously exercised by all holders of Rights who have subscribed for Additional Units under the Additional Subscription Privilege.

As soon as practicable after the Expiry Date, the Rights Agent will mail to each holder of Rights who completed Form 1 on the Rights Certificate, certificates for the Common Shares and Warrants comprised in the Additional Units which that holder has purchased and will return to the holder any excess funds paid for the subscription of Additional Units by such holder under the Additional Subscription Privilege, without interest or deduction.

- *Beneficial Holders of Rights*

If you are a Beneficial Holder of Rights through a Participant in CDS and you wish to exercise your Additional Subscription Privilege, you must deliver your payment and instructions to the Participant sufficiently in advance of the Expiry Time to allow the Participant to properly exercise the Additional Subscription Privilege on your behalf.

**5. How does a Rights holder sell or transfer Rights?**

- *Registered Holders of Rights*

The Rights will trade on CSE under the trading symbol "GHG.RT" until 12:00 p.m. (ET) on September 4, 2020. If you do not wish to exercise your Rights, you may sell or transfer them directly or through your stockbroker or investment dealer at your expense, subject to any applicable resale restrictions. See "How to exercise the Rights – Are there restrictions on the resale of securities?" You may elect to exercise a part only of your Rights and dispose of the remainder, or dispose of all your Rights. Any commission or other fee payable in connection with the exercise or any trade of Rights (other than the fee for services to be performed by the Rights Agent as described in this Circular) is the responsibility of the holder of such Rights. Depending on the number of Rights a holder may wish to sell, the commission payable in connection with a sale of Rights could exceed the proceeds received from such sale.

Additional Rights may also be purchased through a stockbroker or investment dealer by a shareholder of the Company.

Eligible Holders of Rights in Canada with Rights Certificates in registered form may, instead of exercising their Rights to subscribe for Units, sell or transfer their Rights to any person in Canada (a "**transferee**") by completing Form 3 on the Rights Certificate and delivering the Rights Certificate to the transferee.

If you wish to transfer your Rights other than through the facilities of the CSE, complete Form 3 (the "**Transfer Form**") on the Rights Certificate, have the signature guaranteed by an "eligible institution" to the satisfaction of the Rights Agent and deliver the Rights Certificate to the transferee. For this purpose, eligible institution means a Canadian Schedule 1 chartered bank (currently only offered by Bank of Nova Scotia, Royal Bank of Canada and TD Bank), a member of the Securities Transfer Agents Medallion Program (STAMP), or a member of the Stock Exchange Medallion Program (SEMP). Members of these programs are usually members of a recognized stock exchange in Canada or members of the Investment Industry Regulatory Organization of Canada.

It is not necessary for a transferee of Rights to obtain a new Rights Certificate to exercise the Rights or the Additional Subscription Privilege, but the signature of the transferee on Forms 1 and 2 must correspond in every particular with the name of the transferee shown on the Transfer Form. If the Transfer Form is properly completed, the Company and the Rights Agent will treat the transferee as the absolute owner of the Rights Certificate for all purposes and will not be affected by notice to the contrary. A Rights Certificate so completed should be delivered to the transferee in ample time for the transferee to use it before the Expiry Time.

- *Beneficial Holders of Rights*

If you hold Common Shares through a Participant, you must arrange for the exercise, transfer or purchase of Rights through that Participant.

**6. When can you trade securities issuable upon the exercise of your rights?**

The Common Shares issuable upon the exercise of your Rights will be listed on the CSE under the trading symbol "GHG.RT" and will be available for trading as soon as practicable following the Expiry Date. Listing and trading of the Warrants issuable on exercise of the Rights will require the approval of the CSE upon application by the Company after the Expiry Date. The Warrants must meet the CSE's public distribution requirement to be allowed to trade on the CSE.

**7. Are there restrictions on the resale of the securities?**

The Rights being issued hereunder are being distributed by the Company pursuant to exemptions from the registration and prospectus requirements under Canadian securities legislation.

Rights, the Common Shares and Warrants issuable upon exercise of such Rights, and the Common Shares issuable on exercise of the Warrants, each distributed to shareholders and Warrant holders in the Eligible Jurisdictions may be resold without hold period restrictions under the applicable securities laws of the Eligible Jurisdictions provided that: (i) the sale is not by a "control person" of the Company; (ii) no unusual effort is made to prepare the market or create a demand for the securities being resold; (iii) no extraordinary commission or consideration is paid to a person or company in respect of the resale; and (iv) if the selling security holder is an insider or officer of the Company, the selling security holder has no reasonable grounds to believe that the Company is in default of securities legislation.

The Rights and the Common Shares and Warrants issuable on exercise of the Rights, and the Common Shares issuable on exercise of the Warrants, have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States. Accordingly, unless the holder is an Approved Ineligible Holder, the Rights and Common Shares and Warrants issuable upon exercise of the Rights may not be offered, sold, pledged or transferred, directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. person. "United States" and "U.S. person" are as defined in Regulation S under the U.S. Securities Act. See "Notice to Shareholders in the United States".

Each holder is urged to consult their professional advisor to determine the exact conditions and restrictions applicable to trades of the Securities.

**8. Will we issue fractional underlying securities upon exercise of the Rights?**

No fractional Common Shares or Warrants will be issued. Where the exercise of Rights would otherwise have entitled a Rights holder to receive fractional Common Shares or Warrants, the Rights holder's entitlement will be rounded down to the next lowest whole number of Common Shares.

**PART 8 – APPOINTMENT OF RIGHTS AGENT**

**1. Who is the Rights Agent?**

Odyssey Trust Company is the Rights Agent for the Rights Offering. The Rights Agent has been appointed to receive subscriptions and payments from holders of Rights and to perform the services relating to the exercise and transfer of the Rights.

The Company will pay for all such services of the Rights Agent. The Rights Agent will accept subscriptions for Rights Shares and payment of the Subscription Price from Rights holders by mail or courier to the office of the Rights Agent:

**Odyssey Trust Company**  
#323-409 Granville Street  
United Kingdom Building  
Vancouver, BC, V6C 1T2

Attention: Corporate Actions

Enquiries relating to the Offering should be addressed to the Rights Agent by telephone at 1-888-290-1175 or by sending an email to [corp.actions@odysseytrust.com](mailto:corp.actions@odysseytrust.com).

**2. What happens if we do not raise the minimum offering amount or if we do not receive funds from the Stand-by Guarantors?**

There is no minimum offering amount or stand-by guarantor. The Rights Agent will hold all funds received in payment for Units subscribed for on exercise of the Rights in a segregated account pending completion of the Offering.

If the Offering is terminated by the Company for whatever reason, funds received in payment for Units subscribed for on exercise of the Rights will be returned (without interest) to the applicable subscriber or CDS Participants.

**PART 9 – ADDITIONAL INFORMATION**

**1. Where can you find more information about us?**

You can find more information about the Company by referring to the continuous disclosure documents filed by the Company with Canadian securities regulatory authorities on SEDAR at [www.sedar.com](http://www.sedar.com). You can also obtain additional information about us on our website at <https://www.globalhempgroup.com> or by contacting us by email: [info@globalhempgroup.com](mailto:info@globalhempgroup.com)

**PART 10 – MATERIAL FACTS AND MATERIAL CHANGES**

***There is no material fact or material change about the Company that has not been generally disclosed.***

**FORWARD-LOOKING STATEMENTS**

This Circular contains certain “forward-looking statements” and “forward-looking information” as defined under applicable Canadian and U.S. securities laws (collectively, “forward-looking statements”). All statements, other than statements of historical fact, are forward-looking statements. When used in this Circular, the words “estimate”, “project”, “believe”, “anticipate”, “intend”, “expect”, “plan”, “predict”, “may”, “should”, “will”, or the negatives of these words or other variations thereof and comparable terminology are intended to identify forward-looking statements. The forward-looking statements pertain to, among other things: the timing of and other procedural matters associated with the Rights Offering; the funds to be raised under the Rights Offering; estimated costs of the Rights Offering; the successful completion of the Rights Offering; the use of proceeds from the Rights Offering; the Company’s estimate of how long the funds raised in the Rights Offering will last from the Expiry Time; the anticipated dilution of shareholders of the Company and liquidity and working capital of the Company.

The forward-looking statements are based on a number of key expectations and assumptions made by management of the Company, including, but not limited to: the maximum number of Common Shares being issued pursuant to the Rights Offering; the estimated cost of the Rights Offering; the estimated amount of funds raised under the Rights Offering; the operating expenses of the Company following the Expiry Time; the availability of additional capital; the Company's ability to continue as a going concern; and general economic and financial market conditions.

Although the Company believes that the expectations and assumptions on which the forward-looking statements are based are reasonable, undue reliance should not be placed on such forward-looking statements. The forward-looking statements reflect the Company's current views with respect to future events based on currently available information and are inherently subject to risks and uncertainties. Many factors, both known and unknown, could cause actual results, performance or achievements to be materially different from the results, performance or achievements that are or may be expressed or implied by such forward-looking statements contained in this Circular, including, but not limited to: the maximum number of Common Shares being issued pursuant to the Rights Offering being lower than expected; the uncertainty associated with estimating actual costs incurred in the Rights Offering; the actual amount of funds raised under the Rights Offering; the actual operating expenses of the Company for the 12-month period following the Expiry Time; delays in obtaining or failure to obtain required approvals to complete the Rights Offering; the impact of issuance of additional Common Shares on the market price of the Common Shares; the condition of the global economy; and the Company's access to funding and its ability to provide the capital required for product development, operations and marketing efforts, and working capital requirements.

Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, believed, estimated or expected. The Company cautions readers not to place undue reliance on any such forward-looking statements, which speak only as of the date made. Although the Company has attempted to identify important factors that could cause actual results to differ materially from forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated, described or intended. The Company disclaims any obligation subsequently to revise any forward-looking statements to reflect events or circumstances after the date of such statements or to reflect changes in assumptions or the occurrence of anticipated or unanticipated events, except as required by law.

#### ***NOTICE TO SHAREHOLDERS IN THE UNITED STATES***

NEITHER THIS RIGHTS OFFERING NOR THE COMMON SHARES AND WARRANTS ISSUABLE IN CONNECTION WITH THE RIGHTS OFFERING HAVE BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION (THE "SEC") OR THE SECURITIES REGULATORY AUTHORITIES IN ANY STATE OF THE UNITED STATES, NOR HAS THE SEC OR THE SECURITIES REGULATORY AUTHORITIES IN ANY STATE OF THE UNITED STATES PASSED UPON THE FAIRNESS OR MERITS OF THIS RIGHTS OFFERING OR UPON THE ADEQUACY OF THE INFORMATION CONTAINED IN THIS RIGHTS OFFERING CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The Rights and the Common Shares and Warrants issuable upon exercise of the Rights have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**") or applicable state securities laws, shareholders of the Company who are U.S. residents cannot participate in the Offering unless such shareholder can provide evidence satisfactory to the Company, that such shareholder is an "accredited shareholder" within the meaning of Rule 501(a) of Regulation D promulgated under the U.S. Securities Act ("Regulation D") in a manner that satisfies the requirements of Rule 506(c) of Regulation D. See "How to exercise the Rights – Who is eligible to receive Rights and Are there restrictions on the resale of securities?" in this Circular.