

EARLY WARNING REPORT

This report is made as required by Part 5 of Multilateral Instrument 62-104 – *Take-Over Bids and Issuer Bids*, and pursuant to Part 3 of National Instrument 62-103 – *The Early Warning System and Related Take-Over Bid and Insider Reporting Issues*.

1. Name and address of the offeror:

John Miller
200 – 1455 Ellis Street,
Kelowna, BC V1Y 2A3
(the “offeror”)

2. Designation and number or principal amount of securities and the offeror’s securityholding percentage in the class of securities of which the offeror acquired ownership or control in the transaction or occurrence giving rise to the obligation to file the news release, and whether it was ownership or control that was acquired in those circumstances:

The offeror acquired ownership of 22,306,368 common shares of Thelon Capital Ltd. (the “**Issuer**”), representing 35.23% of the issued and outstanding 63,311,110 common shares of the Issuer immediately after such acquisition.

3. Designation and number or principal amount of securities and the offeror’s securityholding percentage in the class of securities immediately after the transaction or occurrence giving rise to the obligation to file the news release:

After the above transaction, the offeror now has ownership of 22,306,368 common shares of the Issuer, representing 35.23% of the issued and outstanding 63,311,110 common shares of the Issuer immediately after such acquisition.

4. Designation and number or principal amount of securities and the percentage of outstanding securities of the class of securities referred to in paragraph 3 over which

(i) the offeror, either alone or together with any joint actors, has ownership and control:

Hee Jung Chun may be considered a joint actor of John Miller.

Hee Jung Chun has ownership of 22,306,368 common shares of the Issuer, representing 35.23% of the issued and outstanding 63,311,110 common shares of the Issuer.

John Miller and Hee Jung Chun own an aggregate of 44,612,736 common shares of the Issuer, representing 70.47% of the issued and outstanding 63,311,110 common shares of the Issuer.

(ii) the offeror, either alone or together with any joint actors, has ownership but control is held by other persons or companies other than the offeror or any joint actor:

Not applicable.

- (iii) **the offeror, either alone or together with any joint actors, has exclusive or shared control but does not have ownership:**

Not applicable.

5. **Name of the market in which the transaction or occurrence that gave rise to the news release took place:**

Not applicable.

6. **The value, in Canadian dollars, of any consideration offered per security if the offeror acquired ownership of a security in the transaction or occurrence giving rise to the obligation to file a news release.**

The 22,306,368 common shares of the Issuer were acquired in exchange for 10,800 Class "A" Voting Common shares without par value in the capital of THC Meds Inc., a private British Columbia corporation, in a reverse takeover transaction pursuant to a Share Exchange Agreement (as defined below). The last closing price of the Issuer prior to its delisting on the TSX Venture Exchange was \$0.045 per share and on the basis of this closing price, the 22,306,368 common shares of the Issuer would represent an approximate price of \$1,003,786.

7. **Purpose of the offeror and any joint actors in effecting the transaction or occurrence that gave rise to the news release, including any future intention to acquire ownership of, or control over, additional securities of the reporting issuer:**

The acquisition was made in connection with the completion of a Share Exchange Agreement, dated January 14, 2015 (the "**Agreement**") among Thelon Capital Ltd., THC Meds Inc., T.H.C. Medical Systems Ltd. (together, the "**Target Companies**") and shareholders of the Target Companies. Pursuant to the Agreement, the offeror also intends to acquire approximately 6,498,950 common shares of the Issuer (the "**Earn-Out Shares**") in the event that the Issuer obtains a license pursuant to Canada's *Marihuana for Medical Purposes Regulations*.

8. **General nature and the material terms of any agreement, other than lending arrangements, with respect to securities of the reporting issuer entered into by the offeror, or any joint actor, and the issuer of the securities or any other entity in connection with the transaction or occurrence giving rise to the news release, including agreements with respect to the acquisition, holding, disposition or voting of any of the securities:**

(a) Pursuant to the Agreement, the offeror acquired 22,306,368 common shares of the Issuer in exchange for 10,800 Class "A" Voting Common shares without par value in the capital of THC Meds Inc.

(b) By an agreement dated January 15, 2015 with the Issuer (the "**Stock Restriction Agreement**"), the offeror agreed not to transfer or otherwise dispose of its 22,306,368 common shares and the Earn-Out Shares except that such restriction will not apply to proportions of the shares vesting as follows:

| Vesting Date | Proportion of Vested Shares |
|---|---|
| On the date the Issuer's common shares are listed(the "Listing Date") | 1/10 of the common shares |
| 6 months after the Listing Date | 1/6 of the remainder of the common shares |
| 12 months after the Listing Date | 1/5 of the remainder of the common shares |
| 18 months after the Listing Date | 1/4 of the remainder of the common shares |
| 24 months after the Listing Date | 1/3 of the remainder of the common shares |
| 30 months after the Listing Date | 1/2 of the remainder of the common shares |
| 36 months after the Listing Date | The remainder of the common shares |

and provided however that such restrictions will not apply to:

- (i) a transfer of the common shares to any director, officer, employee or consultant of the Issuer;
- (ii) a transfer of the common shares to the Issuer pursuant to a redemption initiated by the Issuer; or
- (iii) a transfer during the offeror's lifetime or on the offeror's death by will or intestacy to the offeror's beneficiaries or a trust for the benefit of the offeror's beneficiaries.

so long as any such transferee agrees to the same transfer restrictions.

9. Names of any joint actors in connection with the disclosure required by this report:

Hee Jung Chun may be considerate a joint actor of John Miller. Hee Jung Chun and John Miller are related..

10. In the case of a transaction or 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, the nature and value of the consideration paid by the offeror:

The offeror acquired 22,306,368 common shares of the Issuer in exchange for 10,800 Class "A" Voting Common shares without par value in the capital of THC Meds Inc. pursuant to the Share Exchange Agreement.

11. If applicable, a description of any change in any material fact set out in a previous report by the entity under the early warning requirements or Part 4 of National Instrument 62-103 in respect of the reporting issuer's securities:

Not applicable.

12. If applicable, a description of the exemption from securities legislation being relied on by the offeror and the facts supporting that reliance:

NI 45-106, Section 2.16.

DATED at January 16, 2015.

“John Miller”

JOHN MILLER
