

EARLY WARNING REPORT
National Instrument 62-103

This report is being filed pursuant to Section 5.2(2) of Multilateral Instrument 62-104.

The following information is filed pursuant to the provisions listed above under applicable securities legislation:

(a) Name and Address of the Reporting Issuer:

Cellbroadcast Group Inc. (“**Cellbroadcast**” or the “**Company**”)
184 N. Railway Street
Okotoks, AB T1S 1B2

(b) Designation of Securities of the Reporting Issuer to which this Report relates:

Common shares in the capital of the Company (“**Common Shares**”).

(c) Name and Address of the Offeror:

Merchant Equities Capital Corp. (the “**Offeror**”)
Suite 610, 1414 8th Street SW, Calgary, AB T2R 1J6

(d) Date of the Transaction giving rise to the Report

May 7, 2020

(e) 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 of 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 announces that effective May 7, 2020 it has acquired a total of 7,500,000 Common Shares from Germann & Assoc. Investments Inc. pursuant to the closing of a purchase and sale agreement dated effective April 24, 2020 at a price of \$0.01 per Common Share (the “**Acquisition**”). Prior to completion of the issuance, the Offeror did not own or exercise control over any Common Shares. Following the Acquisition, the Offeror owns approximately 43.7% of the total issued and outstanding 17,713,900 Common Shares on both an undiluted and fully diluted basis. The Common Shares were purchased from Germann & Assoc. Investments Inc., a current insider and control person of the Company. Details of the sale were detailed in a Form 45-102F1 which was filed on April 28, 2020.

(f) 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 obligation to file the new release:

See above under paragraph (e).

- (g) Designation and number or principal amount of securities and the percentage of outstanding securities of the class of securities referred to in paragraph (c) over which:**
- (i) the offeror, either alone or together with any joint actors, has ownership and control,**
- See above under paragraph (e).
- (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, and**
- 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.
- (e) Name of the market in which the transaction or occurrence that gave rise to the news release took place:**
- Not applicable. Common Shares were purchased on a private placement basis pursuant to the Acquisition from an arm's length seller pursuant to a private purchase and sale agreement between the parties.
- (e.1) Value, in Canadian dollars, of any consideration offered per security if the offeror acquired ownership of a security in the transaction or occurrence that gave rise to the obligation to file a news release:**
- Offeror agreed to purchase Common Shares at a price of \$0.01 from the seller.
- (f) 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 Offeror has acquired the securities in the Company for investment purposes and from time to time the Offeror may: (i) acquire additional securities of the Company, (ii) dispose of some or all of the existing or additional securities it holds or may hold or (iii) may continue to hold its current position. All such transactions will be reported on SEDI as the Offeror is now an insider of the Company.
- (g) The 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:**
- The Offeror entered into a purchase and sale agreement dated effective April 24, 2020 between the Offeror and the seller with respect to the acquisition of Common Shares

described herein. Consideration of \$75,000.

(h) The names of any joint actors in connection with the disclosure required hereby:

Not applicable.

(i) 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:

See above under paragraph (e.1).

(j) 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 in respect of the reporting issuer's securities:

Not applicable.

(k) If applicable, a description of the exemption from the formal bid requirements of applicable securities legislation being relied on by the offeror and the facts supporting that reliance:

The Offeror is relying on the exemption contained in Section 4.2 of National Instrument 62-104 – *Take-over Bids and Issuer Bids* in that the purchase is being made from not more than 5 persons in the aggregate (only one seller), including persons located outside the local jurisdiction; (b) the bid is not made generally to security holders of the class of securities that is the subject of the bid, and there are more than 5 security holders of the class; and (c) as there is no published market for the securities acquired, there is a reasonable basis for determining that the value of the consideration paid for any of the securities is not greater than 115% of the value of the securities, since the value paid is the same as the most recent value paid for the Common Shares in a separate and unrelated transaction.

The undersigned, as the Offeror, 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 at Calgary, Alberta as of the 7th day of May, 2020.

MERCHANT EQUITIES CAPITAL CORP.

(signed) "Eric M. Leslie"

Eric M. Leslie, President