

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 and/or Warrants of Breathtec BioMedical Inc. (individually the “**Common Shares**” and the “**Warrants**”)

Breathtec BioMedical Inc. (“**Reporting Issuer**”)  
Suite 915 – 700 West Pender Street  
Vancouver, British Columbia Canada V6C 1G8

Breathtec BioMedical Inc. is a reporting issuer, in the reporting jurisdictions of British Columbia, Alberta and Ontario. The Common Shares of the Reporting Issuer are listed on the Canadian Securities Exchange and trades under the trading symbol “BTH”.

**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 Common Shares and Warrants in the share capital of the Reporting Issuer through a share exchange agreement, through a private placement offering of and/or through the facilities of the Canadian Securities Exchange as described in item 3.1 below.

**Item 2 Identity of the Acquiror**

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

Kulwant Malhi (the “**Acquiror**”)  
c/o Suite 915, 700 W Pender St  
Vancouver BC V6C 1G8

**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 Common Shares and Warrants, either direct or indirect, in the share capital of the Reporting Issuer, resulting in the Acquiror’s shareholdings in the Reporting Issuer to 23.886% of the outstanding Common Shares of the Reporting Issuer.

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

BullRun Capital Inc. is a private company over which the Acquiror has control and direction.

Cannabix Breathalyzer Inc. is a private company over which the Acquiror has control and direction.

(individually and collectively the “**Joint Actor**”).

### 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 securityholding percentage in the class of securities.*

Effective on October 18, 2018, the Acquiror held directly, a total of 320,001 common shares in the share capital of the Reporting Issuer. Effective on October 19, 2018, Cannabix Breathalyzer Inc., a private company over which the Acquiror has control and direction over a total of 112,500 common shares in the share capital of the Reporting Issuer.

- 1) on October 18, 2018, the Acquiror acquired 11,500 common shares in the share capital of the Reporting Issuer at a purchase price of \$0.21 per common share through the facilities of the Canadian Securities Exchange;
- 2) the Reporting Issuer acquired Nash Pharmaceuticals Inc. by way of share exchange agreement dated October 5, 2018. BullRun Capital Inc., a private company over which the Acquiror has control and direction over, held 5,500,000 common shares in the share capital of Nash Pharmaceuticals Inc. Pursuant to the share exchange agreement, on October 19, 2018, Bull Run Capital Inc. was issued 5,500,000 common shares in the share capital of the Reporting Issuer at a deemed price of \$0.24 per common share together with a grant of 5,500,000 replacement warrants to purchase an additional 5,500,000 common shares in the share capital of the Reporting Issuer, at a warrant exercise price of 0.15. A total of 3,500,000 replacement warrants expire on September 25, 2019 at an exercise price of \$0.15 per warrant share, a total of 1,000,000 replacement warrants expire on September 27, 2019 at an exercise price of \$0.15 per warrant share, and a total of 1,000,000 replacement warrants expire on October 2, 2019 at an exercise price of \$0.15 per share;
- 3) on October 19, 2018, under the share exchange agreement referenced in item 2) above, Cannabix Breathalyzer Inc., held 760,000 common shares in the share capital of Nash Pharmaceuticals Inc. was issued 760,000 common shares in the share capital of the Reporting Issuer at a deemed price of \$0.24 per common share together with a grant of 760,000 replacement warrants to purchase an additional 760,000 common shares in the share capital of the Reporting Issuer, expiring on October 4, 2019 at an exercise price of \$0.15 per share; and
- 4) on October 23, 2018 BullRun Capital Inc. purchased 147,170 units in a private placement offering of the Reporting Issuer, each unit consisting of 147,170 common shares at a purchase price of \$0.24 per unit, with a share purchase warrant entitling BullRun Capital Inc. to purchase an additional 147,170 common shares at an exercise price of \$0.50 expiring on October 23, 2020.

Immediately following the acquisition of the securities detailed in this item 3.1, the Acquiror owns directly and controls a total of 6,851,171 Common Shares of the Reporting Issuer, representing approximately 23.886% of the issued and outstanding Common Shares of the Reporting Issuer, and indirectly controls a total of 6,407,170 common share purchase warrants of the Reporting Issuer, representing approximately 22.338% of the issued and outstanding Common Shares of the Reporting Issuer, and assuming the exercise of all warrants held indirectly by the Acquiror, a total representation of 46.224% of Common Shares in the share capital of the Reporting Issuer on a fully diluted basis.

**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.**

The Acquiror acquired ownership of the securities, both directly and indirectly with the Joint Actors.

**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.**

Before the transactions set out in items 1 through 4 under section 3.1 above, the Acquiror, together with its joint actor, owned or exercised control or direction over 432,501 Common Shares, representing 1.51% of the outstanding Common Shares.

After transaction number 1), the Acquiror, together with its joint actor, owned or exercised control or direction over 444,001 Common Shares representing 1.548% of the outstanding Common Shares.

After transaction number 2), the Acquiror, together with its joint actor, owned or exercised control or direction over 5,944,001 Common Shares representing 20.72% of the outstanding Common Shares.

After transaction number 3), the Acquiror, together with its joint actor, owned or exercised control or direction over 6,091,171 Common Shares representing 21.236% of the outstanding Common Shares.

After transaction number 4), the Acquiror, together with its joint actor, owned or exercised control or direction over 6,851,171 Common Shares representing 23.886% of the outstanding Common 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,**

After completion of the transaction items 1) through 4) above the Acquiror, together with its joint actor had ownership or control over 6,851,171 Common Shares representing 23.886% of the outstanding Common 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.*

As set out in section 3.1 above:

Item 1) the Acquiror paid \$0.21 per Common Share, for aggregate consideration of \$2,415.00;

Item 2) the Acquiror paid a deemed price of \$0.24 per Common Share, for aggregate consideration of \$1,320,000;

Item 3) the Acquiror paid a deemed price of \$0.24 per Common Share, for aggregate consideration of \$182,400.00; and

Item 4) the Acquiror paid \$0.24 per Common Share, for aggregate consideration of \$35,320.80.

- 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.*

Not applicable.

**4.3** *If the securities were acquired or disposed of other than by purchase or sale, describe the method of acquisition or disposition.*

Not applicable.

**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;*

The Acquiror acquired the securities for investment purposes. Subject to market conditions, the Acquiror may increase or decrease his beneficial ownership both direct and indirect of the Reporting Issuer's securities.

- (b) *a corporate transaction, such as a merger, reorganization or liquidation, involving the reporting issuer or any of its subsidiaries;*

Not applicable.

- (c) *a sale or transfer of a material amount of the assets of the reporting issuer or any of its subsidiaries;*

Not applicable.

- (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;*

Not applicable.

- (e) *a material change in the present capitalization or dividend policy of the reporting issuer;*

Not applicable.

- (f) *a material change in the reporting issuer's business or corporate structure;*

Not applicable.

- (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;*

Not applicable.

- (h) *a class of securities of the reporting issuer being delisted from, or ceasing to be authorized to be quoted on, a marketplace;*

Not applicable.

- (i) *the issuer ceasing to be a reporting issuer in any jurisdiction of Canada;*

Not applicable.

- (j) *a solicitation of proxies from securityholders;*

Not applicable.

- (k) *an action similar to any of those enumerated above.*

Not applicable.

**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 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.*

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** January 9, 2019.

(Signed) Kulwant Malhi

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**KULWANT MALHI**  
c/o Suite 915, 700 W Pender St  
Vancouver BC V6C 1G8