

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.

This report relates to the common shares ("**Common Shares**") of Citizen Stash Cannabis Corp. ("**Citizen Stash**"). The address of the head office of Citizen Stash is 12556 Stave Lake Road, Mission, British Columbia V2V 0A6.

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.

See Item 2.2.

Item 2 – Identity of the Acquiror

2.1 State the name and address of the acquiror.

The Valens Company Inc. ("**Valens**"). The address of the head office of Valens is 96 Spadina Avenue, Suite 400, Toronto, Ontario M5V 2J6.

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.

Effective November 8, 2021, Valens and Citizen Stash completed a court-approved plan of arrangement under Section 192 of the *Canada Business Corporations Act* (the "**Arrangement**"), pursuant to the arrangement agreement dated August 30, 2021 (the "**Arrangement Agreement**").

Pursuant to the Arrangement, among other things, Valens acquired all the issued and outstanding Common Shares (including Common Shares issued pursuant to outstanding Citizen Stash restricted share units and in connection with certain financial advisory services rendered) based on an exchange ratio of 0.1620 of a Valens common share (a "**Valens Share**") in exchange for each Common Share held.

In addition, Valens "cashed out" all outstanding in-the-money Citizen Stash options for their "in-the-money amount" and paid for the same by the issuance of Valens Shares (based on the same indicative trading prices).

The Arrangement is more particularly described in the information circular of Citizen Stash dated September 28, 2021 (the "**Circular**") in connection with a special meeting of the securityholders of Citizen Stash. The Circular, the Arrangement Agreement, and other related documents have been filed on SEDAR and are available under Citizen Stash's profile at www.sedar.com

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 the report and the change in the acquiror's securityholding percentage in the class of securities.

Pursuant to the Arrangement, Valens acquired 106,265,303 Common Shares, representing all of the issued and outstanding Common Shares.

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.

See Item 3.1.

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.

Immediately before the completion of the Arrangement, Valens did not own or control any Common Shares. Immediately after the completion of the Arrangement, Valens owned 106,265,303 Common Shares, representing all of the issued and 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,

Pursuant to the Arrangement, Valens acquired, and following the completion of the Arrangement, Valens now directly has ownership or control of 106,265,303 Common Shares, representing all of the issued and 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.

Pursuant to the Arrangement, former holders of Common Shares received 0.1620 of a Valens Share for each Common Share held. In addition, the outstanding in-the-money Citizen Stash options, were transferred to Citizen Stash for their in-the-money amount, paid in Valens Shares.

Based on the closing price of the Valens Shares on the TSX-V on November 5, 2021 of C\$1.76, being the last trading day prior to the completion of the Arrangement, the value of the consideration per Common Share was C\$0.285 and the total consideration for the acquisition was C\$30,298,363, all payable in Valens Shares.

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;*
- (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 purpose of the Arrangement was to enable Valens to, among other things, acquire all of the issued and outstanding Common Shares.

Valens intends to cause Citizen Stash to cease to be a reporting issuer in the provinces of Canada in which it is a reporting issuer, such provinces being British Columbia, Alberta and Ontario.

Valens may develop further plans or intentions in the future in respect of the actions listed in paragraphs (a) through (k) above.

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.

On August 30, 2021, Valens and Citizen Stash entered into the Arrangement Agreement pursuant to which such parties agreed to effect the Arrangement and related matters.

For a detailed summary of the Arrangement Agreement, please refer to the Circular. The Circular, the Arrangement Agreement, and other related documents have been filed on SEDAR and are available under Citizen Stash's profile at www.sedar.com

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.

[Signature page follows]

Item 9 – Certification

Certificate

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 November 9, 2021.

THE VALENS COMPANY INC.

By: (signed) "Sunil Gandhi"
Sunil Gandhi
Chief Financial Officer