

FORM 51-102F3
MATERIAL CHANGE REPORT

Item 1. Name and Address of Company

Bhang Inc
(formerly known as Pele Mountain resources Inc. ("**Bhang**" or the "**Company**")
66 Wellington Street West
Suite 4100
Toronto, Ontario M5K 1B7

Item 2. Date of Material Change

May 24, 2019

Item 3. News Release

Press release issued by Bhang on May 24, 2019, in respect to the material change referred to in this report via a Canadian news wire service, a copy of which has been filed via SEDAR.

Item 4. Summary of Material Change

The Company has announced changing its name, consolidating the common shares of the Corporation and settling debt with certain creditors.

Item 5. Full Description of Material Change

The Corporation has filed Articles of Amendment effective May 24, 2019, changing its name to BHANG INC. (the "Name Change") and consolidating the common shares of the Corporation, on the basis of one (1) post-consolidation common share for every ten (10) pre-consolidation common shares (the "Consolidation"), and simultaneously re-designating such class of shares as subordinate voting shares (the "Subordinate Voting Shares") and created a new class of multiple voting shares (the "Re-designation of Shares").

No fractional shares shall be issued as a result of the Consolidation, and if any fractional share would otherwise result from the Consolidation, such fractional share shall be rounded down to the nearest whole share. Accordingly, the capitalization of the Corporation has been consolidated from 36,143,196 common shares issued and outstanding to approximately 3,613,976 subordinate voting shares issued and outstanding under the new name BHANG INC.

In connection with the Transaction, the Corporation received conditional approval on May 16, 2019 for the listing of the Subordinate Voting Shares on the Canadian Securities Exchange. In preparation for the closing of the Transaction, the Corporation shares have been delisted from the TSX Venture Exchange as of close of business on May 23, 2019.

In connection with the Transaction, the Corporation is also pleased to announce that it, through its wholly-owned subsidiary, Mountain Pass Resources Inc. (“Mountain Pass”), has re-transferred certain mining claims it originally acquired in south-eastern California, U.S.A. to Mountain Pass Rare Earths LLC (“MPRE”) (the “MPRE Reconveyance”) pursuant to a purchase agreement (“Purchase Agreement”) among the Corporation, Mountain Pass and MPRE. As consideration for the MPRE Reconveyance, the Corporation paid to MPRE a cash payment of USD\$10,000 and issued an aggregate of 100,000 subordinate voting shares of the Corporation (“Subordinate Voting Shares”) at a price of \$0.50 per Subordinate Voting Share. As further consideration for the MPRE Reconveyance under the Purchase Agreement, both the Corporation and MPRE have exchanged full and final mutual releases. The Company has also completed a dissolution of Mountain Pass.

In addition to the MPRE Reconveyance, the Corporation has also entered into and closed on additional debt settlement agreements (the “Debt Settlement”) with certain creditors, all of which are related parties of the Corporation (collectively, the “Related Creditors”), providing for the settlement of approximately \$425,000.00 of its outstanding debts (the “Outstanding Debt”). Pursuant to the Debt Settlement, the Outstanding Debt will be settled through the issuance of an aggregate of 850,000 Subordinate Voting Shares at a price of \$0.50 per Subordinate Voting Share.

Martin Cooper, a director and President and CEO of the Corporation, will settle a total of \$60,000 in outstanding salary in exchange for 120,000 Subordinate Voting Shares; Forbes Andersen LLP, a partnership of which Paul Andersen, the Chief Financial Officer of the Corporation is the Managing Partner, will settle a total of \$97,180.00 in outstanding debt in exchange for 194,360 Subordinate Voting Shares; and WeirFoulds LLP, a law firm of which Steven Rukavina, a director and Secretary of the Corporation, is a partner, will settle a total of \$267,820 in outstanding debt in exchange for 535,640 Subordinate Voting Shares.

The participation in the Debt Settlement by the Related Creditors constitutes a “related party transaction” as such term is defined by Multilateral Instrument 61-101 - Protection of Minority Security Holders in Special Transactions (“MI 61-101”) under applicable securities laws. The Corporation is relying on exemptions from the MI 61-101 formal valuation and minority approval requirements applicable to related party transactions available as neither the fair market value of the subject matter of, nor the fair market value of the consideration for, the Debt Settlement, insofar as it involves the Related Creditors, exceeds 25% of the Corporation’s market capitalization at the time at which such transactions were agreed to. The participation by each Related Creditor in the Debt Settlement was approved by directors of the Corporation who are independent of the Related Creditors.

The Subordinate Voting Shares issued pursuant to the MPRE Reconveyance and the Debt Settlement are subject to a statutory hold period of four months and one day from the closing date.

Item 6. Reliance on subsection 7.1(2) of National Instrument 51-102

Not Applicable.

Item 7. Omitted Information

No information has been omitted from this material change report.

Item 8. Executive Officer

The following senior officer of Bhang is knowledgeable about the material change and the Report and may be contacted as follows:

Martin Cooper, CEO and President
Telephone: 1-800-315-7353

Item 9. Date of Report

May 28, 2019