

**Form 51-102F3**  
**Material Change Report**

**Item 1 Name and Address of Company**

Bhang Inc. (the “**Corporation**” or “**Company**”)  
7251 NE 2nd Avenue  
Suite 201  
Miami, FL  
33138

**Item 2 Date of Material Change**

July 9, 2019 and July 11, 2019

**Item 3 News Release**

The news release issued by the Corporation on July 9, 2019 was disseminated through the facilities of Cision. The news release issued by the Corporation on July 11, 2019 was disseminated through the facilities of GlobeNewswire. Both news releases were subsequently filed on SEDAR.

**Item 4 Summary of Material Change**

On July 9, 2019, the Company announced that it closed its previously announced reverse takeover transaction with Bhang Corporation. The Company will carry on the business of Bhang Corporation, which is now a wholly-owned subsidiary of the Company.

On July 11, 2019, the Company announced that it began trading on the Canadian Securities Exchange as Bhang Inc. under the stock symbol “BHNG”.

**Item 5.1 Full Description of Material Change**

*Completion of RTO Transaction*

On July 9, 2019, the Corporation announced that it closed its previously announced reverse takeover transaction (the “**Transaction**”) with Bhang Corporation. The Company will carry on the business of Bhang Corporation, which is now a wholly-owned subsidiary of the Company.

The Company acquired all of the issued and outstanding shares of Bhang Corporation pursuant to share exchange agreements dated May 15, 2019 between the Company and each of the shareholders of Bhang Corporation. Pursuant to the Transaction, the Company issued to the shareholders of Bhang Corporation an aggregate of 33,365,916 Subordinate Voting Shares and 56,634.128 Multiple Voting Shares in the capital of the Company.

In connection with the brokered offering, led by AltaCorp Capital Inc. and included Echelon Wealth Partners Inc., Eight Capital and Industrial Alliance Securities Inc., and non-brokered offering announced by the Company on February 12, 2019, the Company completed a “three cornered” amalgamation whereby Pele Acquisition Corp. (“**Subco**”), a wholly-owned subsidiary of the Company, amalgamated with Bhang Canada Inc. (“**Bhang Finco**”), a special

purpose vehicle, pursuant to an amalgamation agreement dated July 9, 2019 among the Company, Subco and Bhang Finco (the “**Amalgamation Agreement**”). Pursuant to terms of the Amalgamation Agreement, an aggregate of 11,182,735 Subordinate Voting Shares and 5,591,316 warrants (the “**Warrants**”) were issued to shareholders of Bhang Finco. Each Warrant entitles the holder to purchase one Subordinate Voting Share at a price of \$0.65 per share until July 9, 2021, subject to acceleration in the event that the volume weighted average price of the Subordinate Voting Shares is equal to or greater than \$1.00 over a period of 10 consecutive trading days.

With the completion of the Transaction, the Company has 49,112,627 Subordinate Voting Shares issued and outstanding (on an undiluted basis).

*Commencement of Trading on CSE*

On July 11, 2019, the Company announced that it began trading on the Canadian Securities Exchange as Bhang Inc. under the stock symbol “BHNG”.

**Item 6 Reliance on Subsection 7.1(2) of National Instrument 51-102**

Not applicable.

**Item 7 Omitted Information**

Not applicable.

**Item 8 Executive Officer**

Jamie L. Pearson  
Chief Operating Officer and Corporate Secretary  
Tel: (786) 953-4281

**Item 9 Date of Report**

July 16, 2019.

**Cautionary Note Regarding Forward Looking Information**

*This report contains statements which constitute “forward-looking information” within the meaning of applicable securities laws, including statements regarding the plans, intentions, beliefs and current expectations of the Company with respect to future business activities. Forward-looking information is often identified by the words “may,” “would,” “could,” “should,” “will,” “intend,” “plan,” “anticipate,” “believe,” “estimate,” “expect” or similar expressions and include information regarding: (i) statements regarding the future direction of the Company (ii) the ability of the Company to successfully achieve its business and financial objectives, and (iii) expectations for other economic, business, and/or competitive factors. Investors are cautioned that forward-looking information is not based on historical facts but instead reflect the Company’s management’s expectations, estimates or projections concerning the business of the Company’s future results or events based on the opinions, assumptions and estimates of management considered reasonable at the date the statements are made. Although the Company believes that the expectations reflected in such forward-looking information are reasonable, such information involves risks and uncertainties, and undue reliance should not be placed on such information, as unknown or unpredictable factors could have material adverse effects on future results, performance or achievements of the combined company. Among the key factors that could cause actual results to differ materially from those projected in the forward-looking information are the following: changes in general economic, business and political conditions, including changes in the financial markets; and in particular in the ability of the Company to raise debt and equity capital in the amounts and at the costs that it expects; adverse*

*changes in the public perception of cannabis; decreases in the prevailing prices for cannabis and cannabis products in the markets that the Company operates in; adverse changes in applicable laws; or adverse changes in the application or enforcement of current laws; compliance with extensive government regulation and related costs, and other risks described in the Company's Listing Statement available on [www.sedar.com](http://www.sedar.com).*

*Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking information prove incorrect, actual results may vary materially from those described herein as intended, planned, anticipated, believed, estimated or expected. Although the Company has attempted to identify important risks, uncertainties and factors which could cause actual results to differ materially, there may be others that cause results not to be as anticipated, estimated or intended. The Company does not intend, and does not assume any obligation, to update this forward-looking information except as otherwise required by applicable law.*