

NOTICE OF CHANGE IN CORPORATE STRUCTURE

Pursuant to Section 4.9 of National Instrument 51-102 Continuous Disclosure Obligations

1. Names of the Parties to the Transaction

Bhang Inc., formerly Pele Mountain Resources Inc. ("**Bhang**"), Bhang Corporation ("**Bhang US**"), Bhang Canada Inc. ("**BCI**") and Pele Acquisition Corp., a subsidiary of Bhang ("**Subco**").

2. Description of the Transaction

On November 8, 2018, Bhang, Subco, Bhang US and BCI entered into a definitive agreement (the "**Definitive Agreement**") whereby Bhang and Bhang US agreed to combine their respective businesses (the "**Transaction**"). Prior to the completion of the Transaction, Bhang changed its name from "Pele Mountain Resources Inc." to "Bhang Inc." and consolidated its common shares on the basis of one (1) post-consolidation common share for every ten (10) pre-consolidation common shares, and simultaneously re-designated such class of shares as subordinate voting shares (the "**Subordinate Voting Shares**") and created a new class of multiple voting shares (the "**Multiple Voting Shares**"). As part of the Transaction, Bhang acquired all of the issued and outstanding shares of Bhang US in exchange for an aggregate of 33,365,916 Subordinate Voting Shares and 56,634,128 Multiple Voting Shares.

In connection with the offering of subscription receipts of BCI, Bhang completed a "three-cornered" amalgamation whereby Subco amalgamated with BCI pursuant to an amalgamation agreement dated July 9, 2019 among Bhang, Subco and BCI (the "**Amalgamation Agreement**"). Pursuant to terms of the Amalgamation Agreement, an aggregate of 11,182,735 Subordinate Voting Shares and 5,591,316 warrants of Bhang (the "**Warrants**") were issued to shareholders of BCI. 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, Bhang has 49,112,627 Subordinate Voting Shares issued and outstanding (on an undiluted basis) and 105,746,755 Subordinate Voting Shares assuming the conversion of all Multiple Voting Shares.

3. Effective date of the Transaction

July 9, 2019

4. Names of each Party, if any, that ceased to be a Reporting Issuer subsequent to the Transaction and of each Continuing Entity

Bhang continues to be reporting issuer in British Columbia, Alberta and Ontario. No party ceased to be a reporting issuer.

5. Date of the Reporting Issuer's First Financial Year-End Subsequent to the Transaction

December 31, 2019.

6. Periods, including the comparative periods, if any, of the interim and annual financial statements required to be filed for the reporting issuer's first financial year subsequent to the Transaction

Bhang will file interim financial statements for the nine months ended September 30, 2019 on or before November 29, 2019 and annual financial statements for the year ended December 31, 2019, on or before April 29, 2020.

7. Documents filed under NI 51-102 Continuous Disclosure Obligations that describe the Transaction

The following documents describing the Transaction, and related matters, were filed on SEDAR at www.sedar.com under Bhang's profile:

- a) press release dated June 19, 2018 announcing that Bhang entered into a letter of intent to acquire Bhang US;
- b) material change report filed on June 20, 2018 relating to the above item (a);
- c) Definitive Agreement dated November 8, 2018;
- d) press release dated November 9, 2018 announcing that Bhang has entered into a definitive agreement with Bhang US in connection with the Transaction;
- e) material change report filed on November 16, 2018 relating to the above item (d).
- f) press release dated February 12, 2019 announcing the closing of the subscription receipt financing by BCI in connection with the Transaction;
- g) material change report filed on February 22, 2019 relating to the above item (f).
- h) press release dated May 27, 2019 announcing that Bhang changed its name to Bhang Inc., consolidated its shares, completed a debt settlement, redesignated its common shares to Subordinate Voting Shares and created a new class of Multiple Voting Shares;
- i) material change report filed on May 28, 2019 relating to the above item (h);
- j) Listing Statement dated July 9, 2019;
- k) press release dated July 9, 2019 announcing the closing of the Transaction;
- l) press release dated July 11, 2019 announcing the commencement of trading on the Canadian Securities Exchange;
- m) material change report filed on July 16, 2019 relating to the above items (k) and (l).