



Bhang Inc. Announces Third Quarter 2019 Financial Results

MIAMI, Dec. 02, 2019 -- **Bhang Inc.** ("**Bhang**" or the "**Company**") (CSE: BHNG) (OTCQX: BHNGF), a global cannabis CPG brand company with an extensive, award-winning portfolio of products, today reported its financial and operating results for the third quarter ending September 30, 2019. All figures in this press release are stated in U.S. dollars unless otherwise noted.

Over the past decade, Bhang has become one of the most-recognized brands in cannabis anchored by our flagship 8X cannabis cup winning chocolate products. Since our official CSE list date in July, Bhang has faced challenging market headwinds and strong skepticism driven by reduced investment and downsizing across the cannabis industry. Despite these challenges, the Company has been laser focused on evolving its portfolio of branded products within existing categories. Through the third quarter, Bhang laid the necessary foundational building blocks with our successful acquisition of Red Ace Organics as well as our announced partnerships to bring Bhang hemp-derived CBD products across Europe and Puerto Rico. The Company also increased its U.S. market exposure to seven states, with Bhang branded THC chocolate bars coming soon to Nevada.

To position the Company on a strong path to profitability, Bhang is now expressly focused on rationalizing its current assets, driving efficiencies through cost and overhead reductions and improving execution on the Company's existing product portfolio. As we look forward to 2020, we are confident that the strong foundation we have built in Q3 and throughout 2019 will allow us to rationalize our core product offering, gain the trust of new customers and continue growth across our global retail network.

Key Third Quarter Financial and Operational Highlights

Financial Highlights:

- Q3 2019 revenue of \$1,285,746 represents an increase of 368% over the \$274,914 of revenue generated in Q3 2018. Revenue growth was driven by increased licensing revenues in new markets, new products including our pre-rolled hemp cigarettes and bulk isolate sales through our brokerage.
- Revenue for the nine months ending September 30, 2019 was \$4,042,162, a significant increase of \$3,323,920 (463%) over the prior year.
- Net loss attributed to the Company in Q3 2019 of \$10,576,566 includes \$4,531,452 of non-recurring transaction costs associated with the Company's go-public transaction, of which \$3,482,159 were related to the fair value of shares issued, and thus, non-cash, and \$2,849,457 of non-cash expenses resulting from stock option issuances to key management and service providers.
- Bhang had \$1,215,257 million of cash and cash equivalents at the end of September 30, 2019. The Company is in discussions with strategic funding partners to provide additional financing and will update the market upon closing.

Operational Highlights:

- In July, Bhang Inc. (formerly Pele Mountain Resources Inc.) closed a reverse takeover transaction with Bhang Corporation and on July 11, 2019, the Company's Subordinate Voting Shares began trading on the Canadian Securities Exchange under the ticker symbol "BHNG."
- Received a first-place prize in the best cannabis infused chocolate category at WeedCon 2019, solidifying the Company as one of the most-awarded brands in cannabis today.
- Signed an exclusive agreement with a team built around one of the largest distributors in Puerto Rico that specializes in CPG to distribute Bhang's CBD products across Puerto Rico and throughout the Caribbean.
- Continued expansion of Bhang's CBD brick and mortar exposure with its partnership with Cannabis Now, a digital and print publisher of cannabis news and culture. Bhang's CBD products are available at Cannabis Now's flagship store in Beverly Hills and over 1,000 locations across the U.S.
- Expanded Bhang's distribution network to the European Union with an announced partnership with CHK Solutions (Spain, France, Italy, Belgium and Luxembourg) and Winchester MD (U.K).
- Graduated to the OTCQX Best Market in the U.S. under the symbol "BHNGF."
- Acquired leading wellness beverage company Red Ace Organics, expanding Bhang's U.S. reach by more than 1,400 points of distribution, including Whole Foods Markets (WFM), Sprouts Farmers Markets and Amazon. The Company plans to accelerate Red Ace and enter the "Functional Beverage" market, which is predicted to grow to USD\$208.1B by 2024 according to a 2018 report from Mordor Intelligence. Red Ace, with its strong distribution footprint, gives Bhang an opportunity to rapidly extend into this hot consumer category with healthy refreshing energy drinks.

- Inked deal with Cannavative Group to manufacture and distribute Bhang's THC-infused chocolates in Nevada, with more than 65 dispensaries in Nevada including Planet 13 in Las Vegas.

Outlook

As we move into 2020, Bhang's focus over the next several quarters will be to establish Bhang on a solid path to profitability as a cannabis CPG leader. The Company looks toward organic growth within the many product categories and sub-categories where it already has a strong competitive position. Bhang is actively working to reduce and eliminate unnecessary overhead expenditures and "SGA" expenses that are not aligned with this path to profitability.

Bhang is proud to currently be available in over 1,500 retail locations, 7 states and 2 continents. The Company plans to continue aggressively expanding across geographic areas where its products are sold. In addition to driving increased revenue to its newly acquired investments, the Company will continue to pursue other strategic partnerships to add accretive brand assets to its portfolio, expedite Bhang's entry into new markets, and broaden its distribution network to offer consumers worldwide with the most innovative and demanded cannabis products available.

In the meantime, Bhang remains focused on delivering continued operational and financial success and aims to finish 2019 strong. Bhang's recent management changes, including former COO Jamie Pearson being promoted to interim President, lend themselves well to the continued growth of the Company's leadership and strategy. Other Company leaders are also stepping up to represent Bhang and oversee increased brand awareness such as Bhang's CMO Samantha Collins who will be a featured speaker at the cannabis industry's largest and longest-running conference, Marijuana Business Conference (MJ Biz Con) on December 12, 2019.

About Bhang

Bhang is committed to delivering exceptional sensory experiences to consumers at every point in their cannabis journey through its award-winning portfolio of brands. Bhang is a trusted global cannabis company with an extensive portfolio of over 100 cannabis, hemp-derived CBD and terpene products, including chocolates, pre-rolls, gums, and beverages through its wholly-owned Red Ace Organics division, among others. Since 2010, Bhang has mastered the art of harnessing mutually-beneficial partnerships to bring safe, consistent and delicious products to the world. Learn more at www.bhangnation.com and purchase our award-winning hemp-derived CBD products at <http://www.bhangcbd.com/>.

FORWARD LOOKING STATEMENTS

This press release 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, (iii) plans for expansion of the Company into new jurisdictions, and (iv) 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. 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 hemp 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; the cannabis market is highly regulated and those regulations and enforcement priorities of governmental authorities may change; compliance with extensive government regulation and related costs; and other risks described in the Company's Listing Statement dated July 9, 2019 and filed on 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.

This press release does not constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of any of the securities in any jurisdiction in which such offer, solicitation or sale would be unlawful. The securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), or the securities laws of any state of the United States and may not be offered or sold within the United States or to any "U.S. Person" (as defined in Regulation S under the U.S. Securities Act) unless registered under the U.S. Securities Act and applicable state securities laws or pursuant to an exemption from such registration requirements.

The Canadian Securities Exchange has not reviewed, approved or disapproved the content of this news release.

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