



Bhang Inc. Provides Management Update and Releases Letter to Shareholders

MIAMI, Dec. 04, 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, announced today that Jamie L. Pearson, Bhang's Interim President, will assume the role of President & CEO, overseeing day-to-day management and strategic initiatives. Scott Van Rixel has stepped down as CEO.

"I am pleased to announce Jamie's promotion to both President & CEO of Bhang. Jamie has shown considerable strength in her role as President and her work to develop a vision for Bhang's future. I am confident that Jamie has the necessary skills to lead Bhang and execute our business objectives," said Scott Van Rixel.

Bhang has issued a letter to its shareholders from Ms. Pearson, providing commentary on the Company's recent developments and upcoming objectives.

The Company is also proud to announce that Jamie was selected as one of the 2019 High Times Female Top 50. The award honors the 50 most influential women across the cannabis landscape, from activists, executives, and scientists, to patients, and politicians. The honorees were selected by the brand's editorial leadership from a pool of over 7,500 public nominations. High Times further honored Jamie by asking her to give the keynote address entitled 'Breaking the Glass Ceiling' to the honorees and approximately 300 people on November 13 at the Beverly Wilshire Hotel in California. A copy of her speech can be found on Bhang's website [HERE](#) along with a copy of the full letter below.

Fellow Bhang Shareholders,

It is my honor to serve Bhang as the company's President & CEO. In this position, I will be laser-focused on generating value for our consumers and shareholders, while putting Bhang on a solid path to profitability and positioning the company as a leader in the cannabis CPG space.

Reducing our SKUs to the most profitable and efficient to get to market, and reducing staff, are the first two steps in this process. The board has also approved relocating the Bhang headquarters to California. We are currently closing the Miami office, and putting our finished goods into a full-service fulfillment center, which will result in further savings and increased efficiencies.

Over the past decade, Bhang has become one of the most-recognized brands in cannabis and central to our thesis is our low CAPEX/OPEX operating platform. We do not need to own multi-million-dollar greenhouses, massive production facilities or extravagant retail operations. Our capital-light business model has enabled us to be quick and nimble and is clearly a differentiator. Bhang's focus is on being a great CPG company – period. We offer excellent products that consumers want and use top-tier manufacturing and distribution partners to get these products into consumers' hands.

Our approach going forward will be to focus on reducing expenses and increasing revenues across product verticals that fall into our food/beverage, lifestyle, and wellness categories. I am pleased to provide the following update on existing and upcoming Bhang initiatives:

CBD Domestic & Global Distribution

Bhang was one of the first companies to introduce CBD CPG, and since then, we have grown both our U.S. and international distribution pipelines. We continue to expand both pipelines and are actively pursuing distribution expansion opportunities worldwide.

Bhang's direct-to-retail and wholesale sales result in higher revenue and stronger margins than traditional distribution. This is a strategic sales channel that we are committed to expanding.

We are also one of the only U.S. CBD companies who have established distribution internationally, primarily in Europe. Europe's market is currently behind the U.S. and lacks any dominant brands. We believe our first-mover status is a significant benefit to scale. As EU legislation begins to emerge, we have engaged experts to assist Bhang in navigating that landscape.

Our team has also allocated bandwidth and focus on Asia to take advantage of the region's \$8.5 billion medicinal and recreational cannabis market, as estimated by Prohibition Partners. And as previously announced, we recently inked a CBD distribution deal into Puerto Rico that covers the entire Caribbean.

CBD Brokerage

We are no longer relying on CBD brokerage as a significant source of revenue. We were faced with market challenges this year that have hindered the growth of this commodity-based business vertical. U.S. farmers aiming to cash in on the exploding demand for CBD, planted hemp in unprecedented numbers of acres. The explosion of supply caused hemp-derived CBD

isolate prices to drop steeply. On the plus side, we have kilos of isolate in stock (purchased at excellent prices) that we can use for manufacturing.

E-Commerce

Anticipating e-commerce sites selling our CBD products to become a large revenue and EBITDA source, we launched Bhangcbd.com in April 2019. While we saw impressive demand from consumers, we experienced credit card processing issues. When a prominent credit card provider shut down thousands of accounts overnight due to regulatory uncertainty, our ability to process credit cards went down. Five months later, our CBD e-commerce store is again fully-operational and adding revenue. During that down time, we added both email and text marketing and began a refresh of the overall look of the site to fit with our global re-brand.

Red Ace Organics

Since our acquisition of Red Ace, LLC closed in September of 2019, Bhang and the Red Ace team worked together to develop a retail and e-commerce strategy complete with new product innovation. By Fall, Red Ace will be line-extending into the fast growing “refreshing functional” beverage space. Additionally, Red Ace has officially partnered with U.S. Olympic Swimmer, Ashley Twitchell and two other Olympic contenders as brand ambassadors. We are very excited to grow our consumer base during the 2020 Olympics and already see this acquisition being instrumental in providing Bhang with Tier 1 distribution opportunities.

THC Licensing Revenue Streams and Deep Manufacturing/Distribution Relationships

Bhang branded THC products (including its THC chocolate products) are manufactured by licensees and sold by such licensees in certain states where they are permitted to sell THC products (namely in California, Florida, Nevada, Michigan, New Mexico, Illinois and Ohio). We also expect these products to be available in Canada, in 2020, through Bhang’s joint venture with Indiva Limited (TSXV: NDVA). As state and country regulations are constantly in flux, the following is a brief overview of a few of these important revenue streams:

- **Nevada** –Bhang chocolate is expected to hit Nevada shelves in late Q4 2019 or early Q1 2020. Revenue from Nevada is anticipated to begin in Q2 2020.
- **Florida** – Bhang has a top-tier licensee in Trulieve Cannabis Corp. (CSE: TRUL) to manufacture and distribute Bhang chocolate across their 40 Florida retail locations (expecting 44 by the end of the year) as well as through their state-wide home delivery service. Edibles are not legal for distribution in Florida yet, but there has been legislative movement. Trulieve and Bhang are hopeful they will be selling in the first half of 2020. Trulieve carries 55% of all medical cannabis dispensed in Florida to a 214,800+ consumer base (growing at 3K new patients a week). We are their exclusive chocolate brand and look forward to selling Bhang in Florida.
- **Ohio and Michigan** are both in final phases of manufacturing development and are expected to begin distributing Bhang products by Q4 of 2019 with expected revenue generation by Q2, 2020.
- **Illinois** is currently selling Bhang products via their medical dispensaries. The state will allow for the sale of recreational products in Q1 2020 to its 12.8M statewide population. Bhang’s licensee, Bedford Grow, is ramping up production to position Bhang for a major sales increase. We recently toured their facility and the expansion construction is moving along nicely. 2020 is slated to be a robust year for cannabis in Illinois.
- **Canada** has approved the sale of cannabis edibles in the roll out of “Cannabis 2.0” with product sales expected by December/January. Bhang’s marketing team, together with our partner, Indiva, have developed a strong product roll-out strategy, capitalizing off the previous Bhang educational and sensory sessions held in Toronto. Indiva’s chocolate kitchen is currently in production and we are thrilled to offer future Canadian consumers the opportunity to experience cannabis with Bhang chocolate.

The cannabis industry has been facing a colossal downward market shift as the sector goes through fundamental corrections. The largest cannabis companies have been re-focusing on increasing efficiencies and strengthening their fundamentals. There have been massive layoffs, bankruptcies, and consolidations. Savvy investors know that cannabis investing is a marathon and not a sprint. The United States cannabis industry continues to operate in federal prohibition. Building a company in this environment is unreasonably expensive and difficult, which is precisely why pre-legalization timing is where the true opportunity lies. While we are seeing some movement in the right direction with the SAFE banking act, the MORE act, and other legislative relief potentially coming, the industry will continue to “weed companies out” (pun intended) if they don’t have the ability to be quick and nimble. Bhang is committed to become a dominant CPG company precisely by being quick and nimble. It is challenging, but this is what makes the cannabis industry dynamic and exciting.

Bhang’s efforts are being noticed. We were recently featured in Forbes, Fox News, MSNBC, Benzinga, ABC Radio, Midas Letter TV and New Cannabis Ventures. We also won the Best Cannabis-Infused Chocolate Award at WeedCon this year as well as Best Cannabis Chocolate in New Mexico from Dank Magazine, further cementing Bhang as one of the most-awarded cannabis companies in the world.

Despite the intense regulatory and market environments, I am excited to lead Bhang. I believe in the strength of our brand, the strength of our products, and most definitely, in the strength of our team. As we do the difficult work of reducing expenses and increasing revenues to solidify the financial future of Bhang, I am energized by our future. Please join us in being excited about what lies ahead. On behalf of the Bhang team, I would like to express our gratitude to you, our shareholders, for your continued support and patience as we execute our strategy and work to deliver exceptional results.

Sincerely,

Jamie L. Pearson
President & CEO
Bhang Inc.

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 global 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 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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