

FORM 7

MONTHLY PROGRESS REPORT

Name of Listed Issuer: **Bhang Inc.** (the "Issuer" or "Bhang" or the "Company").

Trading Symbol: **BHNG**

Number of Outstanding Listed Securities: **51,007,420**

Date: **October 5, 2019**

This Monthly Progress Report must be posted before the opening of trading on the fifth trading day of each month. This report is not intended to replace the Issuer's obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by Exchange Policies. If material information became known and was reported during the preceding month to which this report relates, this report should refer to the material information, the news release date and the posting date on the Exchange website.

This report is intended to keep investors and the market informed of the Issuer's ongoing business and management activities that occurred during the preceding month. Do not discuss goals or future plans unless they have crystallized to the point that they are "material information" as defined in the Policies. The discussion in this report must be factual, balanced and non-promotional.

General Instructions

- (a) Prepare this Monthly Progress Report using the format set out below. The sequence of questions must not be altered nor should questions be omitted or left unanswered. The answers to the items must be in narrative form. State when the answer to any item is negative or not applicable to the Issuer. The title to each item must precede the answer.
- (b) The term "Issuer" includes the Issuer and any of its subsidiaries.
- (c) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation and General Provisions.

Report on Business

1. Provide a general overview and discussion of the development of the Issuer's business and operations over the previous month. Where the Issuer was inactive disclose this fact.

The Issuer, headquartered in Miami, is a cannabis brand with a portfolio of over 100 cannabis, hemp-derived CBD and terpene products (which are sold through its licensees and/or by Bhang directly) including, without

limitation, chocolates, pre-rolls, vapes, gums, beverages, gummies and mouth sprays.

On September 9, 2019, the Issuer announced that it acquired Red Ace, LLC (“Red Ace”), a leading organic beverage company, via its wholly owned subsidiary Bhang Corporation (the “Acquisition”).

Bhang plans to accelerate Red Ace and enter the “Functional Beverage” market. Bhang has worked with Red Ace over the past two years through a joint venture to produce and distribute CBD-infused beet juice shots, an organic beet juice and natural hemp extract that offers a natural energy boost. This product is currently sold throughout Bhang’s distribution footprint and online at Bhangcbd.com. Bhang plans to launch a complete line of CBD/terpene-style beverages and products in the next twelve months. Bhang will leverage the success of the flavour profiles and accelerate into the functional beverage with refreshing and sparkling new offerings - all under the existing Red Ace brand.

William Leslie and Miles McCabe joined Bhang as part of the Acquisition and continue to run the day-to-day operations of Red Ace.

Under the terms of the purchase agreement, the former Red Ace, LLC membership unit holders received an aggregate of 4,513.943 multiple voting shares of the Company (“Bhang Shares”) at a price of C\$570 per Bhang Share, representing an agreed purchase price for the Acquisition of USD\$1,953,049.50 (C\$2,572,947.41). The consideration paid for the acquisition of Red Ace, LLC was determined by negotiations between arm’s length parties.

According to the agreement, a portion of the Bhang Shares have been placed in escrow and will be released pursuant to a three-year escrow schedule upon verification of certain revenue benchmarks at the end of each year. Any Bhang Shares remaining in escrow following the three-year escrow period will be returned to the Company for cancellation.

Immediately following the Acquisition, a member of management of Red Ace assumed US\$99,138 (C\$130,604) of indebtedness of Red Ace in exchange for 229.131 Bhang Shares at a price of \$570 per Bhang Share.

On September 12, 2019, the Issuer announced that it signed a licensing agreement with Cannavative Group to make and distribute Bhang’s award winning THC-infused chocolates through Cannavative’s extensive dispensary channels in Nevada.

The five-year agreement with Cannavative is automatically renewable and provides the company use of Bhang’s intellectual property including its consumable ingredients and packaging supplies for which Cannavative will pay a percentage of its gross sales. Cannavative will also adhere to Bhang’s formulations and quality standards. Bhang’s products are expected to hit Nevada shelves in the fourth quarter this year.

Bhang recently began leveraging its first-mover status in Europe, signing distribution agreements with key CBD distributors on the continent.

2. Provide a general overview and discussion of the activities of management.

Management was focused on completing the matters described above, as well as other strategic opportunities.

3. Describe and provide details of any new products or services developed or offered. For resource companies, provide details of new drilling, exploration or production programs and acquisitions of any new properties and attach any mineral or oil and gas or other reports required under Ontario securities law.

N/A

4. Describe and provide details of any products or services that were discontinued. For resource companies, provide details of any drilling, exploration or production programs that have been amended or abandoned.

N/A

5. Describe any new business relationships entered into between the Issuer, the Issuer's affiliates or third parties including contracts to supply products or services, joint venture agreements and licensing agreements etc. State whether the relationship is with a Related Person of the Issuer and provide details of the relationship.

See Item 1.

6. Describe the expiry or termination of any contracts or agreements between the Issuer, the Issuer's affiliates or third parties or cancellation of any financing arrangements that have been previously announced.

N/A

7. Describe any acquisitions by the Issuer or dispositions of the Issuer's assets that occurred during the preceding month. Provide details of the nature of the assets acquired or disposed of and provide details of the consideration paid or payable together with a schedule of payments if applicable, and of any valuation. State how the consideration was determined and whether the acquisition was from or the disposition was to a Related Person of the Issuer and provide details of the relationship.

See description of acquisition of Red Ace under item 1.

8. Describe the acquisition of new customers or loss of customers.

N/A

9. Describe any new developments or effects on intangible products such as brand names, circulation lists, copyrights, franchises, licenses, patents, software, subscription lists and trade-marks.

See description of licensing agreement with Cannavative Group under item 1.

10. Report on any employee hirings, terminations or lay-offs with details of anticipated length of lay-offs.

See description of acquisition of Red Ace under item 1.

11. Report on any labour disputes and resolutions of those disputes if applicable.

N/A

12. Describe and provide details of legal proceedings to which the Issuer became a party, including the name of the court or agency, the date instituted, the principal parties to the proceedings, the nature of the claim, the amount claimed, if any, if the proceedings are being contested, and the present status of the proceedings.

N/A

13. Provide details of any indebtedness incurred or repaid by the Issuer together with the terms of such indebtedness.

N/A

14. Provide details of any securities issued and options or warrants granted.

In accordance with the terms of the acquisition of Red Ace, the former Red Ace, LLC membership unit holders received an aggregate of 4,513.943 multiple voting shares of Bhang at a price of C\$570 per share.

In addition, immediately following the Acquisition, a member of management of Red Ace assumed US\$99,138 (C\$130,604) of indebtedness of Red Ace in exchange for 229.131 multiple voting shares of Bhang at a price of \$570 per share

15. Provide details of any loans to or by Related Persons.

N/A

16. Provide details of any changes in directors, officers or committee members.

N/A

17. Discuss any trends which are likely to impact the Issuer including trends in the Issuer's market(s) or political/regulatory trends.

Trends and risks which may impact the Issuer are detailed in Section 17 – Risk Factors - in the Issuer's Listing Statement.

Certificate Of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Certificate of Compliance.
2. As of the date hereof there were is no material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to the Exchange that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in CNSX Policy 1).
4. All of the information in this Form 7 Monthly Progress Report is true.

Dated October 5, 2019

Jamie L. Pearson
Name of Director or Senior
Officer

"Jamie L. Pearson"

Signature

Chief Operating Officer
Official Capacity

Issuer Details Name of Issuer Bhang Inc.	For Month End September 2019	Date of Report YY/MM/D 19/10/05
Issuer Address 7251 NE 2nd Avenue, Suite 201		
City/Province/Postal Code Miami, FL 33138	Issuer Fax No. N/A	Issuer Telephone No. 786-953-4281
Contact Name Jamie L. Pearson	Contact Position Chief Operating Officer and Corporate Secretary	Contact Telephone No. 786-953-4281
Contact Email Address j.pearson@bhangcorporation.com	Web Site Address https://www.bhangnation.com/	