

## 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: **72,047,565**

Date: **May 5, 2020**

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.

**On April 22, 2020, the Issuer announced that its cannabis-infused chocolate products have shipped in a new, refreshed packaging design in California. The new packaging will also be rolled out through the Issuer's licensees in Nevada, Michigan, Illinois, Ohio and New Mexico.**

On April 21, 2020, the Issuer issued a total of 1,678,572 subordinate voting shares to a former arm's length consultant of the Issuer, at a deemed price of \$0.14 per share, in settlement of CAD\$235,000 of accounts payable for services rendered.

On April 21, 2020, the Issuer granted options to purchase an aggregate of 370,000 subordinate voting shares of the Issuer (the "Stock Options") to certain employees of the Issuer. The Stock Options are exercisable at a price of CAD\$0.11 per share for a period of five years from the date of issuance.

On April 21, 2020, the Issuer granted 100,000 restricted stock units of the Issuer (the "RSUs") to an employee of the Issuer. Upon issuance, 33,333 of the RSUs vested immediately, 33,333 shall vest on January 1, 2021 and 33,334 shall vest on January 1, 2022. The 33,333 vested RSUs were settled in subordinate voting shares.

On April 21, 2020, the Issuer granted 430,000 restricted shares of the Issuer (the "Restricted Shares") to certain employees of the Issuer which have been issued as subordinate voting shares. Upon issuance, 143,333 of the Restricted Shares vested immediately, 143,333 shall vest on January 1, 2021 and 143,334 shall vest on January 1, 2022. A total of 180,000 of the Restricted Shares were granted to an executive officer of the Issuer.

All Stock Options, RSUs and Restricted Shares were granted in accordance with the Issuer's 2019 Equity Incentive Plan. The Restricted Shares and subordinate voting shares underlying the RSUs and Stock Options are subject to a statutory four month and one day hold period expiring on August 22, 2020.

On April 22, 2020, the Issuer announced that it entered into a forbearance agreement with Cannabis Growth Opportunity Corporation ("CGOC") to extend the maturity dates of two of the Issuer's 8% convertible promissory notes until May 31, 2020. The notes, each having a principal amount of CAD\$300,000, were initially set to mature on April 12, 2020 and May 14, 2020.

CGOC has extended the maturity dates of the notes until May 31, 2020 in exchange for: (i) the Issuer agreeing to pay up to CAD\$20,000 of CGOC's legal fees and disbursements with respect to the notes; (ii) the Issuer granting to CGOC a general security interest over all property, assets and rights of the Issuer, securing all amounts owing under the notes and any additional future advances; (iii) the Issuer's subsidiary, Bhang Corporation, guaranteeing the indebtedness of the Issuer to CGOC; and (iv) the Issuer appointing a nominee of CGOC to the Issuer's and its subsidiaries' board of directors.

On April 22, 2020, the Issuer announced the resignation of Scott Van Rixel from all positions with the Issuer, including director, and the appointment of Graham Simmonds to fill the board vacancy, effective April 21, 2020 (as a nominee of CGOC). In addition, the board of the Issuer decided to

dissolve the Issuer's advisory board and replace its functions with board committees.

On April 24, 2020, the Issuer announced that in accordance with Ontario Instrument 51-502 *Temporary Exemption from Certain Corporate Finance Requirements* of the Ontario Securities Commission (and similar exemptions provided by the securities commissions of British Columbia and Alberta) (collectively, the "Blanket Exemption Order"), which was adopted for the purpose of providing certain filing and other relief to issuers in light of the challenges posed by the COVID-19 pandemic, that the Issuer will be delaying the filing and delivery of certain of its continuous disclosure documents due to delays caused by the COVID-19 pandemic.

The Issuer is relying on the Blanket Exemption Order in delaying: (i) the filing of its annual financial statements and related management's discussion and analysis for the year ended December 31, 2019 (collectively, the "Required Annual Filings"); and (ii) compliance with the delivery requirements of applicable securities laws relating to the Required Annual Filings. The Issuer's officers and directors and certain other persons will remain subject to a trading black-out pursuant to which such persons are prohibited from trading any securities of the Issuer until the end of the second full trading day following the day on which the Required Annual Filings are filed on SEDAR and a corresponding new release is issued by the Issuer. The Issuer currently intends to make the Required Annual Filings on or before June 13, 2020 in accordance with the Blanket Exemption Order.

The COVID-19 pandemic has forced Bhang to reassess some of its business plans and priorities given the uncertain economic future. For example, Bhang's launch into new states has been delayed and in some cases may be put on hold for the moment. Bhang's licensee sales and ability to produce chocolate in California has been reduced due to social distancing policies and/or delivery only rules in certain municipalities in California. Producing chocolate within social distancing rules has limited the number of people who can be in a factory at any one time. Although Bhang itself does not produce cannabis products, these cover-related factors have had an impact on the Company's actual operations. Working with Bhang's licensees during COVID-19 quarantine has required an extra amount of coordination and paperwork and logistics management between its licensees and internal Bhang departments.

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

**Management was focused on the matters described in Item 1.**

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.

**N/A**

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.

**N/A**

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.

**On April 22, 2020, the Issuer announced that its cannabis-infused chocolate products have shipped in a new, refreshed packaging design in California. The new packaging will also be rolled out through the Issuer's licensees in Nevada, Michigan, Illinois, Ohio and New Mexico.**

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

**N/A**

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.

**On April 21, 2020, the Issuer issued a total of 1,678,572 subordinate voting shares to a former arm's length consultant of the Issuer, at a deemed price of \$0.14 per share, in settlement of CAD\$235,000 of accounts payable for services rendered.**

**On April 21, 2020, the Issuer granted options to purchase an aggregate of 370,000 subordinate voting shares of the Issuer to certain employees of the Issuer. The Stock Options are exercisable at a price of CAD\$0.11 per share for a period of five years from the date of issuance.**

**On April 21, 2020, the Issuer granted 100,000 restricted stock units of the Issuer to an employee of the Issuer. Upon issuance, 33,333 of the RSUs vested immediately, 33,333 shall vest on January 1, 2021 and 33,334 shall vest on January 1, 2022. The 33,333 vested RSUs were settled in subordinate voting shares.**

**On April 21, 2020, the Issuer granted 430,000 restricted shares of the Issuer to certain employees of the Issuer which have been issued as subordinate voting shares. Upon issuance, 143,333 of the Restricted Shares vested immediately, 143,333 shall vest on January 1, 2021 and 143,334 shall vest on January 1, 2022. A total of 180,000 of the Restricted Shares were granted to an executive officer of the Issuer.**

**All Stock Options, RSUs and Restricted Shares were granted in accordance with the Issuer's 2019 Equity Incentive Plan. The Restricted Shares and subordinate voting shares underlying the RSUs and Stock Options are subject to a statutory four month and one day hold period expiring on August 22, 2020.**

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.

**On April 22, 2020, the Issuer announced the resignation of Scott Van Rixel from all positions with the Issuer, including director, and the appointment of Graham Simmonds to fill the board vacancy, effective April 21, 2020 (as a nominee of CGOC). In addition, the board of the Issuer decided to dissolve the Issuer's advisory board and replace its functions with board committees.**

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 May 5, 2020

Jamie L. Pearson  
Name of Director or Senior Officer

"Jamie L. Pearson"  
Signature

Chief Executive Officer and President  
Official Capacity

<b>Issuer Details</b> Name of Issuer  Bhang Inc.	For Month End April 2020	Date of Report YY/MM/D 20/05/05
Issuer Address  6815 Biscayne Blvd., Suite 103		
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 President, Chief Operating Officer, Chief Executive Officer and Corporate Secretary	Contact Telephone No. 786-953-4281
Contact Email Address  j.pearson@bhangcorporation.com	Web Site Address  <a href="https://www.bhangnation.com/">https://www.bhangnation.com/</a>	