

FORM 7

MONTHLY PROGRESS REPORT

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

Trading Symbol: **BHNG**

Number of Outstanding Listed Securities: **256,865,250**

Date: **June 5, 2023**

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 was focused on developing new products, expanding its brand through new licensees and seeking strategic opportunities.

On May 1, 2023, the Company announced that it had entered into a share purchase agreement (the "Agreement") with 1352135 B.C. Ltd. ("BC Corp.") to obtain access to minor-cannabinoid, cannabis, THC, and psychedelic-related patents and intellectual property pivotal in building the Company's portfolio beyond chocolate and edible cannabis brands. The transaction was completed and the Company acquired all the shares of BC Corp., effective on April 28, 2023. As per the terms of the Agreement, in consideration for all of the issued and outstanding shares of BC Corp., the Company issued to the shareholders of BC Corp. an aggregate of \$1,000,000 in subordinate voting shares of the Company ("SVS"), amounting to 20,000,000 SVS at a price of \$0.05 per SVS. The consideration for the transaction was based on arm's length negotiations between the Issuer and the shareholders of BC Corp. Pursuant to the Agreement, the Company acquired the patents and IP held by BC Corp., through certain exclusive licensing agreements, including mucosal strips and biphasic edibles, which are new, innovative delivery methods and formulations for THC, minor cannabinoids, and psychedelic-infused edible products.

The Company was unable to file its audited financial statements, management's discussion and analysis and related certifications for the fiscal year ended December 31, 2022 (collectively, the "Annual Filings") before the May 1, 2023 filing deadline. As a result, on May 5, 2023 the Ontario Securities Commission issued a "failure to file" cease trade order in respect of the Company's securities under Multilateral Instrument 11-103 Failure-to-File Cease Trade Orders in Multiple Jurisdictions (the "FFCTO"). The Company expects the FFCTO to remain in place until such time as the Annual Filings, as well as its interim financial statements for the period ended March 31, 2023 and related filings, have been filed and the FFCTO has been revoked. The delay in completing and filing the Annual Filings is due to a recent change of the Company's auditor. The Company intends to file the Annual Filings as soon as possible and will provide updates as further information relating to the Annual Filings becomes available and as required.

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.

See 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 trademarks.

See item 1.

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.

On October 13, 2022, the Issuer was identified as a defendant in a statement of claim by a third party lender (the "Lender") in the Ontario Superior Court of Justice alleging damages for breach of contract in the amount of USD \$120,000, representing the amount due upon the maturity of a promissory note with additional interest accruing at 20% per annum on the principal amount of USD \$100,000. The Lender has claimed that the Issuer was in breach of contract as it failed to issue 20,000 warrants of the Issuer on May 5, 2022 and subsequently has not repaid USD \$50,000 due on September 26,

2022. On March 24, 2023, the Issuer announced that it entered into a settlement agreement with the Lender relating to a full settlement of the claim. In accordance with the terms of the settlement agreement, the Issuer has issued to the Lender (i) 2,113,503 subordinate voting shares in the capital of the Issuer (the "Settlement Shares") representing a price of C\$0.025 per Settlement Share and (ii) 100,000 share purchase warrants of the Issuer exercisable at a price of C\$0.05 per subordinate voting share, for a period on one (1) year from the date of issuance. The Issuer also agreed to make cash payments to the Lender, in instalments of US\$20,000 and C\$2,500, on each of the following dates: (i) March 31, 2023; (ii) May 1, 2023; (iii) May 31, 2023; and (iv) June 30, 2023. The first three of these payments have been made.

On November 2, 2022, Bhang Corporation was identified as a defendant in a complaint filed by Jamie L. Pearson, a former Director and President/CEO of the Issuer, in the District Court of Clark County, Nevada alleging breach of contract pursuant to an executive officer separation agreement (the "Separation Agreement") with Ms. Pearson, dated August 9, 2022 relating to her resignation from the Issuer. Pursuant to the claim, Bhang Corporation is required to pay Ms. Pearson, under the terms of the Separation Agreement, an aggregate of USD \$344,376; representing twelve months of her base salary, accrued vacation pay, bonuses, expenses and an outstanding loan. The Issuer anticipates to settle the complaint.

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.

See item 1.

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 its Management's Discussion and Analysis for the three and nine months ended September 30, 2022 and in the Issuer's Listing Statement in Section 17 – Risk Factors.

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 June 5, 2023

Graham Simmonds
Name of Director or Senior
Officer

"Graham Simmonds" (signed)
Signature

Interim CEO
Official Capacity

Issuer Details Name of Issuer	For Month End	Date of Report YY/MM/DD
Bhang Inc.	May 2023	23/06/05
Issuer Address 5348 Vegas Drive, Suite 773		
City/Province/Postal Code	Issuer Fax No.	Issuer Telephone No.
Las Vegas, NV, 89108	N/A	416-843-2881
Contact Name	Contact Position	Contact Telephone No.
Graham Simmonds	Interim Chief Executive Officer	416-843-2881
Contact Email Address	Web Site Address	
graham@bhangcorporation.com	https://www.bhangnation.com/	