

FORM 7

MONTHLY PROGRESS REPORT

Name of Listed Issuer: Pharmadrug Inc. (the "Issuer").

TradingSymbol: BUZZ

Number of Outstanding Listed Securities: 240,002,183

Date: December 31, 2020

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 December 15, 2020, Pharmadrug Inc. ("Pharmadrug", "We" or the "Company") provided certain updates following the recent general equity market upswing and the increase in the Company's volume and share price appreciation. Recent market activity has served to significantly strengthen Pharmadrug's balance sheet and improve its ability to execute on its current business plan. The market has contributed to increased balance sheet strength in four distinct ways. Firstly, the Company raised in excess of \$850,000 by selling marketable securities it owned. Secondly, the Company holds 4.24 million shares of Red Light Holland Corp. ("RLH") of which it has not yet sold any shares. The Company also holds 4.24 million warrants of RLH exercisable at a price of \$0.26 per share. Thirdly, the Company received numerous conversion notices of its outstanding debentures which have a conversion feature at \$0.05 per share. As a result, the Company has already seen a material decrease in its outstanding debt. Lastly, the Company had a sizeable amount of \$0.05 warrants in the market which had since been exercised. With a large increase in its cash balance at year-end, management plans to use increased cash position to execute on a more aggressive growth plan in Germany and the Netherlands.

The Company is in the final stages of adding additional Medical Cannabis lines and has already started negotiations to add to its product offering to pharmacies narcotics lines outside of the Cannabis space. Management will look to add more salespeople in country and to accelerate activities to add more product lines to build out a larger and more diversified pharmaceutical distribution company, which we expect to include pharmaceutical psychedelic products as they become legally available in Germany. In the Netherlands, the Company is continuing to advance on building out and launching its online psychedelics retail platform. We have also shortlisted locations for a flagship store in Amsterdam. Management will use increased liquidity to accelerate growth plans in 5 follow on cities in the country and has will contemplate strategic moves to

vertically integrate and broaden out its psychedelics business model in The Netherlands before expanding into other countries.

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

Pharmadrug is building a European controlled substances company with a focus on medical cannabis and psychedelics:

In the medical cannabis side of business, the Company currently sources and wholesales products to pharmacies in Germany with a strategy to launch and develop its own brand of cannabis for distribution in Germany and other legal jurisdictions in the European Union (“EU”); and

In the psychedelics domain, the Company intends to utilize a unique two-pronged approach: (i) the first approach will be to capitalize on markets in the Netherlands through consolidation of legalized adult-use psychedelic dispensaries; (ii) secondly, as products get developed and achieve regulatory approval or get legalized in jurisdictions across the Eurozone, the Company will seek to utilize its controlled substance import and distribution license to establish a pharmaceutical psychedelic business.

Medical Cannabis:

Management’s thesis is that the European medical cannabis market will soon command significant attention. Europe is home to more than 740 million people, a population which is more than double that of the United States and Canada combined. Industry analysts expect Europe to be one of the largest consumers of medical cannabis around the world in the coming decade.

As Pharmadrug continues to develop business in Germany, management believes that the Company will see significant growth in 2021. A new sales team was put in place in late 2019, and to date, it has been executing on a new strategic plan. The Company has grown its Bedrocan business, and the number of pharmacies in its distribution network had more than tripled to over 300. However, as Bedrocan’s supply is becoming increasingly limited, it has served as an impediment to growth. The third quarter of 2020 saw more volatility in sales volume as the Company frequently ran out of inventory and had to wait longer for smaller shipments from the Netherlands. Demand is currently outstripping supply. The Company believes it already has enough of a distribution network to achieve profitability, but needs to secure more sources to satisfy demand.

In order to address short-term needs for additional supply, the Company had decided to secure a second wholesale source of cannabis directly from another LP for products under their brand. While negotiations with the first LP ended without an agreement, the Company is now in talks with another major North American LP and is optimistic it can secure an agreement soon. The Company has also been working on sourcing product from within the Eurozone. Management was in advanced discussions with two emerging LPs operating out of Denmark, but is still trying to determine if they can produce the type of end product that suits the Company’s needs. The Company is also in advanced

discussions with producers in both Spain and Portugal, and is hopeful it can source product from one of those countries in the short term.

In order to take advantage of the Company's full narcotics license and capabilities, management is actively sourcing products to distribute outside of the cannabis space. We believe our growing pharmacy network would be under-utilized by merely focusing on cannabis and the path to significant growth and profitability would be more easily achieved with a broadened product offering. We will make certain to only take on product lines that compliment a cannabis offering. We have already began discussions with suppliers within Europe and have been consulting with pharmacies in our network to ascertain which products they believe could support a new supply source.

Psychedelics:

The Company intends to utilize a unique two-prong approach. The first, with Super Smart, will be to capitalize on markets in the Netherlands through the development of an adult-use Smart Shop brand, brick and mortar chain and an online retail platform. Secondly, in Germany and across the Eurozone, the Company will seek to use Pharmadrug GmbH's controlled substance import and distribution license to build a pharmaceutical psychedelics business as jurisdictions in the EU legalize psychedelics and pharmaceutical psychedelics pass through clinical testing. Pharmadrug GmbH recently passed its EuGMP inspection and has secured its certification for another three years. This gives the Company the ability to third party source narcotics and package them under its own brand.

Super Smart took effective control of its first smart shop on October 1, 2020. The Smart Shop is located in the Town of Tiel, a municipality in central Netherlands, and will serve as an initial platform for Super Smart to build out and refine its new smart shop vision and a springboard to develop its brand and operations. Over the past few months, Super Smart has laid much of the groundwork needed to purchase the first store and as such began developing the organizational structure that will enable the company to make several more purchases and scale up more efficiently. The work includes hiring a country manager, setting up corporate structures, template legal contracts, financial controls and bank accounts.

For several strategic reasons, the Company entered into the RLH Share Exchange with RLH. The two companies recognize the complimentary nature of their respective business models in the Dutch psychedelic market and will seek to collaborate on strategic initiatives. RLH's strategy to be a premier grower of psychedelic truffles with microdose packaging fits well with Super Smart's vision of elevating the Smart Store experience by introducing new products and an educational approach. Together, the two companies plan to develop and foster a new market segment that seeks to use psilocybin to either attempt to potentially treat medical conditions holistically or to increase cognitive performance. On a combined basis, we can better execute on educating the market and increasing the profile of psychedelics and psilocybin in the Netherlands at first followed by other markets as they legalize.

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.

Pharmadrug plans to grow its distribution platform beyond Germany into other EU countries. Pharmadrug GmbH, its German subsidiary, is a Schedule I Narcotics distributor which allows the German business to export GMP medical cannabis to other EU countries as and when those countries legalize cannabis. The latest supply agreements with Canada House Wellness Group Inc., My Green Fields Ltd. and NMC will allow Pharmadrug to provide its German distribution base with additional supply under its own Cannabion brand in a market that remains short in supply. It will also provide access to oils and extracts to serve German pharmacies as well as to other markets in the Eurozone. The Company has recently expanded its sales efforts in effort to enable broader distribution.

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.

None noted.

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.

None noted.

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.

None noted.

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.

None noted.

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

None noted.

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.

None noted.

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

None noted.

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

None noted.

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.

None noted.

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

None noted.

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

Security	Number Issued	Details of Issuance	Use of Proceeds ⁽¹⁾
Common shares	12,400,000	Issuance on conversion of debentures into units (1 share and ½ warrant).	N/A
Warrants	6,200,000	Issuance on conversion of debentures into units (1 share and ½ warrant).	N/A
Common shares	400,000	Issuance of units via exchange	N/A
Common shares	23,996,805	Issuance on exercises of warrants	\$1,199,840

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

None noted.

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

None noted.

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

For more information related to certain risks and uncertainties that are inherent to the Company's industry, please refer to the "Risk Factors" section of the Management's Discussion and Analysis filed quarterly on SEDAR.

In addition, on January 30, 2020, the World Health Organization declared that the recent COVID-19 outbreak was a global health emergency, recognizing that the disease represents a risk outside of China, where it emerged in the last couple of months. Companies across various industries could be impacted materially by the coronavirus.

COVID-19's known and unknown impact on earnings, costs, employees, supply chains, customers and other stakeholders, as well as other business matters, may be material for the Issuer, and may have a material impact on the Issuer's gross earnings, net earnings and other business matters. Environmental, social and governance factors may also impact the Issuer's operations in the near future.

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 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 January 11, 2021.

Daniel Cohen
Name of Director or Senior Officer

"Daniel Cohen"
Signature

Chief Executive Officer
Official Capacity

Issuer Details Name of Issuer Pharmadrug Inc.	For Month End December 31, 2020	Date of Report YY/MM/DD 21/01/11
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