FORM 7  
  
MONTHLY PROGRESS REPORT

Name of Listed Issuer: NanoSphere Health Sciences, Inc. (the “Issuer”).

Trading Symbol: NSHS

Number of Outstanding Listed Securities: 108,355,051

Date: January 31, 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**

1. 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.
2. The term “Issuer” includes the Issuer and any of its subsidiaries.
3. 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 continued its progress on commercializing its NanoSphere Delivery System and products. The focus continues to be on: the training, manufacturing and sales support for Licensees in California and Canada, IP and patent protection, research and development of our proprietary manufacturing process and new product design. Discussions with JV partner prospects are ongoing.

1. *Provide a general overview and discussion of the activities of management.*

Management continued to assess the joint venture opportunities that are emerging and pursue all avenues available to finance operations.

Management has continued to prioritize and focus on research and development needs, patent portfolios and cashflow along with the needs of current Licensees, while seeking funding and new investor options.

1. *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.*

not applicable.

1. *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.*

not applicable

1. *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.*

not applicable

1. *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.*

As reported publicly in late 2019, the Company has been unable to maintain its manufacture and distribution of the Company’s Evolve products within the Colorado territory. The licensee has suspended doing all business and Company is in active discussions with new licensee candidates.

1. *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.*

not applicable

1. *Describe the acquisition of new customers or loss of customers.*

not applicable

1. *Describe any new developments or effects on intangible products such as brand names, circulation lists, copyrights, franchises, licenses, patents, software, subscription lists and trademarks.*

not applicable

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

not applicable

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

not applicable

1. *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.*

As reported publicly in late 2019, the Company reports that a liquidating trust acting on behalf of the creditors of a company that declared bankruptcy in 2006 has initiated a lawsuit against a former director-officer of the Company in the Federal District Court of Colorado. The claim alleges that the former director-officer made fraudulent disclosures of his financial resources to the trust in connection with the settlement of prior litigation relating to the bankruptcy, resulting in the trust being defrauded into executing the settlement and releasing the former director-officer from the litigation. The trust has named the Company and NanoSphere Health Sciences, LLC (“Nano LLC”), as well as a number of other individuals and business entities, as third party defendants in the current action based on the trust’s assertion that Nano LLC, established in 2013, was founded on funds received from the former director-officer and thus conspired in the fraud. The trust has made no attempt to quantify the claim or amount of damages it is asserting versus the Company. The Company vigorously denies any wrongdoing or liability to the trust and considers the claim against the Company to be frivolous. Based on advice received from litigation counsel, the Company considers the prospect for judgement against the Company to be remote as the claim appears to lack merit, and the Company will vigorously defend itself and seek dismissal from the action. The trustee and the former director-officer are currently in settlement discussions.

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

not applicable

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

|  |  |  |  |
| --- | --- | --- | --- |
| **Security** | **Number Issued** | **Details of Issuance** | **Use of Proceeds(1)** |
| N/A | N/A | N/A | N/A |
|  |  |  |  |

1. *State aggregate proceeds and intended allocation of proceeds.*
2. *Provide details of any loans to or by Related Persons.*

not applicable

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

Not applicable

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

The Cannabis market as a whole has experienced strong and lingering downward trends. This is to be expected in any market, especially those which are new, highly regulated and subject to changes in regulations on short notice, as is the case with the Cannabis sector, which Issuer is currently involved in. This has and will result in unanticipated delays in the advancement of Issuer business objectives.

**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 February 6, 2020 .

Mark Percival   
Name of Director or Senior Officer

*“Mark Percival”*   
Signature

Chief Executive Officer   
Official Capacity

Bennett Liu   
Name of Director or Senior Officer

*“Bennett Liu”*   
Signature

Chief Financial Officer   
Official Capacity

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| ***Issuer Details***  Name of Issuer  NanoSphere Health Sciences Inc. | For Month End  2020 January | Date of Report  (YY/MM/DD)  2020/02/06 |
| Issuer Address  #488-1090 West Georgia St | | |
| City/Province/Postal Code  Vancouver, BC V6E 3V7 | Issuer Fax No.  ( ) | Issuer Telephone No.  (720) 845-1465 |
| Contact Name  Victor Goncalves | Contact Position  EVP | Contact Telephone No.  (204) 997-5517 |
| Contact Email Address  vgoncalves@nanospherehealth.com | Web Site Address  www.nanospherehealth.com | |