

# FORM 7

## **MONTHLY PROGRESS REPORT**

Name of Listed Issuer: 4Front Ventures Corp. (the "Issuer" or "4Front").

Trading Symbol: FFNT

Number of Outstanding Listed Securities: 126,001,492 Subordinate Voting Shares ("SVS")

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**

- (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.

In January 2020, the Issuer:

- Commenced adult use sales in its Mission dispensary located in Chicago's South Shore neighbourhood.

- Continued its cultivation optimization project in its Georgetown, Massachusetts facility.
  - Continued its build out of its Commerce, California facility.
  - Divested of its economic interests in three Arkansas medical cannabis dispensaries on confidential terms.
  - Closed an additional tranche of its pre-existing secured convertible debt held by entities associated with Gotham Green Partners LLC (“GGP”), as previously disclosed.
2. Provide a general overview and discussion of the activities of management.
- Management is focused on infrastructure initiatives to support the production capabilities in markets in which it operates, the development of additional assets in legal medical and adult-use cannabis markets, and the continued growth of its operating/managed cannabis dispensaries/stores.
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.
- Not applicable.
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.
- Not applicable.
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.
- Not applicable.
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.
- Not applicable.
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.

Completed the divestiture of certain non-material, non-core assets, which included 4Front's economic interests associated with three Arkansas dispensaries on confidential terms.

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

Not applicable.

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.

Not applicable.

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

Across all subsidiaries, the Issuer hired approximately 34 employees in January 2020.

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

Not applicable.

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.

Not applicable.

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

On January 31, 2020, the Issuer paid \$185,435.56 in interest on the \$32,000,000 in convertible notes ("Notes") issued in November 2018. The Notes mature in November 2021, bear interest at LIBOR + 11% during the first year, +10% the second, and +9.5 in the third), and are convertible into 4Front proportionate voting shares at a price equivalent to US\$0.83 per subordinate voting share. Half the interest due is paid in cash monthly, and half is paid in kind.

4Front issued to entities associated with Gotham Green Partners, LLC additional senior secured convertible notes in the principal amount of US\$3,000,000 (the "Notes"). The Notes bear 15% interest, paid in kind, and are convertible, along with interest, at a price equivalent to US\$0.647 per subordinate voting share ("SVS"), a 29% premium to the SVS closing price as of January 29, 2020. Additionally, 4Front has issued warrants equivalent to 2,230,080 SVS at US\$0.673 per share, a 35% premium to the closing price as of January 29, 2020. The Notes mature no later than six months from issuance and the warrants have a term of three years.

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

<b>Security</b>	<b>Number Issued</b>	<b>Details of Issuance</b>	<b>Use of Proceeds (1)</b>
Subordinate Voting Share (“SVS”)	37,680	An aggregate 37,680 SVS were issued to 2 shareholders on the conversion of 471 Proportionate Voting Shares (“PVS”) <sup>(2)</sup>	N/A
Warrants to purchase Proportionate Voting Shares (“PVS”)	27,876	Warrants to purchase PVS, each PVS convertible to 80 SVS, at a price equivalent to US\$0.673 per SVS.	General corporate purposes

*(1) State aggregate proceeds and intended allocation of proceeds*

*(2) PVS are convertible to SVS at the holder’s option (subject to certain restrictions) on a one (1) PVS for eighty (80) SVS basis*

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

A director and officer of the company is a part-owner of a firm which has extended the Issuer a real estate improvement/development loan of up to US\$50,000,000 of which approximately US\$45,000,000 had been extended as of January 31, 2020, with additional monies to be extended after the period.

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

Not applicable.

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

Not applicable.

## 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 5, 2020

Brad Kotansky  
Name of Director or Senior Officer

"Brad Kotansky"  
Signature

Chief Financial Officer  
Official Capacity

<b>Issuer Details</b> Name of Issuer 4Front Ventures Corp.	For Month End January 2020	Date of Report YY/MM/DD 20/02/05
Issuer Address 5060 North 40th Street, Suite 120		
City/Province/Postal Code Phoenix, AZ 85018	Issuer Fax No. ( - )	Issuer Telephone No. (602) 633-3067
Contact Name Whit Richardson	Contact Position VP Investor Relations	Contact Telephone No. (602) 633-3067
Contact Email Address IR@4frontventures.ciom	Web Site Address www.4frontventures.com	