

## FORM 7

### MONTHLY PROGRESS REPORT

Name of Listed Issuer: Harvest Health & Recreation Inc. (the "Issuer").

Trading Symbol: HARV

Number of Outstanding Listed Securities: 126,657,339 subordinate voting shares

Date: June 4, 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.

During the month the Issuer remained committed to executing on its business plan and remains focused on returning to profitability in its operations. The Issuer continues to operate in its existing markets with minimal disruption from the Covid-

19 pandemic and remains vigilant with its safety precautions by continuously reviewing, revising, and implementing appropriate protections and procedures related to its operations during the pandemic on a case by case basis. The issuer was also able to resume in store purchases with appropriate social distancing measures at select retail locations.

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

The company continues to execute on its core goals which include:

- Scaling Issuer's operating team.
- Expanding Issuer's retail and wholesale footprint across its target key markets in the US.
- Building, acquiring and expanding brands and distributing them across its footprint and key markets in the U.S.
- Continued efforts to seek regulatory approval for planned acquisitions.
- Rationalization of resources following completion of acquisition(s).
- Continuing to operate in a disciplined way, evaluating all opportunities on ROIC.

Issuer continues working in collaboration with various local governmental bodies and regulators to address the impact of the COVID-19 pandemic on Issuer's operations in its existing markets.

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.

None.

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.

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.

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.

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.

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

None.

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.

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

Hiring- 18 total: 10 employees- hourly, non-exempt; 8 employees- salary, exempt  
Terminations- 39 employees  
Layoffs- 47 employees; anticipated length is permanent

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

None.

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.

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

Issuer repaid approximately \$91,000 in principal under its current debt obligations during the month.

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

Security	Number Issued/Granted	Details of Issuance	Use of Proceeds <sup>(1)</sup>
Multiple Voting Stock	A non-material undisclosed amount of stock	Issuer negotiated a termination agreement regarding a long-term business development contract under which Issuer was obligated to make long term reoccurring finder's fee payments to finder for finder's services. Pursuant, to such negotiated termination agreement between Issuer and finder, Issuer issued a non-material undisclosed amount of multiple voting stock of the to finder in lieu of eliminating such long-term payments and other obligations under the business development contract with finder.	N/A

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

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

None.

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

Issuer's Board has ratified committee charters to establish the following committees: (i) Audit Committee; (ii) Compensation Committee; (iii) Nominating and Corporate Governance Committee; and (iv) Risk Committee.

#### Audit Committee

The Audit Committee shall assist Issuer's Board in fulfilling its oversight responsibilities relating to financial accounting and reporting process and internal controls for Issuer. The initial Audit Committee members are as follows: Eula Adams (Audit Committee Chairman), Mark Barnard and Ana Dutra.

#### Compensation Committee

The Compensation Committee shall assist Issuer's Board in discharging the Board's oversight responsibilities relating to the attraction, compensation, evaluation and retention of key senior management employees, and in particular the Chief Executive Officer (the "CEO"), with the skills and expertise needed to enable the Issuer to achieve its goals and strategies at fair and competitive compensation and appropriate performance incentives. The initial Compensation Committee members are as follows: Mark Barnard (Compensation Committee Chairman) and Ana Dutra.

#### Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee shall assist the Issuer's Board in carrying out the responsibilities delegated by the Board relating to the Issuer's director nominations process and procedures, developing and maintaining the Issuer's corporate governance policies and any related matters required by applicable laws. The initial Nominating and Corporate Governance Committee members are as follows: Ana Dutra (Nominating and Corporate Governance Committee Chairwoman) and Mark Barnard.

#### Risk Committee

The Risk Committee shall assist the Issuer's Board in its oversight of the Issuer's management of key risks, including strategic and operational risks, as well as the guidelines, policies and processes for monitoring and mitigating such risks. Risk assessment. The initial Risk Committee members are as follows: Eula Adams (Risk Committee Chairman) and Ana Dutra.

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

## COVID-19 Regulation Changes

In light of the COVID-19 crisis, many lawmakers have made rapid changes to operations affecting cannabis sales. As of the end of May, the following Harvest states have been able to enhance the customer experience by fully opening the retail floor to our patients and customers: Arizona, Arkansas, California, Florida, North Dakota. Maryland and Pennsylvania are in the process of transitioning to full in-store operations as county officials lift stay at home orders and ease mandates for our businesses, such as only allowing curbside service. Harvest is working with the Federal government to advocate for inclusion of cannabis businesses in Federal relief packages in response to the COVID-19 crisis. The latest round of COVID-19 stimulus funding includes a provision for cannabis banking. The House of Representatives has passed the Health and Economic Recovery Omnibus Emergency Solutions Act (HEROES Act) with the inclusion of portions of the SAFE Banking Act, which would allow cannabis businesses to lawfully access traditional banks and financial institutions. The cannabis banking provision of the HEROES Act faces a challenge in the Senate, however with concerns for the public safety aspect of an all-cash-business, and the potential for additional disease transmission via cash, many members of congress are hopeful for positive traction. Additionally, 34 state and territorial attorneys general sent a letter to Congressional leadership, urging them to pass legislation that opens the cannabis industry's access to banking, adding legitimacy to the argument that access to financial institutions is essential for public safety and consumer protection. Legislation in most Harvest states has been suspended due to the outbreak of COVID-19. Additional state legislative activity will be updated in the coming months as legislators resume normal business.

## Changes/Updates to State Laws

### **Arizona**

Arizona adult use legalization campaigns are on track, despite the COVID-19 outbreak. The "Smart and Safe Arizona" initiative has collected more than 320,000 signatures. 237,645 are required in order to be added to the November 2020 ballot. Despite a ruling by the court to disallow electronic signature collection, the Smart and Safe Arizona campaign anticipates it will have close to 420,000 signatures prior to the July 2, 2020 deadline. The legislature concluded without addressing a number of cannabis-related bills. An emergency session will be convened this summer to address the implementation of certified cannabis testing requirements, currently positioned in statute to be effective November 1, 2020. Harvest is working with lawmakers to extend this deadline to ensure adequate access to certified testing facilities.

### **Pennsylvania**

In part due to the state budget deficit left as a result of the COVID-19 pandemic, some Republican lawmakers are warming to the idea of adult use cannabis in the state to help alleviate some of the state's budgetary shortfalls. According to recent polling, 62% of likely voters are in favor of legal, regulated adult use sales.

**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 4, 2020

Nicole Stanton

Name of Director or Senior  
Officer

Signature

Secretary

Official Capacity

<b>Issuer Details</b>		For Month End	Date of Report
Name of Issuer		May	06/04/2020
Harvest Health & Recreation Inc.			
Issuer Address			
1155 W. Rio Salado Parkway, Suite 201			
City/Province/Postal Code		Issuer Fax No.	Issuer Telephone No.
Tempe, Arizona 85281		( )	(480) 494-2261
Contact Name		Contact Position	Contact Telephone No.
Nicole Stanton		Secretary	(480) 493-2571
Contact Email Address		Web Site Address	
Nstanton@harvestinc.com		https://www.harvesthoc.com	