

# FORM 7

## MONTHLY PROGRESS REPORT

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

Trading Symbol: FFNT

Number of Outstanding Listed Securities: 311,747,469 Subordinate Voting Shares ("SVS")

Date: June 30, 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 June 2020, the Issuer:

- In June 2020 the Mission South Shore dispensary in Chicago, Illinois, was burglarized. Management believes that the store will be operational by the end of

July 2020. Additionally, the Company announced that it intends to open its second Illinois dispensary in Calumet City, Illinois, by the end of 2020.

- Continued its cultivation optimization project in its Georgetown, Massachusetts facility.

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 the Company operates, the development of additional assets in legal medical and adult-use cannabis markets, the continued growth of its core vertically-integrated cannabis assets, and divestment of non-core assets. Additionally, management is focused on growing the Company's footprint in the cannabinoid wellness space.

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.

Not applicable.

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 nine (9) employees and seventeen (17) employees were terminated in June 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 June 10, 2020, the Issuer closed the second tranche of a previously announced private placement of convertible notes, and issued: (i) US\$150,000 in principal amount of secured subordinate convertible notes (the “Secured Notes”), bearing interest at a rate of 5% per annum, compounded monthly, and convertible into Class A subordinate voting shares (“SVS”) at the option of the holder thereof at a conversion price of US\$0.25 (equivalent on the date of issuance to C\$0.35), as may be adjusted pursuant to the terms of the Secured Notes; and (ii) US\$8,245,787 in principal amount of newly-issued unsecured convertible notes (the “Unsecured Notes” and together with the Secured Notes, the “Notes”) convertible into SVS at the option of the holder thereof at a conversion price of US\$0.46 (equivalent on the date of issuance to C\$0.60), as adjusted in accordance with the terms of the Unsecured Notes. These conversion rights expire at 5:00 p.m. (Toronto time) on the earlier of: (i) the maturity date of the Secured Notes or Unsecured Notes (as applicable); and (ii) the date fixed for redemption of the Note in accordance with its terms.

The maturity date of the Secured Notes is the earlier of: (i) February 28, 2022; and (ii) such earlier date as the principal amount of such Secured Notes may become payable. The maturity date of the Unsecured Notes is the earlier of (i) June 10, 2025; and (ii) such earlier date as the principal amount of such Unsecured Notes may become payable.

The interest rate of the Secured Notes is a rate of 5% per annum and the interest rate of the Unsecured Notes is a rate of 3% per annum, provided, however, that if consolidated gross revenue of the Issuer for the applicable year exceeds US\$15M, the applicable interest rate will instead be 0% per annum.

On June 16, 2020, the Issuer issued 827,586 SVS on a private placement basis at a price of \$0.58 per SVS in order to repay debt.

Also on June 16, 2020, the Issuer issued 223,145 SVS on a private placement basis at a price of \$0.59 per SVS in order to repay debt.

On June 30, 2020, the Issuer paid \$173,793.49 in interest on the \$32,000,000 in convertible notes (“Notes”) issued in November 2018 to entities associated with Gotham Green Partners LLC (“GGP”). 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.

On June 30, 2020, the Company paid \$250,000.00 of principal and \$398,906.25 of interest to LI Lending, LLC

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

Security	Number Issued	Details of Issuance	Use of Proceeds <sup>(1)</sup>
Secured Notes	US\$150,000 in principal amount of Secured Notes	See details in response to Section 13	N/A
Unsecured Notes	US\$8,245,787 in principal amount of Unsecured Notes	See details in response to Section 13	N/A

Security	Number Issued	Details of Issuance	Use of Proceeds <sup>(1)</sup>
Subordinate Voting Share (“SVS”)	827,586	827,586 SVS at a price of \$0.58 per SVS were issued on a private placement basis to one purchaser in the United States.	Debt repayment for a service fee owed by Cannex Holdings Inc.
SVS	223,145	An aggregate of 223,145 SVS at a price of \$0.59 per SVS were issued on a private placement basis to 14 purchaser in the United States	Debt repayment for an earn-out payment owed by the issuer as

			successor to Cannex Capital Holdings Inc.
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Security	Number Issued	Details of Issuance	Use of Proceeds <sup>(1)</sup>
Options to Purchase SVS	25,000	25,000 options to purchase 25,000 SVS granted on June 8, 2020 with an expiry date of June 8, 2025	N/A

Security	Number Issued	Details of Issuance	Use of Proceeds <sup>(1)</sup>
SVS	92,207,840	An aggregate 1,439,280 SVS were issued to 4 shareholders on the conversion of 17,991 Proportionate Voting Shares (“PVS”) <sup>(2)</sup>	N/A

*(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, LI Lending, LLC, which has extended the Issuer a real estate improvement/development loan of which approximately US\$45,000,000 had been extended as of June 30, 2020.

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.

As of June 30, 2020, the Company’s retail stores in the following states remain open and operating with “Essential Service” designations. New services including online ordering and curbside pickup have also been implemented.

Location	Additional Services
Maryland	Online Ordering Required, Curbside Pickup Only

Massachusetts	Online Ordering Required, Curbside Pickup
Michigan	Online Ordering Required, Curbside Pickup
Pennsylvania	Online Ordering Required, Curbside Pickup

The safety of our customers and employees is our highest priority. We are monitoring the COVID-19 situation in the U.S. and have proactively taken extra precautions to minimize disruption while adhering to public health guidance. As an Essential Service, we intend to continue to serve our patrons responsibly through this crisis.

The Company's facilities operated by state-licensed operating partners in Washington also continue to operate due to being designated as essential in that state.

## 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: July 6, 2020

Nicolle Dorsey  
Name of Director or Senior Officer

"Nicolle Dorsey"  
Signature

Chief Financial Officer  
Official Capacity

<b>Issuer Details</b> Name of Issuer 4Front Ventures Corp.	For Month End June 2020	Date of Report YY/MM/DD 20/07/06
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 Andrew Thut	Contact Position Investor Relations	Contact Telephone No. (602) 633-3067
Contact Email Address IR@4frontventures.ciom	Web Site Address www.4frontventures.com	