

FORM 7

MONTHLY PROGRESS REPORT

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

Trading Symbol: HARV

Number of Outstanding Listed Securities: 177,932,071 subordinate voting shares

Date: August 6, 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.

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

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

- Scaling Issuer's operating team and general operations to return to profitability.
- 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.

Employee hirings: 39 total; 34 hourly, non-exempt and 5 salary, exempt

Employee terminations: 49

Employee lay-offs: none

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.

Stoneman v. Facilities Experts, LLC, Case No. 2:20-cv-00221

United States District Court, District of Arizona

Stoneman (“Plaintiff”) has asserted a single claim on behalf of himself and a putative class against Issuer’s wholly owned indirect subsidiary, Facilities Experts, LLC (“Defendant”) for marketing text messages allegedly sent in violation of the Telephone Consumer Protection Act (TCPA). The essential elements to this claim are 1) calling (including texting) a cellular telephone number; 2) using an automatic telephone dialling system (ATDS); and 3) not having express consent to do so. Discovery is in its early stages and is currently stayed pending a mediation that is set to occur in August 2020. Insofar as a reasonable settlement cannot be achieved at mediation, Defendant plans to vigorously contest Plaintiff’s claim. Additionally, Defendant has filed a motion seeking leave to file a third-party complaint against the former stakeholders and sellers of the Urban Greenhouse entities pursuant to the indemnification clause in Harvest’s agreement with them.

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

Issuer made repayments on its existing debt obligations consisting of approximately \$102,000 of principal.

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

Security	Number Issued/Granted	Details of Issuance	Use of Proceeds⁽¹⁾
Incentive Stock Options	1,288,500	Granted to various employees of issuer on 7/14/2020, vesting over a four-year term at an exercise price of CAD \$1.48, expires 10 years from date of grant	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.
None.
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 Update

In light of the COVID-19 crisis, many lawmakers have made rapid, positive changes to operations affecting cannabis sales. As of the end of July, 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 begin to lift stay at home orders and ease mandates for our businesses, such as only allowing curbside service. Numerous states have extended their temporary emergency orders for essential businesses such as cannabis operators, to continue allowing curbside service, telehealth, and other measures aimed at protecting patients, customers and employees during this pandemic. Harvest continues to work with the Federal government to advocate for inclusion of cannabis businesses in Federal relief packages in response to the COVID-19 crisis. Some Harvest states are considering emergency sessions to conclude legislation that was left unresolved amidst the closure of state office buildings this spring. The majority of states, however, have concluded their 2020 session without resolution to many cannabis-related bills, due to the outbreak of COVID-19.

Changes/Updates to State Laws

Arizona

Arizona adult use legalization campaigns have submitted signatures to the secretary of state's office for qualification. The "Smart and Safe Arizona" initiative submitted 420,000 signatures for certification on July 2, 2020. 237,645 are required in order to be added to the November 2020 ballot. Signature certification should be complete in late August.

California

State lawmakers are close to finalizing a new approach for cracking down on the dominant illicit cannabis market in California. Assemblywoman Blanca Rubio, sponsor and champion of this bill, is a vocal proponent of leveling the playing field for the legal, tax-paying operators.

Those who provide assistance to illegal cannabis businesses, such as through leasing retail space to non-licensed operators, or allowing illegal operators to advertise on otherwise legitimate platforms, would face civil fines of up to \$30,000

per day. This legislation was approved unanimously by the state Assembly and is now pending in the Senate. A final vote on the proposal is expected sometime after lawmakers return to Sacramento this month.

Florida

Due to the sweeping success of the emergency implementation of telehealth access for medical marijuana patients in Florida during the COVID-19 pandemic, the state is considering permanent implementation of telehealth. Medical Marijuana Directors across the state have commented that because telehealth has proved to be a success during this pandemic, it is a change to the state's program that could ultimately lead to more access for the most vulnerable patients who, pandemic or not, could benefit from not having to set up an additional physical doctor's appointment for continued access to their medicine. A permanent change in the medical cannabis statute will have to be amended and will likely require legislative action to allow for permanent telehealth options, in 2021. The Florida Office of Medical Marijuana Use, the regulating body in the state, announced that nearly 20,000 new qualifying patients registered for medical marijuana ID cards in July.

Maryland

In a recent ruling, Maryland's highest court affirmed that the presence of cannabis odor alone is not a valid reason for police to cite, search or arrest a person. Chief Judge Mary Ellen Barbera authored the unanimous ruling that stated the odor of cannabis, with nothing more, does not provide law enforcement officers with the requisite probable cause to arrest a person and perform a warrantless search incident to arrest.

New Jersey

A supermajority of New Jersey voters favor a cannabis legalization referendum that will appear on the November 2020 ballot, according to a recent poll by DKC analytics. Sixty eight percent (68%) of respondents favored legalization, with the majority citing combatting the illicit market, and bringing much-needed tax revenue to the state, as their reasons for supporting the measure.

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: August 6, 2020

Nicole Stanton
Name of Director or Senior
Officer



Signature

Secretary
Official Capacity

Issuer Details Name of Issuer Harvest Health & Recreation Inc.	For Month End July	Date of Report 08/06/2020
Issuer Address 1155 W. Rio Salado Parkway, Suite 201		
City/Province/Postal Code Tempe, Arizona 85281	Issuer Fax No. ()	Issuer Telephone No. (480) 494-2261
Contact Name Nicole Stanton	Contact Position Secretary	Contact Telephone No. (480) 493-2571
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