

## FORM 7

### MONTHLY PROGRESS REPORT

Name of CNSX Issuer:

**PAC ROOTS CANNABIS CORP.** (the "Issuers").

Trading Symbol: **"PACR"**

Number of Outstanding Listed Securities: 63,832,966

Date: June 5, 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 the CNSX 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 CNSX.ca 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 CNSX 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.

**May 4, 2020 the issuer Pac Roots Cannabis Corp. started trading on the Canadian Securities Exchange under the symbol "PACR".**

**UPDATE ON PROPOSED SPIN-OFF OF MINING ASSETS:** On May 25, 2020 the issuer announced the completion of the proposed plan of arrangement with its wholly owned subsidiary Mountain Lake Minerals Inc. (formerly 1167343 B.C. Ltd.) (the “Arrangement”). The Arrangement completes the spin-off of the Company’s mineral property to its subsidiary as contemplated by the agreement between the Company and 1167343 B.C. Ltd. (now “Mountain Lake Minerals Inc.”) (the “Arrangement Agreement”). The shareholders of the Company had approved the Arrangement by a 99.97% margin on August 8, 2019. Additionally, the Company received the final approval from the B.C. Supreme Court at a hearing held August 12, 2019. Refer to the Information Circular of the Company dated June 21, 2019, for additional information concerning the Arrangement. The effective date for the Arrangement was May 22, 2020, and as previously announced the record date for shareholders of the Company to participate in the Arrangement was April 28, 2020 (the “Record Date”). Shareholders of record on the Record Date, will receive one common share of Mountain Lake Minerals Inc. (“Spinco”) for every one share of the Company that they own while retaining their Company shares. The distribution date for the Spinco shares will be May 27, 2020 (the “Distribution Date”). The shares of Spinco will not be listed on any exchange on the Distribution Date. Pursuant to the Arrangement, the Company has transferred to Spinco all of its remaining mineral property interests as well as the remaining balance of a \$1,000,000 working capital amount less previously made advances of \$450,000. The Arrangement Agreement was amended on April 30, 2020 to reflect certain changes in the Company’s mineral property holdings since the date of the original Arrangement Agreement.

#### **FILING OF Q1 2020 FINANCIAL STATEMENTS.**

Pac Roots Cannabis Corp. filed its interim financial statements and MD&A for the three months ending February 29, 2020 on May 1<sup>st</sup> 2020. The Company relied on the 45-day filing and delivery extension for periodic filings required to be made on or before June 1, 2020 as provided by the British Columbia, Alberta and Alberta Ontario Commissions in their recent blanket orders in respect of:

- the requirement to file interim financial statements for the three-month period ended February 29, 2020 (the "Interim Financial Statements") within 60 days of the Company’s first quarter as required by section 4.4(b) of National Instrument 51-102 (“NI 51-102”);
- the requirement to file MD& for the period covered by the Interim Financial Statements within 60 days of the Company’s first quarter as required by section 5.1(2) of NI 51-102;
- the requirement to file certifications of the Interim Financial Statements (the "Interim Certificates" and collectively with the Interim Financial Statements and MD&A, the “Interim Filings”) pursuant to section 5.1 of NI 52-109;

There have not been any material business developments since the Company's financial statements and MD&A for the year ended November 30, 2019 other than as disclosed in this press release.

**The Company's management and other insiders are subject to a trading black-out that reflects the principles in section 9 of National Policy 11-207 Failure-to-File Cease Trade Orders and Revocations in Multiple Jurisdictions.**

On May 6, 2020 the Financial statements of RTO acquirer "1157630 BC Ltd" filed its Condensed Interim Consolidated Financial Statements for the six months ended February 29, 2020 and February 28, 2019.

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

**None to report.**

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 to report.**

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 to report.**

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.

**INDUSTRIAL CBD HEMP JOINT VENTURE: On May 29, 2020 PacRoots entered into a binding letter of intent with a private British Columbia company ("BC Co.") for the formation of the Rock Creek Farms joint venture, which will be owned 60% by Pac Roots and 40% by BC Co. PacRoots contribution to the joint venture will be an aggregate of \$450,000 in capital, of which \$100,000 was funded upon the execution of the letter of intent. BC Co. will contribute two commercial leases for over 100 acres of growing space, consulting services, cultivation equipment, agricultural infrastructure and intellectual property relating to commercial scale hemp operations and proprietary biomass storage techniques. Profits generated from the joint venture will be distributed first to PacRoots until its capital contributions have been repaid and thereafter in accordance with the interests in the joint venture held by the parties.**

It is anticipated that the letter of intent will be replaced with a formal joint venture agreement governing the operations of Rock Creek Farms on or before June 30, 2020. BC Co. is controlled by Marc Geen, Alexander Kaulins and M&J Orchards, a Geen family company and has provided a commercial lease to BC Co. for 50 acres of M&J owned land, with the remaining 50 acres

under commercial lease through Speakeasy Cannabis Club. Rock Creek is a well establish agricultural mecca situated in British Columbia's 'Golden Mile' in the South Okanagan Valley. It is celebrated for its ideal climate conditions, honouring this region's tradition of excellence and a family legacy that has grown here for more than 120 years. PacRoots is delighted to be involved with such a rich heritage and years of agriculture expertise to apply to this 100 - acre CBD Hemp Project. In accordance with the Industrial Hemp Regulations of the Cannabis Act (Canada), an industrial hemp license from Health Canada was issued on May 22nd, 2020 for the addresses relating to the acreages noted above. The license allows the collective to cultivate, sell, import, export, possess and process industrial hemp until March 15th, 2021.

As Marc Geen is a controlling shareholder of BC Co. and a director of the Company, the joint venture transaction constitutes a "related party transaction" as such term is defined under Multilateral Instrument 61-101 - Protection of Minority Security Holders in Special Transactions ("MI 61-101"). The Company is relying on exemptions from the formal valuation and minority approval requirements under MI 61-101. The Company relied on Section 5.5(a) of MI 61-101 for an exemption from the formal valuation requirement and Section 5.7(1)(a) of MI 61-101 for an exemption from the minority shareholder approval requirement of MI 61-101 as the fair market value of the consideration to be contributed by the Company represented less than 25% of the Company's market capitalization. Mr. Geen abstained from voting on the resolutions approving the joint venture transaction and declared his interests in BC Co to the board.

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 to report**

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 either from, or if the disposition was to a Related Person of the Issuer, and provide details of the relationship.

**None to report.**

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

**None to report.**

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 to report**

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

length of lay-offs.

**None to report.**

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

**None to report.**

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 to report.**

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

**None to report.**

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

Security	Number Issued	Details of Issuance	Use of Proceeds(1)
Common Shares	None		
Common Shares	None		
Options	None		
Warrants	None		
Warrants	None		

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

**None to report.**

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

**William Fleming resigned from the board of directors and as Chief Financial Officer on May 21, 2020.**

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

**None to report.**

### **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 no material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to CNSX 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 CNSX Requirements (as defined in CNSX Policy 1).
4. All of the information in this Form 7 Monthly Progress Report is true.

Dated June 5, 2020.

**Patrick Elliott**  
Name of Director or Senior Officer

Signature

/s/ "Patrick Elliott"

**President, CEO & Director**  
Official Capacity

<b>Issuer Details</b>		For Month Ending	Date of Report
Name of Issuer		May 31, 2020	YY/MM/D
PAC ROOTS CANNABIS CORP.			20/06/05
Issuer Address			
300-1055 West Hastings Street			
City/Province/Postal Code		Issuer Fax No.	Issuer Telephone No.
Vancouver BC V6E 2E0		NIL	604-609-6171
Contact Name		Contact Position	Contact Telephone No.
Patrick Elliott		President & CEO	
Contact Email Address		Web Site Address	
<a href="mailto:pat@pacroots.ca">pat@pacroots.ca</a>		www.pacroots.ca	