

FORM 7

MONTHLY PROGRESS REPORT

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

Trading Symbol: HARV

Number of Outstanding Listed Securities: 220,913,258 subordinate voting shares

Date: January 7, 2021

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 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 a prudent basis.

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.

On December 30, 2020, a licensing contract between a subsidiary of Issuer and a third party was mutually terminated with an effective termination date of January 1, 2021. The contract accounts for approximately 62% of the Issuer's licensing revenue during the nine months ended September 30, 2020 and is not expected to be replaced.

See Item 13 below with respect to the repayment and conversion of existing financing arrangements.

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.

Hirings: 72 employees; 67 hourly, non-exempt and 5 salary, exempt
Terminations: 36
Lay-offs: 2

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.

On December 31, 2020, as previously disclosed and in accordance with the terms of the binding settlement agreement with respect to the Washington Retail Litigation Settlement, Issuer cancelled a total of 42,378.4 Multiple Voting Shares issued to the small group of previous owners of Interurban Capital Group (which is the equivalent to 4,237,840 Subordinate Voting Shares of Issuer on an as-converted basis).

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

On December 28, 2020, the Issuer, through multiple wholly owned subsidiaries, repaid in full a term loan real estate facility in the aggregate amount of USD \$17,705,65.49 (inclusive of outstanding principal, accrued and unpaid interest, and fees).

On December 30, 2020, all outstanding principal and accrued interest due under the Secured Convertible Note issued by Harvest HaH WA, Inc., a Delaware corporation and a wholly owned subsidiary of the Issuer, in favor of High Alpine Investors, LLC (the "Note"), was converted into 205,594 Multiple Voting Shares of the Issuer.

During the month Issuer made regularly scheduled debt repayments of USD \$296,352.16

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

Security	Number Issued/Granted	Details of Issuance	Use of Proceeds⁽¹⁾
Warrants	81,163	Warrants granted to Russon Holdings Limited on December 30, 2020 pursuant to a Finder's Fee Agreement.	N/A
Restricted Stock Units	208,342	100% of the granted RSUs shall vest on December 31, 2021	N/A

Stock Options	2,203,000	Exercise Price CAD \$2.75, expiry date December 31, 2030	N/A
Subordinate Voting Stock	485,727	Issuance of subordinate voting stock pursuant to exercised conversion of vested restricted stock units previously granted to Issuer's board members	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.
As previously disclosed on December 8, 2020, Ronald Goodson, the Company's Chief Operating Officer, resigned from the Company effective December 31, 2020.
- 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

As of the end of December, all Harvest states have been able to enhance the patient & customer experience by maintaining full retail operations as state and local officials continue to assess public safety orders. Despite increased business limitations in many states, Harvest dispensaries continue to hold their essential service provider status.

Federal Update

On December 4th, the U.S. House of Representatives voted on the MORE Act to decriminalize cannabis and expunge convictions for non-violent cannabis offenses, which have prevented many Americans from getting jobs, applying for credit and loans, and accessing opportunities that make it possible to get ahead in our economy. The vote in the Democratic-led House is the first time a chamber of Congress has voted on federal marijuana decriminalization; however, it is expected that the MORE Act will struggle to successfully pass through the U.S. Senate.

On December 9th, the U.S. House of Representatives advanced a separate bill to promote research into the cannabis plant and allow scientists to access cannabis

from state-legal dispensaries for research purposes. This bill would amend the Controlled Substances Act to remove limitations on researching marijuana and create a new research structure for the drug. This bill, too, will likely see strong opposition from the U.S. Senate.

Changes/Updates to State Laws

Arizona

On December 10th, the Arizona Department of Health Services (DHS) provided their first formal communication surrounding the implementation of recreational sales, by way of sharing the first draft of rules governing the cultivation, manufacturing and sale of recreational cannabis. A second round of draft rules was released on December 31st, with applications for expanding existing medical dispensaries to include recreational sales, available on January 19th. DHS has 60 days from January 19th to approve recreational applications for existing medical license holders.

Florida

State senator Jeff Brandes (R) has filed a bill to keep control of marijuana in the legislature's hands, as opposed to seeing two potential legalization amendments on the 2022 ballot in Florida. His intention is to see the bill move forward for a January 2022 legalization date.

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: January 7, 2021

Nicole Stanton
Name of Director or Senior
Officer

/s/ Nicole Stanton
Signature

Secretary
Official Capacity

<i>Issuer Details</i> Name of Issuer Harvest Health & Recreation Inc.	For Month End December	Date of Report 01/07/2021
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City/Province/Postal Code Tempe, Arizona 85281	Issuer Fax No. ()	Issuer Telephone No. (480) 494-2261
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