

## FORM 7

### MONTHLY PROGRESS REPORT

Name of Listed Issuer: Canbud Distribution Corporation\_(the "Issuer").

Trading Symbol: CBDX

Number of Outstanding Listed Securities: 159,101,493

Date: January 05, 2022 – Reporting on December 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.
  - The Company entered into a definitive agreement to acquire Steep Hill Labs Inc.
  - Under the terms of the Merger Agreement, the parties agreed to complete the Transaction, pursuant to which Subco will merge with Steep Hill under the Delaware General Corporation Law and continue as a new corporation,

- wholly-owned by Canbud, and the holders of shares of Steep Hill (the "SH Shares") immediately prior to the merger will receive 0.096 of a common share of Canbud (each, a "Canbud Share") for each SH Share, or an aggregate of 82,000,000 Canbud Shares, in exchange for their SH Shares. In addition, upon closing of the Transaction, the Corporation will issue 2,870,000 Canbud Shares as an advisory fee (the "Advisory Fee Shares").
- Upon closing of the Transaction, the holders of SH Shares prior thereto are expected to own approximately 34.01% of the outstanding Canbud Shares on a non-diluted basis and before giving effect to the issuance of any Advisory Fee Shares. The Canbud Shares issued in exchange for SH Shares will be subject to resale restrictions, such that the holders thereof will be permitted to trade 25% of such Canbud Shares on the date that is four months from the closing date of the Transaction, and a further 25% of such Canbud Shares on the dates that are seven, 10 and 13 months after the closing date.
  - Upon closing of the Transaction, all directors of Steep Hill are expected to resign, while key Steep Hill management personnel are expected to continue in their respective positions of the merged entity carrying on the business of Steep Hill.
  - Completion of the Transaction is subject to a number of conditions, including, without limitation, the following:
    - o receipt of the required approval for the Transaction from the shareholders of Steep Hill;
    - o receipt of all applicable regulatory approvals;
    - o there having been no acquisitions or disposals (other than in the ordinary course of business), no debt or equity capital raisings (excepting for the Corporation), no new material contracts (excepting for the Corporation) or related party transactions and no loss of any material license;
    - o if shareholders of Steep Hill holding 5% or more of the Steep Hill Shares have exercised dissent and appraisal rights with respect to the merger of Steep Hill and Subco;
    - o no material adverse change affecting Steep Hill or the Corporation;
    - o Steep Hill having positive net working capital, cash of at least US\$100,000 and debt of not more than US\$500,000;
    - o Canbud not paying more than \$150,000 in cash consideration in connection with the Transaction; and
    - o other customary closing conditions.
2. Provide a general overview and discussion of the activities of management.
- Management is currently actively involved in business development.
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.
- Nil

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.
  - Nil
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.
  - Nil
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.
  - Nil
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.
  - The Company entered into a definitive agreement to acquire Steep Hill Labs Inc.
8. Describe the acquisition of new customers or loss of customers.
  - Nil
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.
  - Nil
10. Report on any employee hiring, terminations or lay-offs with details of anticipated length of lay-offs.
  - Nil
11. Report on any labour disputes and resolutions of these disputes if applicable.
  - Nil
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.
  - Nil

13. Provide details of any indebtedness incurred or repaid by the Issuer together with the terms of such indebtedness.
  - Nil
14. Provide details of any securities issued and options or warrants granted.
  - Nil
15. Provide details of any loans to or by Related Persons.
  - Nil
16. Provide details of any changes in directors, officers or committee members.
  - Nil
17. Discuss any trends which are likely to impact the Issuer including trends in the Issuer's market(s) or political/regulatory trends.
  - Nil

## 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 January 05, 2022

Mukesh (Steve) Singh  
Name of Director or Senior  
Officer

\_\_\_\_\_  
Signature  
Chief Executive Officer  
\_\_\_\_\_  
Official Capacity

<b><i>Issuer Details</i></b> Name of Issuer Canbud Distribution Corp.	For Month End December 2021	Date of Report YY/MM/D January 05, 2022
Issuer Address 120 Adelaide St W, Suite 2500, Toronto, ON, M5H1T1		
City/Province/Postal Code Toronto, ON, M5H 1T1	Issuer Fax No. ( )	Issuer Telephone No. ( 416 ) 847 7312
Contact Name Mukesh (Steve) Singh	Contact Position CEO	Contact Telephone No. ( 647 ) 889 2470
Contact Email Address <a href="mailto:finansingh@gmail.com">finansingh@gmail.com</a>	Web Site Address <a href="http://www.canbudcorp.com">www.canbudcorp.com</a>	