FORM 7

MONTHLY PROGRESS REPORT

Name of Listed Issuer: Steep Hill Inc. (Canbud Distribution Corporation) (the “Issuer”).

Trading Symbol: STPH

Number of Outstanding Listed Securities: 243,971,493

Date: March 05, 2023 – Reporting on February 2023

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**

1. 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.
2. The term “Issuer” includes the Issuer and any of its subsidiaries.
3. 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.
* Given the challenges within the cannabis sector in Canada and US, and the announced mutual termination of the licensing agreement with the largest group of customers in the US, the company is being forced to evaluate operation, staffing, etc and is evaluating options to conserves capital and evaluate future opportunities.
1. Provide a general overview and discussion of the activities of management.
* Steep Hill management is in the process of restructuring its business and is exploring strategic alternatives. This was driven largely by the termination of licensing agreement with the Green Analytics group of companies in the US which impact ~83% of revenues.
1. 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
1. 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.
* The Company is no longer engaging new licensing opportunities given the lack of resources to continue operations.
1. 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
1. 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 March 1, 2023 announced that it has entered into a settlement and release agreement with its wholly owned subsidiary Steep Hill Inc. ("Steep Hill US") and Green Analytics MD, LLC, Green Analytics Massachusetts LLC, Green Analytics East LLC, Green Analytics North LLC, Green Analytics Virginia, LLC, Green Analytics West Virginia, LLC, and Green Analytics New York, LLC. (collectively, the "Green Analytics Parties"). Under the terms of the Termination Agreement, Steep Hill US and the Green Analytics Parties agreed that the respective license agreements between Steep Hill US and the Green Analytics Parties terminated. As a result, Steep Hill has no continuing licensed operations in the states of Massachusetts, New Jersey and Pennsylvania and will continue not engaging in any such actives in Maryland. During the Company's fiscal year ended December 31, 2022, the terminated licenses to the Green Analytics Parties in Massachusetts, New Jersey and Pennsylvania accounted for approximately US $1.29 million of the Company's consolidated revenues, representing ~ 83% of the Company's total royalty revenues. In consideration for the termination of the agreements, the Green Analytics Parties agreed to pay to Steep Hill US an amount of US $2,000,000. Steep Hill US intends to use the transaction proceeds to pay its long-term liabilities and for general corporate purposes. As a consequence of the termination of the licenses provided for in the Termination Agreement, the Company expects that future license revenues from Steep Hill US's remaining business will be insufficient to support Steep Hill US's continued operations in its current form. Accordingly, the Company is currently evaluating its strategic options for Steep Hill US and the Company as a whole, including potential transactions of a transformative nature.
1. 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.
* Nil
1. Describe the acquisition of new customers or loss of customers.
* See response to #6 above
1. 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.
* See response to # 6 above
1. Report on any employee hiring, terminations or lay-offs with details of anticipated length of lay-offs.
* Given the termination of licensing agreement with Green Analytics which impacted ~83% of royalty revenues, management has decided to terminate the employment of all employees in the US, with the exception of 1 employee (V.P, Licensing Affairs)
1. Report on any labour disputes and resolutions of these disputes if applicable.
* Nil
1. 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.
1. Provide details of any indebtedness incurred or repaid by the Issuer together with the terms of such indebtedness.
* Nil
1. Provide details of any securities issued and options or warrants granted.
* NIL
1. Provide details of any loans to or by Related Persons.
* Nil
1. Provide details of any changes in directors, officers or committee members.
* Nil
1. Discuss any trends which are likely to impact the Issuer including trends in the Issuer’s market(s) or political/regulatory trends.
* There is continued pricing compression in the cannabis testing market in the US, which impacts the amount of royalty revenue that Steep Hill derives/derived from its Licensees. Growth in mature US states is primary driven by volume increase which mitigates some impact of pricing compression. Customers/licensees are curtailing investments to ensure capital preservation.

**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 March 05, 2023

 Raj Ravindran
Name of Director or Senior Officer

Signature

Chief Financial Officer
Official Capacity

|  |  |  |
| --- | --- | --- |
| ***Issuer Details***Name of IssuerSteep Hill Inc.  | For Month EndFebruary2023 | Date of ReportYY/MM/DMarch 05, 2023 |
| Issuer Address30 Commercial Rd., East York, ON M4G 1Z4 |
| City/Province/Postal CodeEast York, ON, M4G 1Z4 | Issuer Fax No.( ) | Issuer Telephone No.( 416 ) 847 7312 |
| Contact NameRaj Ravindran | Contact PositionCFO | Contact Telephone No.( 416 ) 839 7424 |
| Contact Email Addressir@steephill.com | Web Site Address[www.steephill.com](http://www.steephill.com) |