

FORM 7

MONTHLY PROGRESS REPORT

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

Trading Symbol: HARV

Number of Outstanding Listed Securities: 108,993,227 subordinate voting shares

Date: March 4, 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 continued to execute on its business plan. On February 19, 2020 Issuer announced the acquisition of privately held Arizona Natural Selections. Arizona Natural Selections holds four licenses allowing it to sell medical cannabis in the state of Arizona. Arizona Natural Selections currently has 3 operating dispensaries in the Arizona marketplace with a fourth location planned to be opened in the future. The acquisition also will provide Issuer with two operational cultivation facilities: a 55,000 sq. ft. indoor cultivation and production facility in Phoenix, Arizona and a 322-acre site of which 25 acres are zoned for cannabis with 70,000 square feet of greenhouse in Willcox, Arizona. The acquisition includes the “Darwin” line of precision-dosed cannabis products.

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

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

- Scaling Issuer’s operating team.
- Expanding Issuer’s retail and wholesale footprint across the US.
- Building, acquiring and expanding brands and distributing them across its footprint.
- 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.

Additionally, Issuer implemented a companywide performance management system for all exempt personnel including its corporate & assignment objectives. Issuer also rolled out its 2020 bonus objective program across all bonus eligible personnel and implemented a new employee handbook across all employees.

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.

Issuer implemented the “Modern Flower” brand and is evaluating the “Darwin” brand which was acquired through the Arizona Natural Selection transaction.

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.

Issuer is actively evaluating many of its third-party marketing and consulting services to determine whether such services are adding value vs. Issuer's core objectives of Revenue/profit growth.

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.

Issuer acquired the previously mentioned Arizona Natural Selection described in Section 1 above.

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.

The Issuer and an affiliate of the Issuer have closed a transaction pursuant to a definitive agreement whereby the holders of all of the membership interests of Banyan Management Holdings, LLC, an Arizona limited liability company, have contributed all of such membership interests to Issuer's affiliate in exchange for a non-material amount of shares of stock of the affiliate, which stock is convertible into a non-material undisclosed amount of Multiple Voting Shares of the Issuer and other consideration. Pursuant to the transaction, a subsidiary of the Issuer acquired ownership and control of four vertical medical cannabis licenses in Arizona.

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.

Issuer implemented the “Modern Flower” brand and is evaluating the “Darwin” brand which was acquired through the Arizona Natural Selection transaction.

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

10 hires total- 7 hourly, non-exempt; 3 salary, exempt.

51 terminations.

No lay-offs.

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

No reportable labor disputes.

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 January 14, 2020 Rock City Harvest, LLC brought suite against (i) Natural State Wellness Dispensary, LLC (“NSWD”) and (ii) Natural State Wellness Enterprises, LLC (“NSWE”) in the Circuit Court of Falkner County, Arkansas. The Plaintiff alleges that NSWD and NSWE infringed upon Plaintiff’s Arkansas registered trademark and service mark “Harvest Cannabis Dispensary” by attempting to use the name “Harvest House of Cannabis” and “Harvest of Newport” or otherwise identify with the mark “Harvest”. NSWE and NSWD are valid licensees of Issuer’s trade and service marks pursuant to trademark license agreements executed with Issuer permitting NSWE and NSWD to use Issuer’s federally registered marks, including but not limited to “Harvest” and “Harvest House of Cannabis”. Plaintiff has sought relief including (i) temporary restraining orders to enjoin NSWD and NSWE from using the trade name “Harvest House of Cannabis” and “Harvest of Newport” or any imitation of the Plaintiff’s alleged Harvest marks; and (ii) damages exceeding \$500,000 related to Plaintiff’s (a) lost sales; (b) the diminution or watering down of the value of the trade name “Harvest Cannabis Dispensary;” (c) damage to Plaintiff’s brand, reputation and goodwill in the marketplace; (d)

inconvenience, time, and resources associated with correcting individuals who were confused by NSW and NSW's wrongful use of Plaintiff's trade name and otherwise educating patients and others about the differences between "Harvest Cannabis Dispensary" and "Harvest House of Cannabis" "Harvest of Newport" or any other imitation of the "Harvest" mark; (e) damage to Plaintiff's vendor business relationships through uncertainty and confusion over ownership of the "Harvest" marks; and (f) attorney's fees associated with protecting Plaintiff's trade name. These proceedings are currently in the pre-trial discovery phase.

On February 26, 2020, the Issuer and Falcon agreed to refer its previously disclosed action to the pending proceeding initiated by Plaintiffs with the American Arbitration Association ("AAA"), Case No. 01-20-0000-1243 (the "AAA Proceeding") and dismiss the Falcon Lawsuit.

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

On February 13, 2020, the Issuer closed the fourth tranche of an offering on a private placement basis of senior secured notes and units. The third tranche closing resulted in the private placement of approximately 10,000 units, with each unit being comprised of (i) US\$1,000 aggregate principal amount of 9.25% senior secured notes due 2022 and (ii) 109 subordinate voting share purchase warrants.

In connection with Issuer's acquisition of Banyan Management Holdings, LLC, on 02/18/2020 Issuer's affiliate issued a promissory note to the members of Banyan Management Holdings, LLC in the principal amount of \$6,650,000 bearing interest at the rate of 4% annum. The note is subject to offset to satisfy indemnity claims of the Issuer's affiliate in connection with the transaction.

Issuer also made repayment of \$83,100 on its existing debt obligations.

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

Security	Number Issued/Granted	Details of Issuance	Use of Proceeds ⁽¹⁾
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Warrants	1,090,000	The Warrants were issued as part of a unit (a "Unit"), each Unit comprised of US\$1,000 9.25% senior secured notes due 2022 and 109 warrants (the "Warrants"). Each full Warrant entitles the holder thereof to acquire one Subordinate Voting Share at an exercise price of \$3.66. The Unit offering is part of a larger offering of senior secured notes, with investors choosing the Unit or 15% senior secured notes.	The Issuer intends to apply the net proceeds of the offering on the redemption of certain existing debt, M&A activity, planned capital expenditures, working capital, and on the fees and expenses associated with the offering.
Employee Stock Options	3,174,875	Granted 2/3/2020 vesting over a 4-year term at an exercise price of \$4.05 CAD, expiring 10 years from date of grant.	N/A
Multiple Voting Stock	A Non-Material undisclosed amount of stock	Issuer and an affiliate of Issuer closed a transaction pursuant to a definitive membership interest contribution agreement whereby such members of the acquired company contributed all such membership interests to Issuer's affiliate in exchange for a non-material amount of shares of stock of the affiliate, which stock is	N/A

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		convertible into a non-material undisclosed amount of Multiple Voting Shares of Issuer and other consideration.	
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(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.

Changes/Updates to State Laws

Colorado

Colorado Lawmakers and other state officials have launched several campaigns aimed at providing more guidance and protection for financial institutions that serve the state’s legal cannabis industry. Governor Polis and the CO Department of Regulatory Agencies recently released a report providing guidance and reducing barriers for access to loans, credit and other forms of capital. Regular stakeholder meetings may take place to explore ways financial institutions may be able to succeed until the SAFE Banking Act passes at the federal level.

Florida

House Speaker Jose Oliva announced that he would like to pass legislation this year to limit the amount of THC in medical cannabis products in the state. Oliva is making a THC cap a priority for the House as he is willing to sponsor a bill to cap THC levels in all medical cannabis products. Harvest is participating in a strategic campaign to combat this legislation, as it would have a negative impact on business, and most importantly, our patients in Florida.

Kentucky

The House of Representatives voted in favor (65-30) of a bill that would legalize medical cannabis for patients with certain medical conditions. The next step would be a Senate vote expected in the coming month.

Massachusetts

A House bill passed that would increase the Cannabis Control Commission's ability to regulate community host agreements. The legislation that the House approved would allow municipalities to waive the requirement to have a host community agreement, as well as clarify that the five-year duration of the agreements begins on the day that the business begins operations. Additionally, the bill specifies that no financial obligations are permitted in the agreements other than the maximum fee of 3% gross sales.

Nevada

The state's new cannabis regulatory board is taking shape with the appointment of a supreme court justice and a former gambling regulator from the state's Gaming Control Board. The formation of the board comes as the state begins its work to create the most effective regulatory framework possible. Three additional board members are anticipated to be appointed in the coming month.

Vermont

Vermont's House of Representatives voted in favor (90-54) of a bill that would legalize, regulate and tax cannabis sales for adult 21 and older. This is the first time the Vermont House has passed a bill to legalize cannabis sales. The House and the Senate will have to agree on a final version of the bill before it can proceed to Governor Phil Scott.

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: March 4, 2020

Nicole Stanton
Name of Director or Senior
Officer



Signature

Secretary
Official Capacity

<i>Issuer Details</i> Name of Issuer Harvest Health & Recreation, Inc.	For Month End February	Date of Report 03/04/2020
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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