

FORM 7

MONTHLY PROGRESS REPORT

Name of Listed Issuer: **HARRYS MANUFACTURING INC. (the "Company")**

Trading Symbol: **HARY**

Number of Outstanding Listed Securities: **81,158,358**

Date: **December 4, 2020**

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 Issuer generates revenues from the sales and distribution of value priced, premium quality, 100% natural tobacco cigarettes. The Issuer is currently focusing its efforts on obtaining the necessary government license approvals and excise stamp registrations in provincial regions to facilitate tobacco cigarette sales in Canada.

Last year Health Canada announced that it will be introducing new plain packaging regulations in 2020 on Tobacco products sold in Canada. The new regulations prohibit brand colors, graphics and logos on packages, making all packaging identical other than the product name, which has to be displayed in identical font. Harrys management saw this as an opportune time to enter the Canadian market and started inquiring into all the necessary requirements, guidelines, steps and whether it could even gain access to the distributors and retail markets in Canada to generate sales. The North American market is predominantly dominated by the big three or four tobacco companies, and up until recently was difficult to introduce a new cigarette brand in the Canadian market.

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

On November 5, 2020 the issuer announced that its wholly owned subsidiary Harrys International Manufacturing Inc. has received approval for its Tobacco License from the Saskatchewan Ministry of Finance ("the License") for wholesale distribution and sales of tobacco cigarettes in the province of Saskatchewan. As a condition of receiving the License and to ensure the Provincial Tobacco Taxes are paid, the Company is required to provide a \$25,000 CAD security deposit to be held by the Saskatchewan Ministry of Finance.

On November 5, 2020 the issuer also provided a corporate update that it recently submitted a tobacco permit application to Revenu Quebec for approval of wholesale distribution and sales of tobacco cigarettes in the province of Quebec.

The Issuer's exclusive manufacturer is federally licensed and has both a provincial tobacco license permit to transact business in Quebec, as well as registration with the CRA Quebec stamping regime to manufacture and purchase the necessary excise stamps for sales and distribution of Harrys brand tobacco cigarettes in Quebec.

Many government offices remain closed due to Covid-19 making it difficult to contact or communicate with staff. The Issuer has been advised government department personnel are working from home but to expect delays as a result of Covid-19. The Company will continue to provide corporate updates as further tobacco license applications or stamp registration approvals are obtained.

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.

The issuer has developed a HARRYS branded premium Canadian blend cigarette product for sale and distribution in Canada. Further to section 2 above the Issuer will commence sales and distribution of its HARRYS Canadian brand cigarettes to provinces where both the appropriate provincial government approvals and tax regime registrations have been received.

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 during the month of November 2020.

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.

On November 19, 2020 the Issuer announced its wholly-owned subsidiary, Harrys International Manufacturing Inc. ("HIMI") entered into an exclusive manufacturing agreement (the "Manufacturing Agreement"), with Abenaki Enterprise ("Abenaki"), its existing private cigarette manufacturer operating out of Odanak, Québec.

Pursuant to the Manufacturing Agreement, Abenaki has agreed to exclusively manufacture and supply HIMI with tobacco cigarette products for sale and distribution in Canada. The Manufacturing Agreement shall continue for an initial term of five years and will automatically renew on a yearly basis thereafter, subject to earlier termination. Under the Manufacturing Agreement, the Company will issue an aggregate of 500,000 common share purchase warrants ("Warrants") which will allow Abenaki to acquire one common share of the Company (a "Warrant Share") at a price of \$0.15 per Warrant Share for a period of 5 years. The Warrants issued in connection with the Manufacturing Agreement are non-transferable and any Warrant Shares issued upon the exercise thereof will be subject to a statutory hold period of four months plus a day in accordance with applicable securities legislation ending on March 20, 2021.

Kevin Kohanik CEO stated; "This agreement is another important step that ensures we will have enough product manufacturing capability and growth capacity in place for entry into the Canadian tobacco market once all the required provincial and federal license and stamp registration approvals have been obtained."

About Abenaki

Abenaki is a privately owned, federally and provincially licensed tobacco manufacturer located in Québec, Canada, with over 25 years in business. Abenaki is focused on tobacco cigarette, cigarillo and cigar manufacturing and currently has production capacity for over 10,000 tobacco cigarettes per minute.

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 during the month of November 2020.

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 to report during the month of November 2020.

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

None to report during the month of November 2020.

9. Describe any new developments or effects on intangible products such as brand names, circulation lists, copyrights, franchises, licenses, patents, software, subscription lists and trademarks.

None to report during the month of November 2020.

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

None to report during the month of November 2020.

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

None to report during the month of November 2020.

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 during the month of November 2020.

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

None to report during the month of November 2020.

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

Security	Number Issued	Details of Issuance	Use of Proceeds ⁽¹⁾

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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 to report during the month of November 2020.

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

None to report during the month of November 2020.

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

In December 2019, a strain of novel coronavirus (now commonly known as "COVID-19") was reported to have surfaced in Wuhan, China. COVID-19 has since spread rapidly throughout many countries, and, on March 11, 2020, the World Health Organization declared COVID-19 to be a pandemic. In an effort to contain and mitigate the spread of COVID-19, many countries, including the United States and Canada, have imposed unprecedented restrictions on travel, and there have been business closures and a substantial reduction in economic activity in countries that have had significant outbreaks of COVID-19.

At this time the Company remains open for business, however significant uncertainty remains as to the potential impact of the COVID-19 pandemic on our operations, and on the global economy as a whole. Government-imposed restrictions on travel and other "social-distancing" measures on assembly of groups of persons, have the potential to disrupt supply chains for parts and sales channels for our products, including delays in obtaining any necessary regulatory and government approvals.

It is currently not possible to predict how long the pandemic will last or the time that it will take for economic activity to return to prior levels. We will continue to monitor the COVID-19 situation closely and intend to follow health and safety guidelines as they evolve.

Other trends and risks that could impact the issuer are detailed on pages 43 to 53 in section 17 "Risk Factors" of the Issuer's Form 2A Listing Statement dated October 5, 2018.

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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:

December 4, 2020

Michael Young

Name of Director or Senior Officer

Signed: "Michael Young"

Signature

CFO

Official Capacity

<i>Issuer Details</i>	For Month End	Date of Report
Name of Issuer Harrys Manufacturing Inc.	November 2020	20/12/04
Issuer Address 1070 – 1055 West Hastings Street		
City/Province/Postal Code Vancouver, BC, V6E 2E9	Issuer Fax No. ()	Issuer Telephone No. (604) 565-5100
Contact Name Michael Young	Contact Position CFO	Contact Telephone No. (604) 565-5100
Contact Email Address <u>michael@harrysmfg.com</u>	Web Site Address <u>www.HarrysMFG.com</u>	