



FORM 7
MONTHLY PROGRESS REPORT FOR THE MONTH ENDED AUGUST 31, 2019

Name of Listed Issuer: MPXI International Corporation (“MPXI” or the “Issuer”).

Trading Symbol: MPXI

Number of Outstanding Listed securities: 135,144,487

Date: September 9, 2019

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.**

Addition of Senior Management to Support International Growth

On August 6, 2019, the Issuer announced that Dr. Amer Cheema and Nicholas Varone joined the Issuer as its Vice President, Cultivation and Director of Extraction and Processing respectively.

Dr. Cheema is an award winning, extremely talented and highly motivated professional with a Ph.D. in Plant Physiology and Biochemistry, an International Advanced Diploma in Computer Science and Human Resource Management and over 25 years of multidimensional successful experience and leadership background in new business development in the cannabis industry and a variety of other plant productions. He brings a diverse experience as a cannabis cultivation specialist, hydroponics culture specialist, project management leader, team builder, researcher/teacher and scientist. He has developed a unique "2-step direct flowering cultivation method coupled with other scientific techniques" which provides a methodology to increase the yield of cannabis 100% compared to the industry average high while maintaining high cannabinoid content.

Mr. Varone joins the Issuer as its Director of Extraction and Processing. Mr. Varone received a degree in Science with a major in Entrepreneurship. He has several years of extraction experience in multiple U.S. states, and has worked with several state-licensed facilities from start-ups to large-scale producers. He brings to MPXI expertise with both hydrocarbon and solventless extraction, lab design, SOP preparation and facility management. Mr. Varone will be working closely with our management teams in Canada, Switzerland, Malta, Australia and South Africa as we continue to build-out and operate our extraction and processing functions in each of these countries.

Achievement of First Milestone by Spartan

On October 22, 2018 (the "**Spartan Closing Date**"), MPX Bioceutical Corporation ("**MPX**"), completed the acquisition of 100% of the outstanding shares in the capital of Spartan Wellness Corporation ("**Spartan**") from Veteran Grown Corporation ("**VGC**") and Ninth Square Capital Corporation ("**Ninth Square**") for an aggregate purchase price of up to \$6,000,000 of MPX common shares and warrants to be issued upon the achievement of certain milestones as set out below during the period beginning on the Spartan Closing Date and ending on the date that is twenty-four (24) months from July 29, 2019 being the date on which Canveda Inc. became fully licensed to produce, distribute and sell cannabis:

| Milestone | Sales of Cannabis Sales Units ⁽¹⁾ | | VGC | | Ninth Square | | Veteran Growth Fund | |
|---------------|--|-----------------|--------------------|------------------|--------------------|------------------|---------------------|--------------------|
| | Aggregate | Through Canveda | Shares | Warrants | Shares | Warrants | Shares | Warrants |
| Closing | N/A | N/A | \$375,000 | \$62,500 | \$375,000 | \$62,500 | \$125,000 | \$125,000 |
| 1 | 200,000 | N/A | \$281,250 | \$50,000 | \$281,250 | \$50,000 | \$125,000 | \$125,000 |
| 2 | 485,000 | 90,000 | \$281,250 | \$50,000 | \$281,250 | \$50,000 | \$125,000 | \$125,000 |
| 3 | 885,000 | 315,000 | \$281,250 | \$50,000 | \$281,250 | \$50,000 | \$125,000 | \$125,000 |
| 4 | 1,290,000 | 570,000 | <u>\$281,250</u> | <u>\$50,000</u> | <u>\$281,250</u> | <u>\$50,000</u> | <u>\$1,000,000</u> | <u>\$500,000</u> |
| Totals | | | \$1,500,000 | \$250,000 | \$1,500,000 | \$250,000 | \$1,500,000 | \$1,000,000 |

Notes:

- (1) A “Cannabis Sales Unit” is deemed to be 1 gram of dried cannabis or equivalent amount of a class of cannabis specified in Schedule 3, “Equivalent Amounts”, of the Cannabis Act, being: (a) 1 gram of dried cannabis; (b) 5 grams of fresh cannabis; (c) 15 grams of solids containing cannabis; (d) 70 grams of non-solids containing cannabis; (e) 0.25 grams of solid or non-solid concentrates; or (f) 1 cannabis plant seed; however, notwithstanding the equivalence formula in the Cannabis Act, for the purposes of determining the milestones for the purchase price and cannabis oils shall be converted to grams of dried cannabis according to the equivalency supplied by the selling licensed producer as indicated on their website and the label on each product as required by the applicable regulations.
- (2) Under the terms of the Substituted Consideration Agreement, the parties agreed to reduce the number of Cannabis Sales Units to be sold through Canveda Inc. pursuant to the second milestone to 45,000.

On the Spartan Closing Date, MPX issued an aggregate of 781,250 common shares of MPX and 108,695 common share purchase warrants of MPX to Ninth Square and VGC as the vendors.

Following the Spartan Closing Date, shareholders of VGC continued working with Spartan, which achieved the first milestone in the third quarter of 2019. Upon entering a substituted consideration agreement (the “**Substituted Consideration Agreement**”) dated July 29, 2019 with VGC, the Issuer issued on August 6, 2019, 439,453 common shares in the capital of MPXI (“**MPXI Shares**”) at a deemed value of \$0.64 per MPXI Share and 64,935 common share purchase share warrants (“**MPXI Warrants**”) exercisable at a price of \$0.77 per MPXI Share for a term of three (3) years from the date of issue, to VGC in connection with the achievement of the first milestone.

Claim

The Issuer was served with a statement of claim on August 7, 2019, which was subsequently amended on August 21, 2019 (collectively, the “**Claim**”) from Ninth Square seeking damages in the amount of \$3 million from MPXI as well as co-defendants iAnthus and MPX Bioceutical ULC

(formerly MPX). The Claim alleges that, among other things, the Arrangement was unfairly prejudicial to and unfairly disregarded the interest of Ninth Square.

The proceedings were commenced at Toronto in the Ontario Superior Court of Justice (Commercial List) (the “Court”). The Issuer is preparing to file its defence with the Court.

Malta Acquisition

On August 16, 2019, the Issuer announced that MPXI Malta Property Ltd., a Maltese-company owned by MPXI (80%) and Malta-based Bortex Group (“Bortex”) (20%), completed the acquisition of all outstanding shares of Alphafarma Operations Ltd. (“Alphafarma”) from Alpha Pharma Limited.

Under the terms of the definitive agreement, on August 6, 2019 the vendor transferred the lease for a facility constructed to meet GMP requirements located in Mehriel, just outside of Valletta, the capital city of Malta, as well as the GMP certification acquired by Alphafarma in exchange for the payment of US\$1.5 million (approximately \$2,260,800) in cash and the issuance of 1,000,000 MPXI Shares and 300,000 MPXI Warrants to acquire additional MPXI Shares at an exercise price of \$0.63 per MPXI Share for a period of five (5) years.

The Issuer issued to Green Goblin Ventures Limited (“Green Goblin”) 555,375 MPXI Shares as consideration for the preparation of the application for the Licence and 142,484 MPXI Shares as consideration for identifying and facilitating the acquisition of Alphafarma and the transfer of the GMP certification.

As part of the partnership agreement whereby Bortex will provide oversight of and support to MPXI’s Maltese operations and as consideration for assistance with setting up the local manufacturing facility in the newly acquired Alphafarma site, the Issuer issued to Bortex 836,375 MPXI Shares.

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

Reference is made to Item (1) above, the Issuer’s page on the CSE website and its profile at www.sedar.com.

- 2. 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.

- 3. 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.

4. **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.**

Reference is made to Item (1) above, the Issuer's page on the CSE website and its profile at www.sedar.com.

5. **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.

6. **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.**

Reference is made to Item (1) above, the Issuer's page on the CSE website and its profile at www.sedar.com.

7. **Describe the acquisition of new customers or loss of customers.**

None.

8. **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.

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

None.

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

None.

11. **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.**

Reference is made to Item (1) above, the Issuer's page on the CSE website and its profile at www.sedar.com.

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

None.

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

During August 2019, the Issuer issued the following securities:

| Date | Type of Security | Price per Security (CAD) | Number of Securities Issued or Issuable |
|----------------|--------------------------------|--------------------------|---|
| August 6, 2019 | Common Shares | \$0.64 | 461,425 ⁽¹⁾ |
| August 6, 2019 | Common Share Purchase Warrants | \$0.77 | 68,181 ⁽¹⁾ |
| August 6, 2019 | Common Shares | \$0.63 | 1,000,000 ⁽²⁾ |
| August 6, 2019 | Common Share Purchase Warrants | \$0.63 | 300,000 ⁽²⁾ |
| August 6, 2019 | Common Shares | \$0.43 | 1,534,234 ⁽²⁾ |

Notes:

- (1) On August 6, 2019 461,425 MPXI Shares and 68,181 MPXI Warrants were issued in connection with the achievement of the first milestone. See Item (1) above under the heading "*Spartan Milestone #1*".
- (2) On August 6, 2019 2,534,234 MPXI Shares and 300,000 MPXI Warrants were issued pursuant to the Alphafarma Acquisition. See Item (1) above under the heading "*Malta Acquisition*".

14. Provide details of any loans to or by Related Persons.

None.

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

None.

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

The Issuer is focused on developing and operating assets across the global cannabis industry with an emphasis on cultivating, manufacturing and marketing products which include cannabinoids as their primary active ingredient.

The Issuer will concentrate on developing its assets in Canada, while continuing to evaluate and develop opportunities in the European Union, United Kingdom, Australia and South Africa.

In its Summer 2018 edition of the European Cannabis Report, the leading industry advisory firm, Prohibition Partners estimated that the European cannabis market would grow to €115 billion (US\$177 billion) by 2028, virtually double the size of the forecast U.S. market. The same firm's estimate in its November issue of the Oceania Cannabis Report projected that total market size in

Australia and Oceania to be approximately US\$23 billion (including CBD products). These markets are in the early stages of development compared to the industry in North America and the Issuer will focus on establishing early-mover advantage as the regulations in the respective countries continue to evolve. The Issuer continues to have the support of a large contingent of international shareholders, which it believes will strengthen its international expansion efforts. The Issuer will spend time partnering with advisory and industry support groups across several countries and expects to be in a position to leverage managements relationship with key industry suppliers, leaving it well-positioned to take a quick foothold in these emerging cannabis markets.

According to a report released by the Brightfield Group, a research firm that provides data on legal CBD and Cannabis industries, the European CBD market is expected to hit \$416 million in 2019 and expected to grow 400% to \$1.7 billion in 2023.

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 September 9, 2019.

Jeremy S. Budd
Name of Director or Senior Officer

signed "Jeremy S. Budd"
Signature

Executive VP, General Counsel,
Corporate Secretary and a director
Official Capacity

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| Issuer Details | <i>For Month End</i> | <i>Date of Report</i> |
| <i>Name of Issuer</i> MPX International Corporation | August 2019 | YY/MM/DD 19/09/09 |
| <i>Issuer Address</i> 5255 Yonge Street, Suite 701 | | |
| <i>City/Province/Postal Code</i> Toronto, Ontario, M2N 6P4 | <i>Issuer Fax No.</i> 1-877-595-1828 | <i>Issuer Telephone No.</i> (416) 840-3725 |
| <i>Contact Name</i> W. Scott Boyes | <i>Contact Position</i> Chairman, President and CEO | <i>Contact Telephone No.</i> (416) 840-3725 |
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