



**FORM 7**  
**MONTHLY PROGRESS REPORT FOR THE MONTH ENDED JULY 31, 2018**

**Name of Listed Issuer:** MPX Bioceutical Corporation (“MPX” or the “Issuer”).

**Trading Symbol:** MPX

**Number of Outstanding Listed Securities:** 384,824,472

**Date:** August 8, 2018

*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.

MPX, through its wholly-owned subsidiaries in the U.S., provides substantial management, staffing, procurement, advisory, financial, real estate rental, logistics and administrative services to three medicinal cannabis enterprises in Arizona operating under the Health for Life (dispensaries) and the award-winning Melting Point Extracts (high-margin concentrates wholesale) brands. The successful Health for Life brand operates in the rapidly growing Phoenix Metropolitan Statistical Area. With the acquisition of The Holistic Center, MPX adds another operating medical cannabis enterprise to its footprint in Arizona.

GreenMart of Nevada NLV, LLC ("**GreenMart NV**") is an award winning licensed cultivation, production and wholesale business, licensed for both the medical and "adult use" sectors in Las Vegas, Nevada, and is already selling wholesale into the Nevada medical cannabis market. GreenMart NV has also optioned suitable locations and intends to enter the higher-margin retail arena by applying for at least two dispensary licenses in the Las Vegas market which will operate under the "Health for Life" brand.

In Massachusetts, MPX is building out and will operate a cultivation and production facility as well as up to three dispensaries.

In Maryland, is also the later stages of build out and licensing for three full service dispensaries and one producer that will be managed by subsidiaries of the Issuer.

In Canada, MPX has acquired 8423695 Canada Inc. operating as Canveda, which has received its cultivation license from Health Canada, will operate a cultivation and production facility in Peterborough, Ontario. The Issuer also leases a property in Owen Sound, Ontario, for which an application to Health Canada has been made for a cannabis production and sales license. In addition, the Issuer will continue its efforts to develop its legacy nutraceuticals business.

#### Final Approval Received to Open First Managed Dispensary in Maryland and Commencement of Production

On July 17, 2018, the Issuer announced that final licensing approval was secured from the Maryland Medical Cannabis Commission ("**MMCC**") on June 26, 2018 to open the first dispensary in the State of Maryland to be managed by S8 Management, LLC ("**S8 Management**"), an indirect wholly-owned subsidiary of the Corporation. The dispensary, which is owned by Budding Rose Inc., will operate under the Issuer's "Health for Life" brand.

S8 Management also plans to commence production of MPX-branded cannabis products through its management agreement with Rosebud Organics, Inc. ("**Rosebud**"), which secured the necessary production license in October 2017 to manufacture cannabis products. Rosebud has one of only 14 licenses issued to process cannabis derivatives in the State of Maryland. The facility is completely built-out. The production license also enables Rosebud to sell wholesale MPX's concentrates to licensed third party dispensaries, as well as through the Health For Life dispensary

### Extraction Agreement with Southern California's Largest Cannabis Processing Facility

On July 18, 2018, MPX announced that it entered into an agreement, through its wholly-owned subsidiary, CGX Life Sciences, Inc. (“CGX”) with Case Farms Collective (“Case Farms”), the largest cannabis processing facility in Southern California. Case Farms does business under the trade name ‘Oil Haus’ and operates 22,000 square feet of extraction, post processing and packaging space in Long Beach, California.

The agreement with Case Farms represents the Issuer’s initial entry into the California market. Under the terms of the agreement, Case Farms will provide full scale cannabis processing services to MPX, with all concentrate products manufactured to MPX’s proprietary specifications and guidelines to ensure continued consistency in MPX concentrate products nationally. The agreement is expected to significantly increase MPX’s distribution reach as Case Farms will distribute the MPX-branded cannabis concentrates to its network of licensed dispensaries throughout California.

### MPX Provides Additional and Updated Disclosures in Revised Management’s Discussion and Analysis

On July 25, 2018, the Issuer filed a Revised and Restated Management’s Discussion and Analysis (the “**Revised MD&A**”) as at, and for, the three and nine month periods ended December 31, 2017.

The Revised MD&A supersedes the previous MD&A for the same period (the “**Original MD&A**”).

The Ontario Securities Commission (the “OSC”), in connection with a staff review of the Issuer’s filings requested the below revisions to the Original MD&A.

The Revised MD&A provides additional disclosures related to the Issuer’s operations in the United States cannabis industry and corrects typographic and grammatical issues. These additional disclosures were included to conform to the guidance provided in CSA Staff Notice 51-352 (Revised) – Issuers with U.S. Marijuana-Related Activities (the “**Staff Notice**”).

The Revised MD&A includes enhanced disclosure regarding each of the Issuer’s material assets and investments in the United States, including describing whether each asset or investment constitutes “direct”, “indirect” or “ancillary” involvement in the United States marijuana industry (as such concepts are defined in the Staff Notice). The Revised MD&A also includes disclosures regarding the regulatory framework in each United States jurisdiction in which the Issuer operates, as well as disclosures regarding its compliance with applicable laws and regulatory requirements in such jurisdictions. The Revised MD&A includes a description of the Issuer’s systems for monitoring compliance with applicable laws and the regulatory requirements in each applicable United States jurisdiction. The Issuer, in this disclosure, has expanded the risk factor disclosure relating to the Issuer’s involvement in the United States cannabis industry.

The Revised MD&A also includes updates and clarifications regarding the Issuer’s Financial Statements for the nine months ended December 31, 2017.

Other than as expressly set forth above, the Revised MD&A does not reflect any events that occurred after the date of the filing of the Original MD&A.

## **2. 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](http://www.sedar.com).

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.**

None.

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.

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.**

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

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.**

None.

**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.**

None.

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

None.

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

None.

**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.

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

None.

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

During July 2018, the Issuer issued the following securities:

Date	Type of Security	Price per Security (CAD)	Number of Securities Issued or Issuable
July 4, 2018	Common Shares	\$0.64	95,349 <sup>(1)</sup>

**Notes:**

(1) On July 4, 2018, 95,349 common share purchase warrants originally issued in December 2017 and January 2018 for a two (2) year period were exercised at an exercise price of \$0.64 per MPX Share.

**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.**

The emergence of the legal cannabis sector in the United States, both for medical and adult use, has been explosive as more states adopt regulations for its production and sale. In fact, the ArcView Group, a leading cannabis industry research group reports that it is now the fastest growing sector in the country with The U.S. market is expected to grow from US\$5.4 billion in 2015 to US\$22.8 billion by 2020 with a compound annual growth rate of 31% (ArcView Group, January 2016).

After the ballots of the 2016 U.S. federal election were counted, a total of forty-four (44) U.S. states have adopted some form of regulation authorizing the use of cannabis and/or cannabis-related products with twenty-nine (29) of these states (and the District of Columbia) having authorized Marijuana, and of those twenty-nine (29), eight (8) plus District of Columbia have also authorized “adult use”. Many other states have decriminalized possession. Today 60% of Americans live in a State where cannabis is legal in some form and almost a quarter of the population live in States where it is fully legalized for adult use.

The use of cannabis and cannabis derivatives to treat or alleviate the symptoms of a wide variety of chronic conditions has been generally accepted by a majority of U.S. citizens with a growing acceptance by the medical community as well. A review of the research, published in 2015 in the *Journal of the American Medical Association*, found solid evidence that cannabis can treat pain and muscle spasms. The pain component is particularly important, because other studies have suggested that cannabis can replace pain patients’ use of highly addictive, potentially deadly opioid painkillers — meaning medical marijuana legalization could literally save lives.

In Arizona, the state permits the use of cannabis to treat or alleviate symptoms of over 20 medical conditions, including chronic pain. Over 141,000 patients have been approved by the State to use cannabis as a form of treatment and that number has been steadily increasing. The Arizona market size for medical cannabis in 2016 was US\$367 million represented by the sale of 26.6 million grams and predicted to grow to US\$681 million by 2020 (Arcview Market Research, *Arizona Legal Cannabis Market State Profile*, December 2016).

While Arizona voters rejected the full legalization of cannabis for adult use on the November 2016 ballot initiative by a narrow margin, it is expected to resurface again during the mid-term elections in 2018. Interestingly, the largest single contributor of funds to the “no” side on the ballot initiative was a large Arizona-based pharmaceutical company involved in the manufacture of opiate-based painkillers (The Arizona Republic, USA Today, September 16, 2016).

The sale of marijuana for adult use in Nevada was approved by ballot initiative on November 8, 2016 which makes the exercise of MPX’s option to purchase the operation much more attractive.

On June 26, 2018, the Arizona Court of Appeal rendered a decision affirming the Yavapai County Superior Court decision convicting Rodney Christopher Jones of possessing a jar containing 0.05 ounces of “hashish.”

In the *Jones* decision, two of the three judges that heard the case concluded that the Arizona Medical Marijuana Act (the “AMMA”) does not immunize registered qualifying patients from prosecution or conviction under the Arizona criminal code (the “Criminal Code”) for the possession of cannabis which is defined in the Criminal Code as the “resin extracted from any part of a plant of the genus cannabis, and every compound, manufacture, salt, derivative, mixture or preparation of such plant, its seeds or its resin.”

The majority's opinion stated that the possession of cannabis is generally prohibited under the Criminal Code whereas the possession of marijuana, which is the green leafy substance, by registered qualifying patients is immunized against prosecution and conviction under the Criminal Code by the AMMA.

In stark contrast, the dissenting judge asserted that "The AMMA immunizes the medicinal use of "marijuana" by registered qualifying patients. The specific definition of marijuana, found within the AMMA, clearly encompasses all forms of the marijuana plant, including its resin, and is consistent with the spirit and purpose of the AMMA."

The Arizona Department of Health Services (the "Department") released the following statement regarding the *Jones* decision:

**The Arizona Department of Health Services ("the Department") is aware of the recent Arizona Court of Appeals decision regarding hashish and the Arizona Medical Marijuana Act. This case arose from a criminal matter and does not directly affect the Department or direct the Department to make any changes to its rules. However, criminal law does take precedence over Department rules. If you need legal advice to determine what products are impacted by this case, you should contact an attorney.**

MPX concurs with the views expressed in the dissenting opinion and remains committed to compliance with the AMMA by the Health for Life and The Holistic Group dispensaries. Unless and until the *Jones* ruling is stayed or overturned, the AMMA will not immunize patients from criminal prosecution for possession of, and thereby denied access to medicines necessary for their health and well-being.

MPX finds it inconceivable that the Arizona legislators or the public, which clearly reflected in the AMMA a determination that the medical benefits of marijuana should be available to Arizona citizens without fear of prosecution, could have intended that children with epilepsy "smoke a joint". The intent of the AMMA, was to protect from prosecution patients utilizing marijuana or cannabis for their medicinal needs. This most recent court ruling is in direct conflict of this protection afforded by the AMMA.

The Issuer believes the ruling will likely be met with an appeal or other legal action which will hopefully resolve once and for all an issue that has been the subject of contention, and conflicting court rulings, for several years going back to at least 2012.

Furthermore, MPX will be taking a leadership role within our industry to resolve the definitions of cannabis and marijuana to include concentrates and extracts and thereby protect registered qualifying patients from prosecution that could result from the use of marijuana or cannabis to help treat their medical conditions. Accordingly, the Issuer stands with entities such as the American Civil Liberties Union, Arizona Dispensary Association and the Arizona Cannabis Bar Association in this mission.

### **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 August 8, 2018.

W. Scott Boyes  
Name of Director or Senior Officer

signed "W. Scott Boyes"  
Signature

Chairman, President, CEO and a director  
Official Capacity

<b>Issuer Details</b>		<i>For Month End</i>	<i>Date of Report</i>
<i>Name of Issuer</i> MPX Bioceutical Corporation		July 2018	YY/MM/D 18/08/08
<i>Issuer Address</i> Yonge Norton Centre, 5255 Yonge Street, Suite 701			
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<i>Contact Name</i>		<i>Contact Position</i>	<i>Contact Telephone No.</i>
W. Scott Boyes		Chairman, President and CEO	(416) 840-3725
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