

FORM 7

MONTHLY PROGRESS REPORT

Name of CNSX Issuer: HERITAGE CANNABIS HOLDINGS CORP. (the "Issuer" or the "Company").

Trading Symbol: CANN

Number of Outstanding Listed Securities: 1,006,935,509

Date: DECEMBER 7, 2022

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 the CNSX 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 CNSX.ca 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 CNSX 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.

The Issuer is currently listed as a Life Sciences issuer. The Issuer is a cannabinoid company focused on the production and sale of medical and recreational hemp-based and cannabis-based products and services. In Canada, Heritage operates through its subsidiaries Voyage Cannabis Corp. and CannaCure Corp., both regulated under the Cannabis Act Regulations. Produced and distributed under these subsidiaries are the Purefarma, Pura Vida, Premium 5, RAD, feelgood., ArthroCBD, and CB4 brands. Heritage focuses on extraction and the creation of derivative products for recreational consumers, as well as the formulation of cannabis based medical solutions. In the U.S., Heritage operates under Opticann Inc., a Colorado based oral and topical cannabinoid company with the rights to exclusively sell CBD and CBG products made with the patented VESIsorb® drug delivery system for optimized absorption and stability. As the parent

company, Heritage is focused on providing the resources for its subsidiaries to advance their products or services to compete both domestically and internationally.

- (a) On November 2, 2022, the Issuer announced that it completed its first production run in the United States and shipped products to dispensaries in the State of West Virginia, which are now available for purchase. First products include RAD distillate vapes, with RAD live resin and live rosin now in production and shipping next. Heritage commenced operations in the state of West Virginia through a relationship with Harvest Care Medical, LLC (“Harvest Care”), after Harvest Care received its processing license from the West Virginia Office of Medical Cannabis. This milestone marks Heritage’s first U.S. product shipment, and with further expansion into additional states in our U.S. strategic plan, we are poised to capture market share with our established brands and formulations. Please see Issuers press release dated November 2, 2022.
- (b) On November 2, 2022, the Issuer announced it entered into an equity line of credit agreement (the “ELOC Agreement”) with Obsidian Global Partners, LLC (the “Investor”) whereby the Investor proposes to purchase common shares in the capital of Heritage (“Common Shares”) for the aggregate gross proceeds of up to US\$20 million by private placement, at Heritage’s discretion (the “Offering”). On closing, Heritage will pay the Investor an initial fee in an amount equal to 1.5% of US\$20 million, which will be satisfied by the issuance of Common Shares. These Common Shares are subject to a statutory lock-up of four months plus one day from closing (the “Statutory Lock-Up”). An additional fee equal to 1.5% of US\$20 million is due after 50% of the total Offering amount has been drawn by the Company, which amount may be satisfied by cash or the delivery of Common Shares at the option of the Company. Heritage will also advance 79,030,611 Common Shares to the Investor in escrow (the “Escrow Shares”). The Escrow Shares will be subject to the Statutory Lock-Up and will only be released to the Investor in tranches as and when Heritage requests that the Investor purchase Common Shares pursuant to the ELOC Agreement. Any Escrow Shares that are not purchased by the Investor will be subject to cancellation at the end of the term of the ELOC Agreement. Heritage will use the proceeds of the equity line of credit for general corporate purposes and expenses of the Offering. In accordance with the terms of the ELOC Agreement, at no time shall the Investor be issued Common Shares which would result in the Investor beneficially owning in aggregate greater than 9.99% of the outstanding Common Shares of the Company. Please see Issuers press release dated November 2, 2022.
- (c) On November 7, 2022, the Issuer provided an update on recent activities including sales, new products, growing distribution, and the Company’s expansion into the United States. During recent months, the Heritage team focused on further product innovation and the rationalization of stock keeping units (“SKUs”) in order to maximize distribution of high performing SKUs in the coming quarters. In the third quarter, Heritage saw quarter-over-quarter sales of \$10.7 million representing growth of 3.3%, which in light of the market turbulence was its 8th quarter of successive growth, and from Q3 to Q4 Heritage saw growth between 2-3%. This growth, had been driven by the result of increased SKUs being offered as well as broader distribution of Heritage products across the provinces while our recent focus has been to drive longer term sustainable growth. Heritage has launched many new products across the country including 19 in Ontario, seven in BC, eight in Saskatchewan, 18 in Manitoba, three in Nova Scotia, and four new products in Newfoundland. Heritage has also focused on growing provincial portfolios with existing products and recently added 31 SKUs in Manitoba and 24 in Saskatchewan. In the recent Ontario call for products, Heritage had 17 new SKUs accepted 6 of which are from the newly launched brand Thrifty that will be focusing on the high volume categories of vapes and prerolls.

Heritage will also be providing nine new SKUs to Aurora for sale on their online medical sales platform, all of which will ship in the first quarter. Please see Issuers press release dated November 7, 2022.

- (d) On November 8, 2022, the Issuer announced that the vote to legalize cannabis in the state of Missouri is expected to have positive impacts on its recently launched U.S. strategy to enter medical and recreational legalized states in the U.S. using an asset light approach in partnership with existing local license holders. Heritage is poised to capture a substantial share of early shelf space and revenue in the newly legalized Missouri market and will be pursuing an aggressive campaign to engage with retailers and consumers. The company aims to quickly become a market leader and pacesetter of innovation in the State. Voters in Missouri approved Amendment 3 which fully decriminalizes cannabis in the state and opens the market to include recreational sales, a move that is expected to significantly expand the market. This is in addition to the medical marijuana program that was approved in 2018. With legalization in force, MJBizDaily projects sales could reach up to US\$550 million in Missouri in the first year of legalization and as much as US\$900 million by year four. In comparison, the Canadian cannabis market size where Heritage currently operates is US\$3.4 billion in 2022 according to MJBizDaily, making the Missouri market potential approximately 25% of the entire Canadian market. Please see Issuer's press release dated November 8, 2022.

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

During the month the Issuer's management continued to focus on operating activities, including developing and expanding the recreational and medical cannabis business in Canada and the United States, evaluating international opportunities, the acquisition growth strategy, the processing of cannabis, and the methods in which to scale the Company's current facilities.

Additionally, the Company expanded product development and is engaged in discussions with various parties to develop strategic partnerships, including expanding the distribution of medical products.

Management has been continually monitoring the COVID-19 health threat in Canada and based on guidance provided by various public health authorities, the Company continues to operate at its production facilities and adjusted procedures in order to ensure the health and safety of its employees, families and local communities.

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.

- (a) On November 7, 2022, the Issuer provided an update on recent activities including sales, new products, growing distribution, and the Company's expansion into the United States. During recent months, the Heritage team focused on further product innovation and the rationalization of stock keeping units ("SKUs") in order to maximize distribution of high performing SKUs in the coming quarters. In the third quarter, Heritage saw quarter-over-quarter sales of \$10.7 million representing growth of 3.3%, which in light of the market turbulence was its 8th quarter of successive growth, and from Q3 to Q4 Heritage saw growth between 2-3%. This growth, had been driven by the result of increased SKUs being offered as well as broader distribution of Heritage products across the provinces while our recent focus has been to drive longer term

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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.

Not applicable for the preceding month.

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.

Not applicable for the preceding month.

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.

Not applicable for the preceding month.

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.

Not applicable for the preceding month.

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

Not applicable for the preceding month.

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.

Not applicable for the preceding month.

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

Not applicable for the preceding month.

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

Not applicable for the preceding month.

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.

Not applicable for the preceding month.

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

a) On November 2, 2022, the Issuer announced it entered into an equity line of credit agreement (the “ELOC Agreement”) with Obsidian Global Partners, LLC (the “Investor”) whereby the Investor proposes to purchase common shares in the capital of Heritage (“Common Shares”) for the aggregate gross proceeds of up to US\$20 million by private placement, at Heritage’s discretion (the “Offering”). On closing, Heritage will pay the Investor an initial fee in an amount equal to 1.5% of US\$20 million, which will be satisfied by the issuance of Common Shares. These Common Shares are subject to a statutory lock-up of four months plus one day from closing (the “Statutory Lock-Up”). An additional fee equal to 1.5% of US\$20 million is due after 50% of the total Offering amount has been drawn by the Company, which amount may be satisfied by cash or the delivery of Common Shares at the option of the Company. Heritage will also advance 79,030,611 Common Shares to the Investor in escrow (the “Escrow Shares”). The Escrow Shares will be subject to the Statutory Lock-Up and will only be released to the Investor in tranches as and when Heritage requests that the Investor purchase Common Shares pursuant to the ELOC Agreement. Any Escrow Shares that are not purchased by the Investor will be subject to cancellation at the end of the term of the ELOC Agreement. Heritage will use the proceeds of the equity line of credit for general corporate purposes and expenses of the Offering. In accordance with the terms of the ELOC Agreement, at no time shall the Investor be issued Common Shares which would result in the Investor beneficially owning in aggregate greater than 9.99% of the outstanding Common Shares of the Company. Please see Issuers press release dated November 2, 2022.

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

Security	Number Issued	Details of Issuance	Use of Proceeds ⁽¹⁾
Common Shares	90,729,754	ELOC (above described)	General corporate purposes

(1) State aggregate proceeds and intended allocation of proceeds.

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

Not applicable for the preceding month.

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

Not applicable for the preceding month.

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

(a) On Tuesday, February 2, 2021, U.S. lawmakers led by Democratic Senators Cory Booker, Ron Wyden and Chuck Schumer, said they plan to introduce legislation to reform how cannabis is treated under U.S. law, and are working on a comprehensive bill that could lead to significant changes to the U.S. cannabis market. On July 21, 2022 Chuck Schumer officially presented a

cannabis legalization bill, which if passed would effectively decriminalize cannabis in the United States on a federal level.

- (b) The U.S. House of Representatives passed the Marijuana Opportunity Reinvestment and Expungement (MORE) Act to remove cannabis from the U.S. Controlled Substances Act, a meaningful legislation aimed at ending the U.S. federal prohibition on cannabis.
- (c) On October 17, 2018, the Cannabis Act came into effect providing for the legalization and regulation of recreational cannabis use in Canada.
- (d) The Company's business is subject to a variety of laws, regulations and guidelines relating to marketing, distribution, cultivation, management and sale and disposal of medical marijuana but also laws and regulations relating to health and safety, the conduct of operations and the protection of the environment. Changes to such laws, regulations and guidelines may cause adverse effects to the Company's operations.
- (e) The legislative framework pertaining to the Canadian recreational cannabis market will be subject to significant provincial and territorial regulation.
- (f) The progression of the COVID-19 could have an impact on the Issuer's business and operations.
- (g) The Issuer's business involves certain risks and uncertainties that are inherent to the Company's industry. For disclosure on risks related to an investment in the Issuer, please refer to the Company's Listing Statement dated December 21, 2017, which is available on SEDAR at www.sedar.com.

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 CNSX 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 CNSX Requirements (as defined in CNSX Policy 1).
4. All of the information in this Form 7 Monthly Progress Report is true.

Dated December 7, 2022

David Schwede

Name of Director or Senior Officer

"David Schwede"

Signature

CEO

Official Capacity

<i>Issuer Details</i> Name of Issuer	For Month End	Date of Report YY/MM/D
Heritage Cannabis Holdings Corp.	November 2022	22/12/07
Issuer Address 77 Bloor Street West		
City/Province/Postal Code	Issuer Fax No.	Issuer Telephone No.
Toronto ON, M5S 1M2	n/a	1-888-940-5925
Contact Name	Position	Contact Telephone No.
Kelly Castledine	Investor Relations	647-660-2560
Contact Email Address	Web Site Address	
kcastledine@heritagecann.com	www.heritagecann.com	