

## FORM 7

### **MONTHLY PROGRESS REPORT**

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

Trading Symbol: CANN

Number of Outstanding Listed Securities: 169,457,650

Date: JUNE 4<sup>TH</sup>, 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 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 Company is currently listed as a Life Sciences issuer. Heritage was created as a holding company, designed to acquire, in whole or in part, various cannabis related companies or projects. The Company has a mineral exploration property in Quebec, Canada.

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

During the preceding month, management primarily focused on the evaluation of projects and on general administrative issues.

The Company holds a 75% interest in PhyeinMed Inc. ("PhyeinMed"), PhyeinMed is a late stage applicant under the ACMPR, and has completed Phase 1 of a multiphase construction project of cannabis grow space in Falkland, BC.

On March 15, 2018 PhyeinMed Inc. (“PhyeinMed”) has received from Health Canada a Confirmation of Readiness (“COR”) for a Licence under the Access to Cannabis for Medical Purposes Regulations (“ACMPR”). Further to receiving the COR and as Phase 1 has completed, the team is now preparing the extensive Evidence Package which is necessary to obtain a Production Licence under section 35 of the ACMPR. This package includes include documentation, detailed photos and video, facility design packages, and the ability to demonstrate product storage, security, monitoring of access and record keeping.

PhyeinMed has submitted to Health Canada, the evidence of site and facility completion as noted in the letter of “Confirmation of Readiness under the ACMPR”. This is the final step of the application process, with the next step being PhyeinMed receiving a production license and approval to cultivate cannabis at their location in Falkland, British Columbia.

PhyeinMed’s Phase 2 construction has begun, which has a targeted completion date of summer 2018. Once fully constructed, PhyeinMed will create 40-50 full and part time jobs in the Falkland, BC area.

The Company has made an accepted offer to acquire approximately 100 acres of agriculturally zoned land in Clearview Township, near Collingwood, Ontario. The agreement to acquire the property was made by 1005477 BC Ltd., a wholly owned subsidiary of Heritage, which also owns 75% of PhyeinMed. Terms of the purchase include a total purchase price of \$1.3 million with a targeted closing of June 30, 2018. The offer includes many subjects to the benefit of the buyer, including the award of a Licence to Produce Cannabis. The company has paid a deposit of 10% of the purchase price, with the remainder due at closing being paid by cash on hand. Approval of the second site and licence permitting, construction is scheduled to begin in early 2019, with additional expansion to continue as demand grows.

Clearview is zoned agriculture and is approved for the cultivation of cannabis. There are approximately 85 acres of flat usable land suited for both indoor and outdoor cultivation. PhyeinMed Inc. (“PhyeinMed”), a Health Canada late stage applicant under the ACMPR (Access to Cannabis for Medical Purposes Regulations), has a long-term growth strategy, separated into multiple phases, ultimately culminating in an operation with growing capacity of 3,000,000 square feet, capable of producing in excess of 300,000 kilograms of cannabis per year. The Company is anticipating a large demand for edibles and consumables, whether in candy or infused products, on legalization of this new market. Since the product needed for this market has different characteristics than the current planned cannabis flower products the Company is looking to produce, it will be targeting a combination of indoor and outdoor growth in an effort to be a low-cost producer.

The Company has an Advisory Board comprising Michele Cadario, Bob Simmonds and Debra Senger.

No definitive decision has been made yet in respect of the Company’s mineral exploration project in Quebec.

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.

Heritage has signed an agreement with GLE Brands Inc ("GLE"), a branding company inclusively representing the 'Cheech's Private Stash' ("Private Stash"), Cannabis brand of Iconic Hollywood actor, stand-up comedian and Cannabis legalization advocate, Cheech Marin. The agreement calls for Heritage to have exclusive rights to use cannabis and cannabis related products utilizing the Private Stash brand throughout Canada for an initial period of two years, with the agreement automatically renewing for an additional year upon achieving various milestones. In addition, Heritage will have the right to supply products for export as GLE executes on their strategy to expand the Private Stash brand to other countries and appropriate export licences are obtained.

Letter of Intent (LOI) with Stanley Park Digital Ltd. Key terms of the LOI include the development of a Cannabis Supply Chain Management System which will be designed to track and document all aspects of production from 'seed to sale'. By utilizing a blockchain technology base to underpin an internal management process, it will provide an avenue to guarantee quality and consistency of product, as well as allow traceability and transparency for regulation oversight.

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 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.

Security	Number Issued	Details of Issuance	Use of Proceeds <sup>(1)</sup>
Common Shares	514,000	Exercise of options	\$93,560 general working capital
Common Shares	400,000	Exercise of warrants	\$24,000 general working capital
Common Shares	270,000	Exercise of warrants	\$27,000 general working capital

(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.  
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. further to its press releases dated July 5, 2017, August 18, 2017 and November 2, 2017 in connection with the acquisition by the Company of an aggregate 75% interest in PhyeinMed Inc., a late stage Health Canada Access to Cannabis for Medical Purposes Regulations applicant for the purpose of growing, selling and distributing medical cannabis, that it has now completed a change of business transaction (the "Transaction"), within the meaning of such term in the policies of the Canadian Securities Exchange (the "CSE") to a medical marijuana issuer. In connection with the Transaction, the Company has changed its name to "Heritage Cannabis Holdings Corp.". Trading of the Company's common shares will resume trading under the new name and under the new ticker symbol "CANN" (CUSIP #42727B109 and ISIN #CA42727B1094) at the open on Wednesday, January 10, 2018.
  - b. further to its Press Release of February 1<sup>st</sup>, 2018 announcing the purchase agreement on 100 acres for Ontario farmland. The expansion into Ontario is part of the long-term strategy of becoming a significant producer in the Canadian Cannabis marketplace. We are anticipating demand will outpace supply in the foreseeable future as legalization in Canada gets nearer to completion, and we intend to execute on our plan to ensure we can comfortably supply our customers with high quality products which will include all facets of the cannabis market for years to come"

- c.** The former MMPR has been replaced by the new Access to Cannabis for Medical Purposes Regulations (the “ACMPR”). On December 19, 2016, Health Canada amended the Issuer’s license to allow the sale of “starting materials” or marijuana plants immediately to legally authorized patients under the ACMPR.
- d.** 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, which is available on SEDAR at [www.sedar.com](http://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 were 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 June 4<sup>th</sup>, 2018

Jag Bal

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Name of Director or Senior Officer



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Signature

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President & CEO

\_\_\_\_\_  
Official Capacity

<b>Issuer Details</b>		For Month	Date of Report
Name of Issuer		End	YY/MM/D
Heritage Cannabis Holdings Corp.		May 2018	18/06/04
Issuer Address			
929 Mainland Street			
City/Province/Postal Code	Issuer Fax No.	Issuer Telephone No.	
Vancouver, BC V6B 1S3	(604) 628-0129	(604) 628-1767	
Contact Name	Position	Contact Telephone No.	
Andrew Prowse	Admin	(604) 628-1767	
Contact Email Address	Web Site Address		
<a href="mailto:arp@heritagecann.com">arp@heritagecann.com</a>	<a href="http://www.heritagecann.com">www.heritagecann.com</a>		