

FORM 7

MONTHLY PROGRESS REPORT

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

Trading Symbol: CANN

Number of Outstanding Listed Securities: 414,135,484

Date: MARCH 4TH, 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 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. The Company is focused on becoming a vertically integrated cannabis provider that currently has two Health Canada approved licenced producers, through its subsidiaries PhyeinMed Inc. and CannaCure Corp. both regulated under the Cannabis Act Regulations. Working under these two licences, Heritage has two additional subsidiaries, Purefarma Solutions, which provides extraction services, and BriteLife Sciences which is focused on cannabis based medical solutions. Heritage as the parent company, is focused on providing the resources for its subsidiaries to advance their products or services to compete both domestically and internationally.
2. Provide a general overview and discussion of the activities of management.

During the preceding month, management primarily focused on the completion and filing of both a Short Form Prospectus. As well as evaluation of projects and general administrative issues.

The Company has strengthened the Management Team with the addition of Donald Ziraldo as Chairman and Clint Sharples as permanent CEO. Erin Prohaska, CA, CPA, as Chief Financial Officer. Ms. Céline Arsenault, CA, CPA to the Board of Directors and as the Chair of the Audit Committee. Mr. Daniel Phaure, CA, CPA, as the Chief Operating Officer, and Ms. Elizabeth Thomas as Corporate Secretary.

The Company filed a Short Form Prospectus, to qualify the distribution of 33,000,000 units of the Company issuable upon the deemed exercise of special warrants (the “Special Warrants”) issued by the Company on November 7, 2018. As a result of obtaining the Receipt the Special Warrants will be deemed exercised no later than February 6, 2019. In accordance with the terms of a special warrant indenture dated November 7, 2018 between the Company and Computershare Trust Company of Canada, each Special Warrant entitles the holder to receive 1.1 common shares of the Company (a “Share”) and 1.1 common share purchase warrants (each whole warrant, a “Warrant”). Each Warrant is exercisable for one Share on a date that is the earlier of (i) May 7, 2021 and (ii) the date specified in any warrant acceleration notice, at an exercise price of \$0.35 per Share. For further information on the Special Warrants, please see the Company’s news releases dated October 18, 2018 and November 7, 2018, copies of which are available on SEDAR (www.sedar.com).

The Company expanded its extraction capacity with the order of three new extraction systems. This order will see two new units to be delivered to CannaCure Corp (“CannaCure”) in Fort Erie, ON, and one new unit to be installed in addition to the Company’s existing extraction unit at Falkland, BC in the PhyeinMed Inc. (“PhyeinMed”) location. Once installation of all four systems are completed, and the necessary licenses from Health Canada are obtained, Heritage will become one of the largest processing companies in Canada in terms of extraction capacity.

PhyeinMed | Two rooms have been temporarily repurposed and dedicated to the extraction business within the indoor Falkland licensed facility. Upon receiving the processing licence from Health Canada, the extraction team from Purefarma Solutions (“Purefarma”) will be ready to begin processing the significant amount of hemp feedstock. Once certified, the Falkland location will have capacity to process in excess of 150,000 kilograms of dried cannabis or hemp input per year.

Cannacure | The highly calibrated extraction machines will be temporarily installed in repurposed clean rooms as CannaCure prepares for the buildout of phase 2. The planned second phase will include dedicated extraction rooms and other ancillary extraction related services, with an anticipated completion of August 2019 at an estimated cost of \$1 million.

The addition of BriteLife Sciences Ltd. (“BriteLife”), a newly formed wholly owned subsidiary dedicated to furthering the Company’s footprint in the medical cannabis market. This new subsidiary will look to introduce various medical related propriety branded products and partnerships with other recognized industry leaders. Dr. Chris Spooner, Heritage’s Chief Science Officer, will oversee the strategic direction while Cyndi McLean will take the role as Vice President of Business Development for BriteLife, responsible for sales and client relationship management.

On December 18, 2018 Graeme Staley joined the Board of Directors. Mr. Staley is the CEO of Purefarma Solutions Inc. (“Purefarma”), a wholly owned subsidiary of Heritage. He began extracting over 5 years ago via his personal license, where he designed extraction and formulation processes. Utilizing his background in refrigeration and mechanical engineering and winery operations he has developed commercial standardized processes relevant to the new cannabis industry. Mr. Staley provides the technical direction and execution of the team’s strategies based on over 20 years of project related experience. His extensive experience in alternative and sustainable energy system design, installation and operation and as a proven project manager with senior design experience in refrigeration and associated mechanical disciplines has given him specialized skills in the coordination between innovation and implementation.

The Company holds a 75% interest in PhyeinMed Inc. (“PhyeinMed”), PhyeinMed received a license from Health Canada under the Cannabis Act Regulations .

In August, 2017 and amended March 28, 2018, PhyeinMed signed an updated Wholesale Agreement with Canopy Growth Corporation (“**Canopy**”) to supply cannabis and cannabis products to the recreational marketplace via Canopy’s various sales channels. PhyeinMed stands to substantially accelerate its speed to market utilizing Canopy’s national framework, in addition to the extensive retail channels. Canopy is widely recognized as leading the way in the Canadian cannabis market and has a global reputation for providing top quality products and partnering with other top producers. This partnership will allow PhyeinMed to significantly reduce acquisition costs for infrastructure, while driving early revenue.

PhyeinMed does not, directly or indirectly, have any business operations in jurisdictions where cannabis is not federally legal, such as the United States.

PhyeinMed has plans to take advantage of the additional acreage surrounding our current processing facility and greenhouses by erecting a series of up to 30 additional seasonal small-scale greenhouses in the spring of 2019. The seasonal greenhouses bode well for extracted production products.

CannaCure, based in Fort Erie, Ontario, is a Health Canada License holder under the Cannabis Act Regulations, and has completed phase one of its three phase build-out plan. The constructed phase one facility is a state-of-the-art 24,260 square foot area, complete with four grow rooms, a fully constructed level 10 vault, propagating rooms and much more. Once completed, all three phases combined will comprise of 122,000 square feet, giving many options for CannaCure in the future. Additionally, included in this transaction is CannaCure’s option to purchase 3.4 million square feet of existing and operating greenhouse space in Leamington, Ontario.

On January 29, 2019 Cannacure commenced the first harvest at the Fort Erie location. CannaCure signed an agreement with CannTrust Inc., which provided the original genetics for this inaugural grow. The agreement calls for CannTrust having a right of first refusal to purchase the product from CannaCure.

Purefarma, based in Kelowna, BC, is a manufacturer and wholesale processor of premium CBD oils. This strategic acquisition provides Heritage an established pathway into the Canadian retail and wholesale, as well as overseas markets. Purefarma brings an experienced extraction team which is a key part of the overall vision for Heritage to provide significant

market access to both the existing PhyeinMed LP while positioning itself to utilize CannaCure's scalable production.

The Company is nearing completion of the first phase of its greenhouse construction plan at its Falkland, BC location. Phase one, which consists of four, 4,000 square foot greenhouses is expected to be in operation by April 2019. The Company will continue its greenhouse buildout in Falkland during the second half of 2019 and into 2020.

As a result of our acquisition of CannaCure Corporation, the Company completed its first harvest at its licensed facility in Fort Erie, Ontario and anticipates launching its second grow process following the installation of extraction systems.

The acquisition of Purefarma has significantly advanced two key Company initiatives: extraction capability and hemp procurement. Utilizing Purefarma's expertise in the field of extraction, the Company secured its first four extraction machines in Q2 2019. Management anticipates that these initial extraction machines will be installed and operational (pending appropriate regulatory licenses) in Q2 2019. The initial extraction capacity rated volume is expected to be approximately 100,000 kgs of dried flower annually. Via Purefarma, the Company has satisfied its hemp procurement initiative by securing 1,600 acres of hemp for extraction in 2019 and increasing the hemp supply to 3,000 acres in the subsequent year. Subject to receiving the required licences from Health Canada, the product from the 2018 crop will be processed through the initial machines currently being installed.

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.

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 hirings, terminations or lay-offs with details of anticipated length of lay-offs.

Addition of Donald Ziraldo as Chairman and Clint Sharples as permanent CEO. Erin Prohaska, CA, CPA, as Chief Financial Officer. Ms. Céline Arsenault, CA, CPA to the Board of Directors and as the Chair of the Audit Committee. Mr. Daniel Phaure, CA, CPA, as the Chief Operating Officer, and Ms. Elizabeth Thomas as Corporate Secretary.

Kristina Khersonski resigned as Corporate Secretary and CFO

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.

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 ⁽¹⁾
Common Shares	5,220,000	Exercise of warrants	\$1,827,000 for general working capital
Common Shares	5,500,000	Proposed Stock Options	\$1,870,000 if exercised for 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. 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.

- b.** The legislative framework pertaining to the Canadian recreational cannabis market will be subject to significant provincial and territorial regulation.
- c.** 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.

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 March 4th, 2019

Clint Sharples

Name of Director or Senior Officer



Signature

President & CEO

Official Capacity

Issuer Details	For Month	Date of Report
Name of Issuer	End	YY/MM/D
Heritage Cannabis Holdings Corp.	February 2019	19/03/04
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.
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