

# FORM 7

## MONTHLY PROGRESS REPORT

Name of Listed Issuer: **GLOBAL HEMP GROUP INC.** (the "Issuer").

Trading Symbol: **GHG**

Number of Outstanding Listed Securities: **24,291,458**

Date: **March 6, 2024**

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 focused on two business segments:**

- **INDUSTRIAL HEMP:** This division is focused on, but not limited to, the carbon negative use of hemp-based construction materials and carbon neutral bio-energy sources.
- **BIOPHARMA:** The Health and Wellness Division is acquiring exclusive licensing of patents and other IP. To date the Company has executed agreements for partnerships with companies like B-Organic R&D Corp. and Apollon Formularies plc.

**The Company continues to work on expanding both these segments with additional opportunities and people to assist in developing its business segments.**

### **UPDATE ON INDUSTRIAL HEMP DIVISION**

**GHG has been committed to exploring the vast potential of industrial hemp since its establishment, with a focus on sustainable applications such as hemp-based building materials and bio-energy sources. The company has long recognized the valuable contributions that hemp can make to society. In the past year, GHG has expanded its Health and Wellness Division through the acquisition of exclusive licensing for patents and Intellectual Property related to the use of cannabinoids from hemp and cannabis plants. Additionally, the company has secured an exclusive option to acquire a Multi-Faceted, Vertically Integrated Cannabis Operator in New Brunswick. GHG's R&D division will play a pivotal role in supporting product development for both divisions.**

### **Hemp Agro-Industrial Zone Development in Quebec**

**In line with its ongoing commitment to hemp-related business ventures, GHG is in advanced planning stages for the development of a project to establish a Hemp Agro-Industrial Zone ("HAIZ") in Quebec. This initiative aims to focus on developing a variety of building materials for constructing affordable housing in the region. GHG has been engaging in discussions with potential partners, government entities, funding sources, farmers, builders, and other stakeholders to advance this project.**

**GHG is actively pursuing strategic partnerships, joint ventures, and acquisitions with like-minded companies that share a vision for the transformative potential of industrial hemp. The HAIZ is specifically focused on harnessing the potential of the hemp hurd (inner woody core) and fiber to develop products with substantial environmental benefits. The design of the HAIZ is intended to be scalable and adaptable to regions where hemp cultivation is viable.**

## **Background**

**Quebec is currently grappling with two significant challenges: an immediate housing crisis and the long-term, but equally critical, climate crisis. Vacancy rates in Quebec have reached historically low levels, with many cities experiencing rates as low as 0.3%, far below the recognized equilibrium rate of 3.0%. The urgent need to construct approximately 860,000 homes in Quebec over the next six years has been acknowledged by both federal and provincial governments. While the recent budget announcement of \$1.8 billion by the Quebec government for the construction of 8,000 affordable housing units is a step forward, it falls short of making a meaningful impact on this pressing issue. The current housing situation in Quebec presents a compelling opportunity to enter the market, given the widespread public support for affordable housing, competitive conditions offered by municipal industrial parks, a thriving agricultural community, and access to lime sources for hempcrete production.**

**The Intergovernmental Panel on Climate Change has estimated that climate change has cost Canada between \$0.5 billion and \$1.9 billion per year since 1983. Decarbonizing the economy stands as a key objective of the Quebec government.**

**In 2022, the building sector accounted for 18% of Canada's greenhouse gas emissions. These emissions consist of both an operational component and an embedded component. The operational component encompasses heating, ventilation, lighting, and mechanical functions, and varies across provinces based on the primary source of energy. The embedded component, which accounts for approximately one third of the total emissions, is a significant factor.**

**The carbon footprint of building materials is influenced by the nature and sourcing of raw materials, their transportation to manufacturing sites, and the distribution of these materials to construction sites. An often-overlooked aspect of the construction sector's carbon footprint is the disposal of waste, which according to the World Bank, constitutes 30% of all waste disposal.**

**The solution lies in the production of natural building materials, such as hempcrete, located as close as possible to the building sites. Hempcrete construction is gaining traction globally, although North America is currently trailing behind Europe. The publication of the 2024 International Residential Code's (IRC) appendix for hempcrete construction is anticipated to foster greater acceptance of this building material in North America. This method of construction only requires hemp hurd, lime and water. Currently there is approximately 1,500 ha hemp grown in Quebec, and no industrial**

facilities east of Alberta available to process the hemp. GHG's current endeavour in Quebec looks to change that.

### **Bringing Hemp Processing to Quebec**

**Revenue Sources for the Project** - The bulk of the revenue of this project will be derived from hemp-based construction capitalizing on the urgency of the housing crisis. One third of decortication revenues are estimated to come from the sale to construction projects under the management of GHG and its associates and partners.

**Farming** – Farming will be done on a contract basis. Under the current vision for the project, the Company will look to cultivate up to 450 ha (1,111 acres) by 2028. The region under consideration for this cultivation covers more than 16,000 ha over 150 farms and is currently focused on dairy production of which a significant portion of the acreage is required for feed. Hemp's regenerative/bioremediation qualities make it an ideal crop rotation plant for the area. It is within this farming community that GHG's initial hemp tests were conducted on four farms, over a three-year period. These tests yielded more than 5 tons/ha of dried straw and provides the baseline for the project. The anticipated hemp farm area is within 50 km of where the production facilities are likely to be located.

**Primary Processing** - The core of the division is the decortication plant, where fibre and hurd are separated. Several options are under consideration with capacity varying from 0.5 tonne/hr to 1.5 tonne/hr. A capacity of one tonne/hr would be able to process the output of approximately 400 ha of hemp and provide sufficient quantities of hurd to build 600 apartments, assuming the whole output being dedicated to that purpose.

**Secondary Processing** - GHG intends to fully integrate its production from farm to the building site. This will call for the establishment of two additional manufacturing facilities, one for hempcrete blocks and one for hemp insulation panels. The planned block plant will reach its annual capacity of 6,000 m<sup>3</sup> of blocks on one shift only by 2028, and could be doubled with the addition of an additional shift. This is compatible with the anticipated growth in construction of housing units. Hemp fibre will be processed into insulation matts in a separate plant to meet the insulation requirements (roofs) of GHG's construction projects. Excess output will be marketed locally as insulation matts or into alternate products.

A small pellet plant will complete the Hemp Agro-Industrial Zone to process the dust and waste recovered from the decortication plant into pellets as a bio-energy source.

**Construction** - GHG has initiated discussions with prospective partners of the housing development industry that are dedicated to green building. As these green building materials are not well known in the building industry at large, it makes sense that GHG develops its own construction arm to market its products. In addition to being a profit center on its own, the construction unit will provide a showcase for the industry at large and broaden the market for the Company's hemp-based building products.

**Funding - Financial models and budgeting are currently being developed and will largely depend on the final capacity of the processing facilities chosen for the project. Once complete, this will determine the final debt to equity ratio that the Company will seek for the project. Funding will come from three sources; funds raised by GHG (current and future funding initiatives), participating farmers wanting to be a part of the processing facilities where they will be selling their hemp, and Quebec and Regional Government Financing Agencies. Certain agencies have programs to provide loans at competitive rates to support up to 100% of capital expenditures and allow applicants to focus their own resources on covering operational expenses. The Company is in contact with various agencies for project funding.**

**GHG has identified a niche in the global hemp market where new hemp-based building materials can be manufactured and utilized in a region that has a chronic housing shortage that will take years of ongoing development to solve. Couple that with bringing together partners/developers in the region that share GHG's vision and commitment to green construction, will provide an end use for the Company's products. This will create perfect synergies and an opportunity to generate multiple revenue streams for the Company and build shareholder value in the years to come.**

**The Company continues to work on closing the remaining \$377,500 of its previously announced \$445,000 non-brokered unit private placement. Each unit consists of one common share of the company at \$0.05 per share and one common share purchase warrant. Each warrant entitles the holder to acquire one additional common share of the company at an exercise price of \$0.10 until January 15, 2027.**

**The Company continues to work with B-Organic R&D Corp. to conclude an agreement relating to the exclusive licensing of its Bioactive Lipid Agents (BLA) technology, a patented innovative matrix which is able to increase the solubility and bioavailability of numerous poorly soluble pharma ingredients, including cannabinoids.**

**Management Cease Trade Order ("MCTO") - On January 30, 2024 the Company announced that it anticipated a delay in the filing of its audited financial statements and Management's Discussion and Analysis ("Required Filings"). GHG was granted an MCTO under National Policy 12-203 Management Cease Trade Orders by the British Columbia Securities Commission, as principal regulator for the Company. The MCTO will restrict all trading by the Company's CEO and CFO in securities of the Company, whether direct or indirect. The issuance of the MCTO will not affect the ability of persons who are not directors, officers or insiders of the Company to trade their securities. The MCTO will remain in effect until the Required Filings are filed or until it is revoked or varied. The Company expects that the Required Filings will be completed and filed on or before March 29, 2024.**

2. Provide a general overview and discussion of the activities of management.  
**See #1 above.**

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.  
**None**
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/returned to treasury, and options or warrants granted.

Security	Number Issued	Details of Issuance	Use of Proceeds <sup>(1)</sup>
N/A			

<sup>(1)</sup> 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.

**On February 21, 2024 GHG announced the appointment of Louis René Vallée, President & CEO of Montreal, Québec based Power Food Group to GHG's team as Business Development Advisor to the Company. He is a marketing specialist and an expert in brand creation, new product introductions, and positioning of products across retail and wholesale sectors in Canada and the United States.**



**Mr. Vallee will play a key role is spearheading GHG's business development and marketing efforts for both the Company's Industrial Hemp Division and its Health and Wellness Division. He brings to GHG an impressive network of relationships in the financial, banking and governmental sectors, along with C-Suite contacts to major grocery chains in both Canada and the United States.**

**Over the years Mr. Vallee has helped analyze markets and created many new products for the companies he represented, as well as assisting early-stage business start-ups to properly guide them in their business development.**

**Over the past 25 years, Louis Rene, Founder and President of Power Food Group Inc. has specialized in merchandising in the Retail and Food Service sector, including Industrial and Co-packing. In addition to their work in North America, Power Foods has been involved in export sales of products in Asia and Europe. The company also does private label products, provides branding and marketing services, and has a trading division for transactions with other countries. Prior to ownership of his own corporation, Mr. Valle was a senior officer or director of various companies in the food brokerage industry.**

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

**None**

## 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 where 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 6, 2024.

**Curt Huber** \_\_\_\_\_

Name of Director or Senior Officer

**"Curt Huber"** \_\_\_\_\_

Signature

**Director** \_\_\_\_\_

Official Capacity

<b>Issuer Details</b>		For Month End	Date of Report
Name of Issuer <b>Global Hemp Group Inc.</b>		<b>February 2024</b>	YY/MM/DD <b>2024/03/06</b>
Issuer Address <b>#106 – 1169 Mt. Seymour Road</b>			
City/Province/Postal Code <b>North Vancouver, BC V7H 2Y4</b>		Issuer Fax No. <b>N/A</b>	Issuer Telephone No. <b>778-726-2900</b>
Contact Name <b>Curt Huber</b>		Contact Position <b>Director</b>	Contact Telephone No. <b>778-726-2900</b>
Contact Email Address <b>info@globalhempgroup.com</b>		Web Site Address <b>www.globalhempgroup.com</b>	