

FORM 7

MONTHLY PROGRESS REPORT

Name of Listed Issuer: PreveCeutical Medical Inc. (the "Issuer")

Trading Symbol: PREV

Number of Outstanding Listed Securities: 390,188,905

Date: January 7, 2019 (for the month ended December 31, 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.

On December 19, 2018, the Issuer provided a year end corporate update on its ongoing corporate initiatives. Highlights from the corporate update include information regarding the Issuer's letters of intent, the Issuer's licencing agreement with Asterion Cannabis Inc. and the progress of the Issuer's Cannabis Division and Australian operations.

For further information regarding the Issuer's business operations, including the corporate update mentioned above, please see the news releases posted on the Issuer's Exchange profile.

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

During December 2018, management's principal activities consisted of activities which included, but were not limited to matters related to,

- (i) conducting its Australian operations;**
- (ii) compiling and providing disclosure to the British Columbia Securities Commission (the "BCSC") (see Item 12 below); and**
- (iii) preparing and filing a Notice of Civil Claim with the Supreme Court of British Columbia (see Item 12 below).**

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.

Not applicable.

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.

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.

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.

On December 19, 2018, the Issuer announced that its letter of intent with the Penta 5 Group (see news release dated October 3, 2018) expired. During its due diligence of the Penta 5 Group, the Issuer became aware of unexpected complexities regarding the structure of the group that made the proposed share purchase transaction unfeasible. The Issuer and the Penta 5 Group are in negotiations regarding possible alternative transaction structures involving the purchase or joint ventures of individual products.

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.

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

Not applicable.

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.

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

Not applicable.

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

Not applicable.

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.

The Issuer is one of 51 respondents to a Temporary Order and Notice of Hearing (the "Temporary Order") issued by the Executive Director of the BCSC under Section 161(1) of the *Securities Act* (British Columbia) on November 26, 2018 (See the Issuer's Form 7 – Monthly Progress Report for November 2018). On December 7, 2018, the Temporary Order was extended by the BCSC. The Issuer is fully cooperating with the BCSC on this matter and continues to provide the BCSC with the disclosure requested by it in connection with same.

Further, on December 17, 2018, the Issuer filed a Notice of Civil Claim with the British Columbia Supreme Court, in which 14 of the respondents to the Temporary Order were named as defendants thereto (see news release dated January 7, 2019). The nature of the Notice of Civil Claim relates to certain matters set out in the Temporary Order and the Issuer makes claims against the defendants for fraudulent misrepresentation, breach of contract, conspiracy, unjust enrichment and breach of duty of honest performance in connection with services that the defendants failed to provide to PreveCeutical, and various consulting agreements (the "Consulting Agreements") and subscription agreements (the "Subscription Agreements") entered into between PreveCeutical and certain defendants in connection therewith.

The relief sought by the Issuer in the Notice of Civil Claim includes the following: (i) rescission of the Consulting Agreements and the Subscription Agreements; (ii) all necessary actions to effect such recession, including an order that the defendants return the securities issued to the defendants by the Issuer under the Subscription Agreements and refund the consulting fees paid by the Issuer to the defendants under the Consulting Agreements; (iii) damages; (iv) costs; and (v) pre and post judgement interest.

The Issuer is currently in the process of serving the defendants with the Notice of Civil Claim.

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

Not applicable.

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

Security	Number Issued	Details of Issuance	Use of Proceeds ⁽¹⁾
Nil.			

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

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

Not applicable.

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

Not applicable.

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

The production and distribution of health products are subject to federal, provincial and local laws, rules, regulations, and policies, and to international trade agreements, all of which provide a framework for the Issuer's operations. Regulatory amendments that may impact the Issuer include changes to food and drug laws, labelling laws, accounting standards, tax laws, competition laws and environmental laws, including laws with respect to water rights and water treatment regulations and laws affecting the treatment of animals. Such changes can have an impact on the Issuer's financial results or increase its costs and liabilities. Such changes would also affect all health products and would not disproportionately harm the Issuer relative to the health product industry. Despite this, given the Issuer's current product offering, laws regulating the use and extraction of scorpion venom will directly affect, and may disproportionately affect, the Issuer's business and operations.

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 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: January 7, 2019

Shabira Rajan

Name of Director or Senior Officer

"Shabira Rajan"

Signature

CFO, Controller and Corporate Secretary

Official Capacity

Issuer Details Name of Issuer	For Month End	Date of Report YY/MM/DD
PreveCeutical Medical Inc.	December 31, 2018	19/01/07
Issuer Address		
Suite 2200, 1177 West Hastings Street		
City/Province/Postal Code	Issuer Fax No.	Issuer Telephone No.
Vancouver, British Columbia, V6E 2K3	778-945-6290	604-416-7777
Contact Name	Contact Position	Contact Telephone No.
Shabira Rajan	CFO, Controller and Corporate Secretary	604-416-7777 ext. 6239
Contact Email Address	Web Site Address	
shabira@preveceutical.com	https://preveceutical.com/	