

## 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: December 6, 2018 (for the month ended November 30, 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 November 5, 2018, the Issuer announced that it optimized the conditions for extracting cannabinoids from two additional cannabis strains provided by its licensed producer (LP) partner, Aurora Cannabis Inc., in connection with its soluble gel ("Sol-gel") drug delivery research and development program (the "Sol-gel Program").**

**On November 9, 2018, the Issuer entered into a non-binding letter of intent with Crushedit LLC ("Crushedit"), whereby the Issuer's Cannabis Division will supply Crushedit with a minimum of 2,500 kilograms of Cannabidiol isolate over a 12-month period at a purchase price of CAD \$6,500.00 per kilogram, for aggregate sale proceeds of at least CAD \$16,250,000.**

**The Issuer provided an additional update on the Sol-gel Program, on November 19, 2018, wherein it announced encouraging results from trials conducted using its custom applicator device (the "Sol-gel Applicator"). In a trial using a model of a human nasal cavity, the Issuer's Sol-gel Applicator delivered the Sol-gel formulation high into the upper nasal cavity of the model, where the Sol-gel rapidly gelled, in a precise spray profile.**

**On November 20, 2018, the Issuer announced that it developed an optimized protocol to convert phytocannabinoids, extracted from its five cannabis strains, from their acid forms to their neutral forms (the "Neutralization Protocol"), without generating any detectable degradative products in the process. Further, the Neutralization Protocol was verified via High-Performance Liquid Chromatography analysis using commercial cannabinoid standards.**

**For further information regarding the Issuer's business operations, including those 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 November 2018, management's principal activities consisted of activities which included, but were not limited to matters related to,**

- (i) the negotiation of a letter of intent with Crushedit;**
  - (ii) conducting its Australian operations;**
  - (iii) the preparation and filing of the interim financial statements for the period ended September 30, 2018; and**
  - (iv) the Notice of Hearing and Temporary Order from the British Columbia Securities Commission (the "BCSC")(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.

**See Item 1 for a description of new business relationships entered into during November 2018.**

**Crushedit is not considered to be a related party of the Issuer and is at arm's length to the Issuer.**

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.**

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 received notice of a Temporary Order and Notice of Hearing from the Executive Director of the British Columbia Securities Commission (the "BCSC") under Section 161(1) of the *Securities Act* (British Columbia) on November 26, 2018 (the "Temporary Order"). The Company has been named as one of the 11 issuers (the "CSE Issuers") in the Temporary Order, while there are also a total of 51 companies and individuals referred to as the "BridgeMark Group" named as respondents. The nature of the order relates to private placement financings completed by the CSE Issuers with certain members of the BridgeMark Group.**

**The Issuer intends to fully cooperate with the BCSC on this matter going forward and is currently working to compile the disclosure requested by the BCSC in connection with same (see the news release dated November 28, 2018).**

**As it applies to the Issuer, the Temporary Order orders that: (i) the members of the BridgeMark Group cease trading in, and are prohibited from purchasing, securities of the Issuer; and (ii) the exemption under Section 2.24 of National Instrument 45-106 *Prospectus Exemptions* does not apply to the Issuer for a distribution to a consultant. The Issuer's lawyers will be attending a hearing on December 7, 2018, at which hearing the Executive Director of the BCSC will request that the temporary order be extended until a further hearing is held and a decision is rendered.**

**The full release from the BCSC, including a list of the respondents, can be found at: [https://www.bcsc.bc.ca/News/News\\_Releases/2018/88\\_BCSC\\_Executive\\_Director\\_allenges\\_scheme\\_by\\_self-described\\_consultants/](https://www.bcsc.bc.ca/News/News_Releases/2018/88_BCSC_Executive_Director_allenges_scheme_by_self-described_consultants/)**

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 <sup>(1)</sup>
Nil.			

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

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

**On October 22, 2018 an advance of \$200,000 and on November 30, 2018 an advance of \$100,000, was made on the convertible credit facility agreement dated March 28, 2018, entered into with Kimberly Van Deventer.**

**Pursuant to two waiver agreements (the "Waiver") entered into on November 13, 2018, by the Issuer and Stephen Van Deventer and Kimberly Van Deventer (together, the "Creditors"), the Creditors have waived their right to make demands on funds loaned to the Issuer pursuant to two credit facility agreements set out below until after January 31, 2020.**

**The first credit facility was entered into on December 9, 2016 (as amended) in the principal amount of \$2,000,000 (the "First Credit Facility"). Under the terms of the First Credit Facility and the Waiver, the amount of any outstanding principal and accrued interest thereon under the First Credit Facility is convertible into common shares of Issuer at the price of \$0.10 per share. On April 20, 2018, the conversion price was reduced from \$0.10 per share to \$0.06 per share. As at the date of this Form 7, the Issuer has drawn \$1,719,248 under the First Credit Facility and has accrued interest of \$130,957.**

**The second facility was entered into on May 9, 2017, for a maximum of \$1,000,000 (the "Second Credit Facility"). Under the terms of the Second Credit Facility and the Waiver, the amount of any outstanding principal and accrued interest thereon under the Second Credit Facility is convertible into units, each consisting of one common share of the Issuer and one common share purchase warrant at a price of \$0.10 per unit. Each common share purchase warrant entitles the holder to purchase one common share of the Issuer at the price of \$0.20 for a period of 24 months after the issuance of the units, subject to acceleration. On April 20, 2018, the conversion price was reduced from \$0.10 per unit to \$0.06 per unit and the warrant exercise price was reduced to \$0.10. As at the date of this Form 7, \$900,500 was drawn on the Second Credit Facility with accrued interest of \$48,959.**

**Stephen Van Deventer is a Related Person to the Issuer as he is a director and officer of the Issuer. Kimberly Van Deventer is a former director and officer of the Issuer and beneficially owns, either directly or indirectly, or exercises voting control or direction over at least 10% of the total voting rights attached to all voting securities of the Issuer.**

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: December 6, 2018

Shabira Rajan

Name of Director or Senior Officer

"Shabira Rajan"

Signature

CFO, Controller and Corporate Secretary

Official Capacity

<b><i>Issuer Details</i></b> Name of Issuer	For Month End	Date of Report YY/MM/DD
<b>PreveCeutical Medical Inc.</b>	<b>November 30, 2018</b>	<b>18/12/06</b>
Issuer Address		
<b>Suite 2200, 1177 West Hastings Street</b>		
City/Province/Postal Code	Issuer Fax No.	Issuer Telephone No.
<b>Vancouver, British Columbia, V6E 2K3</b>	<b>778-945-6290</b>	<b>604-416-7777</b>
Contact Name	Contact Position	Contact Telephone No.
<b>Shabira Rajan</b>	<b>CFO, Controller and Corporate Secretary</b>	<b>604-416-7777 ext. 6239</b>
Contact Email Address	Web Site Address	
<b>shabira@preveceutical.com</b>	<b>https://preveceutical.com/</b>	