

## FORM 7

### MONTHLY PROGRESS REPORT

Name of Listed Issuer: **Plus Products Inc.** (the "Issuer").

Trading Symbol: **PLUS**

Number of Outstanding Listed Securities: **32,668,341 Subordinate Voting Shares (as of June 30, 2019)**

Date: **July 11, 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 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.

- *The Issuer, through its wholly-owned subsidiary, Carberry, operates as a branded cannabis products manufacturer with operations in the State of California. Its products consist of cannabis-infused edibles, which the Issuer sells to both the regulated medicinal and adult-use, or recreational, markets. Carberry holds an annual license issued by the State of California Department of Public Health, Manufactured Cannabis Safety Branch pursuant to the Medicinal and Adult-Use Cannabis Regulation and Safety Act to extract and manufacture cannabis- infused products at its facility located in Adelanto, California. The Issuer's products are infused with cannabis oil, which is sourced from licensed suppliers located in California. The Issuer has arrangements with licensed distributors to sell products under the PLUS™ brand to licensed dispensaries and delivery service customers.*

*The Issuer continues to focus efforts on increasing market share in the California edibles market through sales to licensed distributors. The company is actively exploring new market opportunities.*

*On June 6th, the Issuer announced today announced that it has acquired an option to purchase Emerald Bay Wellness LLC, a California-based cannabis oil manufacturer. The option grants PLUS the irrevocable right, but not the obligation, to purchase all of the business assets of Emerald Bay Extracts for cash and stock consideration.*

### *Strategic Highlights*

- *Emerald Bay Extracts is currently one of PLUS's largest suppliers of cannabis oil and has been a supply partner to PLUS for over a year.*
- *If the option is exercised, the acquisition would give PLUS in-house cannabis extraction capabilities that would both improve quality control and increase gross margins on the core edibles business, while creating a new revenue stream and new product development capabilities.*
- *The California cannabis market is rapidly shifting towards manufactured products requiring cannabis oil including vapes, concentrates, and edibles. These manufactured products made up 56% of all retail sales in Q1 2019, up from 49% in Q1 2018 according to BDS Analytics. California is the largest cannabis market in the world, projected to be \$5.6B of retail sales in 2022 (according to Arcview Market Research / BDS Analytics).*

### *Transaction Details*

- *A secured loan of \$400,000 will be delivered to Emerald Bay Extracts as consideration for the option.*
- *If the option is exercised, consideration for the acquisition would include the issuance of approximately 1.2M subordinate voting shares of PLUS, \$250,000 in cash, and Emerald Bay would not be required to repay the loan detailed above.*
- *Approximately 70% of the deal consideration would be subject to performance targets including revenue, which totals to nearly \$28M over the course of the 2 year earn-out period.*

*On June 6<sup>th</sup> the Issuer announced that the company has qualified to trade on the OTCQX® Best Market. Plus Products upgraded to OTCQX from the OTCQB® Venture Market, which they joined in January 2019.*

*On June 28, 2019, the Issuer announced that the unsecured convertible debenture (the “**Debentures**”) and subordinate voting share purchase warrants (“**Warrants**”) previously issued by the Issuer pursuant to its brokered private placement of units at \$1,000 units which closed on February 28, 2019 have been approved for listing on the CSE under the symbols “PLUS.DB” and “PLUS.WT”. The Debentures and the Warrants began trading on July 2, 2019.*

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

- *Management is focused on pursuing various levers of growth that in an effort to continue to expand its market share footprint, both within and outside of California. These initiatives include growing sales of the core product line, limited edition launches, new products and partnership opportunities.*

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.

- *The Issuer maintains an active research and development department.*

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 to the Issuer.*

- 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 above regarding June 6<sup>th</sup> acquisition of an option*
- 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 to the Issuer*
- 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 to the Issuer*
- 8) Describe the acquisition of new customers or loss of customers.
- *Not applicable to the Issuer*
- 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 to the Issuer*
- 10) Report on any employee hirings, terminations or lay-offs with details of anticipated length of lay-offs.
- *The Issuer hired 9 employees and terminated 1 employee during the month of June 2019.*
- 11) Report on any labour disputes and resolutions of those disputes if applicable.

- *Not Applicable to the Issuer*

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.

- *Not applicable to the Issuer*

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

- *Not applicable to the Issuer*

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

<b>Security</b>	<b>Number Issued</b>	<b>Details of Issuance</b>	<b>Use of Proceeds</b>
Subordinate Voting Shares	152,608 <sup>(1)</sup>	Conversion of Proportionate Voting Shares to Subordinate Voting Shares	N/A
Subordinate Voting Shares	12,000	Issued pursuant to a restricted stock unit agreement	N/A
Subordinate Voting Shares	9,000	Issued pursuant to a restricted stock award agreement	N/A
Subordinate Voting Shares	124,500	Issued pursuant to exercise of Series Seed warrants at US\$0.69 per share	Working Capital and General Corporate purposes
Subordinate Voting Shares	83,510	Issued pursuant to exercise of Series B-1 warrants at US\$2.20 per share	Working Capital and General Corporate purposes

**Notes:**

(1) A total of 1,526.08 Proportionate Voting Shares were converted into 152,608 Subordinate Voting Shares in the capital of the Company. Certain holders of Proportionate Voting Shares who elected to convert their Proportionate Voting Shares into Subordinate Voting Shares received Subordinate Voting Shares equivalent to 100 times the number of Proportionate Voting Shares that were converted.

**FORM 7 – MONTHLY PROGRESS REPORT**

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

- *Not applicable to the Issuer*

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

- *Not applicable to the Issuer*

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

*Please refer to the Issuer's final prospectus dated October 19, 2018 which is available under the Issuer's profile on SEDAR ([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 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 **July 11, 2019**.

**Craig Heimark**

Name of Director or Senior Officer

**"Craig Heimark"**

Signature

**Chairman, CSO and Director**  
Official Capacity

<b>Issuer Details</b>		For Month	Date of Report
Name of Issuer Plus Products Inc.		June 2019	2019/07/11
Issuer Address 3 East Third Avenue			
City/Province/Postal Code San Mateo, California, 94401		Issuer Fax No. ( )	Issuer Telephone No. (650) 223-5478
Contact Name Jessica Bornn		Contact Position Director of IR	Contact Telephone No. 650-223-4578
Contact Email Address ir@plusproducts.com		Web Site Address www.plusproducts.com	