

**FORM 7**

**MONTHLY PROGRESS REPORT**

Name of Listed Issuer: **Vapen MJ Ventures Corporation (the "Issuer")**.

Trading Symbol: **VAPN**

Number of Outstanding Listed Securities: **18,674,626 Subordinated Voting Shares**

Date: **May 31, 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.

**Overview:**

**The Issuer was incorporated on December 11, 2015 and pursuant to a long form prospectus filed with and receipted by the British Columbia Securities Commission on May 3, 2019, it became a reporting issuer in Canada. On May 13, 2019, the Issuer was listed for trading on the Canadian Securities Exchange (the "CSE").**

The Issuer, through its wholly-owned subsidiaries, currently operates as an agricultural technology, services and property management company utilizing a full vertical integration business model to oversee and execute all aspects of cultivation, extraction, manufacturing (THC and CBD cartridges, concentrates, edibles), retail dispensary, and wholesale distribution of high margin Cannabis THC and Hemp CBD products. The Issuer currently provides these management and marketing services in the State of Arizona with expansion plans through acquisitions and partnerships worldwide.

On December 31, 2018, the Company concluded a share exchange agreement where it agreed to acquire all of the issued and outstanding shares of New Gen Holdings Inc. (New Gen) in exchange for certain shares of the Issuer. New Gen has seven wholly-owned subsidiaries, of which five are currently operational, for the purpose of providing exclusive operating services to Herbal Wellness Center Inc. (HWC), a non-profit company that holds licenses to cultivate, extract, and dispense connoisseur-grade cannabis brands and cannabis-related products in Arizona, thereby facilitating its business plan. New Gen manages the activities of its operating subsidiaries and has done so since incorporation.

The Issuer's business plan involves six key components: (i) expansion and acquisition funding; (ii) new product creation and licensing; (iii) research and development of connoisseur strains; (iv) engineering and design of extraction equipment; (v) branding in target markets; and (vi) international service agreements.

The Issuer's services to HWC are provided individually by each of the five operating subsidiaries pursuant to ten-year renewable management contracts, providing among other things, employee leasing services, physical plant for cultivation and extraction of cannabis and derivative products, agricultural technology and research services, and related management and administrative services. Through New Gen, the Issuer provides real property and equipment for leasing and enhanced ancillary services to the cannabis industry in the State of Arizona and other potential geographical areas.

New Gen leases a 28,000-square-foot space located in an industrial building at 4215 N. 40th Avenue, Phoenix, Arizona, 85019 for a term beginning on September 1, 2018 and terminating on April 30, 2024, and owns a 2,000- square-foot retail building located at 4126 W. Indian School Road and a 636-square-foot building at the rear parking lot at 4140 W. Indian School Road (collectively, the "New Gen Facilities"). These buildings are used for cultivation, product drying, product processing, product packaging, and infusion into edible products for HWC. The New Gen Facilities provide for the use of hydroponic technologies and growing equipment along with methods in bio-monitored grow rooms monitored by an information technology system to optimize growing conditions and increase plant yields. The benefits of the technology used in the New Gen Facilities include:

- Precision agriculture techniques (sensors, data collection, and networked monitoring);
- Hydroponics (clone, veg, and flower rooms with nutrient regiment);
- Nutrient feeding automation (nutrients programmed doses during flower stage);
- Water (purification and temperature control effect quality);
- Electrical (cost efficient and alarmed for in-door grow lighting);
- Automation (monitoring the environment for optimal growing conditions and inventory control); and
- Bio controls (maintain facility through proprietary methods).

The Issuer operates a vertically integrated business that commenced in the State of Arizona in 2014. Since incorporation the operations have been limited to that State however, the Issuer intends to expand into other states by way of joint operations and direct acquisitions. In Arizona, current

operations involve the cultivation of connoisseur grade indoor flower, extraction, edibles infusion, wholesale distribution to other Arizona based dispensaries and retail sales all through management of HWC.

The Vapen brand is well established and highly recognized in Arizona. The Issuer intends to grow the Vapen brand outside of Arizona with multi state revenue and profit share arrangements.

The Issuer's expansion strategies include the following;

- Identify existing marijuana license holders with retail and cultivation operations.
- Propose strategic alliances related to extraction and the Vapen brand
- Supply SOP's, equipment and branding to the alliance in turn the alliance partner provides the physical plant and tenant improvements, biomass and retail operations.
- The alliance would market the Vapen branded product to other dispensaries in that State.

Advantages include speed to market, minimized financial risk and capital requirements, the creation of a multi-state footprint, entering a proven market and the ability to pre-vet potential acquisition targets.

#### Financial Information:

For the Year Ended December 31, 2018, the Issuer reported US\$18,476,269 in gross revenues and US\$3,748,562 in net income. Shareholder's equity for the same period was US\$17,000,575. Working capital as at December 31, 2018 totaled \$US14,522,974.

For the three months ended March 31, 2019, the Issuer reported US\$6,499,928 in gross revenues and US\$1,661,417 in net income. Shareholders equity for the same period was US\$18,493,808. Working capital as at March 31, 2019 was US\$16,458,304.

As at March 31, 2019, the Issuer had total assets of US\$25,635,107 and total liabilities of US\$7,141,299.

#### Financings and Related Share Transactions:

On April 25, 2019, 1,000,000 Special Warrants were automatically converted in accordance with its terms to 1,000,000 Units, each Unit consisting of one (1) subordinated voting share and one-half of one (½) subordinated voting share purchase warrant. Each whole purchase warrant entitled the holder to purchase one (1) additional subordinated voting share from the Company at an exercise price of CAD\$0.25 per subordinated voting share for a period of one (1) year from issuance.

On May 3, 2019, the Company's prospectus was receipted by the British Columbia Securities Commission.

On May 13, 2019, the Company's shares were listed on the Canadian Securities Exchange (the "CSE") with the trading symbol, VAPN.

**On May 13, 2019, the Company announced the granting of 200,000 stock options at a price of CDN\$1.00 to certain employees and consultants. The options are exercisable at CDN\$1.00 per share and expire on May 13, 2029.**

**On May 13, 2019, the Company announced that it had issued a total of 1,000,000 special warrants, exercisable at a price of CDN\$1.00 per subordinated voting share until December 31, 2024. The warrants were issued to consultants and advisors to the Company.**

**On May 22, 2019, the private placement announced on May 13, 2019 was closed and oversubscribed. The final amount raised was CDN\$6,148,665, resulting in the issuance of 6,148,665 subordinated voting shares.**

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 and options or warrants granted.

<b>Security</b>	<b>Number Issued</b>	<b>Details of Issuance</b>	<b>Use of Proceeds</b>
<b>Subordinated Voting Shares</b>	<b>6,148,665</b>	<b>CDN\$1.00 per share</b>	<b>(1)</b>
<b>Options</b>	<b>200,000 options</b>	<b>CDN\$1.00 exercisable to May 13, 2029</b>	<b>N/A</b>
<b>Special Warrants</b>	<b>1,000,000 warrants to purchase one subordinated voting share</b>	<b>CDN\$1.00 exercisable to Dec 31, 2024</b>	<b>N/A</b>

**(1) State aggregate proceeds and intended allocation of proceeds. The Private Placement gross proceeds totalled CDN\$6,148,665 which will be utilized for equipment, business development and working capital.**

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

**None**

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

**None**

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

**a) Cannabis-related Practices or Activities are Illegal Under U.S. Federal Laws**

The concepts of "medical cannabis" and "retail cannabis" do not exist under U.S. federal law. The Federal Controlled Substances Act classifies "marihuana" as a Schedule I drug. Under U.S. federal law, a Schedule I drug or substance has a high potential for abuse, no accepted medical use in the United States, and a lack of safety for the use of the drug under medical supervision. As such, cannabis-related practices or activities, including without limitation, the manufacture, importation, possession, use or distribution of cannabis are illegal under U.S. federal law. Strict compliance with state laws with respect to cannabis will neither absolve the Issuer of liability under U.S. federal law, nor will it provide a defense to any federal proceeding which may be brought against the Issuer. Any such proceedings brought against the Issuer may adversely affect the Issuer's operations and financial performance.

**b) Dividends**

The Issuer does not anticipate paying any dividends on the common shares in the foreseeable future. Dividends paid by the Issuer would be subject to tax and, potentially, withholdings.

**c) Reliance on Key Personnel and Advisors**

The Issuer relies heavily on its officers. The loss of their services may have a material adverse effect on the business of the Issuer. There can be no assurance that one or all of the employees of, and contractors engaged by, the Issuer will continue in the employ of, or in a consulting capacity to, the Issuer or that they will not set up competing businesses or accept positions with competitors. There is no guarantee that certain employees of, and contractors to, the Issuer who have access to confidential information will not disclose the confidential information.

**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: June 6, 2019.

**Robert J. Brilon**  
Name of Director or Senior Officer



Signature  
President, CFO and Director  
Official Capacity

<b>Issuer Details</b> Name of Issuer  Vapen MJ Ventures Corporation	<b>For Month End</b> May 2019	<b>Date of Report</b> YY/MM/D 19/06/06
<b>Issuer Address</b> 1980 1075 West Georgia Street		
<b>City/Province/Postal Code</b> Vancouver, British Columbia, V6E 3C9	<b>Issuer Fax No.</b> ( 778) 329 9361	<b>Issuer Telephone No.</b> (604) 688 9588
<b>Contact Name</b>  Robert J. Brilon	<b>Contact Position</b> President & CFO	<b>Contact Telephone No.</b>  (602) 620 9725
<b>Contact Email Address</b> bob@vapenmj.com	<b>Web Site Address</b> <a href="http://www.vapenmj.com">www.vapenmj.com</a>	