

FORM 7

MONTHLY PROGRESS REPORT

Name of CSE Issuer: **Supreme Pharmaceuticals Inc. (“Supreme”)**

Trading Symbol: **SL**

Number of Outstanding Listed Securities: **103,487,572**

Date: **March 2, 2016**

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 the CSE 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 CSE.ca 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 CSE 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.

In February, Supreme (the “Issuer”) continued to move towards obtaining its license to produce medical marijuana pursuant to the *Marihuana for Medical Purposes Regulations* (the “MMPR”), and further develop its operating plans moving forward. The issuer is currently waiting to receive

the results of its pre-license inspection, which occurred on December 9th, 2015.

News Items:

On February 9th, 2016, the issuer announced a warrant incentive program (the “Program”) where it incentivized 4,130,468 common share purchase warrants with a strike price of \$0.32. New warrants will be issued on a one-for-one basis, each will be at a strike price of \$0.55 and expire on July 28th, 2018.

Please see link to the news release here:

<http://www.stockwatch.com/News/Item.aspx?bid=Z-C%3aSL-2345243&symbol=SL®ion=C>

The company filed its quarterly interim financial statements and Management Discussion and analysis on February 29th, 2016, for the quarter ended December 31st, 2015. Please see links to the filings here on the issuers SEDAR profile:

<http://www.sedar.com/DisplayCompanyDocuments.do?lang=EN&issuerNo=00006000>

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

Management focused its attention on developing its operating plans going forward and investor relation’s initiatives with shareholders connected to the Program.

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.

Nothing applicable during this period.

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.

Nothing applicable during this period.

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.

Nothing applicable during this period.

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 during this period.

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

Not applicable during this period.

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 during the period.

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

Not applicable during this period.

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.

Not applicable during this period.

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

Not applicable during this period.

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

Total new common shares issued during the month of February was: 176,471. These shares were issued in connection with the conversion of certain convertible debentures into common shares.

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

Not applicable during this period.

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

Not applicable during this period.

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

Supreme continues to progress towards obtaining its license to produce medical marijuana to be issued pursuant to the *MMPR* and is currently awaiting its inspection results from Health Canada. Of note, the Canadian Federal Court issued its decision in *R v Allard*, a challenge by a limited class of low-income Canadians who require large and/or specific doses of cannabis. The results of the decision are yet to be determined. Management believes that the core of the *MMPR*, including commercial production and sale of medical cannabis, will remain and that the decision will have a limited impact, if any, on its business plan and objectives.

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 CSE 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 CSE Requirements (as defined in CSE Policy 1).
4. All of the information in this Form 7 Monthly Progress Report is true.

Dated March 2, 2016

John Fowler

Name of Director or Senior
Officer

[Signed]

Signature

Director

Official Capacity

<i>Issuer Details</i> Name of Issuer Supreme Pharmaceuticals Inc.	For Month End February 2016	Date of Report March 2 nd , 2016
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