

## FORM 7

### **MONTHLY PROGRESS REPORT**

Name of CNSX Issuer: **Lifestyle Delivery Systems Inc.** (the "Issuer").

Trading Symbol: **LDS**

Number of Outstanding Listed Securities: **85,358,546**

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 CNSX 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 CNSX.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 CNSX 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.

**During the month of June, Lifestyle Delivery Systems Inc. continued its work on construction of the permitted facility in Adelanto, California. The Issuer expects that construction of the extraction and manufacturing wing of the Adelanto Facility will be completed in July 2017, with construction of the nursery and marijuana cultivation wing to be completed in August 2017.**

**The following significant developments occurred during the month of June**

2017:

### Non-Brokered Private Placement

On June 27, 2017, the Issuer closed a non-brokered private placement financing (the “Financing”) for a total of 2,019,540 units (the “Units”) at a price of Cdn\$0.50 per Unit (the “Issue Price”), for total gross proceeds of Cdn\$1,009,770.

Each Unit sold in the Financing consisted of one common share of the Company (each a “Unit Share”) and one common share purchase warrant (each a “Warrant”) entitling the holder to purchase one additional common share (a “Warrant Share”) at a price of \$0.75 per Warrant Share for a period ending one year from the date of issuance. The Company may accelerate the expiration date of the Warrants if the daily volume weighted average share price of the Company’s common shares on the Canadian Securities Exchange (or such other stock exchange as the Company’s common shares are then trading on) is equal to or greater than Cdn\$1.50 for 10 consecutive trading days.

In connection with the Financing, the Company has agreed to pay cash commissions of Cdn\$26,775 and to issue up to 53,550 finder’s warrants (the “Finder’s Warrant”). Each Finder’s Warrant is exercisable for one Unit at the Issue Price for a period of 12 months from closing of the Offering.

The securities issued under the Offering are subject to a hold period expiring on October 28, 2017 pursuant to applicable Canadian securities laws.

### Acquisition of Land Parcel

On June 21, 2017, the Issuer acquired ten acres in Adelanto, California for a total cash consideration of USD\$500,000. The land parcel is located in close proximity to the Issuer’s 22,000 square foot Adelanto facility, and will be used for the development of its contract cultivation project.

For additional information on the acquisition, please refer to the news release releases the Issuer disseminated on June 21, 2017.

### Marketing Agreements

As previously disclosed in its Form 7 for the month of February 2017, the Issuer engaged Future Money Trends, LLC. (“FMT”) and Wealth Research Group, LLC. (“WRG”) to provide the Issuer with online marketing services. Due to the concurrent announcement of Brokered and Non-brokered Private Placement Financings and the due-diligence associated with them, the Issuer, FMT, and WRG, agreed to extend the commencement of the four-month marketing services to June 2017. In June 2017, the Issuer paid FMT remaining USD\$225,000 for its services. At the

same time, the Issuer renegotiated its contract with WRG reducing its cost for WRG's services to USD\$50,000, which amount was paid on June 15, 2017.

During the month of June 2017, the Issuer was finalizing an engagement with MAPH Enterprises, LLC. ("MAPH") for business advisory and consulting services to create market awareness for the Issuer. The engagement is expected to be for a six-month period terminating on December 31, 2017. In exchange for its services, the Issuer agreed to pay MAPH USD\$200,000, of which USD\$100,000 has been paid on June 26, 2017. In addition, the Issuer will issue MAPH 200,000 shares of its common stock as fully paid and non-assessable.

During the month of June 2017, the Issuer entered into a six-month market awareness and PR services contract with Sutton Ventures Ltd. The Company paid Sutton Ventures Cdn\$20,000 for the services.

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

In the month of June, the Issuer's management continued working on redesigning and retrofitting its operating facility located in the City of Adelanto as well as promoting its current business.

All other significant developments the Issuer's management was actively involved in have been described in the Item 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.

**Not applicable for the month of June.**

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 for the month of June.**

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 for the month of June.**

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 for the month of June.**

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.

**On June 21, 2017, the Issuer acquired, in an arms-length transaction, ten-acre land parcel in Adelanto, California for a total cash consideration of USD\$500,000. The land parcel is located in close proximity to the Issuer's 22,000 square foot Adelanto facility, and will be used for the development of its contract cultivation project.**

**For additional information on the acquisition, please refer to the news release releases the Issuer disseminated on June 21, 2017.**

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

**Not applicable for the month of June.**

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 for the month of June.**

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

**Not applicable for the month of June.**

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.

**Not applicable for the month of June.**

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<sup>(1)</sup></b>
Units of Common Stock	2,019,540	Non-brokered Private Placements. Each Unit consisted of one common share and one share purchase warrant. Each warrant entitles the holder to purchase one additional common share for a period of one year expiring on June 27, 2018, at an exercise price of \$0.75 per share.	Intended allocation: Working Capital
Broker Warrants	53,550	Each Broker warrant is exercisable into a Unit of a common stock at \$0.50 per Unit for a period of one year expiring on June 27, 2018.	n/a
Common Shares	189,000	Warrant exercise at \$0.18 per common share for a total proceeds of \$34,020	Intended allocation: Working Capital
Common Shares	30,000	Option exercise at \$0.12 per common share for a total proceeds of \$3,600	Intended allocation: 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.

### **Risks Related to Conflicting Federal and State Laws**

**The cannabis industry is currently conducted in twenty-nine states and the District of Columbia. These jurisdictions have passed**

laws either decriminalizing or legalizing the medicinal or recreational use of cannabis. However, under U.S. Federal law, the possession, use, cultivation, and transfer of cannabis remains illegal. The Federal, and, in some cases, State law enforcement authorities have frequently closed down retail dispensaries, growers, and producers of cannabis products and have investigated or closed physician offices that provide medicinal cannabis recommendations. To the extent that an affected retail dispensary, grower, producer, or physician office is a customer of the Issuer or Issuer's licensee, it will affect the Issuer's revenue. Enforcement actions that impact new retail dispensaries, growers, producers and physician offices entering the cannabis industry may materially affect the Issuer's business and operations.

### **Risks Related to the Current Operating Model**

Under U.S. Federal law, the possession, use, cultivation, and transfer of cannabis is illegal. The Issuer provides its technology and equipment to its JV partner and / or its licensees who in turn supply goods and/or services to their customers. Both the JV Partner, licensees and their customers are engaged in the possession, use, cultivation and transfer of cannabis. As a result, law enforcement authorities may seek to bring an action or actions against the Issuer, on the basis of, but not limited to, a claim of aiding and abetting another criminal's activities. The Issuer will vigorously defend all such actions but such actions would have a material effect on the Issuer's business and operations.

### **Regulatory Risks**

The activities of the Issuer will be subject to intense regulation by governmental authorities. Achievement of the Issuer's business objectives are contingent, in part, upon compliance with regulatory requirements enacted by these governmental authorities and obtaining all regulatory approvals, where necessary, for the sale of its products. The Issuer cannot predict the time required to secure all appropriate regulatory approvals for its products, or the extent of testing and documentation that may be required by governmental authorities. Any delays in obtaining, or failure to obtain regulatory approvals would significantly delay the development of markets and products and could have a material adverse effect on the business, results of operations and financial condition of the Issuer.

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

Dated July 10, 2017

Yanika Silina  
Name of Director or Senior Officer

"Yanika Silina"  
Signature  
CFO  
Official Capacity

<b>Issuer Details</b>	For Month End	Date of Report
Name of Issuer		YY/MM/DD
Lifestyle Delivery Systems Inc.	June 30, 2017	17/07/10
Issuer Address		
820 – 1130 West Pender Street		
City/Province/Postal Code	Issuer Fax No.	Issuer Telephone No.
Vancouver, BC V6E 4A4	(604) 648-0517	(866) 347-5058
Contact Name	Contact Position	Contact Telephone No.
Yanika Silina	CFO	(604) 648-0522
Contact Email Address	Web Site Address	
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