

FORM 7

MONTHLY PROGRESS REPORT

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

Trading Symbol: **LDS**

Number of Outstanding Listed Securities: **92,477,919**

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 November, Lifestyle Delivery Systems Inc. continued its work on setting up the production line at the permitted facility in Adelanto, California (the "Facility") and continued working on the cultivation wing of the facility, which is intended to house the nursery for cannabis seedlings.

On November 16, 2017, the Issuer submitted plans for a 202,500 square foot cultivation facility to be developed on the Issuer's ten acre parcel to

the city of Adelanto planning department.

The proposed facility will be an environmentally controlled hybrid greenhouse capable of producing over 150,000 mature cannabis plants from seedlings every 100 days. The Issuer plans to subdivide the facility which will be leased to permitted and licensed cultivation entities that meet the Issuer's strict requirements.

On November 3, 2017, the board of directors of the Issuer approved amendments to the Issuer's articles to adopt an advance notice policy for the election of directors (the "Advance Notice Policy"). The Issuer intends to seek shareholder ratification of the Advance Notice Policy at the Issuer's next annual general meeting, which has been scheduled for January 26, 2018. If the Advance Notice Policy is confirmed or confirmed as amended at the meeting, the Advance Notice Policy will continue in effect in the form in which it is so confirmed.

On November 30, 2017 the Facility was investigated by the San Bernardino County Sheriff's Department. The purpose was to determine if the facility was using volatile extraction methods, as, based on the San Bernardino Sheriff's position, this method of extraction is not permissible until January 1, 2018. On November 14, 2017, the City of Adelanto, issued to CSPA Group their Medical Marijuana Permit for volatile extraction, a business license, as well as a Certification of Occupancy signed by the San Bernardino County Fire Department; as such the facility was allowed to continue all other operations, which allowed CSPA Group under the guidance of the Issuer to continue production with CO2 extracted ingredients.

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

During November the Issuer's management was closely involved with the Adelanto operations. Alongside with the setup, the management was working with its vendors for sourcing additional biomass for extraction and conversion into medicinal cannabis products. All other material transactions that were closely controlled by the Issuer's management have been described in Item 1 of this monthly report on Form 7.

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 November.

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.

As previously disclosed under Item 1 of this monthly report on Form 7, contrary to the permits received from the City Of Adelanto, as well as the approval from the San Bernardino Fire Department, the San Bernardino Sheriff's department requested the CSPA Group, Inc. under the management of the Issuer refrains from continuing the volatile extraction. The facility was allowed to continue all other operations and to continue production with CO2 extracted ingredients.

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.

On November 30, 2017, the Issuer engaged MAPH Enterprises, LLC. for purposes of providing business advisory services to create market awareness of the Issuer.

In consideration for the services the Issuer agreed to pay to MAPH a flat fee of US\$275,000 for all services provided and to be provided by MAPH during the period from July 1, 2017 to March 1, 2018. Of this amount US\$200,000 was paid prior to November 2017, and US\$25,000 was paid on December 7, 2017. Remaining US\$50,000 are to be paid in two monthly installments of US\$25,000 on January 1, 2018 and on February 1, 2018.

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 November.

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 for the month of November.

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

Not applicable for the month of November.

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 November.

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

Not applicable for the month of November.

11. Report on any labour disputes and resolutions of those disputes if applicable.

Not applicable for the month of November.

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 for the month of November.

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

On November 13, 2017, the Issuer arranged a US\$500,000 secured credit facility (the "Credit Facility") with an unrelated third party creditor. Outstanding principal under the Credit Facility accrues interest at a rate of 3% per month, compounded monthly and payable on maturity on May 16, 2018. The Issuer may prepay the Credit Facility at any time, subject to the payment of \$50,000 in minimum interest. The Credit Facility is secured by a general security agreement covering all of the Issuer's personal property, and first deeds of trust on three parcels of unimproved real property totaling 20.5 acres owned by LDS Development Corporation in the City of Adelanto, San Bernardino County, California.

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

Security	Number Issued	Details of Issuance	Use of Proceeds ⁽¹⁾
Broker warrant	24,000	Broker warrant exercise at \$0.15 per common share for a total proceeds of \$3,600	Working Capital
Broker Units	235,200	Broker units exercised at \$0.50 per Unit for total proceeds of \$117,600. Upon exercise the Issuer issued 235,200 common shares and a warrant to acquire add. 235,200 common shares at \$0.75 per share expiring on May 31, 2018	Working Capital

15. Provide details of any loans to or by Related Persons.
Not applicable for the month of November.
16. Provide details of any changes in directors, officers or committee members.
Not applicable for the month of November.
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 licensees who in turn supply goods and/or services to their customers. Both the 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.

Risks Associated with Clearing Shares of Cannabis Companies with U.S. assets.

The Canadian Depository for Securities (CDS) is currently reviewing a possibility to change its policy which would allow CDS to refuse to settle trades in a small group of cannabis firms with American investments. If implemented, this policy change would make it difficult for the Issuers' current investors to trade the Issuer's stock. The statement from the CSE made on Friday, August 4, 2017, noted that it continues to accept new stock listings of companies in the cannabis industries as long as these companies meet disclosure rules and other listing standards. The Issuer believes that it is in compliance with all required standards and has provided its shareholders with all regulatory and risk disclosures that may apply to it.

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 December 8, 2017

Yanika Silina
Name of Director or Senior
Officer

"Yanika Silina"
Signature

CFO
Official Capacity

Issuer Details	For Month End	Date of Report
Name of Issuer		YY/MM/DD
Lifestyle Delivery Systems Inc.	November 30, 2017	17/12/08
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
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