

FORM 7

MONTHLY PROGRESS REPORT

Name of Listed Issuer: The Tinley Beverage Company Inc. (the "Issuer").

Trading Symbol: TNY

Number of Outstanding Listed Securities: 90,827,034

Date: August 31, 2018

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 a press release dated August 7, 2018, the Company announced that it had added three additional distributors and has expanded its sales and marketing resources.

Santa Rosa-based Pacific Expeditors and Coachella Valley-based Vets Leaf, have taken delivery of Tinley's cannabis-infused, alcohol-free margarita. This new distribution gives Tinley broad sales resources and effective fulfillment capability to virtually all of California's approximately 400 licensed dispensaries. As a result of the initial orders placed by these distributors, the Company is working to increase production capacity at its temporary manufacturer in the Coachella Valley. The Company is acquiring additional bottling equipment and has also identified additional licensed facilities where additional production capacity may exist.

The Company also announced that it has bolstered its sales and production teams. Additionally, the Company has retained the Green Street Agency of Los Angeles, a premier cannabis industry brand builder and creative resource. The focus of this engagement will be a combination of cannabis industry events, influencer marketing, and in-store merchandising and promotions.

It is also working to expand temporary production capacity during construction of its 20,000 square foot Long Beach facility in California. The Company is under an LOI with a national engineering firm for retrofitting of the cannabis beverage bottling facility and distribution center. The Long Beach facility is designed to produce 10+ million bottles annually and house a licensed cannabis distribution facility that is uniquely designed to support beverage distribution. The project remains on course to be complete in Q1/19.

In a press release dated August 29, 2018, the Company announced its intention to commence an initial production batch of 2,000 bottles of Tinley™ Cocktails Flying Mule, a cannabis-infused Moscow Mule cocktail for the California market. Tinley expects the production of this initial batch will commence on or about the third week of September.

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

The Company manufactures a line of liquor-style, alcohol-free, cannabis-infused beverages for use in California under the “Tinley™ ‘27” and “Tinley™ Cocktails” brands. Tinley also manufactures the "Hemplify®" CBD drinks, which is available in mainstream retail locations in Southern California and online throughout the US.

In this regard, among other duties, management has been undertaking the following:

- Working with its distributors and branding personnel to launch the Company’s cannabis drinks in dispensaries;
 - Working to expand home delivery options;
 - Working to launch the liquor-inspired cannabis drinks including coconut rum, amaretto and cinnamon whisky;
 - Working to launch additional ready-to-drink, carbonated products in the Tinley Cocktails line;
 - Overseeing the buildout of the Company’s 20,000 square foot facility in Long Beach;
 - Enhancing capacity at the Company’s temporary facility in Riverside County;
 - Developing brand partnerships for third-party drinks;
 - Working to expand the Tinley team to support the Company’s expanding manufacturing and marketing activity; and
 - Engaging in discussions prospective partners for expansion beyond California, with such operations modelled upon the Company’s California operations and experience.
 - Developing partnerships for product development and territorial expansion into Canada and elsewhere.
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 noted.

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 noted.

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 noted.

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 noted.

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 noted.

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

None noted.

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 noted.

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

During the month, the Company hired a Director of Sales & Field Marketing and terminated a Territory Manager.

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

None noted.

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 noted.

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

None noted.

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

Security	Number Issued	Details of Issuance	Use of Proceeds⁽¹⁾
Stock options	450,000	Grant of options to a director and an employee.	\$nil

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

None noted.

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

None noted.

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

The Company is also monitoring developments in the cannabis regulations that came into effect in California on January 1, 2018, which are expected to continuously evolve, as well as developments with regards to regulation of CBD throughout the United States.

A recent industry report claimed that 50% of the cannabis beverages in California have discontinued sales following the July 1, 2018 end of the grace

period for compliance with 2018 state regulations. As such, beverages are the most impacted category of cannabis product categories. The Company believes this is a result of the unique challenges of beverage manufacturing and the complexity of packaging, labelling and testing requirements. As a result, the Company intends to continue implementing robust manufacturing capabilities and SOPs, both in its temporary facility and in Long Beach. It also intends to collaborate with other beverage manufacturers on proposing regulatory clarity and opportunities for the state regulators to consider in their ongoing planning for regulatory updates.

Tinley's business involves certain risks and uncertainties that are inherent to the Company's industry. The Company regularly updates the "Risk Factors" section of the Management's Discussion and Analysis filed quarterly on SEDAR, including its most recent quarterly results, filed August 29, 2018.

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 September 7, 2018.

Jeffrey Maser
Name of Director or Senior
Officer

"Jeffrey Maser"
Signature
Chief Executive Officer
Official Capacity

Issuer Details Name of Issuer	For Month End	Date of Report YY/MM/DD
The Tinley Beverage Company Inc.	August 31, 2018	18/09/07
Issuer Address		
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City/Province/Postal Code	Issuer Fax No. ()	Issuer Telephone No. (416) 402-3365
Toronto, ON, M5K 1H1		
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