

FORM 7

TUGA INNOVATIONS, INC.

MONTHLY PROGRESS REPORT

Name of CSE Issuer: TUGA Innovations, Inc. (the “*Issuer*”).

Trading Symbol: TUGA

Number of Outstanding Listed Securities: 99,183,528

Date: February 1, 2024

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.

January 30, 2024

Further to the Issuer’s news release dated January 23, 2024, the Issuer has closed its private placement offering (the “Offering”) of 53,500,000 units (the “Units”) at a price of \$0.01 per Unit for gross proceeds of \$535,000. The Offering was fully subscribed to by Vice President, director and founder of the Issuer, Cesar Barbosa.

Each Unit is comprised of one common share in the capital of the Issuer and one transferrable purchase warrant (each warrant a “Warrant”). Each Warrant entitles the holder to purchase one additional common share in the capital of the Issuer (each a “Warrant Share”) at \$0.09 per share until January 30, 2026.

Following closing of the Offering, Mr. Barbosa now holds approximately 59.95% of the total issued and outstanding shares of the Issuer on an undiluted basis, or approximately 74.98% on a partially-diluted basis, inclusive of the exercise of all of Mr. Barbosa's, warrants and management performance warrants.

The sale of the Units, and the common shares and Warrant Shares issuable thereby, resulted in the issuance of more than 100% of the current number of issued and outstanding common shares of the Issuer. The Listings Committee of the Canadian Securities Exchange (the “CSE”) has approved the Issuer’s reliance on an exemption from the shareholder approval requirements in Section 4.6(2) of CSE Policy 4 – Corporate Governance, Security Holder Approvals and Miscellaneous Provisions on the basis that TUGA Innovations is in serious financial difficulty, and the CSE has granted a waiver for the insider participation from the requirement of Section 4.6(2)(b)(iii) of CSE Policy 4. Accordingly, the Issuer did not hold a vote of its shareholders to approve the sale of the Units to Mr. Barbosa. Additionally, as a condition of Mr. Barbosa’s participation in the Offering, he entered into an agreement with the Issuer, pursuant to which he agreed to not vote more than 19.9% of the Issuer’s outstanding shares. This restriction on Mr. Barbosa’s voting will remain in place until shareholder approval for the creation of Mr. Barbosa as a new ‘Control Person’ of the Issuer has been obtained, in accordance with the policies of the CSE.

As Mr. Barbosa is a director of the Issuer, his participation in the Offering is also considered to be a “related party transaction” as defined under Multilateral Instrument 61-101 (“MI 61-101”). The Issuer is relying on exemptions from the formal valuation requirements contained in section 5.5(b) of MI 61-101 and the minority shareholder approval requirements contained in section 5.7(1)(b) of MI 61-101. These exemptions are applicable as the Issuer is not listed on specified markets, and the securities distributed, and the consideration to be paid by Mr. Barbosa for these securities, does not exceed \$2.5 million. The Issuer did not file a material change report with respect to the participation of Mr. Barbosa at least 21 days prior to the issuance of the Units as timing of the Offering was not determined at that time.

The proceeds of the Offering will be used to advance the Issuer’s next prototype, seek additional financing, and make payment on existing accounts payable. The CSE approved the Issuer’s reliance on an exemption from Section 6.2(2)(c)(ii) of CSE Policy 6 – Distributions & Corporate Finance so that the Issuer may use a portion of the proceeds to make payment on existing accounts payable to insiders of the Issuer.

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

Refer to 1.

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.

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.

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.

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.

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.

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

Not applicable.

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.

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

Not applicable.

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.

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

Not applicable.

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

Security	Issued	Details of Issuance
Common Shares	53,500,000	<u>January 30, 2024</u> Refer to 1.
Warrants	53,500,000	<u>January 30, 2024</u> Refer to 1.

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

Not applicable.

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

Not applicable.

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's primary source of funding is through the issuance of share capital. When the capital markets are depressed, the Company's activity level normally declines accordingly. As capital markets strengthen and the Company is able to secure equity financing with favorable terms, the Company's activity levels and the size and scope of planned projects will typically increase.

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 no material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to 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 **February 1, 2024**.

Faizaan Lalani

Name of Director or Senior Officer

/s/Faizaan Lalani

Signature

Chief Financial Officer

Official Capacity

Issuer Details <i>Name of Issuer</i> TUGA Innovations, Inc.	<i>For Month End</i> January, 2024	<i>Date of Report</i> <i>YY/MM/DD</i> 24/02/01
<i>Issuer Address</i> Suite 1000 – 409 Granville Street		
<i>City/Province/Postal Code</i> Vancouver, BC V6C 1T2	<i>Issuer Fax No.</i> N/A	<i>Issuer Telephone No.</i> (604) 602-0001
<i>Contact Name</i> Faizaan Lalani	<i>Contact Position</i> CFO	<i>Contact Telephone No.</i> (604) 602-0001
<i>Contact Email Address</i> Faizaan.lalani@tugainnovations.com	<i>Web Site Address</i> http://tugainnovations.com/	