

FORM 7

MONTHLY PROGRESS REPORT

Name of Listed Issuer: TAAT Lifestyle & Wellness Ltd. (the "Issuer" or the "Company").

Trading Symbol: TAAT

Number of Outstanding Listed Securities: 69,345,700

Date: August 6, 2020

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 Exchange 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 Exchange 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 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.

See Item 2 below for a complete overview and discussion of the Issuer's activities for the month of July 2020.

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

On July 2, 2020, the Issuer announced it has completed its initial digital media rollout, to include the launch of its official website and social media channels, as well as the release of its corporate introduction video. The Company is taking aim at the \$814-billion (U.S.) global tobacco marketplace with the planned launch of its flagship product Taat Beyond Tobacco cigarettes, a better-for-you smoking alternative which emulates the experience of smoking a traditional tobacco cigarette. In preparation for the planned Q4 2020 launch of Taat Beyond Tobacco cigarettes, the company has been establishing its on-line and digital presence to avail information about TAAT and Taat Beyond Tobacco cigarettes to the general public. In late June, the company launched its home page, began social media campaigns on each of Facebook, Twitter and Instagram, and published an introduction video in which the company's management narrates the company's story and its plans for positioning itself in the tobacco industry.

On July 3, 2020, the Issuer announced that it has identified a significant opportunity to compete in the menthol cigarettes category of the global tobacco market with its menthol variety of Taat Beyond Tobacco™ cigarettes.

The Company has developed Taat Beyond Tobacco™ cigarettes as a better-for-you alternative to traditional cigarettes in an “Original” tobacco flavour, as well as a “Menthol” version, neither of which contain nicotine or tobacco. The user experience of Taat Beyond Tobacco™ cigarettes is designed to replicate that of a traditional cigarette between the “stick” format, cigarette-style packaging, a proprietary flavouring blend, and an enhanced volume of smoke exhaled. Taat Beyond Tobacco™ cigarettes each contain a minimum of 50mg of cannabidiol (“CBD”, a nonpsychoactive derivative of hemp), which has been shown to mitigate tobacco withdrawals and reduce dependency. Initial retail market testing of Taat Beyond Tobacco™ cigarettes, as detailed in the Company’s June 29, 2020 press release, yielded overwhelmingly positive responses from users, whose anecdotes formed a general consensus that there were no significant experiential differences between Taat Beyond Tobacco™ cigarettes and legacy tobacco products.

On July 7, 2020, the Issuer announced that it has entered into a comprehensive distribution agreement on July 3, 2020 with Worldwide Vape Distribution (“WWV”) in which WWV plans to distribute both the tobacco and menthol versions of Taat Beyond Tobacco™ cigarettes. Given WWV’s significant presence in the state of Texas, in which the tobacco epidemic has received federal-level attention from the CDC¹, the Company believes that its relationship with WWV can be helpful in attaining a presence in a potentially key market for the initial adoption of Taat Beyond Tobacco™ cigarettes, possibly in addition to other markets in which WWV does business as a distributor.

On July 13, 2020, the Issuer announced that it has entered into a letter of intent dated July 10, 2020 to acquire Redwood Reserves Ltd. ("Redwood"), one of the largest and best-established U.S. hemp cigarette brands, for an acquisition price consisting of \$1,155,000 and 2,390,000 common shares in the capital of TAAT. This strategic acquisition is intended to provide more cost-effective manufacturing capacity to TAAT, in addition to gaining an established direct distribution network through which Beyond Tobacco™ cigarettes are planned to be supplied to Redwood's extensive network of retailers. As Redwood's product line is currently being sold in more than 1,600 U.S. smoke shops and convenience stores, carried by several distributors, and sold through Redwood's online store, the Company will realize cash flow from Redwood's continued business activities following the proposed acquisition. Additionally, the Company believes that Redwood's product offerings can complement TAAT's Beyond Tobacco™ product upon the planned Q4 2020 product launch. Subject to a definitive agreement, which the parties have agreed to proceed with diligently and in good faith to negotiate and settle the terms for execution on or before July 31, 2020, TAAT will acquire 100% of Redwood, resulting in Redwood becoming a 100% subsidiary of the Company. The acquisition of Redwood is subject to customary conditions of closing, including without limitation, the satisfactory completion of due diligence by both parties and the receipt of applicable regulatory and governmental approvals.

On July 20, 2020, the Issuer announced that it has recently completed a successful full-scale test production run of Beyond Tobacco™ cigarettes with production vendor Hempacco, Co. Inc. ("Hempacco"). Following this test run, initial production capacity estimations of one million Beyond Tobacco™ sticks per day were confirmed, allowing for a reliable supply bandwidth for Beyond Tobacco™ upon its planned launch in Q4 2020. At this rate of production, Taat will be capable of manufacturing an annual supply of Beyond Tobacco™ cigarettes that is equivalent to 0.168% of the total amount of individual cigarettes sold domestically in 2018, according to data from the Federal Trade Commission¹. Furthermore, the management of Hempacco expressed amazement regarding the quality of Taat's proprietary blend and formulation of hemp, indicating that it was superior to any hemp material that they had ever used in rolling hemp cigarettes. The finished product from this test run is to be used in the Beyond Tobacco™ focus groups scheduled to be held in Nevada this summer, as announced in the Company's July 13, 2020 press release.

On July 21, 2020, the Issuer announced a nonbrokered private placement of up to (the "Private Placement") 4,285,714 units (the Units") of the Company at a price of \$0.70 per Unit for gross proceeds of \$3,000,000 (the "Offering").

Each Unit consists of one (1) common share (the "Common Share") and one-half (1/2) of one (1) transferable common share purchase warrant (each, a "Warrant").

Each Warrant entitles the holder thereof to purchase one (1) additional Common Share of the Company for a period of one year from closing at a price of \$1.00 per common share. In the event that the Shares have a closing price on the Canadian Securities Exchange (or such other exchange on which the Shares may be traded at such time) of \$1.25 or greater per Share for a period of five (5) consecutive trading days at any time from the Closing Date, the Issuer may accelerate the expiry date of the Warrants by giving notice to the holders thereof (by disseminating a news release advising of the acceleration of the expiry date of the Warrants) and, in such case, the Warrants will expire on the thirtieth day after the date of such notice. All securities issued pursuant to the Private Placement are subject to a statutory four-month hold period pursuant to applicable securities laws of Canada. The proceeds raised from this offering will be used by the Company for marketing of its product, investor relations activity, and for general working capital purposes. In connection with the Offering, the Company may pay a finder's fee subject to the policies of the Canadian Securities Exchange. Any insider participation in the Offering is unknown at this time.

On July 24, 2020, the Issuer announced that shortly after entering into an agreement with its first distribution partner for Beyond Tobacco™ cigarettes, it has added new distributorship with California-based West Coast Vape Supply, Inc. ("WCVS") with a one-year comprehensive distribution agreement that took effect on July 24, 2020. WCVS has a flagship retail location in Huntington Beach, CA, in addition to an ecommerce platform with more than 300,000 customers, and a distribution network that ultimately reaches more than 20,000 retail stores across the United States. In anticipation of the planned Q4 2020 launch of Beyond Tobacco™ cigarettes, the Company has prioritized the procurement of distribution partners to maximize early-stage retail availability to the general public.

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.

See above item number 2.

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.

N/A

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.

See above item 2.

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.

N/A.

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.

N/A.

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

N/A.

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.

N/A.

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

N/A.

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

N/A.

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.

N/A.

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

N/A.

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

Security	Number Issued	Details of Issuance	Use of Proceeds ⁽¹⁾
Common Shares	1,605,000	Warrant exercises for the month of July	Working capital

(1) State aggregate proceeds and intended allocation of proceeds.

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

N/A.

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

On July 31, 2020, the Issuer appointed Setti Coscarella as CEO of the Company. With the appointment of Setti Coscarella as the Company's Chief Executive Officer, Mr. Coscarella has succeeded Joel Dumaresq in this position. Following this succession, Mr. Dumaresq will assume the role of CFO and Theo van der Linde will step down from his position as CFO of the Company.

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

The trends and risks which are likely to impact the Issuer are detailed in the Issuer's Management Discussion and Analysis for the second quarter ended April 30, 2020 dated as of July 29, 2020 (the "MD&A") under the headings "Financial Instruments", "Risks" and "Risks and Uncertainties". The MD&A is available on the Issuer's SEDAR profile at www.sedar.com and on the Issuer's disclosure hall with the CSE at www.thecse.com.

Additional trends that are likely to impact the Issuer include:

COVID-19

The outbreak of the coronavirus ("COVID-19") pandemic has impacted the Issuer's plans and activities. The Issuer may face disruption to operations, supply chain delays, travel and trade restrictions and impact on economic activity in affected countries or regions can be expected and can be difficult to quantify. Such pandemics or diseases represent a serious threat to maintaining a skilled workforce industry and could be a major health-care challenge for the Issuer. There can be no assurance that the Issuer's personnel will not be impacted by these pandemic diseases and ultimately that the Issuer would see its workforce productivity reduced or incur increased medical costs/insurance premiums as a result of these health risks. In addition, the COVID-19 pandemic has created a dramatic slowdown in the global economy. The duration of the COVID-19 outbreak and the resultant travel restrictions, social distancing, Government response actions, business closures and business disruptions, can all have an impact on the Issuer's operations and access to capital.

There can be no assurance that the Issuer will not be impacted by adverse consequences that may be brought about by the COVID-19 pandemic on global financial markets. It may reduce resource prices, share prices and financial liquidity and thereby that may severely limit the financing capital available.

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 August 6, 2020.

Joel Dumaresq
Name of Director or Senior
Officer

"Joel Dumaresq"
Signature
CFO & Director
Official Capacity

Issuer Details	For Month	Date of Report
Name of Issuer	End	YY/MM/D
TAAT Lifestyle & Wellness Ltd.	July 2020	20/08/06
Issuer Address		
2630, 1075 West Georgia St.		
City/Province/Postal Code	Issuer Fax No.	Issuer Telephone No.
Vancouver	604-687-3141	604-687-2038
Contact Name	Contact Position	Contact Telephone No.
Joel Dumaresq	CEO & Director	604-687-2038
Contact Email Address	Web Site Address	
hello@taatusa.com	https://taatusa.com	