

**FORM 7**

**MONTHLY PROGRESS REPORT**

**Name of Listed Issuer:** True Leaf Brands Inc. (the "Issuer").

**Trading Symbol:** MJ

**Number of Outstanding Listed Securities:** 33,544,421 common shares (plus 2,529,444 common shares reserved for issuance in the form of 865,000 warrants and 1,664,444 options)

**Date:** August 10, 2021

**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 July, the Issuer successfully completed its first harvest of premium craft cannabis. The Company has produced a small-batch cultivation of Orange Tingz at 20.6% THC and 2.3% terpenes, and no detectable microbials or heavy metals. A second batch was also cultivated and tested at 21.2% THC and 2.5% terpenes with negligible levels of microbials. The certificate of analysis for the batches confirm the Issuer met Health Canada's testing requirements to release the product for sale. No pesticides or gamma irradiation was used to produce these batches which will be sold in the B2B cannabis market.

On July 30, 2021, the Issuer announced, further to its news release of July 26, 2021, that the Issuer's principal regulator, the British Columbia Securities Commission ("BCSC"), granted a Management Cease Trade Order ("MCTO") under *National Policy 12-203 – Management Cease Trade Orders ("NP 12-203")*. Pursuant to the MCTO, the officers and directors of the Issuer may not trade in securities of the Issuer until such time as the Issuer files its annual audited financial statements for the year ended March 31, 2021, management's discussion and analysis and related certifications (collectively the "**Annual Filings**") and the BCSC revokes the MCTO. The MCTO does not affect the ability of shareholders to trade their securities. Until the Required Documents have been filed, the Issuer intends to continue to satisfy the provisions of the alternative information guidelines specified in NP 12-203 by issuing bi-weekly default status reports in the form of further press releases for so long as the Issuer remains in default of the financial statement filing requirement.

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

Management has continued to discuss critical paths and timelines regarding the business direction of the Issuer and obtaining additional funding, as well as discuss how to best utilize the Issuer's new licenses to cultivate, process and sell cannabis for medical purposes pursuant to the Cannabis Act. Management has continued active discussions with potential investors, joint venture partners and third parties interested in leasing or entering into a joint venture to utilize its cultivation and processing facility in Lumby. Management continued to implement cost-saving measures over the most recent month in order to extend the remaining working capital. These items are in addition to the activities undertaken by management in Item 1 above.

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**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.

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**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.

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**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.

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**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.

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**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.

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

None.

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**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.

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

One employee laid off during the month of July.

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

None.

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**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.

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

None.

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

Security	Number Issued	Details of Issuance	Use of Proceeds <sup>(1)</sup>
Common Shares	91,346	On July 27, 2021 the Issuer issued 91,346 common shares as payment under a consulting agreement at a deemed price of \$0.26 per share	Not applicable

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

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

On July 27, 2021, an officer of the Issuer provided a short-term loan of \$50,000 to the Issuer.

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

None.

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**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 may impact the Issuer are detailed under the section titled Risk under Financial Instruments, Risk and Capital Management in the Issuer's Management Discussion and Analysis for the period ended December 31, 2020 and dated March 1, 2021 ("MD&A"). The MD&A is available on SEDAR.com.

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The political evolution and progression of the legalities surrounding the use of hemp and cannabidiol for medical and wellness purposes continues to evolve in Canada, United States and globally, and will continue to impact and benefit the product development segment of the Issuer's business.

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Over the last two years, capital market conditions have tightened with the valuation of cannabis issuers dropping by as much as 90% of their value from their March 2019 highs to November 2019 lows. Stock prices in the cannabis industry did not fully recover in 2020. In February 2021, there was an uptick in value of cannabis stock on speculation on U.S. federal legalization of cannabis, but it was short lived. Flat to declining revenues appears to be an industry-wide trend for Canadian operators in 2021 as the overall macro climate for licensed producers remains a challenge. The volatility and market drop in the sector have made it difficult for all issuers in the sector to raise capital. Management of the Issuer expects the next six months to continue to be volatile in the sector with reorganizations, mergers and company closings continuing to dominate the news.

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Management and the Board of Directors of the Issuer regularly examines and adjusts the Issuer's strategy and near-term business focus as industry changes are announced and in response to market conditions and opportunities.

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The global pandemic of COVID-19 has had a tremendous impact on both the Issuer's market specifically, the capital markets as a whole, and the entire global economy. Sales of cannabis increased significantly in Canada in 2020. In the month of March 2020, at the beginning of the Covid-19 related shut-downs, cannabis sales in Canada were CA\$181.2 million per month. In December 2020, monthly sales had grown to \$298 million and remained at that level each month to April 2021, peaking at \$313 million in May 2021. (Source: "[Retail Trade Sales by Province and Territory \(x 1,000\)](#)," Statistics Canada.) At the same time, the price of cannabis has fallen from \$6.08 per gram in December of 2020 to \$5.39 per gram in July of 2021. (Source: [Canada Cannabis Spot Index](#), Cannabis Benchmark.) We expect this downward pricing trend to continue through 2021. It is too early at this time to predict what the full impact of COVID-19 will be on the global economy, and as such, impossible to predict when the securities market for cannabis stocks will begin stabilizing. In particular, the restricted ability to access additional capital during COVID-19 may impact the business of the Issuer going forward as planned.

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## **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 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 10, 2021.

Darcy Bomford  
Name of Director or Senior Officer

"Darcy Bomford"  
Signature

Interim CEO  
Official Capacity

<b>Issuer Details</b>	<b>For Month End</b>	<b>Date of Report</b>
Name of Issuer True Leaf Brands Inc.	July 2021	YY/MM/DD 21/08/10
<b>Issuer Address</b> 100 Kalamalka Lake Road, Unit 32		
City/Province/Postal Code Vernon, British Columbia V1T 9G1	Issuer Fax No. N/A	Issuer Telephone No. 250.260.0676
Contact Name Darcy Bomford	Contact Position Interim CEO	Contact Telephone No. 778.475.5323
Contact Email Address darcy@trueleafbrands.com	Web Site Address www.trueleafbrands.com	