

## 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:** September 3, 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.**

On August 3, 2021, the Issuer announced it had successfully completed its first harvest of premium craft cannabis. The Issuer produced a small-batch cultivation of Orange Tingz at 20.6% THC and 2.3% terpenes, and no detectable microbes or heavy metals. A second batch was also cultivated and tested at 21.2% THC and 2.5% terpenes with negligible levels of microbes.

On August 25, 2021, the Issuer announced it had submitted an application to Health Canada for an amendment to its Standard Processing License for the Sale of Dried Cannabis. The amended license will permit the Issuer to sell its craft cannabis products directly to medical patients and retail distributors nationwide.

During the month of August 2021, the Issuer provided updates on the status of the filing of its operating and financial results for the fiscal year ended March 31, 2021, accompanying management’s discussion and analysis, and related CEO and CFO certifications (collectively, the “Annual Filings”). The Issuer missed the filing deadline of July 29, 2021 as required under applicable Canadian securities laws. In connection with the Issuer’s inability to file the Annual Filings on time, the Issuer applied for a Management Cease Trade Order (“MCTO”) under National Policy 12-203 – Management Cease Trade Orders (“NP 12-203”) which the British Columbia Securities Commission approved on July 30, 2021. On August 27, 2021, the Issuer filed its Annual Filings with the British Columbia Securities Commission, the Alberta Securities Commission, the Ontario Securities Commission, and the Canadian Securities Exchange. As a result of filing the Annual Filings, the MCTO previously imposed on the Issuer was revoked and the Issuer was back in good standing with all reporting securities commissions.

**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.

**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.

**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.

**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.

**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.

**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.

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

None.

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.

See item 1.

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

None.

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

None.

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.

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

None.

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

Security	Number Issued	Details of Issuance	Use of Proceeds <sup>(1)</sup>
None.			

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

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

None.

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

None.

**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 March 31, 2021 and dated August 27, 2021 ("MD&A"). The MD&A is available on SEDAR.com.

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.

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.

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.

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 \$318 million in June 2021. (Source: "[Retail Trade Sales by Province and Territory \(× 1,000\)](#)," Statistics Canada.) At the same time, the price of cannabis has fallen from \$6.08 per gram in December of 2020 to \$5.28 per gram in August 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.

## **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** September 3, 2021.

Darcy Bomford  
Name of Director or Senior Officer

"Darcy Bomford"  
Signature

Interim CEO  
Official Capacity

<b>Issuer Details</b> <b>Name of Issuer</b> True Leaf Brands Inc.	<b>For Month End</b> August 2021	<b>Date of Report</b> <b>YY/MM/DD</b> 21/09/03
<b>Issuer Address</b> 100 Kalamalka Lake Road, Unit 32		
<b>City/Province/Postal Code</b> Vernon, British Columbia V1T 9G1	<b>Issuer Fax No.</b> N/A	<b>Issuer Telephone No.</b> 250.260.0676
<b>Contact Name</b> Darcy Bomford	<b>Contact Position</b> Interim CEO	<b>Contact Telephone No.</b> 778.475.5323
<b>Contact Email Address</b> darcy@trueleafbrands.com	<b>Web Site Address</b> www.trueleafbrands.com	