

# FORM 7

## MONTHLY PROGRESS REPORT

Name of Listed Issuer: **Ayurcann Holdings Corp.** (the "Issuer").

Trading Symbol: **AYUR**

Number of Outstanding Listed Securities: **120,932,413**

Date: **November 5, 2021**

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.
  - A. **Private Placement Offering**: On October 7, 2021, the Issuer closed a non-brokered private placement (the "**Private Placement**") of 7,710,354 units (each, a "**Unit**") at a price of \$0.18 per Unit for aggregate gross proceeds of \$1,387,863.72. Each Unit consisted of one (1) common share in the capital of the Issuer (each, a "**Common Share**") and one (1) Common Share purchase warrant (each, a "**Warrant**"). Each Warrant entitles the holder thereof to purchase one (1) Common Share at an exercise price of \$0.22 for a period of the earlier of: (a) thirty six (36) months from the date of the closing of the Private Placement (the "**Closing**"); or (b) if, at any time after the Closing, the closing price of the Common Shares on the Canadian Securities Exchange (the "**CSE**") is at least \$0.70 for a minimum of ten (10) consecutive trading days, the Issuer may, upon providing written notice to the holders of the Warrants, accelerate the expiry date of the Warrants to the date that is at least thirty (30) days following the date of such written notice (the "**Acceleration Provision**"). In connection with the Private Placement, eligible finders received \$17,747.28 in cash and 98,594 broker warrants (each, a "**Broker Warrant**"). Each Broker Warrant entitles the holder thereof to purchase one (1) Common Share at an exercise price of \$0.22 for a period of thirty-six (36) months from the Closing, subject to the Acceleration Provision. The Corporation intends to use the net proceeds of the Private Placement for general working capital for business, corporate, research and development. All securities issued in connection with the Private Placement will be subject to a four (4) month and one (1) day hold period under applicable securities laws.
  - B. **RSU Grant**: On October 7, 2021, the Issuer granted an aggregate of 1,253,125 restricted share units (each, an "**RSU**") to certain directors, officers, employees and consultants of the Issuer, pursuant to the Issuer's RSU plan. All RSUs granted vested immediately and the Common Shares issuable upon redemption are subject to a four (4) month and one (1) day hold period under applicable securities laws.
  - C. **Patient-referral Agreement(s)**:
    - On October 12, 2021, the Issuer entered into a patient-referral agreement with ReLeave Therapeutics ("**ReLeave**"), leaders in providing Canadians expert guidance and access to managing

discomfort with medicinal cannabis and other alternative medicines. ReLeave is comprised of compassionate and knowledgeable experts whose goal is defined by providing exemplary patient care, which necessitates working with only the best healthcare partners. Releave helps integrate cannabis into the patient's full medical treatment plans and partner with medicinal cannabis providers such as the Issuer, to ensure their patients are getting top-quality advice with exceptional value and are being prescribed the right medicinal cannabis products for their needs. The terms of the agreement will see ReLeave sending medical cannabis patients to the Issuer through a patient education agreement. The Issuer will work with the patients to educate them on their available offerings and help them select appropriate products.

- On October 25, 2021, the Issuer entered into a patient-referral agreement with The Herb Clinic (the "**Clinic**"), providing Canadians with the guidance and access to managing discomfort with medicinal cannabis. The Clinic has over 4000 patients registered and is comprised of compassionate and knowledgeable service providers who are defined by their ability to provide exceptional patient care. The Clinic helps educate and integrate cannabis into the patient's medical treatment plans and partner with medicinal cannabis providers, such as the Issuer, to ensure their patients are getting top-quality advice with exceptional value. The terms of the agreement will see the Clinic sending medical cannabis patients to the Issuer through a patient education agreement. The Issuer will work with the patients to educate them on their available offerings and help them select appropriate products.

#### D. Investor Relations:

- On October 7, 2021, the Issuer entered into a non-exclusive issuer trading services agreement (the "**Trading Agreement**") with Generation IACP Inc. ("**GIACP**") for the purpose of providing trading services and contributing to the market liquidity of the Common Shares currently listed on the CSE (the "**Services**"). GIACP will comply with all applicable securities laws and policies of the CSE in providing the Services. Under the Trading Agreement, GIACP will provide the Services for an initial term of six (6) months (the "**Initial**

**Term**") at a monthly fee of CAD\$7,500, plus applicable taxes. The Initial Term shall be automatically renewed for subsequent six (6) month periods unless terminated in accordance with the Trading Agreement. The Issuer and GIACP act at arm's length from one another, and to the best knowledge of the Issuer, GIACP has no present interest, directly or indirectly, in the securities of the Issuer.

- On October 20, 2021, the Issuer retained Dolos Consultancy LTD ("**Dolos**") and ApatonGroup to manage shareholder communication, market intelligence and brand awareness for the Issuer. Dolos is one of the leading corporate strategy, intelligence gathering, investors analysis and capital advisories in the market. Dolos is working with a network of investors, family offices and venture capitalists, and is retained to support and accompany The Issuer in both Investor relations and market intelligence. Dolos has been engaged by the Issuer and will continue to provide its services unless terminated by the Issuer in accordance with the agreement. Dolos will be paid a monthly cash fee of US\$32,000. Either party may terminate the agreement upon 180 days' notice to the other party.

E. **New Facility Build Out**: On October 29, 2021, further to its press releases dated April 28, 2021 and May 18, 2021, the Issuer has completed their Phase 2 expansion on their Pickering facility (the "**Build-Out**"), providing increased production and manufacturing capabilities. The completion of the Build-Out was done on time and on budget and provides for the immediate commencement of additional production capacity. The aim of the Build-Out was to provide flexibility in manufacturing. The Issuer designed multiple production rooms geared towards increased capacity for "Cannabis 2.0 and 3.0" products. With the Build-Out complete, the Issuer is able to enhance its processing capacity up to 300,000 kg of biomass per year, and its manufacturing capacity for up to 3,000,000 product fills, making it one of the largest processor and co-manufacturer in the country.

F. **Earn-Out Payment**: On October 29, 2021, in connection with the completion of the Build-Out and further to the Issuer's press release dated November 25, 2020, the Issuer has provided Health Canada with notice that the Build-Out has been completed, triggering the second and final earn-out entitlement (the "**Earn-Out**") to original Ayurcann Inc. shareholders of an aggregate of 5,159,958 Common Shares of the Issuer ("**Earn-Out Common Shares**"). The Earn-Out payment was equal to the quotient of \$1,000,000 divided by the current market price. The market price, as

originally agreed to, was determined as the greater of (i) \$0.05 and (ii) the ten (10) day volume weighted average trading price of the Common Shares on the CSE prior to the date of the Earn-Out being met, which equates to \$0.1938.

G. **Financial Statement and Management's Discussion & Analysis**: On October 29, 2021, the Issuer filed its annual audited financial statements, management's discussion & analysis and ancillary documents for the fiscal year ending June 30, 2021 on SEDAR in compliance with its National Instrument 51-102 - *Continuous Disclosure Obligations*.

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

**See Item 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.

**The cannabis industry in Canada is growing, in light of this, the Issuer is focusing on national and international partnership opportunities. With products such as the Fuego Vapes and Vida Tinctures available in the Canadian recreational markets and topicals such as Glow Day and Night, Green Bee Topicals, Her Highness Intimates, and Innocan Wellness CBD being manufactured for future entry into those markets, the Issuer has distinguished itself as an established and reliable partner, who has the capacity to formulate, test and manufacture products at the highest standards for current and future requirements. For more details, please check the Issuer's SEDAR page for the press release dated October 29, 2021.**

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.

**The Issuer recently entered into two (2) patient-referral agreements and two (2) investor relations & trading service agreements. For more details, see Item 1 of this form and check the Issuer's SEDAR page for press releases dated October 7, 202, October 12, 2021, October 20, 2021 and October 25, 2021.**

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

| <b>Security</b>        | <b>Number Issued</b> | <b>Details of Issuance</b>                                       | <b>Use of Proceeds<sup>(1)</sup></b>                                      |
|------------------------|----------------------|--|---|
| Units                  | 7,710,354            | See Item 1   | General working capital for business, corporate, research and development |
| Restricted Stock Units | 1,253,125            | See Item 1   | Same as above   |
| Common Shares          | 5,159,958            | Earn-Out Payment @\$0.1938 per Common Share - See Item 1         | Same as above   |
| Common Shares          | 7,710,354            | Private Placement Offering @\$0.18 per Common Share - See Item 1 | Same as above   |
| Warrants               | 7,710,354            | See Item 1   | Same as above   |
| Broker Warrants        | 98,594.00            | See Item 1   | Same as above   |

(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. **N/A**

### **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 was 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: **November 5, 2021**

**Igal Sudman**

Name of Director or Senior  
Officer

*"Igal Sudman"*

Signature

**CEO**

Official Capacity

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|--|---|--|
| <b><i>Issuer Details</i></b><br><b>Ayurcann Holdings Corp.</b> | For Month<br>End of<br><b>October 2021</b>  | Date of Report<br><b><u>November 5, 2021</u></b> |
| Issuer Address<br><b>1080 Brock Road</b>                       |   |  |
| City/Province/Postal Code<br><b>Pickering/Ontario/ L1W 3H3</b> | Issuer Fax No.<br>(N/A)                     | Issuer Telephone No.<br><b>905-492-3322</b>      |
| Contact Name<br><b>Igal Sudman</b>                             | Contact<br>Position<br><b>CEO</b>           | Contact Telephone No.<br><b>905-492-3322</b>     |
| Contact Email Address<br><b>igal@ayurcann.com</b>              | Web Site Address<br><b>www.ayurcann.com</b> |  |