# FORM 7

# MONTHLY PROGRESS REPORT

Name of Listed Issuer: Canntab Therapeutics Limited (the "Issuer").

Trading Symbol: PILL

Number of Outstanding Listed Securities: 25,284,701

Date: October 1, 2018

## 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 September 11 the Issuer announced that it will be increasing its level of engagement with shareholders and with potential retail and institutional investors. Accordingly, it has retained the services of Mackie Research Capital Corporation ("**Mackie Research**") to act as financial advisor to the Company and the services of Hybrid Financial Limited ("**Hybrid**") to assist the Company with Investor Relations by effectively communicating the Company's message to an increasingly broad range of investment advisors across Canada.*

***Operational Milestones***

*Since listing on the Canadian Securities Exchange in April 2018, management has been particularly focused on executing on the Company's business plan and furthering the numerous opportunities that have been in development and were discussed in detail in the Company's Listing Statement, including, but not limited to, the following:*

- *Health Canada approval to begin research and development on cannabinoid-based oral sustained release formulations, as outlined in the Company's news release of May 14, 2018;*
- *Filing of new patent applications related to the Company's intellectual property portfolio, as outlined in the Company's news releases of April 26, 2018 and May 25, 2018;*
- *Development and launch of new, innovative products, as outlined in the Company's news release of June 20, 2018;*
- *Advancing discussions with FSD Pharma to bring about a second channel of production and distribution for the Company, as outlined in the Company's news release of July 9, 2018; and*
- *Numerous other developments that are not yet in the public realm.*

*Management is pleased with the Company's operational progress since its public listing and feels that it is time to turn a greater attention to growing awareness of the Company, its activities and the unique business opportunities being developed in the medicinal cannabis markets, and potentially in the recreational cannabis markets – both in Canada and Internationally. As such,*

*the retention of both Mackie Research and Hybrid will play a key role in the Company's developing communications strategy.*

*Mackie Research will provide a number of services to Canntab, including, but not limited to, capital markets advisory, financial and operational analysis, and recommendations on strategic growth objectives. They will be retained for an initial term of three months, continuing on a month-to-month basis thereafter. The Company can terminate the agreement at any time after the initial term, upon 15 days' notice.*

*As part of the compensation for its services, the Company will (i) pay a monthly, non-refundable work fee of $20,000 to Mackie Research; and (ii) grant 200,000 options (the "**Mackie Options**") to Mackie Research. Each Mackie Option entitles the holder thereof to purchase one common share in the capital of the Company ("**Common Share**") at an exercise price of $1.02 at any time up to 36 months following the date hereof. The Mackie Options are subject to a vesting schedule, with 100,000 Mackie Options vesting immediately and the balance of 100,000 Mackie Options vesting if the daily volume weighted average trading price of the Common Shares is greater than $1.25 for 20 consecutive trading days within six months of issuance.*

*Hybrid will be assisting the Company in speaking to, and answering questions from, the many investment advisors in touch with the Company on a regular basis. Hybrid will be retained for an initial term of three months, continuing on a month-to-month basis thereafter. The Company can terminate the agreement at any time after the initial term, upon 15 days' notice.*

*As part of the compensation for its services, the Company will (i) pay a monthly fee of $14,000 to Hybrid; and (ii) grant 250,000 options (the "**Hybrid Options**") to Hybrid. Each Hybrid Option entitles the holder thereof to purchase one Common Share at an exercise price of $1.02 at any time up to five years following the date hereof. The Hybrid Options are subject to a vesting schedule, with 1/4 of the Hybrid Options vesting on each of December 12, 2018, March 12, 2019, June 12, 2019 and September 12, 2019.*

*On September 18 the issuer announced the achievement of a milestone with regards to the development of a patent-pending oral extended release formulation for cannabinoids in collaboration with Emblem Corp., a licensed producer of medical cannabis under the Access to Cannabis for Medical Purposes Regulations ("ACMPR") through its wholly-owned subsidiary Emblem Cannabis Corporation (collectively, "Emblem").*

*Dissolution testing conducted by Emblem and Canntab's research and development teams indicated that the Extended Release Tablets released cannabinoids consistently over a 12-hour period. Given these positive test results, the Company will now begin manufacturing pivotal batches of these tablets for pharmacokinetic and clinical testing. Under the license agreement between Canntab and Emblem, development and initial production will take place at Emblem's Paris, Ontario facility. Emblem will continue to advocate Health Canada for the approval of this and other advanced formulations of cannabinoid medications under the new Cannabis Act.*

*Canntab's Extended Release Tablets are designed to release cannabinoids over a period of 12 hours, which will provide patients with long-lasting effect without the need for multiple doses. Extended release medical products can be particularly valuable in the treatment of chronic conditions, such as chronic pain, where patients tend to require repeated dosing to obtain ongoing relief.*

*The agreement between Emblem and Canntab calls for Emblem to make payments to Canntab upon achievement of certain milestones involving dissolution studies, bio-availability studies and regulatory approval of the Extended Release Product. As part of this milestone achievement, Emblem has made the required milestone payment to Canntab as a result of this significant achievement.*

*Also on September 18 the Issuer announced that it had signed a definitive collaboration and profit sharing agreement (the "Agreement) (OTC Pink: FSDDF) (FRA: 0K9) ("FSD Pharma"), which, through its wholly-owned subsidiary FV Pharma Inc., is a licensed producer pursuant to the Access to Cannabis for Medical Purposes Regulations, effective September 17, 2018. Under the terms of the Agreement, FSD Pharma will assist Canntab to obtain a license to process and sell cannabis products pursuant to the Cannabis Act (the "License"), and will provide Canntab with space at its facility (the "FSD Facility"), which is located just one hour east of Toronto in Cobourg, Ontario (the "Transaction").*

*FSD Pharma will provide Canntab with up to 10,000 square feet of space at the FSD Facility (the "Canntab Premises"). Canntab will build and install, at its expense, its own manufacturing facility within the larger FSD Facility that will operate in accordance with Good Manufacturing Practices, at which it will produce a suite of novel cannabis oral dose delivery platforms, including gel capsules and tablets, and other types of cannabis-based products, including sleep aids and pain relievers (the "Canntab Products").*

*Canntab and FSD Pharma see tremendous opportunity in offering pharmaceutical quality cannabis based tablets, as many doctors are adverse to prescribing smoked cannabis as a solution to patients' health concerns. The Canntab Premises are intended to be used to supply Canadian and International markets such as Australia and Germany, which legally allow cannabis. FSD Pharma will work with Canntab to prepare the necessary items to submit an application from Canntab to Health Canada to obtain the License, which will be attached to the Canntab Premises. In particular, FSD Pharma will assist with the following aspects of the application:*

- *Drafting, or coordinating the drafting of, all application materials;*
- *Sourcing all necessary third-party consultants required to prepare the application; and*
- *Communicating with Health Canada throughout the application process*

*In consideration of FSD Pharma's services, Canntab will grant FSD Pharma certain royalty and profit sharing rights in connection with the sale of the Canntab Products. Canntab will provide FSD Pharma with 50% of the profits that Canntab receives on any retail sales of Canntab Products through channels that are established by FSD Pharma and FSD Pharma will be entitled to retain 50% of the profits on FSD Pharma's sales of the Canntab Products. In addition, Canntab will pay FSD Pharma a royalty of 3.5% of Canntab's sale price for all Canntab Products that are manufactured and sold from the Canntab Premises. Canntab may also purchase the oil that it requires for the Canntab Products from FSD Pharma.*

*On September 19 the issuer announced that the Company's common shares ("Common Shares") yesterday reached new all-time daily high and closing prices of $1.25 and $1.22, respectively, on the Canadian Securities Exchange (the "CSE"). This constitutes a 25% and 22% premium on the price of the Common Shares that were issued in the Company's private placement that closed concurrently with its reverse takeover in April. In addition, the Company traded an aggregate of 776,999 Common Shares yesterday, which represents the second*

*highest daily volume in the Company's history, only being surpassed by the Company's opening day of trading on April 20, 2018.*

*On September 20 the issuer announced that he Company's common shares ("Common Shares") yesterday reached new all-time daily high and closing prices of $1.74 and $1.41, respectively, on the Canadian Securities Exchange (the "CSE"). These numbers exceed the Company's previous all-time highs by 39.2% and 15.6%, which were also set earlier this week. In addition, the Company traded an aggregate of 1,583,326 Common Shares yesterday at a total dollar value of $2.06M, which constitutes its all-time high daily volume and exceeds the Company's previous highs, set on the Company's opening day of trading on April 20, 2018.*

*On September 24 the issuer announced that effective September 21, 2018 the Company has been added to the Composite Index of the Canadian Securities Exchange as part of the CSE's quarterly rebalancing.*

*Based on the September 21 closing price of PILL, the Company's market capitalization is above the average market cap of the Index component companies and more than 3 times the market cap of the median company in the Index.*

*On September 25 FSD Pharma Inc. ("FSD Pharma" or the "Company), which, through its wholly-owned subsidiary FV Pharma Inc., is a licensed producer pursuant to the Access to Cannabis for Medical Purposes Regulations, is pleased to announce that the Company has received its first delivery of manufacturing equipment at its Cobourg plant from Canntab Therapeutics Limited ("Canntab"), a leader in the rapidly growing cannabis pill market. The manufacturing equipment consists of a fully GMP High output Tablet press capable of pressing more than 1,500,000 tablets per day, as well as blending machinery, large scale process and drying equipment and packaging equipment.*

*FSD Pharma and Canntab previously announced the signing of a definitive collaboration and profit sharing agreement (the "Agreement") effective September 17, 2018. Under the terms of the Agreement, FSD Pharma will assist Canntab to obtain a license to process and sell cannabis products pursuant to the Cannabis Act (the "License"), and will provide Canntab with space at its facility (the "FSD Facility"), which is located just one hour east of Toronto in Cobourg, Ontario (the "Transaction").*

*FSD Pharma will provide Canntab with up to 10,000 square feet of space at the FSD Facility (the "Canntab Premises"). Canntab will build and install, at its expense, its own manufacturing facility within the larger FSD Facility that will operate in accordance with Good Manufacturing Practices, at which it will produce a suite of novel cannabis oral dose delivery platforms, including gel capsules and tablets, and other types of cannabis-based products, including sleep aids and pain relievers (the "Canntab Products").*

*FSD Pharma and Canntab see tremendous opportunity in offering pharmaceutical quality cannabis based tablets, as many doctors are adverse to prescribing smoked cannabis as a solution to patients' health concerns. The Canntab Premises are intended to be used to supply Canadian and International markets such as Australia and Germany, which legally allow cannabis. FSD Pharma will work with Canntab to prepare the necessary items to submit an application from Canntab to Health Canada to obtain the License, which will be attached to the Canntab Premises. In particular, FSD Pharma will assist with the following aspects of the application:*

*1. drafting,orcoordinatingthedraftingof,allapplicationmaterials;*
*2. Sourcing all necessarythird-partyconsultantsrequiredtopreparetheapplication;and*
*3. communicatingwithHealthCanadathroughouttheapplicationprocess.*

*In consideration of FSD Pharma's services, Canntab will grant FSD Pharma certain royalty and profit sharing rights in connection with the sale of the Canntab Products. Canntab will provide FSD Pharma with 50% of the profits that Canntab receives on any retail sales of Canntab Products through channels that are established by FSD Pharma and FSD Pharma will be entitled to retain 50% of the profits on FSD Pharma's sales of the Canntab Products. In addition, Canntab will pay FSD Pharma a royalty of 3.5% of Canntab's sale price for all Canntab Products that are manufactured and sold from the Canntab Premises. Canntab may also purchase the oil that it requires for the Canntab Products from FSD Pharma.*

*On October 1 the issuer announced the completion of a non-binding Letter of Intent (the "LOI") with NewCanna S.A.S of Bogota, Colombia ("NewCanna") for the establishment of a significant bi-lateral relationship for the sale & distribution of Canntab's products. The territory applicable to the agreement is the countries of Colombia, Chile, Paraguay and Spain, (collectively, the "Territory"). The agreement will grant NewCanna the right to sell and distribute certain Canntab exclusive proprietary products, and the right to utilize Canntab's know-how and patents in the Territory only.*

*The LOI provides a 60-day period for the parties to complete a formal agreement, which will trigger a one-time, non-refundable License Fee of US $2-million payable to Canntab by NewCanna in consideration for the exclusive license to be granted by Canntab to NewCanna.*

*The formal agreement will establish:*

- *Exclusive 5-year distribution agreement for Canntab's oral sustained release tablet formulations in the Territory;*
- *The supply of up to US$10-million of NewCanna cannabis oil to Canntab for which Canntab will place a deposit of US $1- million;*
- *Agreement between the parties to work together to obtain the necessary regulatory and licensing approvals to implement the business requirements, including importation and exportation of materials;*
- *Performance standards by NewCanna in each country covered by the agreement;*
- *50% / 50% profit sharing on the sales of products under the agreement;*
- *Such other provisions as may be agreed to, and which would be customary in an agreement of this sort; and*
- *Conditional upon the execution of a formal agreement encompassing the provisions of the LOI, payment of the US $2- million license fee and subject to any regulatory and exchange approvals, the Company will issue warrants to NewCanna to purchase up to 500,000 common shares of the Company at a price of $1.80 per common share for a period of two years.*

*The significance of this relationship is such that management of both Canntab and NewCanna will be devoting substantial effort to the completion of the formal agreement within the required timeline. NewCanna would become a key supplier of raw materials for Canntab and on a cost basis, which will be very favourable in comparison to other sources worldwide.*

*NewCanna, directly and through its existing partners;*

- *has access to, or control over, four cultivation and extraction licenses*
- *four additional licenses under application*
- *over 3,000 hectares of cannabis production*
- *a 32,000 square foot pharmaceutical-grade extraction facility capable of processing 5,000 tonnes of raw material per day — currently being upgraded to meet EU Good Manufacturing Practices (GMP) standards*
- *Colombian oil-exportation license*
- *Operations within the Cannabis Free Trade Zone*
- *Genetic registration of more than 500 strains of cannabis and wide-ranging existing distribution.*

*Much of NewCanna's direct and in-direct production is through local indigenous and peasant farmers licensed by the Government. NewCanna is committed to the sustainable, good cultivation processes of the local growers and to supporting them in their own economic and business development.*

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

   *None other than as described 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 other that as described in paragraph 1 above.*

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.

   *None other that as described in paragraph 1 above.*

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)] |
|---|---|---|---|
| Stock Options | 450,000 | Issued to Consultant | n/a |

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*

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

    *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 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 October 1, 2018.

Richard Goldstein
Name of Director or Senior Officer

"signed"
Signature
CFO
Official Capacity

| ***Issuer Details***<br>Name of Issuer<br><br>Canntab Therapeutics Limited. | For Month End<br>August, 2018 | Date of Report<br>YY/MM/DD<br>18/09/05 |
|---|---|---|
| Issuer Address<br><br>1 Adelaide Street East | | |
| City/Province/Postal Code<br><br>Toronto, ON M5C 2V9 | Issuer Fax No.<br>( ) | Issuer Telephone No.<br>416-957-6303 |
| Contact Name<br><br>Richard Goldstein | Contact Position<br>CFO | Contact Telephone No.<br>416-957-6303 |
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