

FORM 7**MONTHLY PROGRESS REPORT**

Name of Listed Issuer: SPEAKEASY CANNABIS CLUB LTD. (the “**Issuer**” or “**SpeakEasy**”).

Trading Symbol: EASY

Number of Outstanding Listed Securities: 131, 538,527

Date: May 10 , 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.

Management of the Issuer has been focused on building-out its facilities, preparing for its outdoor crops and developing short and long term business plans for the Issuer. The Issuer is entering into the final stage of amended sales licencing for extracts and concentrates to allow the sales of extracts

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and concentrates. With the addition of its expected sales amendment, it will be well positioned to enter the market with a robust lineup of products ranging from simple artisan style concentrates to more complex live resin vape cards. It has created a complete line of products formulated from its fresh frozen and dried cannabis material that will be launched under two separate concentrate brands.

It has also initiated the registration process for sales licences in the provinces for distribution, receiving its first approval from Saskatchewan. Additional province submissions are underway. The Issuer signed a 6 month Processing Agreement with a Canadian Licenced Producer whereby the Company has agreed to supply and to process cannabis for the LP with value added products, including extracts, pre-rolls and packaged flower from its indoor and outdoor facilities.

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

See Item #1

3. 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

4. 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 Item #1. In addition the Issuer changed its Auditors to Manning Elliott LLP.

5. 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

6. 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

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

N/A

8. 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

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

None

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

None

10. 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

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

The Issuer entered into a convertible loan agreement (the “2021 Loan Agreement”) with 10161233 Canada Limited (the “Guarantor”), 1287866 B.C. Ltd. (the “Lender”) and Bhayana Ventures Ltd. (the “Administrative Agent”) dated April 9, 2021, pursuant to which the Lender has loaned the Issuer \$3.0 million (the “Loan”).

The Issuer will use the proceeds of the Loan for working capital purposes and capital expenditures. In accordance with the terms and conditions of the Loan Agreement, the Loan will accrue interest at a rate of 6.0% per annum, payable monthly in arrears, and will be repayable on the second anniversary date of the closing date, subject to acceleration in certain circumstances.

The Guarantor has guaranteed the Issuer’s obligations under the 2021 Loan Agreement. In connection with the Loan, the Issuer has:

a) paid the Administrative Agent a fee equal to 5.0% of the principal amount of the Loan (the “Finder’s Fee”) which Finder’s Fee was satisfied by the issuance of common shares in the capital of the Issuer (the “Common Shares”) at a deemed price per Common Share equal to the Conversion Price (as defined below);

b) granted to the Administrative Agent 5,769,231 Common Share purchase warrants (the “Warrants”). Each Warrant entitles the holder to purchase a Common Share at a purchase price of \$0.70 per Common Share, subject to adjustment, for a period of three years following the date of issuance; and

c) agreed to pay the Administrative Agent from and following the first anniversary of the closing date of the Loan a monthly administration fee (the “Administration Fee”) equal to 0.5% of the principal amount of the Loan and all accrued and unpaid interest thereon.

The principal amount of the Loan and any accrued but unpaid interest thereon is convertible into Common Shares at the option of the Administrative Agent (on behalf of the Lender) at a price of \$0.52 per Common Share (the "Conversion Price"), subject to adjustment on the terms and conditions set forth in the 2021 Loan Agreement. As security for the Loan, the Issuer granted to the Lender of a first mortgage over the Guarantor's property in Rock Creek, British Columbia and a first-ranking general security agreement over all of the present and after-acquired personal property of the Issuer and the Guarantor.

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

The Issuer confirmed the expiration of its March 8, 2019, April 24, 2019 and April 25, 2019 warrants.

The Issuer granted a stock option to purchase up to 200,000 Common Shares to a Consultant, such Option to be granted in accordance with applicable laws and policies of the CSE.

The Issuer issued an aggregate of 18,657 Common Shares in settlement of a bona fide debt owing to an arm's length creditor in the amount of \$12,500 at a deemed price of \$0.67 per share.

See Item #11.

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

None

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

The Issuer was saddened to announce the passing of Ian Waddell Q.C., who had recently joined the Company as a strategic advisor.

In connection with its AGM to occur on April 28, 2021, Ryan Kennedy was elected as an additional director of the Company, contingent upon his receipt of security clearance by Health Canada.

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

The Issuer's business strategy is depended on a robust market of adult recreational consumption of cannabis. Recreational cannabis consumption has been approved by the Federal Government, pursuant to the *Cannabis Act*. Provincial and municipal governments have been given explicit authority by the Federal Government to provide regulations regarding retail sales and distribution of cannabis. The ACMPR will continue to operate in tandem with the *Cannabis Act* and is expected to be re-evaluated within five years of the *Cannabis Act* coming into force.

- **Regulatory Matters**

The proposed activities of the Issuer will be subject to regulation by governmental authorities, particularly Health Canada's Office of Controlled Substances. The Issuer's business objectives are contingent upon, in part, compliance with regulatory requirements enacted by these governmental authorities and obtaining all regulatory approvals, where necessary, for the cultivation and sale of its products. The Issuer cannot predict the time required to secure all appropriate regulatory approvals for its products, or the extent of testing and documentation that may be required by governmental authorities. Any delays in obtaining, or failure to obtain, regulatory approvals would significantly delay the development of markets and products and could have a material adverse effect on the business, results of operations and financial condition of the Issuer.

Furthermore, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail Issuer's ability to produce or sell cannabis. Amendments to current laws and regulations governing the importation, distribution, transportation and/or production of medical marijuana, or more stringent implementation thereof could have a substantial adverse impact on the Issuer. The Issuer has not yet obtained a license to cultivate or sell cannabis.

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 May 11, 2021.

Malcolm Davidson

Name of Director or Senior
Officer

malcolm davidson

Signature

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CEO _____
 Official Capacity

<i>Issuer Details</i> Name of Issuer SPEAKEASY CANNABIS CLUB LTD	For Month End April	Date of Report YY/MM/D 2021/05/11
Issuer Address 1515 Meyers Creek Road West		
City/Province/Postal Code Rock Creek V0H 1Y0	Issuer Fax No.	Issuer Telephone No. <u>604-250-3178</u>
Contact Name Deb Cotter	Contact Position Dept. Head, Corporate Compliance	Contact Telephone No. <u>604-250-3178</u>
Contact Email Address deb@speakeasygrowers.com	Web Site Address https://speakeasygrowers.com	