

**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: 132,237,005

Date: January 6, 2022

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.

**The Issuer completed its 2021 harvest and with the infrastructure in place, it believes that it can process the entire 2021 outdoor harvest into finished products before the end of 2022.**

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**Live resin, made from its fresh frozen material, has proven very successful and a large portion of the crop will be dedicated to that process. The low-cost, fresh frozen input material, along with the high-quality, high-THC and terpene content allows the Issuer to be competitive in the fast-growing live resin segment of the market and has been among one of the popular products from the Issuers B-to-B product lines. More efficient freezing and storage methods have been developed over the last year and will be implemented for this year's harvest, making the process faster and more cost effective.**

**The Issuer's pre-rolls have been well received by consumers in the market. There were several new varieties added to the outdoor catalogue including a variety high in CBG, a very exciting cannabinoid with many medicinal uses.**

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

**The Issuer announced that it is delayed in its timely filing of its audited financial statements and corresponding management's discussion and analysis for the year ended July 31, 2021 (collectively, the "Financial Disclosure") on or before the prescribed filing deadline of November 29, 2021 as required by National Instrument 51-102 – Continuous Disclosure Obligations.**

**While the Issuer is working diligently with its auditors and financial professionals to provide the additional documentation to its auditors and to complete the audit of the financial statements for the year ended July 31, 2021, it anticipates that it will be in a position to file its Financial Statements no later than January 31, 2022.**

**The Issuer confirms that it will comply with the alternative information guidelines included in National Policy 12-203 – Management Cease Trade Orders, for so long as it remains in default of a specified requirement. The Issuer has filed an application with the British Columbia Securities Commission, the Alberta Securities Commission and the Ontario Securities Commission requesting that they issue a management cease trade order against the Issuer's directors, officers and insiders instead of a cease trade order against the Issuer and all of its securityholders. The Issuer confirmed that the British Columbia Securities Commission granted the MCTO on December 3, 2021. The Issuer has received such approval for the MCTO against Malcolm Davidson, Patrick Geen and SpeakEasy Cannabis Club Ltd.**

**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 Issuer entered the market with its first sale of diamonds infused pre-rolls, with an anticipated projection of over 600,000 pre-rolls per month, within the next 4 months.**

**With the recent change to Health Canada's regulations, allowing for legal producers to combine flower and extracts together, a new category of products have been created. This new regulation allows the Issuer to leverage each level of its low-cost operation, the combination of it extracts created in the lab, diamonds, made from plants grown in the outdoor operation, to create a 96% THC crystal that contains terpenes to add extra smell, taste and raise the total THC content of the pre roll.**

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.

**N/A**

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.

**The Issuer entered into a first amended and restated convertible loan agreement among the Issuer, 10161233 Canada Limited, 1244726 B.C. Ltd. (the "Lender"), 1193213 B.C. Ltd. (the "Finder") and Bhayana Ventures Ltd. dated December 3, 2021 (the "Amended and Restated Agreement"), pursuant to which the parties have agreed to amend and restate the original convertible loan agreement among the parties dated April 21, 2020 ("Original Loan Agreement") pursuant to which the Lender loaned an aggregate principal amount of \$2,000,000 (the "Original Advance") to the Issuer.**

**Under the terms of the Original Loan Agreement, the Borrower was to pay on the first anniversary of the closing date:**

- (i) **all interest accrued to that date on the Original Advance (the "Unpaid Interest"), and**
- (ii) **to the Finder, a finder's fee in the amount of \$190,000.**

**The Issuer did not make such payments and has requested and the Lender has agreed to add the Unpaid Interest and to make certain other amendments**

**to the terms of the Original Loan Agreement. As a result of the amendments, the principal amount of the Loan will increase to \$3,100,000.**

**In accordance with the terms and conditions of the Amended and Restated Agreement, the Loan will continue to accrue interest at a rate of 55% per annum.**

**In addition:**

- (i) unpaid interest from April 21, 2021 until November 4, 2021 totals \$915,562 and is due 15 days from the Closing Date.**
- (ii) all interest accruing from and following November 4, 2021 shall be payable as follows:**
  - A. by payment of the amount of \$60,000 on December 31, 2021;**
  - B. by the payment of the amount of \$60,000 per month on the 4th day of each month commencing on January 4, 2022 through to Maturity Date;**
  - C. with respect to any remaining interest accrued but unpaid as of the Maturity Date, the remainder of all such interest.**
- (iii) The Issuer agreed to pay second finder's fee in the amount of \$104,500 payable to the Finder though the issuance of common shares on or before the Closing Date at a deemed price of \$0.42 per share or 248,810 common shares, all in accordance with applicable securities laws.**

**The common shares are subject to a hold period of four months and a day from the date of issuance.**

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.

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**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.

**N/A**

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

**N/A**

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

**None**

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

**Deborah Cotter has tendered her resignation as Corporate Secretary and Chief Compliance Officer of the Company with an effective date of February 28, 2022.**

17. 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 dependent 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.**

**In early 2021, the Issuer began the application process for an NDL and a section of its processing building has been earmarked as the location for the research and development area that would house a licence referred to as an NDL. The NDL allows research, development, purchase and sales among other activities of narcotics. Upon receipt, the Issuer intends to begin the process of preparing for the anticipation of the legal market.**

### **Regulatory Matters**

**The proposed activities of the Issuer will be subject to regulation by governmental authorities, particularly Health Canada's Office of Controlled**

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**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.

## 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 January 5, 2022.

Malcolm Davidson

Name of Director or Senior  
Officer

malcolm davidson

Signature

CEO

Official Capacity

<b>Issuer Details</b>		For Month	Date of Report
Name of Issuer		End	YY/MM/D
SPEAKEASY CANNABIS CLUB LTD		December	2021/12/06
		2021	
Issuer Address			
1515 Meyers Creek Road West			
City/Province/Postal Code	Issuer Fax No.	Issuer Telephone No.	
Rock Creek V0H 1Y0		<u>604-250-3178</u>	

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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 <a href="https://speakeasygrowers.com">https://speakeasygrowers.com</a>	