

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: 121,606,622

Date: February 8, 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) SpeakEasy entered into an extraction agreement (the “**Extraction Agreement**”) and a consulting agreement (the “**Consulting Agreement**”) and together with the Extraction Agreement, the “**Agreements**”) with RC Frontier Labs Ltd. (“**RC Frontier Labs**”) effective January 8, 2021. The Agreements bring marketing, processing equipment, intellectual property and extraction and formulation

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experience to the SpeakEasy processing facility. Pursuant to the Agreements, RC Frontier Labs will provide all equipment necessary to allow SpeakEasy commence the extraction of SpeakEasy's cannabis harvested from its outdoor crop.

- b) In addition, the Company entered into a binding term sheet (the "**Term Sheet**") with an arm's length party (the "**Holder**") pursuant to which it will issue a secured convertible debenture (the "**Convertible Debentures**") in the minimum aggregate principal amount of \$2,000,000 and up to a maximum principal amount of \$3,000,000 (the "**Financing**"). If the Financing is completed as contemplated in the Term Sheet, the Convertible Debenture will mature 24 months from the date of issuance (the "**Maturity Date**") and bear interest at a rate of 18% per annum. The outstanding principal amount and accrued interest thereon will be convertible into common shares of the Company (the "**Common Shares**") at the option of the Holder at any time prior to the Maturity Date at a conversion price of \$0.52 per Common Share. The Company intends to use the net proceeds of the Financing to fund current and proposed financial commitments and for general corporate purposes. Completion of the Financing is expected to occur on or about February 15, 2021 and is subject to certain conditions including, but not limited to, the entering into of a definitive documentation and all security documentation, the granting of the security and the receipt of all necessary regulatory and stock exchange approvals, including the approval of the Canadian Securities Exchange.
- c) The Company received its licence from Health Canada to sell flower into the recreational market and directly to medical patients. Health Canada has amended SpeakEasy's current production and processing licence to allow sales of its flower and pre-rolls into provincial dispensaries and directly to medical patients opening up the path to higher margins by eliminating the necessity to sell to other licence holders. This allows SpeakEasy to be a direct supplier of finished packaged products and not just bulk unpackaged cannabis.

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 concerning RC Frontier Labs. In addition, SpeakEasy continues to work towards entering into a LOI with Rock Creek Farms, an entity controlled by Marc Geen, an insider of the Issuer, to secure a large volume of hemp biomass in order to provide a source of CBD for extraction to use in our planned line of value added products upon receipt of the appropriate license amendments from Health Canada.

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.

N/A

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

- a) The Company agreed to pay RC Frontier Labs a total fee (the "**Consulting Fee**") of \$1,750,000 for the provision of services under the Consulting Agreement. RC Frontier Labs will develop and promote brands during the next 12 months including the SpeakEasy brand, which will be used exclusively by and for SpeakEasy. Subject to compliance with applicable laws, including the policies of the Canadian Securities Exchange, the Consulting Fee shall be satisfied through the issuance of Common Shares at a deemed price of \$0.47 per share, resulting in the issuance of an aggregate of 3,723,404 Common Shares.
- b) The Company issued 198,206 Common Shares in settlement of a bona fide debt owed to arm's length creditors in the amount of \$82,453.70. The Common Shares are subject to restrictions on resale in accordance with applicable securities laws. These restrictions will expire four months plus a day from the date of issuance.
- c) The Company granted up to 1,030,000 incentive stock options to certain of its directors, officers, employees and consultants. Such grant was made in accordance with applicable securities laws and the policies of the Canadian Securities Exchange.

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

None

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

N/A

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 SpeakEasy will be subject to regulation by governmental authorities, particularly Health Canada's Office of Controlled Substances. SpeakEasy'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 SpeakEasy'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 February 8, 2021.

Malcolm Davidson

Name of Director or Senior
Officer

malcolm davidson

Signature

CEO

Official Capacity

Issuer Details		For Month End	Date of Report YY/MM/D
Name of Issuer		January 2021	2021/02/08
SPEAKEASY CANNABIS CLUB LTD			
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>
Contact Name		Contact Position	Contact Telephone No.
Deb Cotter			<u>604-250-3178</u>

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	Dept. Head, Corporate Compliance	
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