

**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: 131,542,895

Date: August 9, 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 and Alberta. 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.

The Issuer is currently 7 months into and expected 6-9 month application process to receive its Narcotics Dealers Licence in order to develop and standardize psilocybin cultivation. Upon receipt of a Narcotics Dealers Licence, the dealer may produce, assemble, sell, provide, transport, send, deliver, import or export a controlled drug (psilocybin) if they comply with the terms and conditions of their dealer's licence and any permit issued under the licence and expects that, upon receipt of a licence from Health Canada, to commence cultivating unique strains of magic mushrooms for lab testing and cataloguing in order to receive an in-depth understanding of potency, yield and delivery metrics. Through extraction, research and development, it aims to create quality and consistency for specific dose types, so that users can reap the benefits of psilocybin without the hallucinogenic effects.

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

**See Item #1 in addition to the update below:**

**Additional Update:**

- Product and sales have reached the projected maximum production of indoor flower, extracts and pre-rolled joints and is fully sold out for the foreseeable future.
- Pre-roll production continues to ramp up to fulfill supply orders.
- The outdoor harvest of 72,000 kg is being processed daily with phase one equipment, approximately 30% has now been extracted and is in various stages of preparation for product creation and sale.
- New extraction equipment recently purchased by our partner, RC Frontier Labs Ltd., is scheduled to be fully operational in early July, increasing potential production capacity for extracts by up to 400%. The Company anticipates that it will have processed the entire 2020 crop by the end of this calendar year.

- **Relying on the new extraction equipment capabilities, our anticipated 2021 crop size and current and future sales projections, SpeakEasy expects to be able to process and sell its 2021 crop by November 2022.**
- **Once the new extraction equipment is in place, the Company has the input material and processing capabilities to produce over 3,000,000 grams of refined concentrate products over the next 12 months.**
- **Currently, the extracts represent the highest margins in our product line.**
- **Buildings that have been under construction over the last 3 years are nearing completion and, once completed, will represent over 62,000 square feet of additional licenced production and processing area.**
- **Indoor flower production is expected to increase to approximately 365 kg per month by October 2021 and to over 650 kg by December 2021.**
- **The Company is focused on developing and releasing consumer facing brands in 2021, which is anticipated to contribute significantly to the Company's 2022 revenues.**

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**

3. 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**

4. 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**

5. 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.

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

**N/A**

7. 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.

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**None**

8. 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**

9. 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**

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

**N/A**

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

**N/A**

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

**None**

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

None

14. 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.**

### **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 August 9, 2021.

Malcolm Davidson

Name of Director or Senior  
Officer

*malcolm davidson*

Signature

CEO

Official Capacity

<b>Issuer Details</b> Name of Issuer  SPEAKEASY CANNABIS CLUB LTD		For Month End  July	Date of Report YY/MM/D 2021/08/09
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 <a href="https://speakeasygrowers.com">https://speakeasygrowers.com</a>	