

## FORM 7

### **MONTHLY PROGRESS REPORT**

Name of Listed Issuer: Emerald Health Therapeutics, Inc. (the "Issuer").

Trading Symbol: EMH

Number of Outstanding Listed Securities: 213,472,095

Date: July 13, 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.

**Issuer Response:** On April 28, 2022, the Issuer announced that it had applied for a management cease trade order (a "MCTO") with the British Columbia Securities Commission ("BCSC") on the basis that the Company would be unable to file its annual financial statements and management discussion and analysis for the year ended December 31, 2021 (collectively, the "Annual Filings") by the applicable

filing deadline (the "Original Announcement"). The MCTO was issued on May 3, 2022, and restricted all trading in securities of the Issuer, whether direct or indirect, by certain insiders of the Issuer.

On May 16, 2022, June 3, 2022, June 16, 2022, the Issuer delivered a default status report in accordance with the alternative information guidelines set out in National Policy 12-203 – Management Cease Trade Orders ("NP 12-203"), further to its news release dated April 28, 2022.

The Issuer's audited financial statements and management discussion and analysis for the 12 months ended December 31, 2021, were filed on June 30, 2022. In accordance with the terms of the MCTO, the Issuer was also required to file its interim financial statements and management discussion and analysis for the quarter ended March 31, 2022, no later than five business days after completion of the annual filings.

Subsequent to the June month-end, on July 12, 2022, the Issuer announced that the BCSC revoked the MCTO as the Issuer's interim financial statements for the period ended March 31, 2022, were filed with the BCSC on July 8, 2022.

*For further details regarding the update above, please refer to the Issuer's SEDAR filings dated June 30, 2022 and July 8, 2022 and news releases dated April 28, 2022, May 16, 2022, June 3, 2022, June 16, 2022, July 4<sup>th</sup>, and July 12.*

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

**Issuer Response:** The Issuer's management continued to focus on business activities related to its transition out of the cannabis business in Canada and has been actively seeking purchasers for its cannabis assets. Management also focused efforts across the enterprise to reduce its cash burn.

At its Victoria, BC operation, the Company ceased all production and packaging operations on February 28, 2022, and May 31, 2022. The lease on a portion of the Company's Victoria facilities expired on February 28, 2022, and the lease for the remaining facilities expired on May 31, 2022. The Company continues to rent both facilities on a month-to-month basis to maintain its License, in addition to maintain all aspects of Health Canada compliance requirements under the Cannabis regulation. The Company fully wound down all active operations at the Victoria facilities on June 1st, 2022. The Company has continued to pursue the sale of the Licenses, Brands and processing equipment.

At its St. Eustache, QC operation, growing and processing of cannabis continued until June 30, 2022. In the First quarter of 2022, the Company retained agents to assist in the sale of the cannabis production operation as a continuing operation. This process remains ongoing, the Company has to date not entered into any purchase agreement with respect to this facility.

Throughout the discontinuation process, the Company has retained its cannabis sales agreements with the various provinces and continued to sell newly produced and inventoried cannabis dried flower at a reduced volume until June 30, 2022.

Management continued to work diligently to complete the transaction related to the proposed Plan of Arrangement (the "Arrangement"), announced on May 12, 2022, whereby Skye would acquire all of the issued and outstanding shares of Emerald in a share-for-share-transaction.

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.

**Issuer Response:** None noted.

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.

**Issuer Response:** None noted.

5. Describe any new business relationships entered 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.

**Issuer Response:** None noted.

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.

**Issuer Response:** None noted.

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

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## FORM 7 – MONTHLY PROGRESS REPORT

disposition was to a Related Person of the Issuer and provide details of the relationship.

**Issuer Response:** None noted.

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

**Issuer Response:** Aside from the acquisition or loss of individual medical patient customers as a part of the Issuer's pivot out of the Canadian cannabis industry, the Issuer has no further customer acquisitions or losses to report.

9. Describe any new developments or effects on intangible products such as brand names, circulation lists, copyrights, franchises, licenses, patents, software, subscription lists and trademarks.

**Issuer Response:** None noted.

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

**Issuer Response:** Aside from the termination of employees as part of the Issuer's pivot out of the Canadian cannabis industry, the Issuer has no further hirings or terminations to report.

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

**Issuer Response:** None noted.

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.

**Issuer Response:** On June 16, 2020, a Plaintiff filed a Statement of Claim on behalf of a proposed class in the Court of Queen's Bench of Alberta in Alberta, Canada, against several Canadian cannabis manufacturers and/or distributors (the "Defendants"). The Company is named as a Defendant in the proceedings. In the action, it is alleged that the Defendants, including the Company, marketed

medicinal and recreational cannabis products with advertised THC or CBD content levels different than those products actually contained. The action only specifically mentions one particular product manufactured and sold by the Company – Sync 25, a CBD oil which is alleged to have had at the time of testing an advertised THC level of 1 mg/mL, but an alleged actual THC potency of 0.46 mg/mL. The Plaintiffs claim damages against the Defendants as a group of \$500 million, plus punitive damages of \$5 million, an accounting of revenues, and interest and costs. The Plaintiffs have not yet demanded that the Company defend the action. No certification application has yet been filed.

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

**Issuer Response:** None noted.

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

Security	Number Issued	Details of Issuance	Use of Proceeds <sup>(1)</sup>
N/A	N/A	N/A	N/A

*(1) State aggregate proceeds and intended allocation of proceeds.*

**Issuer Response:** None noted.

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

**Issuer Response:** None noted.

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

**Issuer Response:** None noted.

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

**Issuer Response:** The trends and risks which are likely to impact the Issuer are detailed in the Issuer's most recently filed management's discussion and analysis and annual information form; and in the Issuer's other public filings, all of which are available under the Issuer's SEDAR profile at [www.sedar.com](http://www.sedar.com), and which are incorporated into this report by reference thereto.

## 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 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 the information in this Form 7 Monthly Progress Report is true.

Dated July 13, 2022

Moe Jiwan

Name of Director or Senior  
Officer

/s/ Moe Jiwan

Signature

Chief Operating Officer

Official Capacity

<b>Issuer Details</b> Name of Issuer  Emerald Health Therapeutics, Inc.	For Month End 22/06/30	Date of Report YY/MM/D 22/07/13
Issuer Address 101-4226 Commerce Circle		
City/Province/Postal Code Victoria, British Columbia V8Z 6N6	Issuer Fax No. (855) 624 3325	Issuer Telephone No. (800) 757-3536
Contact Name Moe Jiwan	Contact COO	Contact Telephone No. (800) 757-3536
Contact Email Address <a href="mailto:invest@emeraldhealth.ca">invest@emeraldhealth.ca</a>	Web Site Address <a href="http://www.emeraldhealth.ca">www.emeraldhealth.ca</a>	