

FORM 7

MONTHLY PROGRESS REPORT

For December 2020

Name of Listed Issuer: Liberty Health Sciences Inc. (the "Issuer" or "Company").

Trading Symbol: LHS

Number of Outstanding Listed Securities: 346,090,635 common shares

Date: January 8, 2021

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.

On December 22, 2020, the Company announced that it had entered into a definite arrangement agreement pursuant to which Ayr Strategies will acquire all of the issued and outstanding shares of the company in an all-share transaction. Under the terms of the arrangement agreement, shareholders of Liberty will receive 0.03683 of a subordinate voting share or restricted voting share for each Liberty Share held (the "Exchange Ratio"), subject to adjustment described below. The Exchange Ratio implied a price of approximately \$1.05 per share of the Company, representing a premium of approximately 94%, based on the closing price of the Company shares and Ayr shares on the CSE as of December 21, 2020.

The shareholders of the Company are expected to hold approximately 20% ownership in the pro forma entity on a fully-diluted in-the-money basis, based on the closing price of the Company shares and Ayr Strategies shares on the Canadian Securities Exchange ("CSE") as of December 21, 2020, and an exchange ratio of 0.03683. The estimated pro forma ownership is inclusive of shares to be issued relating to previously disclosed Ayr acquisitions in Pennsylvania and Arizona, and the recently announced acquisition in New Jersey, and is calculated on a fully-diluted in-the-money basis using the treasury stock method.

Upon the completion of these acquisitions by Ayr Strategies, the combined company will be positioned as a top-tier U.S. multi-state operator, bolstering a geographical footprint with operations in attractive limited license and highly populated states that include Nevada, Massachusetts, Florida, Pennsylvania, Arizona, Ohio and New Jersey.

As regards the business operations of the company, on December 11, 2020, the Company announced the opening of its 28th dispensary in Lake City, Florida. Liberty Lake City, located at 1720 W. US Highway, carries the full Liberty Health Sciences suite of cannabis brands. The store has 2,573 square feet of space with an additional waiting area and private consultation room.

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

In Florida, in addition to initiating production expansion activities at its Liberty 360° Innovation Campus in Gainesville, management continues to seek and open potential dispensary sites.

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.

None to report in the month of December.

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 to report in the month of December.

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.

None to report in the month of December.

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.

None to report in the month of December.

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.

None to report in the month of December.

8. Describe the acquisition of new customers or loss of customers.
- The Company continues to grow its number of patients as the overall Florida market increases in terms of registered patients and as the Company expands its footprint in the state. The Florida market has also reacted positively to Liberty's whole flower products and continues to assist to expand Liberty's customer base.***
- In December, the Company's revenue recovered, after a few months where revenue temporarily decreased after setbacks caused by new Florida Department of Health (OMMU) lab regulations at the time they were implemented, as previously disclosed.***
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.
- None to report in the month of December.***
10. Report on any employee hirings, terminations or lay-offs with details of anticipated length of lay-offs.
- On December 9, 2020, the Company announced that it had hired Darrin Potter as Vice President of Operations. Potter will report directly to the interim CEO, George Gremse. Potter will be responsible for driving the organization's growth by leveraging Liberty's cultivation, procession, extraction, packaging, and distribution operations. He will also manage the expansion of the LHS360 production facility in Gainesville. Potter has over 12 years experience in the medical and recreational cannabis markets; he has served in an operations consultative capacity, focusing on new methods to improve product quality and yield, as well as having managed a company's full facilities operations.***
- The Company continues to add personnel in the areas of patient care and processing in the Florida operations and dispensaries with the expected opening of additional dispensaries over the next 30-60 days.***
- There were no significant terminations or lay-offs in the month of December.***
11. Report on any labour disputes and resolutions of those disputes if applicable.
- None to report in the month of December.***
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 to report in the month of December.***
13. Provide details of any indebtedness incurred or repaid by the Issuer together with the terms of such indebtedness.
- None to report in the month of December.***

14. Provide details of any securities issued and options or warrants granted.
5,100,000 options were granted on December 1, 2020 to Darrin Potter, Vice President of Operations, who was newly hired. These options have an exercise price of \$0.51 and will expire on November 30, 2025. Reference Form 11 issued on December 1, 2020 for additional information.
15. Provide details of any loans to or by Related Persons.
None to report in the month of December.
16. Provide details of any changes in directors, officers, or committee members.
The Company reported on October 28th that Victor Mancebo announced his resignation from the Board of Directors and his role as Chief Executive Officer to be effective as of December 31, 2020. George J. Gremse, a member of the Board of Directors, was appointed as Interim CEO during the process of identifying a permanent CEO. Mr. Mancebo and Mr. Gremse worked together to ensure a smooth transition.
17. Discuss any trends which are likely to impact the Issuer including trends in the Issuer's market(s) or political/regulatory trends.
Early this past December, the U.S. House of Representatives passed a bill to decriminalize marijuana at the federal level. The Marijuana Opportunity Reinvestment and Expungement (MORE) Act would expunge low-level cannabis convictions, remove pot from the Controlled Substances Act, and impose a 5 percent tax on legal marijuana sales.
New proposed Florida legislation would reduce the requirement of visiting a doctor in order to maintain patients' status in the state's patient registry from twice to once per year. Under SB 214 by Sen. Jeff Brandes (R-St. Petersburg), patients would need only be examined annually by a state-certified medical marijuana physician. Disabled veterans would only be subject to biennial exams. The measure would also increase the maximum supply of cannabis that doctors can prescribe to 350 days, up from the current seven months.
On December 11, 2020, it was reported that Florida State Senator, Randolph Bracey announced he will introduce a bill in the 2021 legislative session to help Floridians expunge their low-level cannabis crime convictions.
The House and Senate passed a large-scale spending bill on December 21, 2020 that includes a provision to restrict how electronic cigarettes can be sold online and shipped—and it could have an impact on the marijuana industry, too. The text of the proposal defines “electronic nicotine delivery system” in a way that seems to include products that don’t even contain nicotine. The term “means any electronic device that, through an aerosolized solution, delivers nicotine, flavor, or any other substance to the user inhaling from the device,” the legislation states. It’s that last component that could be more broadly interpreted to prevent cannabis vaporizers from being purchased online and mailed by the U.S. Postal Service (USPS). Marijuana and its components such as THC and CBD presumably constitute “other substances,” even if they are not explicitly mentioned in the legislation.

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. To the best of the undersigned's knowledge and belief, 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, to the best of the undersigned's knowledge and belief, the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all CNSX Requirements (as defined in CNSX Policy 1).
4. To the best of the undersigned's knowledge and belief, all of the information in this Form 7 Monthly Progress Report is true.

Dated January 8, 2021.

Sheri Cholodofsky
Name of Director or Senior Officer

"Sheri Cholodofsky"
Signature

CFO
Official Capacity

<i>Issuer Details</i> Name of Issuer Liberty Health Sciences Inc.	For Month End December 31, 2020	Date of Report YY/MM/DD 21/01/08
Issuer Address 78 Gwendolen Crescent		
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