

FORM 7

MONTHLY PROGRESS REPORT

Name of Listed Issuer: Dixie Brands Inc. (the "Issuer").

Trading Symbol: DIXI.U

Number of Outstanding Listed Securities: 126,429,728 subordinate voting shares ("Shares")

Date: January 22, 2019

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 carries on the principal business of branding, marketing and licensing certain technology and product names related to THC-products, including "DIXIE™ ELIXIRS & EDIBLES", as well as full spectrum hemp oil derived human and animal dietary supplements through the brands "ACESO WELLNESS" and "THERABIS" in the United States, Canada, Mexico, Australia, New Zealand and Latin America.

On August 7, 2019, the Issuer announced that it had signed a binding letter of intent on August 2, 2019 with AriZona™ Beverages to partner for the production, distribution and sale of tetrahydrocannabinol (THC)-infused cannabis products. Under the terms of the partnership, AriZona™ Beverages, through its affiliated entity, Herbal Enterprises LLC ("Herbal"), will direct brand and product conceptual design. The Issuer will develop, formulate, manufacture and distribute the new portfolio of AriZona™ Beverages branded THC-infused consumer packaged goods. The Issuer and AriZona™ Beverages have agreed to complete definitive agreements within forty-five days after the date of the letter of intent, or such other date mutually agreed to in writing by the parties. Please see the news release dated August 7, 2019.

On August 16, 2019, the Issuer announced that its subsidiary, Therabis, LLC ("Therabis"), launched its new Mobility soft chews for dogs as well as a new increased strength Veterinary Formula, distributed through Vedco, Inc. to veterinary hospitals and clinics across the United States. Please see the news release dated August 16, 2019.

On August 19, 2019, the Issuer announced that its subsidiary, Aceso Wellness, LLC ("Aceso") signed a distribution agreement with Power Distribution LLC ("Power"). Pursuant to the agreement, Power will begin representing Aceso's line of cannabidiol (CBD)-infused powder sachets, tincture sprays and dissolvable tablets to retailers in California as well as Nevada beginning in September, 2019. Please see the news release dated August 19, 2019.

On September 23, 2019, the Issuer announced that it extended the expiry date of 27,235,027 share purchase warrants issued on October 1, 2018 in connection with a non-brokered private placement of US\$25 million for one year. The new expiry date for the warrants is October 1, 2020. Please see the news release dated September 23, 2019.

On November 14, 2019, the Issuer announced that Aceso signed a distribution agreement with Sunrise Beverage LLC ("Sunrise"). Pursuant to the agreement, Sunrise will represent Aceso's line of broad-spectrum CBD-infused powder sachets, balms and dissolvable tablets in Colorado. Please see the news release dated November 14, 2019.

On November 15, 2019, the Issuer announced that it signed a definitive agreement with Herbal, an affiliate of AriZona™ Beverages, to launch a collection of THC-infused cannabis products. The terms of the definitive agreement, as outlined in the letter of intent announced on August 7, 2019, provide the framework for the development and launch of new AriZona™ Beverages branded and related THC-infused products in 2020. Please see the news release dated November 15, 2019.

On November 19, 2019, the Issuer announced that it is expanding into the medical marijuana market in Oklahoma in January 2020, by entering into a manufacturing and licensing agreement with one of its licensed manufacturing partners to introduce to that market, among other products, the Issuer's gummies, mints, topicals and flagship elixirs. Please see the news release dated November 19, 2019.

On November 21, 2019, the Issuer announced that Aceso's portfolio of broad-spectrum CBD-infused balms will be distributed in more than one hundred and twenty Huck's Farm Market supermarket and convenience stores across Illinois, Indiana, Missouri, Kentucky and Tennessee by November 30, 2019. Please see the news release dated November 21, 2019.

On November 25, 2019, the Issuer announced that its licensed manufacturer in Colorado received Clean Green Certification for its Denver production facility. The Issuer also announced that it entered into a strategic partnership with Sana Packaging, a manufacturer of sustainable and compliant cannabis packaging, to audit its product portfolio and provide viable alternative packaging options for each of its products. Please see the news release dated November 25, 2019.

On December 5, 2019, the Issuer announced that the United States Patent and Trademark Office will issue Aceso a patent for a unique range of formats providing for the delivery of cannabinoids, along with nutrients, in effervescent powder and/or aqueous liquid forms. Please see the news release dated December 5, 2019.

On December 10, 2019, the Issuer announced the addition of three new variants to its gummie portfolio, which it launched in 2017. The new variants, which include a micro-dosed THC-infused spicy mango with two CBD:THC ratio offerings, sour strawberry with a 2:1 ratio, and mellow berry with a 10:1 ratio, will be available in January, 2020. Please see the news release dated December 10, 2019.

On December 17, 2019, the Issuer announced that Aceso's portfolio of broad-spectrum CBD-infused balms will be distributed in approximately one thousand and one hundred Dollar General stores across Kentucky and Tennessee in December, 2019. Please see the news release dated December 17, 2019.

On December 19, 2019, the Issuer announced that Aceso has signed a distribution agreement with Innermountain Distribution, Co ("Innermountain"). Pursuant to the agreement, Innermountain will represent Aceso's line of broad-spectrum CBD-infused power sachets, balms and dissolvable tablets to retailers in Colorado. Please see the news release dated December 19, 2019.

On January 15, 2020, the Issuer announced that it will launch an initial branded product offering in the medical marijuana market in Oklahoma by the end of January, 2020. This initial offering will be followed by the launch of the Issuer's full portfolio in February, 2020. Please see the news release dated January 15, 2020.

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

The Issuer's management is currently negotiating various agreements to expand its footprint in the United States and internationally.

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.

Since the date of the Issuer's last filed Form 7, the Issuer announced that Therabis introduced a new line of Mobility soft chews for dogs, which are designed to promote joint health and a healthy inflammatory system, as well as a new formulation of its Therabis product called "Therabis Veterinary Formula", which features its Mobility and Calming products with higher concentrations of naturally occurring cannabinoids. Please see the news release dated August 16, 2019.

The Issuer also announced the addition of three new variants to its gummie portfolio in January, 2020. The new variants include a micro-dosed THC-infused spicy mango with two CBD:THC ratio offerings, sour strawberry with a 2:1 ratio, and mellow berry with a 10:1 ratio. Please see the news release dated December 10, 2019.

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.**

Not applicable.

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.**

Since the date of the Issuer's last filed Form 7, the Issuer announced that it signed a definitive agreement with AriZona™ Beverages, which is a producer of iced tea in America, pursuant to which the Issuer and AriZona™ Beverages will form a strategic partnership to launch a portfolio of new AriZona™ Beverages branded THC-infused cannabis products in 2020. Please see the news release dated November 15, 2019.

The Issuer also announced that Aceso signed distribution agreements with Power and Sunrise to market its products to Power's customers in retail locations across Los Angeles, San Diego and Las Vegas urban centers and Sunrise's customers in retail locations across Colorado. Please see the news releases dated August 19, 2019 and November 14, 2019.

The Issuer also announced that it will expand its products into the medical marijuana market in Oklahoma in January 2020, by entering into a manufacturing and licensing agreement with one of its licensed manufacturing partners. Please see the news release dated November 19, 2019.

The Issuer also announced that Aceso's portfolio of CBD-infused products will be distributed to Huck's Farm Market customers in more than one hundred and twenty Huck's Farm Market supermarket and convenience stores across Illinois, Indiana, Missouri, Kentucky and Tennessee by November 30, 2019. Please see the news release dated November 21, 2019.

The Issuer also announced that Aceso's portfolio of CBD-infused products will be distributed to Dollar General customers in more than one thousand and one hundred Dollar General stores across Kentucky and Tennessee in December, 2019. Please see the news release dated December 17, 2019.

The Issuer also announced that Aceso signed a distribution agreement with Innermountain to market its products to Innermountain's customers in retail locations in Colorado. Please see the news releases dated December 19, 2019.

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.**

Not applicable.

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.**

Not applicable.

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

Not applicable.

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.**

Since the date of the Issuer's last filed Form 7, the Issuer announced that it signed a definitive agreement with AriZona™ Beverages. Under the terms of the deal, as outlined in a letter of intent announced on August 7, 2019, the Issuer and AriZona™ Beverages agreed to complete definitive agreements, including a license agreement. Pursuant to the license agreement, the Issuer will be granted the right to use certain trademarks, brand and other intellectual property of AriZona™ Beverages in conjunction with its extensive formulation, manufacturing and distribution expertise. Please see the news releases dated August 7, 2019 and November 15, 2019.

The Issuer also announced that it will be entering into a manufacturing and licensing agreement with one of its licensed manufacturing partners in connection with the Issuer's expansion into the medical marijuana market in Oklahoma in January 2020. Pursuant to the manufacturing and licensing agreement, the Issuer will grant its licensed manufacturing partner the right to use certain intellectual property, proprietary formulations, proven good manufacturing practices, quality control procedures and associated trademarks of the Issuer. Please see the news releases dated November 19, 2019.

Additionally, the United States Patent and Trademark Office will issue Aceso a patent for a unique range of formats providing for the delivery of cannabinoids, along with nutrients, in effervescent powder and/or aqueous liquid forms, which was announced by the Issuer on December 5, 2019.

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

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.

The Issuer did not incur or repay any indebtedness other than in the normal course of operations.

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

Security	Number Issued	Details of Issuance	Use of Proceeds ⁽¹⁾
Shares	400,000	Issued pursuant to exercise of options.	Working capital purposes.
Warrants	Nil.	N/A	N/A
Options	100,000	Issued as part of contractual consideration.	N/A

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

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

None.

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

None.

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

The most significant trends and uncertainties, which management expects could impact its business and financial condition are the changing legal and regulatory regime, which regulates the production and sale of cannabis and cannabis related products in the United States and other jurisdictions. See Section 17 – Risk Factors in the Issuer's CSE Form 2A Listing Statement dated November 23, 2018 available on www.sedar.com.

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 22, 2019

C.J. Chapman
Name of Director or Senior Officer

Signed "C.J. Chapman"
Signature

General Counsel
and Corporate Secretary
Official Capacity

Issuer Details Name of Issuer	For Month End	Date of Report YY/MM/D
Dixie Brands Inc.	December 31, 2019	2020/01/22
Issuer Address		
4990 Oakland Street		
City/Province/Postal Code	Issuer Fax No.	Issuer Telephone No.
Denver, CO 80239	(---)-----	(303)-945-3963
Contact Name	Contact Position	Contact Telephone No.
C.J. Chapman	General Counsel	(303)-945-3963
Contact Email Address	Web Site Address	
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