



FORM 7

MONTHLY PROGRESS REPORT

Name of Listed Issuer: Inner Spirit Holdings Ltd. (the "Issuer").

Trading Symbol: ISH, ISH.DB, ISH.WT

Number of Outstanding Listed Securities: 217,090,837 common shares,
10,000 convertible debentures,
20,000,000 warrants.

Date: As of February 29, 2020

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.

Retail Cannabis Division

The Issuer has been actively developing its retail and franchise strategy which includes building and opening new Spiritleaf corporate retail cannabis stores through its wholly-owned subsidiary, Spirit Leaf Corporate Inc. ("Spirit Leaf Corporate"), and Spiritleaf franchise retail cannabis stores through its wholly-owned subsidiary, Spirit Leaf Inc. ("Spirit Leaf"), while simultaneously exploring strategic opportunities to support potential future growth.

As at February 28, 2020, a total of 46 (vs. 44 in January, 43 in December and 38 in November) Spiritleaf-branded retail cannabis stores were open and operating across Canada. The Spiritleaf retail cannabis store network includes locations in Alberta, British Columbia, Saskatchewan and Ontario.

British Columbia:

Franchise partners operated 5 Spiritleaf locations in British Columbia. The Vernon, Penticton, Maple Ridge, Castlegar and West Kelowna locations all operated for the full month of February.

One additional Kelowna location is built and ready to open subject to and upon final provincial approval. The Issuer continues to seek two additional opportunities in British Columbia to achieve the regulatory maximum of 8 cannabis retail stores licenses per group of related persons (which includes the Spiritleaf brand).

Alberta:

During the month of February, the Spiritleaf brand remained the top licence holder in Alberta with an aggregate of 39 retail cannabis licences held by corporate and franchise Spiritleaf retail cannabis stores.

During the month of February, Spiritleaf opened additional franchised stores in Sherwood Park and Spruce Grove, Alberta making Spiritleaf the largest cannabis retail store brand in the province. During the month, the Issuer's franchise partners have continued construction on four additional Spiritleaf stores in Alberta.

During the month of February, Spirit Leaf's franchise partners operated 29 Spiritleaf franchise retail cannabis stores in Alberta.

During the month of February, Spirit Leaf Corporate operated 9 corporate owned retail cannabis stores in Edmonton's Old Strathcona neighborhood on Whyte Avenue, Calgary's Beltline neighborhood on 10th Avenue SW, Canmore Road, 17th Ave SW (Calgary), Edmonton (Parsons Place), Jasper National Park, Canmore Main Street, Fort McMurray and Edmonton (Garneau).

Spirit Leaf Macleod Inc. ("Spirit Leaf Macleod"), a non-wholly owned subsidiary of the Issuer operated the Issuer's flagship location that also functions as Spiritleaf's in-store training and development centre.

Spirit Leaf franchise partners continue to work with the AGLC on final approvals of their municipally approved Alberta locations that are in various stages of development.

The AGLC announced that it will limit the number of retail cannabis licences issued to a single group of persons (which includes the Spiritleaf brand) to a maximum of 45 licenses until October 17, 2020. As of February 28, 2020, a total of 45 retail cannabis licenses have either been obtained or applied for by Spiritleaf branded locations.

Saskatchewan:

Spirit Leaf's franchise partner continued to operate the Issuer's flagship Saskatchewan Spiritleaf-branded retail cannabis store in Moose Jaw and the e-commerce website selling cannabis throughout the entire Province.

On October 29, 2019 the Saskatchewan Liquor and Gaming Authority ("SLGA") announced that Saskatchewan will be moving forward with a phased-in open market system when allocating future cannabis retail permits. According to the SLGA, it will begin accepting applications for cannabis retail permits in communities with populations less than 2,500 in April 2020 and will begin accepting permit applications for stores in all communities in the province in September 2020. The SLGA further indicated that proponents will be able to apply for permits in communities that were previously identified as eligible for permits but did not proceed, and that communities will be able to opt out of having cannabis retail stores in their community.

Ontario:

Spirit Leaf's Ontario partner continued to operate a Spiritleaf licensed retail cannabis store in Kingston.

On December 12th, 2019, the Ontario government announced that it is taking steps to move to an open market for retail cannabis stores beginning in January 2020. The Alcohol and Gaming Commission of Ontario ("AGCO") will begin accepting operator licence applications from prospective retailers on January 6, 2020, followed by store authorization applications on March 2, 2020. Store authorizations from this open application process are expected to be issued beginning in April, at an initial rate of approximately 20 per month.

The build-out of the Issuer's anticipated flagship Spiritleaf-branded retail cannabis store on Bloor Street, Toronto is complete, and a franchise partner has completed their build-out of a franchise location on College Street. The Issuer has 6 Ontario locations that it is leasing, in anticipation of opening corporately owned stores in Ontario if and when doing so is permitted under applicable laws and regulations and all remaining Ontario locations that the Company was leasing were sub-leased to franchise partners effective January 1, 2020 for a total of 24 initial and potential Ontario Spiritleaf locations.

General

The Issuer has developed its infrastructure to support retail and franchise operations. Investments were made in marketing, human resources, point of sale systems, accounting systems, design, a customized cannabis menu app, a cannabis online order and pickup

platform in partnership with Leafly Canada and an online Spirit Hub to allow employees to continue to learn, grow and collaborate across the organizational chain.

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

Management was focused on several key initiatives:

- a) Preparing and opening Spiritleaf-branded corporate and franchise retail cannabis stores across various provincial jurisdictions, seeking 2 additional locations in British Columbia, finalizing 2 new Spiritleaf locations in Saskatchewan (1 in Regina & 1 in Saskatoon), monitoring the Ontario licensing system and preparing franchise partners to submit retail license applications to the Alcohol and Gaming Commission of Ontario (AGCO) on March 2nd, 2020;
 - b) Selling franchises in Ontario and securing additional real-estate;
 - c) Preparing and supporting Spirit Leaf's franchise partners in all aspects of opening and operating a successful Spiritleaf-branded retail cannabis store, including providing support in the areas of design, construction, staff hiring and training, effective operations, accounting, point of sales systems, merchandising, and product assortment;
 - d) Various investment relations activities, including working with investor relations consultants, contacting investment advisors and analysts, conducting interviews and meetings,
 - e) Attending, networking, marketing and speaking at the Cult Gathering marketing conference in Banff, Alberta;
 - f) Working with the AGLC, AGCO and other provincial regulators and local municipalities to satisfy ongoing operational, licensing and permit requirements;
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.

Cannabis 2.0 products which included edibles and vaporizer products, became available in all jurisdictions in which the Company operates.

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.

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.

The Company entered into 2 new franchise agreements to open stores in Ontario

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.

Three franchise agreements with franchisees of Spirit Leaf were terminated in the month of February.

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.

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

During the month of February, the Issuer served 146,138 Spiritleaf customers across the Spiritleaf brand retail cannabis store network over 29 days (vs. 147,712 in January, 131,708 in December, 118,924 in November, 117,966 in October, 96,459 in September, and 74,254 in August).

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.

The Company received its US trademark for Spirit Leaf

10. Report on any employee hiring's, 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.

There have been no labour disputes.

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.

None.

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

Security	Number Issued	Details of Issuance	Use of Proceeds ⁽¹⁾
nil	nil		

(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.

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On December 12, 2019 the Government of Ontario announced that it is taking steps to move to an open market for retail cannabis stores beginning in January 2020. The Alcohol and Gaming Commission of Ontario (AGCO) will begin accepting operator licence applications from prospective retailers on January 6, 2020, followed by store authorization applications on March 2, 2020. Store authorizations from this open application process are expected to be issued beginning in April, at an initial rate of approximately 20 per month. Until August 31, 2020, retail operators may own a maximum of 10 cannabis stores, increasing to 30 in September 2020 and 75 in September 2021.

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

Dated March 6, 2020

Darren Bondar
Name of Director or Senior Officer

"Darren Bondar"
Signature

President, CEO and Director
Official Capacity

Issuer Details Name of Issuer <i>Inner Spirit Holdings Ltd.</i>	For Month End <i>February 2020</i>	Date of Report YY/MM/DD <i>20/03/06</i>
Issuer Address <i>#102, 5740 – 2nd Street SW</i>		
City/Province/Postal Code <i>Calgary/Alberta/T2H 1Y6</i>	Issuer Fax No. <i>N/A</i>	Issuer Telephone No. <i>(403) 930-9300</i>
Contact Name <i>Darren Bondar</i>	Contact Position <i>CEO</i>	Contact Telephone No. <i>403-930-9300 (ext. 503)</i>
Contact Email Address darren.bondar@spiritleaf.ca	Web Site Address www.innerspiritholdings.com	