FORM 7

MONTHLY PROGRESS REPORT

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

Trading Symbol: ISH

Number of Outstanding Listed Securities: 186,179,524

Date: January 31, 2019

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.

The Issuer has been active in its ongoing development of its retail and franchise strategy while simultaneously exploring strategic capital opportunities to support its growth.

Spirit Leaf Corporate Inc. and its franchise partners continue to work with Alberta Gaming Liquor and Cannabis (AGLC) on final approvals of its other municipally approved Alberta sites that are in various stages of development while simultaneously working with local Alberta municipalities on the approval of its other conditionally secured locations. The company now has its 3 corporate stores in Calgary, Edmonton and Jasper fully approved and in the licensing cue along with a number of franchise stores.

Spirit Leaf Inc. and its franchise partners have also submitted non-medical cannabis retail license applications to The British Columbia Liquor and Cannabis Regulation Branch for its secured locations and continue to progress through the due diligence process.

The Issuer has continued to evaluate and develop opportunities to participate in the Ontario market in accordance with the recently announced regulations and the requirements of the Alcohol and Gaming Commission of Ontario (AGCO).

The Issuer continued to develop its infrastructure to support retail and franchise operations. Investments have been made in marketing, human resources, point of sale, accounting, design, and an online Spirit Hub to allow employees to continue to learn, grow and collaborate across the chain.

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

Management has been focused on several key initiatives:

1) Exploring strategic partnerships and opportunities to strengthen its balance sheet to capitalize on cannabis opportunities across Canada which includes ongoing business development discussions

2) Preparing Spiritleaf stores and franchise partners for all aspects of opening a successful retail store which includes but is not limited to staff hiring & training, effective operations, point of sales systems, merchandising, product assortment, etc.

3) Acquiring additional locations and development permits for Spiritleaf locations across Alberta, BC & Ontario

4) Watch It! and its 13stores (6 corporate & 7 franchise) along with its ecommerce sites (www.watchit.ca & www.mediumwatches.com) were a focus during the busy holiday season. Ongoing management of the entire Watch It! chain.

5) Various investment relations activities including working with investor relations consultants, contacting investment advisors and analysts, conducting interviews and meetings.

6) Continuing all marketing initiatives including web optimization activities to promote, educate and familiarize customers with the Spiritleaf brand. Various other strategic marketing activities are under development for all company divisions including the development of the Spirit Fund (www.spiritfund.ca).

7) Working with the AGLC and other provincial and local municipalities to satisfy licensing and permitting 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.

   The Issuer continues to work on the development of its 5 cannabis house brands which includes working with its streaming partners, strain selection, packaging and other items.

   The Issuer is also designing and developing additional Spiritleaf accessories.

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.

   None.

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.

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.

   None

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.

   Japan Tobacco Inc. filed a letter with the CIPO office requesting an extension of time until January 22, 2019 to file a statement of opposition against the company's Spirit Leaf and Spirit Joint trademark. No response has been received by the company to date.

   The Company's Prairie Flower brand trademark has been advertised in the Trade-Mark Journal.

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.

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.

There have been no legal proceedings.

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

There has been no indebtedness incurred or repaid by the Issuer.

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

Security	Number Issued	Details of Issuance	Use of Proceeds(1)
Common Shares	nil	n/a	n/a
Options	nil	n/a	n/a
Warrants	nil	n/a	n/a

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

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

There have been no loans to or by Related Persons.

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 Alberta Gaming, Liquor and Cannabis ("AGLC") issued a temporary suspension on the issuance of cannabis retail licenses. While the temporary suspension remains in place, neither Spirit Leaf nor the franchisees of Spirit Leaf can submit applications for, or in the case of cannabis retail license applications that were in progress prior to the enactment of the temporary suspension, receive final approval for, cannabis retail licenses to operate retail cannabis stores in the Province of Alberta. As at the date hereof, the AGLC has not yet indicated when it anticipates lifting the temporary suspension.

The Alcohol and Gaming Commission of Ontario (AGCO) announced that under the new revised Ontario regulations, a corporation is not eligible to be issued a retail operator license if more than 9.9% of the corporation is owned or controlled, directly or indirectly, by one or more licensed producers or their affiliates. As at the date hereof, more than 9.9% of the issued and outstanding common shares are owned and controlled, directly or indirectly, by one or more licensed producers or their affiliates. Consequently, the Company and its subsidiaries, including Spirit Leaf, are currently prohibited from obtaining retail operator licenses for corporate stores in the province of Ontario under the Ontario regulations. There is no prohibition on franchise stores which is the Company's focus.

AGCO also announced that it will issue licenses up to a maximum of 75/brand and the first round of 25 licenses will be issued by lottery in January of 2019 and no further licenses are expected to be issued until December 13, 2019.

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 February 6, 2019

Darren Bondar
Name of Director or Senior Officer

"Darren Bondar"
Signature
CEO, Director
Official Capacity

Issuer Details Name of Issuer Inner Spirit Holdings Ltd.	For Month End January	Date of Report YY/MM/DD 19/02/06
Issuer Address #102, 5740 – 2nd Street SW		
City/Province/Postal Code Calgary/Alberta/T2H 1Y6	Issuer Fax No. n/a	Issuer Telephone No. (403) 930-9300
Contact Name Darren Bondar	Contact Position CEO	Contact Telephone No. 403-930-9300 (x503)
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