



FORM 7

MONTHLY PROGRESS REPORT

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

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

Number of Outstanding Listed Securities: 206,236,295 common shares,
20,000,000 warrants,
10,000 convertible debentures

Date: As of July 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.

Retail Cannabis Division

The Issuer has been actively developing its retail and franchise strategy which includes building and opening new Spiritleaf corporate and franchise retail cannabis stores, while simultaneously exploring strategic opportunities to support potential future growth.

British Columbia:

Franchise partners of Spirit Leaf Inc. ("Spirit Leaf"), a wholly-owned subsidiary of the Issuer, received cannabis retail store licences issued by the British Columbia Liquor and Cannabis Regulation Branch and started operating in Castlegar and Vernon. The Vernon location was the first retail cannabis store to begin operating in the Okanagan region. An additional cannabis retail store licence was received for a franchise store located in Penticton and the store is expected to open the week of August 5th.

Municipal approvals for potential cannabis retail stores in Kelowna, West Kelowna and Maple Ridge have been issued. Construction is ongoing and the stores are expected to open over the coming months.

The Issuer and its franchisees can secure an additional two cannabis retail store licences in the Province under the current regulatory framework, and the Issuer continues to seek the right opportunities in this regard.

Alberta:

As of July 31st, Spirit Leaf's franchise partners operated six Spiritleaf franchise retail cannabis stores in Alberta. During the month of July, Spirit Leaf franchise partners received 9 licences from Alberta Gaming, Liquor and Cannabis (the "AGLC") for retail cannabis stores in the Province. One newly licensed location opened in Grand Prairie on August 3rd, while the other eight newly licensed locations are anticipated to open in August in Beaumont, Calgary (Bow Trail), Calgary (Fairview), Edmonton (Ironstone), Edmonton (Heritage Links), Lac La Biche, Medicine Hat and Sherwood Park.

During the month of July, Spirit Leaf Corporate Inc. ("Spirit Leaf Corporate"), a wholly-owned subsidiary of the Issuer, operated its two corporate owned retail cannabis stores in Edmonton's Old Strathcona neighborhood and Calgary's Beltline neighborhood. Spirit Leaf Corporate received four additional retail cannabis store licences from the AGLC for corporate owned retail cannabis stores in the commercial center of Jasper National Park, Calgary (Mission), Canmore and Edmonton (Parsons Place), all of which are expected to open in August.

Spirit Leaf Macleod Inc. ("Spirit Leaf Macleod"), a non-wholly owned subsidiary of the Issuer, received a retail cannabis store licence for the Issuer's flagship location that also operates as Spiritleaf's in-store training and development centre. The flagship location began selling cannabis products on August 6th.

Spirit Leaf Corporate and franchise partners of Spirit Leaf continue to work with the AGLC on final approvals of their municipally approved Alberta locations that are in various stages of development. Spirit Leaf Corporate, Spirit Leaf Macleod and Spirit Leaf's franchise partners now have an aggregate of 50 municipal development permits for 10 locations held by Spirit Leaf Corporate, 1 location held by Spirit Leaf Macleod, and 39 locations held by franchisees of Spirit Leaf.

Saskatchewan:

Spirit Leaf's franchise partner continued to operate the Issuer's flagship Saskatchewan Spiritleaf-branded retail cannabis store in Moose Jaw and are in final stages of completing their e-commerce website to be able to sell cannabis throughout the entire Province.

Manitoba:

The Issuer has no present operations in Manitoba.

Ontario:

Spirit Leaf's Ontario partner continued to operate a Spiritleaf licensed retail cannabis store in Kingston. Spirit Leaf franchise partners plan to submit expression of interest applications for additional store locations in the August 20 lottery being conducted by the Alcohol and Gaming Commission of Ontario (the "AGCO"). Ontario plans to add 50 retail cannabis stores in the Province on top of the 25 stores already selected earlier this year.

The Issuer continued to evaluate and develop potential opportunities to participate in the Ontario market in accordance with provincial regulations and the requirements of the Alcohol and Gaming Commission of Ontario. The build-out of the Issuer's anticipated flagship Spiritleaf-branded retail cannabis store on Bloor Street, Toronto is complete.

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.

Watch It! Retail Division

During the month of July, Watch It! Consolidated Ltd. ("Watch It! Consolidated"), a wholly-owned subsidiary which operates the Issuer's corporate and franchise watch, sunglasses, and related accessory business, terminated all outstanding franchise agreements with its franchise partners and converted such arrangements into royalty free licence agreements.

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

Management was focused on several key initiatives:

- (a) Preparing potential Spiritleaf-branded corporate and franchise retail cannabis stores for opening;
 - (b) 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, point of sales systems, merchandising, and product assortment;
 - (c) Ongoing management of the Issuer's Watch It! division through Watch It! Consolidated, which includes 12 retail Watch It! stores (6 corporate and 6 licensed stores) and two e-commerce sites (www.watchit.ca and www.mediumwatches.com);
 - (d) Various investment relations activities, including working with investor relations consultants, contacting investment advisors and analysts, conducting interviews and meetings; and
 - (e) Working with the AGLC and other provincial regulators and local municipalities to satisfy 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.

The Issuer continues to work on the development of proprietary cannabis brands with a focus on Spiritleaf cannabis and Spirit Joint vaporizer products.

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.

During the month of July, Watch It! Consolidated terminated all outstanding franchise agreements with its franchise partners and converted such arrangements into royalty free licence agreements.

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.

The Issuer received its Canadian trademarks for "Spirit Leaf" and "Spirit Joints".

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

The Issuer has been hiring employees to staff the corporate owned retail cannabis stores that opened in July and that are anticipated to open in August.

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⁾
n/a	n/a	n/a	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 AGLC has lifted its moratorium on issuing recreational cannabis licences.

The AGCO plans to add 42 retail cannabis stores in Ontario through a lottery that is expected to occur on August 20th. These retail cannabis stores are in addition to the 25 stores already selected earlier this year.

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 August 7, 2019.

Darren Bondar
Name of Director or Senior Officer

"Darren Bondar"
Signature

President, CEO and Director
Official Capacity

<i>Issuer Details</i> Name of Issuer	For Month End	Date of Report YY/MM/DD
<i>Inner Spirit Holdings Ltd.</i>	<i>July 2019</i>	<i>19/08/07</i>
Issuer Address		
<i>#102, 5740 – 2nd Street SW</i>		
City/Province/Postal Code	Issuer Fax No.	Issuer Telephone No.
<i>Calgary/Alberta/T2H 1Y6</i>	<i>N/A</i>	<i>(403) 930-9300</i>
Contact Name	Contact Position	Contact Telephone No.
<i>Darren Bondar</i>	<i>CEO</i>	<i>403-930-9300 (ext. 503)</i>
Contact Email Address	Web Site Address	
darren.bondar@spiritleaf.ca	www.innerspiritholdings.com	