



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 June 30, 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 actively developing its retail and franchise strategy which includes building & opening new Spiritleaf corporate and franchise locations, while simultaneously exploring strategic opportunities to support potential future growth.

Capital Update

On June 7, 2019, the Issuer completed a final closing of its offering of senior secured convertible debenture units for additional gross proceeds to the Issuer of \$730,000, resulting in aggregate proceeds to the Company under the offering of \$10 million.

The Issuer completed the second tranche of its previously announced cross-investment with Tilray, Inc. resulting in the exchange of shares of both companies, valued at \$1.5 million pursuant to the terms of the investment agreement entered in December 2018, as amended. Please see the Issuer's press release dated June 13, 2019 for further information.

Operations Update

BC: Franchise partners of Spirit Leaf Inc. ("Spirit Leaf"), a wholly-owned subsidiary of the Issuer, have received municipal approvals for potential cannabis retail stores in Penticton, Vernon, West Kelowna and Maple Ridge and are currently waiting for final approvals and the issuance of cannabis retail store licenses by the British Columbia Liquor and Cannabis Regulation Branch. A franchise partner of Spirit Leaf in Castlegar has received their cannabis retail store license and opened on June 27. One other potential cannabis retail store location secured by a franchisee of Spirit Leaf continues to progress through the due diligence process of the Liquor and Cannabis Regulation Branch.

Alberta: Spirit Leaf's franchise partners continued to operate the five Spiritleaf-branded franchise retail cannabis stores that are open in Alberta. On July 3, a sixth cannabis licensed franchise store will be opening on Centre Street in Calgary.

Spirit Leaf Corporate Inc. ("Spirit Leaf Corporate"), a wholly-owned subsidiary of the Issuer opened its first corporate owned cannabis licensed store in Calgary's Beltline neighborhood. On June 28, a second cannabis licensed retail corporate store was opened in Edmonton's Old Strathcona neighborhood. Please see the Issuer's press release dated June 26, 2019 for further information.

Spirit Leaf Corporate and franchise partners of Spirit Leaf continue to work with the Alberta Gaming, Liquor and Cannabis Commission (the "AGLC") on final approvals of their municipally approved Alberta locations that are in various stages of development. Spirit Leaf Corporate, Spirit Leaf Macleod Inc., a subsidiary of the Issuer, 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 Inc., 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 location in Moose Jaw, Saskatchewan.

Manitoba: The Issuer has no present operations in Manitoba.

Ontario: Spirit Leaf's Ontario partner continued to operate a Spiritleaf-branded retail cannabis store in Kingston, Ontario.

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-retail store on Bloor Street, Toronto was completed during the month. Of the additional secured 15 locations in Ontario, 3 were terminated leaving 12 for which Spirit Leaf is working on assigning to franchise partners in anticipation of the next round of licensing.

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) Completing the convertible debenture unit offering to strengthen the Issuer's balance sheet;
 - (b) Preparing potential Spiritleaf-branded retail cannabis stores for opening;
 - (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, point of sales systems, merchandising, and product assortment;
 - (d) Ongoing management of the Issuer's Watch It! division through its wholly-owned subsidiary, Watch It! Consolidated Ltd., which includes 12 retail Watch It! stores (6 corporate and 6 franchise) and two e-commerce sites (www.watchit.ca and www.mediumwatches.com);
 - (e) Various investment relations activities, including working with investor relations consultants, contacting investment advisors and analysts, conducting interviews and meetings; and
 - (f) 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.

None.

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.

None

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.

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⁾
Common Shares	5,000,000	Issuance as part of partnership agreement with Kingston Retail store	No cash proceeds
Common Shares	7,443,799	Issuance pursuant to investment agreement with Tilray	No cash proceeds
Common Shares	250,000	Issued pursuant to bonus payable.	No cash proceeds
Common Shares	72,500	Exercise of options	\$7,250 added to working capital
Convertible Debentures	730	Issued pursuant to the Offering	\$730,000, to be used to build out and provide inventory for additional wholly-owned corporate Spiritleaf retail cannabis stores in Alberta, to maintain real estate leases in Ontario, to design and produce Spiritleaf custom inventory for Spiritleaf franchise partners, and for working capital purposes.
Unit Warrants	1,460,000	Issued pursuant to the Offering	
Compensation Options	204,400	Issued pursuant to the Offering	No cash proceeds.
Options	400,000	Issued to consultants pursuant to stock option plan	No cash proceeds

(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.

Michael Ginevsky was appointed Corporate Secretary of the Issuer.

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

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 July 5, 2019.

Darren Bondar
Name of Director or Senior Officer

"Darren Bondar"
Signature

President, CEO and Director
Official Capacity

Issuer Details Name of Issuer	For Month End	Date of Report YY/MM/DD
<i>Inner Spirit Holdings Ltd.</i>	<i>June 2019</i>	<i>19/07/05</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	