



FOR IMMEDIATE RELEASE

Inner Spirit Holdings Provides Update on Progress to Position Itself as a Leader in the Legalized Canadian Recreational Cannabis Market

- Spirit Leaf franchise partners receive first 10 conditional development permits -

CALGARY, Alberta (August 13, 2018) – Inner Spirit Holdings Ltd. (“Inner Spirit” or “the Company”) (CSE:ISH) today provided an update on its progress establishing recreational cannabis dispensaries under the Spiritleaf brand.

“When we set out on this journey, we wanted Inner Spirit to be open to our staff, franchise partners, investors and future customers so they could participate in creating a community-owned Company,” said Darren Bondar, President & CEO of Inner Spirit. “The end of cannabis prohibition has presented a unique opportunity and we are proud about the infrastructure and partnerships that we have put in place for our brand and our stakeholders. We now look forward to the next phase, which includes opening stores, securing additional locations, seeking strategic opportunities and unveiling our proprietary house brands to the public.”

FRANCHISES AND FRANCHISE OPPORTUNITIES

More than 100 Franchise Locations Granted in Western Canada

Inner Spirit has made tremendous progress since November of 2017, nearly doubling the number of recreational franchise agreements ahead of expected legalization on October 17, 2018. Inner Spirit’s franchisees have committed to contribute up to \$45 million collectively to open Spiritleaf stores in their local communities.

Licenses & Stores

BC – In July, the BC government announced its legislative framework for the legalization of non-medical cannabis. The maximum number of cannabis retail store licenses that may be obtained by an individual or Company, until the limit is further reviewed in 2021, is eight. Along with its franchise partners, the Company has secured the maximum eight potential Spiritleaf locations in BC, which are all conditional upon receiving the necessary municipal and provincial permits. The Company and its franchise partners are preparing to submit their applications to the Liquor and Cannabis Regulation Branch.

Alberta – Collectively, the Company and its franchise partners have submitted applications to the Alberta Gaming and Liquor Commission (“AGLC”) and various municipalities to operate stores throughout Alberta. Conditional locations have been secured in Lethbridge, Medicine Hat, Brooks, Camrose, Cochrane, Canmore, Banff, Calgary, Airdrie, Red Deer, Beaumont, Edmonton, St. Albert, Sherwood Park, Grand Prairie, Fort McMurray, Lac La Biche, Drayton Valley, Fort Saskatchewan and Cold Lake. The Company, through its franchise partners, has received its first 10 conditional development permits in Calgary, Edmonton and Lethbridge. Inner Spirit continues to work toward the maximum of 37 stores anticipated to open in Alberta, which is the maximum number permitted by a single operator under provincial regulations in year one.

Saskatchewan – Inner Spirit’s franchise partner, 102037242 Saskatchewan Ltd., has been selected as a cannabis retailer for Moose Jaw, the province’s fourth largest city. The Company recently received its development permit for this location, has begun leasehold improvements and, along with its franchise partners, looks forward to sharing the Spiritleaf experience with the Moose Jaw community. The Company has also selected Shopify for its Saskatchewan e-commerce solution so that individuals across the province can purchase from Spiritleaf online in a safe, secure and reliable manner.



Manitoba – The Company is preparing to submit a pre-qualification application to the Province of Manitoba by the August 31st deadline to operate Spiritleaf locations in Manitoba. The Company has committed to allocate at least 33% of its franchises in Manitoba to Indigenous entrepreneurs and has received a letter of support from Chief Keith Pashe of the Dakota Tipi First Nation. Inner Spirit believes that its franchise model presents a positive opportunity for Indigenous economic development and creates new economic opportunities for all Manitobans. In addition, Inner Spirit believes its approach aligns with the province’s goal to have 90 per cent of Manitobans able to access legal cannabis within a 30-minute drive or less within two years of legalization.

Ontario – The Company has been preparing for private retail in Ontario since 2017 and has already received hundreds of inquiries from prospective franchise partners to operate Spiritleaf stores in their local communities. Should the government of Ontario announce that private retail will be permitted, the Company will formally announce its strategy for that market.

About Inner Spirit

Inner Spirit is establishing a chain of recreational cannabis dispensaries under its Spiritleaf brand. Supporting local entrepreneurs by applying its award-winning franchise and retail models, Inner Spirit has more than 100 franchise agreements in place for potential Spiritleaf locations and will also operate corporate dispensaries in certain jurisdictions. Developing a diverse portfolio of quality and curated lifestyle cannabis products - including Spiritleaf’s own locally sourced lines – Inner Spirit’s Spiritleaf brand is positioned to be an iconic Canadian brand and the most trusted source for recreational cannabis. More information can be found on Inner Spirit’s website at www.innerspiritholdings.com.

Forward-looking statements

This press release contains statements and information that, to the extent that they are not historical fact, may constitute “forward-looking information” within the meaning of applicable securities legislation. Forward-looking information may include financial and other projections, as well as statements regarding future plans, objectives or economic performance, or the assumption underlying any of the foregoing. In some cases, forward-looking statements can be identified by terms such as “may”, “would”, “could”, “will”, “likely”, “except”, “anticipate”, “believe”, “intend”, “plan”, “forecast”, “project”, “estimate”, “outlook”, “potential”, or the negative thereof or other similar expressions concerning matters that are not historical facts. Examples of such statements include, but are not limited to, statements with respect to the objectives and business plans of the Company; the establishment of recreational cannabis dispensaries in BC, Alberta, Saskatchewan, Manitoba and Ontario; the intention to grow the Company’s business and operations; the receipt of necessary permits to open stores; the legalization of cannabis for recreational use in Canada, including federal and provincial regulations pertaining thereto and the timing related thereof and the Company’s intention to participate in such market, if and when legalized; the competitive conditions of the industries in which the Company operates; and laws and any amendments thereto applicable to the Company.

Neither CSE nor its Regulation Services Provider (as that term is defined in the policies of Canadian Security Exchange) accept responsibility for the adequacy or accuracy of this release.

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