

## FORM 7

### MONTHLY PROGRESS REPORT

Name of Listed Issuer: **Isodiol International Inc. (the "Issuer")**

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Trading Symbol: **ISOL**

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Number of Outstanding Listed Securities: **395,803,482**

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Date: **July 6, 2018**

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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.

***Isodiol is a product development, sales, marketing and distribution company for hemp-based products and solutions, including Hemp-derived cannabidiol (CBD). The Issuer specializes in identifying emerging trends and opportunities such as CBD, one of the most useful compounds found in the hemp plant. Hemp is recognized as a superfood and its use in health and functional foods is growing. The Issuer works with manufacturers and suppliers to develop nutritional hemp-based products, including functional beverages specifically for the Issuer, which provides high levels of protein and/or nutrition, and then arranges for the sale and distribution of these products.***

During the month of June 2018, management continued to work toward developing the Issuer's business and continued to look for other strategic business relationships.

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

On June 4, 2018, the Issuer announced by way of news release it has closed its acquisition of a 51% equity stake in Farmtiva Inc. ("Farmtiva"), a cultivator of hemp that also provides hemp farming and distribution support for farmers and other industry participants.

Farmtiva has a partnership agreement with the not-for-profit group, Imperial Valley Conservation Research Center ("IVCRC"), and together they completed the first commercial planting of an approximately sixty (60) acre hemp crop as of June 1, 2018. Both California and Federal rules define the manner in which hemp may be grown. However, California has yet to establish a mechanism by which a farmer may grow industrial hemp pursuant to local registrations that have not yet been established. Therefore, Farmtiva and Isodiol, together with the IVCRC, believe they are the first group to legally cultivate hemp in the State of California for more than only fiber and oilseeds.

On June 5, 2018, the Issuer announced by way of news release its wholly owned subsidiary, KURE Corp ("KURE"), has finalized plans for the expansion of its national retail footprint. KURE plans to expand by opening several brick and mortar locations, acquiring existing vapor stores and introducing their new KURE Vape Pod™ concept in cities across the US and Canada.

KURE has signed a representation agreement with Newmark Knight Frank (NKF), one of the world's leading commercial real estate advisory firms. Newmark Knight Frank is operated by the Newmark Group, Inc. (NASDAQ: NMRK).

Under the agreement, the Newmark Group has identified several national real estate investment trusts (REIT's) who will provide Class A retail locations for the KURE Vape Pod™. The initial roll-out plan is for 10 cities across the United States with additional cities to be announced.

SG Blocks, Inc. (Nasdaq: SGBX), a leading designer, innovator and fabricator of container-based structures have teamed up to create an extraordinarily unique experience for the vaping industry. Introducing, the KURE Vape Pod™, a sleek vaporium within a 20' x 24' shipping containers structure, allowing for the same quality customer experience you receive in a stationary KURE store, but within a smaller and eco-friendly footprint.

On June 11, 2018, the Issuer announced by way of news release its unaudited May 2018 consolidated revenue numbers of \$3,316,646 CDN.

The Issuer stated it has officially opened its new Corporate Headquarters at 2710 – 200 Granville St., Vancouver, BC V6C 1S4. The new location will allow the company to continue to grow its management team and to focus on Canadian sales and expansion as cannabis laws continue to positively change within Canada.

Two of the Issuer's flagship medical products, Isoderm and Purodiol, were recently featured at the International League Against Epilepsy in Sao Paola, Brazil. The congress was hosted by neurology experts from around the world.

On June 12, 2018, the Issuer announced by way of news release it has entered into a binding agreement to acquire 51% of Round Mountain Technologies, LLC (“RMT”), a cultivator of organic hemp with operations in Nevada.

RMT holds a license from the State of Nevada to cultivate organic hemp in Nye County. The property consists of approximately 155 acres, of which RMT and Isodiol intend to plant 70 acres within the coming weeks, initially. RMT and Isodiol will contribute to Nevada’s local economy by ensuring that all hemp harvested by RMT will be processed within the State of Nevada.

Under the terms of the agreement, Isodiol will commit funding of US\$400,000 in cash to RMT for working capital and general obligations and issue US\$250,000 in Isodiol stock based on the May 22, 2018 closing price, subject to 36-month lock-up/leak-out guidelines, in exchange for the 51% RMT ownership interest.

On June 27, 2018, the Issuer announced by way of news release applauds the FDA’s decision on the long-anticipated approval of GW Pharmaceutical’s (NASDAQ: GWPH) Epidiolex for the treatment of seizures associated with two forms of epilepsy.

The Issuer believes the FDA’s decision adds value to its Approved Pharmaceutical Ingredient (API) for finished pharmaceutical products (FPP). Much like GWPH's product that went through this extensive approval process, Isodiol can supply those interested in developing finished pharmaceutical products or conducting clinical research studies with Cannabidiol CBD the option to utilize Isodiol's API to save time and money.

The Issuer announced in the same news release it intends to consolidate its issued and outstanding ordinary share capital (“Common Shares”) on the basis of a one (1) post-consolidated Common Share for each (10) pre-consolidation Common Shares (the “Consolidation”). As a result, the outstanding Common Shares of the Issuer will be reduced to approximately 40 million Common Shares.

This Consolidation is being completed with the intention of an up listing to a major exchange in the United States which will give the Issuer access to more US based retail and institutional investors. The up listing will provide the company the ability to maximize growth and capitalize on new Isodiol International, Inc. Page 2 of 3 (CSE: ISOL) (OTC: ISOLF) (FSE: LB6A.F) opportunities from the developments surrounding the FDA’s recent approval and stance on CBD based medicines as well as new opportunities arising from the anticipated approval of the Agricultural Improvement Act of 2018 that is expected to legalize hemp as an agricultural product in the United States.

The Consolidation is subject to the approval of the Canadian Securities Exchange, and it is anticipated that the Consolidation will be implemented in the month of July 2018.

On June 29, 2018, the Issuer announced by way of news release it plans to pursue a focused business strategy designed to improve its market leadership and fully leverage the potential of recent acquisitions.

To give effect to these initiatives, the Company is sharpening its focus on three core business strategies designed to increase shareholder value through primary Business to Business (B2B) revenues and secondary retail revenues.

### **Nutraceutical, Pharmaceutical, and Clinical Supply of CBD Ingredients**

The Company is an industry leader in CBD, supplying the market with CBD extracts in four categories:

- **NUTRA99:** A nutraceutical-grade CBD isolate derived from US Farm Bill Compliant hemp.
- **ISO99:** A proprietary extracted nutraceutical-grade CBD isolate derived from EU organic certified hemp.
- **Spectreus:** A full-spectrum hemp oil extract derived from US Farm Bill Compliant hemp.
- **BSPG API:** An MHRA (The Medicines and Healthcare Regulatory Agency) registered Active Pharmaceutical Ingredient (API) for use in clinical trials and for formulation of Finished Pharmaceutical Products (FPPs).

As of today, the Company is able to sell its API as a regulatorily compliant import into Canada to Licensed Dealers (LDs) and for use in the manufacture of approved consumer products by Licensed Producers (LPs). This is a significant accomplishment that places the Company at the forefront of the CBD market in Canada, which is reflected by the multiple pending supply agreements with industry leading LPs.

The recent acquisitions of Farmtiva, LLC and Round Mountain Technologies, LLC and the Company's previously announced expansion into China are intended to create a unique captive supply of select strains of biomass in order to feed our current and future extraction and refining facilities globally. The Company believes these efforts will further manufacturing its global expansion based on a strong supply infrastructure. In line with the expansion of its supply capabilities, the company is adding new sales forces globally that are designed to capitalize on the untapped market for API sales and Finished Pharmaceutical Products (FPP), as well as the sponsorship of various clinical research studies and trials in multiple countries.

The Company is allocating additional resources to its ongoing global licensing and distribution efforts that, to date, include the anticipated 3Q 2018 approval of its subsidiary, Canadian National Pharma Group, Inc., as a certified Licensed Dealer (LD) by Health Canada, which will open new import, export, manufacturing, and distribution opportunities for the Company in Canada and beyond. The Company is supplying its BSPG API for clinical studies and trials in Brazil and working toward distribution and marketing approvals that can be replicated globally.

This ingredient supply business segment is intended to be a major growth opportunity for the Company going forward for use in multiple forms of CBD products. The Company believes it is the preeminent pure, natural CBD molecule supplier in the industry and will continue to supply the key active ingredient for the highest quality consumer brands and Finished Pharmaceutical Products in the industry.

### **Contract Manufacturing of Consumer Products Containing CBD Ingredients**

The Company previously focused on the development of brands for the purpose of showcasing the potential of its CBD ingredients and its contract manufacturing capabilities. As a manufacturer of CBD-based consumer products, the Company intends to increase its production capacity in this core competency and reduce its efforts at operating brands long term. The Company will continue to incubate and develop brands as R&D endeavors, evaluate their potential for market success at scale, and determine whether to license or dedicate long-term

resources to the brand. In each case, the Company intends to retain the contract manufacturing rights for these brands, provide its partners with scale production, and capture the B2B revenue stream.

Isodiol's newly formed subsidiary known as Isobev, Inc. controls the Azure Bottling and Culinary Coffee manufacturing facilities. Through these facilities, the Company can formulate infused water products both internally and as private labels with capacity of over 5 million bottles of water monthly. The Company also is well positioned in the speciality coffee and tea market, and it can private label over 100 varieties of coffees and teas utilizing exclusive ingredient contracts with farms in Brazil and Columbia. Each of these products can be infused with hemp extracts and CBD. IsoBev is exploring additional expansion plans and partnerships for this division and is developing opportunities to expand its beverage product offerings into both alcoholic and non-alcoholic hemp-based beers and other beverages.

Additional manufacturing efforts include the Company's expansion of operations at the Bradley's Biosciences facilities in Phoenix, Arizona. With this expansion, Bradley's will have state of the art clean rooms and manufacturing capabilities to handle increased production and demand for contract manufacturing of CBD-based e-liquids and FDA-registered nicotine e-liquids. Bradley's will begin manufacturing Kure's Vape Juice Bar Blends and Salts on Tap, which will increase the company's profitability.

In conjunction with the Company's redoubled focus in contract manufacturing, Isodiol's Board of Directors determined to cancel and unwind the [prior announced transaction](#) with BeTru Organics, Inc. The Company has agreed to continue contract manufacturing products for BeTru and intends to retain that B2B revenue stream.

With the unwinding of the BeTru transaction, Isodiol is finalizing its innovative marketing strategy with the kathy ireland® brand of health and wellness products pursuant to the Company's licensing agreement with Level Brands Inc. (NYSE American: [LEV.B](#)), and the Company intends to launch this product line with sales commencing the week of July 23, 2018.

#### Total Vertical Integration of Key Revenue Streams

Isodiol executed on its pre-existing business plan to establish total vertical integration, which culminated in the acquisition of its own retail store platform and helps ensure that the Company's key innovations make it to market. The acquisition of Kure and the expansion of the CBD store-within-a-store concept inside the Kure retail locations demonstrates the Company is well underway to becoming one of the best positioned companies in the industry to conduct R&D from seed to marketplace. With this unique positioning and the CBD sector developing at a pace that is projected to outperform recreational and medical cannabis, the Company believes it can scale up and capitalize on market penetration quicker than its competitors.

At the cultivation level, the Company will continue to pursue new hemp farming and manufacturing capabilities throughout the world, which is intended to meet commercial demand and regulatory requirements and further expand operations and revenue opportunities.

The above news releases can be viewed under the Issuer's profile on SEDAR ([www.sedar.com](http://www.sedar.com)) and on the Issuer's Disclosure Page on the Canadian Securities Exchange's website.

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.

**Please see Item 2 above.**

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 to report during the month of June 2018.**

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.

**Please see Item 2 above. The relationships with the Issuer are not considered to be related parties and are considered arm's length.**

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 to report during the month of June 2018.**

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.

**Please see Item 2 above.**

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

**None to report during the month of June 2018.**

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.

**None to report during the month of June 2018.**

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

**None to report during the month of June 2018.**

11. Report on any labour disputes and resolutions of those disputes if applicable.

**None to report during the month of June 2018.**

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.

**The Company is in the process of filing a legal claim against 10330698 Canada Ltd., operating as Compass Cannabis Clinics. The Company is seeking the return of \$2,000,000 plus damages.**

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

**None to report during the month of June 2018.**

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

Security	Number Issued	Details of Issuance	Use of Proceeds
Common shares	21,066	Common shares issued pursuant to the exercise of warrants	General Working Capital
Common shares	4,950,000	Common shares issued pursuant to consulting agreements	N/A
Common shares	2,950,000	Common shares issued pursuant to the exercise of options	General working Capital
Common shares	33,587,934	Common shares issued pursuant to the BSPG/Purodiol acquisitions	N/A

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

**None to report during the month of June 2018.**

16. Provide details of any changes in directors, officers or committee members.

**None to report during the month of June 2018.**

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

**The trends and risks which are likely to impact the Issuer are detailed in the Issuer's Form 2A - Listing Statement dated August 31, 2015 (the "Listing Statement") under the heading "Item 17. Risk Factors". The Listing Statement was posted on the CSE website on September 2, 2015.**

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## 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 July 6, 2018

Bryan Loree  
Name of Director or Senior Officer

"Bryan Loree"  
Signature

Chief Financial Officer and Director  
Official Capacity

<i>Issuer Details</i> Name of Issuer Isodiol International Inc.	For Month End June 2018	Date of Report YY/MM/DD 18/07/06
Issuer Address 2710 - 200 Granville Street Vancouver, BC V6C 1S4	Issuer Fax No. N/A	Issuer Telephone No. 604-808-2225
Contact Name Bryan Loree	Contact Position CFO and Director	Contact Telephone No. 604-808-2225
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