

FORM 7

MONTHLY PROGRESS REPORT

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

Trading Symbol: **ISOL**

Number of Outstanding Listed Securities: **40,949,719**

Date: **January 4, 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 is focused on the nutritional health benefits that are derived from hemp and is a product development, sales, marketing, and distribution company of hemp-based consumer products and solutions. The Issuer specializes in identifying emerging trends and opportunities from all Cannabinoids available in hemp. The Issuer's growth strategy includes the development of over-the-counter and pharmaceutical drugs and expanding its phytoceutical portfolio by aggressively continuing international expansion into Latin America, Asia, and Europe.

During the month of December 2018, management continued to develop the Issuer's business and search for other strategic business relationships.

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

On December 3, 2018, the Issuer announced by way of news release it has entered the golf market through its subsidiary, Iso-Sport, aiming to drive CBD performance products to golf enthusiasts and professionals. In addition, the Issuer announced the appointment of golf professional Trent Gray as Channel Manager of its Iso-Sport Golf Division.

With an undeniable passion for golf spanning nearly four decades, Gray's experience in the sport from the fairway to the clubhouse is impressive. He was introduced to golf at the age of 8 and began playing and winning local club tournaments and junior championships just a few short years later. He would go on to compete at a high level in district and state tournaments throughout his youth. Before his first year of college was over, Gray was offered his first official job in golf as an Assistant Golf Professional. This began a career in the industry with jobs ranging from Tournament Director to Head Golf Professional.

Between managing the day-to-day activities of a golf course and its pro shop, Gray became proficient at technical project management while building business relationships. He uses his technical skills to provide real results and positively influence the marketplace. Currently, Gray competes on the Golf Channel Am Tour where he has posted several impressive finishes in tournaments, including winning multiple times, and he also enjoys promoting the game through junior clinics and tournaments.

On December 13, 2018, the Issuer announced by way of news release its subsidiary, ISO-SPORT™, has appointed Dr. Gerry Ramogida, B.Sc., D.C., to its medical advisory board.

As a licensed chiropractor, Dr. Ramogida works with individuals at all levels of activity, whether returning to exercise to improve health, or a professional athlete returning from injury or looking to maximize performance. Dr. Ramogida is currently a consultant with many Olympic and professional athletes (MLB, NHL, NFL, EPL) and he has been the team chiropractor and performance therapist for the Seattle Seahawks of the National Football League (NFL) since 2002. He was hired as the Lead Performance Therapist for Great Britain's Olympic Athletics team for the 3-year build up to and through the London 2012 Summer Olympic Games.

He currently serves as a senior medical advisor for ALTIS LLC, an elite athletics training centre in Scottsdale, Arizona. Iso-Sport is currently working with ALTIS to establish the Iso-Sport Living lab, where world leading research will be conducted within this elite training environment to provide data on the effects of CBD in areas such as athlete recovery, sleep, and performance support.

On December 20, 2018, the Issuer announced by way of news release it has entered into a binding letter agreement for the acquisition of Food Labs, Inc. ("Food Labs") and a strategic investor relationship with Toba Capital LLC ("Toba"). The transaction for Food Labs is valued at US\$12 million, which includes US\$5 million cash on its balance sheet, and also brings the appointment of a new Chief Executive Officer and Chairman of the Board of Directors of the Issuer.

Food Labs is a brand-focused innovator of hemp- and cannabis-based consumer products with a flagship line of full spectrum, hemp-oil based health and wellness products. The Food Labs management team has extensive experience bringing consumer products to mass retail, including in the ready-to-drink beverage market. Leading the Food Labs team is Michael Cancelleri who also will become Chief Executive Officer and Chairman of the Board of Directors of the Issuer upon closing of the transaction.

Food Labs' principal financial partner is Toba, a venture capital firm that was founded in late 2012 by Vinny Smith, former CEO of Quest Software. Toba is one of the largest venture capital firms in Orange County, California, with more than US\$1 billion invested in approximately 150 companies. A member of the Issuer's Board of Directors will be appointed by Toba upon closing of the transaction.

The Issuer will issue an aggregate number of shares of its common stock to Food Labs' shareholders in an amount equal to US\$12,000,000, subject to Canadian Securities Exchange regulations and priced as of market close on December 18, 2018. A 10% finder's fee will be paid upon closing of the transaction. The Issuer will also issue warrants to Toba in the amount of US\$5,000,000 with an exercise price of CAD\$2.00 per share, subject to the achievement of milestones to be set forth in the definitive transaction documents.

On December 24, 2018, the Issuer commented by way of news release on U.S. Farm Bill and provided an update on its Canadian assets. The Issuer announced it was pleased with the signing of the 2018 Farm Bill by U.S. President Trump on December 21, 2018. The enactment was preceded by the pivotal decisions of the U.S. House of Representatives to pass the 2018 Farm Bill by a vote of 369 to 47 on December 12, 2018, and by the Senate to pass the legislation in an 87-to-13 vote on December 2, 2018. The development makes agricultural production of hemp legal in the United States by removing its designation as a drug akin to marijuana under the Controlled Substances Act.

The Issuer advised also on the divesting of its Canadian assets. The Issuer has sold its interest in Canadian National Pharma Group Inc. ("CN Pharma") in exchange for a return of capital investment of CAD\$900,000, which will be paid in installments over the next nine months. Over the course of this transaction, no stock was issued to CN Pharma. The divestiture marks a strategy shift whereby the Issuer intends to make its products available in Canada through manufacturing and distribution partnerships with existing Licensed Producers in multiple jurisdictions, rather than through a captive Licensed Dealer in British Columbia.

The Issuer has also terminated its agreement with Canopy Growth Corporation and brought the Canadian distribution rights for its Pot-O-Coffee products back in house, which will allow those products to be distributed through the Issuer's Canadian manufacturing and distribution network as it develops.

The Issuer will continue to focus resources and attention to the United States and other growing markets around the globe, such as the United Kingdom and Mexico, for the commercialization of consumer goods made with CBD and other hemp-derived ingredients.

The above referenced news releases can be viewed under the Issuer's profile on SEDAR (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.

None to report during the month of December 2018.

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 December 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 1 with respect to the Issuer entering into a binding letter agreement for the acquisition of Food Labs, Inc. and a strategic investor relationship with Toba Capital LLC.

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.

Please see item 1 with respect to the termination of the agreement between the Issuer and Canopy Growth Corporation.

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 1 with respect to the divestiture of the Issuer's Canadian assets, whereby the Issuer has sold its interest in Canadian National Pharma Group Inc.

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

None to report during the month of December 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 December 2018.

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

Please see item 1 with respect to the appointment of golf professional Trent Gray as Channel Manager of its Iso-Sport Golf Division.

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

None to report during the month of December 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.

None to report during the month of December 2018.

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 December 2018.

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

Security	Number Issued	Details of Issuance	Use of Proceeds ⁽¹⁾
Common Shares	110,158	Common shares issued December 13, 2018, pursuant to a settlement agreement and general release executed December 5, 2018	Not applicable

(1) State aggregate proceeds and intended allocation of proceeds

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

None to report during the month of December 2018.

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

None to report during the month of December 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 Management Discussion and Analysis dated November 29, 2018, under the heading "Risk

Factors”, which can be viewed under the Issuer’s profile on SEDAR (www.sedar.com) and on the Issuer’s Disclosure Page on the Canadian Securities Exchange’s website.

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 January 4, 2019

Eli Dusenbury

Name of Director or Senior Officer

/s/ Eli Dusenbury

Signature

Chief Financial Officer

Official Capacity

<i>Issuer Details</i> Name of Issuer Isodiol International Inc.	For Month End December 2018	Date of Report YY/MM/DD 19/01/04
Issuer Address Suite 2710, 200 Granville Street Vancouver, BC V6C 1S4	Issuer Fax No. 604-608-3348	Issuer Telephone No. 604-409-4409
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