

FORM 7

MONTHLY PROGRESS REPORT

Name of Listed Issuer: Medcolcanna Organics Inc. (the "Issuer", "Medcolcanna" or the "Company").

Trading Symbol: MCCN

Number of Outstanding Listed Securities: 169,738,595 as at July 31, 2022

Date: August 9, 2022

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.**

Medcolcanna Organics Inc. is a leading Canadian medicinal cannabis producer with operations primarily in Colombia. Medcolcanna continues to execute its strategy of producing and distributing high quality cannabis and cannabis derived products.

The Company, and its management team, has focussed its recent efforts on securing new financing, finding new customers, and maintain and expanding its operations in the global cannabis market. The Company continues to seek, and invest in, strategic relationships to maintain the Company's competitive advantage of being a low-cost cannabis producer.

In July 2022, the Company announced that in an effort to reduce the operating costs of the Company and to conserve capital until the Company achieves financial self-sufficiency, the Company has agreed with certain members of the executive management team and Board of Directors to reduce their compensation until such time as Company achieves certain revenue thresholds. Felipe de la Vega, Chief Executive Officer and a member of the Board of Directors of the Company, has agreed to a reduction in his salary to CAD\$7,000 per month while the other members of the management team (Chris Reid and Nicolas Rodriguez) have agreed to reductions to CAD\$5,000 per month. Bonuses will be paid to these executives at such time as the Company achieves certain financial thresholds in order to compensate them for agreeing to the reductions. In addition, Robert Metcalfe, Chairman of the Board of Directors, has agreed to a reduction to CAD\$5,000 per quarter for his director fees. This management compensation reduction comes along also with internal restructuration where number of employees has been reduced as well some salaries of second tier management. This will leave MCCN as one of the lowest G&A companies, with a very well-defined strategy that should allow the company to expect to be profitable within the next 12 months.

In addition, the Company has implemented a deferred stock unit plan which provides for the issuance of cash bonuses to members of the Board of Directors and members of the executive management team upon certain revenue and share price thresholds being met. The Board of Directors has also agreed to the issuance of a total of 13,450,000 deferred stock units at an exercise price of \$0.06 and which vest upon the occurrence of certain financial and revenue thresholds as determined by the Compensation and Governance Committee of the Board of Directors. Lastly, certain members of the executive team and members of the Board of Directors have agreed to forfeit their stock options, all of which are out of the money, in order to allow more space in the option pool for future grants of options.

Further to the press release of the Company dated October 20, 2021, the Company entered into a supply agreement for the provision of dried cannabis flower to Industrial Hemp Farms of Colorado ("IHF") and which provided for certain stock options to be issued to IHF upon the occurrence of certain delivery thresholds. Further to that transaction, the Company has agreed to issue a total of 21 million options to purchase common shares in the capital of the Company at prices ranging from \$0.10 to \$0.15, such options expiring on various dates between October 31, 2023 and October 31, 2027, upon certain performance metrics being met.

2. Provide a general overview and discussion of the activities of management.
Refer to item 1 above.

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.

Not Applicable.

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.

Not Applicable.

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.

Not Applicable.

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.

Not Applicable.

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.

Not Applicable.

- 8. Describe the acquisition of new customers or loss of customers.**
Not Applicable.
- 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.**
Not Applicable.
- 10. Report on any employee hirings, terminations or lay-offs with details of anticipated length of lay-offs.**
Not Applicable.
- 11. Report on any labour disputes and resolutions of those disputes if applicable.**
Not Applicable.
- 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.**
Certain vendors and former employees of the Company filed legal claims, in Canada and Colombia, against Medcolcanna and its subsidiary, Medcolcanna SAS, for payment of outstanding invoices and salary owed to them. The total value of these claims amounts to approximately \$209,000 CAD.

Medcolcanna continues to evaluate the lawsuits and intends to settle the amounts claimed where appropriate and feasible for the betterment of the Company. The claims against the Company could result in further interest and damages awarded to the vendors and former employees, which would result in an increased amount owed by the Company. At this time, it is not determinable if additional interest and damages will be awarded, or, if awarded, the amount of interest and damages that Medcolcanna would have to pay.
- 13. Provide details of any indebtedness incurred or repaid by the Issuer together with the terms of such indebtedness.**
In 2020, the Company completed a non-brokered private placement of senior secured convertible debenture units. The debentures closed in three separate tranches in July 2020, August 2020, and December 2020. Total proceeds received from the debentures equate to \$2,046,915. The debentures mature two

years from the date of issuance and are convertible into common shares of the Company, at the option of the holder, at any time prior to the maturity date, at a price of \$0.20 per share. For the debentures issued in July 2020, interest is payable on the maturity date at a rate of fourteen percent (14%) per annum (simple not compounded), payable in cash or shares. A total of \$835,000 in principal portion of debenture payments plus interest of \$224,000 is due in July 2022. Interest for the August 2020 and December 2020 issued debentures is payable semi-annually, at the end of June and December, at a rate of fourteen percent (14%) per annum (simple not compounded), payable in cash or shares. A total of \$961,915 and \$250,000 in principal portion of debenture payments is due in August 2022 and December 2022 respectively. As at July 31, 2022, no principal payments on the debentures have been made by the Company. The debentures will be subject to earlier redemption by the Company in the event the common shares are trading at a volume weighted average trading price at or above \$0.40 per share for a period of not less than ten (10) consecutive trading days.

In 2021, the Company entered into bridge loan agreements with the CEO and CFO of the Company. Per the terms of the agreement, the CEO and CFO provided a combined total of \$1,275,000 for a two-year term at an annual interest rate of 7.85%, with interest payable quarterly. Principal payments on the bridge loan are deferred until fifteen months after the commencement of each bridge loan, unless certain financing events or positive cash flow milestones are achieved by the Company wherein repayment of the bridge loan would be accelerated. As at July 31, 2022, the entire amount of \$1,275,000 remains outstanding to the officers of the Company.

Additionally, the Company owes a further \$38,500 on advances received from the CFO of the Company. These advances are interest free and payable on demand.

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

Security	Number Issued	Details of Issuance	Use of Proceeds⁽¹⁾
Common shares	1,736,252	Issued at a deemed price of \$0.05 per share to settle approximately \$86,813 worth of accrued interest from the period of January 1, 2022 to June 30, 2022 on the convertible debentures outlined in section 13 above.	N/A
DSUs	13,450,000	Issued in accordance with the deferred stock unit plan at an exercise price of \$0.06 and	N/A

		which vest upon the occurrence of certain financial and revenue thresholds as determined by the Compensation and Governance Committee of the Board of Directors	
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(1) State aggregate proceeds and intended allocation of proceeds.

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

As at June 30, 2022, the Company owes \$10,000, for the principal portion of the convertible debenture, to the Chairman of the Board for his participation in the convertible debenture financing described in section 13 above. The Chairman's debentures mature on August 28, 2022. Additionally, the Company owes \$183,500, for the principal portion of the convertible debenture, to a company affiliated with the CFO of the Company, for its participation in the convertible debenture financing. The debentures issued to this company mature December 23, 2022.

Additionally, the bridge loan and advances described in section 13 above are considered related party loans as they represent amounts owed to the CEO and CFO of the Company.

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

In July 2022, Mr. Thor Borresen and Mr. José Joaquin Mora Hernandez resigned from their director positions on the board of directors.

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

Not Applicable.

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 9, 2022.

Chris Reid
Name of Director or Senior
Officer

"Chris Reid"
Signature
Chief Financial Officer
Official Capacity

Issuer Details	For Month End	Date of Report
Name of Issuer		YY/MM/D
Medcolcanna Organics Inc.	July 2022	2022/08/09
Issuer Address		
1620, 444 5 th Avenue SW		
City/Province/Postal Code	Issuer Fax No.	Issuer Telephone No.
Calgary/Alberta/T2P 2T8	()	(+571) 641 9113
Contact Name	Contact Position	Contact Telephone No.
Chris Reid	CFO	(+571) 641 9113
Contact Email Address	Web Site Address	
info@medcolcanna.com	www.medcolcanna.com	