

FORM 7

MONTHLY PROGRESS REPORT

Name of Listed Issuer: Gabriella's Kitchen Inc. (the "Issuer", "GABY", or the "Company").

Trading Symbol: GABY

Number of Outstanding Listed Securities: 176,260,483

Date: August 7, 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.

Gabriella's Kitchen Signs Definitive Agreement to Acquire Lulu's Chocolates, a California- Based Manufacturer of CBD and THC Infused Chocolates

On July 22, 2019, GABY announced that it has entered into a definitive agreement with Louise (Lulu) Sharpe, the founder and President of Raw Chocolate Alchemy LLC (d.b.a Lulu's Chocolates) to acquire all of the issued and outstanding securities, of Lulu's Chocolates ("Lulu's"), including the settlement of US\$75,000 of outstanding debt in exchange for US\$1,075,000 in GABY common shares valued at CDN\$0.32 per share, which is calculated based on the 5-day volume weighted average price of GABY common shares on the Canadian Securities Exchange ending May 16, 2019.

Lulu's – Highlights

- Lulu's CBD infused chocolates are sold in approximately 250 mainstream grocery stores and its traditional chocolates are sold in an additional 200 mainstream grocery stores across the United States, including Whole Foods Market in Northern California and Arizona. GABY intends to leverage Lulu's mainstream distribution channels to accelerate the growth trajectory for GABY's newly launched CBD products.
- Lulu's THC infused chocolates are sold in 35 dispensaries in California. GABY's distribution assets with access to dispensaries across California provide a strong licensed channel growth platform for Lulu's infused products. Lulu's CBD and THC infused chocolates have won multiple awards at several High Times Cannabis Cups and have been positively reviewed by such industry publications as: Leafly, New York Magazine, DOPE, and POPSUGAR.

Gabriella's Kitchen to Acquire 25,000 SF State-of-the-Art California Facility to Accelerate Product Development and Production

On July 25, 2019, GABY announced the signing of definitive documents to acquire all of the issued and outstanding membership interests (the "KJM Shares") of KJM Data and Research, LLC ("KJM") (the "Transaction").

The Transaction will enable GABY to: increase its manufacturing and co-packing footprint by more than three times its current size; produce a portion of its own inputs for flower and biomass; establish a licensed kitchen for the

expansion of edibles production; and supply its internal brands and partner brands with unique and high value cannabis genetics.

Highlights

- **KJM currently has a 25,000 square foot leased facility (the "Facility"), located less than one mile from GABY's current Santa Rosa facility. The Facility is zoned for all cannabis-related activities other than retail and type 7 (volatile) manufacturing. KJM currently has approval from Sonoma County for four licenses: manufacturing; cultivation; nursery; and distribution. A Provisional State License for Type 6 (non- volatile) manufacturing is also in place.**
- **With this new Facility, GABY expects to be able to supply 10% of its base needs for biomass. Thus ensuring a steady access to high quality inputs to enable it to continue its strong expansion. Shawn Ripley has joined the Company as Consulting Chief Science Officer with a focus on accelerating product development focused on the California market.**

Transaction Details:

GABY will immediately acquire 80% of the issued and outstanding KJM Shares for a purchase price of USD\$400,000, less any debt, contingent or otherwise outstanding at closing the ("Purchase Price") and has the right to purchase the remaining 20% of KJM Shares, subject to certain licensing milestones and other conditions, in exchange for the grant of a two-year warrant for USD\$200,000 worth of GABY common shares at an exercise price to be established at the closing price of GABY common shares on the Canadian Securities Exchange on the day prior to the closing date of the remaining 20% of the KJM Shares. GABY has also agreed to enter a seven-year lease on the Facility upon closing of its acquisition of the KJM Shares. The Company will also hold two five-year rights of renewal.

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

GABY's management continued sales and marketing efforts applicable to its products.

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.

No material new products or services were developed or offered during the month of July 2019.

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.

No products or services were discontinued in the month of July 2019.

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 #1 above.

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.

No material expiry or termination of contracts or cancellation of any financing arrangements occurred in the month of July 2019.

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 #1 above.

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

No material acquisition of new customers or loss of customers occurred during the month of July 2019 that would be outside of the ordinary course of business.

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.

No new developments or effects on intangible products occurred during the month of July 2019 other than as may have occurred in the ordinary course of business.

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

No material new hirings, terminations or lay-offs took place in the month of

July 2019. However, as per #1 above, Shawn Ripley has joined the Company as Consulting Chief Science Officer with a focus on accelerating product development focused on the California market.

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

No labour disputes or resolutions occurred during the month of July 2019.

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.

No legal proceedings to which GABY became a party occurred during the month of July 2019.

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

Not applicable.

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

Please refer to #1 above.

Security	Number Issued	Details of Issuance	Use of Proceeds ⁽¹⁾
Stock Options	3,950,000	<p>Issued on July 23, 2019 at a grant price of \$0.36. The options will vest over three years, with 1/3 of the Options vesting on the first anniversary, and 1/3 vesting at the end of each of the second and third anniversaries of the date of grant.</p> <p>The options will expire on the date that is five years from the date of issue.</p>	N/A

(1) State aggregate proceeds and intended allocation of proceeds.

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

No loans were provided to or by Related Persons in the month of July 2019.

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

No changes in directors, officers or committee members took place in the month of July 2019.

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

On October 17, 2018, the use of recreational cannabis became legal in Canada however, edible cannabis products have not yet been legalized for sale in Canada. The government of Canada has stated that edible cannabis shall become legal no later than October 17, 2019.

Cannabidiol was removed from Schedule I of the Controlled Substances Act in the United States on December 11, 2018, under the Agriculture Improvement Act of 2018.

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 was no new material information concerning the Issuer which had 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 7, 2019

Leanne E. Likness, Corporate Secretary

“Leanne E. Likness”

<i>Issuer Details</i>	For Month End	Date of Report
Gabriella’s Kitchen Inc.	July 2019	August 7, 2019
Issuer Address		
City/Province/Postal Code	Issuer Fax No.	Issuer Telephone No.
200, 209 - 8th Avenue SW, Calgary, Alberta T2P 1B8	N/A	(800) 674-2239
Contact Name	Contact Position	Contact Telephone No.
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