FORM 7

MONTHLY PROGRESS REPORT

Name of Listed Issuer: *BetterLife Pharma Inc. (the “Company” or the “Issuer”)*

Trading Symbol: *BETR*

Number of Outstanding Listed Securities: *50,349,359 common shares*

Date: January 6, 2021

**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.

*In December 2020, the Company acquired 100% of the assets in Transcend Biodynamics LLC (“Transcend”) in an all-stock transaction (the “Transaction”), for a total of 13,333,333 common shares. Transcend is a research driven biotechnology company committed to addressing unmet mental health needs through the development of patented next generation psychedelic therapeutics including the Lysergic Acid Diethylamide (“LSD”) derivative TD-0148A (previously BOL-148). TD-0148A is a nontoxic second-generation LSD-derived molecule that mimics the therapeutic potential of LSD, without the psychedelic effects or hallucinations. The patented process allows for cost effective manufacturing of TD-0148A without the need to make LSD.*

*In connection with the acquisition of TD-0148A, two industry leaders in psychedelic therapeutics, Patrick Kroupa and Justin Kirkland, joined the Company as Chief Psychedelic Officer and Chief Psychedelic Scientist, respectively. Mr. Kroupa has over 20 years of experience working with a wide spectrum of psychedelic compounds to address mental health and drug dependence disorders. He brings a tremendous breadth of experience utilizing cutting-edge molecular advancements to enhance the positive outcomes of unaddressed patient populations.*

*Mr. Kirkland is a chemist with experience in natural products, small molecules, peptide synthesis, analytical chemistry, and drug formulations for improved bioavailability. Mr. Kirkland has earned a BS in Agronomy and an MS in Biology, and attended medical school in Belize at the Central American Health Sciences University. He was recently awarded a U.S. patent for the improved synthesis of the ergoline, 2-bromo-LSD.*

*On December 29, 2020, the Company added Sergei Stetsenko to its Board of Directors to prepare for its growth phase in psychedelic medicines. Mr. Stetsenko is a financier and venture capitalist who is acting Chief Executive Officer of CRG Finance AG (“CRG Finance”), a private venture capital firm in Zurich, Switzerland. As lead investor of CRG Finance, Mr. Stetsenko has helped acquire, build and exit businesses via public markets and raising capital for companies in the technology, healthcare, communications and natural resources sectors. He is currently the Chief Executive Officer of BlockchainK2 Corp., a publicly-listed company investing in blockchain technology solutions for capital markets and other sectors that can benefit from tokenization.*

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

*Please see Item 1.*

1. 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.

*N/A.*

1. 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.

*N/A.*

1. 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.

*N/A.*

1. 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.

*N/A.*

1. 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.

*See Item 1 for acquisition of assets from Transcend.*

*In December 2020, the Company closed on a previously disclosed share purchase agreement with an unrelated third party for the sale of 100% of the issued and outstanding common shares of Pivot Pharmaceuticals Manufacturing Corp., a fully-owned subsidiary.*

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

*N/A*

1. 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.

*N/A.*

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

*N/A.*

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

*N/A.*

1. 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.

*N/A.*

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

*N/A.*

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

*During December 2020, the Company closed its private placement offering pursuant to which the Company issued 5,889,735 Special Warrants at a price of $0.50 per Special Warrant, for aggregate gross proceeds of $2,944,867.50 (the “Offering”). The Offering was led by Mackie Research Capital Corporation as lead agent and sole bookrunner (the “Lead Agent”), on behalf of a syndicate, including Haywood Securities Inc. (collectively, the “Agents”).*

*Each Special Warrant is exercisable, for no additional consideration, into one unit of the Company (each, a “Unit”), with each Unit consisting of one common share of the Company (a “Common Share”) and one Common Share purchase warrant (a “Warrant”). Each Warrant will entitle the holder thereof to acquire one Common Share (each, a “Warrant Share”) at an exercise price of $0.60 per Warrant Share, for a period of 36 months after the closing of the Offering (the “Closing”).*

*All unexercised Special Warrants will automatically be exercised on the day (the “Qualification Date”) that is the earlier of (i) four (4) months and a day following the Closing, and (ii) as soon as reasonably practicable, and in any event no later than the third (3rd) Business Day, after a receipt is issued for the Final Prospectus qualifying the distribution of the Units underlying the Special Warrants and the Units underlying the Compensation Options (as defined below) granted to the Agents (the “Compensation Option Units”).*

*In connection with the Offering, the Agents received an aggregate cash fee equal to 8.0% of the gross proceeds from the Offering. In addition, the Company granted to the Agents on Closing non-transferable compensation options (the “Compensation Options”) equal to 8.0% of the total number of Special Warrants sold under the Offering. Each Compensation Option entitles the holder thereof to purchase one Compensation Option Unit at an exercise price of $0.50 for a period of 36 months following Closing.*

*The Company will prepare and file with each of the securities regulatory authorities in each of the provinces of Canada, except Quebec, in which the of Special Warrants are sold (the “Jurisdictions”) and obtain a receipt for, a preliminary short form prospectus and a final short form prospectus (the “Final Prospectus”), qualifying the distribution of the Units underlying the Special Warrants and the Compensation Option Units, in compliance with applicable securities law, within forty (40) days from the Closing. In the event that the Company has not received a receipt for the Final Prospectus within forty (40) days following the Closing, each unexercised Special Warrant will thereafter entitle the holder thereof to receive upon the exercise thereof, at no additional consideration, one-and-one-tenth (1.10) Unit (instead of one Unit) and thereafter at the end of each additional thirty (30) day period prior to the Qualification Date, each Special Warrant will be exercisable for an additional 0.02 of a Unit.*

*Also in the month of December 2020, granted 1,100,000 stock options to officers, directors and consultants, with an exercise price of $0.77 and expiry of three years. The Company also issued 60,000 common shares pursuant to the vesting of restricted and performance stock units.*

*Pursuant to the acquisition of assets from Transcend, the Company issued 13,333,333 common shares (see Item 1).*

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

*N/A.*

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

*See Item 1.*

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

*With the acquisition of the assets from Transcend, the Company has entered into the psychedelics space, in addition to its AP001 and AP003 programs aimed at targeting viral infections. While the medicalization of psychedelics is evolving and gaining momentum at an extraordinary pace, such therapeutics still face regulatory hurdles in the areas of manufacturing, formulating, and ultimately dispensing or the rescheduling of Schedule I drugs to patients. Attaining the goals of any given psychedelic-based endeavour will require the removal of federally scheduled enforcement status and global United Nations drug conventions of which the United States and Canada are both participants. Authors of "An ethical exploration of barriers to research on controlled drugs" in the American Journal of Bioethics have been quoted stating, "the classification of drugs as Schedule I amounts to an unsurmountable barrier to research." LSD has been federally scheduled since 1970, and the rescheduling progress is subject to the FDA's abuse potential assessment that will include an analysis of the 8 factors of the Controlled Substance Act. It is important to note that rescheduling, while removing a substance from Schedule 1, still implies a reduction to a lesser schedule, not a removal from the Controlled Substance Act (CSA)***.** *The Company’s acquisition of Transcend’s intellectual property allows a pathway forward to drug manufacturing and human clinical studies without the regulatory hurdles seen in this industry.*

*Vaccines for COVID-19 were developed at a rapid pace and immunizations have begun. Currently, two vaccines are authorized for use in the US and recommended to prevent COVID-19: ​​​​Pfizer-BioNTech COVID-19 vaccine. Despite the availability of vaccines, effective treatments for COVID-19 will still be needed. The US has had over 21.7 million cases of COVID-19 and over 360,000 deaths.*

**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 January 6, 2021

 Moira Ong
Name of Director or Senior Officer

 *“Moira Ong”*
Signature

Chief Financial Officer
Official Capacity

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| ***Issuer Details***Name of IssuerBetterLife Pharma Inc. | For Month EndDecember 2020 | Date of ReportYY/MM/DD2021/01/06 |
| Issuer Address1275 West 6th Avenue, #300 |
| City/Province/Postal CodeVancouver, BC V6H 1A6 | Issuer Fax No.( ) | Issuer Telephone No.(604) 221-0595 |
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