FORM 7

MONTHLY PROGRESS REPORT

Name of Listed Issuer: Pharmadrug Inc. (the "Issuer").

Trading Symbol: PHRX

Number of Outstanding Listed Securities: 340,816,383

Date: August 31, 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.

   On August 5, 2021, Pharmadrug Inc. ("Pharmadrug", "We" or the "Company") announced that it had entered into a sponsored research agreement with the Terasaki Institute (the "Terasaki Institute") to develop a novel ocular drug delivery platform that aims to deliver psychedelic and tryptamine-based pharmaceuticals, such as N, N-dimenthyltryptamine ("DMT"), for eye diseases.

   On August 6, 2021, the Company announced the appointment of Harbourside CPA, LLP as the Company's new auditor with immediate effect until the closing of the next Annual General Meeting.

   On August 25, 2021, the Company announced that it had entered into a clinical trial agreement with the John Hopkins University to conduct a clinical study comparing acute and enduring psychological and neutral effects of N, DMT and an undisclosed, potently active comparator molecule.

   On August 30, 2021, the Company announced the appointment of David Kideckel as a new member of its Board of Directors.

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

   Pharmadrug is a specialty pharmaceutical company focused on the research, development and commercialization of controlled-substances and natural medicines such as psychedelics, cannabis and naturally-derived approved drugs. The Company owns 80% of Pharmadrug Production GmbH ("Pharmadrug Production"), a German medical cannabis distributor, with a Schedule I European Union narcotics license and German EuGMP certification allowing for the importation and distribution of medical cannabis to pharmacies in Germany and throughout the European Union. The Company also owns 100% of Super Smart, a Dutch company building a modern adult use psychedelic retail

business with an elevated and educational focus. Pharmadrug recently acquired Sairiyo Therapeutics ("Sairiyo"), a biotech company that specializes in researching and reformulating established natural medicines with a goal of bringing them through regulatory and research driven clinical trials.

Medical Cannabis:

As Pharmadrug continues to develop its business in Germany, management has lowered its 2021 expectations because of the ongoing levels of Bedrocan's product availability. Though the Company has over 300 pharmacies in its distribution network, the unstable consistent supply of Bedrocan's products has resulted into a corresponding loss of market share. The Company however still plans to maintain its Bedrocan business.

The real opportunity for growth will be the launch of cannabis products under Pharmadrug's own brand. On May 14, 2021, the Company announced the signing of a supply agreement with an emerging Eurozone cannabis extractor for medical grade THC oil to be sold under its own brand. The cannabis extractor recently has received its EuGMP certification and all required licenses from the Danish government and is in the final stages of registering the product with the regulatory authorities in Germany.

Pharmadrug Production has already performed an initial inspection but will perform a final inspection in September to satisfy the Company's own GMP supply chain requirements. The Company has already finalized the final specs of the product with the extractor and expects to register the product with German authorities in September as well. Pharmadrug still expects initial shipments and sales to begin in the fourth quarter of this year. The Company plans to have a twofold strategy for the Pharmadrug THC oil. Firstly, it will supply local German cannabis wholesalers while also selling directly to the Company's own pharmacy distribution network.

Pharmadrug is on track to significantly increase its product offering in 2021 by increasing the volume of supply and introducing new lines. Management has seen the shift begin towards THC oils and believes it makes more sense to focus on that growing market. The company is already in talks with its partner to add a second THC oil product under the Pharmadrug brand. The company has also started working on launching its own synthetic THC oil product. This segment currently dominates the German medical cannabis oil market and management believes adding it to its branded product line makes more sense than adding cannabis flower lines.

Super Smart:

With the coronavirus ("COVID-19") pandemic lasting much longer than management initially expected, the Company took the decision to pivot from its initial plans and put the development of its brick-and-mortar strategy on hold. In the meantime, the Company decided to develop its brand and business by establishing an online retail strategy under its Slim Winkel brand. Super Smart launched two separate e-commerce platforms. One in Europe and one in the

United States (the "U.S."). The European Slim Winkel online store will sell psilocybin truffles as well as functional mushrooms in The Netherlands. The website will also service other parts of Europe, but without the access to psilocybin truffles. Launching the online smart shop enabled the company to establish and build its brand with the intention to resume the brick-and-mortar strategy following the end of the pandemic.

Management believes the online strategy will benefit Super Smart in four distinct ways. Firstly, it will help establish the Slim Winkel brand and Super Smart's evolved Smart Shop concept. Secondly, it will enable the company to continue to curate quality products, which will eventually include its own branded psilocybin truffles in the Netherlands. Thirdly, it will enable Super Smart to continue to develop its psilocybin supply chain. Lastly, by introducing the store in other European countries, it will enable Super Smart to capitalize on an already established distribution model and psilocybin supply chain when other European countries legalize. This last point also includes the U.S. Slim Winkel platform.

Following a recent trip to Germany, management also travelled to the Netherlands to visit the current store in Tiel, as well as several locations in both Amsterdam and Rotterdam. Management was able to visit over 30 stores, including several stores currently for sale. The conclusion was that the retail market is still under tremendous pressure. The cost of purchasing existing stores is prohibitive and the building of greenfield locations in a competitive environment is not economically viable, especially since the market is relatively small and not currently exhibiting any signs of significant growth.

Super Smart also opened a separate Slim Winkel e-commerce platform in the U.S. that will sell functional mushrooms. Slim Winkel will not only also act as a retail channel but will carry its own branded products. Management has begun to establish its product line and expects to launch in it 2021. The initial focus will continue to remain on functional mushrooms but with the establishment of a strong brand in the US, it can be used for psilocybin truffles as well once their use is approved.

The Company hired a director of e-commerce for the U.S. Slim Winkel site. Management has initiated a process to overhaul the website while refining the brand and message. The cornerstone of the strategy will be the launching of a Slim Winkel line of unique and differentiated functional mushrooms. Management plans to introduce the first product by the start of September with initial sales to commence at the start of October. In the meantime, the company has been engaging influencers and micro influencers to champion the new line upon its launch.

Pharmaceutical Psychedelics Research:

Pharmadrug and Sairiyo had already begun to develop a strategy to commence unique and value adding research in the psychedelic space prior to signing the purchase agreement. Following the acquisition of Sairiyo and its biotech R&D core competencies, Pharmadrug has undertaken efforts to expand its research

activities in the pharmaceutical psychedelics space. The Company's psychedelic pharmaceutical strategy will focus specifically on DMT. Through engagement with respected academics and medical/clinical key opinion leaders in the space, management will initiate pivotal preclinical and clinical development activities. Pharmadrug has brought on Dr. Barker, a prominent American DMT academic researcher as an advisor. The Company is collaborating with top-tier academic psychedelic teams on foundational DMT research to be able to build internal intelligence to serve as the building block at establishing its explicit commercial strategy. The first such relationship was announced in March 2021 with the funding of a foundational study at The University of Michigan on the role of naturally occurring DMT in the brain. The study will examine the potential role of DMT in normal, diseased, and altered states of consciousness in a newly created animal model, with the objective to develop novel therapeutic strategies of DMT for clinical unmet medical needs currently not addressed by DMT. The Company is in talks with other academic institutions as well and hopes to update the market on further collaborations in the short to mid-term.

On April 28 2021, Sairiyo was granted ODD to DMI for prevention of IRI in patients undergoing solid organ transplantation, which includes the liver, kidney, heart and lung. The FDA ODD granted is broader than the Company's original application for kidney transplantation, recognizing the pernicious consequences of IRI in all solid organ transplantation. Before filing an Investigational New Drug application with the United States Food and Drug Administration (the""FDA") to evaluate DMT in human clinical trials, the Company will advance its overall DMT strategy on three separate initiatives. Firstly, Pharmadrug is already at work evaluating specific DMT formulations and delivery technologies aimed at superior delivery and improved efficacy. Secondly, management will contemplate additional pre-clinical research in inflammatory and oxidative stress-induced complications, including organ transplants, to better understand the role DMT plays in the field. Lastly, the Company will broaden its scope to evaluate other rare indications that potentially could benefit from DMT.

Sairiyo - Biotech Research and Development:

In connection with the Sairiyo Acquisition, the Company has secured an exclusive license from SwRI® to develop and commercialize a novel oral formulation of Cepharanthine for all fields of use as well as exclusive rights to U.S. Patent: 10,576,077, titled "Pharmaceutical Salt forms of Cepharanthine and Tetrandrine". More recently, the Company has entered into an agreement with SwRI® to initiate non-clinical and clinical manufacturing of Cepharanthine for the Company's rare cancer and infectious diseases programs. Formalization of the relationship will allow Pharmadrug to expedite development timelines by leveraging SwRI®'s existing Cepharanthine preclinical data sets and considerable manufacturing know-how.

Cepharanthine is a natural product and an approved drug which has been used for more than 70 years in Japan to successfully treat a variety of acute and chronic diseases. In clinical research, Cepharanthine has been shown to ex-

hibit multiple pharmacological properties including anti-oxidative, anti-inflammatory, immuno-regulatory, anti-cancer, anti-viral and anti-parasitic properties. However, historically Cepharanthine's low oral bioavailability has represented a major obstacle to realizing its full clinical potential.

The Company is focused on advancing the clinical development of an improved oral formulation of Cepharanthine to treat rare cancers and infectious diseases. Compared to generic Cepharanthine, Pharmadrug's novel formulation has been shown in rodent and non-rodent models to possess markedly superior bioavailability (more easily absorbed). These findings support the development of an orally administered formulation, and in so doing, removes the undesirable requirement for frequent intravenous dosing.

The Company was also able to form a collaboration with the Terasaki Institute, which is a world-leading biotechnology institute which develops medical devices and cutting-edge protocols for a variety of diagnostic, monitoring and treatment applications. Their research platforms include work in biomaterials, cellular and tissue engineering, wearable biosensors, and organs-on-a-chip, with specific expertise in novel polymer development. The goal of the collaboration is to develop an ocular medical device that can continuously and slowly release a reformulated DMT or DMT analogue to reduce IOP. Pharmadrug will contribute the chemical formulations and the Terasaki Institute will use its in-house technology to select and develop an effective delivery mechanism. During the first stage of the collaboration, the Terasaki Institute's scientists will use human, primary cell-based studies to identify the most potent candidate tryptamine. Follow-up studies will leverage specific expertise in biomaterial engineering to produce a controlled release ophthalmic medical device. Finally, the drug-impregnated, controlled release product will be evaluated in a generally accepted non-human primate model of glaucoma.

Cepharanthine and Cancer:

Sairiyo is currently focused on advancing the clinical development of Cepharanthine to treat rare cancer diseases. Sairiyo was granted Orphan Drug Designation ("ODD") from the FDA for Cepharanthine in the treatment of esophageal cancer in January 2021 and has since added some world class experts to its scientific advisory team. Orphan Status from the FDA provides numerous benefits such as tax credits, a more streamlined process and seven years of marketing exclusivity post regulatory approval.

Management decided to conduct some pre-clinical work to evaluate the mechanism of action more fully for Cepharanthine given that the drug displays potential as a direct anti-cancer agent as well a prospect for reducing resistance to common chemotherapies.

The first phase of the study aimed to compare Cepharanthine to the current standard of care in 60 human cancers. The company was pleased to see that 20 of the 60 cells lines screened showed growth inhibition of at least fifty percent when exposed to Cepharanthine levels previously determined to be well

tolerated in a human clinical population. Additionally, there were several instances in which Cepharanthine displayed growth inhibition which was comparable or superior to current gold standard treatments, including colorectal, liver and skin cancers. More notably, results of the current study demonstrated that esophageal cancer was the most highly responsive of all sixty cancers examined.

Management has already begun designing the next phase of tests where Cepharanthine will be tested in combination with chemo on the 20 cell lines that delivered positive results in the previous study. The goal will be to find cancers where there is a synergy to combining Cepharanthine and chemo beyond results seen by Cepharanthine or chemo on their own. The company should have the results from this phase of tests in September.

Following the results of the current study, the Company will initiate animal models using human cancer cell lines grown in mice to be treated with its patented enteric-coated PD-001. Based on forthcoming results, the Company will select two or three cancers along with esophageal cancer. Management anticipates beginning the trials in November. Results from the mouse models should begin to arrive in December 2021 or January 2022.

Cepharanthine and Covid-19:

On a separate front, the Company has initiated preparation of a Pre-Investigational New Drug Application (pre-IND) for its patented enteric-coated formulation of Cepharanthine (PD-001) as an oral antiviral pill to treat mild-moderate COVID-19. Cepharanthine may work to lessen the effects of coronavirus infection. Cell, animal, and human studies have long reported the immunomodulatory and anti-inflammatory properties of Cepharanthine. Cepharanthine has previously been shown to suppress cytokine production and the expression of cyclooxygenase; both of which are crucial to viral replication and inflammatory response. A 2019 study examined the effects of Cepharanthine on human lung cells infected with the coronavirus HCoV-OC43. Following pre-treatment with Cepharanthine lung cells showed no virus-induced death. These findings were attributed to the ability of Cepharanthine to inhibit viral RNA replication, block expression of viral proteins, and suppress production of proinflammatory molecules, thus preventing a deleterious exacerbation of cytokine response to the viral infection. Several third party validated library screens of approved and investigational drugs have identified Cepharanthine as a forerunner drug candidate in the treatment of COVID-19 based on the superior antiviral properties it holds. Cepharanthine has been shown to be highly effective at blocking cell death following exposure to multiple different coronaviruses, including COVID-19. As such, it is believed that the Company's novel formulation of Cepharanthine, PD-001 would be an ideal candidate to evaluate as a potential treatment for mild to moderate COVID-19.

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 securitieslaw

The Company currently distributes Bedrocan branded Medical Cannabis to pharmacies in Germany. On May 14, 2021, the Company announced the signing of a supply agreement with an emerging Eurozone cannabis extractor for medical grade THC oil to be sold under its own brand. Management has seen the shift begin towards THC oils and believes it makes more sense to focus on that growing market. The company is already in talks with its partner to add a second THC oil product under the Pharmadrug brand. The company has also started working on launching its own synthetic THC oil product. This segment currently dominates the German medical cannabis oil market and management believes adding it to its branded product line makes more sense than adding cannabis flower lines

On the psychedelics side, Pharmadrug has also launched an online retail platform under its Slim Winkel brand in The Netherlands, in Europe and in the U.S. The European Slim Winkel online store will sell psilocybin truffles as well as functional mushrooms in The Netherlands. The website will also service other parts of Europe, but without the access to psilocybin truffles. Management believes launching the online smart shop will enable the company to establish and build its brand while the brick-and-mortar strategy was put on hold until the end of the pandemic.

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 noted.

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.

On May 14, 2021, the Company entered into the Supply Agreement with an emerging Eurozone cannabis extractor for medical grade THC oil to be sold under Pharmadrug's own brand. The Company is expected to receive product and begin selling in Germany in Q4 2021. Pursuant to the Supply Agreement, the Company's licensed German distributor, Pharmadrug Production will purchase Pharmadrug branded medical cannabis from the Eurozone cannabis extractor. The cannabis extractor recently has received its EuGMP certification and all required licenses from the Danish government. Pharmadrug Production has already performed an initial inspection but will perform a final inspection in September to satisfy the Company's own GMP supply chain requirements.

The Company has already finalized the final specs of the product with the extractor and expects to register the product with German authorities in August as well. PharmaDrug still expects initial shipments and sales to begin in Q4 2021.

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 noted.

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.

   None noted.

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

   None noted.

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.

   None noted.

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

    None noted.

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

    None noted.

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 noted.

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

terms of such indebtedness.

None noted.

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

Security	**Number Issued**	**Details of Issuance**	**Use of Proceeds** [(1)]
Options	750,000	Grant of options as compensation	N/A

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

None noted.

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

On August 30, 2021, David Kideckel joined the Board of the Company.

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

For more information related to certain risks and uncertainties that are inherent to the Company's industry, please refer to the "Risk Factors" section of the Management's Discussion and Analysis filed quarterly on SEDAR.

In addition, on January 30, 2020, the World Health Organization declared that the recent COVID-19 outbreak was a global health emergency, recognizing that the disease represents a risk outside of China, where it emerged in the last couple of months. Companies across various industries could be impacted materially by the coronavirus.

COVID-19's known and unknown impact on earnings, costs, employees, supply chains, customers and other stakeholders, as well as other business matters, may be material for the Issuer, and may have a material impact on the Issuer's gross earnings, net earnings and other business matters. Environmental, social and governance factors may also impact the Issuer's operations in the near future.

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 September 03, 2021.

Daniel Cohen
Name of Director or Senior Officer

"Daniel Cohen"
Signature

Chief Executive Officer
Official Capacity

Issuer Details Name of Issuer Pharmadrug Inc.	For Month End August 31, 2021	Date of Report YY/MM/DD 21/09/03
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