FORM 7

MONTHLY PROGRESS REPORT

Name of Listed Issuer: PharmaDrug Inc. ("PharmaDrug" or the "Issuer").

Trading Symbol: PHRX

Number of Outstanding Listed Securities: 344,216,383

Date: January 31, 2022

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 January 13, 2022, the Issuer announced the resignation of Robert Schwartz from its board of directors (the "Board"). The Issuer also appointed current Board member David Kideckel, to replace Mr. Schwartz on the Audit Committee.

   On January 20, 2022, the Issuer announced the engagement of Octagon Media Corp. ("Octagon Media") to assist in a digital media advertising campaign coupled with an investor marketing program (see Question #5 for more details).

   On January 26, 2022, the Issuer announced the initiation of manufacturing of Cepharanthine (PD-001) for non-clinical and clinical studies in cancer and infectious diseases.

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

   PharmaDrug is a specialty pharmaceutical Issuer focused on the research, development and commercialization of controlled-substances and natural medicines such as psychedelics, cannabis and naturally-derived approved drugs. The Issuer owns 100% 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 Issuer 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. Sairiyo is currently developing its patented reformulation of a drug named Cepharanthine ("PD-001") for the potential treatment of COVID-19 and rare cancers and is also conducting R&D in psychedelics for the treatment of non-neuropsychiatric conditions. The Issuer also owns 100% of Super Smart, a Company building a vertically integrated retail

business with the goal to elevate the use of functional mushrooms, and psilocybin mushrooms where federally legal, as natural based medicines.

Medical Cannabis:

Following the German federal elections that took place on September 26, 2021, a new coalition government is expected to be formed by the "Traffic Lights" group. The coalition was so named due to the colours of the red Social Democrats, yellow Free Democrats and the Green Party. A formal coalition agreement was subsequently announced and a new government took office in December 2021. The new government has stated that it planned to move ahead with the legalization of adult use cannabis. Discussions so far have pointed to a form of a cannabis control act. This would imply a regime where cannabis remains a controlled substance that would be subjected to stricter controls than alcohol or tobacco. Sales would only be allowed in pharmacies or specialty licensed retail stores. Regardless of the end retail model, two major themes have emerged. Firstly, there is a strong likelihood that adult use will be legalized in the next couple of years; and secondly, it will probably remain a controlled substance but with expanded access. This would imply that the current supply chain regulatory framework will remain in place and that the importation and distribution of cannabis will continue to require a narcotics or controlled substance license, a license that the Issuer currently has with Pharmadrug Production. As a result, management will seek to significantly expand its product offering to prepare for a much wider cannabis market following the introduction of adult use.

The Issuer announced at the end of October that it has signed a supply agreement for Dronabinol, a synthetic THC oil that currently dominates the medical cannabis oil market in Germany. Pharmadrug Production has already added the product to its license and first shipment was received at the start of November. Initial sales and deliveries have already commenced. Management believes the selling of Dronabinol will serve to increase sales volumes but should also significantly increase its pharmacy distribution network beyond its current levels. The Dronabinol is a third-party product and Pharmadrug Production will act as a distributor, much like its Bedrocan business. The Issuer has been in advanced discussions with two separate manufacturers to be able to supply Dronabinol on a white label basis to be branded as a PharmaDrug product and has narrowed the discussions to one potential manufacturer, but would like to assess the performance of the third-party product before moving forward with a PharmaDrug branded product.

During the month of October, Pharmadrug Production also conducted the final inspection of its supply partner in Denmark. The visit was deemed successful with the newly built cannabis oil extraction facility fulfilling all the necessary requirements to be able to supply GMP calibre THC oils to the German medical cannabis market. The Issuer has registered the initial product with the regulator, and it has been added to its controlled substance license. The initial product will be a PharmaDrug branded high THC oil. It is currently going through confirmatory stability testing. Final results and certificates of analysis

were scheduled for this passed January 2022. Results have been delayed by several weeks and management will update the market once it gets more clarity on the timing of the results. Once launched, PharmaDrug Production and its Danish supply partner have planned to introduce other oils including a balanced CBD / THC oil.

While the Issuer recently made the decision to focus its growth on cannabis oils and extractions, management believes the new German government's commitment to introduce adult use during this term could require a renewed focus on cannabis flowers. As expected, recent trends showed that cannabis oil growth is accelerating and is on a path to overtake flowers at some point in the future. That being said, the introduction of adult use could reignite the flower market. As such, the Issuer has resumed discussions to introduce a unique brand of flower to the German market. Such a product can either take the form of a third-party brand with an exclusive relationship and marketing sovereignty or a unique white label product that will carry the Issuer's brand. Management will wait to receive more clarity from the new German government in terms of the proposed framework and timeline for the legalization of adult use cannabis before taking on any new flower product.

Super Smart:

The Issuer announced on September 23, 2021 that Super Smart would be launching its own premium blend of functional mushrooms. The product line will be branded as MycoWeℝ with the first product being named MycoWeℝ Infinite. It will initially debut for sale in the United States ("U.S.") before also being made available through Super Smart's e-commerce platform in Europe. The first commercial lot of products was received in October with initial sales and deliveries taking place in November.

MycoWeℝ Infinite has been positioned as a premium brand in a rapidly growing marketplace primarily occupied by high price, low potency functional mushroom products. Although it is still early and sales are still modest, initial feedback is positive with users touting the quality of the product, the approach in terms of transparency of ingredients well as a noted impact in efficacy. Super Smart has launched programs with influencers and micro influencers with a plan to increase digital marketing campaigns with an educational focus.

Super Smart will continue with the European online effort and has undertaken to overhaul the site and develop an e-commerce only model. The Issuer plans to keep the current store in Tiel to serve as a logistical hub but will not seek to open or acquire additional locations. Future focus will be on a launch of a slim psilocybin product for the Netherlands complemented by a functional mushroom offering in all of Europe including the Slim functional products once they are established in the U.S.

Cepharanthine and Cancer:

Sairiyo is currently focused on advancing the clinical development of PD-001 to treat rare cancer diseases. Sairiyo was granted Orphan Drug Designation ("ODD") from the FDA for PD-001 in the treatment of esophageal cancer in January 2021 and has since added some world class experts to its scientific advisory team. ODD 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 PD-001, 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 PD-001 to the current standard of care in 60 human cancers. The Issuer was pleased to see that 20 of the 60 cells lines screened showed growth inhibition of at least fifty percent when exposed to PD-001 levels previously determined to be well tolerated in a human clinical population. Additionally, there were several instances in which PD-001 displayed growth inhibition which was comparable or superior to current gold standard treatments, including colorectal, liver and skin cancers. More notably, results of the study demonstrated that esophageal cancer was the most highly responsive of all sixty cancers examined.

Based on the results of the initial large in vitro cancer screen, the Issuer initiated a second study based a short list of 23 cancers that were highly responsive to Cepharanthine-2HCl. The Issuer updated the market on the results of the study in a press release dated November 18, 2021. Four instances of drug synergy (Cepharanthine+chemotherapy) were revealed in the latest drug combination study. Cancer cell types and standard of care ("SOC") treatments remain confidential for the purpose of filing subsequent intellectual property, but the Issuer provided results in the aforementioned press release for the four most promising types of cancer tested. Most notably, esophageal cancer was approximately 5-times more responsive to PD-001 than the experimental positive control; a clinically approved chemotherapeutic agent. That esophageal cancer was shown to be the most highly responsive cancer examined further validates the Issuer's motivation to expeditiously advance the clinical development of its patented enteric-coated oral formulation of PD-001 for esophageal cancer and leverage the benefits of its FDA ODD granted by the FDA earlier this year.

The Issuer has shipped its drug product, PD-001, to the clinical research organization ("CRO") in support of the upcoming Investigational New Drug ("IND")-enabling animal studies. These studies are designed to evaluate PD-001 efficacy, alone and in combination with SOC in two animal cancer models. The Issuer's prime cancer focus continues to be esophageal cancer for several reasons previously stated including the ODD awarded by the FDA earlier this year. The Issuer has also selected a second cancer type to pursue for these studies based on multiple considerations including PD-001 potency, ability of PD-001 to provide synergistic benefits with SOC drugs, relative market size/need and

the suitability of available animal models to provide high translation value to the program. In vitro cancer cell models, while quite useful for screening cancer types responsive to a given drug, are not ideally suited to assess a particular drug's benefit in overcoming adaptive chemoresistance. The currently designed animal models aim to more thoroughly tackle the serious clinical issue of chemoresistance. The Issuer announced in a press release on February 1, 2022 that it has filed a US provisional patent application which details the novel synergistic combination of cepharanthine (PD-001) and cabazitaxel on prostate cancer growth inhibition and also sets forth claims related to the use of PD-001, cabazitaxel and/or other taxane family members used in combination to treat primary, metastatic and chemotherapy-resistant prostate cancer. The press release provided additional information on results from the two previous in vitro studies in relation to prostate cancer. The press release also revealed that the second cancer in the current animals studies is prostate cancer.

Cepharanthine and COVID-19:

On a separate front, the Issuer has initiated preparation of a Pre-IND for its patented enteric-coated formulation of PD-001 as an oral antiviral pill to treat mild-moderate cases of COVID-19. PD-001 may work to lessen the effects of coronavirus infection. Cell, animal, and human studies have long reported the immunomodulatory and anti-inflammatory properties of PD-001. PD-001 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 PD-001 on human lung cells infected with the coronavirus HCoV-OC43. Following pre-treatment with PD-001, lung cells showed no virus-induced death. These findings were attributed to the ability of PD-001 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 PD-001 as a forerunner drug candidate in the treatment of COVID-19 based on the superior antiviral properties it holds. PD-001 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 Issuer's novel formulation of PD-001 would be an ideal candidate to evaluate as a potential treatment for mild to moderate COVID-19.

The Issuer announced on November 30, 2021, the successful completion of its Type B pre-IND meeting with the FDA, for which a pre-IND briefing package and meeting request letter was submitted in September 2021. The FDA has provided written responses to the Issuer regarding its clinical development plan for PD-001, a patented enteric-coated formulation of Cepharanthine, as a potential oral antiviral pill for COVID-19. The Issuer believes the written response provides a path to agreements on IND-enabling studies, the design of a Phase 1/2 clinical study, and the overall clinical development plan to move PD-001 forward as an oral treatment for COVID-19. By extension, the FDA guidance also provides important insights on advancing PD-001 as a potential treatment

for oncology indications as part of the Issuer's ongoing strategy of targeting rare and life-threatening conditions. The Issuer continues to focus on completing the remaining IND-enabling studies to support future clinical studies in 2022.

In written responses to the questions provided by the Issuer, the FDA addressed the Issuer's questions related to manufacturing, safety/toxicology, pre-clinical efficacy studies, clinical trial design, and rationale necessary to support subsequent human clinical trials. The feedback provides the Issuer with greater clarity on the current requirements needed to file an IND to initiate a Phase 1/2 clinical trial of PD-001 in patients with COVID-19. Based upon the historical clinical data for generic Cepharanthine and the Issuer's preclinical testing performed on PD-001 thus far, the Issuer anticipates filing an IND in the second half of 2022. In addition, the Issuer intends to pursue FDA Expedited Programs, such as Breakthrough Designation pending the development of preliminary clinical evidence to support such designation.

Following FDA feedback, the Issuer plans to continue the development of PD-001 for COVID-19. The Issuer will be conducting several nonclinical safety, toxicology, virology assessments, as well as scale-up of drug product manufacturing. The currently described work is necessary to bring PD-001 to the clinic for COVID-19 and is highly complementary to the safety/tox/manufacturing efforts already underway for its Cepharanthine program in oncology.

Pharmaceutical Psychedelics Research:

The Issuer 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, the Issuer has undertaken efforts to expand its research activities in the pharmaceutical psychedelics space. The Issuer'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. The Issuer has brought on Dr. Barker, a prominent American DMT academic researcher as an advisor. The Issuer 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. On the 25th of August, the Issuer announced that it had entered into a Clinical Trial Agreement with the Johns Hopkins University to conduct a clinical study comparing acute and enduring psychological and neural effects of DMT and an undisclosed, potently active comparator molecule. This clinical research collaboration builds upon the Issuer's existing strategy of focusing on establishing a better understanding of the basic mechanisms by which DMT exerts its effects in the brain and elsewhere in the body. By supporting world class talent with distinct expertise

in early discovery and clinical use, the Issuer will be optimally positioned to identify novel applications for DMT and unlock its full therapeutic potential.

The Issuer was also able to form a collaboration with the Terasaki Institute for Biomedical Innovation ("TIBI"), 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. The Issuer will contribute the chemical formulations and the TIBI will use its in-house technology to select and develop an effective delivery mechanism. During the first stage of the collaboration, the TIBI'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. The intention is to bring the product to the FDA for the purpose of a clinical trial.

Based on considerations related to physiochemical properties, resistance to metabolic breakdown and anticipated downstream formulation requirements, the Issuer has elected to specifically focus its efforts on comparing the potency of two candidate tryptamines, which were narrowed from an initial list of six.

On November 24, 2021, the Issuer announced that TIBI had received the two candidate DMT analogue molecules selected by the Issuer. Initial in vitro efficacy studies have commenced. The next few months will be vital in characterizing relative drug potency and selecting a single lead candidate to take forward for further development. Initial in vitro cytotoxicity studies on the Company's two candidate tryptamine molecules were completed in December and the data showed exceedingly low/absent impact on cellular viability across a concentration range that exceeds what is expected to be used clinically. Further functional data from the ongoing 2-dimensional cell culture studies was generated in January 2022. The Issuer decided to add a third molecule and to redo the initial study with all three molecules for propper comparitive purposes. Inital results from the three moelcules are expected to be released in February 2022. Those data will be extended by investigating the impact of all three candidate molecules in 3-dimensional microtissue studies aimed at specifically assessing smooth muscle contractility; a response understood to be critical in maintenance of healthy eye function. Results of those studies will be used to determine the lead molecule. The following phase will focus on IND enabling efficacy studies using a well-accepted animal model of Glaucoma with the lead molecule. The Issuer expects to be in position to begin an animal study early in Q2 of 2022 with the results by Q3 of 2022.

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

On September 23, 2021, the Issuer launched its own premium blend of functional mushroom, MycoWeR Infinite. The product will initially debut for sale in the U.S. before being made available through Super Smart's ecommerce platform in Europe. The product will be positioned as a premium brand in a rapid growing marketplace that is primarily occupied by high price, low potency functional mushroom products. The Issuer understands that health-conscious individuals are often reluctant to take many pills, several times per day as part of their health regime. For this reason, the Issuer's initial product release has been formulated as a once a day complete 6 functional mushroom dose in one pill that does not compromise on the quantity of active ingredients as high potency concentrates, prepared only from the mushroom fruit body are processed using an optimized hot water and/or hot water/alcohol extraction.

On October 1, 2021, the Issuer, through PharmaDrug Production, signed a supply agreement for Dronabinol. Dronabinol a synthetic THC oil that currently dominates the medical cannabis oil market in Germany. PharmaDrug Production has already added the product to its license and first shipment was received at the start of November. Initial sales and deliveries have already commenced. Management believes the selling of Dronabinol will serve to increase sales volumes but should also significantly increase its pharmacy distribution network beyond its current levels. The Dronabinol is a third-party product and PharmaDrug Production will act as a distributor much like its Bedrocan business. The Issuer is in advanced discussions with two separate manufacturers to be able to supply Dronabinol on a white label basis to be branded as a PharmaDrug product.

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 January 20, 2022, the Issuer announced the engagement of Octagon Media (the "Vendor") to assist in a digital media advertising campaign coupled with an investor marketing program for a compensation payment of US$60,000 as well as 3,400,000 common shares of the Issuer. Stock options to purchase up to 3,000,000 common shares of the Issuer at an exercise price of CAD$0.05 per share for a 12-month period was granted to the vendor.

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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)]
Common Stock	3,400,000	Issuance of common shares to Octagon Media Corp. for service	N/A
Options	750,000	Stock options issued to consultant as compensation	N/A
Options	3,000,000	Stock issued to vendor 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 January 13, 2022, Robert Schwartz resigned from the Board of the Issuer and was also replaced by David Kideckel as a member of the Issuer's Audit Committee.

David Kideckel has over 20 years of combined industry and capital markets experience, most recently serving as Managing Director, Senior Institutional Equity Research Analyst at ATB Capital Markets.

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 Issuer'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 COVID-19 outbreak was a global health emergency, recognizing that the disease represents a risk outside of China, where it emerged. Companies across various industries could be impacted materially by the coronavirus and its continued evolution.

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 February 4, 2022.

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 January 31, 2022	Date of Report YY/MM/DD 22/02/04
Issuer Address 77 King Street West, Suite 2905		
City/Province/Postal Code Toronto/ Ontario/ M5K 1H1	Issuer Fax No. ( )	Issuer Telephone No. (647) 202-1824
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