# FORM 7

# MONTHLY PROGRESS REPORT

Name of Listed Issuer: **BRAXIA SCIENTIFIC INC.** (the “Issuer” or the “Company”).

Trading Symbol: **BRAX**

Number of Outstanding Listed Securities**: 240,723,143 Common Shares**

Date **September 1, 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.

Braxia Scientific is a medical research and telemedicine company with clinics that provide innovative ketamine treatments for persons with depression and related disorders. Braxia U.S. based end-to-end telemedicine platform KetaMD, utilizes leading technology to provide access to safe, affordable, and potentially life-changing at-home ketamine treatments for people living with depression and related mental health conditions. Through its medical solutions, Braxia aims to reduce the illness burden of brain-based disorders, such as major depressive disorder among others. Braxia is primarily focused on (i) owning and operating multidisciplinary clinics, providing treatments in-person and virtually for mental health disorders, and (ii) research activities related to discovering and commercializing novel drugs and delivery methods. Braxia seeks to develop ketamine and derivatives and other psychedelic products from its IP development platform. Through its wholly owned subsidiary, Braxia Health (formerly the Canadian Rapid Treatment Center of Excellence Inc.), operates multidisciplinary community-based clinics offering rapid-acting treatments for depression located in Mississauga, Toronto, Kitchener-Waterloo, Ottawa, and Montreal.

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

On August 3, 2022, the Company announced it had acquired 100% of the issued and outstanding stock of KetaMD, Inc. ("KetaMD") (the "Transaction"). KetaMD is a U.S. based, privately-held, innovative telemedicine company, with a mission to address mental health challenges via access to technology-facilitated ketamine-based treatments. KetaMD's end-to-end telemedicine platform, utilizing leading technology, provides access to safe, affordable, and potentially life-changing at-home ketamine treatments for people suffering from depression and related mental health conditions. Treatments are medically supervised, guided virtually by registered nurses with mental health expertise, and backed by the world's leading psychiatrists and researchers in depression. KetaMD's integration of ketamine and telemedicine is guided by best practices and treatment guidance.

Details of the Transaction are as follows:

- Holders of KetaMD common stock ("KetaMD Common Shareholders") were issued 42,144,629 Braxia common shares (the "Consideration Shares"), representing approximately 17.5% of the total issued Braxia common shares on a post-closing basis;

- Approximately 80.6% of the Consideration Shares are subject to a contractual lock-up, with such Consideration Shares being released in 6-month increments until the final release occurring in 18 months;

- The KetaMD Common Shareholders will potentially also receive up to 21,915,207 Braxia common shares (the "Earnout Shares") in the event that (A) the market capitalization of Braxia reaches certain sustainable levels during the period ending on the fifth anniversary of the closing of the Transaction and/or (B) KetaMD achieves certain gross income and EBITDA milestones over the three fiscal years following closing of the Transaction. If issued, the Earnout Shares would represent 8.3% of the issued and outstanding Braxia common shares on a post-closing basis;

- The KetaMD Common Shareholders have entered into a voting support arrangement with Braxia pursuant to which they have agreed to support proposed nominees of the board and other shareholder resolutions recommended by the board of Braxia;

- Certain existing noteholders of KetaMD were issued approximately C$2.94 million of convertible debentures of Braxia (the “Debentures”) due December 31, 2023 (the “Maturity Date”) in exchange for the cancellation of the KetaMD notes. The Debentures provide a conversion right into Braxia common shares at the option of the holder and mandatory conversion by Braxia if not converted or repaid prior to the Maturity Date. The Debentures may also be prepaid or redeemed at the option of Braxia. The conversion price for optional conversion by the holder will be based on the benchmark price of $0.10 per Braxia common share (the “Benchmark Price”). The conversion price for mandatory conversion by Braxia on the Maturity Date is $0.15 per share which is 150% higher than the closing price of the Braxia common shares on the Canadian Securities Exchange on the last trading day prior to the closing of the Transaction of $0.06 per share.

- Holders of the Debentures will be entitled to convert a portion of their holdings into Braxia common shares as follows:

    - 33% of the principal amount may be converted into Braxia common shares at a price equal to the Benchmark Price prior to December 15, 2023;

    - 33% of the principal amount may be converted into Braxia common shares at a price equal to 150% of the Benchmark Price, or $0.15 per share, prior to December 15, 2023; and

    - 34% of the outstanding principal amount may be converted into Braxia common shares at a price equal to 200% of the Benchmark Price, or $0.20 per share, prior to December 15, 2023.

- The Debentures contain a mandatory cash prepayment obligation in the event Braxia raises USD $10m in equity capital prior to the Maturity Date.

On August 29, 2022 the Company announced the filing of its financial statements and management discussion and analysis for the first quarter ended June 30, 2022, with the following highlights:

***Operational Highlights***

**Providing Access to Mental Health Therapies in North America**

KetaMD U.S. – Providing Ketamine for Depression, Anxiety, PTSD and Bipolar Disorder

Braxia Scientific completed the acquisition and launch of KetaMD, a new end-to-end telemedicine platform, that utilizes leading technology, provides access to safe, affordable, and potentially life-changing at-home ketamine treatments for people suffering from depression and related mental health conditions. Treatments are medically supervised, guided virtually by registered nurses with mental health expertise, and backed by the world's leading psychiatrists and researchers in depression. KetaMD's integration of ketamine and telemedicine is guided by best practices and treatment guidance.

KetaMD is currently available in the State of Florida with roll-out to other key states

to begin in 2022. Braxia Health

**Canada – Providing Access to Ketamine and Psilocybin-Assisted Therapy**

**Ketamine Treatment Therapy**

Braxia Health, the Company's group of clinics, continued to see steady growth during the quarter following the opening of its Kitchener-Waterloo clinic in a growing suburb near the Greater Toronto Area in Ontario. The Company has made progress on the buildout of its new upcoming clinic in Ottawa. In Toronto the Company is working to expand capacity to support increased volumes for in-person ketamine treatments, and as the research team prepares to launch new clinical trials before the end of 2022.

To date, the Company has steadily grown its ketamine program referral network across 5 cities.

**Psilocybin-Assisted Therapy and Research**

Braxia Health's research team progressed the first Phase II randomized Health Canada approved multi-dose psilocybin trial, approved July 2021 and launched November 2021. The trial is expected to be completed by December 2022. Following the preliminary positive results reported earlier this year, which reported meaningful improvements in depression severity observed (as measured by the Montgomery-Åsberg depression rating scale, MADRS), the Company expects to launch additional psilocybin-assisted trials in the coming quarters across multiple diagnostic categories.

Braxia's clinical and research capabilities, combined with a leading research team, have enabled the Company to establish and carryout research studies focused on advancing novel treatments for depression and other mental health disorders.

Braxia Health received multiple approvals from Health Canada to the Special Access Program ("SAP") to provide psilocybin-assisted psychotherapy for patients with Major Depressive Disorder outside of clinical trials.

The SAP was amended January 5th, 2022 to include access to psychedelic compounds on a case-by-case basis outside of clinical trials. Braxia Health has since received SAP approvals for additional patients.

The Company also successfully expanded its Braxia Institute training program, recruiting and training 30 medical and research staff to provide psilocybin-assisted therapy with high quality safety monitoring.

***Q1 2023 Financial Summary***

The Company's cash and cash equivalents as of June 30, 2022 was $7.68 million compared with March 31, 2022 at $8.6 million includes cash invested to fund launch of KetaMD and purchase of equipment related to build out of new clinics.

First quarter revenue increased to $0.42 million for the period ending June 30, 2022, up 13% sequentially from $0.37 million in Q4 2022 and up 2.5% from $0.41 million in the comparative prior period. The increase in revenue primarily reflects an increase in the number of treatments from the administering of ketamine at the Braxia Health clinics in Ontario.

Net loss was $0.97 million for the quarter ended June 30, 2022, compared to a net loss of $1.09 million for the three months ended June 30, 2021

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.

**See paragraph 2 above related to KetaMD.**

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.

**See paragraph 17 below.**

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.

**See paragraph 2 above related to KetaMD.**

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.**

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.

**See paragraph 2 above related to KetaMD.**

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 trademarks.

**None.**

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

**None.**

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

**There were no labour disputes affecting the Issuer.**

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.

On April 23, 2021, Tassili Life Sciences Corp ("Tassili"), a wholly owned subsidiary of the Company, was served with a statement of claim by the University of Miami ("Miami") demanding payment under a collaborative research agreement dated January 1, 2020 between Tassili and Miami (the "Miami Research Agreement"). Under the terms of the Miami Research Agreement, Tassili was obligated to pay the Miami US $1,624,476 in five equal instalments of US $324,895.20 over a one year period starting 30 days from the agreement date of January 1, 2020. Miami was to carry out certain pre-clinical studies on Tassili's behalf to assess how the combination of psilocybin and CBD may mitigate the adverse effects of PTSD and a traumatic brain injury with PTSD. To date Tassili has paid the first instalment, accrued the next three (3) installments and is reviewing the performance of the Miami under the Miami Research Agreement prior to making any further installment payments. It had communicated to the University of Miami certain deficiencies in such performance.

On May 2,2022, the Tassili settled all claims against it by Miami by agreeing to pay Miami US $50,000. The matter is now resolved without any admission of liability on the part Tassili.

On May 3, 2021 the Company announced that it was served with a notice of civil claim in a proposed class proceeding in British Columbia against the Company, its CEO, certain of its former officers, a shareholder, and underwriters which were engaged in connection with a private placement financing for the Company in June 2020. The claim is based on allegations relating to the Company's disclosure documents regarding the value of four acquisitions made by the Company in 2020 and related matters. The plaintiff is seeking an unspecified amount of damages for the proposed class. The Company has entered into a settlement agreement with respect to the claim which is described above.

On August 27, 2021, the Company announced that it was served with a class action complaint against the Company, its former CEO and president, for the violation of US federal securities laws. The complaint was filed in the US District Court Central District of California and alleges that the Company and the individual defendants violated ss. 10(b) and 20(a) of the Securities and Exchange Act of 1934 and Rule 10b-5 promulgated thereunder. The claim is based on allegations relating to the Company's disclosure documents regarding four acquisitions made by the Company in 2020 and related matters. The plaintiff is seeking an unspecified amount of damages for the proposed class. The Company has entered into a settlement agreement with respect to the claim which is described above.

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

**None.**

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

**None.**

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

**The Issuer does not have any loans to or by Related Persons.**

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

**None.**

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

**As a result of the COVID-19 novel coronavirus, including quarantine initiatives of the federal and provincial governments and trade and travel restrictions, the Company had experienced significant delays to its planned retail initiatives. The following activities, which were suspended at the outset of Covid-19 restrictions in 2020, were indefinitely suspended by the Company during July 2020:**

- **Placement of products at wellness centers and with brick and mortal retail locations.**
- **Construction of the pop-up shop.**
- **The Company was in the process of booking trade shows, conferences, farmers markets and special events but all have been cancelled or are expected to be delayed indefinitely.**
- **Consumer product testing and focus groups (the Company is contemplating remote testing and online focus groups as an alternative).**
- **Conversion of two new recipes developed by DRIP Coffee Social into consumer products.**

- **Hiring of business development managers and social media influencers has not commenced as the Company expects a surplus of available candidates (as early as late fall 2020).**
- **Disruptions to commencement of cultivation and R&D activities or mushrooms at Kelowna facility. Risk of potential loss of spores planned to be grown for premium tea line.**

**To date, there have been a large number of temporary business closures, quarantines and a general reduction in consumer activity in Canada, the United States, Europe and China. The outbreak has caused companies and various international jurisdictions to impose travel, gathering and other public health restrictions. The duration of the various disruptions to businesses locally and internationally and the related financial impact cannot be reasonably estimated at this time. Similarly, the Company cannot estimate whether or to what extent this outbreak and the potential financial impact may extend to countries outside of those currently impacted. The Company is actively assessing and responding where possible to the potential impact of the COVID-19 pandemic. As at the date of this report, the CRTCE Clincs are still operational but at a reduced capacity as a result of the COVID-19 outbreak and there is no assurance as to when it will be able to operate at full capacity. The improving vaccination situation in Canada and other parts of the world are a positive development and a continuation of such developments, including the opening of international borders will support the Company's initiatives. Such public health crises can result in volatility and disruptions in the supply and demand for health and wellness products, global supply chains and financial markets, as well as declining trade and market sentiment and reduced mobility of people, all of which could affect commodity prices, interest rates, credit ratings, credit risk and inflation. The risks to the Company of such public health crises also include risks to employee health and safety, a slowdown or temporary suspension of operations impacted by an outbreak, increased labour and fuel costs, regulatory changes, political or economic instabilities or civil unrest. At this point, the extent to which COVID-19 will or may impact the Company is uncertain and these factors are beyond the Company's control; however, it is possible that COVID-19 may have a material adverse effect on the Company's business, results of operations and financial condition.**

**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 September 12, 2022

**Peter Rizakos**

***"Peter Rizakos"***

Signature

**General Counsel**
Official Capacity

| ***Issuer Details***<br>Name of Issuer<br>**Braxia Scientific Corp.** | For Month End<br>**July 2022** | Date of Report YY/MM/DD<br>**22/09/12** |
|---|---|---|
| Issuer Address<br><br>**700 Bay Street Suite 1903** | | |
| City/Province/Postal Code<br><br>**Toronto, Ontario M5G1Z6** | Issuer Fax No.<br>**n/a** | Issuer Telephone No.<br>**1 (416) 762-2138** |
| Contact Name<br><br>**Peter Rizakos** | Contact Position<br>**General Counsel** | Contact Telephone No.<br><br>**(647) 204-3083** |
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