



**PSYCHED WELLNESS LTD.**  
**(formerly Duncan Park Holdings Corporation)**

**FORM 2A LISTING STATEMENT**

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**SCHEDULE "A" – FINANCIAL STATEMENTS OF THE COMPANY FOR THE YEARS ENDED NOVEMBER 30, 2019, 2018 AND 2017**

**SCHEDULE "B" – MANAGEMENT DISCUSSION & ANALYSIS OF THE COMPANY FOR THE YEARS ENDED NOVEMBER 30, 2019, 2018 AND 2017**

**SCHEDULE "C" – INTERIM FINANCIAL STATEMENTS OF THE COMPANY FOR THE THREE AND SIX MONTHS ENDED MAY 31, 2020 AND 2019**

**SCHEDULE "D" – MANAGEMENT DISCUSSION & ANALYSIS OF THE COMPANY FOR THE THREE AND SIX MONTHS ENDED MAY 31, 2020 AND 2019**

**SCHEDULE "E" – FINANCIAL STATEMENTS OF PSYCHED WELLNESS FOR THE PERIOD FROM INCORPORATION ON JANUARY 8, 2019 TO NOVEMBER 30, 2019**

**SCHEDULE "F" – FINANCIAL STATEMENTS OF PSYCHED WELLNESS FOR THE THREE MONTHS ENDED FEBRUARY 29, 2020**

**SCHEDULE "G" – MANAGEMENT DISCUSSION & ANALYSIS OF PSYCHED WELLNESS FOR THE PERIOD FROM INCORPORATION ON JANUARY 8, 2019 TO NOVEMBER 30, 2019**

**SCHEDULE "H" – MANAGEMENT DISCUSSION & ANALYSIS OF PSYCHED WELLNESS FOR THREE MONTHS ENDED FEBRUARY 29, 2020**

## NOTE TO READER

This Listing Statement makes reference to the following documents:

- Psyched Wellness Ltd.'s ("**Company**") Financial Statements and the Management's Discussion and Analysis for the years ended November 30, 2019 and 2018;
- The Company's the Interim Financial Statements and Management's Discussion and Analysis for three and six months ended May 31, 2020 and 2019;
- Psyched Wellness Corp.'s ("**Psyched Wellness**") Financial Statements and the Management's Discussion and Analysis for the period from January 8, 2019 (date of incorporation) to November 30, 2019; and
- Psyched Wellness' Interim Financial Statements and the Management's Discussion and Analysis for the three months ended February 29, 2020;

(altogether, the "**Disclosure Documents**").

Each of the Disclosure Documents have been filed under the Company's profile on SEDAR ([www.sedar.com](http://www.sedar.com)).

## FORWARD-LOOKING STATEMENTS

This Listing Statement contains forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "estimates", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. As it relates to the business of the Company or its wholly owned subsidiary Psyched Wellness Corp., the forward-looking statements specifically include, but are not limited to: (i) the timing of completion of each milestone described in the Significant Events and Milestones in *Section 4.1. – General Business Description* of this Listing Statement; (ii) expectations for timing and budgets estimates for the sourcing, development, obtaining regulatory approval and production of the products that the Company expects to develop and sell; (iii) timeline for developing and launching sales of the Company's products; (iv) allocation of available funds on hand; (v) regulatory position that the government authorities may take with respect to the Company's products; (vi) classification of *Amanita muscaria* and muscimol as non-controlled substances; (vii) ability to secure and retain critical suppliers and partners, including, but not limited to: CROs, CMOs, distributors, and others. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance, or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this Listing Statement. Such forward-looking statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to, the ability of the Company to obtain necessary financing, to satisfy the requirements of the CSE with respect to the Listing and, the economy generally; interest of consumers in the Company's products, competition, and anticipated and unanticipated costs. Such statements could also be materially affected by the impact of regulation of the business, enforcement policies, competition, lack of available and qualified personnel or management, stock market volatility and the ability to access sufficient capital from internal or external sources. While the Company anticipates that subsequent events and developments may cause its views to change, the Company specifically disclaims any obligation to update these forward-looking statements. These forward-looking statements should not be relied upon as representing the Company's views as of any date subsequent to the date of this Listing Statement. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The factors identified above are not intended to represent a complete list of the factors that could affect the Company. Additional factors are noted in this Listing Statement under *Section 17 – Risk Factors*. The Company undertakes no obligation, and does not intend, to update, revise or otherwise publicly release any revisions to these forward-looking statements to reflect events or circumstances after the date hereof, or to reflect the occurrence of any unanticipated events, except as required by the applicable securities laws.

## 1. GLOSSARY OF TERMS

"**2018 Debt Settlement Shares**" has the meaning ascribed thereto in *Section 3 – General Development of the Business*;

"**2020 Debt Settlement**" means settlement of certain debts by the Company through issuance of 7,050,090 Common Shares closed on April 23, 2020;

"**Advisory Board**" has the meaning ascribed thereto in *Section 13.11. – Management*;

"**Amanita**" means a genus of mushrooms in the basidiomycete division;

"**Amanita muscaria**" means a species of muscimol mushroom of Amanita genus, commonly known as the fly agaric or fly amanita;

"**Audit Committee**" means the Audit Committee of the Company in accordance with NI 52-110;

"**Board**" means board of directors of the Company;

"**Branson Agreement**" means an agreement with Branson Corporate Services Ltd. dated March 1, 2020, to provide a CFO, controllership and bookkeeping services, administrative services and general and back office services to the Company;

"**Broker Warrants**" means brokers warrants issued to certain finders, equal to 8% of the Common Shares sold pursuant to the Series A Financing, each exercisable into one Common Share at a price of \$0.10 per Common Share for a period of 24 months from the date of closing;

"**CAGR**" means compound annual growth rate;

"**CD Private Placement**" means non-brokered private placement of Convertible Debentures for gross proceeds of \$250,000 completed by the Company on October 9, 2018;

"**CD Units**" means units underlying the Convertible Debentures, comprised of one Common Share and one-half of one Common Share purchase warrant;

"**CDS**" means CDS Clearing and Depositary Services Inc., Canada's central securities depository, clearing and settling trades in the Canadian equity, fixed income and money markets;

"**CDSA**" means the *Controlled Drugs and Substances Act* (Canada);

"**CEO**" means Chief Executive Officer;

"**CFO**" means Chief Financial Officer;

"**cGMP**" means current good manufacturing practices;

"**Closing**" means the completion of the Share Exchange;

"**CMO**" means contract manufacturing organizations;

"**Common Shares**" means common shares in the capital of the Company;

"**Company**" means "Psyched Wellness Ltd.", which was previously "Duncan Park Holdings Corporation" prior to the completion of the Share Exchange pursuant to the Share Exchange Agreement and the name change that was approved at the Meeting;

"**Convertible Debentures**" means debentures convertible into CD Units, at the election of the holder at a price of \$0.30 per CD Unit, maturing one year from the date of issuance, bearing an interest at a rate of 10% per annum;

"**Consolidation**" means consolidation of all issued and outstanding Common Shares on the basis of 1 post-consolidation share for every 40 pre-consolidation shares, completed by the Company on February 1, 2019;

"**COVID-19**" means the Coronavirus disease 2019, an infectious disease caused by severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2);

"**CPLA**" means *Consumer Packaging and Labelling Act* (Canada), a Federal statute that provides for a uniform method of labelling and packaging of prepackaged consumer goods in Canada;

"**CRO**" means contract research organizations;

"**CSA**" means *Controlled Substances Act* (United States), the statute establishing federal US drug policy under which the manufacture, importation, possession, use, and distribution of certain substances is regulated;

"**CSE**" means Canadian Securities Exchange;

"**CSE Policies**" means the rules and policies of the CSE in effect as of the date hereof;

"**CTO**" means cease trade order as such term is defined in National Policy 12-203 – *Cease Trade Orders for Continuous Disclosure Defaults*;

"**DEA**" means The Drug Enforcement Administration, a United States federal law enforcement agency under the United States Department of Justice, tasked with combating drug trafficking and distribution within the United States;

"**Delisting**" means the delisting of the Common Shares from the TSXV, completed effective on the Delisting Date;

"**Delisting Date**" means the date on which the Company completed Delisting of the Common Shares from the TSXV, being May 9, 2019;

"**dietary supplement**" has the meaning ascribed thereto in DSHEA;

"**DSHEA**" means the *Dietary Supplement Health and Education Act of 1994* (United States), Federal legislation which defines and regulates dietary supplements;

"**Escrow Agent**" means TSX Trust Company having an office at 100 Adelaide St., W., Suite 301, Toronto, ON, M5H 1S3, which has agreed to act as an escrow agent to administer the Escrow Agreement;

**"Escrow Agreement"** means the escrow agreement entered into by the Company, the Escrow Agent and certain securityholders of the Company in connection with the resale restrictions set out in NP46-201;

**"FDA"** means the Food and Drug Administration of the United States Department of Health and Human Services;

**"FD&C Act"** means the *Food, Drug, and Cosmetic Act* (United States);

**"First Promissory Note"** means the unsecured demand promissory note of the Company issued to an arm's-length party, in the principal amount of \$30,000, bearing interest at a rate of 10% per annum on the unpaid portion of the principal, calculated and compounded on a monthly basis;

**"First Research Services Agreement"** means an agreement between Psyched Wellness and KGK Science dated April 28, 2020, pursuant to which KGK Science agreed to provide certain research services to Psyched Wellness, including preliminary toxicological assessment report of *Amanita muscaria* mushrooms;

**"Food and Drugs Act"** means *Food and Drugs Act* (Canada);

**"Food and Drug Regulations"** means requirements set out in the Food and Drugs Act for the manufacture, packaging, labelling, storage, importation, distribution and sale of foods, and prescription and non-prescription drugs in Canada;

**"FSMA"** means *Food Safety Modernization Act* (United States);

**"FTC"** means the Federal Trade Commission, an independent agency of the United States government whose principal mission is the enforcement of civil US antitrust law and the promotion of consumer protection;

**"FTCA"** means the *Federal Trade Commission Act*, a federal statute of the United States to create FTC and to define its powers and duties;

**"GLP"** means Good Laboratory Practices, the current standards for laboratory practices in relation to biologicals, as set forth in the FD&C Act, and such standards of good laboratory practices as are required by the FDA;

**"GRAS"** means generally recognized as safe;

**"HACCP"** means Hazard Analysis Critical Control Points, a systematic approach to the identification, evaluation, and control of food safety hazards overseen by the National Advisory Committee on Microbiological Criteria for Foods, an advisory committee to the USDA;

**"Health Canada"** means Health Canada, the department of the federal Ministry of Health, established to help Canadians maintain and improve their health;

**"IFRS"** means the international financial reporting standards adopted by the International Accounting Standards Board;

**"IND"** means Investigational New Drug Application, as defined in the FD&C Act filed with the FDA;

**"Initial CMO"** means an Ontario-based CMO that Psyched Wellness is collaborating with to manufacture the Company's *Amanita muscaria*-derived products;



"**IRN**" has the meaning ascribed thereto in *Section 4.1. – General Business Description*;

"**ISO**" means the International Standards Organization, an international standard-setting body comprised of representatives from various national standards organizations.

"**Kadysh Agreement**" has the meaning ascribed thereto in *Section 15 – Executive Compensation*;

"**KGK Science**" means KGK Science Inc., an Ontario-based CRO that is providing certain research services to Psyched Wellness pursuant to the First Research Services Agreement and Second Research Services Agreement;

"**KSA**" means Kosher Supervision of America, a kosher certification agency based in the United States, whose primary purpose is to certify food as kosher;

"**Listing**" means listing the Common Shares on the CSE;

"**Listing Statement**" means this Form 2A listing statement prepared to qualify the Common Shares for Listing;

"**MD&A**" means management discussion and analysis;

"**Meeting**" means the annual general and special meeting of Shareholders held on June 30, 2020 at which, the Company's shareholders approved, among other things, (i) the election of directors, (ii) the re-appointment of auditors, (iii) the name change of the Company to "Psyched Wellness Ltd."; and (iv) the adoption of the New Option Plan;

"**muscimol**" is one of the principal psychoactive constituents of *Amanita muscaria* and related species of mushroom, also known as agarin or pantherine;

"**Named Executive Officers**" has the meaning ascribed thereto under NI52-102;

"**NAPRA**" means the National Association of Pharmacy Regulatory Authorities, organizing National Drug Schedules in Canada;

"**NDIN**" means a new dietary ingredient notification which is a notification that must be submitted to the FDA for a dietary ingredient that was not marketed in the US as a dietary supplement prior to October 15, 1994;

"**Nederhoff Agreement**" has the meaning ascribed thereto in *Section 15 – Executive Compensation*;

"**New Option Plan**" means the incentive stock option plan approved by the Shareholders at the Meeting, which provides that the Board may from time-to-time, in its discretion, and in accordance with the CSE Policies, grant to directors, officers, employees, and consultants to the Company, non-transferable options to purchase Common Shares, provided that the number of Common Shares reserved for issuance will not exceed 10% of the issued and outstanding Common Shares;

"**NHP**" or "**Natural Health Products**" means natural health products containing active ingredients, which are regulated under NHPR by NNHPD;

"**NHPR**" means *Natural Health Product Regulations* (Canada), a regulation made under Food and Drugs Act;

"**NHP Site License**" means a license issued by NNHPD that NHP manufacturers are required to hold in order to manufacture NHPs;

"**NI52-102**" means National Instrument 51-102 – *Continuous Disclosure Obligations*;

"**NI52-110**" means National Instrument 52-110 – *Audit Committees*;

"**NLEA**" means *Nutrition, Labeling and Education Act* (United States);

"**NNHPD**" means the Natural and Non-Prescription Health Product Directorate, a division of Health Canada responsible for overseeing natural health products and non-prescription drugs in Canada, as well as administering the Product License Application process;

"**NP46-201**" means National Policy 46-201– *Escrow for Initial Public Offerings*, of the Canadian Securities Administrators;

"**NPN**" means natural product number assigned by NNHPD upon approval of a new NHP;

"**OBCA**" means *Business Corporation Act* (Ontario);

"**Order**" means either: a) CTO; (b) an order similar to a CTO; or (c) an order that denied the relevant person or company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days;

"**Pooling Agent**" means Fogler, Rubinoff LLP having an office at 77 King Street West TD Centre North Tower, P.O. Box 95, Suite 3000, Toronto, Ontario, M5K 1G8, which has agreed to act as a pooling agent to administer the Pooling Agreement on behalf certain shareholders pursuant to the Pooling Agreement;

"**Pooling Agreement**" means the agreement dated April 20, 2020 restricting the sale of Common Shares held by subscribers to the Seed Financing, 2020 Debt Settlement and the Common Shares issued to certain former shareholders of Psyched Wellness pursuant to the Share Exchange;

"**Pooled Shares**" means Common Shares subject to the Pooling Agreement;

"**Product License**" means an authorization by NNHPD for the sale of a particular Natural Health Product upon completion and approval of Product License Application;

"**Product License Application**" means a product license application made under the NHPR regulations;

"**Product Monograph**" means a written description of particular elements on an identified topic which presents information supporting the safety, efficacy or quality of a medicinal ingredient or a NHP that NNHPD has reviewed and determined to be acceptable;

"**Promoter**" has the meaning ascribed thereto under the *Securities Act* (Ontario);

"**Psyched Wellness**" means Psyched Wellness Corp. a company incorporated under the laws of the Province of Ontario;

**"Psyched Wellness Shares"** means common shares in the capital of Psyched Wellness;

**"Related Persons"** has the meaning ascribed thereto under CSE Policies;

**"Second Promissory Note"** means the demand unsecured promissory note of the Company issued to an arm's-length party, in the principal amount of \$17,203, bearing an interest at a rate of 12% per annum on the unpaid portion of the principal, calculated and compounded on a monthly basis;

**"Second Research Services Agreement"** means an agreement between Psyched Wellness and KGK Science dated July 13, 2020, pursuant to which KGK Science has agreed to provide certain research services to Psyched Wellness, including conducting pre-clinical studies of *Amanita muscaria*, preparation of the NDIN submission to the FDA and the Product License Application submission to Health Canada;

**"SEDAR"** means the System for Electronic Document Analysis and Retrieval.

**"Seed Financing"** means the non-brokered private placement of 33,500,000 Common Shares that closed on April 23, 2020;

**"Series A Financing"** means non-brokered private placement of Common Shares at a price of \$0.10 per Common Share for gross proceeds \$4,056,095, which the Company closed in three tranches – first on May 22, 2020, second on June 1, 2020 and third on July 31, 2020;

**"Share Exchange"** means the transaction that was completed on May 5, 2020 pursuant to the Share Exchange Agreement, whereby holders of Psyched Wellness Shares exchanged all of the issued and outstanding Psyched Wellness Shares in exchange for an aggregate of 18,000,000 Common Shares;

**"Share Exchange Agreement"** means the share exchange agreement dated May 5, 2020 entered into by the Company, Psyched Wellness and the holders of Psyched Wellness Shares, pursuant to which the parties agreed to, among other things, complete the Share Exchange;

**"Shareholders"** means holders of the Common Shares;

**"Shisel Agreement"** means an agreement entered into between Psyched Wellness and David Shisel dated March 25, 2020 pursuant to which Mr. Shisel has agreed to perform the services of a Chief Operating Officer of Psyched Wellness;

**"SKU"** means stock keeping unit, a unique set of numbers and letters used to identify, locate and track a product internally in a company or store's warehouse;

**"SOP"** means standard operating procedures;

**"SQF Certification"** means a voluntary Safe Quality Foods certification program administered by SQF Institute, a division of Arlington, Virginia-based Food Marketing Institute, The Food Industry Association, an American trade association for food marketing, food retailers, and wholesalers;

**"Stevens Agreement"** means an agreement entered into between Psyched Wellness and Jeffrey Stevens dated March 25, 2020 pursuant to which Mr. Stevens has agreed to perform the services of a Chief Executive Officer of Psyched Wellness;

**"Stock Options"** means the stock options of the Company issued pursuant to the New Option Plan;

**"Transfer Agent"** means TSX Trust Company, transfer agent of the Company;

**"TSX"** means Toronto Stock Exchange;

**"TSXV"** means TSX Venture Exchange;

**"USCBP"** means United States Customs and Border Protection, the primary border control organization in the United States, which operates as a division of the United States Department of Homeland Security;

**"USD"** means mean the lawful currency of the United States of America;

**"USDA"** means the United States Department of Agriculture, United States federal executive department responsible for developing and executing federal laws related to farming, forestry, rural economic development, and food; and

**"USPHS"** means United States Public Health Service, a division of the United States Department of Health and Human Services concerned with public health.

## **2. Corporate Structure**

### **2.1. Corporate Name**

The full corporate name of the Company is "Psyched Wellness Ltd". The registered office of the Company is located at 77 King Street West, Suite 3000, Toronto, ON M5K 1G8. The head office of the Company is located at 77 King Street West, Suite 2905, Toronto, ON M5K 1H1.

### **2.2. Incorporation**

The Company was incorporated under the OBCA on November 12, 1981 as "Duncan Park Holdings Corporation". The Company completed the Share Exchange on May 5, 2020 and filed articles of amendment following the Meeting to change the name of the Company to "Psyched Wellness Ltd."

### **2.3. Intercorporate Relationships**

The Company has one wholly-owned subsidiary, Psyched Wellness, a private corporation organized pursuant to the OBCA on January 8, 2019 as "Sushego Ltd.", and filed articles of amendment on March 25, 2020 to change its name to "Psyched Wellness Corp". The registered office of Psyched Wellness is located at 77 King Street West, Suite 3000, Toronto, ON M5K 1G8. The head office of Psyched Wellness is located at 77 King Street West, Suite 2905, Toronto, ON M5K 1H1.

### **2.4. Requalification**

Not applicable. The corporate structure of the Company is not expected to change following the completion of Listing of the Common Shares on the CSE.

### **2.5. Incorporation outside Canada**

The Company is not incorporated outside of Canada.

## **3. General Development of the Business**

### **3.1. Development of the Company's Business**

Prior to completion of the Share Exchange, the Company operated in the mining industry and devoted its efforts to establish commercially viable mineral properties by exploring for gold and other precious metals in politically stable areas of the world, and in particular focused on exploring certain properties in the Red Lake mining district in Northwestern Ontario.

By completing the Share Exchange, the Company has acquired 100% of Psyched Wellness and has continued carrying out the business with a focus on formulating mushroom derived products and associated consumer packaged goods with a view to selling and distributing such products upon receipt of all required regulatory approvals. Except where context requires otherwise, references to the business of the Company includes the business of Psyched Wellness.

In the fall of 2019, the principals of Psyched Wellness commenced a thorough review of potential candidate mushrooms to use as the basis of their product development. This research included a review of various types of medicinal and psychedelic mushrooms and involved an analysis of the active ingredients in each mushroom and the types of products that could be manufactured from the extract from such mushrooms, toxicology of various ingredients in these mushroom and their legality in various jurisdictions. As a result of this research, and subject to receipt of confirmatory reviews by its technical advisors, the principals tentatively selected *Amanita muscaria* as the mushroom to use for the basis of its initial line of products. The efforts to identify and select the mushroom prior to organizing Psyched Wellness were primarily led by David Shisel, the incumbent Chief Operating Officer of the Company and Psyched Wellness. Mr. Shisel previously worked with entities in highly regulated industries such as medical cannabis and has previously worked in legal capacities with various licensed producers. He also has expertise in product development,

working with cGMP manufacturers to identify product manufacturing requirements and establishing operations for pharmaceutical companies. Mr. Shisel has worked with several companies in the cannabis industry and has an in-depth understanding of challenges, operational and regulatory nuances that affect these companies. Please see *Section 4.1. – General Business Description – Specialized Skill and Knowledge* and *Section 13.11 - Management Details*.

To formalize these research efforts and the plans to develop mushroom-based products, the principals commenced operations through Psyched Wellness in March 2020.

Since March 2020, Psyched Wellness has been in the business of researching, developing and testing formulations for the following *Amanita muscaria*-derived water-based extract products: a line of water-based extracts intended to aid in de-stressing and relaxing; an agaric tea intended to promote the ease of sleeping; and capsules intended to promote mild euphoria. Please see *Section 4.1. – General Business Description – Principal Products and Markets – Products and Services*.

Prior to selecting *Amanita muscaria* as the candidate mushroom for developing its initial product line, the principals first considered the legality of *Amanita muscaria* in Canada and the United States, as the Company's goal is to initially focus on mushrooms which do not contain constituents classified as controlled substances under applicable Canadian and United States laws. At this time the Company does not have any plans to operate in foreign markets. If the Company chooses to establish operations outside of Canada or the United States, prior to commencing operations in any given country, the Company will obtain legal advice from counsel with regards to the sale and/or manufacturing of its products. Please see *Section 4.1. – General Business Description – Principal Products and Markets – Regulatory Environment*.

In making their product choice the principals also considered the availability of raw material (dried *Amanita muscaria* caps), as well as ease of securing its supply. To that end, Psyched Wellness has explored various sources of supply in various jurisdictions, as well as the regulatory permits that would have to be secured in order to deliver the raw material to the CMOs selected by the Company. To date, Psyched Wellness has secured two potential sources of dried *Amanita muscaria* mushroom caps - one based in Eastern Europe and the second in North America. Please see *Section 4.1. – General Business Description – Principal Products and Markets – Operations and Production*.

The Company has assembled a team comprised of its incumbent Board and management, as well as its Advisory Board, who have expertise in various areas of business and science, that are essential to providing the Company with the support necessary to successfully develop and market mushroom based products. Please see *Section 4.1. – General Business Description – Specialized Skill and Knowledge*.

The Company has secured the services of a marketing and web design company to develop the web assets and graphic language of the Company. The Company continues to work with its marketing consultants to finalize the packaging for its initial line of *Amanita muscaria*-derived water-based extracts and expects to finalize the packaging upon determining the appropriate labelling requirements in conjunction with its research and development partners.

The Company has completed an initial assessment of the regulatory requirements that apply to securing the approvals that are required to commence sales of its *Amanita muscaria*-derived water-based extract line (being the products that will initially be sold by the Company). The Company has since confirmed that, at present, neither *Amanita muscaria*, nor muscimol are treated as controlled substances under applicable regulations in Canada or the United States however there is no certainty that this exclusion could not be altered by court or governmental action or re-interpretation. If either muscimol or products containing extracts from *Amanita muscaria* would become controlled substances, the Company may need to seek to adjust its product development efforts to ensure compliance with applicable laws and regulations. Please

see Section 17 – Risk Factors – Risks Related to Regulatory Environment. As such, the Company has decided to develop, register, and market its *Amanita muscaria*-derived products as NHPs in Canada and as dietary supplements in the United States. Please see Section 4.1. – General Business Description – Principal Products and Markets – Regulatory Environment.

Given that little scientific work has been completed by others to date to fully characterize the effects of *Amanita muscaria* on the human body, the Company will be required to conduct certain pre-clinical studies a part of the product development process to ensure ingredient safety and to obtain applicable regulatory approvals (Please see Section 4.1. – General Business Description – Principal Products and Markets – Regulatory Environment.). To that end, the Company has engaged the services of KGK Science and Flora Research Laboratories, LLC ("**Flora Research**") to assist with completing work related to ingredient safety (being toxicology tests to ensure the FDA's NDI standard of reasonable expectation of safety for human consumption is met), identity testing, specifications and formulation. Each of KGK Science and Flora Research are arm's length parties to the Company, Psyched Wellness and their respective officers and directors.

On April 13, 2020 Psyched Wellness entered into a non-binding letter of intent (the "**Coldhaus Agreement**" with Coldhaus Distribution Inc. ("**Coldhaus**"), pursuant to which Coldhaus confirmed its interest in distributing the Company's products once the product development is completed and the requisite regulatory approvals are obtained. Coldhaus is a Brampton, Ontario based premium beer, wine, and spirits distributor, providing logistics solutions to breweries, wineries and distilleries. Coldhaus' service offering is focused on providing a "one stop shop" logistics solutions, such as managing route to market, delivery fleets, warehouse facilities, inventory management, customer delivery, batch tracking on invoice, marketing material delivery, order collections and others. Pursuant to the Coldhaus Agreement the parties agreed to use their good faith efforts to enter into a definitive agreement that will set out the terms of the exclusive distribution relationship between the parties for a period of five years from the date of signing, unless terminated by either party by 180 days' notice. The definitive agreement will also set out definitive terms of the relationship including the rate schedule, products to be distributed, payment terms and duties of the parties.

Demonstrating product safety at pre-determined levels of dosage is an integral part of the regulatory process to register its products with the FDA and Health Canada. The Company has engaged the services of KGK Science to guide the Company through the dietary supplement and NHP regulatory processes with the FDA and Health Canada, respectively, and to complete the necessary pre-clinical animal toxicology studies and identity characterization to demonstrate the safety of the formulated products. As noted below, although KGK believes that pre-clinical studies will be sufficient to obtain the necessary FDA and Health Canada approvals, it is possible that additional testing will be required. KGK Science is a full-service CRO based in London, Ontario that is focused on nutraceutical and cannabinoid industries, providing scientific and regulatory services to its clients. KGK Science has experience in conducting various scientific studies including clinical and pre-clinical trials and has assisted its clients with various regulatory matters relating to product development and securing regulatory approvals for nutraceutical products, including the following: GRAS conclusions, NDI notifications, master file applications, Product License Applications, FDA citizen petitions, label claims, guidance on regulatory matters, and federally-compliant marketing for health and wellness products.

On April 28, 2020 Psyched Wellness entered into the First Research Services Agreement with KGK Science to prepare a preliminary toxicological assessment report to provide Psyched Wellness with an initial assessment of known constituents in *Amanita muscaria* for the purpose of manufacturing water-based extracts in liquid supplements and other formulations. Subsequent reports to be prepared by KGK Science are geared toward a determination of the permissible regulatory routes to market in Canada and the United States. The preliminary toxicological report was delivered to Psyched Wellness on May 18, 2020 and

identified no critical flaws with the Company's product development plan, allowing the Company to finalize its specifications and product formulations. In consideration for the First Research Services Agreement, Psyched Wellness paid a fee to KGK Science in the amount of \$38,520 (inclusive of HST), \$30,600 of which was payable on signing of the First Research Services Agreement and the balance was payable on delivery of the preliminary toxicological assessment report, all of which have been fully paid.

As a part of the services provided to the Company under the First Research Services Agreement, KGK Science provided initial guidance regarding the applicable broad regulatory requirements that the Company needs to attain with respect to its products. In order to permit the sales of *Amanita muscaria* water-based extracts in Canada and the United States, the Company's products must be registered as an NHP in Canada and the ingredient must navigate the NDIN pathway as a new dietary ingredient for use in dietary supplements in the United States. In order to secure approval of *Amanita muscaria* as an NHP in Canada, the Company is required to submit a Product License Application with the NNHPD, and to secure approval in the United States it must submit an NDIN dossier on identity and safety with the FDA. The FDA and NNHPD must approve the dossiers to their satisfaction before the sale of products is permitted in Canada and the United States, respectively. Notwithstanding that the Company is seeking approvals for market introduction in the United States and Canada concurrently, the two applications are not conditional on each other. Details of the regulatory process and applicable regulations are outlined in *Section 4.1. – General Business Description – Principal Products and Markets – Regulatory Environment*.

In terms of formulation, the Company has completed an initial pilot evaluation of various extraction processes suitable for manufacturing and processing *Amanita muscaria* water-based extracts. In May 2020, the Company purchased an initial supply of dried *Amanita muscaria* mushroom caps to use in its research and development on the extraction process. Flora Research was retained by the Company to complete this process. Flora Research is a CRO based in Oregon that is focused on authentication of natural plant-derived essential oils in the aromatherapy, flavor and fragrance industries. Flora Research is proficient with using botanical organoleptic authentication techniques to confirm identity of raw material as well as various phytoforensic chemical fingerprint screening methods used to further confirm raw materials identity. In June 2020, the Company sent Flora Research five different samples of *Amanita muscaria* caps and suggested five different extraction methods to test. These tests have now been completed and the Company has selected an extraction process that minimizes the levels of ibotenic acid in *Amanita muscaria*-derived water-based extract to a safe level for human consumption. Flora Research also confirmed that the selected extraction process is appropriate to utilize on a commercial scale. Psyched Wellness paid a one-time fee of USD\$3,600 to Flora Research for its services. Psyched Wellness may continue working with Flora Research to complete its product development efforts as it moves through the pre-clinical studies with KGK Science and collaborates with potential CMOs to develop SOPs for manufacturing the Company's products.

In May 2020, Psyched Wellness began collaborating with the Initial CMO on developing manufacturing methods for the Company's products once development and formulation is completed. The Company has been in communication with representatives of the Initial CMO to determine the manufacturing specifications for the Company's products. The Company has not yet entered into any agreements with the Initial CMO and will make the determination of the appropriate CMO to use once it is closer to the commercial launch of the Company's first products. Please see *Section 4.1. – General Business Description – Principal Products and Markets – Operations and Production*.

On July 13, 2020 Psyched Wellness entered into the Second Research Services Agreement with KGK Science to assist Psyched Wellness with preparing the NDIN dossier with the FDA and the Product License Application submission to NNHPD. Pursuant to the Second Research Services Agreement, KGK Science will conduct pre-clinical toxicology studies required to determine a safe daily serving level for the initial *Amanita muscaria*-derived water-based extract product line for human consumption. The NDIN pathway represents the pre-market gate for entering the US dietary supplement marketplace. Please see *Section 4.1.*



– *General Business Description – Principal Products and Markets – Regulatory Environment*. Pursuant to the terms of the Second Research Services Agreement, Psyched Wellness has agreed to pay KGK Science the following fees:

- A fee of \$42,700 to provide Psyched Wellness the regulatory services required to document the product formulation and development efforts to enable Psyched Wellness to submit the Product License Application to NNHPD; and
- A fee of USD\$288,600 to conduct various pre-clinical studies required to determine the safe daily serving level for the initial *Amanita muscaria*-derived water-based extract line by conducting a maximum tolerated dose study, a dose-range finding study, and a 90-day sub chronic oral dosing study in rodents. The fee also includes collating analytical, identity, and quality documentation together with the safety studies to enable Psyched Wellness to submit the NDIN submission with the FDA and the Product Licence Application in Canada.

The Second Research Services Agreement was effective as of July 13, 2020 and continues until KGK Science has completed all services contemplated in this Agreement, provided that KGK Science may terminate the agreement by giving 30-day notice to Psyched Wellness.

The Company's ability to complete the NDIN submission with the FDA and the Product License Application with NNHPD is dependent on the outcome of the pre-clinical studies being conducted by KGK Science pursuant to the Second Research Services Agreement, insofar as the conclusions of the pre-clinical studies need to demonstrate that the proposed serving level of *Amanita muscaria* constituents in the water-based extract are safe for human consumption. The planned pre-clinical studies are exclusively animal studies designed, in this case, to demonstrate reasonable expectation of safety of the new dietary ingredient contained in finished dietary supplement products. These studies involve collecting *in vivo* (animal) experiment data, which can be used to extrapolate to safe serving levels in humans. Clinical trials involve studies in humans, but at this time it is not anticipated that clinical studies for safety will be required. In order to make a structure/function or health claim on a product in the United States or Canada, one would need to conduct a clinical study for demonstration of statistically significant efficacy for that claimed effect; however, the Company is not proposing to make any such claims. Canada does require a claim in order to sell in the Canadian market, but the Company is able to provide something as straight forward as an antioxidant claim. It is anticipated that an antioxidant claim would not need a clinical trial and the Company could rely on *in vitro* or animal data from public literature although there is no certainty that this will be the case. Please see *Section 17 – Risk Factors*.

The scope of work under the Second Research Services Agreement will cover the necessary pre-clinical studies that need to be completed to enable the submission of a NDIN to the FDA and a Product License Application to NNHPD. Based on the guidance that the Company received from KGK Science, pre-clinical studies will be sufficient to demonstrate the safety of the ingredient for human use and the Company does not anticipate that clinical studies will be required in order to submit the NDIN application to the FDA, as clinical studies are generally only required for products that make efficacy claims, which the Company does not intend to do initially, for products that will be sold in the United States. As NHPs are considered low-risk drugs in Canada, an NPN cannot be obtained without a health claim being made. This may be limited to general health support claims, such as nutrient content claims, which are also permitted to be made for dietary supplements in the United States. Initially, the Company intends to pursue a “source of antioxidants” claim, which may not require clinical evidence for substantiation. There is no assurance that the results from pre-clinical animal studies that KGK Science will complete pursuant to the Second Research Services Agreement will be sufficient to satisfy the requirements to enable the NDIN submission to the FDA or the Product License Application to NNHPD to be approved. It is possible that the FDA or NNHPD could request additional studies, including clinical studies. Furthermore, NNHPD and FDA have sole discretion in Canada and the United States, respectively, to accept or reject the product applications on

the basis of toxicity of the raw ingredients, the intended use of the product, available safety data supporting the product, or INDs previously filed by other companies. If further studies are required to be completed in order to obtain FDA or NNHPD approval to demonstrate the safety of the Company's products, the Company may face delays in achieving commercial sales and additional costs required to complete the necessary studies. Please see *Section 17 – Risk Factors*.

The Company intends to commence the process of applying for FDA and Health Canada approvals for muscimol, extracted from *Amanita muscaria*, upon completing the pre-clinical studies with KGK Science, pursuant to the Second Research Services Agreement. It is anticipated that such studies will be concluded in July-August 2021. While the studies are underway, the Company will be working with KGK Science to prepare the materials for the NDIN submission to the FDA and the Product License Application to the NNHPD. The Company anticipates that the NDIN and Product License Application submissions will be made in July-August 2021, immediately upon conclusion of the pre-clinical studies with the up to 210 day waiting period referenced below commencing thereon. Please see *Section 4.1. – General Business Description – Significant Events and Milestones*. Concurrently, the Company will continue its preparation for the product launch to ensure that if and when such approvals are received that it will be in a position to proceed with a commercial launch of its first product immediately upon receiving the regulatory approvals. Prior to achieving commercial sales, in addition to securing the regulatory approvals from the FDA and NNHPD the Company will also need to enter into definitive agreements with a CMO to contract manufacture its products. As noted above, the process of identifying suitable CMOs is ongoing. Please see *Section 4.1. – General Business Description – Principal Products and Markets - Operations and Production*.

### **3.2. Three Year History and Significant Acquisitions**

#### *Corporate Developments During the Year Ended November 30, 2017*

There were no material events that occurred during the year ended November 30, 2017.

#### *Corporate Developments During the Year Ended November 30, 2018*

The Company entered into debt settlement agreements dated August 22, 2018 with its two largest creditors: the Estate of Ian McAvity and Eric Salsberg, the estate of the former CEO of the Company and the Chairman of Audit Committee, which on May 14, 2019, settled \$301,989 and \$136,664 of outstanding principal amount of term loans (plus accrued interest), respectively, through the issuance of 1,462,178 Common Shares ("**2018 Debt Settlement Shares**"). Based on the Consolidation ratio, the 2018 Debt Settlement Shares were issued at an adjusted price of \$0.30 per Common Share on May 14, 2019.

On October 9, 2018, the Company completed the CD Private Placement for gross proceeds of \$250,000. A condition of closing of the CD Private Placement was that the Estate of Ian McAvity and Eric Salsberg were to sell the 2018 Debt Settlement Shares to the investors participating in the CD Private Placement plus one other investor at a price equal to 20% of the principal amount of the debt and accrued interest. Share purchase agreements between the investors, the Estate of Ian McAvity and Eric Salsberg, respectively, were entered into and the transaction was completed on May 14, 2019.

#### *Corporate Developments During the Year Ended November 30, 2019*

On December 18, 2018, at the Company's annual general meeting of Shareholders, Shareholders approved a resolution empowering the Board to affect the Consolidation. The Consolidation was completed on February 1, 2019.

At the annual general meeting of Shareholders, the Company asked Shareholders to provide the Board with the discretion to complete Delisting, which was given. The Board believed that having such flexibility may

enable the Company to pursue certain opportunities within and/or outside the resource sector. The voluntary Delisting was approved by the TSXV and the Common Shares were delisted from the TSXV on May 9, 2019.

On March 11, 2019, the Company issued the First Promissory Note in the principal amount of \$30,000.

On April 2, 2019 John Langmuir was appointed as the Chief Financial Officer and Corporate Secretary of the Company, replacing Harold J. Doran.

Following the completion of the Consolidation and Delisting, the Convertible Debentures effectively became convertible into one Common Share (and no warrants) at a price of \$0.30 per Common Share, adjusted to account for the Consolidation.

On October 9, 2019, immediately prior to its maturity, the Convertible Debentures were converted into 917,800 Common Shares, at the adjusted conversion price of \$0.30 per Common Share.

On October 10, 2019 Hasan Zaidi was appointed as the Chief Financial Officer of the Company, replacing John Langmuir.

On October 23, 2019, the Company issued the Second Promissory Note, in the principal amount of \$17,203.

#### *Corporate Developments Subsequent to Year Ended November 30, 2019*

##### ***Corporate Developments – Psyched Wellness (Pre-Share Exchange)***

On March 25, 2020 Psyched Wellness issued 17,999,900 Psyched Wellness Shares at a price of \$0.005 per Psyched Wellness Share. Cash proceeds of \$14,850 were received in connection with the issuance of 2,970,000 Psyched Wellness Shares and the balance of 15,029,900 Psyched Wellness Shares were issued for services valued at \$75,149.50. Please see *Section 10.7 – Prior Sales*.

On March 25, 2020, Jeffrey Stevens was appointed as Chief Executive Officer and Director and David Shisel was appointed as a Chief Operating Officer of Psyched Wellness, and entered into the Stevens Agreement and Shisel Agreement, respectively. Please see *Section 15 – Executive Compensation – Changes to Executive Compensation Subsequent to Year Ended November 30, 2019*.

On March 27, 2020, Michael Nederhoff and Nicholas Kadysh were appointed as directors of Psyched Wellness and entered the Nederhoff Agreement and Kadysh Agreement, respectively, on March 27, 2020. Please see *Section 15 – Executive Compensation – Changes to Executive Compensation Subsequent to Year Ended November 30, 2019*.

On April 6, 2020, Terry Booth was appointed as a director of Psyched Wellness.

##### ***Corporate Developments – The Company***

On January 27, 2020 Keith Li was appointed as the Chief Financial Officer and Corporate Secretary of the Company, replacing Hasan Zaidi.

On March 6, 2020, David Shaddrick resigned as a director of the Company.

On April 23, 2020, the Company closed the Seed Financing issuing an aggregate of 33,500,000 Common Shares for aggregate gross proceeds of \$670,000.

On April 23, 2020, the Company completed the 2020 Debt Settlement by settling an aggregate of \$141,001.80 of indebtedness owed to certain arms-length and non-arm's length creditors through the issuance of an aggregate of 7,050,090 Common Shares.

On April 23, 2020, the Company paid off the outstanding principal balance and interest thereon of the First Promissory Note and the Second Promissory Note in the aggregate amount of \$60,378.

On May 5, 2020 Jeremy Goldman and Eric Salsberg resigned as directors of the Company, and Brian Presement resigned as a director and Chief Executive Officer of the Company. See "*The Share Exchange*" below.

On May 5, 2020, the Company entered into the Pooling Agreement with certain holders of Common Shares, whereby the subscribers to the Seed Financing and 2020 Debt Settlement, as well as certain holders of Common Shares issued to former shareholders of Psyched Wellness pursuant to the Share Exchange, whereby such Shareholders have agreed to certain restrictions on the resale of the Common Shares. Please see *Section 11 – Escrowed and Pooled Securities*.

At the Meeting held on June 30, 2020, the Shareholders approved resolutions to: (i) fix the size of the Board at five; (ii) elect Jeffrey Stevens, Michael Nederhoff, Terry Booth, Chris Hazelton and Nicholas Kadysh as directors of the Company; (iii) re-appoint Clearhouse LLP as auditor of the Company for the ensuing year; (iv) confirm and ratify the New Option Plan; (v) approve a special resolution authorizing a change of name of the Company to "Psyched Wellness Ltd."; and (vi) approve a special resolution authorizing the Board to fix from time to time the number of directors to be elected at annual general meetings of the Shareholders between the minimum and maximum number of directors permitted by the Company's articles.

On July 13, 2020, the Company granted a total of 7,312,000 Stock Options to certain employees, officers, directors, and consultants of the Company. The Stock Options were granted in accordance with the terms of the New Option Plan. The Stock Options are exercisable into Common Shares at a price of \$0.10 per Common Share, and expire on July 13, 2025, and follow a vesting schedule, with the stipulation that the option holder is required to be an officer, director and/or consultant to the Company for at least three months from the date of issuance before their Stock Options are treated as vested.

On September 10, 2020 completed a gap assessment and path to market assessment including assessment of permissible label claims and requirements for substantiation in Canada and the United States.

### ***The Share Exchange***

On May 5, 2020, the Company completed the Share Exchange in accordance with the Share Exchange Agreement, pursuant to which the Company acquired all of the issued and outstanding Psyched Wellness Shares. Upon closing of the Share Exchange, Psyched Wellness became a wholly-owned subsidiary of the Company. Upon closing of the Share Exchange, the Company's assets and resources were redeployed to focus on the development, manufacturing, marketing, selling, and distributing of mushroom-derived products and associated consumer packaged goods. Through the Share Exchange, the Company acquired the business of Psyched Wellness, which includes the following:

- Know-how and any intellectual property rights to the *Amanita muscaria*-derived water-based extract formulations developed by Psyched Wellness together with third parties and all business relationships related thereto;
- The Psyched Wellness business plan;
- Consulting agreements with key management personnel, including the Stevens Agreement, Shisel Agreement, Nederhoff Agreement and Kadysh Agreement;
- The strategy briefing and the work product and all related rights to work product from presentations of the branding company;
- The First Research Services Agreement;
- The domain name [www.psyched-wellness.com](http://www.psyched-wellness.com) and email addresses relating to the foregoing; and the Psyched Wellness Facebook, Instagram and Twitter pages; and
- All right, title, and interest in and to any verbal agreements, contract negotiations and purchase orders with formulators, mushroom suppliers, packagers, web marketers, distributors and other suppliers and consultants.

The purchase price for the Share Exchange was \$360,000 and was satisfied in full by the Company issuing to holders of Psyched Wellness Shares an aggregate of 18,000,000 Common Shares at a deemed price of \$0.02 per Common Share. The purchase price and other terms of the Share Exchange Agreement were negotiated at arm's length with the Board of the Company and the board of Psyched Wellness. The Share Exchange is an arm's length transaction as none of the Related Persons of the Company had any ownership interest in Psyched Wellness or were Related Persons of Psyched Wellness prior to the Share Exchange.

Upon closing of the Share Exchange, Jeffrey Stevens was appointed Chief Executive Officer and a director of the Company, David Shisel was appointed Chief Operating Officer of the Company, and Michael Nederhoff, Nicholas Kadysh and Terry Booth were appointed as directors of the Company. Please see *Section 13.1 – Directors and Officers* for more information regarding Jeffrey Stevens and David Shisel, and *Section 15 – Executive Compensation* for more information regarding the Stevens Agreement and the Shisel Agreement.

Upon completion of the Share Exchange former shareholders of Psyched Wellness have exchanged 18,000,000 Psyched Wellness Shares for 18,000,000 Common Shares, representing approximately 28.2% of the Common Shares issued and outstanding after completion of the Share Exchange, and the balance 71.8% were held by the Shareholders of the Company. As such, the Share Exchange was not considered a 'reverse takeover' under applicable securities laws.

### ***Series A Financing***

On May 12, 2020, the Company announced that it was undertaking a Series A Financing of a minimum of 30,000,000 Common Shares and a maximum of 40,000,000 Common Shares, at a price of \$0.10 per Common Share to raise gross proceeds of a minimum of \$3,000,000 and a maximum of \$4,000,000. The Company agreed to (i) pay a finders' fee in cash in the amount of up to 8% of the amount placed with subscribers introduced to the Company by the eligible finders and (ii) issue Broker Warrants to acquire a number of Common Shares equal to 8% of Common Shares sold to those subscribers.

On May 22, 2020, the Company closed the first tranche of the Series A Financing by issuing a total of 16,370,000 Common Shares for gross proceeds of \$1,637,000. The Company paid cash finders fees of \$63,200.00 and issued 632,000 Broker Warrants exercisable until May 22, 2022 in connection with the subscriptions totaling \$793,000. No cash finders' fees were paid and no Broker Warrants were issued in connection with the balance of \$844,000 of subscriptions of the first tranche of the Series A Financing.

On June 1, 2020, the Company closed the second tranche of the Series A Financing by issuing a total of 22,315,000 Common Shares for gross proceeds of \$2,231,500. The Company paid cash finders fees of \$173,720.00 and issued 1,737,200 Broker Warrants exercisable until June 1, 2022 in connection with the subscriptions totaling \$2,171,500. No cash finders' fees were paid and no Broker Warrants were issued in connection with the balance of \$60,000 of subscriptions of the second tranche of the Series A Financing.

On July 31, 2020, the Company closed the third tranche of the Series A Financing by issuing a total of 1,875,950 Common Shares for gross proceeds of \$187,595. No cash finders' fees were paid and no Broker Warrants were issued in connection with closing the third tranche of the Series A Financing.

The aggregate number of Common Shares issued in the Series A Financing was 40,560,950 for total gross proceeds of \$4,056,095. Aggregate cash finders' fees paid pursuant to the Series A Financing were \$236,920.00 and the aggregate number of Broker Warrants issued was 2,369,200.

All securities issued in the Series A Financing were subject to a statutory hold period, expiring four months and a day from the date of issuance.

### **3.3. Trends, Commitments, Events or Uncertainties**

The Company has no history of operations in the health supplement industry. Even if the Company is successful in commencing commercial operations, there is no guarantee that the business model of producing and selling the mushroom-derived products will be a viable business. Significant funds are

required to establish operations, distribution channels, hire and retain staff and initiate marketing efforts. There are no current trends in the Company's business that are likely to impact on the Company's performance.

Consumer demand for mushroom-based products has seen steady growth over the past decade as consumers have become more aware of their nutritional profile and have sought to incorporate, "functional foods" and nootropics<sup>1</sup> in their diets. One of the types of functional foods includes various types of mushrooms, such as reishi, cordyceps, chaga and others, which are believed to contain various nutrients and vitamins, and antioxidant properties presenting various health benefits such as improving antioxidant activity in the body and reducing inflammation. According to Technavio, a London, UK based market research firm the global functional mushrooms market is poised to grow by USD\$13.88 billion during the period between 2018-2022, progressing at a capitalized annual growth rate of more than 9% during that period<sup>2</sup>. In addition, Food Navigator found that year-on-year sales for food products incorporating mushroom extracts have risen between 200-800%, depending on the variety.<sup>3</sup> The Global functional mushroom market was estimated at USD\$5.8 billion in 2018 according to Mordor Intelligence, Avinash Desamangalam, 2018<sup>4</sup>.

North American and European eating trends reflect a changing pattern towards health foods. These changes show increased consumer awareness towards organic foods and foods that confer health benefits, as well as nutrition and general health. According to Imbibe Inc., an Illinois-based beverage developer, a number of niche brands are gaining mainstream attention using ingredients with adaptogenic properties<sup>3,5</sup> - non-toxic substances and especially plant extracts that support the body's response to stress as well as promote physiological functions. Accordingly, the Company believes increased demand for mushroom-based products will assist it in completing its business objectives<sup>6</sup>.

The Company believes that its mushroom-based products meet or will meet those consumer requirements on the basis that:

- according to Nashville, Tennessee based Dr. Josh Axe, certified doctor of natural medicine and clinical nutritionist, mushrooms such as reishi and other adaptogenic herbs have a number of health benefits, including antioxidant properties that allow them to support heart health, immune system health, and more<sup>7</sup>; and
- the Company will require that its CMOs will hold the required compliance certifications including, but not limited to, USDA Organic Certification, Fair Trade Certifications (Canada), Level 2 SQF Certification, HACCP, FSMA and KSA certifications.

There is an increasing culture of self-treatment by micro-dosing of natural plant extracts and mushrooms that poses health benefits, both physical and psychological. While the research on the field of micro-dosing plants and mushrooms is still limited, a number of medical professionals have been investigating their potential health benefits.<sup>8</sup>

Growth in the functional mushrooms market is being driven by the potential benefits of consuming mushrooms and products made from mushroom extracts. The promotion of active and healthy lifestyles as well as an increase in vegan populations around the world is anticipated to also boost the growth of the

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<sup>1</sup> Nootropics is a colloquial term that refers to drugs, supplements, and other substances that may improve cognitive function, particularly executive functions, memory, creativity, or motivation, in healthy individuals.

<sup>2</sup> <https://www.technavio.com/report/global-medicinal-mushrooms-market-analysis-share-2018>

<sup>3</sup> <https://www.foodnavigator-usa.com/Article/2017/12/15/Adaptogens-are-here-to-stay-but-marketing-them-effectively-will-require-creativity-and-innovation-say-experts>

<sup>4</sup> <https://www.mordorintelligence.com/industry-reports/functional-mushrooms-market>

<sup>5</sup> Adaptogens or adaptogenic substances are used in herbal medicine for the claimed stabilization of physiological processes.

<sup>6</sup> [https://www.bdc.ca/en/documents/analysis\\_research/Consumer\\_Trends\\_Report\\_EN.pdf](https://www.bdc.ca/en/documents/analysis_research/Consumer_Trends_Report_EN.pdf)

<sup>7</sup> <https://draxe.com/nutrition/reishi-mushroom/>

<sup>8</sup> <https://harmreductionjournal.biomedcentral.com/articles/10.1186/s12954-019-0308-4>

functional mushrooms market in future years.<sup>9</sup> A report by Data Bridge Marketing Research suggests the functional mushroom market is expected to reach USD\$78.8 billion by 2025, growing at a CAGR of 9.5% during the forecast period of 2018 to 2025.<sup>10</sup>

Please refer to discussions set out in *Section 4 – Narrative Description of the Business*, *Section 6 – Management's Discussion and Analysis* and *Section 17 – Risk Factors*.

## **4. Narrative Description of the Business**

### **4.1. General Business Description**

The Company is a Canadian-based health supplements company dedicated to the distribution of mushroom-derived products and associated consumer packaged goods. As it is anticipated that the Company's mushroom-derived products will not contain ingredients that are currently classified as controlled substances in Canada and the United States and will not be regulated as controlled substances, the products may be distributed through conventional channels in the food supplement category.

### **Business Objectives**

The Company is taking steps to create premium mushroom products to compete in the emerging functional food market. The Company is in the process of developing a line of *Amanita muscaria*-derived water-based extract products, teas and capsules designed to help with three health objectives: promote stress relief and relaxation, assist with sleeping and to support mood. To management's knowledge, the Company is the only player in the functional foods industry to research *Amanita muscaria* for the purpose of creating products derived from *Amanita muscaria* derived water based extract products, and it intends to pursue an aggressive multi-pronged distribution plan to reinforce its early-mover advantage in that regard.

### **Significant Events and Milestones**

In the upcoming 12 months, the Company intends to pursue the following milestones:

1. Complete formulation and product development of *Amanita muscaria*-derived water-based extract products. The Company estimates this milestone will cost approximately \$430,000. The work to complete this milestone is currently underway and the Company expects that research and development will be completed in July-August 2021. In this respect, the Company is actively working to:
  - Complete the required studies, pursuant to the Second Research Services Agreement with KGK Science in order to determine ingredient dosage for the Company's initial *Amanita muscaria*-derived product line by conducting dose-range finding study in rats and an oral toxicity study in rats.
  - Complete lab analysis on the selected extraction process and commission the final substance report to confirm the efficiency of the extraction method as it applies to the desired product formulation of the Company's products.
  - Complete several lab tests of extractions from various sources of raw material and writing specifications for the extracted substance.

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<sup>9</sup> <https://www.businesswire.com/news/home/20181106005421/en/Global-Medicinal-Mushrooms-Market-2018-2022---Health-Promoting>

<sup>10</sup> *Medicinal Mushroom Market Future Outlook to 2026* | Bonduelle Fresh, Costa Pty Ltd, Drinkwater's Mushrooms Limited, Lutece Holdings B.V., Monaghan Mushrooms Ireland, others

- Complete documentation of the Company's products by finalizing master file document and safety data sheet.
  - Complete accelerated stability test (being a test used to determine the expiry date of the Company's products).
  - Complete packaging design by an industrial product development agency.
2. Complete regulatory submissions to register the products in Canada and the United States. The Company expects that NDIN submission with the FDA will occur in July-August 2021 and that the Product License Application with Health Canada will occur contemporaneously with the submission to the FDA. The Company will work with KGK Science pursuant to the Second Research Services Agreement to complete the required regulatory submissions. The Company estimates that the cost of the NDIN submission at approximately \$90,000 and the cost of the Product License Application at approximately \$7,000. In this respect, the Company is actively working to:
- Compile the information from the research and development efforts to prepare the NDIN submission and request a pre-submission meeting with the FDA.
  - Compile the information from the research and development efforts to prepare the Product License Application and request a pre-submission meeting with Health Canada.
  - Complete the NDIN submission with the FDA.
  - Complete the Product License Application with Health Canada.
3. Work to secure regulatory approvals that are required to allow commercial sales of the product from Health Canada and the FDA, as well as the local state or provincial authorities if applicable. Assuming the application is accepted into the queue immediately by Health Canada following submission, the Company expects that the approval process will be complete within 210 days from the submission of the respective applications to each of the FDA and Health Canada. The Company does not anticipate additional costs associated with securing approvals, as it is expected that changes to the submission and provision of additional information will be covered under the Second Research Services Agreement, but it has nonetheless budgeted an additional \$20,000 for contingencies relating to securing regulatory approvals for its products.
4. Establish the supply chain and manufacturing relationships for commercial-scale production of its initial *Amanita muscaria*-derived water-based extract product. The Company does not expect that entering into these relationships will result in significant costs as the work will be performed by the Company's management the cost for which is already included in the operating expenses budget. The Company has estimated an additional \$20,000 to budget for contingency costs associated with this milestone. The Company will work to advance this milestone concurrently with the research and development process (outlined in step one above) and regulatory approval process (outlined in steps two and three above). The Company expects to have this milestone completed by the end of 2021.
- Enter into definitive contract with the Initial CMO (or an alternative CMO that the Company selects) to manufacture the product set to Company's specifications and necessary product labelling requirements.
  - Secure supplier to provide empty containers and packaging for the Company's products.
  - Complete evaluation of various web fulfillment and logistics companies and secure services to carry the Company's products in Canada and the United States.



- Enter into a definitive agreement with one or more product distributors in the United States and in Canada.
  - Complete channel checks with selected retail stores to verify interest level and pricing and finalize brick-and-mortar marketing and distribution plan.
  - Secure product liability insurance.
  - Complete development of online storefront and develop an online affiliate network to generate additional sales on the Company's online store
5. Prepare for commercial launch of *Amanita muscaria*-derived water-based extract product line. The Company estimates this milestone to cost approximately \$50,000, based on the estimated production cost of \$10 per unit and an initial batch of 5,000 units. The Company expects that the CMO will begin manufacturing the extract product once the product formulation and product dosage is finalized. The Company will take steps to prepare for commercial launch once the permitting is underway and expects that the commercial launch will occur immediately after the regulatory approvals are granted by the FDA and Health Canada. The Company has allocated approximately \$200,000 for its efforts relating to product marketing. While the Company does not believe that a significant amount of expenditures will be required for the marketing of the initial batch, management believes that building brand equity early on is important for the commercial success of the Company's product roll-out strategy. Set out below are the steps which management intends to undertake in this regard:
- Complete a test product launch with a select sample of natural health retail stores.
  - Complete an initial commercial manufacturing product batch of 5,000 units.
6. Corporate Milestones. The Company is pursuing the following additional milestones which it estimates to cost approximately a total of \$100,000, which is primarily comprised of legal fees, audit fees and costs relating to Listing:
- Secure a social media marketing firm and begin development of its social media channels.
  - Complete branding artwork, including securing services of a branding and web development agency to develop the Company's social media pages, website, product label marketing strategy etc.
  - Complete Listing on the CSE.
  - Begin development of the second and third product lines.

### **Total Funds Available and Principal Purposes**

The Company has historically relied upon equity financings to satisfy its capital requirements and will continue to depend heavily upon equity capital to finance its activities. As at October 5, 2020, the Company had working capital of approximately \$3,349,796 (unaudited).

The following table sets out the estimated available funds and the proposed principal uses for those funds:

<b>Total Available Funds</b>	<b>\$3,349,796</b>
<b>12 Month Commitments <sup>(1)</sup></b>	

Complete formulation and product development of <i>Amanita muscaria</i> -derived water-based extract product line.	\$215,000 <sup>(2)</sup>
NDIN Submission with the FDA	\$90,000
Product License Application with Health Canada	\$7,000
Contingencies relating to securing regulatory approvals	\$20,000
<i>Amanita muscaria</i> -derived water based extract product initial product run	\$50,000
Establish the supply chain and manufacturing relationships for commercial-scale production of <i>Amanita muscaria</i> -derived water-based extract product	\$20,000
Marketing Budget	\$200,000
Legal Fees and Other Listing Costs	\$50,000 <sup>(3)</sup>
12-Month Operating Expenses	\$768,000
<b>Total 12 Month Commitments</b>	<b>\$1,420,000</b>
<b>Excess Funds Available to the Company</b>	<b>\$1,929,796</b>

**Notes:**

(1) As outlined in the summary above relating to Significant Events and Milestones.

(2) As noted above, the budget for this item is \$430,000 of which \$215,000 has been spent to date.

(3) As noted above, the budget for this item is \$100,000 of which \$50,000 has been spent to date.

The above uses of available funds should be considered as estimates only. Depending on cash generated from its initial product launch of *Amanita muscaria*-derived water based product, the Company may seek additional capital by way of debt or equity financing to finance its future business plans, including development, permitting and commercial launches of subsequent products. Notwithstanding the proposed uses of available funds discussed above, there may be circumstances where, for sound business reasons, a reallocation of funds may be necessary. Given this is an emerging functional food category, it is difficult at this time to definitively project revenue or the commensurate funds required to affect the planned undertakings of the Company. For these reasons, management considers it to be in the best interests of the Company and its Shareholders to afford management a reasonable degree of flexibility as to how the Company's funds are deployed among the above uses or for other purposes, as the need may arise.

## **Principal Products and Markets**

### **Products and Services**

The Company is currently a research and development-stage company and has no revenue. The Company is developing formulations for mushroom derived products beverages and associated consumer packaged products and intends to commercialize the products once the development is complete.

The Company's core business is development, commercialization and sale of functional food products derived from mushroom extracts. The products are known as NHPs in Canada, dietary supplements in the United States and have other similar or equivalent product qualification in other countries. The Company will seek to commercialize these products only in those jurisdictions where business related to the products

may be conducted legally under all applicable laws and regulations and provided all appropriate governmental permits and authorization have been obtained. Please see "*Regulatory Environment*".

#### *About Amanita muscaria*

The initial product line that the Company is developing will BE derived from *Amanita muscaria* mushrooms. *Amanita muscaria's* appearance is characterized by a large white-gilled, white-spotted, usually red mushroom, and is one of the most recognizable and widely encountered in popular culture.

#### *Product Research and Development*

The Company is currently focused on formulating and developing three main product lines:

Product Line	Description and Characteristics	Stage
<b>Flagship Amanita muscaria-derived Water Based Extract Product Line</b>	The <i>Amanita muscaria</i> -derived water-based extract product line is focused on the diverse range of health benefits that are popularly believed to exist from the components of this mushroom. The Company also intends to develop subsequent SKUs within this product line that may contain a mixture of other functional mushrooms believed to have health benefits, including but not limited to: Lions Mane, Turkey Tail and Reishi. The product is being positioned in a manner similar to functional health products including existing mushroom-based food products.	Formulation of the Company's first flavours is ongoing. The products are being developed with <i>Amanita muscaria</i> derived water based extract as its main ingredient. The current focus is on developing standard operating procedures with all its manufacturing partners as are required by all FDA and Health Canada compliant food and beverage companies. Branding work is in process with a marketing firm (see " <i>Marketing and Promotion</i> " below).
<b>Amanita Muscaria Derived Sleep Aid Tea</b>	The Company plans to subsequently develop a tea derived from <i>Amanita muscaria</i> derived water-based extract that is intended to promote ease of sleeping. The Company intends to add additional mushroom ingredients combined with calming flavours (e.g., chamomile) to further enhance the effect.	The Company expects the formulation of the tea line to take less time and research as the Company will rely on the work completed as a part of the <i>Amanita muscaria</i> -derived water-based extract product line development. KGK Science (or an alternative CRO that the Company may select) will begin work on this product once the Company has launched the commercial sales of the extract product line. Commercial launch of the tea line is expected to occur immediately after product development is completed and will be introduced into the distribution channels that the Company intends to have established at that time as a result of sales of the extract products.

Product Line	Description and Characteristics	Stage
<b><i>Amanita muscaria</i> Capsules</b>	Capsules that intend to promote stress relief and relaxation, assist with sleeping and to support mood have grown in popularity in recent years, and mushrooms are believed to provide many of these health benefits. While mushrooms will remain the "headline" ingredient, the product is also expected to contain other popular ingredients for brain health including traditional medicinal ingredients such as ginseng.	The Company recognizes the benefits and ease of a capsule for micro dosing and is conducting research and development on a formulation of a blend of <i>Amanita muscaria</i> derived water-based extract with other functional mushroom extracts.

The Company has secured the services of KGK Science pursuant to the First Research Services Agreement and commissioned a preliminary toxicological assessment report which identified no critical flaws with using *Amanita muscaria* for infusion into the products that the Company is developing.

The Company has entered into the Second Research Services Agreement with KGK Science to complete the subsequent phase of product development, which includes the following:

- Pre-clinical studies required to determine the dosage of the initial *Amanita muscaria*-derived water-based product line by conducting dose-range finding study in rats and an oral toxicity study in rats;
- Gap Assessment and US and Canada path-to-market analysis;
- Technical review of ingredient information and preparation of the NDIN submission with the FDA (please see "*Regulatory Environment*" below); and
- Master file application and the Product License Application submission with Health Canada (please see "*Regulatory Environment*" below).

The focus of pre-clinical studies to be completed under the Second Research Services Agreement, prior to the submissions with FDA and Health Canada is to conduct a more in-depth assessment and testing of *Amanita muscaria* derived water based extract to determine the safety margin for human consumption of various constituents and alkaloids contained in *Amanita muscaria*, determine ingredient dosage for the Company's products and assessment of the permissible label claims and requirements for substantiation. Pre-clinical studies include laboratory evaluation of product chemistry, formulation, and toxicity, as well as animal trials to assess the characteristics and potential safety and efficacy of the product. The conduct of the pre-clinical studies must comply with federal regulations and requirements, including GLPs (please see "*Regulatory Environment*" below). The results of pre-clinical studies are submitted to the FDA as part of an NDIN application and to Health Canada as a part of a Product License Application, along with other information, including information about product chemistry, manufacturing and controls, and a proposed pre-clinical trial protocol.

The Company also retained a consultant based in Washington state with expertise in mushroom extraction processes and is working to develop the SOPs suitable for preparing *Amanita muscaria*-derived water based extract products. The appropriate extraction method has been selected and the Company will continue to collaborate with the consultant on an as-needed basis while the product development is ongoing.

In addition to completing scientific studies on key ingredients, including *Amanita muscaria* derived water-based extract, the product development process also includes product formulation, which requires the selection of key ingredients to be included in its products. This is typically conducted in-house by management, but the Company may engage other consultants to assist with formulation and ingredient selection to achieve desired taste and other attributes. Following the integration, the Company's management conduct appropriate tests of the formulations to ensure satisfactory flavour profiles so the formulation can be adjusted, as necessary.

Once the necessary scientific studies are completed, the Company will then work with KGK Science to prepare the submission of the NDIN application with the FDA and Product License Application with Health Canada (please see the summary of the milestones and timelines *Section 4 – Narrative Description of the Business – General Business Description – Significant Events and Milestones*).

The Company is also collaborating with the Initial CMO to ensure that it has the necessary capabilities to manufacture the product to the desired specifications and using the SOPs for the extraction process that the Company has selected in collaboration with KGK Science and the Washington state based consultant. The Company has not entered into any written agreements the Initial CMO and intends to enter into definitive contract with the Initial CMO (or an alternative CMO that the Company may select) to extract and incorporate the ingredients into a specially designed extract product and manufacture it to the Company's specifications. Please see "*Operations and Products*". The Initial CMO has expertise in developing various food and drink products. CMOs may be subject to various regulations, including but not limited to holding a valid NHP Site License. Once the Company is satisfied with the final product it expects to commence marketing and sales. The Company will also need to ensure that the product labels are compliant with the regulatory requirements, which will differ by the jurisdiction where the products will be sold. Please see "*Regulatory Environment*".

Once the Company believes that the regulatory approval is imminent it will then engage with the Initial CMO (or an alternative CMO that the Company may select) to plan an initial manufacturing batch, the majority of which will be used for customer sampling and initial sales. Additional batches will be produced based on sales demand, and the Company expects the majority of these subsequent batches to be financed using revenue from the initial and subsequent batches (as the Company does not expect to produce additional batches until the prior batch sells out). Nevertheless, an additional cash outlay may be required to roll-out the additional batches given a portion of each batch would be used for sampling, and the Company will need to wait 30 to 60 days to receive payment for a portion of its sales.

The Company will, thereafter, focus on developing the tea and capsule product lines on the timeline set out in the table above. The Company believes these timelines are achievable because the majority of the formulation challenges lie in the infusion of *Amanita muscaria* derived water-based extracts into the products. When this challenge is solved for the initial product line, the task of formulating products with slightly different ingredient profiles (which is the key difference between the vitality and the brain/sleep products) is expected to be relatively simple and the Company expects that it can rely on the regulatory groundwork completed through obtaining approvals for the first *Amanita muscaria*-derived water based extract product.

In the future, the Company aims to research, develop, and produce natural products to promote overall physical and/or psychological wellness value from various other types of mushrooms, truffles and plants, which are permitted by applicable regulations.

The Company does not currently have any registered trademarks or patents. The Company intends to register trademarks following completion of further financings.

### *Methods of Distribution*

The Company's products are expected to be distributed in Canada and the United States through brick-and-mortar retail stores and via an online marketplace. As the Company's mushroom-derived products do not contain ingredients that are currently classified as controlled substances and are not regulated as controlled substances, it is expected that the products will be distributed through conventional channels in the food supplement category.

Once the Company commences sales of its products, it will seek to work with influencers, as well as natural product and health bloggers to bring into the public consciousness the physical and psychological health benefits of the Company's products. The Company also intends to develop and build-out temporary pop-up shops in certain targeted locations, where permitted by regulation.

The Company intends to use the following distribution channels:

Online – The Company plans to employ a similar campaign as other ingredient-driven functional food products. This involves using online affiliates networks that charge on a commission-only (cost-per-action) basis. The Company also intends to sell via its own corporate website and is endeavoring to get listings on major online retail sites. The Company expects to receive cash payments for sales via the affiliates and its own website prior to delivery, and payment within 30 to 60 days of purchases on major online retail sites.

Retail – In the brick-and-mortar category the products are expected to be distributed through: (1) health and wellness stores; (2) convenience stores and gas stations; (3) pharmacies (where permitted by regulation); and (4) third party distributors, which have capabilities to sell to independent grocers. The Board is composed of members with strong and deep backgrounds in consumer-packaged goods. The Company will benefit from these relationships to establish the initial footprint for distribution agreements and retail placement of products.

Initially, the Company intends to focus its distribution efforts on the Provinces of Ontario, British Columbia, and Quebec in Canada, and in the states of California, Washington and Colorado in the United States. The Company and its distribution partners will be subject to specific applicable laws and regulations relating to sales of natural health products and dietary supplements in those jurisdictions. Please see "*Regulatory Environment*".

### *Marketing and Promotion*

To maximize branding efforts, the Company has successfully secured the services of Influence Marketing, a branding and merchandising agency. This firm not only is accustomed to working on major national brands, but also has experience at marketing new product lines. At this time the Company has not entered into a formal agreement with Influence Marketing and the services being provided have been provided pursuant to a letter of intent at no cost to the Company. Once the Company's products have proceeded further through the regulatory approval process the Company intends to enter into a formal agreement with respect to these services. The Company also secured a contract with an Israel-based design agency to complete initial concept design and development of the branding for the initial product, which has now been completed. Under the terms of this agreement the services were provided over a 30 day period and the Company paid approximately \$7,500 for these services.

The Company also expects to build an e-commerce store. The e-commerce store will be developed by an external web development agency. The Company has also arranged for an affiliate marketing network, and the e-commerce store is being designed to integrate with this network.

The Company also has arranged for its social media campaigns. Social media has typically become the main source of advertising for functional food start-ups. The Company has secured several social media handles (e.g. on Twitter) and is also arranging for its social media postings to be re-posted by its retailers

as part of the wholesale pricing plans. The Company is endeavoring to buttress its social media campaigns with "blog ambassadors" who would write product reviews, thereby creating further online presence and content for the Company to feed through its social channels. The Company has already gained interest by certain noted bloggers in writing about the product. The Company intends to attend and present in the industry conventions and trade shows.

Once the Company starts selling its products, it will work with influencers and natural product and health bloggers to bring into the public consciousness the physical and psychological health benefits of the Company's products.

In addition, the Company is using a third-party white label supplier for accessories and complementary products such as t-shirts, small tea party kit, stickers, multi-use bags and hats made from natural mushrooms, LED light with the likeness of *Amanita muscaria* mushroom, etc.

Prior to commencing sales in US states and Canadian provinces, other than those listed above (see "*Methods of Distribution*"), the Company will review the applicable laws and regulations that apply to those jurisdictions. In regards to online sales the Company will utilize geofencing techniques for its virtual storefront to ensure that its products are not marketed or advertised in jurisdictions where it has not obtained requisite approvals, or where the regulations prohibit or restrict certain types of advertisements and marketing.

## **Operations and Production**

### *Raw Material Sourcing*

The Company sources the inputs for its products, including but not limited to the dried *Amanita muscaria* mushroom caps, from various third-party suppliers in Europe and North America.

The Company is in discussions with potential suppliers based in the state of Washington and in Eastern Europe that are able to procure dried *Amanita muscaria* mushroom caps and ship them to the CMO selected by the Company. Each of the suppliers and the CMO are required to comply with applicable regulations relating to the possession, processing and sale of *Amanita muscaria*-capsules, as well as the import and export regulations relating to NHPs and dietary supplements, as the case may be. Please see "*Regulatory Environment*".

Demand for mushrooms has traditionally matched supply resulting in a stable price. However, the growing popularity of mushrooms in the functional foods segment could cause a shortage in mushroom supply and cause the price to significantly increase.

The Company will only aim to buy from suppliers who do not misappropriate their crops from indigenous or protected lands, and who are ethical and trustworthy in all aspects of their business. To that end, the Company will require detailed chain of custody records from its raw material suppliers to ensure compliance with this requirement. The Company wishes to be a friend to nature, a friend to indigenous lands and cultures and a partner for a healthier planet.

### *Manufacturing*

The production process involves purchasing dried raw material from international food suppliers and delivering them to the Company's third-party CMOs. As the Company relies on third-party CMOs, they need to comply with the requirements set out by the applicable regulations in the jurisdictions they operate. Please see "*Regulatory Environment*".

The Company is collaborating with the Initial CMO in order to plan its manufacturing efforts upon receipt of requisite regulatory approval for its products from the FDA and Health Canada.

The Initial CMO holds ISO 9001 Quality Management, ISO 22716 Cosmetic cGMP and ISO 17025 Accredited Lab Facility (Testing and Quality Inspections) certifications, which the Company believes to meet the quality standard required for its products. The Initial CMO also holds a NHP Site License with NNHPD, which satisfies the regulatory requirements to manufacture the Company's products. Please see "*Regulatory Environment – Canada – Federal*".

While the ISO certifications, other than the NHP Site License, are not required to manufacture the Company's products the Company believes that working with a CMO that has secured those certifications, is required to deliver consistent, globally recognized food safety and quality certification programs based on sound scientific principles, consistently applied across all industry sectors, and valued by all stakeholders.

As the Company is in the process of finalizing the formulations and SOPs, as well as manufacturing, packaging and warehousing logistics for its products it has not yet entered into a definitive agreement with the CMO and intends to do so once the production parameters are finalized. Please see "*Products and Services*".

While the Company is also evaluating the possibility of potentially working with third-party CMOs that are based in the United States, it currently intends to only enter into a definitive agreement with the Initial CMO. If the Company decides to work with a US-based CMO, it will work to ensure that such CMO is in compliance with laws and regulations that apply to manufacturing of dietary supplements in the United States (federal regulations) and also the applicable US states (state regulations).

#### *Warehousing and Distribution*

At this time, the Company expects that the Initial CMO will oversee the warehousing function for the manufactured products that are ready to be distributed to brick-and-mortar retailers. At a later time, once a sufficient sales volume is reached the Company will evaluate establishing its own primary distribution centre in Canada or the United States to facilitate direct sales to retailers. If the Company chooses to establish its own distribution centre, it may become subject to regulations relating to operating a distribution business for NHPs or dietary supplements.

In relation to facilitating distribution through online channels the Company will seek to secure a fulfillment service provider such as Fulfillment by Amazon to provide the online fulfillment services.

The Company also anticipates working with various third-party distributors that specialize in sales of NHPs and dietary supplements in various jurisdictions. Prior to entering into a commercial relationship with third-party distributors the Company will enter into agreements that will define the scope of the services to be provided to the Company and the territory that such distributor will cover to ensure that the Company's products are only distributed in jurisdictions where permitted by applicable regulations.

#### **Specialized Skill and Knowledge**

The Company has entered into agreements with service providers that have specialized skill and knowledge.

While none of the members of the management team have direct experience in the functional foods or mushroom-derived products industries, they rely on expertise and guidance of the Company's Board and the Advisory Board, as it relates to the business of the Company. The Company will continue to build core skills in managing pre-clinical studies, product formulation, manufacturing, supply chain and commercialization by adding in-house personnel as required.

Jeffrey Stevens, the Company's Chief Executive Officer, is a seasoned Canadian capital markets executive with experience in raising capital, building and management of public companies. Mr. Stevens has been involved in a number of development-stage companies operating in emerging industries and has an in-depth understanding of the challenges, operational and regulatory nuances that affect these companies.



David Shisel, the Company's Chief Operating Officer, has experience in highly regulated industries such as medical cannabis and has previously worked in legal capacities with various licensed producers. He also has expertise in product development, working with cGMP manufacturers to identify product manufacturing requirements and establishing operations for pharmaceutical companies. Mr. Shisel has worked with a number of companies in the cannabis industry and has an in-depth understanding of the challenges and operational and regulatory nuances that affect these companies. He has also worked as a strategic advisor to companies that operate in the consumer-packaged goods industry and was involved in sales, and research and development efforts. His experience will be instrumental in assisting the Company in working with managing and documenting extraction processes, formulation, and packaging of the Company's products, and establishing processes to distribute the products to end consumers.

Keith Li, the Company's Chief Financial Officer is a finance professional with over ten years of corporate accounting and audit experience. He specializes in providing management advisory services, accounting, and regulatory compliance services to companies in a number of industries. Mr. Li has worked with a number of companies in the cannabis industry and has an in-depth understanding of financial reporting matters that affect companies in highly regulated industries.

Terry Booth, one of the Company's directors co-founded Aurora Cannabis Inc. in 2013 when the Canadian federal government created a new regulatory regime for the national medical cannabis system. He brings insight and relationships to the Company, which will be important in establishing future manufacturing operations, as well as securing relationships to market the Company's products.

Michael Nederhoff and Nicholas Kadysh, two of the Company's directors have been central in operations of Juul Canada where they were involved with various aspects of the Canadian operation including product launches, sales, government relations, organizational structure and P&L responsibility. They bring valuable insight into the consumer-packaged goods industry and understanding the regulatory environment for the Company's products. Both, Mr. Nederhoff and Mr. Kadysh have extensive experience in the consumer-packaged goods industry and bring a wealth of experience and connections to the Company that will be instrumental to achieving the Company's milestones and objectives.

Chris Hazelton has a wealth of experience in auditing, corporate finance, and corporate governance in various industries such as manufacturing, retail, technology, not-for-profit and merchant banking. He currently serves as the Chief Executive Officer for a leading provider of sustainable infrastructure solutions and services. Mr. Hazelton has been serving as controller and supervisor for multiple public and private companies since 1998.

The Company's Advisory Board, comprised of Dr. Dawn DeCunha, Professor David Nutt and Dr. Andrew Kohler who act as scientific advisors bring valuable insight into development of the Company's products from the scientific standpoint. Through their practices they understand the value that mushrooms can bring to the human body.

The Company will also be leveraging the skill and knowledge of its CROs (including KGK Science), CMOs, distributors and branding agency. In addition, in 6 to 12 months, the Company expects to retain a full-time Chief Marketing Officer.

### **Cyclicalities and Seasonality**

The Company does not anticipate results to be impacted by any factors related to seasonality.

### **Changes to Contracts**

The Company does not anticipate that its business will be affected by renegotiation or termination of contracts or sub-contracts during the current financial year. The Company currently relies on per use short term contracts for its supply and distribution arrangements.

The Company is reliant on the services of KGK Science and will later be reliant on services of the Initial CMO (or another CMO if it decides to engage with another organization), however, the Company does not consider these contracts material as there are many potential partners that the Company can work with and there are no significant intellectual property advantages that the Company believes to exist in working with one contractor versus another at the current stage of product development. Please refer to *Section 22 – Material Contracts* for more information.

## **Employees**

The Company does not currently have any employees. Jeffrey Stevens and David Shisel are independent contractors of the Company. The Chief Financial Officer, corporate controller, corporate secretary, sales support, and business analysts are part-time consultants.

## **Regulatory Environment**

### *Canada – Federal Regulations*

In Canada, the sale of food and drug products is regulated under the Food and Drug Regulations under the Food and Drugs Act, while various activities relating to controlled substances under the CDSA are prohibited. As, the mushroom-derived products that the Company intends to initially focus on do not contain ingredients that are currently classified as controlled substances and are not regulated as controlled substances, the products may be distributed through conventional channels in the self-care category as NHPs. If either muscimol or products containing extracts from *Amanita muscaria* would become controlled substances in the future, the Company may need to seek to adjust its product development efforts to ensure compliance with applicable laws and regulations. Please see *Section 17 – Risk Factors – Risks Related to Regulatory Environment*.

In Canada, NHPs are considered to be an inherently low-risk subset of drugs that are specifically regulated under the NHPR by NNHPD. Such products come in various dosage forms such as capsules, tablets, tinctures, powders, gels and have various routes of administration including oral, topical, nasal and others. An NHP must have a Product License Application prepared and submitted to obtain an NPN, which is required prior to sale for all finished products.

Health Canada has implemented a three-class review system to provide a faster path to the market for lower risk products. NNHPD requires all pertinent data associated with the product from active medicinal ingredients to non-medicinal ingredients to be provided including their source and evidence/attestation of compliance with quality standards, to prove they are safe for consumption as well as the recommended use of the product and supporting evidence.

The Product License Application first undergoes a screening review process before being accepted for review. Applications may be rejected if found to be deficient during this review. Class I applications are with respect to products that are formulations that are entirely based on a single Health Canada Product Monograph. Class II applications include those that are supported by a combination of more than one compendial ingredients (i.e. an ingredient that fulfills the definition of a Product Monograph or labelling standard). Health Canada's review policy dictates a 60-business day and 90 calendar day review period for Class I and II applications, respectively. In the case of a Class III application, comprised of general, traditional and homeopathic applications requiring full assessment (not captured above in Class I or II), the Product License Application will be accepted into the assessment queue and reviewed for the safety and efficacy requirements if the application contains all the required information and is in the appropriate format. Once all requirements are met, a Product License and NPN will be issued within 210 calendar days from the end of the screening period. During the review process, Health Canada will send an Information Request Notice ("IRN") to obtain clarification to the information submitted or to request additional information. If the IRN response is deemed deficient additional IRNs may be issued or if the applicant does not satisfy all Class III requirements, an Application Refusal Letter will be issued. Licensing can take from

a matter of days to several years. Since there is currently no Product Monograph that covers *Amanita muscaria*, the Product License Application that the Company intends to submit to NNHPD in regard to its *Amanita muscaria*-derived water-based extract product will be classified as a Class III application. Class III Product License Applications require that the submitter provide evidence of the safety, quality, and efficacy of the finished natural health product. Evidence supporting safety may include data derived from animal and/or human studies and may also include evidence of the history of traditional use in humans. Evidence that the product is manufactured according to the NNHPD's standard of cGMP is also required. Lastly, evidence demonstrating the efficacy of the product for its intended use is required. This generally is required to include data derived from human studies but as mentioned above nutritional content claims may be supported by *in vitro* and preclinical animal studies.

The *Amanita muscaria* contains a number of potentially hallucinogenic constituents: ibotenic acid (2-amino-2-(3-oxo-1,2-oxazol-5-yl) acetic acid), muscimol (also known as agarine or pantherine), muscazone and muscarine (other isoxazoles produced in the mushroom), of which muscimol (3-hydroxy-5-aminomethyl-1 isoxazole, an unsaturated cyclic hydroxamic acid, 5-(Aminomethyl)-isoxazol-3-ol) is the most significant because it is responsible for feelings of psychoactive intoxication. Neither of these compounds, synonyms or chemical compositions are listed in the CDSA or the Food and Drug Regulations, and as such are not considered to be controlled substances in Canada. If either muscimol or products containing extracts from *Amanita muscaria* would become controlled substances in the future, the Company may need to seek to adjust its product development efforts to ensure compliance with applicable laws and regulations. *Please see Section 17 – Risk Factors – Risks Related to Regulatory Environment.*

The companies that are in the business of manufacturing NHPs in Canada or importing NHPs into Canada must also hold an NHP Site License issued by NNHPD. In order to obtain an NHP Site License, the manufacturers are required to undergo an application process with the NNHPD, which includes demonstrating evidence of compliance with cGMP. While the Company is not required to hold an NHP Site License, it is required for the CMOs that will manufacture the Company's products. NHPRs also provide that an NHP Site License may be issued to manufacturers located outside of Canada that sell NHPs in Canada, which requires such manufacturers to comply with NHPR.

The Company must also ensure that the labelling, marketing and selling of any of its products comply with the Food and Drugs Act and NHPR, including by ensuring that the Company's products are not packaged or marketed in a manner that is misleading or deceptive to a consumer. There is mandatory information that needs to appear on the Company's packaging as outlined by Health Canada such as ingredients, dosage, delivery method, lot, expiry, safety data, contraindications, and Natural Product Number. There are also branding requirements that need to be adhered to.

Additionally, the Company's products are required to comply with the relevant provisions of CPLA, including the prevention of fraudulent statements and providing for mandatory label information in which consumers may make informed decisions. Natural Health Product labels must adhere to the NHP labelling regulations and must be bilingual.

#### *Canada – Provincial*

In Canada, the Company initially intends to focus the sales and marketing efforts of its products in the Provinces of Ontario, Quebec and British Columbia. There are no specific provincial regulations that apply to the manufacturing, marketing and sale of NHPs as the provincial regulation defers to the rules set out in NHPR and implemented and administers by the NNHPD, a division of Health Canada. Certain retailers (such as registered pharmacies in certain provinces) may impose restrictions on carrying certain products, including certain types of NHPs, but the Company is not aware of specific restrictions that would prevent sales of its products in the markets that it is targeting.

### *United States – Federal*

In the United States, various activities relating to controlled substances are regulated by the CSA. By way of background, the CSA establishes five "schedules" into which a substance with abuse potential may be classified. Substances that fall under any one of the five schedules are subject to various requirements and restrictions enforced by the DEA. The most restrictive is Schedule I, which is reserved for those substances having a high potential for abuse that do not have a currently accepted medical use, and that lack accepted safety for use under medical supervision, including heroin, LSD, cannabis, ecstasy, methaqualone and peyote.

Neither the mushroom *Amanita muscaria*, nor its constituents, including muscimol, appear in any of the Schedules of the CSA and are therefore not considered controlled substances in the United States. As such, it is anticipated that the Company's products that contain *Amanita muscaria* derived water based extracts will be treated as dietary supplements, a category of food in the United States, for regulatory purposes. If either muscimol or products containing extracts from *Amanita muscaria* would become controlled substances in the future, the Company may need to seek to adjust its product development efforts to ensure compliance with applicable laws and regulations. *Please see Section 17 – Risk Factors – Risks Related to Regulatory Environment.* The manufacturing, processing, formulation, packaging, labeling and advertising of the Company's products are subject to regulation by a number of federal agencies, including the FDA, FTC, USPHS, USCBP, and at the state levels through governmental bodies that administer the same or similar regulations concerning dietary supplements.

The governing food and drug law in the United States is the FD&C Act. The purpose of the FD&C Act is to forbid the movement in interstate commerce of adulterated and misbranded food, drugs, devices and cosmetics. The FDA is charged with protecting the integrity of the US food supply, cosmetic products, as well as monitoring the safety and efficacy of drugs, biological products and almost any compound intended for human or animal consumption, among other areas.

DSHEA, an amendment to the federal FD&C Act, established a framework governing the composition, safety, labeling, manufacturing and marketing of dietary supplements in the United States. DSHEA defined the term "dietary supplement" for the first time as well as the types of ingredients that can be considered as "dietary ingredients". According to Section 201(ff)(1) of the FD&C Act, a dietary ingredient may include a vitamin; mineral; herbs or other botanical; amino acid; dietary substance for use by man to supplement the diet by increasing the total dietary intake; and a concentrate, metabolite, constituent, extract, or combination of any of the ingredients listed above. However, under Section 201(ff)(3)(B) of the FD&C Act, a substance may not be used as a dietary ingredient if it includes "an article" that was: first (1) approved as a new drug or (2) approved as an IND for which substantial clinical investigations have been instituted and for which the existence of such investigations has been made public.

The FDA is generally prohibited from regulating the main ingredients in dietary supplements as food additives, or as drugs unless product claims trigger drug status. A dietary supplement product is considered a drug if it contains a drug ingredient or if its intended use or claims made for the product suggest that it has the ability to diagnose, treat, prevent, or mitigate disease or a health condition. The DSHEA requires the FDA to regulate dietary supplements to guarantee consumer access to beneficial dietary supplements, allowing only truthful and proven claims.

Generally, under the DSHEA, dietary ingredients marketed in the United States prior to October 15, 1994 are considered "old", grandfathered, or pre-DSHEA dietary ingredients and may be used in dietary supplements without notifying the FDA. "New" dietary ingredients (i.e. dietary ingredients "not marketed in the United States before October 15, 1994") must be the subject of a new dietary ingredient notification submitted to the FDA, at least 75 days prior to introduction of the ingredient into interstate commerce, unless the ingredient has been "present in the food supply as an article used for food without being "chemically altered." Any NDIN must provide the FDA with evidence of a "history of use or other evidence

of safety" establishing that use of the dietary ingredient "will reasonably be expected to be safe" through conducting pre-clinical and/or clinical safety studies or demonstrate an exemption to the NDIN requirement by showing it is "Generally Recognized As Safe" (GRAS) which is an industry-recognized standard for food ingredient safety in the United States. As a part of product development of the Company's initial product lines, the Company will determine whether its products will be classified as dietary supplements containing "new" dietary ingredients in accordance with FDA statutes and final rules, but given its initial research it expects that certain dietary ingredients will be classified as "New" and thus the products will be subject to applicable regulations in that respect. The work that KGK Science is performing pursuant to the Second Research Services Agreement also includes a gap assessment of the formulation that the Company is developing, as well as a literature search to determine chemistry/analytical and toxicology studies required for identity and safety, respectively, for the NDIN submission. The gap assessment compares the chemistry and safety studies possessed by the Company from the public literature or commissioned studies against the necessary requirements needed to file a safety dossier with the FDA or Health Canada and provides the Company with a list of outstanding studies to be conducted.

With respect to labeling, DSHEA permits "statements of nutritional support", which are now called structure function claims, for dietary supplements without FDA pre-approval. FDA does have a requirement to submit the text of each claim as it appears on labels or in labeling within 30-days of going to market. These are referred to as 30-day structure function notices. Both FDA and FTC require substantiation of claims, but FTC is tasked with enforcement over claim substantiation. Structure function claims may describe the role of an ingredient on the structure, function or general well-being of the human body, or the mechanism of action by which a dietary ingredient may affect body structure, function or well-being (but may not state that a dietary supplement will diagnose, mitigate, treat, cure or prevent a disease). This, therefore, severely limits the direct advertising of the healthcare benefits of the Company's products. A company making a statement of nutritional support must possess substantiating evidence for the statement, and disclose on the label that the FDA has not reviewed that statement and that the product is not intended to diagnose, treat, cure or prevent a disease. However, the FDA may determine that a given statement of nutritional support that the Company decides to make is a "disease" or therapeutic drug claim rather than a permissible structure function claim. There can be no assurance that the FDA will accept the evidence of safety for any new dietary ingredient that the Company may decide to use. The FDA's refusal to accept such evidence could result in regulation of such dietary ingredients as food additives, requiring the FDA pre-approval based on newly conducted, costly safety testing. Please see *Section 17 – Risk Factors*.

In addition, DSHEA allows the dissemination of "third-party literature", publications such as reprints of scientific articles linking particular dietary ingredients with health benefits. Third-party literature may be used in connection with the sale of dietary supplements to consumers. Such a publication may be so used if, among other things, it is not false or misleading, no particular brand of dietary supplement is promoted and a balanced view (positive and negative evidence) of available scientific information on the subject matter is presented to consumers. There can be no assurance, however, that all pieces of third party literature that may be disseminated in connection with the Company's products will be determined by the FDA and/or FTC to satisfy each of these requirements, and any such failure could subject the product involved to regulation as a new drug or as a "misbranded" product, causing the Company to incur substantial fines and penalties.

The Company's products or practices may also be subject to regulation by other regulatory agencies, including but not limited to the FTC, the Consumer Products Safety Commission, the USDA, USPHS, USCBP and the Occupational Safety and Health Administration. Advertising of dietary supplement products is subject to regulation by the FTC under the FTCA. The FTCA prohibits unfair methods of competition and unfair or deceptive trade acts or practices in or affecting commerce. Furthermore, the FTCA provides that the dissemination or the causing to be disseminated of any false advertising pertaining to drugs or foods, which would include dietary supplements, is an unfair or deceptive act or practice. Under the FTC's Substantiation Doctrine, an advertiser is required to have a "reasonable basis" including

competent and reliable scientific evidence for all objective product claims before the claims are made. Pursuant to this FTC requirement, the Company may be required to have adequate substantiation of all material advertising claims made for the Company's products. Failure to adequately substantiate claims may be considered either deceptive or unfair practices. The FTC has recently issued a guidance document to assist marketers of dietary supplement products in understanding and complying with the substantiation requirement. The FTC is authorized to use a variety of processes and remedies for enforcement, both administratively and judicially including compulsory process, cease and desist orders, injunctions, and orders for restitution. FTC enforcement can result in orders requiring, among other things, limits on advertising, corrective advertising, consumer redress, divestiture of assets, rescission of contracts and such other relief as may be deemed necessary. State and local authorities can also regulate advertising and labeling for dietary supplements and conventional foods. Please see *Section 17 – Risk Factors*.

The Company's activities are also regulated by various agencies of the states and localities in which the Company's products will be sold.

As authorized by DSHEA, the FDA adopted separate cGMP final rules specifically for dietary supplements. The cGMP rules for dietary supplements are more rigorous than the cGMP rules for conventional food. These cGMP regulations, which became effective in June 2008, are more detailed than the cGMPs that previously applied to dietary supplements and conventional foods and require, among other things, dietary supplements to be prepared, packaged and held in compliance with specific rules, and require quality controls similar to those required by cGMP regulations for drugs. As a result, the facilities used by any of the Company's CMOs must comply with the applicable regulatory requirements. Failure to comply with applicable cGMP regulations could result in sanctions being imposed on the CMO, and by association the Company, including fines, injunctions, civil penalties, delays, suspensions or withdrawals of approvals, operating restrictions, interruptions in supply, recalls, withdrawals, issuance of safety alerts, and criminal prosecutions, any of which could have a material adverse impact on the Company's business, financial condition, results of operations, and prospects.

Dietary supplements are also subject to the NLEA, which regulates health claims, ingredient labeling and nutrient content claims characterizing the level of a nutrient in a product. NLEA prohibits the use of any health claim for dietary supplements unless the health claim is supported by significant agreement within the scientific community and is pre-approved by the FDA.

As noted above, in the United States claims made with respect to dietary supplements may change the regulatory status of the Company's products. For example, in the United States, the FDA could possibly take the position that claims made for some of the Company's products classify those products as new drugs requiring pre-approval by the FDA. The FDA could also place those products within the scope of its over the counter ("OTC") drug regulations and require the Company to comply with a published FDA OTC monograph. OTC monographs dictate permissible ingredients, appropriate labeling language, and require the marketer or supplier of the products to register and file annual drug listing information with the FDA.

While the Company does not currently have its own manufacturing operations or immediate plans to establish one, if it chooses to do so in the future, its facility will be subject to regulation by the FDA as a dietary supplement manufacturing facility. However, as a dietary supplement distributor, the Company may be required to also follow cGMP regulations that applies to its specific distribution operations, which are not directly involved in the manufacturing of the products. Additionally, depending whether final manufacturing specifications are set by the Company or by the CMO that will be manufacturing the Company's products, or whether the Company is deemed to be involved in the manufacturing process by virtue of providing direction with respect to the manufacturing process, certain cGMP regulations may become applicable to the Company. Failure to comply with applicable cGMP regulations could result in sanctions being imposed on the Company, including fines, injunctions, civil penalties, delays, suspensions or withdrawals of approvals, operating restrictions, interruptions in supply, recalls, withdrawals, issuance

of safety alerts, and criminal prosecutions, any of which could have a material adverse impact on our business, financial condition, results of operations, and prospects.

#### *United States – State-level Regulations*

In addition to various federal laws in the United States, the Company's products and activities may also be regulated by various state and local agencies in states where the Company's products are sold. The regulation of *Amanita muscaria* and muscimol is limited on the state level, with the exception of Louisiana, which effective Aug 8, 2005 has made 40 plants illegal, including *Amanita muscaria*, when intended for human consumption, pursuant to Louisiana Act No. 159. The law specifically excludes the "possession, planting, cultivation, growing, or harvesting" of these plants if used "strictly for aesthetic, landscaping, or decorative purposes."<sup>11</sup>

Additionally, the Company will be required to comply with state regulations that apply to manufacturers and distributors of dietary supplements. Initially, the Company intends to focus on sales in the states of California, Colorado, and Washington. The companies that intend to manufacture dietary supplements in these states are required to hold a food processors license with the respective state authorities. Each of the California Department of Public Health, the Washington State Department of Agriculture and the Colorado Department of Revenue follow the federal regulations concerning dietary supplements prescribed by the FDA, including DSHEA and NLEA. If the Company decides to work with CMOs based in the United States it will ensure that they hold the food processor license, or any equivalent registrations required, with the relevant government agencies.

#### *Outside Canada and United States*

In foreign markets, prior to commencement of operations and prior to making sales, the Company may be required to obtain approval, license, or certification from the country's agency governing health. The approval process can be lengthy and costly and may require reformulation of products or labeling. However, the Company's failure to comply with foreign regulations could result in products being rejected for sale in such country.

Currently, the Company does not have any plans to operate in foreign markets. If the Company chooses to establish operations outside of Canada or United States, prior to commencing operations in any given country the Company will obtain legal advice from counsel with regards to sale or manufacturing of its products.

### **Foreign Operations**

The Company's sale and distribution operations will be conducted in Canada and United States, but some of its raw materials may be sourced from Eastern Europe and will be manufactured and packaged in Canada or the United States, depending on where the Company's CMO is located. As a result, there is a risk that trade restrictions or tariffs imposed may require the Company to engage a new packaging partner and/or find alternate sources of materials.

The Company does not have any other risks and/or dependencies on foreign operations, as *Amanita muscaria* is a widely occurring mushroom that grows in many countries.

### **Competitive Conditions**

The Company's geographic focus is currently on Canada and United States through brick-and-mortar retail stores and via an online marketplace. The Company believes it is competing with companies in the health and wellness market. Below is a summary of potential competitors currently identified by management:

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<sup>11</sup> <http://legis.la.gov/legis/Law.aspx?d=321523>

Company/Brand	Location	Description
Host Defense	Shelton, WA	Supplier of mushroom supplements founded by Paul Stamets renowned mycologist and author.
The Genius Brand	Alpharetta, GA	Science backed mushroom supplement.
Dream Water	Vancouver, BC	Sleep beverage brand owned by a Canadian public company.
Neuro Sleep	Sherman Oaks, CA	Functional beverage company with products for daily health, stress relief, playful energy, healthy appetite control, and premium alkaline hydration.
Synergy Drinks	Los Angeles, CA	Leader in kombucha tea drinks; reported health benefits include mental clarity and mood stability.
Champignon Brands	Vancouver, BC	Platform company that targets key segments in the industry that complement each other. Owns Artisan Growers and Vitality Superteas product brands.
Four Sigmatic	Los Angeles, CA	Mushroom-infused food/coffee/teas products company.
Organika	Richmond, BC	Reishi mushroom-infused supplement company.
Ecoideas	Newmarket, ON	Ecoideas is a manufacturer and distributor of natural health products to retailers across Canada.
Purica	Duncan, BC	Canadian wellness company, which specializes in functional mushrooms and produces a wide range of natural.
Suro	Greenfield Park, QC	SURO is a Canadian natural products company focused on elderberry-based medicines.
Botanica	Vancouver, BC	Makers of finely crafted herbs and superfoods.
Harmonic Arts	Vancouver Island, BC	Harmonic Arts is a growing plant medicine company, focused on developing a wide offering of unique herbal formulations.

The number of competitors and the degree of competition within the North American food industry varies greatly by product segment and region. In the mushroom food industry, there are a limited number of competitors. These competitors offer a similar category of products as proposed by the Company, being mushroom extracts, powders and other wellness products.

The Company will actively look for merger and acquisition opportunities in the sector to acquire operating companies in jurisdictions of interest. Many of the brands in the market are run by smaller "mom and pop" organizations, which may provide the Company the opportunity to use its currency for acquisitions to gain a larger footprint.

### **Lending and Investment Policies and Restrictions**

This section is not applicable to the Company.



**Bankruptcies, receiverships, or similar proceedings against the Company or any of its subsidiaries**

The Company has not been involved in any bankruptcies, receiverships, or similar proceedings within the three most recently completed financial years.

**Nature and results of any material restructuring transaction of the Company**

The Company has not completed any restructuring transactions within the past three most recently completed financial years or the current financial year, apart from the Share Exchange.

**Social or environmental policies that are fundamental to the Company's operations**

There are no social or environmental policies that are fundamental to the operations of the Company.

**4.2. Asset-Backed Securities**

The Company does not have asset-backed securities.

**4.3. Companies with Mineral Projects**

Since completing the Share Exchange, the Company changed its business to focus on formulating, selling and distributing mushroom derived products and associated consumer packaged goods. Prior to completing the Share Exchange, the Company was operating in the mining industry and devoted its efforts to establish commercially viable mineral properties by exploring for gold and other precious metals in politically stable areas of the world.

While the Company does not intend to focus its efforts to advance its mining properties, it continues to own interests in certain mining licenses in the Red Lake mining district of Ontario that are not material to the Company. After completion of the Listing, the Company intends to take steps to dispose of such interests.

**4.3. Companies with Oil and Gas Operations**

The Company does not have oil and gas operations.

**5. Selected Consolidated Financial Information****5.1. Annual Information***Company Financial Statements*

The following table presents selected audited financial information of the Company for the last three completed financial years ended November 30, 2019, 2018 and 2017 and unaudited interim financial information for the three and six months ended May 31, 2020. This summary financial information should be read in conjunction with the Company's financial statements, including the notes thereto, which are set forth in Schedule "A" and Schedule "C" to this Listing Statement. This table contains financial information derived from financial statements that have been prepared in accordance with IFRS.

	For six months ended May 31, 2020	For the Year Ended November 30,		
		2019	2018	2017
Total revenues	Nil	Nil	Nil	Nil
Income (loss) from continuing operations	(162,417)	(350,119)	(248,389)	(2,480,149)
Net income (loss) for the period	(162,417)	(350,119)	(248,389)	(2,480,149)
Basic and diluted loss per share	(0.009)	(0.086)	(0.079)	(0.020)

Total assets	2,557,937	4,779	137,155	83,028
Total liabilities	258,171	419,374	915,624	613,108
Dividends declared	Nil	Nil	Nil	Nil

### *Psyched Wellness Financial Statements*

The following table presents selected audited financial information of Psyched Wellness for the period from incorporation on January 8, 2019 to November 30, 2019 and for the three months ended February 29, 2020. This summary financial information should be read in conjunction with the financial statements of Psyched Wellness, including the notes thereto, which are set forth in Schedules "E" and "F" to this Listing Statement. This table contains financial information derived from financial statements that have been prepared in accordance with IFRS.

	<b>For three months ended February 29, 2020</b>	<b>For the period ended from incorporation on January 8, 2019 to November 30, 2019</b>
Total revenues	Nil	Nil
Income (loss) from continuing operations	(3,000)	(5,700)
Net income (loss) for the period	(3,000)	(5,700)
Basic and diluted loss per share <sup>(1)</sup>	(30.00)	(57.00)
Total assets	10	10
Total liabilities	8,700	5,700
Dividends declared	Nil	Nil

#### **Note:**

- (1) Basic and diluted loss per share has been calculated using the weighted average number of Common Shares outstanding. Psyched Wellness had 100 Psyched Wellness Shares issued and outstanding as at the respective dates outlined in the table above. On March 25, 2020, Psyched Wellness issued 17,999,900 Psyched Wellness Shares to existing and new shareholders of Psyched Wellness at a price of \$0.005 per Psyched Wellness Share, bringing the total number of issued and outstanding Psyched Wellness Shares to 18,000,000. Please see *Section 10.7. – Prior Sales*.

## **5.2. Quarterly Information**

The summary of quarterly results of the Company for each of the eight most recently completed quarters ending at the end of the most recently completed financial year has been prepared in accordance with IFRS:

<b>Quarter Ended</b>	<b>Revenue</b>	<b>Income (Loss)</b>	<b>Income (Loss) per share<sup>(1)</sup></b>
Quarter Ended May 31, 2020	Nil	(146,156)	(0.005)
Quarter Ended February 29, 2020	Nil	(16,262)	(0.003)
Quarter Ended November 30, 2019	Nil	(19,396)	(0.018)
Quarter Ended August 31, 2019	Nil	(34,902)	(0.008)
Quarter Ended May 31, 2019	Nil	(121,898)	(0.036)

Quarter Ended	Revenue	Income (Loss)	Income (Loss) per share <sup>(1)</sup>
Quarter Ended May 31, 2020	Nil	(146,156)	(0.005)
Quarter Ended February 28, 2019	Nil	(98,923)	(0.031)
Quarter Ended November 30, 2018	Nil	(70,397)	(0.023)
Quarter Ended August 31, 2018	Nil	(45,290)	(0.014)

**Note:**

- (1) Basic and diluted loss per share has been calculated using the weighted average number of Common Shares outstanding.

### 5.3. Dividends

There are no restrictions in the Company's articles or elsewhere which prevent the Company from paying dividends. The Company has not paid dividends in the past, and it is not contemplated that any dividends will be paid on any shares of the Company in the immediate future, as it is anticipated that all available funds will be invested to finance the growth of the Company's business. The directors of the Company will determine if, and when, dividends will be declared and paid in the future from funds properly applicable to the payment of dividends based on the Company's financial position at the relevant time. All of the Common Shares will be entitled to an equal share in any dividends declared and paid on a per share basis.

### 5.4. Foreign GAAP

The Company is not presenting consolidated financial information on the basis of foreign GAAP.

### 6. Management's Discussion and Analysis

Annual MD&A of the Company for the years ended November 30, 2019, 2018 and 2017 is attached to this Listing Statement as Schedule "B".

Interim MD&A of the Company for the three and six months ended May 31, 2020 is attached to this Listing Statement as Schedule "D".

MD&A of Psyched Wellness for the period ended from incorporation on January 8, 2019 to November 30, 2019 is attached to this Listing Statement as Schedule "G".

Interim MD&A of Psyched Wellness for the three-months ended February 29, 2020 is attached to this Listing Statement as Schedule "H".

### 7. Market for Securities

Prior to listing on the CSE the Common Shares were not listed on any exchange, except for the OTC Market Pink Sheets (symbol "NWIFF") in the United States which the Company does not actively monitor. The Common Shares were listed and posted for trading on the TSXV under the trading symbol "DPH" as a Tier 2 Mining Issuer on October 10, 2000 pursuant to the policies of the TSXV until their voluntary delisting on May 9, 2019.

### 8. Consolidated Capitalization

The following table sets forth the consolidated capitalization of the Company as at November 30, 2019 and as at the date of this Listing Statement. The table should be read in conjunction with the Company's audited financial statements and MD&A for the year ended November 30, 2019 and the notes thereto included in this Listing Statement as Schedule "A" and Schedule "B", and in conjunction with the Company's unaudited financial statements and MD&A for the three and six months ended May 31, 2020 and the notes thereto

included in this Listing Statement as Schedule "C" and Schedule "D". The Company completed the Consolidation effective February 1, 2019 on the basis of one post-consolidation share for every 40 pre-consolidation shares. Except for where otherwise noted, all securities in this Listing Statement are presented on post-Consolidation basis.

Description of Security	Number Authorized	Outstanding as at November 30, 2019 (audited)	Outstanding as at May 31, 2020 (unaudited)	Outstanding as at the Date of this Listing Statement (unaudited)
Common Shares	Unlimited	5,531,890	80,451,980	104,642,930
Broker Warrants	-	Nil	632,000	2,369,200
Stock Options (1)(2)	10% of issued and outstanding capital	Nil	Nil	7,312,000

## 9. Options to Purchase Securities

### *Stock Options*

The following table summarizes the Stock Options, granted under the New Option Plan, outstanding as of the date of this Listing Statement:

Group	Securities under Option	Grant Date	Expiry Date	Exercise Price per Common Share	Market Value of the Common Shares on the Date of Grant	Market Value of the Company Shares as the date hereof
Executive Officers	3,000,000	13-Jul-20	13-Jul-25	\$0.10	\$0.10	\$0.10
Directors (non-executive)	3,000,000	13-Jul-20	13-Jul-25	\$0.10	\$0.10	\$0.10
Employees	Nil	N/A	N/A	N/A	N/A	N/A
Consultants	562,000	13-Jul-20	13-Jul-25	\$0.10	\$0.10	\$0.10
Other	750,000	13-Jul-20	13-Jul-25	\$0.10	\$0.10	\$0.10
<b>Total:</b>	<b>7,312,000</b>	<b>13-Jul-20</b>	<b>13-Jul-25</b>	<b>\$0.10</b>	<b>\$0.10</b>	<b>\$0.10</b>

### *New Option Plan*

In connection with the Share Exchange, the Company's directors approved a "rolling" 10% New Option Plan, which was subsequently ratified by the Shareholders at the Meeting held on June 30, 2020. The New Option Plan serves to bring the Company's equity incentive plans in line with the requirements of the CSE.

The purpose of the New Option Plan is to advance the interests of the Company by encouraging the directors, officers, employees, management company employees and consultants of the Company, and of its subsidiaries and affiliates, if any, to acquire Common Shares, thereby increasing their proprietary interest in the Company, encouraging them to remain associated with the Company and furnishing them with additional incentive in their efforts on behalf of the Company in the conduct of its affairs. The New Option Plan provides that the aggregate number of securities reserved for issuance will be up to 10% of the number of the Common Shares issued and outstanding from time to time. The New Option Plan is administered by

the Board, which has full and final authority with respect to granting Stock Options thereunder. The terms of an option may not be amended once issued. If an option is cancelled prior to its expiry date, the Company must post notice of the cancellation and may not grant new options to the same person until 30 days have elapsed from the date of cancellation.

Stock Options may be granted under the New Option Plan to such service provider of the Company and its affiliates, if any, as the Board may from time to time designate. The exercise price of Stock Options grants will be determined by the Board, will not be less than the greater of the closing market prices of the underlying securities on (a) the trading day prior to the date of grant of the Stock Options; and (b) the date of grant of the Stock Options. All Stock Options granted under the New Option Plan will expire not later than the date that is ten years from the date that such options are granted. Stock Options terminate earlier as follows: (i) immediately in the event of dismissal with cause; (ii) 90 days from the date of termination other than for cause employment (or such other date as Board or a committee thereof may determine); (iii) one year from the date of death or disability. Stock Options granted under the New Option Plan are not transferable or assignable other than by will or other testamentary instrument or pursuant to the laws of succession.

As of the date hereof, the Company has 104,642,930 Common Shares issued and outstanding. This means that a total of 10,464,293 Stock Options are currently available to be granted pursuant to the New Option Plan. As of the date of this Listing Statement, 7,312,000 Stock Options had been granted pursuant to the New Option Plan and 3,152,293 Stock Options are still available to be granted.

## **10. Description of the Securities**

### **10.1. General**

#### **Common Shares**

The Company's authorized capital consists of an unlimited number of Common Shares without par value. All of the Common Shares are of the same class and, once issued, rank equally as to entitlement to dividends, voting powers and participation in assets upon dissolution or winding up.

#### *Voting Rights*

The holders of the Common Shares are entitled to vote in person or by proxy at all meetings of the Shareholders of the Company and at all such meetings each such holder has one vote for each Common Share held.

#### *Dividend Rights*

The holders of Common Shares are entitled to receive dividends if, as and when declared by the Board out of the assets of the Company properly applicable to the payment of dividends in such amount and payable at such time as and at such place in Canada as the Board may from time to time determine.

#### *No Liability for Further Calls or Assessments*

All Common Shares are issued as fully paid and non-assessable. As such, shareholders of the Company have no liability in respect of unpaid shares, either in whole or in part.

#### *Rights upon Liquidation*

In the event of liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, or other distribution of assets or property of the Company amongst its Shareholders for the purpose of winding up its affairs, Shareholders shall be entitled to receive all property and assets of the Company properly distributable to the Shareholders.

### *No Pre-emptive Rights*

Holders of Common Shares have no pre-emptive or preferential right to purchase any securities of the Company.

### *Redemption, Retraction and Conversion*

The Common Shares are not convertible into shares of any other class or series or be subject to redemption or retraction by the Company or the Shareholders.

### *Repurchases of Outstanding Common Shares*

Under the Company's articles, but subject to the provisions of the OBCA, the Company may, if authorized by the Board, purchase any issued Common Shares in circumstances and on terms determined by the directors and agreed by the holder(s) of such Common Shares. However, the Company may not purchase Common Shares at any time when, immediately following such purchase, it would be unable to pay its debts as they fall due in the ordinary course of business. Subject to the OBCA and applicable securities laws, including issuer bid rules, the Company may, from time to time, with the agreement of a holder, purchase all or part of the holder's Common Shares whether or not the Company has made a similar offer to all or any other of the holders of Common Shares. Unless designated by the Board to be held as "Treasury Shares", any repurchased Common Shares will be treated as cancelled and such Common Shares will be available for re-issue as determined by the Board.

### *Other*

There are no sinking or purchase fund provisions, no provisions permitting or restricting the issuance of additional securities or any other material restrictions, and there are no provisions which are capable of requiring a security holder to contribute additional capital.

As at the date of this Listing Statement, there is a total of 104,642,930 Common Shares issued and outstanding.

### *Securities Convertible/Exchangeable into the Common Shares*

As of the date hereof, the Company had the following securities convertible into Common Shares:

<b>Description of Security (include conversion / exercise terms, including conversion / exercise price)</b>	<b>Number of convertible / exchangeable securities outstanding</b>	<b>Number of listed securities issuable upon conversion / exercise</b>
Broker Warrants <sup>(1)(2)</sup>	2,369,200	2,369,200
Stock Options <sup>(3)</sup>	7,312,000	7,312,000

#### **Notes:**

- (1) Broker Warrants are exercisable into Common Shares at a price of \$0.10 per Common Share.
- (2) 632,000 Broker Warrants are exercisable until May 22, 2022, and 1,737,200 Broker Warrants are exercisable until June 1, 2022.
- (3) The Stock Options were issued in accordance with the Company's New Option Plan, please see *Section 9 – Options to Purchase Securities*.

Other than Broker Warrants and Stock Options, the Company had the no securities that are convertible or exchangeable into the Common Shares as of the date of this Listing Statement.

## 10.2. Debt Securities

Not applicable, as the Company is only listing its Common Shares.

## 10.3. Not Applicable

## 10.4. Other Securities

Not applicable, as the Company is only listing its Common Shares.

## 10.5. Modification of Terms

There are no modification, amendment or variation of any rights attached to the Common Shares.

The rights of holders of Common Shares may not to modified other than in accordance with the provisions of the OBCA and applicable securities laws.

## 10.6. Other Attributes

This section is not applicable to the Company, as the rights attached to the Common Shares are not materially limited or qualified by the rights of any other class of securities of the Company. The Common Shares may not be redeemed or repurchased.

## 10.7. Prior Sales

For the 12-month period prior to the date of this Listing Statement, the following securities of the Company were sold:

Date	Securities Issued	Aggregate Issue Price before share issuance costs	Issue Price	Nature of Consideration Received
July 31, 2020	1,875,950 Common Shares	\$187,595.00	\$0.10	Cash
July 13, 2020	7,312,000 Stock Option <sup>(4) (5)</sup>	N/A	N/A	N/A
June 1, 2020	22,315,000 Common Shares	\$2,231,500.00	\$0.10	Cash
June 1, 2020	1,737,200 Broker Warrants <sup>(2)</sup>	N/A	N/A	Financing Compensation
May 22, 2020	16,370,000 Common Shares	\$1,637,000.00	\$0.10	Cash
May 22, 2020	632,000 Broker Warrants <sup>(1)</sup>	N/A	N/A	Financing Compensation
May 5, 2020	18,000,000 Common Shares <sup>(3)</sup>	\$360,000.00	\$0.02 per Common Shares	All issued and outstanding Psyched Wellness Shares
April 23, 2020	33,500,000 Common Shares	\$670,000.00	\$0.02 per Common Shares	Cash
April 23, 2020	7,050,090 Common Shares.	\$141,001.80	\$0.02 per Common Share	2020 Debt Settlement

Date	Securities Issued	Aggregate Issue Price before share issuance costs	Issue Price	Nature of Consideration Received
October 9, 2019	917,800 Common Shares	\$275,340	\$0.30 per Common Share	Conversion of Convertible Debentures

**Notes:**

- (1) Exercisable into Common Shares at a price of \$0.10 per Common Share until May 22, 2022;
- (2) Exercisable into Common Shares at a price of \$0.10 per Common Share until June 1, 2022;
- (3) Issued pursuant to the Share Exchange.
- (4) Stock Options were issued in accordance with the Company's New Option Plan, please see *Section 9 – Options to Purchase Securities*.
- (5) The Stock Options are exercisable into Common Shares at a price of \$0.10 per Common Share until July 13, 2025, subject to vesting provisions thereto. Please see *Section 9 – Options to Purchase Securities*.

The following table summarizes the issuances of securities of Psyched Wellness within the 12 months prior to the date hereof. The Company acquired all issued and outstanding Psyched Wellness Shares pursuant to the Share Exchange Agreement, whereby the holders of Psyched Wellness Shares exchanged their shares for Common Shares on the ratio of one to one, upon closing of the Share Exchange.

Date	Securities Issued	Aggregate Issue Price before share issuance costs	Issue Price per Psyched Wellness Share	Nature of Consideration Received
March 25, 2020	2,970,000 Psyched Wellness Shares	\$14,850.00	\$0.005	Cash
March 25, 2020	15,029,900 Psyched Wellness Shares <sup>(1)</sup>	\$75,149.50	\$0.005	Services

**Notes:**

- (1) Out of the 15,029,900 Psyched Wellness Shares issued, 2,970,000 Psyched Wellness Shares were issued to arm's length parties to both the Company and Psyched Wellness, and 12,250,000 Psyched Wellness were issued to the following officers and directors of Psyched Wellness: Jeffrey Stevens, CEO of Psyched Wellness – 4,150,000; S4 Management Group Inc. (a company controlled by Mr. Stevens, CEO of Psyched Wellness) – 1,799,900; David Shisel, COO of Psyched Wellness – 4,500,000; Michael Nederhoff, director of Psyched Wellness – 1,125,000; and Nicholas Kadysh, director of Psyched Wellness – 675,000.

## 10.8. Stock Exchange Price

Prior to the Delisting Date, the Common Shares were listed and posted for trading on the TSXV on October 10, 2000 under the trading symbol "DPH". The following table sets forth the high and low closing prices and volume for the Common Shares traded through the TSXV for the periods referenced below:

Period	Low Trading Price (\$)	High Trading Price (\$)	Volume (pre-Consolidation)
Quarter Ended May 31, 2019 <sup>1</sup>	\$0.07	\$0.28	209,400
Quarter Ended February 28, 2019	\$0.20	\$0.50	2,034,500
Quarter Ended November 30, 2018	\$0.40	\$0.40	24,800



Period	Low Trading Price (\$)	High Trading Price (\$)	Volume (pre-Consolidation)
Quarter Ended August 31, 2018	\$0.40	\$0.80	273,700

**Notes:**

(1) The Common Shares were delisted from the TSXV on May 9, 2019.

## 11. Escrowed and Pooled Securities

### 11.1. Escrowed Securities

The table immediately below sets out the number of securities held by the Related Persons of the Company who are parties to the escrow restrictions under the Escrow Agreement:

Designation of Class Held in Escrow	Number of Securities	Percentage of class
Common Shares <sup>(1) (2) (3) (4)</sup>	17,050,000	16.59%

**Notes:**

- (1) As the Company will be classified as an emerging issuer pursuant to NP46-201, the securities will, in accordance with NP46-201, be released from escrow in stages over a 36 month period from the completion of the Listing with 10% released immediately upon the Listing and 15% of such escrowed securities released on the 6, 12, 18, 24, 30 and 36 month anniversaries of the date of the Listing.
- (2) Common Shares subject to the NP46-201 escrow will be held by the Escrow Agent and will be released pursuant to the terms set out in the Escrow Agreement.
- (3) 12,262,500 Common Shares that are subject to the Escrow Agreement are also subject to the Pooling Agreement, such that if a number of securities is released from escrow they will continue to be subject to the Pooling Agreement if the Pooling Agreement conditions require such, and vice versa.
- (4) None of the Related Persons hold Broker Warrants, as such there are no Broker Warrants that are subject to the Escrow Agreement.

### 11.2. Pooled Securities

The table immediately below sets out the number of securities held by certain securityholders of the Company who are parties to the voluntary Pooling Agreement.

Designation of class of securities subject to the Pooling Agreement	Number of Securities	Percentage of class
Common Shares <sup>(1)</sup>	39,600,068	37.8%

**Note:**

- (1) 12,262,500 Common Shares are also subject to Escrow Agreement, such that if a number of securities is released from the provisions of the Pooling Agreement they will continue to be subject to the Escrow Agreement if the Escrow Agreement conditions require such, and vice versa.

On May 5, 2020, the Company entered into the Pooling Agreement with certain holders of Common Shares, whereby the subscribers to the Seed Financing and 2020 Debt Settlement, as well as certain holders of Common Shares issued to former shareholders of Psyched Wellness pursuant to the Share Exchange, have agreed to certain restrictions on resale of the Common Shares.

The Pooled Shares to be held by the Pooling Agent are to be released on the following basis:

- (a) 25% on July 25, 2020 (the release has been completed);
- (b) 25% on the earlier of (i) six months following the Listing of the Pooled Shares or (ii) the Company providing the Pooling Agent with written notice that the 10 day volume weighted average trading price of the Pooled Shares equals or exceeds an amount which is 2 times the greater of \$0.10 per Common Share or the price of any Common Shares offered in a Series A Financing of the Company prior to or after Listing, but in any event no later than March 25, 2021;
- (c) 25% on the earlier of (i) twelve months following the Listing, or (ii) the Company providing the Pooling Agent with written notice that the 10 day volume weighted average trading price of the Pooled Shares equals or exceeds an amount which is 2.5 times the greater of \$0.10 per Common Share or the price of any Common Shares offered in a Series A Financing of the Company prior to or after Listing, but in any event no later than March 25, 2022; and
- (d) 25% on the earlier of (i) eighteen months following the Listing or (ii) the Company providing the Pooling Agent with written notice that the 10 day volume weighted average trading price of the Pooled Shares equals or exceeds an amount which is 3 times the greater of \$0.10 per Common Share or the price of Common Shares offered in a Series A Financing prior to or after the Listing, but in any event no later than March 25, 2023.

## 12. Principal Shareholders

As of the date of this Listing Statement, to the knowledge of the directors and officers of the Company, no person beneficially owns or exercises control or direction over Common Shares carrying more than 10% of the votes attached to Common Shares.

## 13. Directors and Officers

The following table provides the names of the directors and officers, municipalities of residence province and country, respective positions and offices held with the Company, their principal occupations for the past five years and the number and percentage of Common Shares owned, directly or indirectly, or over which control or direction is exercised, of voting securities of the Company, as of the date hereof:

Name, Province and Country of Residence and Position Held	Principal Occupation for the Past Five Years	Director/Officer of the Company Since	Common Shares Beneficially Owned or Controlled	Percentage of Issued and Outstanding Common Shares
<b>Jeffrey Stevens</b> Scarborough, ON, Canada <i>Chief Executive Officer and Director</i>	See detailed description below under “ <i>Management Details</i> ”.	May 5, 2020	5,950,000 <sup>(2)</sup>	5.79%
<b>David Shisel</b> Tel-Aviv, Israel <i>Chief Operating Officer</i>	See detailed description below under “ <i>Management Details</i> ”.	May 5, 2020	4,500,000	4.38%
<b>Keith Li</b> Markham, ON, Canada <i>Chief Financial Officer and Corporate Secretary</i>	See detailed description below under “ <i>Management Details</i> ”.	January 27, 2020	Nil	Nil

Name, Province and Country of Residence and Position Held	Principal Occupation for the Past Five Years	Director/Officer of the Company Since	Common Shares Beneficially Owned or Controlled	Percentage of Issued and Outstanding Common Shares
<b>Michael Nederhoff</b> <sup>(1)</sup> Saskatoon, SK, Canada <i>Chairman of the Board</i>	See detailed description below under “ <i>Management Details</i> ”.	May 5, 2020	1,875,000	1.82%
<b>Terry Booth</b> <sup>(1)</sup> Edmonton, AB, Canada <i>Director</i>	See detailed description below under “ <i>Management Details</i> ”.	May 5, 2020	3,500,000 <sup>(3)</sup>	3.41%
<b>Nicholas Kadysz</b> Toronto, ON, Canada <i>Director</i>	See detailed description below under “ <i>Management Details</i> ”.	May 5, 2020	1,125,000	1.09%
<b>Chris Hazelton</b> <sup>(1)(4)</sup> Barrie, ON Canada <i>Director</i>	See detailed description below under “ <i>Management Details</i> ”.	March 5, 2020	100,000	0.10%

**Notes:**

- (1) Current members of the Audit Committee.
- (2) 1,800,000 Common Shares are owned by S4 Management Group Inc., a corporation 100% owned by Mr. Stevens. and 4,150,000 Common Shares are owned by Mr. Stevens personally.
- (3) 3,500,000 Common Shares are owned by Lola Ventures Inc., a corporation 100% owned by Mr. Booth.
- (4) Mr. Hazelton also acts as the Chair of the Audit Committee.

### 13.2. Period Served as Directors and Officers

The table in *Section 13 – Directors and Officers* outlines the periods for which the directors and officers have served with the Company in their respective capacities. The Company’s articles provide that the number of directors should not be fewer than one and no more than 10 directors. Each director holds office until the close of the next annual general meeting of the Company, or until his or her successor is duly elected or appointed, unless his or her office is earlier vacated.

### 13.3. Interests of Director and Officer

At the completion of the Listing, the directors and officers of the Company as a group will beneficially own, directly or indirectly, or exercise control or direction over an aggregate of 17,050,000 Common Shares, representing approximately 16.29% of the issued and outstanding Common Shares (on an undiluted basis). Each director’s term of office will expire at the next annual meeting of shareholders unless re-elected at such meeting. The directors and officers will devote their time and expertise as required by the Company; however it is not anticipated that any director or officer will devote 100% of their time to the activities of the Company.

### 13.4. Board Committees

The Company has one committee, the Audit Committee, whose members are: Chris Hazelton (Chair), Terry Booth and Michael Nederhoff, each of whom is financially literate in accordance with NI 52-110. Chris Hazelton and Terry Booth are independent, as defined under NI 52-110.

The Board may from time to time establish additional committees.

### **13.5. Principal Occupation of Directors and Executive Officers**

Please see *Section 13.21. – Management Details* for the principal occupation of directors and officers of the Company.

### **13.6. Corporate Cease Trade Orders and Bankruptcies**

Other than as set out below, no director or officer of the Company or Shareholder holding a sufficient number of Common Shares to affect materially the control of the Company, is, or within 10 years before the date of the Listing Statement has been, a director or officer of any other issuer that, while that person was acting in that capacity:

- (a) was the subject of a cease trade or similar order, or an order that denied the other issuer access to any exemptions under Ontario securities law, for a period of more than 30 consecutive days;
- (b) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days;
- (c) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (d) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Keith Li was a CFO of Beleave Inc., a CSE-listed company, from April 13, 2020 to April 17, 2020 which has been subject to a cease trade order issued by the Ontario Securities Commission on April 17, 2020 for failure to file certain continuous disclosure materials as required by Ontario securities law, as the previously filed financial statements were incomplete and omitted various required disclosures. The cease trade order expired on May 2, 2020 and the securities of Beleave Inc. were reinstated for trading on the CSE on May 4, 2020.

Keith Li has been a CFO of BitRush Corp. from December 19, 2018, which has been subject to a cease trade order issued by the Ontario Securities Commission since December 2, 2016. The Ontario Securities Commission issued a partial revocation order on April 29, 2019 in respect of the cease trade order, pursuant to which BitRush Corp. was permitted to undertake a private placement and complete certain other securities issuances. The cease trade order continues to be in effect.

Mr. Stevens was a director of Greatbanks Resources Ltd. (currently Goldhills Holding Ltd.) from July 10, 2015 to April 24, 2017, which was subject to a cease trade order by the British Columbia Securities Commission on December 11, 2015 for failure to file the required financial statements and MD&A. The cease trade order was revoked on March 21, 2016 after the company completed the required filings.

### **13.7. Penalties and Sanctions**

To the knowledge of the Company, no director, officer of the Company nor a Shareholder holding a sufficient number of Common Shares to materially affect the control of the Company, has:

- (a) been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority; or

- (b) been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision.

### **13.8. Settlement Agreements**

Not applicable.

### **13.9. Bankruptcies**

Other than as set for the below, to the knowledge of the Company, no director or officer of the Company, nor a shareholder holding sufficient securities of the Company to affect materially the control of the Company, or a personal holding company of any such persons, has become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangements or compromises with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of such person.

Mr. Nederhoff completed a consumer proposal in October 2019 (that arose in 2017) that was administered by BDO Canada Limited.

### **13.10. Conflicts of Interest**

The directors and officers of the Company and its subsidiaries are required by law to act honestly and in good faith with a view to the best interests of the Company and its subsidiaries, as the case may be, and to disclose any interests, which they may have in any project or opportunity of the Company or its subsidiaries. If a conflict of interest arises at a meeting of the Board, any director in a conflict will disclose his or her interest and abstain from voting on such matter. It is expected that all conflicts of interest will be resolved in accordance with the provisions of the OBCA.

To the best of the Company's knowledge, there are no known existing or potential conflicts of interest among the Company and its subsidiaries, and directors, officers or other members of management of the Company or its subsidiaries. Some of the directors and officers serve as directors and officers of other companies, and therefore it is possible that a conflict may arise between their duties to the Company and its subsidiaries and their duties as a director or officer of such other companies. Please see *Section 17 – Risk Factors*.

### **13.11. Management Details**

While none of the members of the management team have direct experience in the functional foods or mushroom-derived products industries, they rely on expertise and guidance of the Company's Board and the Advisory Board, as it relates to the business of the Company. The Company will continue to build core skills in managing pre-clinical studies, product formulation, manufacturing, supply chain and commercialization by adding in-house personnel as required. The following sets out details of the directors and management of the Company:

**Jeffrey J. Stevens, Chief Executive Officer and Director (Age 47)** – Mr. Stevens' principal occupations during the past five years included officer and director positions with various small-cap and micro-cap Canadian issuers. Mr. Stevens has been a director of Global UAV Technologies Ltd. (CSE:UAV), a technology company that provides products and services in the unmanned aerial vehicles space, from May 2020 to present. Mr. Stevens was previously CEO and Chairman of Graph Blockchain (CSE:GBLC), a blockchain company designing private blockchain solutions for large enterprise and government agencies, from February 2019 to January, 2020. Mr. Stevens was COO and President of Datametrex AI Ltd. (TSXV:DM), an artificial intelligence and machine learning company focused on social data discovery, from October 2016 to April 2020. Mr. Stevens was a director of New Wave Esports Corp. (CSE:NWES), an esports and competitive gaming company, from October 2019 to February 2020. Mr. Stevens was a director of FluidOil Limited, a company focused on providing heavy oil upgrading services, from January 2016 to August 2018. Mr. Stevens was a director of Greatbanks Resources Ltd. (currently named Goldhills

Holding Ltd.), a mineral resource exploration company, from July 2015 to April 2017. Mr. Stevens was advisor at Westridge Management International Limited, a firm focused on deal origination, structuring, and advising, from October 2014 to February 2018. Mr. Stevens holds a Bachelor of Arts degree from University of Toronto. To the best of Mr. Stevens' knowledge, (i) at the time of his involvement with his previous roles, none of such companies were affiliates of the Company, and (ii) as of the date hereof, all of such companies are still carrying on their respective businesses.

Mr. Stevens brings over 20 years of professional experience in the Canadian capital markets with a focus on capital raising for micro-cap and small-cap companies in Canada. Through his board and management experience he has an in-depth understanding of corporate governance practices and corporate risk management as it relates to operation and capital stewardship of small-cap public companies in Canada. Through the course of his career he was the head of two sales and trading desks and was instrumental in building the Canadian operations for a US-based investment bank in Toronto. His client base included institutional money managers, hedge funds, mutual funds and family offices in Canada, United States and Europe.

In his capacity as the Chief Executive Officer of the Company, Mr. Stevens is responsible for the overall direction, business development and capital raising efforts of the Company. Mr. Stevens will devote 100% of his available time to act in his capacity as a director and Chief Executive Officer of the Company and is an independent contractor of the Company.

Mr. Stevens has not entered into a non-competition agreement with the Company, but the Stevens Agreement contains non-disclosure and confidentiality provisions. Please see *Section 15 – Executive Compensation – Changes to Executive Compensation Subsequent to Year Ended November 30, 2019*.

**David Shisel, Chief Operating Officer (Age 31)** – Mr. Shisel's principal occupations during the past five years included senior management positions with various companies in the Israeli-based medical cannabis companies with a focus on Israel and Europe, as well as a cannabis-focused legal practice. Mr. Shisel was CEO of HolyCanna Ltd., an Israel-based company with a cannabis nursery and cultivation license, from February 2018 to September 2019. Mr. Shisel was CEO of CannabiSendak Ltd., an Israeli-based company that operates clinics for cannabis use consultations for medical cannabis patients, from April 2018 to March 2020. Mr. Shisel was strategic and regulatory advisor to Cannabis Labs & Technology Ltd. and GMA Cannabis Research & Development, medical cannabis companies that operate in Israel, Greece and Germany, from August 2019 to January 2020. Mr. Shisel was strategic and regulatory advisor to the head of cannabis department at Weinstock Zehavi & Co Law Firm, a Tel-Aviv based cannabis expert law firm in Israel from November 2017 to January 2019. Mr. Shisel was CEO and founder of Yavne Bar and Hostel 51, bars & restaurants in Tel Aviv Israel, from June 2015 to October 2017. Mr. Shisel holds a law degree from Tel Aviv University. To the best of Mr. Shisel's knowledge, (i) at the time of his involvement with his previous roles, none of such companies were affiliates of the Company, and (ii) as of the date hereof, all of such companies are still carrying on their respective businesses.

Mr. Shisel brings over 10 years of experience that he acquired by working with and advising multiple companies that operate in highly regulated industries with a focus on research and development, product formulations and regulatory compliance. He has also acted as a strategic advisor to various public companies.

In his capacity as the Chief Operating Officer of the Company, Mr. Shisel is responsible for heading up the operations and directing the research and development efforts for the Company. He works closely with the CEO to implement corporate directives on a daily basis.

Mr. Shisel anticipates devoting 100% of his available time to the affairs of the Company in his capacity as a Chief Operating Officer and is an independent contractor of the Company. Mr. Shisel has not entered into

a non-competition agreement with the Company, but the Shisel Agreement contains non-disclosure and confidentiality provisions. Please see *Section 15 – Executive Compensation – Changes to Executive Compensation Subsequent to Year Ended November 30, 2019*.

**Keith Li, Chief Financial Officer and Corporate Secretary (Age 41)** – Mr. Li's principal occupations during the past five years included CFO positions with various public companies. Mr. Li has been the CFO of Branson Corporate Services Ltd. ("**Branson**"), an outsourced corporate services company from November 2017 to present. Mr. Li has been the CFO of Pharmadrug Inc., an international focused cannabis company from December 2017 to present. Mr. Li has been the CFO of Quinsam Capital Corp., a CSE-listed investment company focused on cannabis from March 2018 to present. Mr. Li has been the CFO of Jubilee Gold Exploration Ltd., a TSXV mineral exploration company, from January 2020 to present. Mr. Li has been the CFO of Sustainco Inc. (TSXV:SMS), a company that provides infrastructure solutions and services from June 2020 to present. Mr. Li has been the CFO and Corporate Secretary of BitRush Corp., a CSE-listed technology company from December 2018 to present. Mr. Li was the CFO of Rigel Technologies Inc., an unlisted reporting issuer from December 2017 to January 2019, and from January 2020 to present. Mr. Li was the CFO of Harborside Inc., a California-based cannabis retailer from December 2017 to December 2019. Mr. Li was the CFO of Beleave Inc., an Ontario-based vertically integrated cannabis company in April 2020. Prior to joining Branson, Mr. Li was the External Reporting Manager for Sears Canada Inc., a department store chain, from August 2016 to November 2017. Mr. Li was Senior Auditor for UHY McGovern Hurley LLP, a Toronto-based mid-sized accounting firm, from September 2011 to August 2016. Mr. Li is a Chartered Professional Accountant (CPA, CA) and holds a Bachelor of Commerce from McGill University. To the best of Mr. Li's knowledge, (i) at the time of his involvement with the previous roles, none of such companies were affiliates of the Company, and (ii) as of the date hereof, all of such companies are still carrying on their respective businesses (other than Sears Canada, which ceased operations in January 2018).

Mr. Li has over ten years of corporate accounting, financial reporting, and audit experience. He specializes in providing management advisory services, accounting, and regulatory compliance services to companies in a number of industries.

In his capacity as the Chief Financial Officer of the Company, Mr. Li is responsible for the financial affairs of the Company and brings extensive experience in dealing with financial matters and corporate strategy.

Mr. Li anticipates devoting 20% of his available time to the affairs of the Company in his capacity as a Chief Financial Officer and is an independent contractor of the Company. Mr. Li has not entered into a non-competition agreement with the Company, but the agreement between the Company and Branson Corporate Services Ltd. (a company that Mr. Li is employed with) contains non-disclosure and confidentiality provisions. Please see *Section 15 – Executive Compensation – Changes to Executive Compensation Subsequent to Year Ended November 30, 2019*.

**Michael Nederhoff, Chairman of the Board (Age 49)** – Mr. Nederhoff is the President of Juul Labs Canada, an electronic cigarette company, from August 2018 to present. Mr. Nederhoff has been an owner of Wilro Consulting, an independent agency specializing in sales, marketing, distribution, brand management and new product development for the Canadian marketplace, from July 2015 to present. Mr. Nederhoff was a General Manager of CytoSport Inc. sports nutrition and functional beverage company, from 2012 to August 2018. Mr. Nederhoff is a graduate of the University of Saskatchewan and holds a Bachelor of Commerce degree, as well as a mini MBA from the University of Calgary. To the best of Mr. Nederhoff's knowledge, (i) at the time of his involvement with his previous roles, none of such companies were affiliates of the Company, and (ii) as of the date hereof, all of such companies are still carrying on their respective businesses.

Mr. Nederhoff brings more than 25 years of leadership experience within the consumer-packaged goods sectors where he has held a variety of progressive roles in sales and marketing with several world class organizations. In his previous roles he has overseen various aspects of operations including product launches, sales, government relations, organizational structure, and P&L responsibility. Mr. Nederhoff is recognized for his thoughtful and practical approach in building successful organizations and has a proven track record of success throughout his career. He holds a big picture and visionary approach to leadership and is able to build and develop winning teams and engaged stakeholders.

Mr. Nederhoff will not work full time for the Company; however, he will devote such time as is required to effectively satisfy his duties as the chairman of the board of the Company. Mr. Nederhoff anticipates devoting approximately 10% of his available time to the affairs of the Company in his capacity as a director. Mr. Nederhoff has entered into the Nederhoff Agreement with Psyched Wellness as an independent contractor of the Company and has not entered into a non-competition agreement with the Company, but the consulting agreement that he entered into with the Company contains non-disclosure and confidentiality provisions. Please see *Section 15 – Executive Compensation – Changes to Executive Compensation Subsequent to Year Ended November 30, 2019*.

***Terry Booth, Director (Age 56)*** – Mr. Booth was the CEO of Aurora Cannabis Inc., from December 2014 to February 2020, and a director from December 2014 to June 2020. Mr. Booth was a director of Radiant Technologies Inc., a commercial manufacturer of cannabis derivatives, formulations, and products, from November 2017 to February 2019. Mr. Booth was a director of Alcanna Inc., the largest alcohol retailer in Canada from March 2018 to May 2019. Mr. Booth has been an Executive Chairman of Binovi Technologies Corp. (formerly Eyecarrot Innovations Corp.), a TSXV-listed company focused on the development and commercialization of visual and neuro-cognitive processing products, from May 2020 to present. Mr. Booth has been a director of Quinsam Capital Corp., a CSE-listed investment company focused on cannabis from September 2017 to present. Mr. Booth has been founder and CEO of Med PPE Canada Inc., a company focused on providing essential personal protective equipment, from April 2020 to present. To the best of Mr. Booth's knowledge, (i) at the time of his involvement with his previous roles, none of such companies were affiliates of the Company, and (ii) as of the date hereof, all of such companies are still carrying on their respective businesses. Mr. Booth received a graduate degree from Northern Alberta Institute of Technology.

Mr. Booth co-founded Aurora Cannabis Inc. in 2013 when the Canadian federal government created a new regulatory regime for the national medical cannabis system. Investing \$2.5 million of his own capital in start-up funding, he secured a 160-acre parcel of land in the foothills of the Rocky Mountains and designed and built Aurora's first advanced cannabis production facility. Prior to founding Aurora, Mr. Booth had been in the industrial permitting and governmental regulatory sector for over 20 years. An entrepreneur and Alberta business leader, Mr. Booth has served as President/CEO of six other highly successful businesses, one of which, Superior Safety Codes Inc., has received many awards including one of Canada's top 50 fastest-growing companies. Mr. Booth is a strong supporter of many charitable organizations dedicated to ending family violence and violence against women, including the "Walk a Mile in Her Shoes" campaign, Kids Up Front, WINGS and WIN House.

Mr. Booth will not work fulltime for the Company; however, he will devote such time as is required to effectively satisfy his duties as director of the Company. Mr. Booth anticipates devoting approximately 10% of his available time to the affairs of the Company in his capacity as a director. Mr. Booth is neither an employee, nor a contractor of the Company, but has entered into an indemnity agreement with the Company that also includes non-disclosure and non-disparagement provisions. Mr. Booth has not entered into a non-competition agreement with the Company.

***Nicholas Kadysh, Director (Age 34)*** – Mr. Kadysh is the Head of Corporate Affairs of Juul Labs Canada, an electronic cigarette company, from October 2018 to present. Mr. Kadysh was Government Affairs



Leader and Senior Counsel, Public Policy of GE Canada, a Canadian manufacturer of electrical products, from March 2017 to October 2018. Mr. Kadysh was Director of Public Affairs for Red Bull Canada, an energy drink company from April 2013 to March 2017. To the best of Mr. Kadysh's knowledge, (i) at the time of his involvement with his previous roles, none of such companies were affiliates of the Company, and (ii) as of the date hereof, all of such companies are still carrying on their respective businesses.

Mr. Kadysh has over ten years of experience as a public and government affair professional with various companies where he managed relationships with government, outside stakeholders and the press. Prior to his work in the corporate sector, Mr. Kadysh gained a deep understanding of the Canadian government as a campaign and legislative staff member in multiple levels of government, most recently directing the outreach department of the Office of the Leader of the Opposition at Queen's Park in Toronto. He has also worked at the Canadian Parliament as a policy advisor. Mr. Kadysh is trilingual (English, French & Russian), is a graduate of Queen's University and is active in non-profit and community initiatives in Toronto, including fundraising for Toronto East General Hospital and as a member of the board for Yonge-Dundas Square.

Mr. Kadysh will not work fulltime for the Company; however, he will devote such time as is required to effectively satisfy his duties as the director of the Company. Mr. Kadysh has entered into the Kadysh Agreement with Psyched Wellness and is an independent contractor of the Company and has not entered into any non-competition agreements with the Company, but the consulting agreement that he entered into with the Company contains non-disclosure and confidentiality provisions. Mr. Kadysh anticipates devoting approximately 20% of his available time to the affairs of the Company in his capacity as a director. Please see *Section 15 – Executive Compensation – Changes to Executive Compensation Subsequent to Year Ended November 30, 2019*.

**Chris Hazelton, Director (Age 45)** – Mr. Hazelton is the CEO of SustainCo Inc. (TSXV:SMS), a company that provides infrastructure solutions and services from June 2020 to present, prior to which he was the CFO from September 2014 to June 2020. Mr. Hazelton was the CFO of Sagittarius Capital Corp. (currently named Water Ways Technologies Inc.), a TSXV listed company, from April 2014 to March 2019. Mr. Hazelton has served as controller and supervisor for multiple public and private companies since 1998. Mr. Hazelton is a member of the Certified General Accountants Association of Ontario and has a Bachelor of Commerce degree from McMaster University. To best of Mr. Hazelton's knowledge, as of the date hereof, all the companies that he was involved with are still carrying on their respective businesses and none of the companies were affiliates of the Company.

Mr. Hazelton comes with a wealth of experience in auditing, corporate finance, and corporate governance in various industries such as manufacturing, retail, technology, not-for-profit and merchant banking.

Mr. Hazelton will not work fulltime for the Company; however, he will devote such time as is required to effectively satisfy his duties as a director of the Company. Mr. Hazelton anticipates devoting approximately 10% of his available time to the affairs of the Company in his capacity as a director. Mr. Hazelton is neither an employee, nor a contractor of the Company, and has not entered into any non-competition agreements or non-disclosure agreements with the Company.

### **Advisory Board**

The Company has organized an advisory board (the "**Advisory Board**") to provide expertise and advice to the senior management team regarding operational matters relating to the execution of the Company's business plan. Currently, the Advisory Board is comprised of Dr. Dawn DeCunha, Dr. Andrew Kohler and Professor David Nutt. The Board expects to review the structure and composition of the Advisory Board with the intention of adding additional members in the near future and as the Company grows and its business objectives and milestones evolve.

***Dr. Dawn DeCunha, Advisory Board Member*** – Dr. Dawn DeCunha is a clinical psychologist, with an active practice in Toronto, Canada. She is a member of the College of Psychologists of Ontario and the Canadian Register of Health Service Psychologists. She is the founder and clinical director of Psychology Works, a community-based clinic providing psychological assessment and treatment to a wide variety of patients ranging in age from young children to seniors. After more than two decades of trauma informed practice, which has included extensive work in Family, Civil and Criminal Court, Dr. DeCunha has turned her focused attention to the most promising area of research in mental health in the history of psychology: Psychedelic Assisted Research and Therapy. Dr. DeCunha is a graduate of the post-graduate program in Psychedelic Research and Therapy, at the California Institute of Integral Studies. She is also fully trained by Compass Pathways as a psychedelic therapist and mentor. Her training in psychedelic research and therapy is recognized by Health Canada, the FDA as well as the European Medicines Agency as highly specialized training in novel pharmaceutical treatment protocols for Phase 11b clinical trials with scheduled drugs. She is qualified to teach and train emerging psychedelic therapists. Dr. DeCunha is currently the Lead Therapist for Phase 2 clinical trials investigating Treatment Resistant Depression and Psilocybin at the Center for Addiction and Mental Health in Toronto.

***Professor David Nutt, Advisory Board Member*** – Professor David Nutt is the Edmond J Safra Chair in Neuropsychopharmacology at the Imperial College London. He is also the President of the European Brain Council, and the former President of the European College of Neuropsychopharmacology. Professor Nutt is a British neuropsychopharmacologist specializing in the research of drugs that affect the brain and conditions such as addiction, anxiety, and sleep. He was until 2009 a professor at the University of Bristol heading their Psychopharmacology Unit. Since then he has been the Edmond J. Safra Chair in Neuropsychopharmacology at Imperial College London and Director of the Neuropsychopharmacology Unit in the Division of Brain Sciences. Professor Nutt was a member of the Committee on Safety of Medicines and was President of the European College of Neuropsychopharmacology. His book, *Drugs Without the Hot Air* (UIT press) won the Transmission Prize for Communicating Science in 2014.

***Dr. Andrew Kohler, Advisory Board Member*** – Dr. Kohler graduated from the University of Alberta Medical School 30 years ago and is the founder and owner of Callingwood Crossing Medical Center, which he has built over the years through a series of acquisitions. He is actively involved raising money for Edmonton based health and education initiatives and works part time teaching medical students as a Clinical Professor of Medicine from the University of Alberta School of Medicine and Dentistry. Dr. Kohler participated in various pharmaceutical trials and studies. Dr. Kohler is an associate clinical professor of medicine at the University of Alberta.

As of the date hereof, Dr. Kohler beneficially owns 900,000 Common Shares, which represents 0.88% of the total issued and outstanding Common Shares. Dr. DeCunha, Professor Nutt and Dr. Kohler each own 250,000 Stock Options. No other Advisory Board members own any Common Shares or other securities of the Company.

## **14. Capitalization**

### **14.1 Issued Capital**

To the best knowledge of the Company, the following table sets out the number of securities available in the public float and freely tradeable float on a diluted and non-diluted basis:

	<b>Number of Securities (non- diluted)</b>	<b>Number of Securities (fully-diluted)</b>	<b>% of Issued (non- diluted)</b>	<b>% of Issued (fully diluted)</b>
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#### **Public Float**

	Number of Securities (non-diluted)	Number of Securities (fully-diluted)	% of Issued (non-diluted)	% of Issued (fully diluted)
<b>Total outstanding (A)</b>	<b>104,642,930</b>	<b>114,324,130</b>	<b>100.00%</b>	<b>100.00%</b>
Held by Related Persons or employees of the Company or Related Person of the Company, or by persons or companies who beneficially own or control, directly or indirectly, more than a 5% voting position in the Company (or who would beneficially own or control, directly or indirectly, more than a 5% voting position in the Company upon exercise or conversion of other securities held) (B). <sup>(2)</sup>	17,050,000	23,050,000	16.29%	20.16%
<b>Total Public Float (A-B)</b>	<b>87,592,930</b>	<b>91,274,130</b>	<b>83.71%</b>	<b>79.84%</b>
<b><u>Freely Tradeable Float</u></b>				
Number of outstanding securities subject to resale restrictions, including restrictions imposed by pooling or other arrangements or in a shareholder agreement and securities held by control block holders <sup>(1) (2) (3)</sup> .	41,476,018	41,476,018	39.64%	36.28%
<b>Total Tradeable Float (A-C)</b>	<b>63,166,912</b>	<b>72,848,112</b>	<b>60.36%</b>	<b>63.72%</b>

**Notes:**

- (1) Includes securities issued as part of the Series A Financing, which are subject to a four month and one day hold period from the date of issuance.
- (2) Includes securities subject to escrow under NP46-201. Please see *Section 11 – Escrowed and Pooled Securities*.
- (3) Includes the Common Shares subject to the Pooling Agreement. Please see *Section 11 – Escrowed and Pooled Securities*.

**Public Securityholders (Registered)**

The persons enumerated in (B) of the *Issued Capital* table above are not included in the following table.

**Class of Security: Common Shares**

Size of Holding	Number of holders	Total number of securities
1 – 99 securities	57	1,569
100 – 499 securities	21	3,676
500 – 999 securities	0	0
1,000 – 1,999 securities	4	5,000
2,000 – 2,999 securities	6	15,000
3,000 – 3,999 securities	4	15,000
4,000 – 4,999 securities	1	4,650

5,000 or more securities	186	87,548,035
<b>Total</b>	<b>279</b>	<b>87,592,930</b>

#### Public Securityholders (Beneficial)

The following table sets forth information regarding the number of beneficial "public security holders" of the Company, being persons other than persons enumerated in section (B) of the issued capital chart who either: (i) hold securities in their own name as registered shareholders; or (ii) hold securities through an intermediary where the Company has been given written confirmation of shareholdings:

#### **Class of Security: Common Shares**

<b>Size of Holding</b>	<b>Number of holders</b>	<b>Total number of securities</b>
1 – 99 securities	91	3,055
100 – 499 securities	62	12,470
500 – 999 securities	21	13,943
1,000 – 1,999 securities	20	26,403
2,000 – 2,999 securities	17	42,000
3,000 – 3,999 securities	8	28,725
4,000 – 4,999 securities	4	17,900
5,000 or more securities	211	86,256,448
Unable to confirm <sup>(1)</sup>	Unable to confirm <sup>(1)</sup>	1,191,986
<b>Total</b>	<b>434</b>	<b>87,592,930</b>

**Note 1.** Shares are held by an unknown number of participants (intermediaries) through CDS.

#### Non-Public Securityholders (Registered)

The following table sets forth information regarding the number of registered "non-public securityholders" of the Company, being persons enumerated in section (B) of the issued capital chart:

## Class of Security: Common Shares

Size of Holding	Number of holders	Total number of securities
1 – 99 securities	0	0
100 – 499 securities	0	0
500 – 999 securities	0	0
1,000 – 1,999 securities	0	0
2,000 – 2,999 securities	0	0
3,000 – 3,999 securities	0	0
4,000 – 4,999 securities	0	0
5,000 or more securities	7	17,050,000
<b>Total</b>	<b>7</b>	<b>17,050,000</b>

## 14.2 Convertible/Exchangeable Securities

As of the date hereof, there are no convertible or exchange securities issued other than Broker Warrants and Options, each as outlined in *Section 10 – Description of Securities*.

As of the date hereof, the Company had the following securities convertible into Common Shares:

Description of Security (include conversion / exercise terms, including conversion / exercise price)	Number of convertible / exchangeable securities outstanding	Number of listed securities issuable upon conversion / exercise
Broker Warrants <sup>(1)(2)</sup>	2,369,200	2,369,200
Stock Options <sup>(3)</sup>	7,312,000	7,312,000

### Notes:

(1) Broker Warrants are exercisable into Common Shares at a price of \$0.10 per Common Share.

(2) 632,000 Broker Warrants are exercisable until May 22, 2022, and 1,737,200 Broker Warrants are exercisable until June 1, 2022.

(3) The Stock Options are exercisable into Common Shares at a price of \$0.10 per Common Share until July 13, 2025, subject to vesting provisions thereto. Please see Section 9 – Options to Purchase Securities.

For description of the New Option Plan of the Company, see *Section 9 – Options to Purchase Securities* and *Section 8 – Consolidated Capitalization*

## 15. Executive Compensation

### Executive Compensation Form 51-102F6

Details related to the executive compensation paid by the Company, prepared in accordance with Form 51-102F6 of NI51-102, can be found on SEDAR ([www.sedar.com](http://www.sedar.com)) in the Company's management information circular dated May 29, 2020, which is incorporated by reference into this Listing Statement.

## Changes to Executive Compensation Subsequent to Year Ended November 30, 2019

Subsequent to year ended November 30, 2019, there were the following changes to the executive compensation of officers and directors of the Company and Psyched Wellness.

### *Consulting Agreements*

On March 1, 2020, the Company entered into an agreement with Branson, to provide the services of the Chief Financial Officer, controllership and bookkeeping services, administrative services, and general and back office services for a monthly fee of \$5,000. Keith Li, the current Chief Financial Officer of the Company, is employed by Branson and is compensated by Branson. As of the date of this Listing Statement, no balance is owed to Branson.

On March 25, 2020, Psyched Wellness entered into a consulting agreement with Jeffrey Stevens, Chief Executive Officer and Director of the Company (the "**Stevens Agreement**"). Pursuant to the Stevens Agreement, Jeffrey Stevens has agreed to perform the services of Chief Executive Officer of Psyched Wellness and manage Psyched Wellness' operations, ongoing capital markets needs and strategic initiatives. Mr. Stevens was paid a signing bonus of \$35,000, of which \$29,750.00 was satisfied through the issuance of 5,949,900 Psyched Wellness Shares to Mr. Stevens and his consulting company, at a price of \$0.005 per Psyched Wellness Share (please see *Section 10.7. – Prior Sales*), which were exchanged for 5,949,900 Common Shares pursuant to the Share Exchange. Mr. Stevens is also paid a base fee of \$8,000 per month, subject to annual review by the board of directors of Psyched Wellness. As of the date of this Listing Statement, no balance is owed to Mr. Stevens. The Stevens Agreement may be terminated by the Company by giving 60-days' notice to Mr. Stevens, and by Mr. Stevens by giving 30-days' notice to the Company. There are no additional severance provisions under the Stevens Agreement, other than the fees that would accrue during the notice period describe above.

On March 25, 2020, Psyched Wellness entered into a consulting agreement with David Shisel, Chief Operating Officer of the Company (the "**Shisel Agreement**"). Pursuant to the Shisel Agreement, David Shisel has agreed to perform the services of a Chief Operating Officer of Psyched Wellness and assume responsibility for operations, product development, distribution, sales, and marketing. Mr. Shisel was paid a signing bonus of \$35,000, of which \$22,500.00 was satisfied through the issuance to Mr. Shisel of 4,500,000 Psyched Wellness Shares, at a price of \$0.005 per Psyched Wellness Share (please see *Section 10.7. – Prior Sales*), which were exchanged for 4,500,000 Common Shares pursuant to the Share Exchange. Mr. Shisel is also paid a base fee of \$8,000 per month, subject to annual review by the board of directors of Psyched Wellness. As of the date of this Listing Statement, no balance is owed to Mr. Shisel. The Shisel Agreement may be terminated by the Company by giving 60-days' notice to Mr. Shisel, and by Mr. Shisel by giving 30-days' notice to the Company. There are no additional severance provisions under the Shisel Agreement, other than the fees that would accrue during the notice period describe above.

On March 27, 2020, Psyched Wellness entered into a board of directors' agreement with Michael Nederhoff to act as Chairman of Psyched Wellness (the "**Nederhoff Agreement**") and subsequently, the Company. Pursuant to the Nederhoff Agreement, Michael Nederhoff agreed to perform such duties and responsibilities as are normally related to such position in accordance with the Psyched Wellness bylaws and the OBCA. Mr. Nederhoff was paid a signing bonus of \$30,625.00, of which \$5,625.00 was satisfied through issuance of 1,125,000 Psyched Wellness Shares, (please see *Section 10.7. – Prior Sales*) which were exchanged for 1,125,000 Common Shares pursuant to the Share Exchange, \$12,500, paid in cash to Mr. Nederhoff, and the balance of \$12,500 was satisfied through issuance of 125,000 Common Shares at a price of \$0.10 per Common Share As of the date of this Listing Statement, no balance is owed to Mr. Nederhoff.

On March 27, 2020, Psyched Wellness entered into a board of directors' agreement with Nicholas Kadysh to act as a Director of Psyched Wellness (the "**Kadysh Agreement**") and subsequently, the Company. Pursuant to the Kadysh Agreement, Nicholas Kadysh agreed to perform such duties and responsibilities as

are normally related to such position in accordance with the Psyched Wellness bylaws and the OBCA. Mr. Kadysh was paid a signing bonus of \$18,375.00, of which \$3,375.00 was satisfied through issuance of 675,000 Psyched Wellness Shares (please see *Section 10.7 – Prior Sales*) which were exchanged for 675,000 Common Shares pursuant to the Share Exchange, \$7,500 paid in cash to Mr. Kadysh, and the balance of was satisfied through issuance of 75,000 Common Shares at a price of \$0.10 per Common Share. As of the date of this Listing Statement, no balance is owed to Mr. Kadysh.

### *Stock Options*

After the Common Shares of the Company are listed for trading on the CSE the Board may elect to grant Stock Options to its Named Executive Officers, directors, and consultants in accordance with the CSE Policies. The Company's directors have approved a New Option Plan and the Company's shareholders ratified the New Option Plan at the Meeting.

## **16. Indebtedness of Directors and Executive Officers**

No individual who is, or at any time during the most recently completed financial year was, a director or executive officer of the Company, a proposed nominee for election as a director of the Company, and each associate of any such director, executive officer or proposed nominee, (a) is, or at any time since the beginning of the most recently completed financial year of the Company has been, indebted to the Issuer or any of its subsidiaries, or (b) has or had indebtedness to another entity at any time since the beginning of the most recently completed financial year which is or was the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or any of its subsidiaries.

## **17. Risk Factors**

The Company's business faces numerous financial and market risks, including those described below, as well as general economic and business risks. The following discussion provides information concerning the material risks and uncertainties that the Company has identified and believe may adversely affect the Company's business, financial condition, and results of operations.

Before an investor decides whether to invest in the Company's securities, the following risks and uncertainties should be considered, together with all the other information included in this Listing Statement and in the Company's other public filings.

There are a number of risks that may have a material and adverse impact on the future operating and financial performance of the Company and could cause its operating and financial performance to differ materially from the estimates described in forward-looking statements related to the Company, as the case may be. These include widespread risks associated with any form of business and specific risks associated with the Company's business. An investment in the Common Shares, as well as the Company's prospects, are speculative due to the competitive nature of its business and the present stage of its operations. Shareholders of the Company may lose their entire investment. The risks described below are not the only risks facing the Company. Additional risks not currently known to the Company, or that the Company currently deems immaterial, may also impair the Company's business or operations. If any of the following risks occur, the Company's prospects, business, financial condition, or results of operations could be adversely affected. The risks faced by the Company are categorized into four separate categories, listed

below, and ranked according to management's assessment of their relative importance within each of the categories.

### **Risks Related to the Regulatory Environment**

*Changes in applicable federal, provincial, or state laws and regulations, or the expansion of current, or the enactment of new laws or regulations relating to sale, manufacturing and distribution of mushroom-derived products, could adversely affect the Company's business.*

While the sale, manufacturing and distribution of *Amanita muscaria* mushrooms are not currently subject to regulation under CDSA in Canada and under CSA in the United States, there is no certainty that this exclusion could not be altered by court or governmental action or re-interpretation. If either muscimol or products containing extracts from *Amanita muscaria* would be become controlled substances, the Company may need to seek to adjust its product development efforts to ensure compliance with applicable laws and regulations, which may result in substantial delays to achieving commercial revenue, change in timing of securing the required permits and licenses and unforeseen costs, which would adversely affect the Company's business.

There is no certainty that in the future FDA or Health Canada will not regulate the use of muscimol or *Amanita muscaria* extracts and prohibit its use as a dietary ingredient in dietary supplements or a NHP. There is no certainty that muscimol, or other dietary ingredients marketed by the Company, will be considered a grandfathered dietary ingredient under the DSHEA, meet the definition of a dietary ingredient, or would otherwise be permitted for use under the DSHEA. There is no certainty that the FDA would file a NDIN with no objections for muscimol or any other extract from *Amanita muscaria*, or file a NDIN with no objections for any other dietary ingredients the Company seeks to market, and thus there is a possibility that certain extracts and dietary ingredients of the Company may not be marketed as dietary ingredients in dietary supplements in the United States. It appears that a clinical trial on muscimol was commenced on or about June 23, 2000 to examine its ability to control seizures in patients with intractable epilepsy. The trial was a Phase I trial with three (3) enrolled subjects and appears to have been terminated prior to completion.<sup>12</sup> Another interventional trial intended for subjects with Parkinson's disease was commenced and withdrawn with no enrollment.<sup>13</sup> Under Section 201(ff)(3)(B) of the FD&C Act, a substance may not be used as a dietary ingredient if it includes "an article" that was first (1) approved as a new drug or (2) approved as an IND for which substantial clinical investigations have been instituted and for which the existence of such investigations has been made public. Thus, it is possible that an IND has been filed and/or authorized to study muscimol as a drug and FDA could take the position that muscimol is precluded from being an ingredient in dietary supplements. Similarly, other ingredients or extracts from *Amanita muscaria* that the Company may seek to market in the future may also be precluded from being marketed as dietary ingredients in dietary supplements.

*Risk in the Company becoming subject to enforcement actions by various government authorities that would materially impact the Company's business*

The Company relies on the supply of muscimol and its extracts, which may be imported from other countries. In the United States, neither *Amanita muscaria* nor muscimol are scheduled under the CSA and therefore, are not under the enforcement authority of the DEA. If in the future the DEA exerts jurisdiction over *Amanita muscaria* or muscimol products, the Company may become subject to additional licensing requirements, which may require additional capital. There is no assurance that the Company will be able to obtain any such licenses, be eligible to apply for such licenses, or comply with the current or evolving regulatory framework in any jurisdiction where it carries on its business or sells its products, which would adversely affect the Company's business.

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<sup>12</sup> <https://clinicaltrials.gov/ct2/show/NCT00005925>

<sup>13</sup> <https://clinicaltrials.gov/ct2/show/NCT00921128>



If the Company's historical, current or future sales or operations were found to be in violation of such regulations the Company may be subject to enforcement actions in such jurisdictions including, but not limited to penalties, including criminal and significant civil monetary penalties, damages, fines, imprisonment, exclusion from participation in government programs, injunctions, recall or seizure of products, total or partial suspension of production, denial or withdrawal of pre-marketing product approvals, private "*qui tam*" actions brought by individual whistleblowers in the name of the government, or refusal to allow the Company to enter into supply contracts, and the curtailment or restructuring of the Company's operations, any of which could adversely affect the Company's ability to operate its business and its results of operations.

*The Company may become subject to additional government regulation and legal uncertainties that could restrict the demand for its services or increase its cost of doing business, thereby adversely affecting its financial results.*

The activities of the Company are subject to regulation by governmental authorities. Achievement of the Company's business objectives are contingent, in part, upon compliance with regulatory requirements enacted by these governmental authorities and obtaining all regulatory approvals, where necessary, for the sale of its products. The Company cannot predict the time required to secure all appropriate regulatory approvals for its products, or the extent of testing and documentation that may be required by governmental authorities. Any delays in obtaining, or failure to obtain regulatory approvals would significantly delay the development of markets and products and could have a material adverse effect on the business, results of operations and financial condition of the Company.

The Company's operations are subject to a variety of laws, regulations and guidelines relating to the manufacture, management, transportation, storage and disposal of food and health supplement products including laws and regulations relating to health and safety and the conduct of operations. Changes to such laws, regulations and guidelines due to matters beyond the control of the Company may cause adverse effects to the Company's operations.

While the impact of the changes are uncertain and are highly dependent on which specific laws, regulations or guidelines are changed and on the outcome of any such court actions, it is not expected that any such changes would have an effect on the Company's operations that is materially different than the effect on similar-sized companies in the same business as the Company.

Local, provincial, state and federal laws and regulations governing muscimol are broad in scope and are subject to evolving interpretations, which could require the Company to incur substantial costs associated with bringing the Company's operations into compliance. In addition, violations of these laws, or allegations of such violations, could disrupt the Company's operations and result in a material adverse effect on its financial performance. It is beyond the Company's scope to predict the nature of any future change to the existing laws, regulations, policies, interpretations or applications, nor can the Company determine what effect such changes, when and if promulgated, could have on the Company's business.

*Complying with new and existing government regulation, in Canada, the US and abroad, could increase the Company's costs significantly and adversely affect its financial results.*

The processing, formulation, manufacturing, packaging, labeling, advertising, distribution and sale of the Company's products are subject to regulation by several Canadian and US federal departments and agencies, including Health Canada, the NNHPD, the FDA, the FTC, the Consumer Products Safety Commission, USPHS, USCBP, the Occupational Safety and Health Administration, as well as various state, local and international laws and agencies of the localities in which the Company's products are sold or marketed. Government regulations may prevent or delay the introduction, or require the reformulation, of the Company's products. Some agencies could require the Company to remove a particular product from the market, delay or prevent the import of raw materials for the manufacture of the Company's products, or

otherwise disrupt the Company's marketing efforts. Any such government actions would result in additional costs, including lost revenues from any additional products that the Company might be required to remove from the market, which additional costs could be material. Any such government actions also could lead to liability, substantial costs and reduced growth prospects. Moreover, there can be no assurance that new laws or regulations imposing more stringent regulatory requirements on the dietary supplement industry will not be enacted or issued. In addition, complying with adverse event reporting requirements imposes additional costs on the Company, which costs could become significant in the event more demanding reporting requirements are put into place.

Additional or more stringent regulations of dietary supplements and other products may be considered from time to time. These developments could require reformulation of certain products to meet new standards, recalls or discontinuance of certain products that cannot be reformulated, additional record-keeping requirements, increased documentation of the properties of certain products, additional or different labeling, additional scientific substantiation, adverse event reporting or other new requirements. These developments also could increase the Company's costs significantly.

Should Health Canada and FDA or any provincial and state or local agencies or regulators amend its guidelines or impose more stringent interpretations of current laws or regulations, the Company may not be able to comply with these new guidelines. As the products manufactured by the Company, through the CMOs engaged by the Company, will be ingested by consumers, the Company is always subject to the risk that one or more of its products that currently are not subject to regulatory action may become subject to regulatory action. Such regulations could require the reformation of certain products to meet new standards, market withdrawal or discontinuation of certain products not able to be reformulated, imposition of additional record keeping requirements, expanded documentation regarding the properties of certain products, expanded or different labeling and/or additional scientific substantiation. Failure to comply with applicable requirements could result in sanctions being imposed on the Company, its contract manufacturing partners or third-party distributors, including but not limited to fines, injunctions, product recalls, seizures and criminal prosecution.

Additionally, Health Canada and/or the FDA may not accept the evidence of safety for any new dietary ingredients that the Company, may decide to use, and Health Canada and/or the FDA's refusal to accept such evidence could result in designation of such dietary ingredients as adulterated, until such time as reasonable expectation of safety for the ingredient can be established to the satisfaction of Health Canada or the FDA.

There can be no assurance that Health Canada and/or the FDA will not consider particular labeling statements used by the Company to be drug claims rather than acceptable statements of nutritional support, necessitating approval of a costly new drug application, or re-labeling to delete such statements. It is also possible that such agencies could allege false statements were submitted to it if structure/function claim notifications were either non-existent or so lacking in scientific support as to be plainly false.

As a dietary supplement distributor in the United States and a NHP distributor in Canada, the Company will be required to also follow cGMPs that apply to its specific distribution operations. Failure to comply with applicable cGMP regulations could result in sanctions being imposed on the Company, including fines, injunctions, civil penalties, delays, suspensions or withdrawals of approvals, operating restrictions, interruptions in supply, recalls, withdrawals, issuance of safety alerts, and criminal prosecutions, any of which could have a material adverse impact on the Company's business, financial condition, results of operations, and prospects. FDA could also make negative cGMP findings public through a Warning Letter or release of an FDA Form 483 Observation report through the Freedom of Information Act request. Such negative publicity would adversely affect the Company's business, financial condition and results of operations.

The Company may become subject to additional laws or regulations or other federal, provincial, state, or foreign regulatory authorities. The laws or regulations which are considered favourable may be repealed,

or more stringent interpretations of current laws or regulations may be implemented. Any or all of such requirements could be a burden to the Company and require it to:

- change the way the Company conducts business;
- use expanded or different labeling;
- recall, reformulate or discontinue certain products;
- keep additional records;
- increase the available documentation of the properties of its products; and/or
- increase the scientific proof of product ingredients, safety, and/or usefulness.

#### *Regulatory Approvals and Permits*

The Company and its management may be required to obtain and maintain certain permits, licenses and approvals in the jurisdictions where their products are licensed, although the Company does not anticipate such approvals will be necessary. There can be no assurance that the Company will be able to receive and/or maintain the necessary permits, licenses, and approvals. Any material delay or failure to receive these items would delay and/or inhibit the Company's ability to conduct its business and would adversely affect the Company's business, financial condition, and results of operations.

#### *Securities Regulatory Authorities and CSE Policies Regarding Business Activities*

The Canadian Securities Regulatory Authorities has not currently provided specific advice regarding issuers involved in the production and distribution of mushroom-derived products, such as the products that the Company intends to manufacture and distribute. As such, the Company believes that a disclosure-based approach remains appropriate for issuers a business such as that of the Company. There can be no assurance that this heightened scrutiny will not in turn lead to the imposition of certain restrictions on the Company's ability to invest in the United States or any other jurisdiction. The CSE has stated that is supportive of entrepreneurial issuers that operate in a rapidly evolving legal framework provided that the issuers offer appropriate risk disclosure and demonstrate that they are operating in accordance with applicable laws. It is possible that the Company may become subject to increase scrutiny by the securities regulators and/or the CSE as a result of the business, which may have a detrimental effect on the financial results of the Company.

#### **Risks Related to the Business of the Company**

*The Company has a very limited operating history in an emerging area of business and had negative cash flows from operations in its most recently completed financial year.*

The Company has a very limited history of operations in the formulating, selling and distributing mushroom-derived products and associated consumer packaged goods, is in the early stage of development and must be considered a start-up. As such, the Company is subject to many risks common to such enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources and lack of revenues. There can be no assurance that the Company will be successful in achieving a return on Shareholders' investment and the likelihood of success must be considered in light of its early stage of operations. The Company has no history of earnings.

Because the Company has a limited operating history in emerging area of business, potential investors should consider and evaluate its operating prospects considering the risks and uncertainties frequently encountered by early-stage companies in rapidly evolving markets. These risks may include:

- risks that it may not have sufficient capital to achieve its growth strategy;

- risks that it may not develop its product and service offerings in a manner that enables it to be profitable and meet its customers' requirements;
- risks that its growth strategy may not be successful;
- risks that fluctuations in its operating results will be significant relative to its revenues; and
- risks relating to an evolving regulatory regime.

The Company's future growth will depend substantially on its ability to address these and the other risks described in this section. If it does not successfully address these risks, its business may be significantly harmed.

*The Company may not be able to accurately predict its future capital needs and it may not be able to secure additional financing.*

The Company may need to raise significant additional funds in order to support its growth, develop new or enhanced services and products, respond to competitive pressures, acquire or invest in complementary or competitive businesses or technologies, or take advantage of unanticipated opportunities. The Company anticipates that it may make substantial research and development expenditures for pre-clinical studies in the future. As the Company has no operating revenue being generated from its research and development activities and may have limited ability to expend the capital necessary to undertake or complete future research and development work. When the current funding has been expended, the Company will require and is planning for additional funding. If its financial resources are insufficient, it will require additional financing in order to meet its plans for expansion or complete development of *Amanita muscaria*-derived products.

The Company cannot be sure that this additional financing, if needed, will be available on acceptable terms, or at all. Furthermore, any debt financing, if available, may involve restrictive covenants, which may limit its operating flexibility with respect to business matters. If adequate funds are not available on acceptable terms or at all, the Company may be unable to develop or enhance its services and products, take advantage of future opportunities, repay debt obligations as they become due, or respond to competitive pressures, any of which could have a material adverse effect on its business, prospects, financial condition, and results of operations.

#### *Risks Relating to Product Development and Pre-clinical Study Design and Execution*

The Company has not begun to market any product or to generate revenues. The Company may be required to spend a significant amount of capital to fund research and development, animal studies and pre-clinical trials. As a result, the Company expects that its operating expenses will increase significantly and, consequently, it will need to generate significant revenues to become profitable. There can be no assurances that the intellectual property of the Company, or the Company's products or technologies it may acquire, will meet applicable regulatory standards, obtain required regulatory approvals, be capable of being produced in commercial quantities at reasonable costs, or be successfully marketed. The Company may be undertaking additional laboratory, animal studies, and pre-clinical studies with respect to development of its products, and there can be no assurance that the results from such studies or trials will result in a commercially viable product or will not identify unwanted side effects.

Before obtaining marketing approval from regulatory authorities for the sale of its product candidates, the Company may be required to conduct pre-clinical studies in animals to demonstrate the safety and efficacy of the Company's products. Pre-clinical testing is expensive and difficult to design and implement, can take many years to complete, and has uncertain outcomes. If testing and trials of the Company's products fail to demonstrate safety and efficacy to the satisfaction of regulatory authorities or do not otherwise produce positive results, the Company's would incur additional costs or experience delays in completing, or ultimately be unable to complete, the development and commercialization of its products. The Company

may be required to demonstrate with substantial evidence through well-controlled clinical trials that its products are safe and effective for use in a diverse population before the Company can seek regulatory approvals for their commercial sale. Negative results from pre-clinical trials may prevent the commercialization of the Company's products.

The outcome of pre-clinical studies may not predict the success of later trials and tests that may be required and interim results of pre-clinical studies do not necessarily predict final results. A number of companies in the industry have suffered significant setbacks due to lack of efficacy or unacceptable safety profiles, notwithstanding promising results in earlier tests and trials. Positive results from pre-clinical studies should not be relied upon as an indication of future commercial success. There is no assurance that the pre-clinical studies that it may conduct will demonstrate adequate efficacy and safety to result in regulatory approval to market any of its products in any jurisdiction. Products that the Company is developing may fail for safety or efficacy reasons at any stage of the testing process. If the Company cannot demonstrate safety and effectiveness of its products through pre-clinical clinical, it will need to re-evaluate its strategic plans. Furthermore, the quality and robustness of the results and data of any pre-clinical study the Company conducts will depend upon the selection of a patient population for clinical testing. If the selected population is not representative of the intended population, further clinical testing of product candidates or termination of research and development activities related to the selected indication may be required. The Company's ability to commence pre-clinical studies or the choice of product development path could compromise business prospects and prevent the achievement of revenue.

Furthermore, the Company may be subject to unanticipated costs or delays that would accelerate its need for additional capital or increase the costs of individual clinical trials. If the Company is unable to raise additional capital when required or on acceptable terms, it may have to significantly delay, scale back or discontinue the development and/or commercialization of one or more of its *Amanita muscaria*-derived products.

Furthermore, the exact nature of the studies that various regulatory agencies may require is not known and can be changed at any time by the regulatory agencies, increasing the financing risk and potentially increasing the time to market that the Company faces, which could adversely affect the Company business, financial condition or results of operations.

#### *Delays in Projected Development Goals*

The Company sets goals for, and makes public statements regarding, the expected timing of the accomplishment of objectives material to its success, the commencement and completion of research and development initiatives and the expected costs to develop its products. The actual timing and costs of these events can vary dramatically due to factors within and beyond the Company's control, such as delays or failures in product tests and trials, issues related to the raw materials supply, uncertainties inherent in the regulatory approval process, market conditions and interest by the Company's distribution partners in the Company's products among other things. The Company may not make regulatory submissions or receive regulatory approvals as planned; its product development and testing initiatives may not be completed; or it may not secure partnerships that are critical to establishing commercial sales. Any failure to achieve one or more of these milestones as planned would have a material adverse effect on our business, financial condition, and results of operations.

#### *The Company's management has limited experience in the area of functional mushrooms*

While the Company's management team has experience in operating development-stage public companies and working with companies in highly regulated industries such as cannabis, this experience does not guarantee that the Company will be successful in developing products in the functional mushroom space or achieve commercial success selling these products. The Company's management also relies on expertise and advice of its Board, Advisory Board and other industry domain experts who have experience in consumer package foods, government relations, clinical research, cannabis and dietary supplements

industries, however, there is no assurance that such expertise will continue to be available to the Company's management. With no direct experience in the functional mushrooms space and obtaining regulatory approvals for new food supplement products, management may not be fully aware of relevant industry trends, which may impact the ability of the Company to make the most prudent decisions and choices regarding the direction of the business. The Company's business, financial condition or results of operations could be adversely affected if the internal infrastructure is inadequate, including if the Company is not able to secure outside consultants or source the necessary expertise to achieve certain business objectives.

#### *Reliance on Management and Advisory Board*

The Company will need to expand and effectively manage its managerial, operational, financial, development and other resources in order to successfully pursue its research, development and commercialization efforts of its products. At this stage of its corporate development, the Company has limited the establishment of extensive administrative and operating infrastructure. The success of the Company is currently dependent on the performance of its management team, which also relies on advice and guidance of certain members of the Board and Advisory Board, not all of whom are or will be bound by formal contractual employment agreements. The Company's success depends on its continued ability to attract, retain and motivate highly qualified people. The loss of the services of these persons would have a material adverse effect on the Company's business and prospects in the short term and could delay or prevent the commercialization of its products, and the business may be harmed as a result.

The Company may not be able to attract or retain qualified management and scientific personnel in the future due to the intense competition for qualified personnel with extensive management experience in such fields as formulation, product development, nutritional supplement or natural health product regulations, finance, manufacturing, marketing, law, and investment. If the Company is not able to attract and retain the necessary personnel to accomplish its business objectives, the achievement of its development objectives, its ability to raise additional capital and its ability to implement its business strategy may be significantly reduced and could have a material adverse effect on the Company and its prospects.

#### *The Company relies on CMOs over whom it may have limited control*

The Company has limited manufacturing experience and will rely on CMOs to manufacture its products. The Company will rely on CMOs for manufacturing, filling, packaging, storing, and shipping of product in compliance with the Health Canada's and the FDA's cGMP regulations applicable to the Company's products. Health Canada and the FDA ensure the quality of products by carefully monitoring manufacturers' compliance with cGMP regulations. The cGMP regulations contain minimum requirements for the methods, facilities and controls used in manufacturing, processing, and packing of the product. While the Company is collaborating with the Initial CMO that it expects to engage once the product formulation process is completed, there can be no assurances that the Initial CMO will be able to meet the Company's timetable and requirements or that the Company will be able to enter into a definitive agreement with the Initial CMO. If the Company is unable enter into definitive agreement with the Initial CMO or to arrange for alternative third-party manufacturing sources on commercially reasonable terms or in a timely manner, the Company may be delayed in rolling out its products. Further, CMOs must operate in compliance with cGMP and failure to do so could result in, among other things, the disruption of product supplies. The Company's dependence upon third parties for the manufacturing of its products may adversely affect the Company's profit margins and its ability to develop and deliver products on a timely and competitive basis.

#### *No Product Revenue*

To date, the Company has not generated product revenue. The Company's ability to generate product revenue and ultimately become profitable depends upon its ability, alone or with partners, to successfully develop its products, obtain regulatory approval and commercialize products.

### *No Assurance of Commercial Success*

The successful commercialization of the Company's products will depend on many factors, including, the Company's ability to establish and maintain working partnerships with industry participants in order to market its products, the Company's ability to supply a sufficient amount of its products to meet market demand, and the number of competitors within each jurisdiction within which the Company may from time to time be engaged. There can be no assurance that the Company or its industry partners will be successful in their respective efforts to develop and implement, or assist in developing and implementing, a commercialization strategy for the Company's products.

### *Factors Which May Prevent Realization of Growth Targets*

The Company is currently in the early development stage. There is a risk that the additional resources will be needed and milestones will not be achieved on time, on budget, or at all, as they can be adversely affected by a variety of factors, including some that are discussed elsewhere in these risk factors and the following as it relates to the Company:

- delays in obtaining, or conditions imposed by, regulatory approvals;
- facility design errors;
- environmental pollution;
- non-performance by third party contractors;
- increases in materials or labour costs;
- construction performance falling below expected levels of output or efficiency;
- breakdown, aging or failure of equipment or processes;
- contractor or operator errors;
- labour disputes, disruptions or declines in productivity;
- inability to attract sufficient numbers of qualified workers;
- disruption in the supply of energy and utilities; and
- major incidents and/or catastrophic events such as fires, explosions, earthquakes, or storms.

### *Management of Growth*

The Company may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Company to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its consultant and employee base. The inability of the Company to deal with this growth may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

### *Conflicts of Interest*

Certain directors and officers of the Company are also directors, officers, or shareholders of other companies, which may give rise to conflicts of interest from time-to-time. The directors of the Company are required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interest that they may have in any project or opportunity of the Company. If a conflict of interest arises at a meeting of the Board, any director in a conflict is required under the applicable corporate laws to disclose his interest and to abstain from voting on such matter. See *Section 13.10. – Conflicts of Interest*.

### *Potential Delay in Achieving or Failure to Achieve Publicly Announced Milestones*

From time to time, the Company may announce the timing of certain events it expects to occur, such as the anticipated timing of results from its pre-clinical studies or other research and development efforts. These statements are forward-looking and are based on the best estimates of management at the time relating to the occurrence of such events. However, the actual timing of such events may differ from what has been publicly disclosed. The timing of events such as initiation or completion of a pre-clinical study, filing of an application to obtain regulatory approval, or announcement of additional clinical trials for a product may ultimately vary from what is publicly disclosed. These variations in timing may occur as a result of different events, including the nature of the results obtained during a pre-clinical study or during a research phase, timing of the completion of pre-clinical trials, or any other event having the effect of delaying the publicly announced timeline. The Company undertakes no obligation to update or revise any forward-looking information or statements, whether as a result of new information, future events or otherwise, except as otherwise required by law. Any variation in the timing of previously announced milestones could have a material adverse effect on the Company's business plan, financial condition or operating results and the trading price of Common Shares.

### **Risks Related to the Industry in which the Company Operates**

#### *Impact of the COVID-19 Pandemic*

COVID-19 is an infectious disease caused by severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2). The outbreak of COVID-19 has led governments worldwide to enact emergency measures to combat the spread of the virus. These measures, which include, among other things, the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally, resulting in an economic slowdown. Such events may result in a period of business disruption, and in reduced operations, any of which could have a material adverse impact on the Company's profitability, results of operations, financial condition and the market and trading price of the Company's securities. As of the date of this Listing Statement, the duration and the immediate and eventual impact of the COVID-19 pandemic remains unknown. In particular, it is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its industry partners. To date, a number of businesses have suspended or scaled back their operations and development as cases of COVID-19 have been confirmed, for precautionary purposes or as governments have declared a state of emergency or taken other actions. In the event that the operations or development of the Company or one or more of the Company's industry partners is suspended or scaled back, or if the Company's supply chains are disrupted, such events may have a material adverse impact on the Company's profitability, results of operations, and financial condition. The breadth of the impact of the COVID-19 pandemic on investors, businesses, the global economy and financial and commodity markets may also have a material adverse impact on the Company's profitability, results of operations and financial conditions and the market and trading price of the Company's securities. In addition to the above-noted risks, the Company's business is subject to the additional risk that the COVID-19 pandemic, or public perception of the COVID-19 pandemic, could cause potential consumers of the Company's product offerings to avoid public places, including retailers that carry the Company's products, which could cause temporary or long-term disruptions in market demand for the Company's products, and/or the supply and delivery of Company's products. Furthermore, the COVID-19 pandemic (or similar outbreaks or other public health crises) could lead to employees of the Company's industry partners to avoid their places of employment, which could adversely affect our industry partners' ability to adequately staff and manage their respective businesses, and in turn have a material adverse impact on the Company's profitability, results of operations and financial conditions, and the market and trading price of the Company's securities.

#### *The Company relies on third party CROs to conduct, supervise, and monitor pre-clinical studies*

The Company relies on various third-parties such as CROs (including KGK Science), CRO-contracted vendors, medical institutions, clinical investigators and contract laboratories and pre-clinical trial sites to ensure the proper and timely conduct of the pre-clinical studies and other scientific studies, including



studies required to determine the dosage of the initial *Amanita muscaria*-derived water based extract product line. The Company's reliance on CROs for pre-clinical development activities limits the Company's control over these activities and neither the Company, nor its management were not involved in developing CRO's policies and procedures, but the Company is ultimately responsible for ensuring that each of our studies is conducted in accordance with the applicable protocol and legal, regulatory, and scientific standards.

The CROs that the Company is or will be working with are required to comply with various requirements for the pre-clinical studies, which are enforced by the FDA in the United States and Health Canada in Canada. The CROs are not employees of the Company, and the Company does not control whether they devote sufficient time and resources to the work contracted by the Company. The CROs may also have relationships with other commercial entities, including our competitors, for whom they may also be conducting pre-clinical trials, clinical trials, or other product development activities, which could harm the Company's competitive position. Additionally, there is a risk of potential unauthorized disclosure or misappropriation of the Company's intellectual property by CROs, which may reduce the Company's future intellectual property advantages and allow its potential competitors to access and exploit the Company's know-how. If the CROs that the Company is working with do not successfully carry out their contractual duties or obligations, or fail to meet expected deadlines, or if the quality or accuracy of the clinical data they obtain is compromised due to the failure to adhere to clinical protocols or regulatory requirements or for any other reason, the Company's product development activities, including the pre-clinical studies that are being conducted pursuant to the Second Research Services Agreement, may be extended, delayed or terminated, and the Company may not be able to obtain regulatory approval for, or successfully commercialize the products that it is developing.

Moreover, the FDA and non-U.S. regulatory authorities require the Company and its CROs to comply with regulations and standards, commonly referred to as Good Laboratory Practices, or GLPs, for conducting, monitoring, recording and reporting the results of pre-clinical studies to ensure that the data and results are scientifically credible and accurate. The Company's reliance on third parties does not relieve it of the above responsibilities and requirements. If the third parties conducting the Company's pre-clinical studies do not perform their contractual duties or obligations, do not meet expected deadlines or need to be replaced, or if the quality or accuracy of the pre-clinical data they obtain is compromised due to the failure to adhere to GLPs or for any other reason, the Company may need to enter into new arrangements with alternative third parties, and its clinical trials may be extended, delayed or terminated. In addition, a failure by third parties to perform their obligations in compliance with GLPs may cause the Company's pre-clinical studies to fail to meet regulatory requirements, which may require the Company to repeat its clinical trials. As a result, the Company's financial results and the commercial prospects for its products would be harmed, resulting in the increase in costs increase and our delays in generating future revenue.

Furthermore, while the Company's management believes that there are many CROs that are qualified to carry out the work that the Company contracted under Second Research Services Agreement, if the relationship with KGK Science is terminated, the Company may not be able to enter into arrangements with alternative CROs or do so on commercially reasonable terms. Switching or adding additional CROs involves substantial cost and requires management's time and focus. In addition, there is a natural transition period when a new CRO commences work. As a result, delays occur, which can materially impact the Company's ability to meet its desired product development timelines. Though the Company intends to carefully manage our relationships with its CROs, there can be no assurance that the Company will not encounter challenges or delays in the future or that these delays or challenges will not have an adverse impact on the Company's business, financial condition, and prospects.

*Research and development work conducted by the KGK Science may rely on evaluations in animals, which is controversial and the Company and/or KGK Science may become subject to bans or additional regulations.*

Development of *Amanita muscaria*-derived products may require animal testing. Although the animal testing will be conducted by KGK Science pursuant to the Second Research Services Agreement, which is subject to GLPs, animal testing in the industry continues to be the subject of controversy and adverse publicity. Some organizations and individuals have sought to ban animal testing or encourage the adoption of additional regulations applicable to animal testing. To the extent that such bans or regulations are imposed, the Company's research and development activities, and by extension the Company's operating results and financial condition, could be adversely impacted. In addition, negative publicity about animal practices by the Company's CROs and by extension the Company could harm the Company's reputation among potential customers.

#### *Ability to Introduce and Market New Products*

The Company is heavily reliant on the production and distribution of mushroom-derived products and believes that the anticipated market for its potential products will continue to exist and expand. If the Company's products do not achieve sufficient market acceptance, it will be difficult for the Company to achieve profitability. The Company expects that its products will account for substantially all of its revenue for the foreseeable future. If the mushroom or functional foods market declines or the Company's products fail to achieve greater market acceptance once the products are introduced, the Company will not be able to increase its revenues in order to achieve consistent profitability.

Even when product development is successful and regulatory approval has been obtained, the Company's ability to generate significant revenue depends on the acceptance of its products by consumers. The Company cannot be sure that its mushroom-derived products will achieve the expected market acceptance and revenue if and when they obtain the requisite regulatory approvals. The market acceptance of any product depends on a number of factors, including the indication statement and warnings approved by regulatory authorities on the product label, continued demonstration of efficacy and safety in commercial use, the price of the product, the nature of any post-approval risk management plans mandated by regulatory authorities, competition, and marketing and distribution support. Any factors preventing or limiting the market acceptance of the Company's products could have a material adverse effect on our business, results of operations, and financial condition.

Because the mushroom-derived products industry is in a nascent stage with uncertain boundaries, there is a lack of information about comparable companies available for potential investors to review in deciding about whether to invest in the Company and, few, if any, established companies whose business model the Company can follow or upon whose success the Company can build. There can be no assurance that the Company's estimates are accurate or that the market size is sufficiently large for its business to grow as projected, which may negatively impact its financial results.

#### *The Company may be unable to prevent disclosure of its trade secrets or other confidential information to third parties*

The Company intends to rely on trade secret protection and confidentiality agreements to protect its proprietary know-how that is being developed in the course of product development efforts with the CROs and other consultants, which may not be patentable or for which the Company has not taken the steps to protect the intellectual property. The Company requires its key employees, consultants, advisors and any third parties who have access to its proprietary know-how to execute confidentiality agreements, but there is no certainty that all counterparties will agree to enter into confidentiality agreements or that these our agreements will not be breached. There is no certainty that the Company's trade secrets and other confidential proprietary information will not be disclosed or that competitors will not otherwise gain access to the Company's trade secrets or independently develop substantially equivalent information and

techniques. Failure to prevent disclosure of the Company's intellectual property to third parties or misappropriation by third parties of the Company's confidential proprietary information could enable the Company's competitors to duplicate or surpass the Company technological achievements and erode the Company's competitive position.

#### *Reliance on Third-Party Distributors*

The Company intends to sell its products online directly to end customers and through third-party distributors. If the third-party distributors fail to achieve success in selling the Company's products, the Company's future sales will be adversely affected. The Company's ability to grow its distribution network and attract additional distributors will depend on several factors, many of which are outside of its control. Agreements with third-party distributors are typically non-exclusive and permit the distributors to offer competitors' products. If any significant distributor or a substantial number of distributors terminated their relationship with the Company or decided to market its competitors' products over the Company's products, the Company's ability to generate sales growth would be materially adversely affected.

*The Company may face intense competition and expects competition to increase in the future, which could prohibit its development of customer base and generating revenue.*

Mushroom-derived products industry may become highly competitive in the future. The Company may increasingly compete with numerous other businesses in the industry, many of which may come to possess greater financial and marketing resources and other resources than the Company. Such business is often affected by changes in consumer tastes and discretionary spending patterns, national and regional economic conditions, demographic trends, consumer confidence in the economy, traffic patterns, local competitive factors, cost and availability of raw material and labour, and governmental regulations. Any change in these factors could materially and adversely affect the Company's operations.

Due to the early stage of the industry in which the Company operates, the Company expects to face additional competition from new entrants. If the number consumers of such products in the target jurisdictions increases, the demand for products will increase and the Company expects that competition will become more intense, as current and future competitors begin to offer an increasing number of diversified products. To remain competitive, the Company will require a continued high level of investment in research and development, marketing, sales and client support. The Company may not have sufficient resources to maintain research and development, marketing, sales and client support efforts on a competitive basis which could materially and adversely affect the business, financial condition and results of operations the Company.

#### *Unfavorable Publicity or Consumer Perception*

The Company believes the mushroom derived products and functional foods industries are highly dependent upon consumer perception regarding the safety, efficacy and quality of the products distributed to such consumers. Consumer perception of the Company's products can be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of the Company's products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favourable to the functional mushroom market or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favourable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for the Company's products and the business, results of operations, financial condition and cash flows of the Company. The Company's dependence upon consumer perceptions means that adverse scientific research reports, findings, regulatory proceedings, litigation, media attention or other publicity, whether or not accurate or with merit, could have a material adverse effect on the Company, the demand for the Company's products, and the business, results of

operations, financial condition and cash flows of the Company. Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of mushroom-derived products in general, or the Company's products specifically, or associating the consumption of mushroom-derived products with illness or other negative effects or events, could have such a material adverse effect. Additionally, consumers may associate its mushrooms with illegal psychoactive mushrooms, which are prohibited substances. Such adverse publicity reports or other media attention could arise even if the adverse effects associated with such products resulted from consumers' failure to consume such products appropriately or as directed.

#### *Heightened Scrutiny by Securities Regulatory Authorities*

The Company's operations any future operations or investments, may become the subject of heightened scrutiny by regulators, stock exchanges and other authorities in Canada. As a result, the Company may be subject to significant direct and indirect interaction with public officials. There can be no assurance that this heightened scrutiny will not in turn lead to the imposition of certain restrictions on the Company's ability to operate in jurisdictions where it chooses to conduct business.

#### *Product Liability, Operational Risk*

As a manufacturer and distributor of products designed to be ingested by humans, the Company faces an inherent risk of exposure to product liability claims, regulatory action, and litigation if its products are alleged to have caused significant loss or injury. In addition, the manufacture and sale of Amanita Muscaria derived products involve the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. Previously unknown adverse reactions resulting from human consumption of the Company's products alone or in combination with other medications or substances could occur. The Company may be subject to various product liability claims, including, among others, that the Company's products caused injury or illness, include inadequate instructions for use or include inadequate warnings concerning possible side effects or interactions with other substances. A product liability claim or regulatory action against the Company could result in increased costs, could adversely affect the Company's reputation with its clients and consumers generally, and could have a material adverse effect on the Company's results of operations and financial condition of the Company.

#### *Insurance and Uninsured Risks*

The Company's business is subject to a number of risks and hazards generally, including adverse environmental conditions, accidents, disputes and changes in the regulatory environment. Such occurrences could result in damage to assets, personal injury or death, environmental damage, delays in operations, monetary losses and possible legal liability. Although the Company intends to obtain and maintain insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance does not cover all the potential risks associated with its operations. The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards encountered in the operations of the Company is not generally available on acceptable terms. The Company might also become subject to liability for pollution or other hazards which may not be insured against or which the Company may elect not to insure against because of premium costs or other reasons. Losses from these events may cause the Company to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

#### *Product Recalls*

Manufacturers and distributors of products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labeling disclosure. If any of the products developed by the Company are recalled due to an alleged product defect or for any

other reason, the Company could be required to incur the unexpected expense relating to the recall and any legal proceedings that might arise in connection with the recall. The Company may lose significant amount of revenue due to a loss of sales and may not be able to replace that revenue at an acceptable margin or at all. In addition, a product recall may require significant management attention. Although the Company is establishing procedures to test finished products, there can be no assurance that any quality, potency, or contamination problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits. Additionally, if one of the Company's significant brands were subject to recall, the image of that brand and the Company could be harmed. A recall for any of the foregoing reasons could lead to decreased demand for the Company's products and could have a material adverse effect on the results of operations and financial condition of the Company. Additionally, product recalls may lead to increased scrutiny of the Company's operations by the regulatory agencies, requiring further management attention and potential legal fees and other expenses. The Company will attempt to manage these factors, but the occurrence of any one or more of these factors could materially and adversely affect the Company's business, financial condition, and results of operations.

#### *Enforcement of Legal Rights*

The Company may be deemed as operating in jurisdictions where its products are sold, or where its CMOs operate in. In the event of a dispute arising from the Company's operations, the Company may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdictions of courts in Canada. Similarly, if any of the Company's assets are located outside of Canada (including cash or receivables), investors may have difficulty collecting from the Company any judgments obtained in the Canadian courts and predicated on the civil liability provisions of securities provisions. The Company may also be hindered or prevented from enforcing its rights with respect to a governmental entity or instrumentality because of the doctrine of sovereign immunity.

#### *Difficult to Forecast*

The Company must rely largely on its own market research to forecast sales as detailed forecasts are not generally obtainable from other sources at this early stage of the industry. A failure in the demand for its products to materialize as a result of competition, technological change, market acceptance or other factors could have a material adverse effect on the business, results of operations and financial condition of the Company.

#### *Dependence and Availability of Inputs*

The Company's products are derived from mushrooms. Accordingly, the Company and/or its CMOs must acquire enough mushrooms so that the products can be produced to meet the demand of its customers. Shortage of available mushrooms for purchase could result in loss of sales and damage to the Company. If the Company and/or its CMOs become unable to acquire commercial quality mushrooms on a timely basis and at commercially reasonable prices, and are unable to find one or more replacement suppliers with the regulatory approvals to produce mushrooms at a substantially equivalent cost, in substantially equivalent volumes and quality, and on a timely basis, the Company will likely be unable to meet customer demand.

#### *Changes in Capital and Operating Budgets*

The quantum and timing of capital and operating expenditures may be dependent upon feedback from the Company's product development and marketing initiatives. As the Company further expands its business, it is possible that results and circumstances may dictate a departure from the pre-existing budget. Further, the Company may, from time to time as opportunities arise, utilize part of its financial resources (including the funds raised as part of the Series A Financing) to participate in additional opportunities that arise and fit within the Company business objectives, in order to create shareholder value.

### *Success of Products is Dependent on Public Taste*

The Company's revenues are substantially dependent on the success of its products, which depends upon, among other matters, pronounced and rapidly changing public tastes, factors which are difficult to predict and over which the Company has little, if any, control. A significant shift in consumer demand away from the Company's products or its failure to expand its current market position will harm its business. Consumer trends change based on several possible factors, including nutritional values, a change in consumer preferences or general economic conditions. Additionally, there is as a growing movement among some consumers to buy local food products in an attempt to reduce the carbon footprint associated with transporting food products from longer distances, and this could result in a decrease in the demand for food products and ingredients that the Company imports from the United States or Eastern Europe, as the case may be. These changes could lead to, among other things, reduced demand and price decreases, which could have a material adverse effect on the Company's business.

### *Volatile global financial and economic conditions may negatively affect the Company's operations.*

Current global financial and economic conditions remain extremely volatile. Access to public and private capital and financing continues to be negatively impacted by many factors as a result of the global financial crisis and global recession. Such factors may impact the Company's ability to obtain debt and equity financing in the future on favourable terms or obtain any financing at all. Additionally, global economic conditions may cause a long-term decrease in asset values. If such global volatility, market turmoil and the global recession continue, the Company's operations and financial condition could be adversely impacted.

### *Currency Exchange Rates*

Exchange rate fluctuations may adversely affect the Company's financial position and results. The Company's financial results are reported in Canadian Dollars and some of its costs may be incurred in other currencies. The depreciation of the Canadian Dollar against other currencies could increase the actual capital and operating costs of the Company's operations and materially adversely affect the results presented in the Company's financial statements. Currency exchange fluctuations may also materially adversely affect the Company's future cash flow from operations, its results of operations, financial condition, and prospects.

### *Litigation*

The Company may become party to litigation from time to time in the ordinary course of business which could adversely affect its business. If any third parties claim that the Company has infringed such third party's rights or may challenge the right of the Company to its intellectual property. Any claim, whether or not with merit, could be time consuming to evaluate, result in costly litigation, cause delays in the operations of the Company or the development of its intellectual property or require the Company to enter into licensing arrangements that may require the payment of a license fee or royalties to the owner of the intellectual property. Such royalty or licensing arrangements, if required, may not be available on terms acceptable to the Company.

Should any litigation in which the Company becomes involved be determined against the Company such a decision could adversely affect the Company's ability to continue operating and the market price for the Common Shares and could use significant resources. Even if the Company is involved in litigation and wins, litigation can redirect significant resources.

### **Risk Relating to Ownership of the Common Shares**

#### *Market for Securities*

The market price of the Common Shares could be subject to significant fluctuations in response to various factors, many of which are beyond the Company's control. In addition, the stock markets have experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of many companies and that often have been unrelated to the operating performance of such

companies. These broad market fluctuations may adversely affect the market price of the Common Shares. There can be no assurance that the holders or purchasers of the Common Shares will be able to resell their shares at prices equal to or greater than their cost. Subject to CSE approval, the Common Shares shall be listed on the CSE. However, no assurance can be given regarding the liquidity of such public market. If an active market for the Common Shares is not maintained, there may be difficulty selling any Common Shares.

#### *Dividends*

The Company has no earnings or dividend record and does not anticipate paying any dividends on the Common Shares in the foreseeable future. Dividends paid by the Company would be subject to tax and, potentially, withholdings.

#### *Officers and Directors of the Company Own Significant Shares and Can Exercise Significant Influence*

The officers and directors of the Company, as a group, will beneficially own, on a non-diluted basis, approximately 16.59% of the outstanding Common Shares. As such, as Shareholders, the officers and directors will be able to exert significant influence on matters requiring approval by Shareholders, including the election of directors and the approval of any significant corporate transactions. The concentration of ownership may also have the effect of delaying, deterring or preventing a change in control and may make some transactions more difficult or impossible to complete without the support of these shareholders.

#### *Future Sales of Common Shares by Existing Shareholders*

Sales of a large number of Common Shares in the public markets, or the potential for such sales, could decrease the trading price of the Common Shares and could impair the Company's ability to raise capital through future sales of Common Shares.

#### *The Market Price of the Common Shares May be Volatile*

Securities markets worldwide experience significant price and volume fluctuations. This market volatility, as well as the factors listed below, some of which are beyond the Company's control, could affect the market price of the Common Shares:

- quarterly variations in the Company's results of operations and cash flows or the results of operations and cash flows of the Company's competitors;
- The Company's failure to achieve actual operating results that meet or exceed guidance that the Company may have provided due to factors beyond its control, such as currency volatility and trading volumes;
- future announcements concerning the Company or its competitors, including the announcement of acquisitions;
- changes in government regulations or in the status of the Company's regulatory approvals or licensure;
- public perceptions of risks associated with the Company's operations;
- developments in the Company's industry; and
- general economic, market and political conditions and other factors that may be unrelated to the Company's operating performance or the operating performance of its competitors.

#### *Trading of Shares Through an Intermediary*

While there is currently no CDS ban on the clearing of securities of issuers involved in the mushroom space, there can be no guarantee that this approach to regulation will continue in the future. If such a ban were to

be implemented at a time when the Common Shares are listed on a stock exchange, it would have a material adverse effect on the ability of holders of Common Shares to make and settle trades. In particular, the Common Shares would become highly illiquid until an alternative was implemented, investors would have no ability to affect a trade of the Common Shares through the facilities of the applicable stock exchange.

### *Substantial Number of Authorized but Unissued Shares*

The Company has an unlimited number of Common Shares that may be issued by the Board without further action or approval of the Company's shareholders. While the Board is required to fulfill its fiduciary obligations in connection with the issuance of such shares, the shares may be issued in transactions with which not all shareholders agree, and the issuance of such shares will cause dilution to the ownership interests of the Company's shareholders. If additional funds are raised through the issuance of equity securities, the percentage ownership of existing Shareholders will be reduced, such shareholders may experience additional dilution of ownership, and such equity securities may have rights, preferences or privileges senior to those of its existing Shareholders.

## **18. Promoters**

### **18.1. Promoters**

The following table below sets out the Common Shares owned by persons who can be considered Promoters, as defined in the *Securities Act* (Ontario):

<b>Person or Company Name</b>	<b>Number of Common Shares</b>	<b>% of total issued and outstanding Common Shares</b>
Jeffrey Stevens <sup>(1)</sup>	5,950,000	5.79%
David Shisel	4,500,000	4.38%
<b>Total:</b>	<b>10,450,000</b>	<b>10.17%</b>

#### **Note:**

- (1) 1,800,000 Common Shares are owned by S4 Management Group Inc., a corporation 100% owned by Mr. Stevens. and 4,150,000 Common Shares are owned by Mr. Stevens personally.

Other than as disclosed in *Section 13 – Directors and Officers* and *Section 15 – Executive Compensation*, no person who was a Promoter of the Company within the last two years before the date of this Listing Statement:

- Received, or is expected to receive, anything of value directly or indirectly from the Company or a subsidiary; or
- Sold, otherwise transferred, or is expected to sell or transfer any asset to the Company or a subsidiary.

### **18.2. Orders, Bankruptcies, Sanctions, Settlement Agreements**

Other than as disclosed in *Section 13 – Directors and Officers*, no person who was a Promoter of the Company as set out above:

- is, as at the date hereof, or was within 10 years before the date hereof, a director, chief executive officer or chief financial officer of any person or company that:
  - was subject to an Order that was issued while the Promoter was acting in the capacity as director, chief executive officer or chief financial officer; or



- ii. was subject to an Order that was issued after the Promoter ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while the Promoter was acting in the capacity as director, chief executive officer or chief financial officer;;
- 2. is, as at the date hereof, or has been within the 10 years before the date hereof, a director or executive officer of any person or company that, while the Promoter was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets;
- 3. has, within the 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the Promoter;
- 4. has been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority; or
- 5. has been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision.

## **19. Legal Proceedings and Regulatory Actions**

There are no legal proceedings material to the Company or any subsidiary of the Company to which it, or a subsidiary of the Company, is a party or of which any of their respective property is the subject matter, and no such proceedings are known by the Company to be contemplated.

There are no:

- (a) penalties or sanctions imposed against the Company by a court relating to provincial and territorial securities legislation or by a securities regulatory authority within the three years immediately preceding the date of this Listing Statement;
- (b) other penalties or sanctions imposed by a court or regulatory body against the Company necessary to contain full, true and plain disclosure of all material facts relating to the securities being listed; and
- (c) settlement agreements that the Company entered into before a court relating to provincial and territorial securities legislation or with a securities regulatory authority within the three years immediately preceding the date of this Listing Statement.

## **20. Interest of Management and Others in Material Transactions**

Except for the interests of the directors and officers of the Company in the fees that the Company expects to pay them as consideration for their services to the Company pursuant to Stevens Agreement, Shisel Agreement, Nederhoff Agreement and Kadysh Agreement and the interests of Jeffrey Stevens, David Shisel, Michael Nederhoff, Nicholas Kadysh in the Share Exchange Agreement, as shareholders of Psyched Wellness, (the terms of which, as well as the amount remuneration received by each of Messrs. Stevens, Shisel, Nederhoff and Kadysh from Psyched Wellness are disclosed in *Section 15 – Executive Compensation*), the following persons or companies do not have any material interest, direct or indirect, in

any transaction within the three years before the date of the Listing Statement, or in any proposed transaction, that has materially affected or will materially affect the Company or Psyched Wellness:

- (a) any director or executive officer of the Company;
- (b) a person or company that is the direct or indirect beneficial owner of, or who exercises control or direction over, more than 10% of the Company's outstanding Common Shares; and
- (c) an associate or affiliate of any of the persons or companies referred to in paragraphs (a) or (b).

## **21. Auditors, Transfer Agents and Registrars**

### **21.1. Auditors**

#### **Clearhouse LLP**

2560 Matheson Blvd East, Suite 527  
Mississauga, ON L4W 4Y9

### **21.2. Transfer Agent and Registrar**

#### **TSX Trust Company**

100 Adelaide St W #301  
Toronto, ON M5H 1S3

## **22. Material Contracts**

Except for contracts made in the ordinary course of business, the following are the material contracts entered into by the Company within two years prior to the date hereof and which are currently in effect:

- (a) Share Exchange Agreement. Please see *Section 3.1. – General Development of the Business – Three Year History and Significant Acquisitions – The Share Exchange* for details of the Share Exchange Agreement.
- (b) Stevens Agreement. Please see *Section 15 – Executive Compensation* for details of the Stevens Agreement.
- (c) Shisel Agreement. Please see *Section 15 – Executive Compensation* for details of the Shisel Agreement.
- (d) Escrow Agreement with Escrow Agent and certain shareholders. Please see *Section 11.1. – Escrowed Securities* for details;
- (e) Pooling Agreement. Please see *Section 11.2. – Escrowed and Pooled Securities* for details;
- (f) First Research Services Agreement. Please see *Section 3.1. - Development of the Company's Business*.
- (g) Second Research Services Agreement. Please see *Section 3.1. - Development of the Company's Business*.

## **23. Interests of Experts**

The only person or company named as having prepared or certified a part of the Listing Statement or prepared or certified a report or valuation described or included in the Listing Statement, whose profession or business gives authority to a statement made by them is Clearhouse LLP, Chartered Accountants, the Company's auditors.

Clearhouse LLP, Chartered Accountants, prepared the auditors' report for the audited financial statements of the Company for the fiscal years ended November 30, 2019, 2018 and 2017 included in the Listing Statement. Clearhouse LLP, the Company's auditors, is independent in accordance with the Code of Professional Conduct of the Chartered Professional Accountants of Ontario.

Clearhouse LLP, Chartered Accountants, prepared the auditors' report for the audited financial statements of Psyched Wellness for the fiscal year period commencing January 8, 2019 (date of incorporation) to November 30, 2019 included in the Listing Statement. Clearhouse LLP, Psyched Wellness' auditors, is independent in accordance with the Code of Professional Conduct of the Chartered Professional Accountants of Ontario.

Neither Clearhouse LLP nor any of their Associates or Affiliates beneficially owns, directly or indirectly, any securities of the Company or any related person of the Company or has received or will receive any direct or indirect interests in the property of the Company or any related person of the Company nor is a director, officer or employee of Clearhouse LLP or any of its Associates or Affiliates expected to be elected, appointed or employed as a director, officer or employee of the Company or any Associate or Affiliate thereof.

#### **24. Other Material Facts**

The Company is not aware of any material facts about the Company and its securities that are not disclosed under the preceding items and are necessary in order for the Listing Statement to contain full, true and plain disclosure of all material facts relating to the Company and its securities.

#### **25. Financial Statements**

The following financial statements have been posted on the Company's disclosure page on the CSE website and are available on SEDAR at [www.sedar.com](http://www.sedar.com):

- (i) Annual audited financial statements of the Company including the auditor's reports thereto, for the financial year ended November 30, 2019, 2018 and 2017;
- (ii) Interim unaudited financial statements of the Company for the three and six months ended May 31, 2020 and May 31, 2019;
- (iii) Audited financial statements of Psyched Wellness including the auditor's reports thereto, for the period ended from incorporation on January 8, 2019 to November 30, 2019; and
- (iv) Interim unaudited financial statements of Psyched Wellness for the three months ended February 29, 2020.

**SCHEDULE "A"**  
**FINANCIAL STATEMENTS OF THE COMPANY**  
**FOR THE YEARS ENDED NOVEMBER 30, 2019, 2018 AND 2017**



**DUNCAN PARK**

[www.duncanpark.com](http://www.duncanpark.com)

## **Duncan Park Holdings Corporation**

Financial Statements

For the Years ended November 30, 2019 and 2018

(Expressed in Canadian dollars)



## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of  
**Duncan Park Holdings Corporation**

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Duncan Park Holdings Corporation (the Company), which comprise the statements of financial position as at November 30, 2019, and the statements of operations and comprehensive loss, statements of cash flows and statements of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at November 30, 2019, and its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards.

#### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Material Uncertainty Relating to Going Concern

We draw your attention to Note 1 in the financial statements, which indicates that the Company incurred a comprehensive loss of \$350,119 during the year ended November 30, 2019. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

#### Other Matter

The financial statements of the Company for the year ended November 30, 2018, were audited by another auditor, who expressed an unmodified opinion on those statements on April 1, 2019.

#### Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the annual management's discussion and analysis, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Pat Kenney.

*Clearhouse LLP*

Chartered Professional Accountants  
Licensed Public Accountants

Mississauga, Ontario  
March 19, 2020



**Duncan Park Holdings Corporation**  
**Statements of Financial Position**  
**(Expressed in Canadian Dollars)**

	Notes	As at November 30, 2019 \$	As at November 30, 2018 \$
<b><u>Assets</u></b>			
<b>Current</b>			
Cash		1,471	55,757
Accounts receivable	4	3,308	6,398
<b>Total Current Assets</b>		<b>4,779</b>	62,155
Exploration and evaluation assets	5	-	50,000
Land	6	-	25,000
<b>Total Assets</b>		<b>4,779</b>	137,155
<b><u>Liabilities</u></b>			
<b>Current Liabilities</b>			
Accounts payable and accrued liabilities	7	369,736	261,594
Term loans	8	-	433,036
Promissory notes payable	9	49,638	-
Convertible debentures	10	-	220,994
<b>Total Liabilities</b>		<b>419,374</b>	915,624
<b><u>Shareholders' Deficiency</u></b>			
Share capital	11	12,046,131	11,332,138
Contributed surplus		400,293	400,293
Accumulated deficit		(12,861,019)	(12,510,900)
<b>Total Shareholders' Deficiency</b>		<b>(414,595)</b>	(778,469)
<b>Total Liabilities and Shareholders' Deficiency</b>		<b>4,779</b>	137,155

Going Concern 1

**Approved on behalf of the Board of Directors:**

"Eric Salsberg"

Eric Salsberg, Director

"Brian Presement"

Brian Presement, Director

The accompanying notes are an integral part of these financial statements

**Duncan Park Holdings Corporation**  
**Statements of Operations and Comprehensive Loss**  
**For the years ended November 30, 2019 and 2018**  
**(Expressed in Canadian Dollars)**

	<b>Notes</b>	<b>2019</b>	<b>2018</b>
		<b>\$</b>	<b>\$</b>
<b>Expenses</b>			
Compensation	12	<b>28,533</b>	58,434
Professional Fees			
Consulting		<b>8,000</b>	-
Legal		<b>90,829</b>	81,949
Audit and accounting	12	<b>33,735</b>	18,275
Regulatory compliance		<b>22,929</b>	27,669
Investor communications		<b>7,481</b>	5,260
Bank charges		<b>1,087</b>	1,368
Interest on convertible debentures	10	<b>21,436</b>	3,904
Interest on term loans	8	<b>5,617</b>	19,601
Interest on promissory notes	9	<b>2,436</b>	-
Office and general		<b>5,861</b>	7,357
Property taxes		<b>4,265</b>	6,975
Amortization of financing costs	10	<b>32,910</b>	6,090
Annual minimum royalty		<b>10,000</b>	10,000
<b>Total Expenses</b>		<b>(275,119)</b>	(246,882)
<b>Other expenses</b>			
Write-down of exploration and evaluation assets	5	<b>50,000</b>	-
Write-down of land	6	<b>25,000</b>	-
Interest and foreign exchange		<b>-</b>	1,507
		<b>(75,000)</b>	(1,507)
<b>Net Loss and Comprehensive Loss</b>		<b>(350,119)</b>	(248,389)
Loss per Share - basic and diluted <sup>(1)</sup>	11	<b>(0.086)</b>	(0.079)
Weighted Average Number of Shares Outstanding <sup>(1)</sup>		<b>4,083,851</b>	3,151,903

<sup>(1)</sup>Adjusted for 40:1 share consolidation effective February 1, 2019

The accompanying notes are an integral part of these financial statements

**Duncan Park Holdings Corporation**  
**Statements of Changes in Shareholders' Deficiency**  
**For the years ended November 30, 2019 and 2018**  
**(Expressed in Canadian Dollars)**

	Notes	Number of Shares <sup>(1)</sup> #	Share Capital \$	Contributed Surplus \$	Accumulated Deficit \$	Total \$
<b>Balance, November 30, 2017</b>		3,151,903	11,332,138	400,293	(12,262,511)	(530,080)
Net loss for the year		-	-	-	(248,389)	(248,389)
<b>Balance, November 30, 2018</b>		<b>3,151,903</b>	<b>11,332,138</b>	<b>400,293</b>	<b>(12,510,900)</b>	<b>(778,469)</b>
Issuance of shares on debt settlement	11	1,462,178	438,653	-	-	438,653
Issuance of shares on conversion of debentures	11	917,800	275,340	-	-	275,340
Net loss for the year		-	-	-	(350,119)	(350,119)
<b>Balance, November 30, 2019</b>		<b>5,531,881</b>	<b>12,046,131</b>	<b>400,293</b>	<b>(12,861,019)</b>	<b>(414,595)</b>

<sup>(1)</sup> Adjusted for 40:1 share consolidation effective February 1, 2019

The accompanying notes are an integral part of these financial statements

**Duncan Park Holdings Corporation**  
**Statements of Cash Flows**  
**For the years ended November 30, 2019 and 2018**  
**(Expressed in Canadian Dollars)**

	<b>Notes</b>	<b>2019</b>	<b>2018</b>
		<b>\$</b>	<b>\$</b>
<b>Operating Activities</b>			
Net loss for the year		<b>(350,119)</b>	(248,389)
Adjustments for:			
Amortization of financing costs	10	<b>32,910</b>	6,090
Interest on convertible debentures	10	<b>21,436</b>	3,904
Interest on term loans	8	<b>5,617</b>	19,601
Interest on promissory notes	9	<b>2,436</b>	-
Write-down of exploration and evaluation assets	5	<b>50,000</b>	-
Write-down of land	6	<b>25,000</b>	-
		<b>(212,720)</b>	(218,794)
Net change in non-cash working capital items:			
Accounts receivable		<b>3,090</b>	-
Accounts payable and accrued liabilities	7	<b>108,142</b>	96,490
Federal tax recoverable		<b>-</b>	(2,011)
<b>Cash flows (used in) Operating Activities</b>		<b>(101,488)</b>	(124,315)
<b>Financing Activities</b>			
Advances received on promissory notes	9	<b>47,202</b>	-
Issue of Convertible debentures	10	<b>-</b>	250,000
Financing costs	10	<b>-</b>	(39,000)
Repayment of term loans	8	<b>-</b>	(34,569)
<b>Cash flows provided by Financing Activities</b>		<b>47,202</b>	176,431
(Decrease) increase in cash		<b>(54,286)</b>	52,116
Cash, beginning of year		<b>55,757</b>	3,641
<b>Cash, end of year</b>		<b>1,471</b>	55,757

The accompanying notes are an integral part of these financial statements

## **1. NATURE OF OPERATIONS AND GOING CONCERN**

### **Nature of Operations**

Duncan Park Holdings Corporation (“Duncan Park” or the “Company”) is incorporated in the Province of Ontario, Canada. The Company operates in the mining industry and devotes its efforts to establish commercially viable mineral properties by exploring for gold and other precious metals in politically stable areas of the world. The Company has been exploring certain properties in the Red Lake mining district in Northwestern Ontario. More recently, all money raised has been used for administrative expenses.

The Company’s registered address is 77 King Street West, Suite 3000, Toronto, Ontario, M5K 1G8, Canada.

### **Going Concern**

The Company holds mining claims in Ontario and has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties. These procedures do not guarantee the Company’s title. Property title may be subject to unregistered prior agreements, unregistered claims, aboriginal claims and noncompliance with regulatory, social and environmental requirements.

These financial statements have been prepared using International Financial Reporting Standards (“IFRS”) applicable to a going concern, which contemplates the realization of assets and the settlement of liabilities in the normal course of business for the foreseeable future as they come due. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period.

The Company has no commercial operations and, therefore, no revenue, and is subject to the normal risks and challenges experienced by other such exploration companies in a comparable stage of development. Specifically, the recovery of the Company’s investment in exploration and evaluation (“E&E”) assets and related deferred expenditures are dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing to develop the properties and establish future profitable production from the properties, or from the proceeds of their disposition. As at November 30, 2019, the Company had a working capital deficiency of \$414,595 (November 30, 2018 – working capital deficiency of \$853,469).

The primary reason for the working capital deficiencies is due to administrative expenses incurred related to the ongoing corporate restructuring and debt settlement activities. The Company had implemented certain strategies to mitigate and reduce such costs and other expenses, but there is no guarantee whether these strategies will be successful. These conditions raise material uncertainties which cast significant doubt regarding the Company’s ability to continue as a going concern. These financial statements do not reflect adjustments to the carrying amounts of assets and liabilities, the reported revenues and expenses and the statements of financial position classification used that would be necessary if the going concern assumptions were not appropriate. Such adjustments could be material.

### **Corporate Restructuring**

During the year ended November 30, 2019, the Company undertook a series of corporate measures to address its capital and debt structure in order to better position the Company for future opportunities.

#### *Share Consolidation*

On December 18, 2018, at Duncan Park’s Annual General Meeting of Shareholders (the “AGM”), shareholders of the Company approved a resolution empowering the Board of Directors (the “Board”) to affect a share consolidation of up to 1 post-consolidation share for every 40 pre-consolidation shares (the “Share Consolidation”). Subsequently, the Board approved a motion to consolidate the Company’s shares at a 40:1 ratio (the “Consolidation Ratio”). Regulatory approval was received on January 29, 2019, and the Share Consolidation was effective February 1, 2019.

## **1. NATURE OF OPERATIONS AND GOING CONCERN (continued)**

### **Corporate Restructuring (continued)**

#### *De-Listing*

On December 18, 2018, at the AGM, the Company asked shareholders to provide the Board with the discretion to apply to de-list the Company from the TSX Venture Exchange ("TSXV"). This discretion from shareholders was given. The Board believed that having such flexibility may enable the Company to pursue certain opportunities within and/or outside the resource sector. The Board has made no determination as to any future opportunities that it may pursue and there can be no assurance that any future opportunities will be identified or completed. The voluntary delisting was approved by the TSXV on May 4, 2019.

#### *Debt Conversion*

On October 9, 2018, the Company completed a private placement of \$250,000 (the "Private Placement") of convertible debentures (the "Debentures") which had a term of one (1) year and accrued interest at a rate of 10% per annum. On October 9, 2019, 917,800 shares of the Company were issued as a result of the conversion of the Debentures (see Note 10 for details).

#### *Debt Settlement*

The Company previously entered into Debt Settlement Agreements dated August 22, 2018 with its two (2) largest creditors: the Estate of Ian McAvity ("the Estate") and Eric P. Salsberg ("E. Salsberg"), the Chairman of Audit Committee and a director of the Company, which on May 14, 2019, settled \$301,989 and \$136,664 of outstanding principal amount of term loans (plus accrued interest), respectively, through the full issuance of 1,462,178 common shares of the Company ("the Debt Settlement Shares"). The unsecured loans, which bore interest at a rate of 5% per annum, were made to the Company by the late Ian McAvity, the former President and a director of the Company, and E. Salsberg, in tranches over time to help fund the Company's ongoing working capital requirements.

After completion of the Share Consolidation, the Debt Settlement Shares were issued at a price based on a deemed pre-Consolidation Share price of \$0.0075 per share multiplied by the Consolidation Ratio. Based on the Consolidation Ratio, the Debt Settlement Shares were issued at an adjusted price of \$0.30 per share on May 14, 2019 (see Note 8 for details).

A condition of closing of the Private Placement was that the Estate and E. Salsberg were to sell the Debt Settlement Shares to the investors participating in the Private Placement plus one (1) other investor at a price equal to 20% of the principal amount of the debt and accrued interest. Share purchase agreements between the investors, the Estate and E. Salsberg, respectively, were entered and completed on May 14, 2019.

## **2. BASIS OF PRESENTATION**

### **Statement of Compliance**

The Company's financial statements, including comparatives, have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB"), and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The accounting policies set out below were consistently applied to all periods presented unless otherwise noted.

These financial statements were reviewed, approved and authorized for issuance by the Company's Board on March 19, 2020.

### **Basis of Measurement**

These financial statements have been prepared in accordance with IFRS, on the historical cost basis except for financial instruments which are measured at fair value, as explained in the significant accounting policies set out in Note 3. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

## **2. BASIS OF PRESENTATION (continued)**

### **Functional Currency**

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The functional currency of the Company is the Canadian Dollar, which is the presentation currency of these financial statements, unless otherwise noted.

### **Significant Accounting Judgments and Estimates**

The preparation of these financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, revenue and expenses. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities, revenue and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions. These estimates are reviewed periodically, and adjustments are made as appropriate in the period they become known. Items for which actual results may differ materially from these estimates are described as follows:

#### *Going concern*

At each reporting period, management exercises judgment in assessing the Company’s ability to continue as a going concern by reviewing the Company’s performance, resources and future obligations.

#### *Fair value of financial assets and financial liabilities*

Fair value of financial assets and financial liabilities on the statements of financial position that cannot be derived from active markets, are determined using a variety of techniques including the use of valuation models. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgment is required to establish fair values. The judgments include, but are not limited to, consideration of model inputs such as volatility, estimated life and discount rates.

#### *Impairment*

Long-lived assets, including E&E assets and land, are reviewed for indicators of impairment at each reporting period or whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its recoverable amount. Impairment is dependent upon estimates of recoverable amounts. These are determined through the exercise of judgments and are dependent upon estimates that take into account factors such as economic and market conditions, frequency of use, anticipated changes in laws, and technological improvements.

#### *Income taxes*

Income taxes and tax exposures recognized in the financial statements reflect management’s best estimate of the outcome based on facts known at the reporting date. When the Company anticipates a future income tax payment based on its estimates, it recognizes a liability. The difference between the expected amount and the final tax outcome has an impact on current and deferred taxes when the Company becomes aware of this difference.

In addition, when the Company incurs losses that cannot be associated with current or past profits, it assesses the probability of taxable profits being available in the future based on its budgeted forecasts. These forecasts are adjusted to take account of certain non-taxable income and expenses and specific rules on the use of unused credits and tax losses. When the forecasts indicate the sufficient future taxable income will be available to deduct the temporary differences, a deferred tax asset is recognized for all deductible temporary differences.

### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **Cash**

Cash on the statements of financial position comprises bank balances held in Canadian chartered banks, and funds held in trust with the Company's legal counsel which is available on demand.

#### **Exploration and Evaluation Expenditures**

Once the legal right to explore a property has been acquired, costs directly related to E&E expenditures are recognized and capitalized, in addition to the exploration costs. Direct expenditures include such costs as material used, surveying costs, drilling costs and payments made to contractors.

The Company assesses E&E assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount. Some facts and circumstances which may be indicative of possible impairment include, but are not limited to: the expiration of the period for which the Company has the right to explore the property or the Company's intention not to renew that right; substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned; exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the Company has decided to discontinue such activities in the specific area; sufficient data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the E&E asset is unlikely to be recovered in full from successful development or sale.

When a project is deemed to no longer have commercially viable prospects to the Company, E&E assets in respect of that project are deemed to be impaired. The recoverable amount of an E&E asset is the higher of its fair value, less costs to sell, and its value in use. If the carrying amount of an E&E asset exceeds its recoverable amount, an impairment charge is recognized immediately in profit or loss by the amount by which the carrying amount of the E&E asset exceeds the recoverable amount. Where an impairment loss subsequently reverses, the carrying amount of the E&E asset is increased to the lesser of the revised estimate of recoverable amount, and the carrying amount that would have been recorded had no impairment loss been recognized previously.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as "mines under construction". E&E assets are also tested for impairment before the assets are transferred to development properties.

Investments in E&E properties are recorded at cost and are not written down except to the extent that it is determined that their value is impaired. Any impairment loss identified is recognized on the statements of operations and comprehensive loss.

Due to the fact that impairment was identified and the value of the exploration properties had been written down to estimated realizable value in fiscal 2017 and 2019, the normal application of the Company's accounting principles requires that all further costs be expensed in the statements of operations and comprehensive loss.

#### **Land**

Land is carried at cost, subject to estimates for impairment.

#### **Financial Instruments**

Financial assets and financial liabilities, including derivatives, are recognized on the statements of financial position when the Company becomes a party to the financial instrument or derivative contract.



### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **Financial Instruments (continued)**

##### *Classification*

The Company classifies its financial assets and financial liabilities in the following measurement categories: (a) those to be measured subsequently at fair value through profit or loss (“FVTPL”); (b) those to be measured subsequently at fair value through other comprehensive income (“FVTOCI”); and (c) those to be measured at amortized cost. The classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at FVTPL (irrevocable election at the time of recognition). For assets and liabilities measured at fair value, gains and losses are recorded in profit or loss.

The Company reclassifies financial assets when its business model for managing those assets changes. Financial liabilities are not reclassified.

##### *Amortized cost*

This category includes financial assets that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the solely principal and interest (“SPPI”) criterion. Financial asset classified in this category are measured at amortized cost using the effective interest method.

##### *Expected credit loss impairment model*

IFRS 9 – Financial Instruments (“IFRS 9”) introduced a single expected credit loss (“ECL”) impairment model, which is based on changes in credit quality since initial application. The adoption of the ECL impairment model had resulted in a provision of ECL recorded on the Company’s statements of loss and comprehensive loss.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company in full or when the financial asset is more than 90 days past due.

The carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts.

##### *Fair value through profit or loss*

This category includes derivative instruments as well as quoted equity instruments which the Company has not irrevocably elected, at initial recognition or transition, to classify at FVTOCI. This category would also include debt instruments whose cash flow characteristics fail the SPPI criterion or are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell. Financial assets in this category are recorded at fair value with changes recognized in profit or loss.

##### *Financial assets at fair value through other comprehensive income*

Equity instruments that are not held-for-trading can be irrevocably designated to have their change in FVTOCI instead of through profit or loss. This election can be made on individual instruments and is not required to be made for the entire class of instruments. Attributable transaction costs are included in the carrying value of the instruments. Financial assets at FVTOCI are initially measured at fair value and changes therein are recognized in other comprehensive income (loss).

### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **Financial Instruments (continued)**

##### *Measurement*

All financial instruments are required to be measured at fair value on initial recognition, plus, in the case of a financial asset or financial liability not at FVTPL, transaction costs that are directly attributable to the acquisition or issuance of the financial asset or financial liability. Transaction costs of financial assets and financial liabilities carried at FVTPL are expensed in profit or loss. Financial assets and financial liabilities with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are on the principal outstanding are generally measured at amortized cost at the end of the subsequent accounting periods. All other financial assets including equity investments are measured at their fair values at the end of subsequent accounting periods, with any changes taken through profit and loss or other comprehensive income (loss) (irrevocable election at the time of recognition). For financial liabilities measured subsequently at FVTPL, changes in fair value due to credit risk are recorded in other comprehensive income (loss).

The Company's classification and measurements of financial assets and liabilities are summarized below:

	<b>IFRS 9</b>
Cash	FVTPL
Accounts payable and accrued liabilities	Amortized cost
Term loans	Amortized cost
Promissory notes payable	Amortized cost
Convertible debentures	Amortized cost

##### *Fair value hierarchy*

The Company classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at November 30, 2019, the Company does not have any financial instruments measured at fair value, other than cash, after initial recognition.

#### **Share Capital**

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares are classified as equity instruments. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

#### **Loss Per Share**

The basic loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the year. The diluted loss per share reflects the potential dilution of common share equivalents, in the weighted average number of common shares outstanding during the year, if dilutive. The "treasury stock method" is used for the assumed proceeds upon the exercise of the options and warrants that are used to purchase common shares at the average market price during the year.

### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **Provisions**

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

As at November 30, 2019 and 2018, the Company had no material provisions.

#### **Income Taxes**

Income tax expense comprises current and deferred income tax expense. Current and deferred taxes are recognized in net loss, except to the extent that it relates to items recognized directly in equity or in other comprehensive income (loss).

##### *Current income taxes*

Current income taxes are recognized and measured at the amount expected to be recovered from, or payable to, the taxation authorities based on the income tax rates enacted or substantively enacted at the end of the reporting period and includes any adjustment to taxes payable in respect of previous years.

##### *Deferred income taxes*

Deferred income taxes are recorded for temporary differences at the date of the statements of financial position between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of a deferred income tax asset is reviewed at the end of the reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at the end of the reporting period and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset if, and only if, they relate to income taxes levied by the same taxation authority and the Company has the legal rights and intent to offset.

#### **Adoption of New Accounting Policies**

The Company adopted the following standard, effective December 1, 2018. The changes were made in accordance with the applicable transitional provisions. There was no material impact upon adoption of the new standards on the Company's financial statements:

##### *IFRS 9 – Financial Instruments*

Effective December 1, 2018, the Company adopted all the requirements of IFRS 9 and the related consequential amendments to IFRS 7 – Financial Instruments: Disclosures. IFRS 9 introduces new requirements for:

- Classification and measurement of financial assets and financial liabilities;
- Impairment for financial assets; and
- General hedge accounting, which represent a significant change from IAS 39 – Financial Instruments: Recognition and Measurement (“IAS 39”).

### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **Adoption of New Accounting Policies (continued)**

As permitted by the transition provisions of IFRS 9, the Company elected not to restate comparative period results. As such, all comparative period information is presented in accordance with the previous accounting policies. Adjustments to the carrying amounts of financial assets and liabilities, at the date of initial application have been recognized in opening deficit and other components of equity for the current period. New or amended interim disclosures have been provided for the current period, where applicable, while comparative period disclosures are consistent with those made in prior periods.

IFRS 9 utilizes a revised model for recognition and measurement of financial instruments and a single, forward-looking “expected loss” impairment model. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9, such that the Company’s accounting policy with respect to financial liabilities is unchanged. IFRS 9 contains three (3) principal classification categories for financial assets: measured at amortized cost, FVTOCI and FVTPL. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. The standard eliminates the previous IAS 39 categories of held-to-maturity, loans and receivables, and available-for-sale. IFRS 9 replaces the ‘incurred loss’ model in IAS 39 with an ECL model. The new impairment model applies to financial assets measured at amortized cost. Under IFRS 9, credit losses are recognized earlier than under IAS 39.

#### **Recent Accounting Pronouncements**

The IASB and the IFRS Interpretations Committee have issued certain pronouncements that are mandatory for the Company’s accounting periods commencing on or after December 1, 2019. Many are not applicable or do not have a significant impact to the Company and have been excluded.

#### ***IFRS 16 – Leases (“IFRS 16”)***

IFRS 16 was issued in January 2016 and replaces IAS 17 – Leases as well as some lease related interpretations. With certain exceptions for leases under twelve months in length or for assets of low value, IFRS 16 states that upon lease commencement a lessee recognizes a right-of-use (“ROU”) asset and a lease liability. The ROU asset is initially measured at the amount of the liability plus any initial direct costs. After lease commencement, the lessee shall measure the ROU asset at cost less accumulated amortization and accumulated impairment. A lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognize the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. IFRS 16 requires that lessors classify each lease as an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise it is an operating lease. IFRS 16 is effective for annual periods beginning on or after December 1, 2019.

The Company has reviewed its leasing arrangements outstanding as at November 30, 2019, in respect of the new lease standard, and had assessed that the impact of adopting this new standard will have on the Company’s financial statements to be immaterial.

#### ***IFRIC 23 – Uncertainty Over Income Tax Treatments (“IFRIC 23”)***

IFRIC 23 clarifies the accounting for uncertainties in income taxes. The interpretation committee concluded that an entity shall consider whether it is probable that a taxation authority will accept an uncertain tax treatment. If an entity concludes it is probable that the taxation authority will accept an uncertain tax treatment, then the entity shall determine taxable profit (tax loss), tax bases, unused tax losses and credits or tax rates consistently with the tax treatment used or planned to be used in its income tax filings. If an entity concludes it is not probable that the taxation authority will accept an uncertain tax treatment, the entity shall reflect the effect of uncertainty in determining the related taxable profit (tax loss), tax bases, unused tax losses and credits or tax rates. IFRIC 23 is effective for annual periods beginning on or after December 1, 2019. The Company has performed a preliminary analysis and has not assessed any significant impact as a result of the adoption of this standard.

**Duncan Park Holdings Corporation**  
**Notes to the Financial Statements**  
**Years ended November 30, 2019 and 2018**  
**(Expressed in Canadian Dollars)**

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**4. ACCOUNTS RECEIVABLE**

The Company's accounts receivable balance represents amounts due from government taxation authorities in respect of the Harmonized Sales Tax. The Company anticipates full recovery of these amounts and therefore no credit loss has been recorded against these receivables, which are due in less than one (1) year.

**5. EXPLORATION AND EVALUATION ASSETS**

The Company previously acquired a 100% interest in two (2) properties in the Red Lake mining district of Northwestern Ontario, Canada. The properties are commonly referred to as the "Dome Property", with respect to 17 unpatented mining claims covering 40 mining units and approximately 504 hectares in the Dome, Byshe and Heyson Townships and, the "McManus Claims" with respect to 17 patented mining claims and 11 licenses of occupation covering approximately 324 hectares, which abut the Dome Property.

The Dome Property interests are subject to 2% Net Smelter Royalty obligations ("NSR") to the previous property owners, ½ of which may be purchased for \$1,750,000. The McManus property interests are subject to 3% NSR to Camp McMan Red Lake Gold Mines Ltd., 1½% of which may be purchased for \$500,000 per ½% interest. Minimum annual advance royalty payment of \$10,000 per annum commenced in December 2014.

As at November 30, 2019, the Company determined that the uncertainty over the E&E assets and the lack of planned or budgeted substantive expenditures were indicators of impairment. Accordingly, the Company tested the E&E assets for impairment and recorded an impairment of \$50,000 on its E&E assets (2018 – \$nil) based on a recoverable amount of \$nil.

**6. LAND**

Land is comprised of six (6) vacant lots subject to a registered plan of subdivision in the Town of Red Lake and a 94-acre block of undeveloped land south of the subdivision. The residual surface rights of the vacant lots were acquired as part of the earn-in agreement pursuant to which the Company acquired the McManus Patents.

As the Company does not have any foreseeable plans to actively pursue exploration in these lands, an impairment of \$25,000 had been recorded as at November 30, 2019 (2018 – \$nil), to write down the recoverable value to nil.

**7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

Accounts payables of the Company are principally comprised of amounts outstanding for trade purchases relating to regular business activities and amounts payable for financing activities.

	<b>November 30, 2019</b>	<b>November 30, 2018</b>
	<b>\$</b>	<b>\$</b>
Accounts payable	<b>87,271</b>	244,114
Accrued liabilities	<b>261,197</b>	17,500
Others	<b>21,268</b>	-
	<b>369,736</b>	261,594

The Company's standard term for trade payable is 30 - 60 days.

Included in accounts payable and accrued liabilities are certain amounts owing to a former officer and current directors of the Company, in the aggregate amount of \$250,514. As at November 30, 2019, the amount of USD \$90,000 (approximately \$119,601) was owed to the former President and Chief Executive Officer ("CEO") of the Company, who is also a director of Duncan Park, and \$111,158 was owed to a director of the Company, for financial advances and support of funding ongoing administrative expenses. Branson Corporate Services Ltd. ("Branson") where the Chief Financial Officer ("CFO") of the Company is employed, was also owed \$19,755 as at November 30, 2019 (November 30, 2018 – \$nil).

## **8. TERM LOANS**

Commencing in 2014, the Company entered into a series of unsecured term loan agreements aggregating \$250,000 and \$116,000 with the late Ian McAvity and E. Salsberg, respectively. The loans bore interest at the rate of 5% per annum calculated annually and were due and payable on December 15, 2017.

On May 14, 2019, the Company settled \$301,989 and \$136,664 of outstanding principal term loan balances (including accrued interest) with the Estate and E. Salsberg, respectively, through the issuance of 1,462,178 Debt Settlement Shares. After completion of the Share Consolidation, the Debt Settlement Shares were issued at a price based on a deemed pre-Consolidation Share price of \$0.0075 per share multiplied by the Consolidation Ratio. Adjusted for the Consolidation Ratio, the Debt Settlement Shares were issued at a price of \$0.30 per share on May 14, 2019. For purposes of calculating interest, accrued interest was calculated as of the fifth (5<sup>th</sup>) business day prior to the issuance of the Debt Settlement Shares.

As a condition of the Debt Settlement, the Estate and E. Salsberg agreed to sell the Debt Settlement Shares to certain investors, including certain subscribers to the Private Placement from October 2018, at a price equal to 20% of the principal amount of the debt and accrued interest.

As a result of the foregoing, none of the term loans remained outstanding as at November 30, 2019 (November 30, 2018 – \$433,036).

## **9. PROMISSORY NOTES PAYABLE**

On March 11, 2019, the Company issued a promissory note (the “First Promissory Note”) to an arm’s-length party, in exchange for an advance of \$30,000. The First Promissory Note is unsecured, bears interest at a rate of 10% per annum on the unpaid portion of the principal, calculated and compounded on a monthly basis. The First Promissory Note is due and payable on demand.

On October 23, 2019, the Company issued another promissory note (the “Second Promissory Note”) to another arm’s-length party, in exchange for an advance of \$17,203. The Second Promissory Note is unsecured, bears interest at a rate of 12% per annum on the unpaid portion of the principal, calculated and compounded on a monthly basis. The Second Promissory Note is due and payable on demand.

As at November 30, 2019, the amounts in outstanding principal of \$47,202 (November 30, 2018 – \$nil) and accumulated interest of \$2,436 (November 30, 2018 – \$nil) were owed by the Company. During the year ended November 30, 2019, \$2,436 (2018 – \$nil) of interest expense was incurred in relation to the Promissory Notes.

## **10. CONVERTIBLE DEBENTURES**

On October 9, 2018, the Company completed a Private Placement of Debentures at a principal amount of \$250,000, which had a term of one (1) year and accrued interest at a rate of 10% per annum.

Pursuant to the Private Placement, the Debentures are convertible into units of the Company, at the election of the holder. Each underlying unit was comprised of one (1) pre-consolidation share (a “Debenture Share”) and one-half (1/2) of one (1) pre-consolidation share purchase warrant (a “Warrant”), subject to adjustment following completion of the Share Consolidation.

Following the completion of the Share Consolidation as described in Note 2, the Debentures were convertible based on a price of \$0.40, adjusted to account for the Consolidation Ratio. Following the completion of the Share Consolidation, the Warrants would be exercisable at a price of \$0.60 for every one (1) Post-Consolidation Share. Following the Company’s delisting from the TSXV since May 9, 2019, the Debentures became effectively convertible into one (1) Debenture Share (and no Warrants) at a price of \$0.30 per share, adjusted to account for the Share Consolidation.

## **10. CONVERTIBLE DEBENTURES (continued)**

In connection with the closing of the Private Placement, the lead investor in the Private Placement had the right to appoint one (1) additional director to the Board of the Company for the period ending with the completion of the next shareholders' meeting of the Company, and did so. The proceeds were used to pay a substantial portion of liabilities incurred over the ordinary course of operations, to partially repay the term loans, to fund expenses related to holding the annual and special shareholders' meeting and for general corporate purposes.

On October 9, 2019, immediately prior to its maturity, the Debentures were converted into 917,800 Debenture Shares of the Company, at the adjusted conversion price of \$0.30.

## **11. SHARE CAPITAL AND LOSS PER SHARE**

On May 14, 2019, the Company issued 1,462,178 common shares to settle outstanding term loans of \$301,989 and \$136,664 (including accrued interest) with the Estate and E. Salsberg, respectively. The Debt Settlement Shares were valued at \$438,653 based on the fair value of the outstanding term loans (Note 8).

On October 9, 2019, the Company issued 917,800 common shares on conversion of the Debentures at the adjusted conversion price of \$0.30 (see Note 10).

As at November 30, 2019, the authorized share capital of the Company consists of an unlimited number of common shares. Adjusted for the Share Consolidation, there were 5,531,881 shares issued and outstanding.

Basic loss per share is calculated by dividing the net loss for the period by the weighted average number of common shares in issue during the period. For the year ended November 30, 2019, the basic loss per share was \$0.086 (2018 – \$0.079).

## **12. RELATED PARTY TRANSACTIONS**

### *Key management personnel compensation*

Key management includes the Company's directors and officers with authority and responsibility for planning, directing and controlling the activities of an entity, directly or indirectly.

On April 2, 2019, the Company and Branson entered into a management services agreement, providing for CFO services to the Company, as well as other accounting and administrative services, which are included in professional fees. During the year ended November 30, 2019, the Company was charged \$18,000 (2018 – \$nil) for services provided by Branson. As at November 30, 2019, an amount of \$19,755 (November 30, 2018 – \$nil) owing to Branson was included in accounts payable and accrued liabilities. The amount outstanding is unsecured, non-interest bearing and due on demand.

During the year ended November 30, 2019, the Company was charged USD \$15,000 (approximately \$20,028) and \$8,505 (2018 – USD \$22,500 (approximately \$28,750) and \$14,993) by David Shaddrick, former President and CEO, and Harold Doran, the former CFO, of the Company respectively, for consulting and accounting services provided to the Company. As at November 30, 2019, an amount of USD \$90,000 (approximately \$119,601) (November 30, 2018 – USD \$75,000 (approximately \$99,758)) owing to the former President and CEO was included in accounts payable and accrued liabilities.

Also included in accounts payable and accrued liabilities are amounts owing to E. Salsberg, a director of the Company. As at November 30, 2019, an amount of \$111,158 (November 30, 2018 – \$108,500) was owed to E. Salsberg, for support of funding ongoing administrative expenses.

**Duncan Park Holdings Corporation**  
**Notes to the Financial Statements**  
**Years ended November 30, 2019 and 2018**  
**(Expressed in Canadian Dollars)**

**13. INCOME TAXES**

The reported recovery of income taxes differs from amounts computed by applying the combined Canadian federal and provincial income tax rates to the reported loss before income taxes due to the following:

	<b>November 30, 2019</b>	November 30, 2018
	\$	\$
Reported loss before income taxes	<b>(350,119)</b>	(248,389)
Combined statutory income tax rate	<b>26.50%</b>	26.50%
Expected income tax recovery at current rate	<b>(92,781)</b>	(65,823)
Deferred financing charges	<b>6,655</b>	-
Unrecognized deferred tax assets	<b>84,413</b>	65,823
Non-deductible expenses and other	<b>1,713</b>	-
	<b>-</b>	-

**Deferred Tax Balances**

The balance in the statement of financial position is comprised of:

	<b>November 30, 2019</b>	November 30, 2018
	\$	\$
Non-capital losses carried forward	<b>815,096</b>	748,553
Capital losses	<b>720,732</b>	720,732
Exploration and evaluation assets	<b>232,781</b>	219,532
Land	<b>39,750</b>	39,750
Financing costs	<b>6,201</b>	1,291
Share issue costs and other	<b>-</b>	291
	<b>1,814,560</b>	1,730,149
Deferred tax assets not recognized	<b>(1,814,560)</b>	(1,730,149)

As at November 30, 2019, the Company has non-capital losses of approximately \$3,074,308 expiring as shown below:

	\$
2028	397,080
2029	188,981
2030	125,437
2031	282,441
2032	330,670
2033	265,417
2034	230,364
2035	171,849
2036	177,989
2037	160,160
2038	210,414
2039	282,398
2040	251,108
	<b>3,074,308</b>

In addition, it has a capital loss of \$5,439,490 (no change from prior year) arising primarily from the write off of advances to its former US subsidiary Company, one half of which is deductible indefinitely against capital gains.

The potential benefit of these carry-forward non-capital losses, capital losses, and deductible temporary differences in excess of the deferred tax liabilities have not been recognized in these financial statements as it is not considered probable that sufficient future tax profit will allow the deferred tax assets to be recovered.



#### **14. CAPITAL MANAGEMENT**

The Company's objectives when managing capital is to safeguard its ability to continue as a going concern and to provide the funding needed to continue exploration of its properties. Since the Company currently has no commercial operations, this necessitates repetitive approaches to the financial markets and other sources to raise capital in various forms. Due to the Company's current financial circumstances, there can be no assurance that efforts to raise capital will be successful.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company's capital management objectives, policies and processes have remained unchanged during the years ended November 30, 2019 and 2018.

The Company is not subject to any externally imposed capital requirements.

#### **15. FINANCIAL INSTRUMENT RISKS**

The Company's financial instruments consist primarily of cash, accounts payable and accrued expenses and promissory notes payable. The Company is exposed to various risks as it relates to these financial instruments. There have not been any changes in the nature of these risks or the process of managing these risks from previous reporting periods.

##### *Liquidity risk*

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or related to matters specific to the Company. The Company generates cash flow primarily from its financing activities. As at November 30, 2019, the Company had a cash balance of \$1,471 (November 30, 2018 – \$55,757) to settle current liabilities of \$419,374 (November 30, 2018 – \$915,624).

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet its liabilities as they come due. The Company has undertaken several proposed restructuring initiatives and other corporate measures to rationalize its capital and debt structure to better position the Company for future opportunities and meet its obligations as they come due. Until these initiatives and efforts are finalized, there is no assurance that one or any of these initiatives will be successful.

##### *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The majority of the Company's debts have fixed interest rates. As at November 30, 2019, the Company had no hedging agreements in place with respect to floating interest rates.

##### *Foreign exchange risk*

The Company's exposure to fluctuations in foreign exchange is related to amounts of United States dollars ("USD\$") denominated accounts payable as follows:

	<b>November 30, 2019</b>	November 30, 2018
	\$	\$
Accounts payable and term loans	<b>92,000</b>	78,036



**DUNCAN PARK**  
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# **Duncan Park Holdings Corporation**

Financial Statements

As At and For the Years Ended

November 30, 2018 and 2017

## **MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**

The accompanying financial statements of Duncan Park Holdings Corporation were prepared by management in accordance with International Financial Reporting Standards. Management acknowledges responsibility for the preparation and presentation of the year-end financial statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to the Company's circumstances.

# Duncan Park Holdings Corporation

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## Independent Auditor's Report

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### To the Shareholders of Duncan Park Holdings Corporation

We have audited the accompanying financial statements of Duncan Park Holdings Corporation, which comprise the statements of financial position as at November 30, 2018 and November 30, 2017, and the statements of operations and comprehensive loss, statements of changes in shareholders' equity (deficiency) and statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Duncan Park Holdings Corporation as at November 30, 2018 and November 30, 2017 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

### Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1 in the financial statements which indicates that the Company has no commercial operations, no revenue and has \$853,469 (2017 - \$605,080) in working capital deficiency which is not sufficient for ongoing administration costs and to remedy the term loan default. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

*BDO Canada LLP*

Chartered Professional Accountants, Licensed Public Accountants

April 1, 2019  
Toronto, Ontario

**Duncan Park Holdings Corporation**  
**Statements of Financial Position**  
Expressed in Canadian Dollars  
As at November 30, 2018 and 2017

	November 30 2018	November 30 2017
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash (Note 6)	\$55,757	\$3,641
Federal sales tax recoverable	6,398	4,387
	<b>62,155</b>	<b>8,028</b>
<b>NON-CURRENT ASSETS</b>		
Exploration and evaluation assets		
Dome project (Note 7)	25,000	25,000
McManus project (Note 7)	25,000	25,000
	<b>50,000</b>	<b>50,000</b>
LAND (Note 8)	25,000	25,000
<b>TOTAL ASSETS</b>	<b>\$ 137,155</b>	<b>\$ 83,028</b>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$261,594	\$165,104
Convertible debentures (Note 9)	220,994	-
Term loans (Note 10)	433,036	448,004
<b>TOTAL LIABILITIES</b>	<b>915,624</b>	<b>613,108</b>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Note 11)	11,332,138	11,332,138
Contributed surplus (Note 12)	400,293	400,293
Accumulated deficit	(12,510,900)	(12,262,511)
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>(778,469)</b>	<b>(530,080)</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$ 137,155</b>	<b>\$ 83,028</b>

**Commitments Note 19**

SIGNED ON BEHALF OF THE BOARD

"Signed" Eric Salsberg

"Signed" David Shaddrick

The accompanying notes are an integral part of these financial statements

# **Duncan Park Holdings Corporation**

## **Statements of Operations and Comprehensive Loss**

**Expressed in Canadian Dollars**

**For the years ended November 30, 2018 and 2017**

	<b>2018</b>	<b>2017</b>
<b>EXPENSES</b>		
Compensation (Note 15)	<b>\$58,434</b>	\$52,355
Professional fees		
Legal	<b>81,949</b>	32,706
Audit	<b>18,275</b>	14,714
Regulatory compliance	<b>27,669</b>	14,062
Investor communications	<b>5,260</b>	3,076
Bank charges	<b>1,368</b>	1,172
Interest on convertible debentures	<b>3,904</b>	-
Interest on term loans	<b>19,601</b>	22,806
Office and general	<b>7,357</b>	11,652
Property taxes	<b>6,975</b>	4,000
Amortization of financing costs	<b>6,090</b>	-
Annual minimum royalty	<b>10,000</b>	-
<b>TOTAL EXPENSES</b>	<b>246,882</b>	156,543
<b>OTHER (INCOME) AND EXPENSE</b>		
Interest and foreign exchange	<b>1,507</b>	(1,365)
Write-down of exploration and evaluation assets (Note 7)	-	2,174,971
Write-down of land (Note 8)	-	150,000
	<b>1,507</b>	2,323,606
<b>TOTAL LOSS AND COMPREHENSIVE LOSS FOR THE YEAR</b>	<b>\$248,389</b>	\$2,480,149
<b>LOSS PER SHARE (Note 17)</b>		
Basic	<b>\$0.002</b>	\$0.020
Diluted	<b>\$0.002</b>	\$0.020
<b>Weighted Average Number of Shares Outstanding</b>	<b>126,076,108</b>	126,076,108

**The accompanying notes are an integral part of these financial statements**

**Duncan Park Holdings Corporation**  
**Statements of Changes in Shareholders' Equity (Deficiency)**  
Expressed in Canadian Dollars  
**For the years ended November 30, 2018 and 2017**

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	<b>Share Capital</b>	<b>Contributed Surplus</b>	<b>Deficit</b>	<b>Total</b>
Balance November 30, 2016	\$11,332,138	\$400,293	(\$9,782,362)	\$1,950,069
Loss for the year	-	-	(2,480,149)	(2,480,149)
Balance November 30, 2017	<b>11,332,138</b>	<b>400,293</b>	<b>(12,262,511)</b>	<b>(530,080)</b>
Loss for the year	-	-	<b>(248,389)</b>	<b>(248,389)</b>
Balance November 30, 2018	<b>\$ 11,332,138</b>	<b>\$ 400,293</b>	<b>\$ (12,510,900)</b>	<b>\$ (778,469)</b>

**The accompanying notes are an integral part of these financial statements**



# Duncan Park Holdings Corporation

## Statements of Cash Flows

Expressed in Canadian dollars

For the years ended November 30, 2018 and 2017

	2018	2017
<b>NET OUTFLOW OF CASH RELATED TO THE FOLLOWING ACTIVITIES</b>		
<b>OPERATING ACTIVITIES</b>		
Net loss for the year	(\$248,389)	(\$2,480,149)
Write-down of exploration and evaluation assets	-	2,174,971
Write-down of land	-	150,000
Unrealized foreign exchange gain	-	(425)
Amortization of financing costs	6,090	-
Interest on convertible debentures	3,904	-
Interest on term loans	19,601	22,806
(Increase) decrease in federal sales tax recoverable	(2,011)	400
(Increase) decrease in prepaid expenses	-	2,744
Increase in accounts payable and accrued expenses	96,490	129,653
	(124,315)	-
<b>FINANCING ACTIVITIES</b>		
Issue of convertible debentures	250,000	-
Financing costs	(39,000)	-
Repayment of term loans	(34,569)	11,500
	176,431	11,500
<b>INVESTING ACTIVITIES</b>		
Investment in exploration and evaluation assets	-	(10,000)
<b>INCREASE IN CASH</b>	<b>52,116</b>	<b>1,500</b>
<b>CASH</b>		
<b>AT BEGINNING OF YEAR</b>	<b>3,641</b>	<b>2,141</b>
<b>AT END OF YEAR</b>	<b>\$55,757</b>	<b>\$3,641</b>

The accompanying notes are an integral part of these financial statements

# **Duncan Park Holdings Corporation**

## **Notes to the Financial Statements**

**For the Years Ended November 30, 2018 and 2017**

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### **1. NATURE OF BUSINESS AND GOING CONCERN**

#### **Nature of Business**

Duncan Park Holdings Corporation (the “Corporation”) is incorporated in the Province of Ontario, Canada and is operating in the mining industry, devoting its efforts to establishing commercially viable mineral properties by exploring for gold and other precious metals in politically stable areas of the world. It has been exploring properties in Ontario’s prolific Red Lake mining district. Typically, it raises money for exploration by way of private placements. More recently all money raised has been for administrative expenses by way of issuance of convertible debentures. It is a reporting issuer which trades in Canada on the TSX Venture exchange under the symbol DPH-V. The Corporation’s registered address is 77 King Street West, Suite 3000, Toronto, ON, M5K 1G8.

#### **Going Concern**

These financial statements have been prepared using International Financial Reporting Standards applicable to a going concern, which contemplates the realization of assets and the settlement of liabilities in the normal course of business for the foreseeable future as they come due. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period.

At this stage of its development the Corporation has no commercial operations and, therefore, no revenue, and is subject to the normal risks and challenges experienced by other such exploration companies in a comparable stage of development. Specifically, the recovery of the Corporation’s investment in exploration and evaluation assets and related deferred expenditures is dependent upon the discovery of economically recoverable reserves, the ability of the Corporation to obtain necessary financing to develop the properties and establish future profitable production from the properties, or from the proceeds of their disposition. At November 30, 2018, the Corporation had a working capital deficiency, excluding unamortized financing costs, of \$886,379 (2017 - \$605,080), and an overall capital deficiency of \$778,469 (2017 - \$530,080). These deficiencies include \$433,036 of term loans which are currently in default. The primary reason for the increase in the working capital deficiency is the annual administrative expenses. The primary reason for the overall capital deficiency is the write-down taken on the exploration and evaluation assets during the year-ended November 30, 2017. Further, the Corporation must raise approximately \$14,000 per month needed for normal ongoing administrative expenses. The Corporation has embarked on a program to resolve the overall negative situation, but there is no way of knowing whether it will be successful. These material uncertainties cast significant doubt regarding the Corporation’s ability to continue as a going concern.

The \$433,036 of term loans including accrued interest (Note 8) became due in December 2017 and were not paid on time or subsequently. Accordingly, they are now in default. To date, none of the debtholders have demanded payment. Management has negotiated with the debtholders, subject to shareholder approval, which has been received, and regulatory approval, which is pending, to convert \$433,036 of the term loans into shares of the Corporation (see Note 2 - Proposed Restructuring). During the year, \$34,211 of the proceeds of the convertible debenture issue was used to repay a portion of the term loans (see Notes 2 and 10). If the Corporation is not successful in completing the transaction, these unsecured debtholders, in conjunction with the other unsecured debtors, could sue the Corporation for the debt, and, upon securing judgment, could lay claim to all of the Corporation’s assets, including the Red Lake exploration and evaluation assets.

# **Duncan Park Holdings Corporation**

## **Notes to the Financial Statements**

### **For the Years Ended November 30, 2018 and 2017**

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These financial statements do not reflect adjustments to the carrying amounts of assets and liabilities, the reported revenues and expenses and the statements of financial position classifications used that would be necessary if the going concern assumptions were not appropriate.

## **2. PROPOSED RESTRUCTURING**

On August 23, 2018, the Corporation announced its intention to undertake a series of transactions and other corporate measures in an effort to rationalize its capital and debt structure in an attempt to better position the Corporation for future opportunities.

### **Private Placement**

The private placement was completed on October 9, 2018. See note 9, for details.

### **Debt Settlement**

The Corporation has entered into Debt Settlement Agreements dated August 22, 2018 with its two largest creditors: the Estate of Ian McAvity (the "Estate") and Eric P. Salsberg, the Chairman and a director of the Corporation, which, subject to requisite approvals, would settle \$250,000 and \$116,000 of outstanding principal amount loan debt (plus accrued interest), respectively, through the issuance of Common Shares (the "Debt Settlement Shares"). The unsecured loans, which bore interest at a rate of 5% per annum, had been made to the Corporation by Mr. Salsberg and the late Ian McAvity, the former President and a director of the Corporation, in tranches over time to help fund the Corporation's ongoing working capital requirements.

After completion of the Consolidation, the Debt Settlement Shares would be issued at a price based on a deemed pre-Consolidation Share price of \$0.0075 per share (or such greater price per share as the TSXV may require) multiplied by the 40:1 Consolidation ratio. Assuming a Consolidation ratio of one (1) Post-Consolidation Share for every forty (40) Pre-Consolidation Shares, the Debt Settlement Shares would be issued at a price of \$0.30 per share. For purposes of calculating interest, accrued interest would be calculated as of no later than the fifth (5th) business day prior to the issuance of the Debt Settlement Shares (the "Interest Cut-Off Date"). For illustrative purposes, the Corporation would issue to (i) the Estate the equivalent of approximately 39,537,600 Pre-Consolidation Shares in settlement of approximately 296,532 of debt, as of November 30, 2018, including accrued interest of approximately \$46,532, as of that date; and (ii) Mr. Salsberg the equivalent of approximately 17,884,933 Pre-Consolidation Shares in settlement of approximately \$134,137 of debt, as of August 31, 2018, including accrued interest of approximately \$18,137, as of that date. In total, the Corporation would issue the aggregate of the equivalent of approximately 57,422,533 Pre-Consolidation Shares in settlement, as of November 30, 2018, adjusted to account for interest that accrues from November 30, 2018 to the Interest Cut-Off Date (and subject to adjustment to account for the Consolidation ratio adopted).

A condition of closing of the Private Placement is that the Estate and Mr. Salsberg sell the Debt Settlement Shares (once issued) to the investors participating in the Private Placement plus one other investor at a price equal to 20% of the principal amount of the debt and accrued interest.

The debt settlement transaction is pending regulatory approval.

# **Duncan Park Holdings Corporation**

## **Notes to the Financial Statements**

**For the Years Ended November 30, 2018 and 2017**

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### **Consolidation**

Subsequent to the year-end and subject to TSXV approval, the Corporation asked shareholders to provide the board of directors of the Corporation with the discretion to consolidate the Common Shares using a Consolidation ratio of one (1) Post-Consolidated Share for no more than forty (40) Pre-Consolidation Shares. The directors had the discretion to consolidate the Common Shares on the basis of one (1) Post-Consolidation Share for a number that is less than forty (40) Pre-Consolidation Shares. Shareholder and regulatory approvals were received subsequent to year end (see Note 20).

As of the date hereof, the Corporation has 126,076,108 Common Shares outstanding. Assuming completion of the Debt Settlement Transactions (at a deemed Pre-Consolidation Share issuance price of \$0.0075 per share), the Corporation would have approximately 182,890,241 Pre-Consolidation Shares issued and outstanding (subject to adjustment to account for interest that accrues from November 30, 2018 to the Interest Cut-Off Date). Assuming a consolidation ratio of 40:1, the Corporation would have approximately 4,572,256 Post-Consolidation Shares outstanding upon completion of the Consolidation (subject to adjustment to account for interest that accrues from November 30, 2018 to the Interest Cut-Off Date).

In addition, assuming full conversion of the Debentures based on a deemed Pre-Consolidation conversion price of \$0.01 per share and the full exercise of the Warrants comprising part of the Units based on a deemed pre-Consolidation exercise price of \$0.015 per Warrant Share, the Corporation would have approximately 220,390,241 Pre-Consolidation Shares issued and outstanding on a fully-diluted basis (subject to adjustment to account for interest that accrues from November 30, 2018 to the Interest Cut-Off Date). Assuming a consolidation ratio of 40:1, the Corporation would have approximately 5,509,756 Post-Consolidation Shares outstanding upon completion of the Consolidation (subject to adjustment to account for interest that accrues from November 30, 2018 to the Interest Cut-Off Date).

The Board of Directors of the Corporation believes the Consolidation is in the best interest of the Corporation and is seeking its approval to provide the Corporation with greater flexibility to arrange future growth opportunities and financings. There can be no assurance that any future opportunities will be identified or financings undertaken or completed. The Corporation conducted a shareholders' meeting on December 18, 2018 to consider the Consolidation and De-Listing (and any other matters requiring shareholders' approval). All proposals were approved by the shareholders.

### **De-Listing**

Subsequent to the year-end, the Corporation asked shareholders to provide the board of directors with the discretion to apply to de-list the Corporation from the TSXV. While the board has made no determination to de-list the Corporation, the board believes that having such flexibility may enable it to pursue certain opportunities within and/or outside the resource sector. The board has made no determination as to any future opportunities that it may pursue and there can be no assurance that any future opportunities will be identified or completed.

### **Other**

As Mr. Salsberg is the Chairman and a director of the Corporation, the Private Placement and Debt Settlement Transactions were approved by the independent members of the board of directors of the Corporation.

# **Duncan Park Holdings Corporation**

## **Notes to the Financial Statements**

**For the Years Ended November 30, 2018 and 2017**

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The Debentures and the Debt Settlement Shares and any securities issuable in connection with the due conversion or exercise thereof, as applicable, will be subject to a four month hold period.

### **3. BASIS OF PREPARATION**

#### **Statement of compliance**

The audited financial statements of the Corporation for the year ended November 30, 2018 and the comparative figures for the year ended November 30, 2017 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of the financial statements.

These financial statements were authorized for issue by the Board of Directors on April 1, 2019.

#### **Basis of preparation**

These financial statements are prepared on the historical cost basis with a functional and presentation currency of Canadian dollars.

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Corporation's accounting policies. The areas involving a higher degree of judgment of complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5.

#### **New and revised standards and interpretations not yet effective**

At the date of authorization of these financial statements, the IASB and the International Financial Reporting Interpretations Committee ("IFRIC") have issued the following new and revised Standards and Interpretations which are not yet effective for the relevant reporting periods.

IFRS 9 – Financial Instruments ("IFRS 9") was issued by the IASB in November 2009 with additions in October 2010 and May 2013 and will replace IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity's own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39.

IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The adoption of IFRS 9 is not expected to have a material impact on the Corporation's financial statements.

IFRS 16 – Leases supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases – Incentives and SIC-27 Evaluating the Substance of Transactions

# **Duncan Park Holdings Corporation**

## **Notes to the Financial Statements**

### **For the Years Ended November 30, 2018 and 2017**

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Involving the Legal Form of a Lease. It eliminates the distinction between operating and finance leases from the perspective of the lessee. All contracts that meet the definition of a lease will be recorded in the statement of financial position with a “right of use” asset and a corresponding liability. The asset is subsequently accounted for as property, plant and equipment or investment property and the liability is unwound using the interest rate inherent in the lease. The accounting requirements from the perspective of the lessor remain largely in line with previous IAS 17 requirements. The effective date for IFRS 16 is January 1, 2019. The Corporation is in the process of evaluating the impact of the new standard on the financial statements.

#### **4. SIGNIFICANT ACCOUNTING POLICIES:**

The accounting policies set out below have been adopted for the year ended November 30, 2018 and have been applied consistently to all periods presented in these financial statements.

##### **Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and subject to an insignificant risk or change in value.

##### **Pre-exploration Costs**

Pre-exploration costs are expensed in the period in which they are incurred.

##### **Exploration and Evaluation Expenditures**

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures (“E&E”) are recognized and capitalized, in addition to the exploration costs. These direct expenditures include such costs as material used, surveying costs, drilling costs and payments made to contractors.

The Corporation assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount. Some facts and circumstances which may be indicative of possible impairment are: the expiration of the period for which the Corporation has the right to explore the property or the Corporation’s intention not to renew that right; substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned; exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the Corporation has decided to discontinue such activities in the specific area; sufficient data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration asset is unlikely to be recovered in full from successful development or sale.

When a project is deemed to no longer have commercially viable prospects to the Corporation, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written off to the statement of operations and comprehensive loss.

# **Duncan Park Holdings Corporation**

## **Notes to the Financial Statements**

### **For the Years Ended November 30, 2018 and 2017**

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Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as “mines under construction”. Exploration and evaluation assets are also tested for impairment before the assets are transferred to development properties.

Investments in exploration and evaluation properties are recorded at cost and are not written down except to the extent that it is determined that their value is impaired.

Any impairment loss identified is recognized as an expense in the statement of operations and comprehensive loss.

Due to the fact that impairment was identified and the value of the exploration properties was written down to estimated realizable value in fiscal 2017, the normal application of the Corporation’s accounting principles requires that all further costs be expensed in the statement of operations and comprehensive loss.

#### **Land**

Land is carried at cost, subject to estimates for impairment.

#### **Financial Instruments**

In reporting its financial position and results of operations in accordance with IFRS, the Corporation classifies its cash and federal sales tax recoverable as loans and receivables which are measured at amortized cost. Accounts payable and accrued expenses and term loans are classified as other financial liabilities which are measured at amortized cost and its convertible debentures as financial liabilities at fair value through profit and loss.

#### **Fair Value Measurement**

The accounting guidance for fair value measurements prioritizes the inputs used in measuring fair value into the following hierarchy:

**Level 1** – Quoted prices (unadjusted) in active markets for identical assets or liabilities;

**Level 2** – Inputs other than quoted prices included within Level 1 that are directly or indirectly observable;

**Level 3** – Unobservable inputs in which little or no market activity exists, therefore requiring an entity to develop its own assumptions about the assumptions that market participants would use in pricing.

#### **Income Taxes**

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in net income except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive loss.

# **Duncan Park Holdings Corporation**

## **Notes to the Financial Statements**

### **For the Years Ended November 30, 2018 and 2017**

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Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax assets can be utilized. At the end of each reporting period the Corporation reassesses unrecognized deferred tax assets. The Corporation recognizes a previous unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

#### **Share Capital**

Financial instruments issued by the Corporation are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Corporation's common shares, share purchase warrants and flow-through shares are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds.

#### **Loss Per Share**

The basic loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the year. The diluted loss per share reflects the potential dilution of common share equivalents, such as outstanding stock options and share purchase warrants, in the weighted average number of common shares outstanding during the year, if dilutive. The "treasury stock method" is used for the assumed proceeds upon the exercise of the options and warrants that are used to purchase common shares at the average market price during the year. In periods of a loss, the effect of potential issuances of shares under options and warrants would be anti-dilutive, and, accordingly, reported basic and diluted loss per share is equal.

#### **Flow-Through Shares**

The Corporation from time to time issues flow-through common shares to finance a significant portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying expenditures to investors. On issuance, the Corporation bifurcates the flow-through into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital. Upon qualifying expenditures being incurred, the Corporation derecognizes the liability and recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders. The premium is recognized as other income and the related deferred tax is recognized as a tax provision.



# **Duncan Park Holdings Corporation**

## **Notes to the Financial Statements**

### **For the Years Ended November 30, 2018 and 2017**

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Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two year period. The portion of the proceeds received but not yet expended at the end of the Corporation's period is disclosed separately as flow-through share liability

The Corporation may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule, in accordance with Government of Canada flow-through regulations. If applicable, this tax is accrued as a finance expense.

#### **Share-based Payments**

Where equity-settled share options are awarded to employees, the fair value of the options at the date of the grant is charged to the statement of operations and comprehensive loss over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statement of comprehensive loss/income over the remaining vesting period.

Where equity instruments are granted to employees, they are recorded at the fair value of the equity instrument granted at the grant date. The grant date fair value is recognized in comprehensive loss/income over the vesting period, described as the period during which all the vesting conditions are satisfied.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the statement of comprehensive loss/income, unless they are related to the issuance of shares. Costs related to the issuance of shares are recorded as a reduction of share capital.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioral considerations.

#### **Segments**

The Corporation operates in one operating segment only.

#### **5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

The Corporation makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience

# **Duncan Park Holdings Corporation**

## **Notes to the Financial Statements**

### **For the Years Ended November 30, 2018 and 2017**

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and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and judgments.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive loss in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### **Judgments**

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustments to the carrying amounts of assets and liabilities recognized in the financial statements within the next financial year are discussed below:

##### **i) Exploration and Evaluation Expenditure**

The application of the Corporation's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Corporation, which may be based on assumptions about future events or circumstances. Assumptions made may change if new information becomes available. If after an expenditure is capitalized, information becomes available suggesting that the recovery of that expenditure is unlikely, the amount capitalized is written off in the statement of comprehensive loss in the period the new information becomes available.

##### **ii) Title to Exploration and Evaluation Assets**

Although the Corporation has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Corporation's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

##### **iii) Income Taxes**

Judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Corporation recognizes liabilities and contingencies for anticipated tax issues based on the Corporation's current understanding of tax law. For matters where it is probable that an adjustment will be made, the Corporation records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

In addition, the Corporation recognizes deferred tax assets relating to tax losses carried forward to the extent there are sufficient taxable temporary differences (deferred tax liabilities) relating to the same taxation authority and the same taxable entity against which the unused tax losses can be utilized. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

# **Duncan Park Holdings Corporation**

## **Notes to the Financial Statements**

**For the Years Ended November 30, 2018 and 2017**

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### **iv) Impairment of Exploration and Evaluation Assets and Land**

Determining if there are any facts and circumstances indicating impairment loss or reversal of impairment losses is a subjective process involving judgment and a number of assumptions.

Determining whether to test exploration and evaluation assets and land for impairment requires management's judgment on the following situations among others: the period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed; substantive expenditure on further exploration and evaluation of mineral resources in a specific area is neither budgeted nor planned; exploration for and evaluation of mineral resources in a specific area have not led to the discovery of commercially viable discovery quantities of mineral resources and the Corporation has decided to discontinue such activities in the specific area and sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the E&E asset is unlikely to be recovered in full from successful development or by sale.

### **v) Going Concern**

The assessment of the Corporation's ability to execute its strategy by funding future working capital requirements involves judgment.

### **Estimates**

Information about estimates which may affect the reported financial statements is as follows:

#### **i) Share-based Payment Transactions**

The Corporation measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payments transactions requires determining the most appropriate valuations model, which is dependent on the terms and conditions of the grant. The estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

#### **ii) Fair Value Disclosures**

The Corporation uses estimates based on similar properties in the determination of the fair values of land as disclosed in Note 8.

## **6. CASH**

Cash in the bank earns interest at floating rates based on daily bank deposit rates.

## **7. EXPLORATION AND EVALUATION ASSETS**

The Corporation acquired a 100% interest in two properties in the Red Lake mining district of north-western Ontario, Canada, commonly referred to as the "Dome Property", with respect to 17 unpatented mining claims covering 40 mining units and approximately 504 hectares in the Dome, Byshe and Heyson

# **Duncan Park Holdings Corporation**

## **Notes to the Financial Statements**

**For the Years Ended November 30, 2018 and 2017**

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Townships, and the “McManus Claims” with respect to 17 patented mining claims and 11 licenses of occupation covering approximately 324 hectares, which abut the Dome property. The Dome property interests are subject to 2% Net Smelter Royalty obligations (“NSR”) to the previous property owners, ½ of which may be purchased for \$1,750,000, and the McManus property interests are subject to 3% NSR to Camp McMan Red Lake Gold Mines Ltd., 1½% of which may be purchased for \$500,000 per ½% interest. Minimum annual advance royalty payments of \$10,000 per annum commenced in December 2014.

	<b>Dome</b>	<b>McManus</b>	<b>Total</b>
Balance, November 30, 2015	1,515,135	1,176,366	2,691,501
Exploration costs	5,388	18,082	23,470
Write-down	(250,000)	(250,000)	(500,000)
Balance November 30, 2016	1,270,523	944,448	2,214,971
Exploration costs		10,000	10,000
Write-down	(1,245,523)	(929,448)	(2,174,971)
Balance November 30, 2017 and 2018	<b>25,000</b>	<b>25,000</b>	<b>50,000</b>

In 2017, the Corporation recorded a write-down on its E&E properties of \$2,174,971 (2016 - \$500,000). From a geological perspective the exploration project seems to be as strong as it was previously. However, unlike 2016 when the Corporation was actively pursuing current funding for exploration, this is no longer the case. Accordingly, in accordance with its accounting principles as set out in Note 4, it must reduce the carrying value to the estimated net realizable value. The net recoverable amount was determined to be approximately \$50,000. As at November 30, 2018, the Corporation determined that the uncertainty over the exploration and evaluation assets and the lack of planned or budgeted substantive expenditures were indicators of impairment and, accordingly, tested for impairment as at November 30, 2018. The Corporation used a fair value less cost to sell model and concluded there was no impairment as at November 30, 2018. If management plans to either sell or continue to explore the properties are not successful, this could result in additional impairment of the exploration and evaluation assets.

### **8. LAND**

Land includes six vacant lots subject to a registered plan of subdivision in the Town of Red Lake and a 94 acre block of undeveloped land south of the subdivision. The residual surface rights of the vacant lots were acquired as a part of the earn-in agreement pursuant to which the Corporation acquired the McManus Patents. In 2017, the Corporation recorded a write-down on its land of \$150,000 as the Corporation is no longer actively pursuing exploration as noted in Note 7. The net recoverable amount was determined to be approximately \$25,000.

# Duncan Park Holdings Corporation

## Notes to the Financial Statements

For the Years Ended November 30, 2018 and 2017

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### 9. CONVERTIBLE DEBENTURES

	2018	2017
Debentures	250,000	-
Interest payable	3,904	-
Total convertible debentures payable	<b>253,904</b>	-
Unamortized financing costs (net of \$6,090 (2017 – nil) amortization)	(32,910)	-
Balance November 30, 2018 and 2017	<b>220,994</b>	-

On October 9, 2018 the Corporation completed a private placement of \$250,000 of convertible debentures which have a term of one (1) year and accrue interest at a rate of 10% per annum.

Pursuant to the private placement ("Private Placement"), the Debentures are convertible into units of the Corporation ("Units"), at the election of the holder. Any principal amount of Debentures converted prior to completion of the Consolidation as described in Note 2, would have been convertible at a price of \$0.05 per Unit. Alternatively, any principal amount of Debentures converted following completion of the Consolidation, would be convertible based on a deemed pre-Consolidation price of \$0.01 per Pre-Consolidation Share (the actual number of Post-Consolidation Shares to be issued to be adjusted to account for the consolidation ratio adopted.) Prior to the completion of the Consolidation, each Unit would be comprised of one (1) Pre-Consolidation Share (a "Debenture Share") and one-half (1/2) of one (1) Pre-Consolidation Share purchase warrant (a "Warrant"), subject to adjustment following completion of the Consolidation. Each whole Warrant would be exercisable for a period of twelve (12) months for the equivalent of one (1) pre-Consolidation Share (a "Warrant Share") at an exercise price (i) of \$0.075 per Warrant Share prior to completion of the Consolidation or (ii) subsequent to the completion of the Consolidation, based on a deemed pre-Consolidation exercise price of \$0.015 per Warrant Share, adjusted to account for the Consolidation ratio. Assuming the Consolidation is completed at a ratio of one (1) Post-Consolidation Share for every forty (40) Pre-Consolidation Shares, the Warrants would be exercisable at an Exercise Price of \$0.60 for every one (1) Post-Consolidation Share.

In the event that the Common Shares are not listed on the TSXV, the Debentures will be convertible into one (1) Debenture Share (and no Warrants) at a price of \$0.0075 per share (on a pre-Consolidation basis), subject to adjustment in order to account for the Consolidation (and Consolidation ratio adopted).

In connection with the closing of the Private Placement, the lead investor in the Private Placement had the right to appoint one additional director to the board of directors of the Corporation for the period ending with the completion of the next shareholders meeting of the Corporation.

The proceeds of the Private Placement were used to pay a substantial portion of accrued ordinary course administrative liabilities (including to certain officers and directors of the Corporation), to repay a portion of term loans incurred to pay ordinary course administrative liabilities (including to an officer and director of the Corporation), to pay expenses to be incurred in holding the requisite annual and special shareholders' meeting and for general corporate purposes.

# **Duncan Park Holdings Corporation**

## **Notes to the Financial Statements**

### **For the Years Ended November 30, 2018 and 2017**

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Subsequent to year end, the 40 to 1 Consolidation received shareholder and regulatory approval and was effective February 1, 2019 (see Note 20).

#### **10. TERM LOANS**

Since 2014, the Corporation entered into a series of unsecured term loan agreements aggregating \$116,000 and \$250,000 with Mr. Eric Salsberg the Chairman of the Board and Mr. Ian McAvity the former President and Chief Executive Officer respectively. The loans bear interest at the rate of 5% per annum calculated annually, and were due and payable on December 15, 2017.

On August 16, 2016, the Corporation entered into a similar unsecured US\$15,000 term loan with a shareholder. The loan bears interest at the rate of 5% per annum calculated annually, and was due and payable on or before December 15, 2017.

Proceeds of the loans were used for working capital purposes.

On January 3, 2017, the Corporation entered into two similar unsecured \$5,000 and \$6,500 term loans with two shareholders. The loans bear interest at the rate of 5% per annum calculated annually, and were due and payable on or before December 15, 2017.

Proceeds of the loans were used primarily to pay the \$10,000 advance minimum royalty on the McManus patented claims and for working capital purposes.

Included in the balance on the statements of financial position is accrued interest at November 30, 2018 of \$67,036 (November 30, 2017 – \$51,183).

On December 15, 2017, all term loans became due, but were not paid on time or subsequently. Accordingly, they are now in default. To date, none of the debtholders have demanded payment. Management is in negotiation with third parties to try to resolve the Corporation's overall financial difficulties which would include repayment or settlement of this debt, but there is no guarantee that they will be successful. If they are not successful, these unsecured debtholders, in conjunction with the other unsecured debtors, could sue the Corporation for the debt, and, upon securing judgment, could lay claim to all of the Corporation's assets, including the Red Lake exploration property.

During the year, \$34,211 of the proceeds from the convertible debentures were used to repay principle and interest on a portion of the term loans. The remaining balance of \$433,036 will be subject to the Debt Settlement described in Note 2 of the financial statements.

#### **11. SHARE CAPITAL**

The authorized capital is an unlimited number of common shares.

There have been no share issuances in the current or prior fiscal year including to date. Thus, 126,076,108 shares are issued and outstanding.

#### **12. CONTRIBUTED SURPLUS**

Contributed surplus represents the value attributable to stock options granted but not exercised.

# **Duncan Park Holdings Corporation**

## **Notes to the Financial Statements**

**For the Years Ended November 30, 2018 and 2017**

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### **13. STOCK OPTION PLAN**

The Corporation has a share option plan which was originally approved by shareholders in January 2003, with certain amendments approved by shareholders in October 2005, and further amendments in May 2010, at which time it was converted to a “rolling” plan under which the maximum number of options available to be granted is equal to 10% of the shares outstanding at the time of issuance of the grant (The “Share Option Plan”).

Options may be granted only to directors, officers, employees and other service providers, subject to applicable securities laws and the rules of any Canadian stock exchange upon which the Common Shares may be listed or may trade from time to time. Options are personal to each optionee. The aggregate number of Common Shares reserved for issuance to any person, pursuant to the grant of options, may not exceed 5% of the total number of Common Shares then outstanding. In addition, the total number of Common Shares reserved for issuance to any one consultant or to an employee conducting investor relations activities, within a one-year period, shall not exceed 2% of the total number of Common Shares then outstanding. The Plan also provides that the aggregate number of Common Shares that may be reserved for issuance pursuant to options granted to insiders of the Corporation within a 12 month period shall not exceed 10% of the total number of Common Shares outstanding, unless the Corporation has obtained disinterested shareholder approval. The exercise price of an option shall not be less than the closing price of the Common Shares on the stock exchange upon which its shares are listed on the last trading day on which the Common Shares traded immediately prior to the date of the grant, subject to an allowable discount of 25% and a \$0.10 minimum.

Options granted under the Share Option Plan that have been cancelled or that have expired without being exercised shall again become available for grant. The Board has the discretion to determine the vesting schedule, if any, that would apply to option grants (subject to certain mandated vesting requirements for consultants conducting investor relations activities) and discretion to determine when options will cease to be exercisable in the event of retirement or termination, subject to a 12-month outside date. Notwithstanding this discretion, options are not exercisable past their expiry date.

As a rolling plan, the plan must be approved by shareholders of the Corporation yearly at the Corporation’s annual and special meeting of shareholders. The Share Option Plan continues to be administered by the Board, and provides that disinterested shareholder approval shall be obtained for any reduction in the exercise price of options held by insiders of the Corporation.

### **14. INCOME TAXES**

In fiscal 2011, the Corporation renounced \$200,000 of exploration expenses to the investors in the 2010 issue of flow-through shares, and \$1,100,000 to the investors in the 2011 issue of flow-through shares. In fiscal 2012, 2013, and 2015, the Corporation renounced a further \$466,550, \$25,000 and \$55,000 respectively. Accordingly, these amounts will never be deductible by the Corporation for income tax purposes. The result is the deferred income taxes payable by the Corporation will be higher than they would otherwise be. The carrying value of these capitalized exploration expenditures have also been written down in fiscal 2017 by \$2,174,971 (2016 - \$500,000). Therefore, based upon a substantially enacted corporation income tax rate of 26.5%, an asset of \$219,532 (2016 - \$356,836 liability) has been reflected in these accounts.

# Duncan Park Holdings Corporation

## Notes to the Financial Statements

For the Years Ended November 30, 2018 and 2017

The reported recovery of income taxes differs from amounts computed by applying the combined Canadian federal and provincial income tax rates to the reported loss before income taxes due to the following:

	2018	2017
Reported loss before income taxes	<b>\$(248,389)</b>	\$(2,480,149)
Combined statutory income tax rate	<b>26.50%</b>	26.50%
Expected income tax recovery at current rate	<b>(65,823)</b>	(657,239)
Non-deductible expenses	-	794
Expiry of losses	-	10,417
Unrecognized deferred tax assets	<b>65,823</b>	646,028
Deferred tax	\$ -	\$ -

### Deferred Tax Balances

The balance in the statement of financial position is comprised of:

	2018	2017
Losses carried forward	<b>\$748,553</b>	\$659,293
Share issue costs	<b>291</b>	582
Financing costs	<b>1,291</b>	
Capital losses	<b>720,732</b>	720,732
Exploration and evaluation assets	<b>219,532</b>	219,532
Land	<b>39,750</b>	39,750
	<b>1,730,149</b>	1,639,889
Deferred tax assets not recognized	<b>(1,730,149)</b>	(1,639,889)
Balance in statement of financial position	\$ -	\$ -

The Corporation has non-capital losses of approximately \$2,824,800 (2017 - \$2,834,000) expiring as shown in the following table.

Loss	Expiring		Loss	Expiring		Loss	Expiring
39,310	2027		330,670	2032		160,160	2037
397,080	2028		265,417	2033		210,414	2038
188,981	2029		230,364	2034		244,616	2039
125,437	2030		171,849	2035			
282,441	2031		177,989	2036			

In addition, it has a capital loss of \$5,439,490 (no change from prior year) arising primarily from the write off of advances to its former US subsidiary corporation, one half of which is deductible indefinitely against capital gains.

The potential benefit of these carry-forward non-capital losses, capital losses, and deductible temporary differences in excess of the deferred tax liabilities have not been recognized in these financial statements as it is not considered probable that sufficient future taxable profit will allow the deferred tax assets to be recovered.



**Duncan Park Holdings Corporation**  
**Notes to the Financial Statements**  
For the Years Ended November 30, 2018 and 2017

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**15. RELATED PARTY TRANSACTIONS**

The only related party transactions are with corporate executives.

Executive Compensation

		2018	2017
<b>Cash Based</b>			
	Executives	\$58,434	\$52,355
<b>Stock Based</b>			
	Executives	-	-
	Non-executive directors	-	-
	Other contractors	-	-
<b>Total stock based</b>		-	-
<b>Total compensation</b>		<b>\$58,434</b>	<b>\$52,355</b>

Included in accounts payable and accrued liabilities is \$97,196 (2017 - \$70,860) and \$111,056 (2017 - \$63,056) of amounts owing to corporate executives and the Chairman of the Board respectively.

Term Loans - See Note 10.

**16. FINANCIAL INSTRUMENTS**

The Corporation's financial instruments include cash, miscellaneous receivables and deposits and accounts payable and accrued liabilities. The Corporation designated its cash as loans and receivables which are measured at amortized cost. Transaction costs are expensed as incurred for financial instruments classified as held for trading. Miscellaneous receivables and deposits are classified as loans and receivables which are measured at amortized cost. Accounts payable and accrued liabilities and term loans are classified as other financial liabilities and are measured at amortized cost. Convertible debentures are classified as fair value through profit or loss.

**17. LOSS PER SHARE**

Basic loss per share is calculated by dividing the net loss for the year by the weighted average number of shares in issue during the period.

	2018	2017
Net loss	248,389	2,480,149
Weighted number of shares	126,076,108	126,076,108
Loss per share	\$0.002	\$0.020

# Duncan Park Holdings Corporation

## Notes to the Financial Statements

For the Years Ended November 30, 2018 and 2017

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### 18. FINANCIAL RISK

The Corporation's financial instruments consist primarily of cash, federal sales tax recoverable, accounts payable and accrued liabilities and term loans payable. The Corporation is exposed to various risks as it relates to these financial instruments. There have not been any changes in the nature of these risks or the process of managing these risks from previous periods.

i) Foreign-exchange risk

As November 30, 2018, the Corporation's exposure to foreign exchange fluctuations is limited to its US\$ denominated accounts payable and accrued expenses and term loans of US\$78,036 (2017 – US\$48,879) and US\$Nil (2017 – US\$15,000) respectively.

ii) Interest-rate risk

The Corporation currently has no fixed-term cash or cash equivalent assets. At November 30, 2018 the interest-bearing debt, including accrued interest, amounted to \$433,036 (2017 – \$448,004).

iii) Liquidity risk

The Corporation's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet its liabilities as they come due. The Corporation has undertaken a number of proposed restructuring transactions and other corporate measures in an effort to rationalize its capital and debt structure in an attempt to better position the Corporation for future opportunities and meets its obligations as they become due.

iv) Capital disclosures

The Corporation's objectives when managing capital is to safeguard its ability to continue as a going concern and to provide the funding needed to continue exploration of its properties. Since it has no commercial operations this requires repetitive approaches to the financial markets to raise capital, to date by way of private placement. Typically, it raises exploration dollars in accordance with work plans and budgets in advance of upcoming exploration programs by way of flow-through shares. It also raises unrestricted dollars by private placement to fund costs such as property option payments and share issue expenses which are not eligible to be paid by flow-through dollars, and administrative expenses.

The Corporation considers capital to comprise share capital, contributed surplus, and accumulated deficit. At August 31, 2018, the balance in these accounts was:

	2018	2017
Share capital	11,332,138	11,332,138
Contributed surplus	400,293	400,923
Accumulated deficit	(12,510,900)	(12,262,511)

Capital expenditures for exploration are carefully planned and monitored.

**Duncan Park Holdings Corporation**  
**Notes to the Financial Statements**  
**For the Years Ended November 30, 2018 and 2017**

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The Corporation is not subject to any externally imposed capital requirements and there has been no change in the capital risk management strategy in the current fiscal year.

**19. COMMITMENTS**

The Corporation is committed to make an Advance Minimum Royalty payment in the amount of \$10,000 to Camp McMan Red Lake Gold Mines Inc. on December 15 of each year.

In prior years the Corporation has issued flow-through shares and in accordance therewith it agreed to indemnify the subscribers for any tax related amounts that may have become payable by the subscribers as a result of the Corporation not meeting its expenditure commitments. All exploration expenditure obligations have been met.

**20. SUBSEQUENT EVENTS**

Subsequent to year end, the Corporation made the \$10,000 annual minimum royalty payment (Note 19).

Subsequent to year end, for working capital purposes, the Corporation issued an additional promissory note of \$30,000 to an arms length party which is due on demand and bearing interest at 10% per annum.

**Share Consolidation**

In addition, subsequent to the year-end, at the annual general meeting of shareholders, the shareholders approved a resolution empowering the directors to effect a share consolidation of up to 1 post consolidation share for every 40 pre-consolidation shares. Also, at a subsequent Board meeting, the directors approved a motion to consolidate the Corporation's shares at a 40:1 ratio. Regulatory approval for the share consolidation was received on January 29, 2019 effective February 1, 2019.

**SCHEDULE "B"**  
**MANAGEMENT DISCUSSION & ANALYSIS OF THE**  
**COMPANY**  
**FOR THE YEARS ENDED NOVEMBER 30, 2019, 2018 AND 2017**



**DUNCAN PARK**

[www.duncanpark.com](http://www.duncanpark.com)

**Duncan Park Holdings Corporation**

**Management's Discussion and Analysis**

**For the year ended November 30, 2019**

*Dated March 23, 2020*

*(Expressed in Canadian Dollars)*

# **Duncan Park Holdings Corporation**

Management's Discussion and Analysis

For the year ended November 30, 2019

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## **Introduction**

The following is management's discussion and analysis ("MD&A") of the results of operations and financial condition of Duncan Park Holdings Corporation ("Duncan Park" or "the Company") as at and for the year ended November 30, 2019. This MD&A was written to comply with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. This MD&A should be read in conjunction with the Company's audited financial statements and related notes for the year ended November 30, 2019 and 2018. The Company's audited financial statements for the years ended November 30, 2019 and 2018 and the financial information contained in this MD&A are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC"). In the opinion of management, all adjustments considered necessary for a fair presentation have been included. All figures are in Canadian dollars ("\$" or "CAD") unless stated otherwise.

This MD&A also covers the subsequent period up to March 23, 2020.

## **Value Creation Strategy**

Duncan Park traditionally sought and continues to seek to enhance shareholder value through exploration for gold and other precious metals in Canada and the United States, two (2) of the most politically stable regions of the world. However, given the depressed state of the market for early stage exploration, management has been considering other options which might provide shareholders with increased value sooner than may be possible through the continued exploration for gold.

Funds for the exploration for gold are typically raised by way of private placement of shares and convertible debentures. For planned exploration in Canada, the Company may issue "flow-through" shares pursuant to which the available tax benefits for Canadian Exploration Expenses are transferred from the Company to the investor.

## **Current Situation**

### *Property*

The Company previously acquired a 100% interest in two (2) abutting properties in the Red Lake mining district of Ontario, Canada. The Dome Property comprises 17 unpatented mining claims relating to 40 mining units and covering approximately 504 Hectares (1,245 acres), and the McManus Claims which comprise 17 patented mining claims and 11 licenses of occupation covering approximately 324 hectares (801 acres), for a combined total of approximately 828 hectares (2,046 acres). The Red Lake mining camp has been a major Canadian gold producing district since 1930, with cumulative production estimated to be in excess of 25 million ounces.

Initial exploration of the property was conducted primarily by the use of geophysical studies and analyses to identify targets which were further explored by diamond drilling on land-based claims commencing in the summer of 2011 and on the lake-based claims in the winter of 2012. The Company is encouraged by the results because it believes that it has discovered a previously unidentified mineralized zone running parallel to the main trend defined by three historic Goldcorp mines, and approximately four kilometers south of it.

In addition to its mineral rights, since the earn-in agreement with Camp McMan Red Lake Gold Mines Ltd. included a provision that any unsold surface rights would be included in the earn-in, the Company also holds the surface rights to some property, including six (6) vacant building lots in a subdivided real estate development on the east side of Red Lake, between the towns of Red Lake and Balmertown and two (2) nearby lots totaling 37.4 hectares (93.5 acres). In the 2012 winter drilling program, the Company used two (2) of the building lots in the subdivision as bases for positioning drilling rigs, and may do so in the future. At the end of the first quarter of Fiscal 2016, management determined that, in spite of their possible usefulness for a drilling platform, it should attempt to sell some of the Company's surface rights to help provide liquidity to pay administrative costs and, accordingly, reclassified these properties as land held for resale in the statement of financial position at the end of first quarter of Fiscal 2016. However, it has since been determined that the market for real estate in Red Lake was generally depressed and the Company has not been able to obtain a reasonable price for any lot, so the Company has taken the surface rights off the market and reclassified them as a long-term asset in the financial statements at the end of the third quarter of Fiscal 2016.

## **Duncan Park Holdings Corporation**

Management's Discussion and Analysis

For the year ended November 30, 2019

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From a geological perspective, these properties are as valuable as ever. Management is still optimistic that the Company has found a new trend in the Chukuni River basin parallel and close to that being mined by Goldcorp.

The bottom line is still:

1. Duncan Park has a large, clean, land holding in the center of a world-class gold district.
2. There are indications of mineralization at the surface and in drilling.
3. The initial geophysical work has demonstrated that some "targets" are, in fact, sulfide bearing rocks and some of these do contain anomalous gold and pathfinder elements.
4. Throughout the district gold deposits have been found in multiple geologic environments and the science of discovery is still evolving.
5. These permissive geological environments do occur on Duncan Park ground.

However, whereas throughout most of Fiscal 2017, the Company was focused on raising money for gold exploration and discussed the possibility with five potential sources. At this time, the Company has determined that the public company shell itself might be more valuable in a different line of business, such as block-chain or cannabis, and is currently pursuing that course. See "Corporate Restructuring" below.

In November 2019, recognizing the possibility of a change in direction for the Company, management wrote off the carrying value of its exploration and evaluation properties and the associated land to their estimated realizable value which is assessed to be nil.

### *Financing*

Due to the state of the financial markets and the mining industry in general, the Company has had difficulty raising funds for exploration in the past three (3) years (2017 to 2019), other than for a private placement of \$250,000 of convertible debentures raised in October 2018.

The Company had previously relied on loans from directors and shareholders to pay its administrative expenses for the past four and a half years. As described below, primarily in "Corporate Restructuring", except for the most recent \$30,000 loans, all of these loans have either been paid or converted into shares.

As at November 30, 2019, the Company had a working capital deficiency of \$414,595 (November 30, 2018 – working capital deficiency of \$853,469).

The primary reason for the working capital deficiencies was due to administrative expenses incurred related to the ongoing corporate restructuring and debt settlement activities. The Company had implemented certain strategies to mitigate and reduce such costs and other expenses, but there is no guarantee whether these strategies will be successful. These material uncertainties cast significant doubt regarding the Company's ability to continue as a going concern. These financial statements do not reflect adjustments to the carrying amounts of assets and liabilities, the reported revenues and expenses and the statements of financial position classification used that would be necessary if the going concern assumptions were not appropriate.

### **Corporate Restructuring**

During the year ended November 30, 2019, the Company undertook a series of corporate measures to address its capital and debt structure in order to better position the Company for future opportunities.

### *Share Consolidation*

On December 18, 2018, at Duncan Park's Annual General Meeting of Shareholders (the "AGM"), shareholders of the Company approved a resolution empowering the Board of Directors (the "Board") to affect a share consolidation of up to 1 post-consolidation share for every 40 pre-consolidation shares (the "Share Consolidation"). Subsequently, the Board approved a motion to consolidate the Company's shares at a 40:1 ratio (the "Consolidation Ratio"). Regulatory approval was received on January 29, 2019, and the Share Consolidation was effective February 1, 2019.

## **Duncan Park Holdings Corporation**

Management's Discussion and Analysis

For the year ended November 30, 2019

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### *De-Listing*

On December 18, 2018, at the AGM, the Company asked shareholders to provide the Board with the discretion to apply to de-list the Company from the TSX Venture Exchange ("TSXV"). This discretion from shareholders was given. The Board believed that having such flexibility may enable the Company to pursue certain opportunities within and/or outside the resource sector. The Board has made no determination as to any future opportunities that it may pursue and there can be no assurance that any future opportunities will be identified or completed. The voluntary delisting was approved by the TSXV on May 4, 2019.

### *Debt Conversion*

On October 9, 2018, the Company completed a private placement of \$250,000 (the "Private Placement") of convertible debentures (the "Debentures") which have a term of one (1) year and accrued interest at a rate of 10% per annum. On October 9, 2019, 917,800 shares of the Company were issued as a result of the conversion of the Debentures.

### *Debt Settlement*

The Company previously entered into Debt Settlement Agreements dated August 22, 2018 with its two (2) largest creditors: the Estate of Ian McAvity ("the Estate") and Eric P. Salsberg ("E. Salsberg"), the Chairman of Audit Committee and a director of the Company, which on May 14, 2019, settled \$301,989 and \$136,664 of outstanding principal amount of term loans (plus accrued interest), respectively, through the full issuance of 1,462,178 common shares of the Company ("the Debt Settlement Shares"). The unsecured loans, which bore interest at a rate of 5% per annum, were made to the Company by the late Ian McAvity, the former President and a director of the Company, and E. Salsberg, in tranches over time to help fund the Company's ongoing working capital requirements.

After completion of the Share Consolidation, the Debt Settlement Shares were issued at a price based on a deemed pre-Consolidation Share price of \$0.0075 per share multiplied by the Consolidation Ratio. Based on the Consolidation Ratio, the Debt Settlement Shares were issued at an adjusted price of \$0.30 per share on May 14, 2019.

A condition of closing of the Private Placement was that the Estate and E. Salsberg were to sell the Debt Settlement Shares to the investors participating in the Private Placement plus one (1) other investor at a price equal to 20% of the principal amount of the debt and accrued interest. Share purchase agreements between the investors, the Estate and E. Salsberg, respectively, were entered and completed on May 14, 2019.

### *Change of Management*

On April 2, 2019, John Langmuir was appointed as Chief Financial Officer ("CFO") of the Company, replacing the retiring Harold Doran.

On August 31, 2019, David Shaddrick resigned as Acting President and Chief Executive Officer ("CEO") of the Company but remained on the Board. Brian Presement was appointed as the new President and CEO.

On October 8, 2019, Hasan Zaidi replaced John Langmuir as CFO of the Company.

On January 27, 2020, Keith Li was appointed as the new CFO of Duncan Park, replacing Hasan Zaidi.

On March 5, 2020, Christopher Hazelton was appointed as a director of Duncan Park, following the resignation of David Shaddrick as a director.

## **Red Lake Property**

The Company has acquired a 100% interest in two (2) separate but abutting properties in the Red Lake mining district of northwestern Ontario, Canada, commonly referred to as the "Dome" Property and the "McManus" Claims. The map below shows the location of the claims in relation to the municipality of Red Lake and the surrounding projects including known gold "showings", and current and past producing mines.



## Duncan Park Holdings Corporation

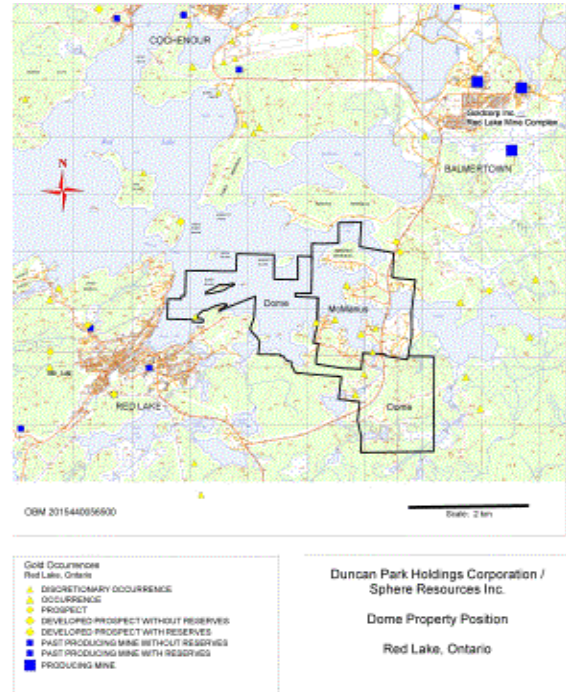
Management's Discussion and Analysis  
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The Duncan Park Dome/McManus project covers a large land holding in the heart of one (1) of the world's most productive gold districts. The land holding consists of 17 unpatented mining claims (504 hectares, subject to an underlying 2% NSR royalty), and 17 patented mining claims and 11 licenses of occupation (cumulatively 324 hectares, subject to a 3% underlying NSR royalty), for a total of 828 hectares.

The Red Lake Camp, as evidenced by widespread ore deposits and prospects, is host to a huge, district scale mineral system stretching at least from the Sherritt International deposit in the southwest to the Rubicon F2 Zone in the northeast and including the large Goldcorp mines a short distance from Duncan Park's property. Given the proper structural setting, any place within this zone is highly prospective for the occurrence of high-grade gold deposits.

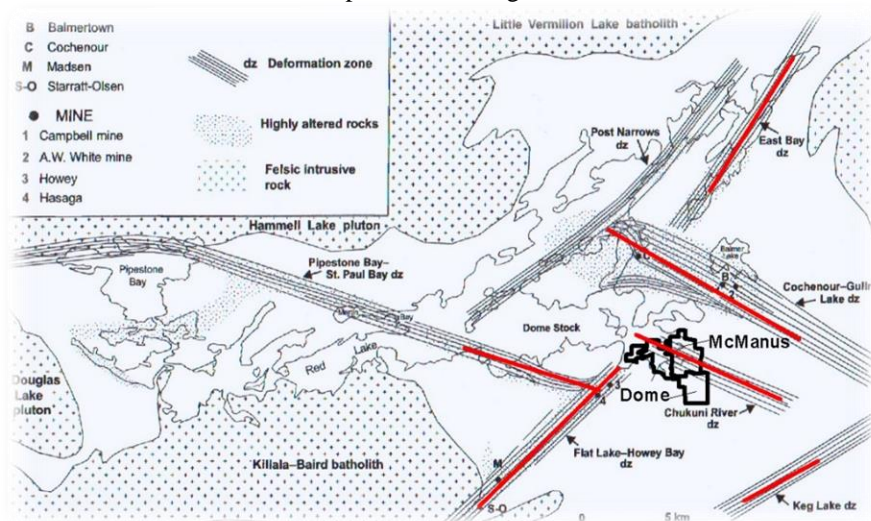
### Local Geology

The oldest assemblage of rocks in the Red Lake area is the Balmer assemblage (2860-2840 Ma), which is generally comprised of primarily massive tholeiitic basalts with minor felsic volcanoclastic rocks and metasedimentary rocks (Stott and Corfu, 1991). This assemblage is unconformably overlain by the younger Confederation assemblage (2742-2732 Ma), which generally is comprised of intermediate pyroclastics with minor rhyolitic flows and tuffs built on a sequence of mafic to intermediate pillowed flows (Stott and Corfu, 1991). Outcrop exposure becomes diminished eastward as the blanket of glacial overburden increases and topography flattens; best exposures are found on lakeshores and riverbanks.



Although contiguous, the Dome Property is divided between a northwestern, predominantly water-based block of claims, and a southeastern, predominantly land based block of claims. The McManus property fills in and squares up the block to the north of the south-eastern and east of the north-western Dome claims.

The map below shows that the northwestern block of the Dome claims is at a projected intersection of the Flat Lake – Howey Bay deformation zone (now known as the Madsen Trend) and the Chukuni River deformation zone, and that both zones contain a fault, and that the McManus patents lie along the Chukuni River deformation zone.



Source: Geological Survey of Canada – Current Research 2000 C-18

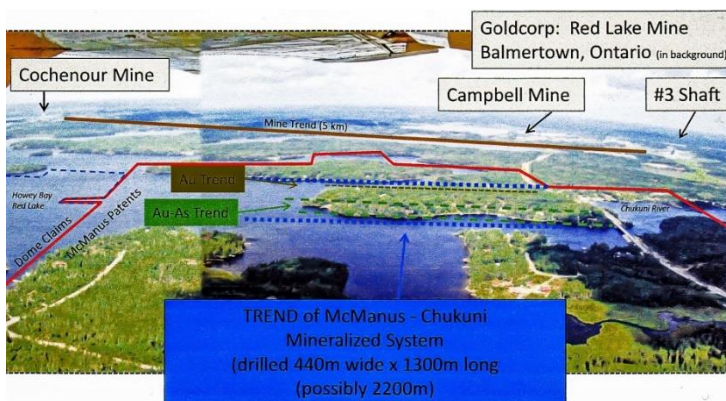
## Duncan Park Holdings Corporation

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For the year ended November 30, 2019

### Exploration Program

The Dome/McManus project is an early stage project with significant geological, geophysical and geochemical work completed as well as 21 diamond drill holes totaling 7,016 meters drilled over two years of field work at a cost of \$2.7 million.

The Company determined that it was best to explore the property initially using shallow and intermediate depth Induced Polarization ("IP") geophysical surveys, followed by diamond drilling of selected targets identified.



The first geophysical study was done on the southeastern, land-based claims of the Dome Property, the only accessible property at the time, in the summer of 2010. After the addition of the adjacent McManus patents later in 2010, a comprehensive geophysical study of the combined properties was performed in the winter of 2011. These resulted in the identification of a number of promising targets.

In the summer/autumn of 2011, the Company conducted a diamond drilling program on the land-based claims of the combined properties which produced encouraging results, particularly on the McManus patents. These were followed up in 2012 by a winter drilling program on the lake-based claims which focused first on the Dome Property at the projected intersection of two (2) deformation zones, and then on an area of interest on the McManus patents. The results are even more encouraging.

On January 28, 2015, a five-man crew from Abitibi Geophysics Inc. ("Abitibi") of Val-d'Or, Quebec commenced a fourteen-line geophysical exploration of the western, lake-based claims of the Dome Property using that company's latest version of its IPower 3D technology. The field work was completed in early February 2015. The report by Abitibi indicated that the more modern technology clarified an anomaly adjacent to a previous drill hole and identified a new one south-west of it.

The most important result to date is the identification, pictured above, of a northwesterly trending structural zone with abundant sulfides and anomalous geochemistry. This zone is interpreted to be part of the Chukuni Deformation Zone as defined by the OGS/CGS and is sub-parallel to the Goldcorp mine trend. Thus far, the new zone has been traced across the surface exposure of the Duncan Park McManus Peninsula patented claims and it appears to extend under Duncan Park's Red Lake unpatented claims.

Eight (8) diamond drill holes drilled by Duncan Park have demonstrated the occurrence of anomalous geochemistry indicating that the zone continues at depth. Gold, both visible and up to 23.5 g/t in analyses, has been identified in quartz veins on the property.

The Company believes that it has discovered a previously unidentified mineralized zone running parallel to the main trend defined by three historic Goldcorp mines, and approximately four kilometers south of it.

The Dome Property interests are subject to 2% Net Smelter Royalty obligations ("NSR") to the previous property owners, ½ of which may be purchased for \$1,750,000. The McManus property interests are subject to 3% NSR to Camp McMan Red Lake Gold Mines Ltd., 1½% of which may be purchased for \$500,000 per ½% interest. Minimum annual advance royalty payment of \$10,000 per annum commenced in December 2014.

As at November 30, 2019, the Company determined that the uncertainty over the exploration and evaluation ("E&E") assets and the lack of planned or budgeted substantive expenditures were indicators of impairment. Accordingly, the Company tested the E&E assets for impairment and recorded an impairment of \$50,000 on its E&E assets (2018 – \$nil) based on a recoverable amount of \$nil.

## Duncan Park Holdings Corporation

Management's Discussion and Analysis

For the year ended November 30, 2019

### Overall Performance

#### Selected Annual Information

The Company's selected financial information for the three (3) most recently completed financial years ended November 30 are summarized as follows:

	November 30, 2019	November 30, 2018	November 30, 2017
	\$	\$	\$
Operating expenses	(275,119)	(246,882)	(156,543)
Other expenses	(75,000)	(1,507)	(2,323,606)
Net loss	(350,119)	(248,389)	(2,480,149)
Loss per share <sup>(1)</sup>	(0.086)	(0.079)	(0.787)
Total assets	4,779	137,155	83,028
Total liabilities	419,374	915,624	613,108
Shareholders' deficiency	(414,595)	(778,469)	(530,080)

<sup>(1)</sup> The loss per share calculation was adjusted for 40:1 share consolidation effective February 1, 2019

#### Quarterly Results

The following table presents selected financial data of Duncan Park for its most recent eight (8) quarters:

Period	Net loss (\$)	Loss per share (\$) <sup>(2)</sup>
Q4 2019	94,396	0.011
Q3 2019	34,902	0.008
Q2 2019	121,898	0.036
Q1 2019	98,923	0.031
Q4 2018	74,050	0.024
Q3 2018	45,290	0.014
Q2 2018	81,984	0.026
Q1 2018	47,063	0.016

<sup>(2)</sup> The loss per share calculation was adjusted for 1:40 share consolidation effective February 1, 2019

#### Financial Activities and Results

The following summary compares the expenses incurred for the years ended November 30, 2019 and 2018:

	2019	2018
	\$	\$
<b>Expenses</b>		
Compensation	28,533	58,434
Professional fees		
Consulting	8,000	-
Legal	90,829	81,949
Audit and accounting	33,735	18,275
Regulatory compliance	22,929	27,669
Investor communications	7,481	5,260
Bank charges	1,087	1,368
Interest on convertible debentures	21,436	3,904
Interest on term loans	5,617	19,601
Interest on promissory notes	2,436	-
Office and general	5,861	7,357
Property taxes	4,265	6,975

## Duncan Park Holdings Corporation

Management's Discussion and Analysis

For the year ended November 30, 2019

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Amortization of financing costs	32,910	6,090
Annual minimum royalty	10,000	10,000
<b>Total Expenses</b>	<b>275,119</b>	<b>246,882</b>

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The overall increase in expenses for the year ended November 30, 2019, as compared to the prior year, is primarily attributed to professional fees, regulatory compliance and interest and amortization of financing costs related to the Debentures transacted in October 2018. Due to the current economic status of the Company, there were no revenues to report. The following discusses some of the significant expenses incurred during the period.

### *Legal*

During the year ended November 30, 2019, legal fees increased to \$90,829 compared to \$81,949 for the comparative period. The increase was mainly due to the costs related to the corporate reorganization and capital re-structuring initiatives set out in 2018, which continued into Fiscal 2019, including the Share Consolidation, the de-listing from the TSXV and the Debt Settlement transactions.

### *Audit and Accounting*

Total audit and accounting for the year ended November 30, 2019 increased to \$33,735, as compared to \$18,275 for the comparative period. The increase is primarily due to fees for accounting services due to a change of CFO since the beginning of the year. In terms of audit fees, due to the relative inactivity for the Company in general, lower fees had been accrued by management on the audit for the year ended November 30, 2019.

### *Regulatory Compliance*

Regulatory compliance costs are expected to be consistent from year to year but vary with the number and size of share issues. They include exchange fees, regulatory filing fees, transfer agent fees and timely disclosure costs. The increase in regulatory compliance expenses noted in the year ended November 30, 2019 is principally related to the filing of documents with the TSXV relating to the various restructuring initiatives as noted above.

### *Interest*

The Company had previously issued various debt instruments to finance for its working capital requirements. During the year ended November 30, 2019, the Company incurred interest of \$21,436 on the Debentures (2018 – \$3,904), interest of \$5,617 on the term loans up to their settlement on May 14, 2019 (2018 – \$19,601) and interest of \$2,436 on promissory notes (2018 – \$nil).

### *Royalty Payment*

During the first quarter of 2019, the Company paid the \$10,000 annual Advance Minimum Royalty due to Camp McMan Red Lake Gold Mines Inc. with respect to the McManus patented claims.

## **Related Party Transactions**

### *Key management personnel compensation*

Key management includes the Company's directors and officers with authority and responsibility for planning, directing and controlling the activities of an entity, directly or indirectly.

On April 2, 2019, the Company and Branson Corporate Services Ltd. ("Branson") entered into a management services agreement, providing for CFO services to the Company, as well as other accounting and administrative services, which are included in professional fees. During the year ended November 30, 2019, the Company was charged \$18,000 (2018 – \$nil) for services provided by Branson. As at November 30, 2019, an amount of \$19,755 (November 30, 2018 – \$nil) owing to Branson was included in accounts payable and accrued liabilities. The amount outstanding is unsecured, non-interest bearing and due on demand.

## **Duncan Park Holdings Corporation**

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During the year ended November 30, 2019, the Company was charged USD \$15,000 (approximately \$20,028) and \$8,505 (2018 – USD \$22,500 (approximately \$28,750) and \$14,993) by David Shaddrick, former President and CEO, and Harold Doran, the former CFO, of the Company respectively, for consulting and accounting services provided to the Company. As at November 30, 2019, an amount of USD \$90,000 (approximately \$119,601) (November 30, 2018 – USD \$75,000 (approximately \$99,758)) owing to the former President and CEO was included in accounts payable and accrued liabilities.

Also included in accounts payable and accrued liabilities are amounts owing to E. Salsberg, a director of the Company. As at November 30, 2019, an amount of \$111,158 (November 30, 2018 – \$108,500) was owed to E. Salsberg, for support of funding ongoing administrative expenses.

### **Working Capital**

Currently, the level of operations is principally a function of availability of capital resources. The primary source of funding has been through the completion of private placement financings.

As at November 30, 2019, the Company had total assets of \$4,779, total liabilities of \$419,374 and total shareholders' deficiency of \$414,595. This compares to total assets of \$137,155, total liabilities of \$915,624 and total shareholders' deficiency of \$778,469 as at November 30, 2018. The decrease in total liabilities is primarily attributed to the debt settlement through issuance of common shares of the Company during the year.

As at November 30, 2019, the Company had a working capital deficiency of \$414,595 (November 30, 2018 – working capital deficiency of \$853,469).

Going forward, the Company will continue to rely on equity or debt financings for its working capital requirements. There is no guarantee that the Company will be able to successfully complete such financings, as market conditions may dictate availability and interest.

### **Off Balance Sheet Arrangements**

The Company does not employ any such arrangements

### **Outstanding Share Data**

As at November 30, 2019 and the date of this MD&A, there are 5,531,881 shares issued and outstanding of the Company.

### **Risk Management**

The Company's financial instruments consist primarily of cash, accounts payable and accrued expenses and promissory notes payable. The Company is exposed to various risks as it relates to these financial instruments. There have not been any changes in the nature of these risks or the process of managing these risks from previous reporting periods.

#### *Liquidity risk*

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or related to matters specific to the Company. The Company generates cash flow primarily from its financing activities. As at November 30, 2019, the Company had a cash balance of \$1,471 (November 30, 2018 – \$55,757) to settle current liabilities of \$419,374 (November 30, 2018 – \$915,624).

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet its liabilities as they come due. The Company has undertaken several proposed restructuring initiatives and other corporate measures to rationalize its capital and debt structure to better position the Company for future opportunities and meet its

## Duncan Park Holdings Corporation

Management's Discussion and Analysis

For the year ended November 30, 2019

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obligations as they come due. Until these initiatives and efforts are finalized, there is no assurance that one or any of these initiatives will be successful.

### *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The majority of the Company's debts have fixed interest rates. As at November 30, 2019, the Company had no hedging agreements in place with respect to floating interest rates.

### *Foreign exchange risk*

The Company's exposure to fluctuations in foreign exchange is related to amounts of United States dollars ("USD\$") denominated accounts payable as follows:

	November 30, 2019	November 30, 2018
	\$	\$
Accounts payable and term loans	92,000	78,036

## Capital Management

The Company's objectives when managing capital is to safeguard its ability to continue as a going concern and to provide the funding needed to continue exploration of its properties. Since the Company currently has no commercial operations, this necessitates repetitive approaches to the financial markets and other sources to raise capital in various forms. Due to the Company's current financial circumstances, there can be no assurance that efforts to raise capital will be successful.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company's capital management objectives, policies and processes have remained unchanged during the years ended November 30, 2019 and 2018.

The Company is not subject to any externally imposed capital requirements.

## Significant Accounting Judgments and Estimates

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, revenue and expenses. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities, revenue and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions. These estimates are reviewed periodically, and adjustments are made as appropriate in the period they become known. Items for which actual results may differ materially from these estimates are described as follows:

### *Going concern*

At each reporting period, management exercises judgment in assessing the Company's ability to continue as a going concern by reviewing the Company's performance, resources and future obligations.

### *Fair value of financial assets and financial liabilities*

Fair value of financial assets and financial liabilities on the statements of financial position that cannot be derived from active markets, are determined using a variety of techniques including the use of valuation models. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgment is required to establish fair values. The judgments include, but are not limited to, consideration of model inputs such as volatility, estimated life and discount rates.



## **Duncan Park Holdings Corporation**

Management's Discussion and Analysis

For the year ended November 30, 2019

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### *Impairment*

Long-lived assets, including E&E assets and land, are reviewed for indicators of impairment at each reporting period or whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its recoverable amount. Impairment is dependent upon estimates of recoverable amounts. These are determined through the exercise of judgments and are dependent upon estimates that take into account factors such as economic and market conditions, frequency of use, anticipated changes in laws, and technological improvements.

### *Income taxes*

Income taxes and tax exposures recognized in the financial statements reflect management's best estimate of the outcome based on facts known at the reporting date. When the Company anticipates a future income tax payment based on its estimates, it recognizes a liability. The difference between the expected amount and the final tax outcome has an impact on current and deferred taxes when the Company becomes aware of this difference.

In addition, when the Company incurs losses that cannot be associated with current or past profits, it assesses the probability of taxable profits being available in the future based on its budgeted forecasts. These forecasts are adjusted to take account of certain non-taxable income and expenses and specific rules on the use of unused credits and tax losses. When the forecasts indicate the sufficient future taxable income will be available to deduct the temporary differences, a deferred tax asset is recognized for all deductible temporary differences.

## **Summary of Significant Accounting Policies**

### *Cash*

Cash on the statements of financial position comprises bank balances held in Canadian chartered banks, and funds held in trust with the Company's legal counsel which is available on demand.

### *Exploration and Evaluation Expenditures*

Once the legal right to explore a property has been acquired, costs directly related to E&E expenditures are recognized and capitalized, in addition to the exploration costs. Direct expenditures include such costs as material used, surveying costs, drilling costs and payments made to contractors.

The Company assesses E&E assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount. Some facts and circumstances which may be indicative of possible impairment include, but are not limited to: the expiration of the period for which the Company has the right to explore the property or the Company's intention not to renew that right; substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned; exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the Company has decided to discontinue such activities in the specific area; sufficient data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the E&E asset is unlikely to be recovered in full from successful development or sale.

When a project is deemed to no longer have commercially viable prospects to the Company, E&E assets in respect of that project are deemed to be impaired. The recoverable amount of an E&E asset is the higher of its fair value, less costs to sell, and its value in use. If the carrying amount of an E&E asset exceeds its recoverable amount, an impairment charge is recognized immediately in profit or loss by the amount by which the carrying amount of the E&E asset exceeds the recoverable amount. Where an impairment loss subsequently reverses, the carrying amount of the E&E asset is increased to the lesser of the revised estimate of recoverable amount, and the carrying amount that would have been recorded had no impairment loss been recognized previously.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as "mines under construction". E&E assets are also tested for impairment before the assets are transferred to development properties.

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Investments in E&E properties are recorded at cost and are not written down except to the extent that it is determined that their value is impaired. Any impairment loss identified is recognized on the statements of operations and comprehensive loss.

Due to the fact that impairment was identified and the value of the exploration properties had been written down to estimated realizable value in fiscal 2017 and 2019, the normal application of the Company's accounting principles requires that all further costs be expensed in the statements of operations and comprehensive loss.

### *Land*

Land is carried at cost, subject to estimates for impairment.

### *Financial Instruments*

Financial assets and financial liabilities, including derivatives, are recognized on the statements of financial position when the Company becomes a party to the financial instrument or derivative contract.

### Classification

The Company classifies its financial assets and financial liabilities in the following measurement categories: (a) those to be measured subsequently at fair value through profit or loss ("FVTPL"); (b) those to be measured subsequently at fair value through other comprehensive income ("FVTOCI"); and (c) those to be measured at amortized cost. The classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at FVTPL (irrevocable election at the time of recognition). For assets and liabilities measured at fair value, gains and losses are recorded in profit or loss.

The Company reclassifies financial assets when its business model for managing those assets changes. Financial liabilities are not reclassified.

### Amortized cost

This category includes financial assets that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the solely principal and interest ("SPPI") criterion. Financial asset classified in this category are measured at amortized cost using the effective interest method.

### Expected credit loss impairment model

IFRS 9 – Financial Instruments ("IFRS 9") introduced a single expected credit loss ("ECL") impairment model, which is based on changes in credit quality since initial application. The adoption of the ECL impairment model had resulted in a provision of ECL recorded on the Company's statements of loss and comprehensive loss.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company in full or when the financial asset is more than 90 days past due.

The carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts.

### Fair value through profit or loss

This category includes derivative instruments as well as quoted equity instruments which the Company has not irrevocably elected, at initial recognition or transition, to classify at FVTOCI. This category would also include debt instruments whose cash flow characteristics fail the SPPI criterion or are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell. Financial assets in this category are recorded at fair value with changes recognized in profit or loss.



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### Financial assets at fair value through other comprehensive income

Equity instruments that are not held-for-trading can be irrevocably designated to have their change in FVTOCI instead of through profit or loss. This election can be made on individual instruments and is not required to be made for the entire class of instruments. Attributable transaction costs are included in the carrying value of the instruments. Financial assets at FVTOCI are initially measured at fair value and changes therein are recognized in other comprehensive income (loss).

### Measurement

All financial instruments are required to be measured at fair value on initial recognition, plus, in the case of a financial asset or financial liability not at FVTPL, transaction costs that are directly attributable to the acquisition or issuance of the financial asset or financial liability. Transaction costs of financial assets and financial liabilities carried at FVTPL are expensed in profit or loss. Financial assets and financial liabilities with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are on the principal outstanding are generally measured at amortized cost at the end of the subsequent accounting periods. All other financial assets including equity investments are measured at their fair values at the end of subsequent accounting periods, with any changes taken through profit and loss or other comprehensive income (loss) (irrevocable election at the time of recognition). For financial liabilities measured subsequently at FVTPL, changes in fair value due to credit risk are recorded in other comprehensive income (loss).

The Company's classification and measurements of financial assets and liabilities are summarized below:

	<b>IFRS 9</b>
Cash	FVTPL
Accounts payable and accrued liabilities	Amortized cost
Term loans	Amortized cost
Promissory notes payable	Amortized cost
Convertible debentures	Amortized cost

### Fair value hierarchy

The Company classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at November 30, 2019, the Company does not have any financial instruments measured at fair value, other than cash, after initial recognition.

### *Share Capital*

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares are classified as equity instruments. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

### *Loss Per Share*

The basic loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the year. The diluted loss per share reflects the potential dilution of common share equivalents, in the weighted average number of common shares outstanding during the year, if dilutive. The "treasury stock method"

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is used for the assumed proceeds upon the exercise of the options and warrants that are used to purchase common shares at the average market price during the year.

### *Provisions*

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

As at November 30, 2019 and 2018, the Company had no material provisions.

### *Income Taxes*

Income tax expense comprises current and deferred income tax expense. Current and deferred taxes are recognized in net loss, except to the extent that it relates to items recognized directly in equity or in other comprehensive income (loss).

#### Current income taxes

Current income taxes are recognized and measured at the amount expected to be recovered from, or payable to, the taxation authorities based on the income tax rates enacted or substantively enacted at the end of the reporting period and includes any adjustment to taxes payable in respect of previous years.

#### Deferred income taxes

Deferred income taxes are recorded for temporary differences at the date of the statements of financial position between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of a deferred income tax asset is reviewed at the end of the reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at the end of the reporting period and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset if, and only if, they relate to income taxes levied by the same taxation authority and the Company has the legal rights and intent to offset.

### *Adoption of New Accounting Policies*

The Company adopted the following standard, effective December 1, 2018. The changes were made in accordance with the applicable transitional provisions. There was no material impact upon adoption of the new standards on the Company's financial statements:

#### IFRS 9 – Financial Instruments

Effective December 1, 2018, the Company adopted all the requirements of IFRS 9 and the related consequential amendments to IFRS 7 – Financial Instruments: Disclosures. IFRS 9 introduces new requirements for:

- Classification and measurement of financial assets and financial liabilities;
- Impairment for financial assets; and

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- General hedge accounting, which represent a significant change from IAS 39 – Financial Instruments: Recognition and Measurement (“IAS 39”).

As permitted by the transition provisions of IFRS 9, the Company elected not to restate comparative period results. As such, all comparative period information is presented in accordance with the previous accounting policies. Adjustments to the carrying amounts of financial assets and liabilities, at the date of initial application have been recognized in opening deficit and other components of equity for the current period. New or amended interim disclosures have been provided for the current period, where applicable, while comparative period disclosures are consistent with those made in prior periods.

IFRS 9 utilizes a revised model for recognition and measurement of financial instruments and a single, forward-looking “expected loss” impairment model. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9, such that the Company’s accounting policy with respect to financial liabilities is unchanged. IFRS 9 contains three (3) principal classification categories for financial assets: measured at amortized cost, FVTOCI and FVTPL. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. The standard eliminates the previous IAS 39 categories of held-to-maturity, loans and receivables, and available-for-sale. IFRS 9 replaces the ‘incurred loss’ model in IAS 39 with an ECL model. The new impairment model applies to financial assets measured at amortized cost. Under IFRS 9, credit losses are recognized earlier than under IAS 39.

### *Recent Accounting Pronouncements*

The IASB and the IFRIC have issued certain pronouncements that are mandatory for the Company’s accounting periods commencing on or after December 1, 2019. Many are not applicable or do not have a significant impact to the Company and have been excluded.

### IFRS 16 – Leases (“IFRS 16”)

IFRS 16 was issued in January 2016 and replaces IAS 17 – Leases as well as some lease related interpretations. With certain exceptions for leases under twelve months in length or for assets of low value, IFRS 16 states that upon lease commencement a lessee recognizes a right-of-use (“ROU”) asset and a lease liability. The ROU asset is initially measured at the amount of the liability plus any initial direct costs. After lease commencement, the lessee shall measure the ROU asset at cost less accumulated amortization and accumulated impairment. A lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognize the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. IFRS 16 requires that lessors classify each lease as an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise it is an operating lease. IFRS 16 is effective for annual periods beginning on or after December 1, 2019.

The Company has reviewed its leasing arrangements outstanding as at November 30, 2019, in respect of the new lease standard, and had assessed that the impact of adopting this new standard will have on the Company’s financial statements to be immaterial.

### IFRIC 23 – Uncertainty Over Income Tax Treatments (“IFRIC 23”)

IFRIC 23 clarifies the accounting for uncertainties in income taxes. The interpretation committee concluded that an entity shall consider whether it is probable that a taxation authority will accept an uncertain tax treatment. If an entity concludes it is probable that the taxation authority will accept an uncertain tax treatment, then the entity shall determine taxable profit (tax loss), tax bases, unused tax losses and credits or tax rates consistently with the tax treatment used or planned to be used in its income tax filings. If an entity concludes it is not probable that the taxation authority will accept an uncertain tax treatment, the entity shall reflect the effect of uncertainty in determining the related taxable profit (tax loss), tax bases, unused tax losses and credits or tax rates. IFRIC 23 is effective for annual periods beginning on or after December 1, 2019. The Company has performed a preliminary analysis and has not assessed any significant impact as a result of the adoption of this standard.

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### **Risk Factors**

There are numerous and varied risks, known and unknown, that may prevent the Company from achieving its goals. If any of these risks occur, the Company's business, financial condition or results of operation may be adversely affected. In such case, the trading price of the Company's common shares could decline, and investors could lose all or part of their investment. The following is a summary of risks that could be applicable to the business of the Company:

#### *Exploration, development and operating risks*

Mining operations generally involve a high degree of risk. The Company's operations are subject to all the hazards and risks normally encountered in the exploration, development and production of gold, precious metals and other minerals, including unusual and unexpected geologic formations, seismic activity, rock bursts, cave-ins, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability. Although adequate precautions to minimize risk will be taken, milling operations are subject to hazards such as equipment failure or failure of retaining dams around tailings disposal areas which may result in environmental pollution and consequent liability.

The exploration for and development of mineral deposits involves significant risks which even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of a mineral-bearing structure may result in substantial rewards, few properties which are explored are ultimately developed into producing mines.

Major expenses may be required to locate and establish mineral reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. It is impossible to ensure that the exploration or development programs planned by the Company will result in a profitable commercial mining operation. Whether a gold or other mineral deposit will be commercially viable depends on a number of factors, some of which are: the particular attributes of the deposit, such as quantity and quality of mineralization and proximity to infrastructure; mineral prices which are highly cyclical; and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital.

There is no certainty that the expenditures made by the Company towards the search and evaluation of gold or other minerals will result in discoveries of commercial quantities of gold or other minerals.

#### *Additional financing*

The Company believes that its raised capital is sufficient to meet its presently anticipated working capital and capital expenditure requirements for the near future. This belief is based on its operating plan which, in turn, is based on assumptions, which may prove to be incorrect. In addition, the Company may need to raise significant additional funds sooner to support its growth, respond to competitive pressures, acquire or invest in complementary or competitive businesses or technologies, or take advantage of unanticipated opportunities. If its financial resources are insufficient, it will require additional financing to meet its plans for expansion. The Company cannot be sure that this additional financing, if needed, will be available on acceptable terms or at all.

Furthermore, any debt financing, if available, may involve restrictive covenants, which may limit its operating flexibility with respect to business matters. If additional funds are raised through the issuance of equity securities, the percentage ownership of existing shareholders will be reduced, such shareholders may experience additional dilution in net book value, and such equity securities may have rights, preferences or privileges senior to those of its existing shareholders. If adequate funds are not available on acceptable terms or at all, the Company may be unable to develop or enhance its services and products, take advantage of future opportunities, repay debt obligations as they become due, or respond to competitive pressures, any of which could have a material adverse effect on its business, prospects, financial condition, and results of operations.

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### *Volatile global financial and economic conditions*

Current global financial and economic conditions remain extremely volatile. Access to public and private capital and financing continues to be negatively impacted by many factors as a result of the global financial crisis and global recession. Such factors may impact the Company's ability to obtain financing in the future on favorable terms or obtain any financing at all. Additionally, global economic conditions may cause a long-term decrease in asset values. If such global volatility, market turmoil and the global recession continue, the Company's operations and financial condition could be adversely impacted.

### *Reliability of resource estimates*

There is no certainty that any mineral resources identified in the future on any of the Company's properties will be realized. Until a deposit is actually mined and processed, the quantity of mineral resources and grades must be considered as estimates only. In addition, the quantity of mineral resources may vary depending on, among other things, metal prices. Any material change in quantity of mineral resources, grade or stripping ratio may affect the economic viability of any project undertaken by the Company. In addition, there can be no assurance that gold recoveries or other metal recoveries in small-scale laboratory tests will be duplicated in a larger scale test under on-site conditions or during production.

Fluctuations in gold and other base or precious metals prices, results of drilling, metallurgical testing and production and the evaluation of studies, reports and plans subsequent to the date of any estimate may require revision of such estimate. Any material reductions in estimates of mineral resources could have a material adverse effect on the Company's results of operations and financial condition from time to time.

### *Operating risk and insurance coverage*

The Company's insurance coverage is intended to address all material risks to which it is exposed and is adequate and customary in its current state of operations. However, such insurance is subject to coverage limits and exclusions and may not be available for the risks and hazards to which the Company is exposed. In addition, no assurance can be given that such insurance will be adequate to cover the Company's liabilities or will be generally available in the future or, if available, that premiums will be commercially justifiable. If the Company were to incur substantial liability and such damages were not covered by insurance or were in excess of policy limits, or if the Company were to incur such liability at a time when it is not able to obtain liability insurance, its business, results of operations and financial condition could be materially adversely affected.

### *Disruption of business*

Conditions or events including, but not limited to, those listed below could disrupt the Company's operations, increase operating expenses, resulting in delayed performance of contractual obligations or require additional expenditures to be incurred: (i) extraordinary weather conditions or natural disasters such as hurricanes, tornadoes, floods, fires, extreme heat, earthquakes, etc.; (ii) a local, regional, national or international outbreak of a contagious disease, including the COVID-19 coronavirus, Middle East Respiratory Syndrome, Severe Acute Respiratory Syndrome, H1N1 influenza virus, avian flu, or any other similar illness could result in a general or acute decline in economic activity (see also, "Public Health Crises, including COVID-19"); (iii) political instability, social and labour unrest, war or terrorism; or (iv) interruptions in the availability of basic commercial and social services and infrastructure including power and water shortages, and shipping and freight forwarding services including via air, sea, rail and road.

### *Public health crises*

The Company's business, operations and financial condition could be materially adversely affected by the outbreak of epidemics or pandemics or other health crises beyond our control, including the current outbreak of COVID-19. On January 30, 2020, the World Health Organization declared the COVID-19 outbreak a global health emergency. Many governments have likewise declared that the COVID-19 outbreak in their jurisdictions constitutes an emergency. Reactions to the spread of COVID-19 have led to, among other things, significant restrictions on travel, business closures, quarantines and a general reduction in consumer activity. While these effects are expected to be temporary, the duration of the business disruptions and related financial impact cannot be reasonably estimated at this time.

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Such public health crises can result in volatility and disruptions in the supply and demand for various products and services, global supply chains and financial markets, as well as declining trade and market sentiment and reduced mobility of people, all of which could affect 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 and a slowdown or temporary suspension of operations in geographic locations impacted by an outbreak. At this point, the extent to which COVID-19 may impact the Company is uncertain; however, it is possible that COVID-19 may have a material adverse effect on the Company's business, results of operations and financial condition.

### *Environmental risks and hazards*

All phases of the Company's operations are subject to environmental regulation in the jurisdictions in which it operates. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. Environmental hazards may exist on the properties on which the Company holds interests which are unknown to the Company at present and which have been caused by previous or existing owners or operators of the properties.

Government approvals and permits are currently and may in the future be required in connection with the Company's operations. To the extent such approvals are required and not obtained, the Company may be curtailed or prohibited from continuing its exploration or mining operations or from proceeding with planned exploration or development of mineral properties.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations or in the exploration or development of mineral properties may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Amendments to current laws, regulations and permits governing operations and activities of mining and exploration companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in exploration expenses, capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties.

### *Land title*

No assurances can be given that there are no title defects affecting property or any other property interests of the Company. Title insurance generally is not available, and the Company's ability to ensure that it has obtained secure claim to individual mineral properties or mining concessions may be severely constrained. Furthermore, the Company has not conducted surveys of the claims in which it holds an interest and, therefore, the precise area and location of such claims may be in doubt. Accordingly, the Company's mineral properties may be subject to prior unregistered liens, agreements, transfers or claims, including native land claims, and title may be affected by, among other things, undetected defects. In addition, the Company may be unable to operate its properties as permitted or to enforce its rights with respect to its properties.

### *Reliance on management*

The success of the Company is dependent on the performance of its senior management. The loss of services of these persons would have a material adverse effect on the Company's business and prospects in the short-term. There is no assurance the Company can maintain the services of its officers or other qualified personnel required to operate its business. Failure to do so could have a material adverse effect on the Company and its prospects.

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### *Risks associated with increasing competition*

The mining industry is competitive in all of its phases. The Company faces strong competition from other mining companies in connection with the acquisition of properties producing, or capable of producing, precious and base metals. Many of these companies have greater financial resources, operational experience and technical capabilities than the Company. As a result of this competition, the Company may be unable to maintain or acquire additional attractive mining properties on terms it considers acceptable or at all. Consequently, the Company's revenues, operations and financial condition could be materially adversely affected.

### *Factors which may prevent realization of growth targets*

The Company is not currently in active operations. There is a risk that the additional resources will be needed, and milestones will not be achieved on time, on budget, or at all, as they can be adversely affected by a variety of factors, including some that are discussed elsewhere in these risk factors and the following as it relates to the Company:

- delays in obtaining, or conditions imposed by, regulatory approvals;
- facility design errors;
- environmental pollution;
- non-performance by third-party contractors;
- increases in materials or labour costs;
- construction performance falling below expected levels of output or efficiency;
- breakdown, aging or failure of equipment or processes;
- contractor or operator errors;
- labour disputes, disruptions or declines in productivity;
- inability to attract sufficient numbers of qualified workers;
- disruption in the supply of energy and utilities; and
- major incidents and/or catastrophic events such as fires, explosions, earthquakes or storms.

### *Commodity prices*

The price of the Company's common shares, the Company's financial results, and exploration, development and mineral development activities may in the future be significantly adversely affected by declines in the price of precious metals or other minerals. The price of precious metals and other minerals fluctuates widely and is affected by numerous factors beyond the Company's control such as the sale or purchase of commodities by various central banks and financial institutions, interest rates, exchange rates, inflation or deflation, fluctuation in the value of the USD and foreign currencies, global and regional supply and demand, the political and economic conditions of major mineral-producing countries throughout the world, and the cost of substitutes, inventory levels and carrying charges. Future serious price declines in the market value of precious metals or other minerals could cause continued development of and commercial production from the Company's properties to be impracticable. Depending on the price of precious metals and other minerals, cash flow from mining operations may not be sufficient and the Company could be forced to discontinue production and may lose its interest in, or may be forced to sell, some of its properties. Future production from the Company's mineral exploration properties is dependent upon the prices of precious metals and other minerals being adequate to make these properties economic.

In addition to adversely affecting the Company's future resource or reserve estimates, if any, and its financial condition, declining commodity prices can impact operations by requiring a reassessment of the feasibility of a particular project. Such a reassessment may be the result of a management decision or may be required under financing arrangements related to a particular project. Even if the project is ultimately determined to be economically viable, the need to conduct such a reassessment may cause substantial delays or may interrupt operations until the reassessment can be completed.

### *Government regulation*

The development and mineral exploration activities of the Company are subject to various laws governing prospecting, development, production, taxes, labour standards and occupational health, mine safety, toxic substances, land use, water use, land claims of local people and other matters. In addition, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not otherwise be applied in a manner which could limit or

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curtail production or development in any of the jurisdictions in which the Company operates. Amendments to other current laws and regulations governing mineral exploration and development or more stringent implementation thereof could also have a substantial adverse impact on the Company.

### *Management of growth*

The Company may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Company to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the Company to deal with this growth may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

### *Dividends*

The Company has no earnings or dividend record and does not anticipate paying any dividends on the Company's shares in the foreseeable future. Dividends paid by the Company would be subject to tax and, potentially, withholdings.

### *Limited market for securities*

There can be no assurance that an active and liquid market for the Company's shares will develop or be maintained and an investor may find it difficult to resell any securities of the Company.

## **Disclosure of Internal Controls over Financial Reporting**

Management has established processes to provide them sufficient knowledge to support representations that they have exercised reasonable diligence that (i) the audited financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the audited financial statements; and (ii) the audited financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented.

In contrast to non-venture issuers, this MD&A does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"). In particular, management is not making any representations relating to the establishment and maintenance of: controls and procedures designed to provide reasonable assurance that information required to be disclosed by the Company in its filings or other reports or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Investors should be aware that inherent limitations on the ability of management of the Company to design and implement on a cost-effective basis DC&P and ICFR may result in additional risks to the quality, reliability, transparency and timeliness of filings and other reports provided under securities legislation.

## **Cautionary Note Regarding Forward Looking Statements**

This MD&A includes "forward-looking statements", within the meaning of applicable securities legislation, which are based on the opinions and estimates of management and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar words suggesting future outcomes or statements regarding an outlook. Such risks and uncertainties include, but are not limited to, risks associated with the mining industry (including operational risks in exploration development and production; delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of reserve estimates; the uncertainty of estimates and projections in relation to production, costs and expenses; the uncertainty surrounding the ability of the Company to obtain all permits, consents or authorizations required for its operations and activities; and health safety and environmental risks), the risk of commodity price and foreign exchange rate fluctuations, the ability



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of Company to fund the capital and operating expenses necessary to achieve the business objectives of the Company, the uncertainty associated with commercial negotiations and negotiating with foreign governments and risks associated with international business activities, as well as those risks described in public disclosure documents filed by the Company. Due to the risks, uncertainties and assumptions inherent in forward-looking statements, prospective investors in securities of the Company should not place undue reliance on these forward-looking statements. Statements in relation to "reserves" are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves described can be profitably produced in the future.

Readers are cautioned that the foregoing lists of risks, uncertainties and other factors are not exhaustive. The forward-looking statements contained in this MD&A are made as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking statements or in any other documents filed with Canadian securities regulatory authorities, whether as a result of new information, future events or otherwise, except in accordance with applicable securities laws. The forward-looking statements are expressly qualified by this cautionary statement.

### **Management's Responsibility for Financial Information**

Management is responsible for all information contained in this report. The audited financial statements have been prepared in accordance with IFRS and include amounts based on management's informed judgments and estimates. The financial and operating information included in this report is consistent with that contained in the audited financial statements in all material aspects.

The Audit Committee has reviewed the audited financial statements and this MD&A with management. The Board of Directors has approved the audited financial statements and this MD&A on the recommendation of the Audit Committee.

March 23, 2020

Brian Presement  
Chief Executive Officer



**DUNCAN PARK**

[www.duncanpark.com](http://www.duncanpark.com)

# **Management's Discussion and Analysis**

**For the Year Ended**

**November 30, 2018**

*Dated April 1, 2019*

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## **Introduction**

The following is management's discussion and analysis ("MD&A") of the results of operations and financial condition of Duncan Park Holdings Corporation ("Duncan Park" or "the Corporation") as at and for the year ended November 30, 2018. It is provided and should be read in conjunction with the Corporation's audited financial statements and notes thereto for the same period which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). Readers should also refer to the Corporation's annual audited financial statements and notes thereto for the year ended November 30, 2017, which have comparative figures for 2016. Readers are further encouraged to visit the Corporation's website at [www.duncanpark.com](http://www.duncanpark.com) and to view the public information filings at [www.sedar.com](http://www.sedar.com).

This MD&A also covers the subsequent period up to April 1, 2019.

## **Value Creation Strategy**

Duncan Park traditionally sought and continues to seek to enhance shareholder value through the successful exploration for gold and other precious metals in Canada and the United States of America, two of the most politically stable regions of the world. However, given the depressed state of the market for early stage exploration, management is also considering other options which might provide shareholders with increased value sooner than may be possible through the continued exploration for gold.

Funds for the exploration for gold are typically raised by way of private placement of shares. For planned exploration in Canada the Corporation issues "flow-through" shares pursuant to which the available tax benefits for Canadian Exploration Expenses are transferred from the Corporation to the investor.

## **Current Situation**

### **Property**

The Corporation has acquired a 100% interest in two abutting properties in the Red Lake mining district of Ontario, Canada. The Dome property comprises 17 unpatented mining claims relating to 40 mining units and covering approximately 504 Hectares (1245 acres), and the McManus Claims which comprise 17 patented mining claims and 11 licenses of occupation covering approximately 324 hectares (801 acres), for a combined total of approximately 828 hectares (2046 acres). The Red Lake mining camp has been a major Canadian gold producing district since 1930, with cumulative production estimated to be in excess of 25 million ounces.

Initial exploration of the property was conducted primarily by the use of geophysical studies and analyses to identify targets which were further explored by diamond drilling on land based claims commencing in the summer of 2011 and on the lake based claims in the winter of 2012. The Corporation is encouraged by the results because it believes that

it has discovered a previously unidentified mineralized zone running parallel to the main trend defined by three historic Goldcorp mines, and approximately four kilometers south of it.

In addition to its mineral rights, since the earn-in agreement with Camp McMan Red Lake Gold Mines Ltd. included a provision that any unsold surface rights would be included in the earn-in, the Corporation also holds the surface rights to some property, including six vacant building lots in a subdivided real estate development on the east side of Red Lake, between the towns of Red Lake and Balmertown and two nearby lots totaling 37.4 hectares (93.5 acres). In the 2012 winter drilling program the Corporation used two of the building lots in the subdivision as bases for positioning drilling rigs, and may do so in the future. At the end of the first quarter of fiscal 2016, management determined that, in spite of their possible usefulness for a drilling platform, it should attempt to sell some of the Corporation's surface rights to help provide liquidity to pay administrative costs and, accordingly, reclassified these properties as land held for resale in the statement of financial position at the end of first quarter of fiscal 2016. However, it has since been determined that the market for real estate in Red Lake is generally depressed and the Corporation has not been able to obtain a reasonable price for any lot, so the Corporation has taken the surface rights off the market and reclassified them as a long-term asset in the financial statements at the end of the third quarter of fiscal 2016.

From a geological perspective, these properties are as valuable as ever. Management is still optimistic that the Corporation has found a new trend in the Chukuni River basin parallel and close to that being mined by Goldcorp.

The bottom line is still:

1. Duncan Park has a large, clean, land holding in the center of a world-class gold district.
2. There are indications of mineralization at the surface and in drilling.
3. The initial geophysical work has demonstrated that some "targets" are, in fact, sulfide bearing rocks and some of these do contain anomalous gold and pathfinder elements.
4. Throughout the district gold deposits have been found in multiple geologic environments and the science of discovery is still evolving.
5. These permissive geological environments do occur on Duncan Park ground.

However, whereas throughout most of fiscal 2017, the Corporation was focused on raising money for gold exploration and discussed the possibility with five potential sources, at this time the Corporation has determined that the public company shell itself might be more valuable in a different line of business, such as block-chain or marijuana and is currently pursuing that course. See "Proposed Restructuring" below.

From a financial reporting perspective, given the possible change in thrust of the Corporation referred to above, management considered it prudent to write down the

carrying value of these E&E properties to their estimated realizable value at the end of fiscal 2017.

In November 2016, the Corporation took a preliminary write-down on these E&E properties. At that time the recoverable amount was determined based on various market indicators, primarily the then current share price and implied Corporation market capitalization. The recoverable amount was determined to be approximately \$2,200,000, and a \$500,000 provision for decline in value was recorded.

In November 2017, the Corporation, applying the accounting principles set out in Note 3 to the financial statements and recognizing the possibility of a change in direction for the Corporation, the Corporation determined that it was appropriate to write down the carrying value of its E&E properties to estimated realizable value. After careful review of the state of early stage exploration for gold particularly in Red Lake, Ontario, management set the value of the E&E properties at \$50,000, and that of the vacant land at \$25,000. This resulted in a \$2,324,971 provision for decline in value in the Statements of Operations.

No further write-down was recorded during the fiscal year 2018.

## **Financial**

Due to the state of the financial markets the Corporation was unable to raise funds for exploration in fiscal 2017 or in fiscal 2018. In the first quarter of 2015 it raised \$55,000 by the issue of flow-through shares which was sufficient to complete certain geophysical exploration and analysis. The Corporation has not been able to raise any money for exploration since that time and may or may not be able to raise the additional funds needed to follow up the geophysics with diamond drilling.

The Corporation has relied on loans from directors and shareholders to pay its administrative expenses for the past four and one-half years. Unsecured loans from two of the five creditors, totaling \$366,000 plus accrued interest of \$67,036 for a total liability of \$433,036 were not paid on time or subsequently, and are, therefore, in default as at November 30, 2018. The other three creditors have been repaid with interest. To date, none of the debtholders have demanded payment. Management has negotiated with the two remaining debtholders, subject to regulatory approval which is pending, and shareholder approval which has since been received, to convert \$433,036 of the promissory notes payable into shares (see "Proposed Restructuring" below, and, during the year repaid the remaining \$34,211 out of the proceeds of the convertible debenture issue (see "Proposed Restructuring") below. If the Corporation is not successful in effecting this conversion of debt for shares these unsecured debtholders, in conjunction with the other unsecured creditors, could sue the Corporation for the debt, and, upon securing judgment, could lay claim to all of the Corporation's assets, including the Red Lake exploration property.

At November 30, 2018 the Corporation had a working capital deficiency, excluding unamortized financing costs, of \$886,379 (2017 - \$605,080), and an overall capital

deficiency of \$778,469 (2017 - \$530,080). These deficiencies include \$433,036 of term loans which are in default. The primary reason for the increase in the working capital deficiency, excluding unamortized financing costs, is the annual administrative expenses. The primary reason for the overall capital deficiency is the write-down taken on the exploration properties at November 30, 2017. Further, the Corporation must raise approximately \$14,000 per month needed for normal ongoing administrative expenses.

The Corporation has embarked on a program to resolve the overall negative situation, but there is no way of knowing whether it will be successful. For further analysis see "Proposed Restructuring" and "Working Capital" below.

## **Significant 2018 Events**

### **1. Payment of Advance Minimum Royalty**

In December 2017, the Corporation paid the \$10,000 annual Advance Minimum Royalty due to Camp McMan Red Lake Gold Mines Inc. with respect to the McManus patented claims.

### **2. Proposed Restructuring**

On August 23, 2018 the Corporation announced its intention to undertake a series of transactions and other corporate measures in an effort to rationalize its capital and debt structure in an attempt to better position the Corporation for future opportunities.

### **3. Private Placement**

On October 9, 2018 the Corporation completed a private placement of \$250,000 of convertible debentures which have a term of one (1) year and accrue interest at a rate of 10% per annum.

Pursuant to the private placement ("Private Placement"), the Debentures are convertible into units of the Corporation ("Units"), at the election of the holder. Any principal amount of Debentures converted prior to completion of the Consolidation, would have been convertible at a price of \$0.05 per Unit. Alternatively, any principal amount of Debentures converted following completion of the Consolidation, would be convertible based on a deemed pre-Consolidation price of \$0.01 per Pre-Consolidation Share (the actual number of Post-Consolidation Shares to be issued to be adjusted to account for the consolidation ratio adopted.) Prior to the completion of the Consolidation, each Unit would be comprised of one (1) Pre-Consolidation Share (a "Debenture Share") and one-half (1/2) of one (1) Pre-Consolidation Share purchase warrant (a "Warrant"), subject to adjustment following completion of the Consolidation. Each whole Warrant would be exercisable for a period of twelve (12) months for the equivalent of one (1) pre-Consolidation Share (a "Warrant Share") at an exercise price (i) of \$0.075 per Warrant Share prior to completion of the Consolidation or (ii) subsequent to the completion of the Consolidation, based on a deemed pre-Consolidation exercise price of \$0.015 per Warrant Share, adjusted to account for the

Consolidation ratio. Assuming the Consolidation is completed at a ratio of one (1) Post-Consolidation Share for every forty (40) Pre-Consolidation Shares, the Warrants would be exercisable at an Exercise Price of \$0.60 for every one (1) Post-Consolidation Share.

In the event that the Common Shares are not listed on the TSXV, the Debentures will be convertible into one (1) Debenture Share (and no Warrants) at a price of \$0.0075 per share (on a pre-Consolidation basis), subject to adjustment in order to account for the Consolidation (and Consolidation ratio adopted).

In connection with the closing of the Private Placement, the lead investor in the Private Placement had the right to appoint one additional director to the board of directors of the Corporation for the period ending, with the completion by the next shareholders meeting of the Corporation.

The proceeds of the Private Placement were used to pay a substantial portion of accrued ordinary course administrative liabilities (including to certain officers and directors of the Corporation), to repay a portion of term loans incurred to pay ordinary course administrative liabilities (including to an officer and director of the Corporation), to pay expenses to be incurred in holding the requisite annual and special shareholders' meeting and for general corporate purposes.

Subsequent to year end, the 40 to 1 Consolidation received shareholder and regulatory approval and was effective February 1, 2019.

#### **4. Debt Settlement**

The Corporation has entered into Debt Settlement agreements dated August 22, 2018 with its two largest creditors: the Estate of Ian McAvity (the "Estate") and Eric P. Salsberg, the Chairman and a director of the Corporation, which, subject to requisite approvals, would settle \$250,000 and \$116,000 of outstanding principal amount loan debt (plus accrued interest), respectively, through the issuance of Common Shares (the "Debt Settlement Shares"). The unsecured loans, which bore interest at a rate of 5% per annum, had been made to the Corporation by Mr Salsberg and the late Ian McAvity, the former President and a director of the Corporation, in tranches over time to help fund the Corporation's ongoing working capital requirements.

After completion of the Consolidation, the Debt Settlement Shares would be issued at a price based on a deemed pre-Consolidation Share price of \$0.0075 per share (or such greater price per share as the TSXV may require) multiplied by the 40:1 Consolidation ratio. Assuming a Consolidation ratio of one (1) Post-Consolidation Share for every forty (40) Pre-Consolidation Shares, the Debt Settlement Shares would be issued at a price of \$0.30 per share. For purposes of calculating interest, accrued interest would be calculated as of no later than the fifth (5th) business day prior to the issuance of the Debt Settlement Shares (the "Interest Cut-Off Date"). For illustrative purposes, the Corporation would issue to (i) the Estate the equivalent of approximately 39,537,600 Pre-Consolidation Shares in settlement of approximately 296,532 of debt, as of November 30, 2018, including accrued interest of approximately \$46,532, as of that date; and (ii) Mr. Salsberg the equivalent of approximately 17,884,933 Pre-Consolidation Shares in settlement of approximately



\$134,137 of debt, as of August 31, 2018, including accrued interest of approximately \$18,137, as of that date. In total, the Corporation would issue the aggregate of the equivalent of approximately 57,422,533 Pre-Consolidation Shares in settlement, as of November 30, 2018, adjusted to account for interest that accrues from November 30, 2018 to the Interest Cut-Off Date (and subject to adjustment to account for the Consolidation ratio adopted).

A condition of closing of the Private Placement is that the Estate and Mr. Salsberg sell the Debt Settlement Shares (once issued) to the investors participating in the Private Placement plus one other investor at a price equal to 20% of the principal amount of the debt and accrued interest.

The debt settlement transaction is pending regulatory approval.

## **5. Consolidation**

Subject to the year-end and TSXV approval, the Corporation asked shareholders to provide the board of directors of the Corporation with the discretion to consolidate the Common Shares using a Consolidation ratio of one (1) Post-Consolidated Share for no more than forty (40) Pre-Consolidation Shares. If approved, the directors would have the discretion to consolidate the Common Shares on the basis of one (1) Post-Consolidation Share for a number that is less than forty (40) Pre-Consolidation Shares. Shareholder and regulatory approvals were received subsequent to year end

As of the date hereof, the Corporation has 126,076,108 Common Shares outstanding. Assuming completion of the Debt Settlement Transactions (at a deemed Pre-Consolidation Share issuance price of \$0.0075 per share), the Corporation would have approximately 183,814,241 Pre-Consolidation Shares issued and outstanding (subject to adjustment to account for interest that accrues from November 30, 2018 to the Interest Cut-Off Date). Assuming a consolidation ratio of 40:1, the Corporation would have approximately 4,595,356 Post-Consolidation Shares outstanding upon completion of the Consolidation (subject to adjustment to account for interest that accrues from November 30, 2018 to the Interest Cut-Off Date).

In addition, assuming full conversion of the Debentures based on a deemed Pre-Consolidation conversion price of \$0.01 per share and the full exercise of the Warrants comprising part of the Units based on a deemed pre-Consolidation exercise price of \$0.015 per Warrant Share, the Corporation would have approximately 221,314,241 Pre-Consolidation Shares issued and outstanding on a fully-diluted basis (subject to adjustment to account for interest that accrues from November 30, 2018 to the Interest Cut-Off Date). Assuming a consolidation ratio of 40:1, the Corporation would have approximately 5,532,856 Post-Consolidation Shares outstanding upon completion of the Consolidation (subject to adjustment to account for interest that accrues from November 30, 2018 to the Interest Cut-Off Date).

The Board of Directors of the Corporation believes the Consolidation is in the best interest of the Corporation and sought its approval to provide the Corporation with greater flexibility to arrange future growth opportunities and financings. There can be no assurance that any future opportunities will be identified or financings undertaken or completed. The Corporation conducted a shareholders' meeting on December 18, 2018 to consider the Consolidation and De-Listing (and any other matters requiring shareholders' approval). All proposals were approved by the shareholders.

## **6. De-Listing**

Subsequent to the year-end, the Corporation asked shareholders to provide the board of directors with the discretion to apply to de-list the Corporation from the TSXV. While the board has made no determination to de-list the Corporation, the board believes that having such flexibility may enable it to pursue certain opportunities within and/or outside the resource sector. The board has made no determination as to any future opportunities that it may pursue and there can be no assurance that any future opportunities will be identified or completed.

## **7. Other**

As Mr. Salsberg is the Chairman and a director of the Corporation, the Private Placement and Debt Settlement Transactions were approved by the independent members of the board of directors of the Corporation.

The Debentures and the Debt Settlement Shares and any securities issuable in connection with the due conversion or exercise thereof, as applicable, will be subject to a four month hold period.

## **Significant 2017 Events**

### **1. Payment of Advance Minimum Royalty**

In December 2016, the Corporation paid the \$10,000 annual Advance Minimum Royalty due to Camp McMan Red Lake Mines Inc. with respect to the McManus patented claims.

### **2. Reclassification of Director and Shareholder Loans**

On December 16, 2016, the Corporation reclassified its long-term debt as a current liability because it was then due in less than one year.

### **3. Ongoing Expenses**

In the normal course of business, the Corporation has incurred administrative expenses but has had only minimal infusions of cash by way of \$11,500 of term loans and \$60,500 of working capital advances included in accounts payable and accrued liabilities. Subsequent

to year end, additional working capital advances of \$45,000 were received from shareholders of the Corporation.

## **General Matters**

### **Management's Responsibility for Financial Statements**

The information provided in this report and in the financial statements is the responsibility of management. In the preparation of this information estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes that such estimates have been based upon careful judgments and have been properly reflected in the accompanying financial statements.

### **Disclosure and Internal Controls**

Disclosure controls and procedures have been established to provide reasonable assurance that material information that is required to be disclosed by the Corporation is accumulated and communicated to the Corporation's management as appropriate to allow timely decisions regarding required disclosure.

Furthermore, internal controls over financial reporting have been established to ensure that the Corporation's assets are safeguarded and to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with International Financial Reporting Standards ("IFRS"). However, readers must understand and accept that, due to the small size of the Corporation, the Corporation cannot institute many of the internal control procedures, such as the segregation of duties, available to larger organizations.

It is not expected that the disclosure controls and procedures will prevent or detect all errors and fraud. A control system, no matter how well conceived or operated, can only provide reasonable assurance that the objectives of the control system are met.

### **Quarterly Numbers**

This MD&A presents financial information by fiscal quarters.

The quarterly loss from continuing operations and the total loss for the last two years are as follows.

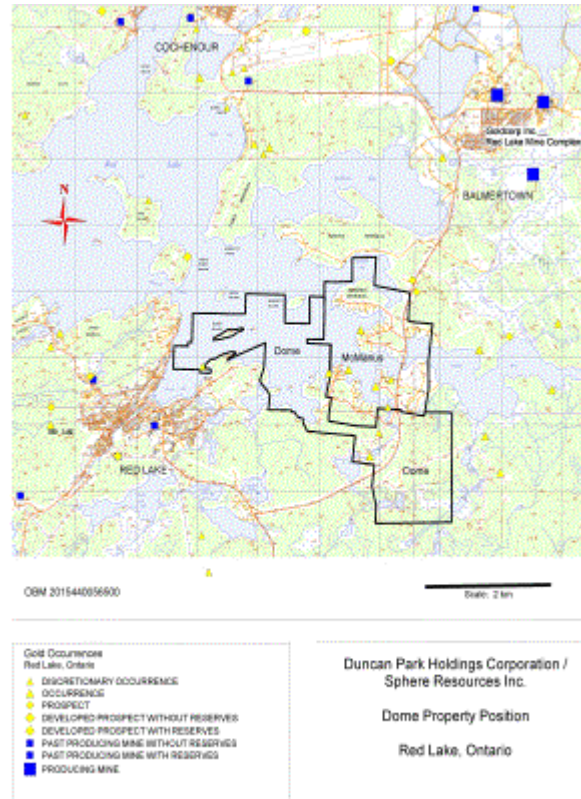
	2018		2017	
	Loss	Per Share	Loss	Per Share
Q1	47,063	0.000	46,545	0.000
Q2	81,986	0.001	52,118	0.000
Q3	45,290	0.000	23,029	0.000
Q4	74,050	0.001	2,358,457	0.019
Total	248,389	0.002	2,480,149	0.020

## Red Lake Property

The Corporation has acquired a 100% interest in two separate but abutting properties in the Red Lake mining district of north-western Ontario, Canada, commonly referred to as the “Dome” Property and the “McManus” Claims. The map at right shows the location of the claims in relation to the municipality of Red Lake and the surrounding projects including known gold “showings”, and current and past producing mines.

The Duncan Park Dome/McManus project covers a large land holding in the heart of one of the world’s most productive gold districts. The land holding consists of 17 unpatented mining claims (504 hectares, subject to an underlying 2% NSR royalty), and 17 patented mining claims and 11 licenses of occupation (cumulatively 324 hectares, subject to a 3% underlying NSR royalty), for a total of 828 hectares.

The Red Lake Camp, as evidenced by widespread ore deposits and prospects, is host to a huge, district scale mineral system stretching at least from the Sherritt International deposit in the southwest to the Rubicon F2 Zone in the northeast and including the large Goldcorp mines a short distance from Duncan Park’s property. Given the proper structural setting, any place within this zone is highly prospective for the occurrence of high-grade gold deposits.



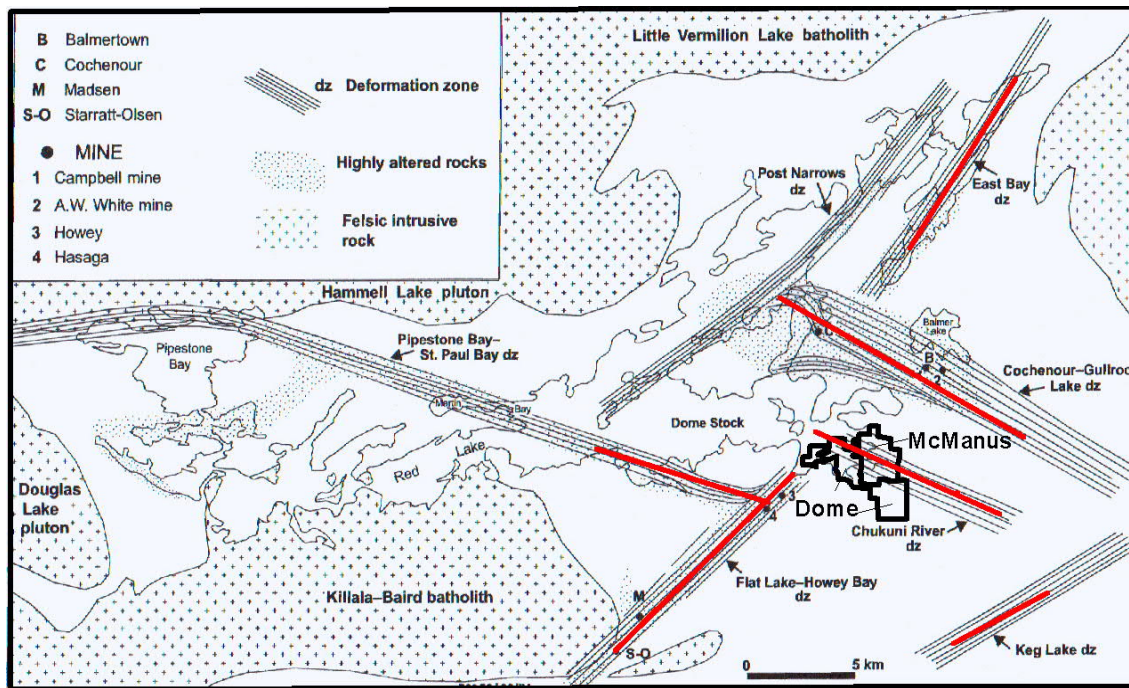
## Local Geology

The oldest assemblage of rocks in the Red Lake area is the Balmer assemblage (2860-2840 Ma), which is generally comprised of primarily massive tholeiitic basalts with minor felsic volcanoclastic rocks and metasedimentary rocks (Stott and Corfu, 1991). This assemblage is unconformably overlain by the younger Confederation assemblage (2742-2732 Ma), which generally is comprised of intermediate pyroclastics with minor rhyolitic flows and tuffs built on a sequence of mafic to intermediate pillowed flows (Stott and Corfu, 1991). Outcrop exposure becomes diminished eastward as the blanket of glacial overburden increases and topography flattens; best exposures are found on lakeshores and riverbanks.

Although contiguous, the Dome property is divided between a northwestern, predominantly water based block of claims, and a southeastern, predominantly land based

block of claims. The McManus property fills in and squares up the block to the north of the south-eastern and east of the north-western Dome claims.

The map below shows that the northwestern block of the Dome claims is at a projected intersection of the Flat Lake – Howey Bay deformation zone (now known as the Madsen Trend) and the Chukuni River deformation zone, and that both zones contain a fault, and that the McManus patents lie along the Chukuni River deformation zone.



Source: Geological Survey of Canada – Current Research 2000 C-18

## Exploration Program

The Dome/McManus project is an early stage project with significant geological, geophysical and geochemical work completed as well as 21 diamond drill holes totaling 7,016 meters drilled over two years of field work at a cost of \$2.7 million.

The Corporation determined that it was best to explore the property initially using shallow and intermediate depth Induced Polarization (“IP”) geophysical surveys, followed by diamond drilling of selected targets identified.

The first geophysical study was done on the south-eastern, land based claims of the Dome property, the only accessible property at the time, in the summer of 2010. After the addition of the adjacent McManus patents later in 2010, a comprehensive geophysical study of the combined properties was performed in the winter of 2011. These resulted in the identification of a number of promising targets.

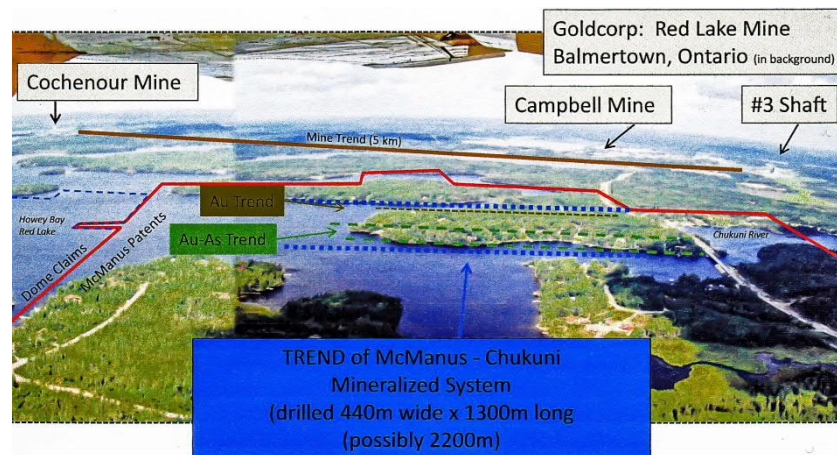


In the summer/autumn of 2011, the Corporation conducted a diamond drilling program on the land based claims of the combined properties which produced encouraging results, particularly on the McManus patents. These were followed up in 2012 by a winter drilling program on the lake based claims which focused first on the Dome property at the projected intersection of two deformation zones, and then on an area of interest on the McManus patents. The results are even more encouraging.

On January 28, 2015 a five-man crew from Abitibi Geophysics Inc. of Val-d'Or, Quebec commenced a fourteen-line geophysical exploration of the western, lake based claims of the Dome property using that Corporation's latest version of its IPower 3D technology. The field work was completed in early February, 2015. The report by Abitibi indicated that the more modern technology clarified an anomaly adjacent to a previous drill hole and identified a new one south-west of it.

The most important result to date is the identification, pictured above, of a northwesterly trending structural zone with abundant sulfides and anomalous geochemistry. This zone is interpreted to be part of the Chukuni Deformation Zone as defined by the OGS/CGS and is sub-parallel to the Goldcorp mine trend. Thus far, the new zone has been traced across the surface exposure of the Duncan Park McManus Peninsula patented claims and it appears to extend under Duncan Park's Red Lake unpatented claims.

Eight diamond drill holes drilled by Duncan Park have demonstrated the occurrence of anomalous geochemistry indicating that the



zone continues at depth. Gold, both visible and up to 23.5 g/t in analyses, has been identified in quartz veins on the property.

The Corporation believes that it has discovered a previously unidentified mineralized zone running parallel to the main trend defined by three historic Goldcorp mines, and approximately four kilometers south of it.

This large land package has been dramatically underexplored and excellent drill targets remain. The next phase of work should involve targeted diamond drilling supported by additional geological mapping and soil/rock chip geochemical sampling.

## Financial Activities and Results

### Income

The Corporation has no operating income. It earns minimal interest income on cash in its bank accounts.

The following compares the expenses between 2018 and 2017. Except for the legal expenses and related regulatory compliance, the numbers are substantially comparable from year to year. Comments on each item follow.

	2018	2017
Compensation		
CEO	38,462	39,386
CFO	19,972	12,969
Legal		
General corporate matters	81,949	32,706
Annual minimum royalty	10,000	-
Audit	18,275	14,714
Bank charges	1,368	1,172
Regulatory compliance	27,669	14,062
Investor communications	5,260	3,076
Interest on promissory notes	19,601	22,806
Interest on debenture	3,904	-
Amortization of financing costs	6,090	-
Property taxes	6,975	4,000
Office and general	7,357	11,652
	246,882	156,543

### Executive Compensation

After Mr. McAvity's untimely death in March, 2016, the Corporation has had to replace Mr. McAvity. Mr. David Shaddrick P. Geo., a director of the Corporation, agreed to assume the position of Acting President and CEO of the Corporation until a suitable replacement is found. The agreement provides for Mr. Shaddrick to receive a fee of US\$2,500 per month and to be reimbursed for reasonable business expenses. Effective June 1, 2016, the Corporation began accruing this cost. The agreement may be terminated by Mr. Shaddrick at any time on not less than one month's written notice and by the Corporation at any time, without cause, on not less than one month's written notice or, at the option of the Corporation, on payment to Mr. Shaddrick of US\$2,500 in lieu of such notice plus any remuneration to which Mr. Shaddrick is entitled as of the date of the notice of termination. The Corporation may also terminate the agreement without notice for cause. Mr. Shaddrick is not entitled to receive any special compensation in the event of a change in control of the Corporation or any of its subsidiaries or of a change in their respective responsibilities following a change in control.

Mr. Shaddrick's monthly fees are fixed and, therefore, will be comparable from period to period, but do not reflect the substantial amount and variability of the time he devotes to the Corporation's matters, particularly in the areas of financing and planning and monitoring the ongoing exploration. Although fees have been accruing to Mr. Shaddrick since June 1, 2016, Mr. Shaddrick has never been paid and at November 30, 2018, Cdn \$97,196 is included in accounts payable and accrued expenses.

Mr. Harold J. Doran was appointed Chief Financial Officer of the Corporation as of May 13, 2005, and Secretary as of May 31, 2010. The Corporation entered into a management agreement with him for the provision of certain management services on an ongoing basis. The agreement provides for Mr. Doran to receive a fee of \$75 per hour plus HST and to be reimbursed for reasonable business expenses and certain professional fees related to his position as an officer of the Corporation. The agreement may be terminated by Mr. Doran at any time on not less than one month's written notice and by the Corporation at any time, without cause, on not less than one month's written notice or, at the option of the Corporation, on payment to Mr. Doran of \$2,000 in lieu of such notice plus any remuneration to which Mr. Doran is entitled as of the date of the notice of termination. The Corporation may also terminate the agreement without notice for cause. Mr. Doran is not entitled to receive any special compensation in the event of a change in control of the Corporation or any of its subsidiaries or of a change in their respective responsibilities following a change in control.

Mr. Doran is required to devote a base amount of time to the regular accounting and preparation of quarterly and annual financial statements and tax returns, which varies with the amount of exploration underway at any time. In addition, at various times, he has devoted substantial time to writing exploration agreements, reviewing exploration budgets, monitoring exploration costs against those budgets, preparing for meetings of the Technical Committees required by both exploration agreements, negotiating possible deals and reviewing the related documents, updating the Corporation's website, and drafting press releases,. The effort and timing of these activities is not necessarily comparable from period to period, and this is reflected in the variability of his charges. The small amount is due to his having charged only for the preparation of the financial statements and not all the other work he performs. Included in accounts payable and accrued expenses is \$nil owing to Mr. Doran.

## **Legal**

The regular legal expenses are higher than one might expect because the Corporation contracts out routine maintenance of the corporate records and regulatory filings. The increase in the expense for the current year is due primarily to the detailed work required in drafting agreements with respect to potential transactions to rectify the financial situation.

In addition to the legal expenses reflected in the statement of operations, the Corporation incurs charges for financing matters which are capitalized into the statement of financial



position as deductions from the respective debt. During the year, financing costs of \$39,000 (2017 - \$nil) were incurred relating to the convertible debenture financing,

### **Audit**

Audit fees have remained in line with prior year.

### **Regulatory Compliance**

Regulatory compliance costs are expected to be consistent from year to year but vary with the number and size of share issues. They include exchange fees, regulatory filing fees, transfer agent fees and timely disclosure costs. The substantial increase in 2018 is due to the filing of numerous documents with the TSX Venture Exchange relating to the issue of convertible debentures and the shares for debt exchange.

### **Investor Communications**

The investor communications costs include a fixed monthly fee for the maintenance of the Corporation's website. During 2016, the Corporation negotiated a reduction in the fixed monthly fee from \$750 per month to \$250 plus a variable cost for revisions, which resulted in a substantial reduction. This expense category also includes the cost of press releases which varies with that activity.

### **Property Taxes**

The property taxes relate to the Red Lake land acquired as a part of the McManus agreement.

### **Term Loans**

From time to time the board of directors authorizes the Corporation to borrow from available sources, pursuant to which it entered into the following unsecured term loan agreements with Mr. Ian McAvity, the then President and Chief Executive Officer of the Corporation, Mr. Eric Salsberg, and Chairman of the Board and with shareholders.

The loans bear interest rate of 5% per annum, calculated annually and were due and payable on or before December 15, 2017.

In December 2017, the then \$448,004 of term loans including accrued interest became due and was not paid on time or subsequently. Accordingly, they are now in default. To date, none of the debtholders has demanded payment. Management has negotiated with the debtholders, subject to regulatory approval which is still pending, and shareholder approval, which has been received, to convert \$433,036 of the promissory notes payable into shares (see "Proposed Restructuring") above, and repaid the remaining \$34,211 out of the proceeds of the convertible debenture issue (see "Proposed Restructuring") above. If the transactions are not completed, these unsecured debtholders, in conjunction with the

other unsecured debtors, could sue the Corporation for the debt, and, upon securing judgment, could lay claim to all of the Corporation's assets, including the Red Lake exploration and evaluation assets.

Date	Salsberg	McAvity	Total
28/02/2014		35,000	35,000
14/05/2014	20,000	20,000	40,000
29/08/2014	20,000	25,000	45,000
27/11/2014	10,000	15,000	25,000
27/02/2015		30,000	30,000
30/04/2015		30,000	30,000
20/07/2015		30,000	30,000
30/11/2015		30,000	30,000
29/02/2016		35,000	35,000
31/05/2015	30,000		30,000
29/11/2016	36,000		36,000
Total	116,000	250,000	366,000

### Working Capital

The following table sets out the progression of the Corporation's working capital (\$000s) for the last two years.

	Current Assets	Current Liabilities	Capital Deficiency	Capital Ratio
2017				
Q1	8	504	-496	n/a
Q2	8	556	-548	n/a
Q3	4	576	-572	n/a
Q4	8	613	-605	n/a
2018				
Q1	7	661	-654	n/a
Q2	19	755	-736	n/a
Q3	49	831	-782	n/a
Q4	62	916	-854	n/a

When the Corporation is actively exploring the expected pattern, which is the normal cycle for junior exploration companies, is that there will be intermittent increases in working capital as a result of financings and the exercise of stock options and warrants, followed by decreases for exploration and administrative expenses.

However, during 2017, and 2018 the cash flow and working capital reflect mainly the loans referred to above to pay administrative expenses, in particular, the term loans which are in

default and the convertible debentures which are due within one year. If one were to unbundle the working capital by segregating the term loans and the convertible debentures, the Corporation would show a working capital deficiency of \$199,439 (2017 - \$157,076). Mr. Salsberg's November 29, 2016 loan of \$36,000 was sufficient to pay all of the trade accounts payable as of that date. Accordingly, the November 30, 2018 unbundled working capital deficiency is essentially the result of the administrative costs for the 2017 and 2018 fiscal years.

Management is working diligently to resolve the situation, but there can be no assurance that they will be successful.

In the meantime, the Corporation implemented a cost reduction program, including closing its downtown office, to reduce its administrative costs to a minimum.

### **Liquidity**

In addition to the term loans, convertible debentures and working capital situations described above, the Corporation must raise approximately \$14,000 per month unrestricted cash for ongoing administrative expenses, and \$10,000 to meet a minimum advance royalty payment in December 2018.

## **Capital Structure**

### **Share Capital**

The Corporation's primary source of funds is the issuance of additional shares. These issuances, all effected by private placements, have taken the form of units consisting of a share and a share purchase warrant, and the issue of flow-through and non-flow-through common shares for cash. There are 126,076,108 shares issued at a carrying value of \$11,332,138. There have been no shares issued in the past two years.

### **Accumulated Deficit**

At November 30, 2018 the Corporation had an accumulated deficit of \$12,510,900 which exceeds the combined share capital and contributed surplus by \$778,469. The Corporation is working diligently to resolve this overall negative situation, of which the proposed restructuring referred to above is a major component, but there is no certainty that it will be successful.

### **Stock Options**

The board of directors of the Corporation considers it very important to provide a meaningful incentive to persons to join and remain with the Corporation and remain committed to the growth and development of the Corporation.

4,000,000 options to acquire one common share at a price of \$0.10 expiring March 31, 2016 were issued during the second quarter of 2011, including the grant of an aggregate of 3,500,000 options to the officers and/or directors of the Corporation. The balance of the options was granted to certain consultants of the Corporation. The options were exercisable for a period of five years at a price of \$0.10 per share and vested over an 18-month period, with one-third of the options vesting every nine months.

All of the outstanding options expired in the second quarter of fiscal 2016, unexercised.

### **Foreign Exchange Exposure**

Currently, all operations are in Canada. However, the Corporation's accruing liability of US\$2,500 per month to David Shaddrick for fees for acting as President and CEO is in US dollars. Therefore, at November 30, 2018, the Corporation had approximately \$78,000 in liabilities denominated in US dollars.

### **Off Balance Sheet Arrangements**

The Corporation does not employ any such arrangements

### **Risk Factors**

Note 1 to the Corporation's financial statements makes reference to the going concern risk faced by the Corporation. This is primarily due to its relatively low available working capital and the ongoing need to raise additional money to fund administrative costs.

The Corporation's principal activity has been and may continue to be mineral exploration. Presently it has a project comprising two abutting properties. Companies in this industry are subject to many and varied kinds of risks, including but not limited to environmental, fluctuating metal prices, and political and economic risks. Additionally, and probably significantly, few exploration projects successfully achieve commercial development. While management cannot eliminate the impact of all potential risks, the Corporation strives to manage such risks to the extent possible.

The risks and uncertainties described in this section are considered by management to be the most important in the context of the Corporation's business. The risks and uncertainties below are not inclusive of all the risks and uncertainties the Corporation may be subject to and other risks may apply.

The Corporation has no revenue from operations or other source of operating cash flow. The Corporation has limited financial resources. Substantial expenditures are required to be made to find and establish ore reserves.

The Corporation relies on the sale of equity and, more recently, short term loans to fund its operations. There is no guarantee that it will be able to obtain adequate financing in the future or that such financing will be advantageous to the Corporation. Additional funds

raised by the Corporation through the issuance of equity or convertible debt securities cause the Corporation's current shareholders to experience dilution. Such securities grant rights or privileges senior to those of the Corporation's common stockholders.

Equity market conditions for junior exploration companies raising new capital can be very volatile and challenging in turbulent economic and financial market climates. The current financial market is significantly depressed resulting in a very low market price for the Corporation's shares, making it very difficult for the Corporation to raise new capital.

### **Cautionary Note Regarding Forward-Looking Information**

This Management Discussion and Analysis contains "forward-looking information", within the meaning of applicable Canadian securities legislation, concerning the business, operations and financial performance and condition of Duncan Park. Forward-looking information includes, but is not limited to, statements with respect to exploration plans and capital expenditures. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results, "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking information is subject to known and unknown risks, uncertainties and other factors that cause the actual results, level of activity, performance or achievements of Duncan Park, to be materially different from those expressed or implied by such forward-looking information, including but not limited to: risks related to arbitration, international operations; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; future commodity prices; possible variations in possible mineralization, government regulation, environmental risks, failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mineral exploration. Although Duncan Park has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information. Duncan Park does not undertake to update any forward-looking information that is referenced herein, except in accordance with applicable securities laws.



# **Management's Discussion and Analysis**

**For the Year Ended**

**November 30, 2017**

***Dated March 28, 2018***

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## **Introduction**

The following is management's discussion and analysis ("MD&A") of the results of operations and financial condition of Duncan Park Holdings Corporation ("Duncan Park" or "the Corporation") as at and for the year ended November 30, 2017. It is provided and should be read in conjunction with the Corporation's audited financial statements and notes thereto for the same period which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). Readers should also refer to the Corporation's annual audited financial statements and notes thereto for the year ended November 30, 2016, which have comparative figures for 2015. Readers are further encouraged to visit the Corporation's website at [www.duncanpark.com](http://www.duncanpark.com) and to view the public information filings at [www.sedar.com](http://www.sedar.com).

This MD&A also covers the subsequent period up to March 28, 2018, the date of the directors' approval of this report.

## **Value Creation Strategy**

Duncan Park traditionally sought and continues to seek to enhance shareholder value through the successful exploration for gold and other precious metals in Canada and the United States of America, two of the most politically stable regions of the world. However, given the depressed state of the market for early stage exploration, management is also considering other options which might provide shareholders with increased value sooner than may be possible through the continued exploration for gold.

Funds for the exploration for gold are typically raised by way of private placement of shares. For planned exploration in Canada the Corporation issues "flow-through" shares pursuant to which the available tax benefits for Canadian Exploration Expenses are transferred from the Corporation to the investor.

## **Current Situation**

### **Property**

The Corporation has acquired a 100% interest in two abutting properties in the Red Lake mining district of Ontario, Canada. The Dome property comprises 17 unpatented mining claims relating to 40 mining units and covering approximately 504 Hectares (1245 acres), and the McManus Claims which comprise 17 patented mining claims and 11 licenses of occupation covering approximately 324 hectares (801 acres), for a combined total of approximately 828 hectares (2046 acres). The Red Lake mining camp has been a major Canadian gold producing district since 1930, with cumulative production estimated to be in excess of 25 million ounces.

Initial exploration of the property was conducted primarily by the use of geophysical studies and analyses to identify targets which were further explored by diamond drilling



on land based claims commencing in the summer of 2011 and on the lake based claims in the winter of 2012. The Corporation is encouraged by the results because it believes that it has discovered a previously unidentified mineralized zone running parallel to the main trend defined by three historic Goldcorp mines, and approximately four kilometers south of it.

In addition to its mineral rights, since the earn-in agreement with Camp McMan Red Lake Gold Mines Ltd. included a provision that any unsold surface rights would be included in the earn-in, the Corporation also holds the surface rights to some property, including six vacant building lots in a subdivided real estate development on the east side of Red Lake, between the towns of Red Lake and Balmertown and two nearby lots totaling 37.4 hectares (93.5 acres). In the 2012 winter drilling program the Corporation used two of the building lots in the subdivision as bases for positioning drilling rigs, and may do so in the future. At the end of the first quarter of fiscal 2016, management determined that, in spite of their possible usefulness for a drilling platform, it should attempt to sell some of the Company's surface rights to help provide liquidity to pay administrative costs and, accordingly, reclassified these properties as land held for resale in the statement of financial position at the end of first quarter of fiscal 2016. However, it has since been determined that the market for real estate in Red Lake is generally depressed and the Corporation has not been able to obtain a reasonable price for any lot, so the Corporation has taken the surface rights off the market and reclassified them as a long-term asset in the financial statements at the end of the third quarter of fiscal 2016.

From a geological perspective, these properties are as valuable as ever. Management is still optimistic that the Company has found a new trend in the Chukuni River basin parallel and close to that being mined by Goldcorp.

The bottom line is still:

1. Duncan Park has a large, clean, land holding in the center of a world-class gold district.
2. There are indications of mineralization at the surface and in drilling.
3. The initial geophysical work has demonstrated that some "targets" are, in fact, sulfide bearing rocks and some of these do contain anomalous gold and pathfinder elements.
4. Throughout the district gold deposits have been found in multiple geologic environments and the science of discovery is still evolving.
5. These permissive geological environments do occur on our ground.

However, whereas this time last year, and throughout most of fiscal 2017, the Company was focused on raising money for gold exploration and discussed the possibility with five potential sources, at this time the Company has determined that the public company shell itself might be more valuable in a different line of business, such as Block-chain or marijuana and is currently pursuing that course.

From a financial reporting perspective, given the possible change in thrust of the Corporation referred to above, management considers it prudent to write down the carrying value of these E&E properties to their estimated realizable value.

In November 2016, the Corporation took a preliminary write-down on these E&E properties. At that time the recoverable amount was determined based on various market indicators, primarily the then current share price and implied Corporation market capitalization. The recoverable amount was determined to be approximately \$2,200,000, and a \$500,000 provision for decline in value was recorded.

In November 2017, the Corporation, applying the accounting principles set out in Note 3 to the financial statements and recognizing the possibility of a change in direction for the Corporation, the Corporation determined that it was appropriate to write down the carrying value of its E&E properties to estimated realizable value. After careful review of the state of early stage exploration for gold particularly in Red Lake, Ontario, management set the value of the E&E properties at \$50,000, and that of the vacant land at \$25,000. This resulted in a \$2,324,971 provision for decline in value in the Statements of Operations.

## **Financial**

Due to the state of the financial markets the Corporation was unable to raise funds for exploration in fiscal 2016 or in fiscal 2017. In the first quarter of 2015 it raised \$55,000 by the issue of flow-through shares which was sufficient to complete certain geophysical exploration and analysis. The Corporation has not been able to raise any money for exploration since that time and may or may not be able to raise the additional funds needed to follow up the geophysics with diamond drilling.

The Corporation has relied on loans from directors and shareholders to pay its administrative expenses for the past three years. Unsecured loans totaling \$396,821 plus accrued interest of \$51,183 for a total liability of \$448,004 became due and payable on December 15, 2017. They were not paid on time or subsequently, and are, therefore, in default. To date, none of the debtholders have demanded payment. Management is in negotiation with third parties to try to resolve the Corporation's overall financial difficulties which would include repayment or settlement of this debt, but there is no guarantee that they will be successful. If they are not successful, these unsecured debtholders, in conjunction with the other unsecured debtors, could sue the Corporation for the debt, and, upon securing judgment, could lay claim to all of the Corporation's assets, including the Red Lake exploration property.

At November 30, 2017 the Corporation had a working capital deficiency of \$605,080 (2016- working capital deficiency of \$25,779). The primary reason for the increase is the classification of the term loans payable of \$448,004, from long-term to current liabilities due to their becoming payable within one year and increased amounts owing to suppliers,. Further, the Corporation must raise \$448,004 to repay the term loans due and in default subsequent to year end in addition to approximately \$14,000 per month needed for normal ongoing administrative expenses.

The Corporation has embarked on a program to resolve the overall negative situation, but there is no way of knowing whether it will be successful. For further analysis see “Working Capital” below.

## **Significant 2017 Events**

### **1. Payment of Advance Minimum Royalty**

In December 2016, the Corporation paid the \$10,000 annual Advance Minimum Royalty due to Camp McMan Red Lake Mines Inc. with respect to the McManus patented claims.

### **2. Reclassification of Director and Shareholder Loans**

On December 16, 2016, the Corporation reclassified its long-term debt as a current liability because it was then due in less than one year.

### **3. Ongoing Expenses**

In the normal course of business, the Corporation has incurred administrative expenses but has had only minimal infusions of cash by way of \$11,500 of term loans and \$60,500 of working capital advances included in accounts payable and accrued liabilities. Subsequent to year end, additional working capital advances of \$45,000 were received from shareholders of the Corporation.

## **Significant 2016 Events**

### **4. Term Loans**

On February 29, 2016 the Corporation entered into a \$35,000 term loan with Mr. Ian McAvity the then President and Chief Executive Officer. The loan bears interest at the rate of 5% per annum calculated annually, and is due and payable on or before December 15, 2017.

On May31, 2016 the Corporation entered into a \$30,000 term loan with Mr. Eric Salsberg, the Chairman of the Board. The loan bears interest at the rate of 5% per annum calculated annually, and is due and payable on or before December 15, 2017.

On August 16, 2016 the Corporation entered into a US\$15,000 term loan with a shareholder. The loan bears interest at the rate of 5% per annum calculated annually, and is due and payable on or before December 15, 2017.

On November 29, 2016 the Corporation entered into a \$36,000 term loan with Mr. Eric Salsberg, the Chairman of the Board. The loan bears interest at the rate of 5% per annum calculated annually, and is due and payable on or before December 15, 2017.

## **5. Death of President and CEO**

On March 16, 2016, Mr. Ian McAvity, President and CEO of the Corporation, died suddenly of a heart attack.

## **6. Expiration of Options**

During the second quarter of 2016, all of the outstanding options expired unexercised.

## **General Matters**

### **Management's Responsibility for Financial Statements**

The information provided in this report and in the financial statements is the responsibility of management. In the preparation of this information estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes that such estimates have been based upon careful judgments and have been properly reflected in the accompanying financial statements.

### **Disclosure and Internal Controls**

Disclosure controls and procedures have been established to provide reasonable assurance that material information that is required to be disclosed by the Corporation is accumulated and communicated to the Corporation's management as appropriate to allow timely decisions regarding required disclosure.

Furthermore, internal controls over financial reporting have been established to ensure that the Corporation's assets are safeguarded and to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with International Financial Reporting Standards ("IFRS"). However, readers must understand and accept that, due to the small size of the Corporation, the Corporation cannot institute many of the internal control procedures, such as the segregation of duties, available to larger organizations.

It is not expected that the disclosure controls and procedures will prevent or detect all errors and fraud. A control system, no matter how well conceived or operated, can only provide reasonable assurance that the objectives of the control system are met.

### **Quarterly Numbers**

This MD&A presents financial information by fiscal quarters.

The quarterly loss from continuing operations and the total loss for the last two years is as follows.

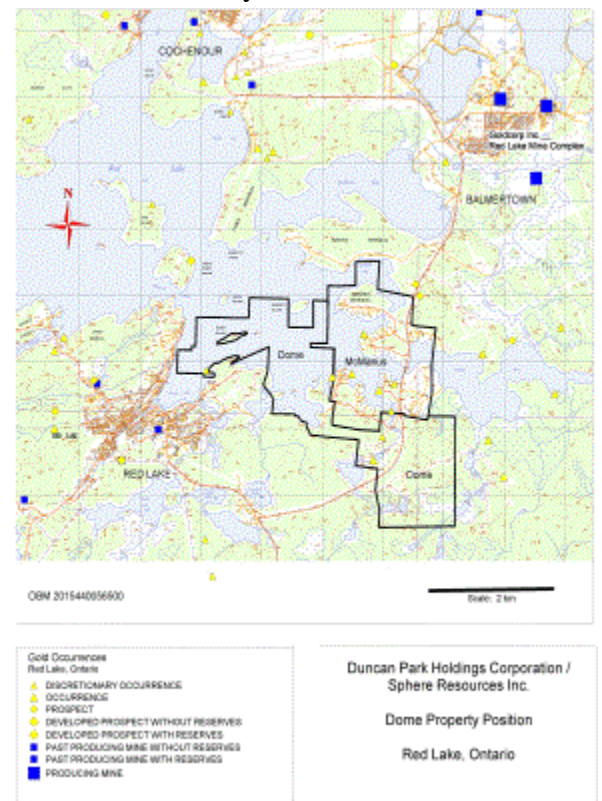
	2017		2016	
	Loss	Per Share	Loss	Per Share
Q1	46,545	\$0.000	30,107	\$0.000
Q2	52,118	\$0.000	44,904	\$0.000
Q3	23,029	\$0.000	41,530	\$0.000
Q4	2,358,457	\$0.019	528,015	\$0.005

## Red Lake Property

The Corporation has acquired a 100% interest in two separate but abutting properties in the Red Lake mining district of north-western Ontario, Canada, commonly referred to as the “Dome” Property and the “McManus” Claims. The map at right shows the location of the claims in relation to the municipality of Red Lake and the surrounding projects including known gold “showings”, and current and past producing mines.

The Duncan Park Dome/McManus project covers a large land holding in the heart of one of the world’s most productive gold districts. The land holding consists of 17 unpatented mining claims (504 hectares, subject to an underlying 2% NSR royalty), and 17 patented mining claims and 11 licenses of occupation (cumulatively 324 hectares, subject to a 3% underlying NSR royalty), for a total of 828 hectares.

The Red Lake Camp, as evidenced by widespread ore deposits and prospects, is host to a huge, district scale mineral system stretching at least from the Sherritt International deposit in the southwest to the Rubicon F2 Zone in the northeast and including the large Goldcorp mines a short distance from Duncan Park’s property. Given the proper structural setting, any place within this zone is highly prospective for the occurrence of high-grade gold deposits.



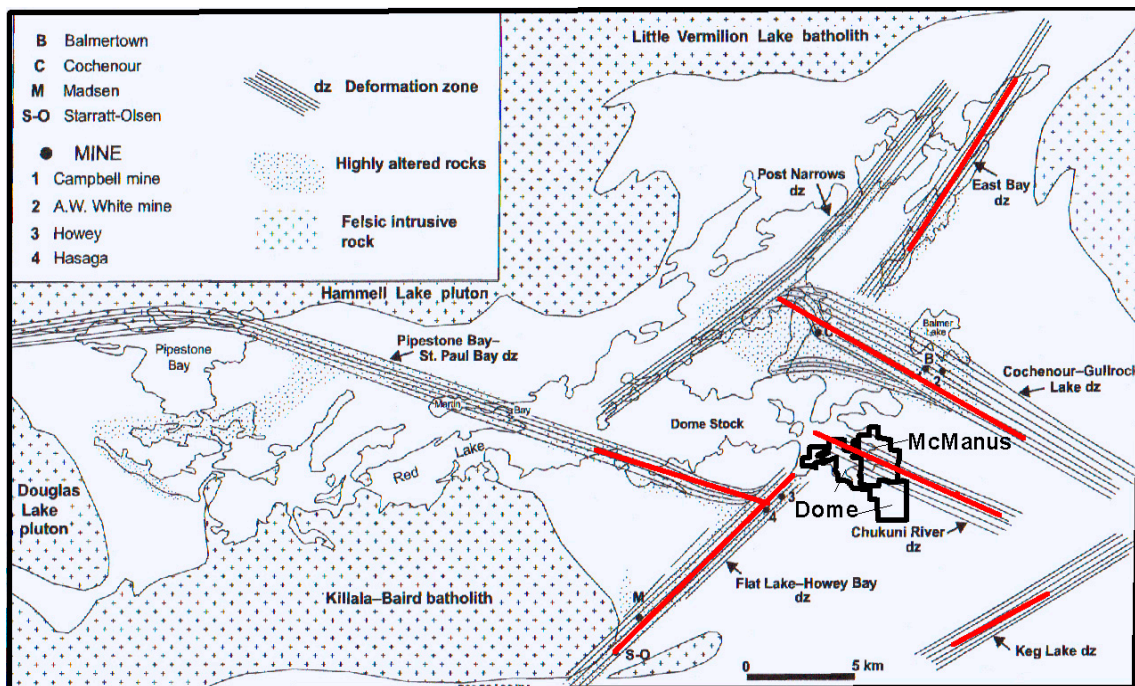
## Local Geology

The oldest assemblage of rocks in the Red Lake area is the Balmer assemblage (2860-2840 Ma), which is generally comprised of primarily massive tholeiitic basalts with minor felsic volcanoclastic rocks and metasedimentary rocks (Stott and Corfu, 1991). This assemblage is unconformably overlain by the younger Confederation assemblage (2742-2732 Ma), which generally is comprised of intermediate pyroclastics with minor rhyolitic flows and tuffs built on a sequence of mafic to intermediate pillowed flows (Stott and Corfu, 1991). Outcrop exposure becomes diminished eastward as the blanket

of glacial overburden increases and topography flattens; best exposures are found on lakeshores and riverbanks.

Although contiguous, the Dome property is divided between a northwestern, predominantly water based block of claims, and a southeastern, predominantly land based block of claims. The McManus property fills in and squares up the block to the north of the south-eastern and east of the north-western Dome claims.

The map below shows that the northwestern block of the Dome claims is at a projected intersection of the Flat Lake – Howey Bay deformation zone (now known as the Madsen Trend) and the Chukuni River deformation zone, and that both zones contain a fault, and that the McManus patents lie along the Chukuni River deformation zone.



Source: Geological Survey of Canada – Current Research 2000 C-18

## Exploration Program

The Dome/McManus project is an early stage project with significant geological, geophysical and geochemical work completed as well as 21 diamond drill holes totaling 7,016 meters drilled over two years of field work at a cost of \$2.7 million.

The Corporation determined that it was best to explore the property initially using shallow and intermediate depth Induced Polarization (“IP”) geophysical surveys, followed by diamond drilling of selected targets identified.

The first geophysical study was done on the south-eastern, land based claims of the Dome property, the only accessible property at the time, in the summer of 2010. After

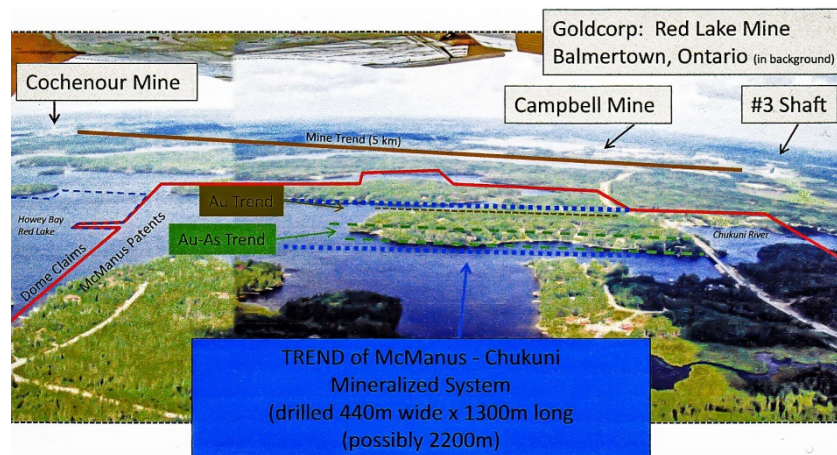


the addition of the adjacent McManus patents later in 2010, a comprehensive geophysical study of the combined properties was performed in the winter of 2011. These resulted in the identification of a number of promising targets.

In the summer/autumn of 2011, the Corporation conducted a diamond drilling program on the land based claims of the combined properties which produced encouraging results, particularly on the McManus patents. These were followed up in 2012 by a winter drilling program on the lake based claims which focused first on the Dome property at the projected intersection of two deformation zones, and then on an area of interest on the McManus patents. The results are even more encouraging.

On January 28, 2015 a five-man crew from Abitibi Geophysics Inc. of Val-d'Or, Quebec commenced a fourteen-line geophysical exploration of the western, lake based claims of the Dome property using that company's latest version of its IPower 3D technology. The field work was completed in early February, 2015. The report by Abitibi indicated that the more modern technology clarified an anomaly adjacent to a previous drill hole and identified a new one south-west of it.

The most important result to date is the identification, pictured above, of a northwesterly trending structural zone with abundant sulfides and anomalous geochemistry. This zone is interpreted to be part of the Chukuni Deformation Zone as defined by the OGS/CGS and is sub-parallel to the Goldcorp mine trend. Thus far, the new zone has been traced across the surface exposure of the Duncan Park McManus Peninsula patented claims and it appears to extend under Duncan Park's Red Lake unpatented claims.



Eight diamond drill holes drilled by Duncan Park have demonstrated the occurrence of anomalous geochemistry indicating that the zone continues at depth. Gold, both visible and up to 23.5 g/t in analyses, has been identified in quartz veins on the property.

The Corporation believes that it has discovered a previously unidentified mineralized zone running parallel to the main trend defined by three historic Goldcorp mines, and approximately four kilometers south of it.

This large land package has been dramatically underexplored and excellent drill targets remain. The next phase of work should involve targeted diamond drilling supported by additional geological mapping and soil/rock chip geochemical sampling.

## Financial Activities and Results

### Income

The Corporation has no operating income. It earns minimal interest income on cash in its bank accounts.

The following compares the expenses between 2017 and 2016. The numbers are substantially comparable from year to year. Comments on each item follow.

	2017	2016
Compensation		
CEO	39,386	19,652
CFO	12,969	15,610
Legal		
General corporate matters	32,706	37,147
Exploration costs		
Audit	14,714	14,167
Regulatory compliance	14,062	23,606
Investor communications	3,076	2,233
Interest on promissory notes	22,806	15,798
Property taxes	4,000	7,254
Office and general	12,824	11,226
	156,543	146,693

### Executive Compensation

Mr. Ian McAvity was appointed Acting President & Chief Executive Officer of the Corporation as of August 21, 2007. In March, 2011 he was appointed President and Chief Executive Officer. The Corporation entered into a management agreement with him dated effective as of August 21, 2007 for the provision of certain management services on an ongoing basis. The agreement provided for Mr. McAvity to receive a fee of \$2,500 per month plus HST and to be reimbursed for reasonable business expenses. In order to conserve Corporation working capital, Mr. McAvity agreed to waive his compensation for the thirty-eight month period from October 1, 2012 to November 30, 2015. He continued this until his death in March, 2016.

After Mr. McAvity's untimely death in March, 2016, the Corporation has had to replace Mr. McAvity. Mr. David Shaddrick P. Geo., a director of the Corporation, agreed to



assume the position of Acting President and CEO of the Corporation until a suitable replacement is found, on terms and conditions identical to those of Mr. McAvity, except that his US\$2,500 monthly fee is payable in US dollars. Effective June 1, 2016, the Corporation began accruing this cost.

Mr. Shaddrick's monthly fees are fixed and, therefore, will be comparable from period to period, but do not reflect the substantial amount and variability of the time he devotes to the Corporation's matters, particularly in the areas of financing and planning and monitoring the ongoing exploration. He was appointed to the positions of Acting President and CEO shortly after Mr. McAvity's untimely death in March, 2016. Although fees have been accruing to Mr. Shaddrick since June 1, 2016, Mr. Shaddrick has never been paid and at year end, \$60,365 is included in accounts payable and accrued liabilities.

The reason the CEO compensation for 2016 is low is that Mr. McAvity waived his fees and the Company did not start accruing for Mr. Shaddrick until the third quarter.

Mr. Harold J. Doran was appointed Chief Financial Officer of the Corporation as of May 13, 2005, and Secretary as of May 31, 2010. The Corporation entered into a management agreement with him for the provision of certain management services on an ongoing basis. The agreement provides for Mr. Doran to receive a fee of \$75 per hour plus HST and to be reimbursed for reasonable business expenses and certain professional fees related to his position as an officer of the Corporation. The agreement may be terminated by Mr. Doran at any time on not less than one month's written notice and by the Corporation at any time, without cause, on not less than one month's written notice or, at the option of the Corporation, on payment to Mr. Doran of \$2,000 in lieu of such notice plus any remuneration to which Mr. Doran is entitled as of the date of the notice of termination. The Corporation may also terminate the agreement without notice for cause. Mr. Doran is not entitled to receive any special compensation in the event of a change in control of the Corporation or any of its subsidiaries or of a change in their respective responsibilities following a change in control.

Mr. Doran is required to devote a base amount of time to the regular accounting and preparation of quarterly and annual financial statements and tax returns, which varies with the amount of exploration underway at any time. In addition, at various times, he has devoted substantial time to writing exploration agreements, reviewing exploration budgets, monitoring exploration costs against those budgets, preparing for meetings of the Technical Committees required by both exploration agreements, updating the Corporation's website, and drafting press releases,. The effort and timing of these activities is not comparable from period to period, and this is reflected in the variability of his charges. The smaller amount for 2017 is due to his having charged only for the preparation of the financial statements and not all the other work he performs. Included in accounts payable and accrued liabilities is \$10,441 owing to Mr. Doran.

## **Legal**

The regular legal expenses are higher than one might expect because the Corporation contracts out routine maintenance of the corporate records and regulatory filings.

In addition to the legal expenses reflected in the income statement, the Corporation incurs charges for share issue matters which are capitalized into the statement of financial position as deductions from share capital. There have been no such fees in 2016 or 2017.

## **Audit**

Due to the financial difficulties in the industry in general and for the Corporation in particular, the auditors agreed to a substantial reduction in the 2016 audit fees, which was reflected in the fourth quarter of that year.

## **Regulatory Compliance**

Regulatory compliance costs are expected to be consistent from year to year but vary with the number and size of share issues. They include exchange fees, regulatory filing fees, transfer agent fees and timely disclosure costs. The substantially reduced year-to-date cost is due to not yet having held the annual meeting of shareholders.

## **Investor Communications**

The investor communications costs include a fixed monthly fee for the maintenance of the Corporation's website. During 2016, the Company negotiated a reduction in the fixed monthly fee from \$750 per month to \$250 plus a variable cost for revisions, which resulted in a substantial reduction. This expense category also includes the cost of press releases which varies with that activity.

## **Property Taxes**

The property taxes relate to the Red Lake land acquired as a part of the McManus agreement.

## **Term Loans**

From time to time the board of directors authorizes the Corporation to borrow from available sources, pursuant to which it entered into the following unsecured term loan agreements with Mr. Ian McAvity, the then President and Chief Executive Officer of the Corporation, Mr. Eric Salsberg, Chairman of the Board and with shareholders.

The loans bear interest rate of 5% per annum, calculated annually and are due and payable on or before December 15, 2017. The small increase in interest on these loans reflects the \$11,500 of additional advances in the year.

Subsequent to the year-end the \$448,004 of term loans including accrued interest became due and were not paid on time or subsequently. Accordingly, they are now in default. To date, none of the debtholders has demanded payment. Management is in negotiation with third parties to try to resolve the Corporation's overall financial difficulties which would include repayment or settlement of this debt, but there is no guarantee that they will be successful. If they are not successful, these unsecured debtholders, in conjunction with the other unsecured debtors, could sue the Corporation for the debt, and, upon securing judgment, could lay claim to all of the Corporation's assets, including the Red Lake exploration property.

Date	Salsberg	McAvity	Shareholder	Total
02/28/2014		35,000		35,000
05/14/2014	20,000	20,000		40,000
08/29/2014	20,000	25,000		45,000
11/27/2014	10,000	15,000		25,000
02/27/2015		30,000		30,000
04/30/2015		30,000		30,000
07/20/2015		30,000		30,000
11/30/2015		30,000		30,000
02/29/2016		35,000		35,000
05/31/2015	30,000			30,000
08/18/2016			19,321	19,321
11/29/2016	36,000			36,000
01/10/2017			11,500	11,500
Total	116,000	250,000	19,321	396,821

### Working Capital

The following table sets out the progression of the Corporation's working capital (\$000s) for the last two years.

	Current Assets	Current Liabilities	Working Capital	Working Capital Ratio
2016				
Q1	216	51	165	4.2
Q2	216	62	154	3.5
Q3	5	44	(39)	
Q4	9	35	-26	
2017				
Q1	8	504	-496	
Q2	8	556	-548	
Q3	4	576	-572	
Q4	8	613	-605	

When the Corporation is actively exploring the expected pattern, which is the normal cycle for junior exploration companies, is that there will be intermittent increases in working capital as a result of financings and the exercise of stock options and warrants, followed by decreases for exploration and administrative expenses.

However, during 2016, and 2017 the cash flow and working capital reflect mainly the loans referred to above to pay administrative expenses, and, in particular, the reclassification of the term loans as a current liability because they are now due within one year. If one were to unbundle the working capital by segregating the term loans, the Corporation would show a working capital deficiency of \$157,076. Mr. Salsberg's November 29, 2016 loan of \$36,000 was sufficient to pay all of the trade accounts payable as of that date. Accordingly, the November 30, 2017 working capital deficiency is essentially the result of the administrative costs for the year, \$60,365 of unpaid fees owing to Mr. Shaddrick and approximately \$63,000 of working capital advances from Mr. Eric Salsberg, the Chairman of the Board as of November 30, 2017.

Management is working diligently to resolve the situation, but there can be no assurance that they will be successful. In the meantime, the Corporation implemented a cost reduction program, including closing its downtown office, to reduce its administrative costs to a minimum.

### **Liquidity**

In addition to the term loan and working capital situations described above, the Corporation must raise approximately \$14,000 per month unrestricted cash for ongoing administrative expenses, to remedy the term loan default and \$10,000 to meet a minimum advance royalty payment in December 2017.

## **Capital Structure**

### **Share Capital**

The Corporation's primary source of funds is the issuance of additional shares. These issuances, all effected by private placements, have taken the form of units consisting of a share and a share purchase warrant, and the issue of flow-through and non-flow-through common shares for cash. There are 126,076,108 shares issued at a carrying value of \$11,332,138. There have been no shares issued in the past two years.

### **Stock Options**

The board of directors of the Corporation considers it very important to provide a meaningful incentive to persons to join and remain with the Corporation and remain committed to the growth and development of the Corporation.

4,000,000 options to acquire one common share at a price of \$0.10 expiring March 31, 2016 were issued during the second quarter of 2011, including the grant of an aggregate of 3,500,000 options to the officers and/or directors of the Corporation. The balance of the options were granted to certain consultants of the Corporation. The options were exercisable for a period of five years at a price of \$0.10 per share and vested over an 18-month period, with one-third of the options vesting every six months.

All of the outstanding options expired in the second quarter of fiscal 2016, unexercised.

### **Foreign Exchange Exposure**

Currently, all operations are in Canada. However, the Corporation's accruing liability of US\$2,500 per month to David Shaddrick for fees for acting as President and CEO is in US dollars, as is the US\$15,000 liability for the term loan from a shareholder. Therefore, at November 30, 2017, the Corporation had approximately \$60,000 in liabilities denominated in US dollars.

### **Off Balance Sheet Arrangements**

The Corporation does not employ any such arrangements

### **Risk Factors**

Note 1 to the Corporation's financial statements makes reference to the going concern risk faced by the Corporation. This is primarily due to its relatively low available working capital and the ongoing need to raise additional money to fund administrative costs.

The Corporation's principal activity has been and may continue to be mineral exploration. Presently it has a project comprising two abutting properties. Companies in this industry are subject to many and varied kinds of risks, including but not limited to environmental, fluctuating metal prices, and political and economic risks. Additionally, and probably significantly, few exploration projects successfully achieve commercial development. While management cannot eliminate the impact of all potential risks, the Corporation strives to manage such risks to the extent possible.

The risks and uncertainties described in this section are considered by management to be the most important in the context of the Corporation's business. The risks and uncertainties below are not inclusive of all the risks and uncertainties the Corporation may be subject to and other risks may apply.

The Corporation has no revenue from operations or other source of operating cash flow. The Corporation has limited financial resources. Substantial expenditures are required to be made to find and establish ore reserves.

The Corporation relies on the sale of equity and, more recently, short term loans to fund its operations. There is no guarantee that it will be able to obtain adequate financing in the future or that such financing will be advantageous to the Corporation. Additional funds raised by the Corporation through the issuance of equity or convertible debt securities August cause the Corporation's current shareholders to experience dilution. Such securities grant rights or privileges senior to those of the Corporation's common stockholders.

Equity market conditions for junior exploration companies raising new capital can be very volatile and challenging in turbulent economic and financial market climates. The current financial market is significantly depressed resulting in a very low market price for the Corporation's shares, making it very difficult for the Corporation to raise new capital.

### **Cautionary Note Regarding Forward-Looking Information**

This Management Discussion and Analysis contains "forward-looking information", within the meaning of applicable Canadian securities legislation, concerning the business, operations and financial performance and condition of Duncan Park. Forward-looking information includes, but is not limited to, statements with respect to exploration plans and capital expenditures. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "August", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking information is subject to known and unknown risks, uncertainties and other factors that August cause the actual results, level of activity, performance or achievements of Duncan Park, to be materially different from those expressed or implied by such forward-looking information, including but not limited to: risks related to arbitration, international operations; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; future commodity prices; possible variations in possible mineralization, government regulation, environmental risks, failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mineral exploration. Although Duncan Park has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there August be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information. Duncan Park does not undertake to update any forward-looking information that is referenced herein, except in accordance with applicable securities laws.

**SCHEDULE "C"**  
**INTERIM FINANCIAL STATEMENTS OF THE COMPANY**  
**FOR THE THREE AND SIX MONTHS ENDED MAY 31, 2020**  
**AND 2019**



**Psyched Wellness Ltd.**

**(formerly Duncan Park Holdings Corporation)**

**Unaudited Condensed Interim Consolidated Financial Statements**

**For the three and six months ended May 31, 2020 and 2019**

**(Expressed in Canadian Dollars)**





## REVIEW REPORT ON CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

To the Audit Committee of the Board of Directors  
**Psyched Wellness Ltd.**

In accordance with our engagement letter dated July 31, 2020, we have performed an interim review of the consolidated statements of financial position of Psyched Wellness Ltd. (the "Company") as at May 31, 2020, and the consolidated statements of comprehensive of loss, consolidated statements of changes in equity and consolidated statements of cash flows for the three and six-month periods then ended. These condensed interim consolidated financial statements are the responsibility of the Company's management.

We performed our interim review in accordance with Canadian generally accepted standards for a review of condensed interim consolidated financial statements by an entity's auditor.

An interim review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the consolidated financial statements. Accordingly, we do not express such an opinion. An interim review does not provide assurance that we would become aware of any or all significant matters that might be identified in an audit.

Based on our interim review, we are not aware of any material modification that needs to be made for these condensed interim consolidated financial statements to be in accordance with International Financing Reporting Standards.

This report is solely for the use of the Audit Committee of the Company to assist it in discharging its regulatory obligation to review these consolidated financial statements and should not be used for any other purpose.

*Clearhouse LLP*

Chartered Professional Accountants  
Licensed Public Accountants

Mississauga, Ontario  
October 15, 2020

**Psyched Wellness Ltd. (formerly Duncan Park Holdings Corporation)**

Unaudited Condensed Interim Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)

		As at May 31, 2020	As at November 30, 2019
	Notes	\$	\$
<b>Assets</b>			
<b>Current Assets</b>			
Cash		1,831,188	1,471
Accounts receivable	5	62,138	3,308
Prepaid expenses	6	216,000	-
<b>Total Current Assets</b>		<b>2,109,326</b>	<b>4,779</b>
Goodwill	4	448,611	-
<b>Total Assets</b>		<b>2,557,937</b>	<b>4,779</b>
<b>Liabilities</b>			
Accounts payable and accrued liabilities	7,14	258,171	369,736
Promissory notes payable	9	-	49,638
<b>Total Liabilities</b>		<b>258,171</b>	<b>419,374</b>
<b>Shareholders' Equity</b>			
Share capital	11	14,754,926	12,046,131
Shares to be issued	12	135,000	-
Contributed surplus		400,293	400,293
Reserve for warrants	13	32,983	-
Accumulated deficit		(13,023,436)	(12,861,019)
<b>Total Shareholders' Equity</b>		<b>2,299,766</b>	<b>(414,595)</b>
<b>Total Liabilities and Shareholders' Equity</b>		<b>2,557,937</b>	<b>4,779</b>
Nature of operations and going concern	1		
Subsequent events	18		

**Approved on behalf of the Board of Directors:**"Jeffrey Stevens"

Jeffrey Stevens, Director

"Christopher Hazelton"

Christopher Hazelton, Director

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements

**Psyched Wellness Ltd. (formerly Duncan Park Holdings Corporation)**

Unaudited Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

For the three and six months ended May 31, 2020 and 2019

(Expressed in Canadian Dollars)

		Three months ended May 31, 2020	Three months ended May 31, 2019	Six months ended May 31, 2020	Six months ended May 31, 2019
	Notes	\$	\$	\$	\$
<b><u>Expenses</u></b>					
Management fees	14	108,291	14,800	108,991	28,533
Professional fees	14	85,879	68,708	95,487	108,383
Regulatory compliance		10,796	12,483	11,001	22,281
Investor communications		6,626	500	9,126	1,481
Office and general		3,376	6,783	4,896	7,938
Interest on debt settlement	7	7,783	-	7,783	-
Interest on term loans	8	-	1,105	-	5,617
Interest on promissory notes	9	81	666	740	666
Interest on convertible debentures	10	-	6,301	-	12,465
Amortization of financing costs	10	-	9,829	-	19,445
Bank charges		830	305	933	765
Property taxes		-	418	139	3,247
Annual minimum royalty		-	-	-	10,000
<b>Total Expenses</b>		<b>(223,662)</b>	<b>(121,898)</b>	<b>(239,096)</b>	<b>(220,821)</b>
<b><u>Other Income</u></b>					
Gain on debt settlement	14	78,182	-	78,182	-
Promissory notes interest – related party	14	155	-	155	-
Foreign exchange loss		(831)	-	(1,658)	-
		77,506	-	76,679	-
<b>Net Loss and Comprehensive Loss</b>		<b>(146,156)</b>	<b>(121,898)</b>	<b>(162,417)</b>	<b>(220,821)</b>
<b>Weighted Average Number of Outstanding Shares</b>					
- Basic and diluted		28,969,210	3,422,088	17,314,586	3,288,480
<b>Loss per Share</b>					
- Basic and diluted		(0.005)	(0.036)	(0.009)	(0.067)

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements

**Psyched Wellness Ltd. (formerly Duncan Park Holdings Corporation)**

Unaudited Condensed Interim Consolidated Statements of Changes in Shareholders' Equity

For the six months ended May 31, 2020 and 2019

(Expressed in Canadian Dollars)

		Number of Shares	Share Capital	Shares to be Issued	Contributed Surplus	Reserve for Warrants	Accumulated Deficit	Total
	Notes	#	\$	\$	\$	\$	\$	\$
<b>Balance, November 30, 2018</b>		3,151,912	11,332,138	-	400,293	-	(12,510,900)	(778,469)
Issuance of shares on debt settlement	8,11	1,462,178	438,653	-	-	-	-	438,653
Net loss for the period		-	-	-	-	-	(220,821)	(220,821)
<b>Balance, May 31, 2019</b>		<b>4,614,090</b>	<b>11,770,791</b>	<b>-</b>	<b>400,293</b>	<b>-</b>	<b>(12,731,721)</b>	<b>(560,637)</b>
<b>Balance, November 30, 2019</b>		5,531,890	12,046,131	-	400,293	-	(12,861,019)	(414,595)
Issuance of shares on debt settlement		7,050,090	141,002	-	-	-	-	141,002
Issuance of shares on share exchange agreement	7,11	18,000,000	360,000	-	-	-	-	360,000
Issuance of shares from Seed Financing	11	33,500,000	670,000	-	-	-	-	670,000
Issuance of shares from Series A Financing	11,12	16,370,000	1,637,000	135,000	-	-	-	1,772,000
Share issuance costs	11,13	-	(99,207)	-	-	32,983	-	(66,224)
Net loss for the period		-	-	-	-	-	(162,417)	(162,417)
<b>Balance, May 31, 2020</b>		<b>80,451,980</b>	<b>14,754,926</b>	<b>135,000</b>	<b>400,293</b>	<b>32,983</b>	<b>(13,023,436)</b>	<b>2,299,766</b>

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements

**Psyched Wellness Ltd. (formerly Duncan Park Holdings Corporation)**

## Unaudited Condensed Interim Consolidated Statements of Cash Flows

For the six months ended May 31, 2020 and 2019

(Expressed in Canadian Dollars)

		<b>2020</b>	<b>2019</b>
	<b>Notes</b>	<b>\$</b>	<b>\$</b>
<b><u>Operating Activities</u></b>			
Net loss for the period		<b>(162,417)</b>	(220,821)
Adjustments for non-cash items:			
Gain on debt settlement	14	<b>(78,182)</b>	-
Interest on term loans	8	-	5,617
Interest on promissory notes	9	-	666
Interest on convertible debentures	10	-	12,465
Amortization of financing costs	10	-	19,445
		<b>(240,599)</b>	(182,628)
Net change in non-cash working capital items:			
Accounts receivable	5	<b>(38,962)</b>	(10,640)
Prepaid expenses	6	<b>(185,400)</b>	-
Accounts payable and accrued liabilities	7	<b>23,639</b>	107,368
<b>Cash Flows used in Operating Activities</b>		<b>(441,322)</b>	(85,900)
<b><u>Financing Activities</u></b>			
Proceeds from on promissory notes	9	<b>10,000</b>	30,000
Loans made to Psyched Wellness Corp.	14	<b>(117,521)</b>	-
Proceeds from private placements	11	<b>2,307,000</b>	-
Finders' fees paid on private placements	11	<b>(63,440)</b>	-
Proceeds received on subscriptions	12	<b>135,000</b>	-
<b>Cash Flows provided by Financing Activities</b>		<b>2,271,039</b>	30,000
<b>Increase (decrease) in cash</b>		<b>1,829,717</b>	(55,900)
Cash, beginning of period		<b>1,471</b>	55,757
<b>Cash, end of period</b>		<b>1,831,188</b>	143
<b><u>Supplemental Information</u></b>			
Settlement of debts with issuance of shares	11	<b>141,002</b>	-

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements

## **Psyched Wellness Ltd. (formerly Duncan Park Holdings Corporation)**

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

Six months ended May 31, 2020 and 2019

(Expressed in Canadian Dollars)

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### **1. Nature of Operations and Going Concern**

Psyched Wellness Ltd. (formerly Duncan Park Holdings Corporation) (“Psyched” or the “Company”) is incorporated in the Province of Ontario, Canada. The Company previously operated in the mining industry and devoted its efforts to establish commercially viable mineral properties by exploring for gold and other precious metals in politically stable areas of the world. By completing the Share Exchange (defined hereafter), the Company changed its business focus to specialize on formulating, selling, and distributing mushroom infused products and associated consumer packaged goods. The Company’s objective is to create premium mushroom products that have the potential to become a leading North American brand in the emerging functional food category.

The Company’s registered address is 77 King Street West, Suite 3000, Toronto, Ontario, M5K 1G8, Canada.

On May 5, 2020, the Company entered into a share exchange agreement (the “Share Exchange”) with Psyched Wellness Corp. (“Psyched Wellness”), a private entity incorporated under the Canadian Business Corporations Act, whereby the Company issued 18,000,000 common shares and acquired all of the outstanding common shares of Psyched Wellness in exchange for common shares of the Company on a one for one basis. Pursuant to the Share Exchange, Psyched Wellness became a wholly owned subsidiary of the Company.

On July 13, 2020, the Company changed its name to Psyched Wellness Ltd., to reflect the change of business to focus in the growing psychedelic space.

The business of medicinal mushrooms health and wellness products involves a high degree of risk, and there is no assurance that any prospective project in the psychedelic industry will be successfully initiated or completed. Further, regulatory evolution and uncertainty may require the Company to alter its business plan and make further investments to react to regulatory changes.

The Company also continued to hold mining claims in Ontario and has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties. These procedures do not guarantee the Company’s title. Property title may be subject to unregistered prior agreements, unregistered claims, aboriginal claims, and noncompliance with regulatory, social and environmental requirements.

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) accounting principles applicable to a going concern. The application of the going concern basis is dependent upon the Company achieving profitable operations to generate sufficient cash flows to fund continuing operations, or, in the absence of adequate cash flows from operations, obtaining additional financing to support operations for the foreseeable future. It is not possible to predict whether financing efforts will be successful or if the Company will attain profitable levels of operations. The unpredictability of the psychedelics business, and the potential impact of the COVID-19 pandemic represent material uncertainties which may cast doubt on the Company’s ability to continue as a going concern.

These unaudited condensed interim consolidated financial statements do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying consolidated financial statements. Such adjustments could be material.

### **2. Basis of Presentation**

#### **(a) Statement of Compliance**

The Company’s unaudited condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). These unaudited condensed interim financial statements have been prepared in accordance with International Accounting Standards 34 – Interim Financial Reporting (“IAS 34”).

These unaudited condensed interim consolidated financial statements were reviewed, approved and authorized for issuance by the Board of Directors (the “Board”) of the Company on October 15, 2020.

## **Psyched Wellness Ltd. (formerly Duncan Park Holdings Corporation)**

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

Six months ended May 31, 2020 and 2019

(Expressed in Canadian Dollars)

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### **2. Basis of Presentation (continued)**

#### **(b) Basis of Measurement**

These unaudited condensed interim consolidated financial statements have been prepared in accordance with IFRS, on the historical cost basis. In addition, these unaudited condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

#### **(c) Basis of Consolidation**

These unaudited condensed interim consolidated financial statements include the accounts of the Company and Psyched Wellness. The unaudited condensed interim consolidated financial statements include all the assets, liabilities, revenues, expenses and cash flows of the Company and its subsidiary after eliminating inter-entity balances and transactions.

#### **(d) Functional Currency**

These unaudited condensed interim consolidated financial statements are presented in Canadian dollars, which is also the functional currency of the Company and its subsidiary, unless otherwise noted. The functional currency is the currency of the primary economic environment in which the Company operates.

#### **(e) Significant Accounting Judgments and Estimates**

The preparation of these unaudited condensed interim consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, revenue and expenses. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities, revenue and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions. These estimates are reviewed periodically, and adjustments are made as appropriate in the period they become known. Items for which actual results may differ materially from these estimates are described as follows:

##### *Going concern*

At each reporting period, management exercises judgment in assessing the Company's ability to continue as a going concern by reviewing the Company's performance, resources and future obligations.

##### *Business combination*

In a business acquisition, substantially all identifiable assets, liabilities and contingent liabilities acquired are recorded at the acquisition date at their respective fair values. The date on which the acquirer obtains control of the acquiree is generally the date on which the acquirer legally transfers the consideration, acquires the assets and assumes the liabilities of the acquiree – the closing date. However, the acquirer might obtain control on a date that is either earlier or later than the closing date. Management exercises judgment in considering all pertinent facts and circumstances in identifying the acquisition date.

Classification of an acquisition as a business combination or an asset acquisition depends on whether the assets acquired constitute a business, which can be a complex judgment. Whether an acquisition is classified as a business combination or asset acquisition can have a significant impact on the entries made on and after acquisition. In determining the fair value of all identifiable assets, liabilities and contingent liabilities acquired, the most significant estimates relate to contingent consideration and intangible assets. Management also exercises judgement in estimating the probability and timing of when earn-outs are expected to be achieved which is used as the basis for estimating fair value. For any intangible asset identified, depending on the type of intangible asset and the complexity of determining its fair value, an independent valuation expert or management may develop the fair value, using appropriate valuation techniques, which are generally based on a forecast of the total expected future net cash flows. The evaluations are linked closely to the assumptions made by management regarding the future performance of these assets and any changes in the discount rate applied.

## **Psyched Wellness Ltd. (formerly Duncan Park Holdings Corporation)**

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(Expressed in Canadian Dollars)

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### **2. Basis of Presentation (continued)**

#### **(e) Significant Accounting Judgments and Estimates (continued)**

##### *Fair value of financial assets and financial liabilities*

Fair value of financial assets and financial liabilities on the consolidated statements of financial position that cannot be derived from active markets, are determined using a variety of techniques including the use of valuation models. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgment is required to establish fair values. The judgments include, but are not limited to, consideration of model inputs such as volatility, estimated life and discount rates.

##### *Goodwill*

Goodwill is tested for impairment annually and whenever events or changes in circumstances indicate that the carrying amount of goodwill has been impaired. In order to determine if the value of goodwill has been impaired, the groups of assets (each a “Cash-Generating Unit or a “CGU”) to which goodwill has been allocated must be valued using present value techniques. The Company assesses impairment by comparing the recoverable amount of a long-lived asset, CGU, or CGU group to its carrying value. The recoverable amount is defined as the higher of: (i) value in use; or (ii) fair value less cost to sell. The determination of the recoverable amount involves significant estimates and assumptions. When applying this valuation technique, the Company relies on a number of factors, including historical results, business plans, forecasts and market data. Changes in the conditions for these judgments and estimates can significantly affect the assessed value of goodwill.

##### *Warrants and options*

Warrants and options are initially recognized at fair value, based on the application of the Black-Scholes valuation model (“Black-Scholes”). This pricing model requires management to make various assumptions and estimates which are susceptible to uncertainty, including the expected volatility of the share price, expected forfeitures, expected dividend yield, expected term of the warrants or options, and expected risk-free interest rate.

##### *Income taxes*

Income taxes and tax exposures recognized in the financial statements reflect management’s best estimate of the outcome based on facts known at the reporting date. When the Company anticipates a future income tax payment based on its estimates, it recognizes a liability. The difference between the expected amount and the final tax outcome has an impact on current and deferred taxes when the Company becomes aware of this difference.

In addition, when the Company incurs losses that cannot be associated with current or past profits, it assesses the probability of taxable profits being available in the future based on its budgeted forecasts. These forecasts are adjusted to take account of certain non-taxable income and expenses and specific rules on the use of unused credits and tax losses. When the forecasts indicate the sufficient future taxable income will be available to deduct the temporary differences, a deferred tax asset is recognized for all deductible temporary differences.

##### *Measurement of Non-cash consideration*

Non-cash consideration can typically be defined as consideration which is received or receivable which is in a form other than cash. The fair value of such non-cash consideration (or promise of non-cash consideration) are measured at the date of the transaction, which would typically be the transaction date. In assessing fair value, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Such characteristics include: (i) the condition and location of the asset; and (ii) restrictions, if any, on the sale or use of the asset.



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### **3. Summary of Significant Accounting Policies**

The accounting policies applied by the Company in these unaudited condensed interim consolidated financial statements are the same as those noted in the Company's audited financial statements for the year ended November 30, 2019, unless otherwise noted below.

#### **(a) Adoption of New Accounting Policies**

The Company adopted the following standard, effective December 1, 2019. The changes were made in accordance with the applicable transitional provisions:

##### *IFRS 16 – Leases (“IFRS 16”)*

IFRS 16 was issued in January 2016 and replaces IAS 17 – Leases as well as some lease related interpretations. With certain exceptions for leases under twelve months in length or for assets of low value, IFRS 16 states that upon lease commencement a lessee recognizes a right-of-use (“ROU”) asset and a lease liability. The ROU asset is initially measured at the amount of the liability plus any initial direct costs. After lease commencement, the lessee shall measure the ROU asset at cost less accumulated amortization and accumulated impairment. A lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognize the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. IFRS 16 requires that lessors classify each lease as an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise it is an operating lease.

The Company has reviewed its leasing arrangements outstanding as at December 1, 2019, in respect of the new lease standard, and had assessed that there was no material impact upon adoption of this new standard on the Company's unaudited condensed interim consolidated financial statements.

##### *IFRIC 23 – Uncertainty Over Income Tax Treatments (“IFRIC 23”)*

IFRIC 23 clarifies the accounting for uncertainties in income taxes. The IFRS Interpretations Committee (“IFRIC”) concluded that an entity shall consider whether it is probable that a taxation authority will accept an uncertain tax treatment. If an entity concludes it is probable that the taxation authority will accept an uncertain tax treatment, then the entity shall determine taxable profit (tax loss), tax bases, unused tax losses and credits or tax rates consistently with the tax treatment used or planned to be used in its income tax filings. If an entity concludes it is not probable that the taxation authority will accept an uncertain tax treatment, the entity shall reflect the effect of uncertainty in determining the related taxable profit (tax loss), tax bases, unused tax losses and credits or tax rates. The Company had assessed that there was no material impact upon adoption of this new standard on its unaudited condensed interim consolidated financial statements.

#### **(b) Recent Accounting Pronouncements**

At the date of authorization of these unaudited condensed interim consolidated financial statements, the IASB and IFRIC have issued the following new and revised standards and amendments which are effective for annual periods beginning on or after December 1, 2020:

##### *IAS 1 – Presentation of Financial Statements (“IAS 1”) and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors (“IAS 8”)*

IAS 1 and IAS 8 were amended in October 2018 to refine the definition of materiality and clarify its characteristics. The revised definition focuses on the idea that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements. The amendments are effective for annual reporting periods beginning on or after December 1, 2020.

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**4. Business Combination**

On May 5, 2020, the Company completed the Share Exchange pursuant to which the Company acquired all issued and outstanding shares of Psyched Wellness from holders of Psyched Wellness shares (the “Share Exchange Agreement”). Upon closing of the Share Exchange, Psyched Wellness became a wholly owned subsidiary of the Company. The Company determined that the Share Exchange was a business combination in accordance to the definition of IFRS 3 – Business Combination, and as such, has accounted for it in accordance with this standard, with the Company being the acquirer on the closing date.

The purchase price for the Share Exchange was \$360,000 and was satisfied in full by the Company issuing to holders of Psyched Wellness shares an aggregate of 18,000,000 common shares. The purchase price and other terms of the Share Exchange Agreement were negotiated at arm’s length with the Board of the Company and Psyched Wellness. The Company is looking to obtain a public listing on a Canadian stock exchange, and the Share Exchange will allow the Company to capitalize and position itself to participate in the growing psychedelic space.

The following table sets forth the preliminary allocation of the purchase price to the assets acquired, based on a preliminary estimate of fair value. Final valuations of assets and liabilities are not yet complete due to the timing of the Share Exchange. The preliminary allocation is subject to adjustments:

<b>Purchase Price Consideration Paid</b>	
	\$
Fair value of common shares issued	<b>360,000</b>
Fair value of settlement of pre-existing balance	<b>117,676</b>
<b>Total consideration paid</b>	<b>477,676</b>
<b>Net Identifiable Asset Acquired</b>	
Accounts receivable	<b>19,868</b>
Prepaid expenses	<b>30,600</b>
Accounts payable and accrued liabilities	<b>(21,403)</b>
<b>Total net identifiable assets acquired</b>	<b>29,065</b>
<b>Goodwill</b>	<b>448,611</b>

Total consideration of \$477,676 paid on the Share Exchange is comprised of the following components that were measured at the estimated fair value on the closing date:

- (i) The fair value of the 18,000,000 common shares, issued to holders of Psyched Wellness shares, was determined to be \$360,000 based on the fair value of founders’ shares issued on April 23, 2020 (see Note 11).
- (ii) The effective settlement of a pre-existing liability related to the promissory note to the Company by Psyched Wellness of \$117,676, including interest of \$155 (see Note 14).

The net loss attributed to Psyched Wellness for the period from acquisition was \$73,110.

**5. Accounts Receivable**

The Company’s accounts receivable balance represents amounts due from government taxation authorities in respect of the Harmonized Sales Tax. The Company anticipates full recovery of these amounts and therefore no credit loss has been recorded against these receivables, which are due in less than one year.

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**6. Prepaid Expenses**

	<b>May 31, 2020</b>	November 30, 2019
	\$	\$
Advances made to suppliers	<b>200,000</b>	-
Other prepaid expenses and assets	<b>16,000</b>	-
	<b>216,000</b>	-

**7. Accounts Payable and Accrued Liabilities**

Accounts payables of the Company are principally comprised of amounts outstanding for trade purchases relating to regular business activities and amounts payable for financing activities.

	<b>May 31, 2020</b>	November 30, 2019
	\$	\$
Accounts payable	<b>118,511</b>	87,271
Accrued liabilities	<b>84,720</b>	261,197
Others	<b>54,940</b>	21,268
	<b>258,171</b>	369,736

The Company's standard term for trade payable is 30 to 60 days.

**8. Term Loans**

Commencing in 2014, the Company entered into a series of unsecured term loan agreements aggregating \$250,000 and \$116,000, respectively, with the late Ian McAvity, a former officer and director of the Company, and Eric P. Salsberg ("E. Salsberg"), also a former director. The loans bore interest at the rate of 5% per annum calculated annually and were due and payable on December 15, 2017.

On May 14, 2019, the Company settled \$301,989 and \$136,664 (the "Debt Settlement") of outstanding principal term loan balances (including accrued interest) with the Estate of Ian McAvity (the "Estate") and E. Salsberg, respectively, through the issuance of 1,462,178 common shares ("Debt Settlement Shares"). The Debt Settlement Shares were issued at a price of \$0.30 per share on May 14, 2019. For purposes of calculating interest, accrued interest was calculated as of the fifth (5<sup>th</sup>) business day prior to the issuance of the Debt Settlement Shares.

As a condition of the Debt Settlement, the Estate and E. Salsberg agreed to sell the Debt Settlement Shares to certain investors, including certain subscribers to the Private Placement from October 2018 (defined hereafter), at a price equal to 20% of the principal amount of the debt and accrued interest.

During the period from December 1, 2018 up to the Debt Settlement on May 14, 2019, interest expense of \$5,617 was recorded on the loans.

**9. Promissory Notes Payable**

On March 11, 2019, the Company issued a promissory note (the "First Promissory Note") to an arm's length party, in exchange for an advance of \$30,000. The First Promissory Note is unsecured, bears interest at a rate of 10% per annum on the unpaid portion of the principal, calculated and compounded monthly. The First Promissory Note is due and payable on demand.

On October 23, 2019, the Company issued another promissory note (the "Second Promissory Note") to another arm's length party, in exchange for an advance of \$17,202. The Second Promissory Note is unsecured, bears interest at a rate of 12% per annum on the unpaid portion of the principal, calculated and compounded monthly. The Second Promissory Note is due and payable on demand.

## Psyched Wellness Ltd. (formerly Duncan Park Holdings Corporation)

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### 9. Promissory Notes Payable (continued)

On January 16, 2020, the Company issued another promissory note (the “Third Promissory Note”) to another arm’s length party, in exchange for an advance of \$10,000. The Third Promissory Note is unsecured, bears interest at a rate of 12% per annum on the unpaid portion of the principal, calculated and compounded monthly. The Third Promissory Note is due and payable on demand.

On April 23, 2020, the Company settled \$60,378 of outstanding promissory notes (including accrued interest) with the above-mentioned arm’s length parties, as part of the issuance of 7,050,900 Debt Settlement Shares (see Note 11 for details).

During the period up from December 1, 2019 to the Shares-for-Debt Issuances (defined hereafter) on April 23, 2020, \$740 (2019 – \$666) of interest expense was incurred in relation to the promissory notes.

### 10. Convertible Debentures

On October 9, 2018, the Company completed a private placement of \$250,000 (the “Private Placement”) of convertible debentures (the “Debentures”), which had a term of one year and accrued interest at a rate of 10% per annum. Pursuant to the Private Placement, the Debentures are convertible into units of the Company at the election of the holder. Each underlying unit was comprised of one pre-consolidation share (a “Debenture Share”) and one-half (1/2) of one pre-consolidation share purchase warrant (a “Warrant”), subject to adjustment following completion of the share consolidation, as described in Note 11.

Following the completion of the share consolidation, the Debentures were convertible based on a price of \$0.40, adjusted to account for the consolidation ratio. Following the completion of the share consolidation, the Warrants would be exercisable at a price of \$0.60 for every post-consolidation share. Following the Company’s delisting from the TSX Venture Exchange on May 9, 2019, the Debentures became effectively convertible into one Debenture Share (and no Warrants) at a price of \$0.30 per share, adjusted to account for the share consolidation.

On October 9, 2019, immediately prior to its maturity, the Debentures were converted into 917,800 Debenture Shares of the Company, at the adjusted conversion price of \$0.30.

During the six months ended May 31, 2019, interest expense of \$12,465 was recorded on the Debentures.

### 11. Share Capital

#### *Authorized share capital*

The Company is authorized to issue an unlimited number of common shares without par value.

Common shares issued and outstanding as at May 31, 2020 are as follows:

	May 31, 2020	November 30, 2019
	\$	\$
Issued: 80,451,980 common shares		
(November 30, 2019 – 5,531,890 common shares)	14,754,926	12,046,131

#### *Share capital transactions for the six months ended May 31, 2020*

On April 23, 2020, the Company closed a non-brokered private placement (“Seed Financing”) through the issuance of 33,500,000 common shares at a price of \$0.02 per common share, for gross proceeds of \$670,000.

On April 23, 2020, the Company also settled an aggregate amount of \$141,002 of indebtedness owed to certain arm’s length and non-arm’s length creditors through the issuance of 7,050,090 common shares of the Company (“Shares-for-Debt Issuances”) at a price of \$0.02 per common share.

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**11. Share Capital (continued)***Share capital transactions for the six months ended May 31, 2020 (continued)*

On May 5, 2020, the Company entered into the Share Exchange with Psyched Wellness, whereby the Company acquired all of the outstanding common shares of Psyched Wellness in exchange for common shares of the Company on a one for one basis. On closing, holders of Psyched Wellness shares were issued an aggregate of 18,000,000 common shares of the Company. (see Note 4)

On May 22, 2020, the Company completed the first tranche of a non-brokered private placement ("Series A Financing") for gross proceeds of \$1,637,000 through the issuance of 16,370,000 common shares at a price of \$0.10 per common share. In connection with the Series A Financing, the Company paid finders' fees of \$63,440 and issued 632,000 broker warrants. Each broker warrant is exercisable into one common share of the Company at a price of \$0.10 for a period of 24 months from closing of the Series A Financing.

*Share capital transactions for the six months ended May 31, 2019*

On December 18, 2018, at the Company's Annual General Meeting of Shareholders, shareholders of the Company approved a resolution empowering the Board to affect a share consolidation of up to one post-consolidation share for every 40 pre-consolidation shares (the "Share Consolidation"). Subsequently, the Board approved a motion to consolidate the Company's shares at a 40:1 ratio. Regulatory approval was received on January 29, 2019, and the Share Consolidation was effective February 1, 2019.

On May 14, 2019, the Company issued 1,462,178 Debt Settlement Shares to settle the outstanding term loans of \$301,989 and \$136,664 (including accrued interest) with the Estate and E. Salsberg, respectively (see Note 8). The Debt Settlement Shares were valued at \$438,653 based on the fair value of the outstanding term loans.

*Basic and diluted loss per share*

Basic and diluted loss per share is calculated by dividing the net loss for the period by the weighted average number of common shares outstanding during the period. For the three and six months ended May 31, 2020, the basic and diluted loss per share was \$0.005 and \$0.009, respectively (2019 – \$0.036 and 0.067, respectively).

Potentially dilutive shares totaling 632,000 were excluded from the calculations of diluted net loss per share as of May 31, 2020 as they were deemed to be antidilutive.

**12. Shares to be Issued**

As at May 31, 2020, the Company had received total proceeds of \$135,000 in relation to subscription of funds of the second tranche ("Tranche 2") of the Series A Financing, which closed subsequent to period-end (see Note 18).

**13. Reserve for Warrants**

The following summarizes the warrant activity for the six months ended May 31, 2020 and 2019:

	May 31, 2020		May 31, 2019	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
	#	\$	#	\$
<b>Outstanding, beginning of period</b>	-	-	-	-
Issued from Series A Financing	<b>632,000</b>	<b>0.10</b>	-	-
<b>Outstanding, end of period</b>	<b>632,000</b>	<b>0.10</b>	-	-

**Psyched Wellness Ltd. (formerly Duncan Park Holdings Corporation)**

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**13. Reserve for Warrants (continued)***Warrant issuances for the six months ended May 31, 2020*

On May 22, 2020, the Company issued 632,000 broker warrants as compensation to finders in connection with the Series A Financing, as disclosed in Note 11. Each broker warrant is exercisable at \$0.10 to purchase one common share of the Company for a period of 24 months from closing of the Series A Financing. The grant date fair value of the broker warrants issued was estimated to be \$32,983 using Black-Scholes with the following assumptions: share price of \$0.10, expected volatility of 100% based on estimated volatility for the psychedelic industry, expected dividend yield of 0%, risk-free interest rate of 0.29% and an expected life of two years.

*Warrant issuances for the six months ended May 31, 2019*

There were no warrant issuances during the six months ended May 31, 2019.

The following table summarizes information of warrants outstanding as at May 31, 2020:

<b>Date of expiry</b>	<b>Number of warrants outstanding</b>	<b>Exercise price</b>	<b>Weighted average remaining contractual life</b>
	<b>#</b>	<b>\$</b>	<b>Years</b>
May 22, 2022	632,000	0.10	1.98
	<b>632,000</b>	<b>0.10</b>	<b>1.98</b>

**14. Key Management Compensation and Related Party Transactions***Key management personnel compensation*

Key management includes the Company's directors and officers with authority and responsibility for planning, directing and controlling the activities of an entity, directly or indirectly.

The remuneration of directors and other members of key management personnel during the six months ended May 31, 2020 and 2019 were as follows:

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Management fees	<b>16,000</b>	28,533
Professional fees	<b>27,625</b>	9,000
	<b>43,625</b>	37,533

On March 25, 2020, Psyched Wellness and S4 Management Group Inc. ("S4 Management"), an entity controlled by Jeffrey Stevens, the Chief Executive Officer ("CEO") and a director of the Company, entered into a consulting agreement, for a monthly remuneration of \$8,000 in consideration of the CEO's services to be provided to the Company. For the six months ended May 31, 2020, S4 Management charged \$8,000 (2019 – \$nil) for consulting services provided to the Company, which are included in management fees. As at May 31, 2020, no balance was owed to S4 Management (November 30, 2019 – \$nil).

On March 25, 2020, Psyched Wellness and David Shisel, the Chief Operating Officer ("COO") of the Company, entered into a consulting agreement, for a monthly remuneration of \$8,000 in consideration of the COO's services to be provided to the Company. For the six months ended May 31, 2020, the COO charged \$8,000 (2019 – \$nil) for consulting services provided to the Company, which are included in management fees. As at May 31, 2020, an amount of \$28,713 (November 30, 2019 – \$nil) owing to the COO was included in accounts payable and accrued liabilities. The amount outstanding is unsecured, non-interest bearing and due on demand.

## **Psyched Wellness Ltd. (formerly Duncan Park Holdings Corporation)**

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(Expressed in Canadian Dollars)

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### **14. Key Management Compensation and Related Party Transactions (continued)**

#### *Key management personnel compensation (continued)*

During the six months ended May 31, 2020, Branson Corporate Services Ltd. (“Branson”), where Keith Li, the Chief Financial Officer (“CFO”) of the Company is employed, charged fees of \$27,625 (2019 – \$9,000), for CFO services provided to the Company, as well as other accounting and administrative services, which are included in professional fees. As at May 31, 2020, no balance was owed to Branson (November 30, 2019 – \$19,755; included in accounts payable and accrued liabilities).

During the six months ended May 31, 2019, the Company was charged \$20,028 (USD\$15,000) and \$8,505, respectively, by David Shaddrick (“D. Shaddrick”), a former President and CEO of the Company, and Harold Doran, a former CFO, for consulting and accounting services previously provided to the Company.

#### *Other related party transactions*

On March 5, 2020, the Company entered into a Debt Settlement with E. Salsberg and D. Shaddrick, as debts of \$216,190 previously owed to the parties were settled for payments of \$79,173 and \$58,835, respectively. As a result, the Company recorded a gain of \$78,182 on the Debt Settlement. E. Salsberg was issued 1,000,000 common shares of the Company at a price of \$0.02 per common share, as part of the Shares-for-Debt Issuances on April 23, 2020, to settle a remaining debt balance of \$20,000.

On April 23, 2020, the Company entered into a Shares-for-Debt Issuance with Branson through the issuance of 1,779,750 common shares at a price of \$0.02 per common share, to settle debts of \$35,595.

On May 1, 2020, the Company advanced funds of \$117,521 to Psyched Wellness, in exchange of a promissory note. The promissory note is unsecured, due on demand and bears interest at a rate of 12% per annum. Upon closing of the Share Exchange, the balance had been eliminated on consolidation. The Company recognized interest income of \$155 on the promissory note from the period from issuance to May 5, 2020.

### **15. Capital Management**

The Company’s objectives when managing capital is to safeguard its ability to continue as a going concern and to maintain optimal returns to shareholders and benefits for its stakeholders. While the Company does not yet have any commercial operations, monitors its capital structure and makes adjustments according to market conditions to meet its objectives given the current outlook of the business and industry in general. The Board of the Company does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the management team to sustain the future development of the business.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company’s capital management objectives, policies and processes have remained unchanged during the six months ended May 31, 2020 and the year ended November 30, 2019.

The Company is not subject to any externally imposed capital requirements.

### **16. Financial Instrument Risks**

The Company’s financial instruments consist primarily of cash, accounts payable and promissory notes payable. The Company is exposed to various risks as it relates to these financial instruments. There have not been any changes in the nature of these risks or the process of managing these risks from previous reporting periods.

#### *Credit risk*

Credit risk is the risk of loss associated with a counterparty’s inability to fulfill its payment obligations. Cash is held with reputable Canadian chartered banks and in trust with the Company’s legal counsel, which is closely monitored by management. Management believes that the credit risk concentration with respect to financial instruments is minimal. The maximum exposure to credit risk at period-end is limited to the accounts receivable balance.

**Psyched Wellness Ltd. (formerly Duncan Park Holdings Corporation)**

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

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**16. Financial Instrument Risks (continued)***Liquidity risk*

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or related to matters specific to the Company. The Company generates cash flow primarily from its financing activities. As at May 31, 2020, the Company had a cash balance of \$1,831,188 (November 30, 2019 – \$1,471) to settle current liabilities of \$258,171 (November 30, 2019 – \$419,374).

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet its liabilities as they come due. The Company has undertaken several proposed restructuring initiatives and other corporate measures to rationalize its capital and debt structure to better position the Company for future opportunities and meet its obligations as they come due. Until these initiatives and efforts are finalized, there is no assurance that one or any of these initiatives will be successful.

*Foreign exchange risk*

From time to time, the Company incurs transactions in currencies denominated in currencies other than the CAD, primarily in United States dollars ("USD"). The Company's exposure to fluctuations in foreign exchange is related to amounts of USD denominated accounts payable as follows:

	May 31, 2020	November 30, 2019
	\$	\$
Accounts payable and term loans	3,778	92,000

**17. Comparative Figures**

Certain comparative figures have been reclassified to conform to the current period's presentation on the unaudited condensed interim consolidated financial statements. Net loss previously reported has not been affected by this reclassification.

**18. Subsequent Events**

On June 1, 2020, the Company completed Tranche 2 of the Series A Financing for gross proceeds of \$2,231,500 through the issuance of 22,315,000 common shares at a price of \$0.10 per common share. In connection with Tranche 2 of the Series A Financing, 1,737,200 broker warrants were issued as compensation to the finders. Each broker warrant is exercisable into one common share of the Company at a price of \$0.10 for a period of 24 months from closing of Tranche 2 of the Series A Financing.

On July 13, 2020, the Company granted 7,312,000 options to various officers, directors and consultants of the Company. The options are exercisable at an exercise price of \$0.10 per common share for a period of five years. The options vest three months from the date of grant.

On July 31, 2020, the Company completed the third and final tranche of the Series A Financing for gross proceeds of \$187,595 through the issuance of 1,875,950 common shares at a price of \$0.10 per common share.



**SCHEDULE "D"**  
**MANAGEMENT DISCUSSION & ANALYSIS OF THE**  
**COMPANY**  
**FOR THE THREE AND SIX MONTHS ENDED MAY 31, 2020**  
**AND 2019**



**Psyched Wellness Ltd.**

**(formerly Duncan Park Holdings Corporation)**

**Management's Discussion and Analysis**

**For the three and six months ended May 31, 2020 and 2019**

## **Psyched Wellness Ltd. (Duncan Park Holdings Corporation)**

Management's Discussion and Analysis

For the six months ended May 31, 2020

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### **Introduction**

The following is the Management's Discussion and Analysis ("MD&A") of the results of operations and financial condition of Psyched Wellness Ltd. (formerly Duncan Park Holdings Corporation) ("Psyched", "we" or the "Company") as at and for the period ended May 31, 2020. This MD&A was written to comply with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. This MD&A should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements and related notes for the three and six months ended May 31, 2020 and 2019, as well as the audited financial statements and related notes for the year ended November 30, 2019. The Company's unaudited condensed interim consolidated financial statements for the three and six months ended May 31, 2020 and 2019, and the financial information contained in this MD&A are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC"). In the opinion of management, all adjustments considered necessary for a fair presentation have been included. All figures are expressed in Canadian dollars unless stated otherwise.

This MD&A also covers the subsequent period up to October 16, 2020.

### **Description of Business**

Psyched previously operated in the mining industry and devoted its efforts to establish commercially viable mineral properties by exploring for gold and other precious metals in politically stable areas of the world. By completing the Share Exchange (defined hereafter), the Company is changing its business focus to specialize on formulating, selling, and distributing mushroom infused products and associated consumer packaged goods. The Company's objective is to create premium mushroom products that have the potential to become a leading North American brand in the emerging functional food category.

The Company has recently submitted an application to list its common shares on the Canadian Securities Exchange (the "CSE"). While it is not possible to confirm if or when such listing will occur, the Company will provide further updates with respect to the potential listing as they become available.

On July 13, 2020, the Company changed its name to Psyched Wellness Ltd., to reflect the change of business to focus in the growing psychedelic space. The name change is a critical next step for the Company, in order to capitalize and position the Company to participate in the growing interest in the psychedelic space as we build out our health and wellness products.

### **Recent Developments**

#### *Share exchange*

On May 5, 2020, the Company entered into a share exchange agreement (the "Share Exchange") with Psyched Wellness Corp. ("Psyched Wellness"), whereby the Company issued 18,000,000 common shares acquired all of the outstanding common shares of Psyched Wellness and became the sole shareholder of Psyched Wellness (see "Business Combination" for more details).

#### *Change of officers and directors*

On January 27, 2020, Keith Li was appointed as the new Chief Financial Officer ("CFO") of the Company, replacing Hasan Zaidi.

On March 5, 2020, Christopher Hazelton was appointed as a director of the Company, following the resignation of David Shaddrick as a director.

On May 5, 2020, upon closing of the Share Exchange, the Company appointed Jeffrey Stevens and David Shisel as the Chief Executive Officer ("CEO") and the Chief Operating Officer ("COO") of Psyched, respectively. Mr. Stevens replaced out-going CEO, Brian Presement. Along with Mr. Stevens and Mr. Hazelton, the Company also appointed Michael Nederhoff (Chairman), Terry Booth and Nicholas Kadysh to the Board of Directors (the "Board").

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### *Financing*

On April 23, 2020, the Company closed a non-brokered private placement ("Seed Financing") through the issuance of 33,500,000 common shares at a price of \$0.02 per common share, for gross proceeds of \$670,000.

On April 23, 2020, the Company also settled an aggregate amount of \$141,002 of indebtedness owed to certain arm's length and non-arm's length creditors through the issuance of 7,050,090 common shares of the Company ("Shares-for-Debt Issuances") at a price of \$0.02 per common share.

On May 5, 2020, the Company entered into the Share Exchange with Psyched Wellness, whereby the Company acquired all of the outstanding common shares of Psyched Wellness in exchange for common shares of the Company on a one for one basis. At closing, holders of Psyched Wellness shares were issued an aggregate of 18,000,000 common shares of the Company.

On May 22, 2020, the Company completed the first tranche ("Tranche 1") of a non-brokered private placement ("Series A Financing") for gross proceeds of \$1,637,000 through the issuance of 16,370,000 common shares at a price of \$0.10 per common share. In connection with Tranche 1 of the Series A Financing, the Company paid finders' fees of \$63,440 and issued 632,000 broker warrants. Each broker warrant is exercisable into one common share of the Company at a price of \$0.10 for a period of 24 months from closing of Tranche 1.

On June 1, 2020, the Company completed the second tranche ("Tranche 2") of the Series A Financing for gross proceeds of \$2,231,500 through the issuance of 22,315,000 common shares at a price of \$0.10 per common share. In connection with Tranche 2 of the Series A Financing, 1,737,200 broker warrants were issued as compensation to the finders. Each broker warrant is exercisable into one common share of the Company at a price of \$0.10 for a period of 24 months from closing of Tranche 2.

On July 31, 2020, the Company completed the third and final tranche of the Series A Financing for gross proceeds of \$187,595 through the issuance of 1,875,950 common shares at a price of \$0.10 per common share.

### **Outlook and Strategy**

Psyched's objective is to create premium mushroom products that have the potential to become a leading North American brand in the emerging functional food category. Over the next 12 months, Psyched intends to develop and launch a line of mushroom-infused functional tinctures, teas, and capsules designed to help with three health objectives: soothe the body, ease physical distress and assist with sleeping.

The Company has an aggressive plan for the remainder of 2020, where key focus areas include:

- (i) Approve a name change to Psyched Wellness Ltd. (done),
- (ii) Change ticker symbol to "PSYC",
- (iii) Increase the number of board members by one (done), and
- (iv) Implement a stock option plan (done).

The Company has submitted a listing statement and application to the CSE and is targeting to list in August of 2020 with the ticker symbol "PSYC" reserved. The Company has recently completed equity financings for an aggregate of approximately \$4.6 million providing an adequate amount of capital to execute on the operational goals. In conjunction with the public listing, management will continue to work with its advisors and contract research organization ("CRO") partners on the research and development ("R&D") and formulation of its flagship product, an Amanita Muscaria mushroom-infused tincture. The Company has engaged various entities to complete the toxicology assessment, including safety margins analysis for human consumption, complete a gap analysis and path to market assessment, R&D on extraction methods, determine the applicable regulatory and labeling requirements, complete branding artwork and package design. A relationship with a Canadian-based distributor has been established, which will position the Company to get its products in Canadian retail locations.

In the first half of 2021, the Company will be working on supply chain manufacturing for commercial-scale manufacturing of Amanita Muscaria infused products. Management has identified a contract manufacturing partner that

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has all of the necessary regulatory approvals to manufacture the product, bottle, and label on behalf of the Company. Management will build an e-commerce marketplace and evaluate various web fulfillment and logistics companies for distribution from the marketplace in the Canadian and United States ("US") markets.

**Overall Performance***Selected annual information*

The Company's selected financial information for the three most recently completed financial years ended November 30 are summarized as follows:

	2019	2018	2017
	\$	\$	\$
Operating expenses	(275,119)	(246,882)	(156,543)
Other expenses	(75,000)	(1,507)	(2,323,606)
Net loss	(350,119)	(248,389)	(2,480,149)
Loss per share	(0.086)	(0.079)	(0.787)
Total assets	4,779	137,155	83,028
Total liabilities	419,374	915,624	613,108
Shareholders' deficiency	(414,595)	(778,469)	(530,080)

*Selected quarterly financial results*

The Company's selected financial information for the eight most recently completed quarters as at May 31, 2020 are as follows:

	Q2 2020	Q1 2020	Q4 2019	Q3 2019
	\$	\$	\$	\$
Operating expenses	(223,662)	(15,435)	(19,396)	(34,902)
Other income (expenses)	77,506	(827)	(75,000)	-
Net loss	(146,156)	(16,262)	(94,396)	(34,902)
Net loss per share – basic and diluted	(0.005)	(0.086)	(0.011)	(0.008)
Cash	1,831,188	8,046	1,471	-
Working capital (deficiency)	1,851,155	(430,857)	(414,595)	(670,539)
Total assets	2,557,937	11,294	4,779	93,924

	Q2 2019	Q1 2019	Q4 2018	Q3 2018
	\$	\$	\$	\$
Operating expenses	(121,898)	(98,923)	(70,397)	(45,290)
Other expenses	-	-	(1,507)	-
Net loss	(121,898)	(98,923)	(71,904)	(45,290)
Net loss per share – basic and diluted	(0.009)	(0.079)	(0.024)	(0.014)
Cash	-	4,794	55,757	39,487
Working capital deficiency	(635,637)	(952,393)	(853,469)	(731,565)
Total assets	92,038	92,743	137,155	124,055

*Quarterly results of operations*

During the three months ended May 31, 2020 ("Q2 2020"), the Company incurred total operating expenses of \$223,662, as compared to total operating expenses of \$121,898 during the three months ended May 31, 2019 ("Q2 2019"), for an increase of \$101,764. The significant changes in operating expenses in the current period is primarily attributable to the following items:

- Management fees of \$108,291 in Q2 2020 as compared to \$14,800 in Q2 2019, for an increase of \$93,491. The substantial increase in management fees is a result of new consulting agreements entered with the new team of

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officers and directors, as the Company has changed its business focus for the health and wellness products sector; and

- Professional fees of \$85,879 in Q2 2020 as compared to \$68,708 in Q2 2019, for an increase of \$17,171. Accounting and audit fees included in professional fees are fairly in line with the comparative period. The increase is primarily related to legal fees incurred on the Share Exchange and related expenses on the pending listing application currently submitted to the CSE.

In addition, the Company also incurred interest expenses on certain of its indebtedness in Q2 2020. As part of the Shares-for-Debt Issuances, interest of \$7,783 (Q2 2019 – \$nil) was charged on the previously owed indebtedness prior to its settlement. In conjunction to the Shares-for-Debt Issuances, a gain of \$78,182 (Q2 2019 – \$nil) was recognized on the settlement. In comparison, interest of \$17,901 was charged in Q2 2019 on the various debts previously owed by the Company, including its term loans, promissory notes and convertible debentures.

Net loss for the three months ended May 31, 2020 was \$146,156 (loss of \$0.005 per share), as compared to a net loss of \$121,898 (loss of \$0.036 per share) for Q2 2019.

### *Year-to-date results of operations*

During the six months ended May 31, 2020, the Company had incurred total operating expenses of \$239,096, as compared to total operating expenses of \$220,821 incurred during the six months ended May 31, 2019, for an increase of \$18,275.

The significant items comprising operating expenses in the current period is primarily attributable to the following:

- Management fees of \$108,991 for the six months ended May 31, 2020, as compared to \$28,533 for the comparative period, for an increase of \$80,458. The substantial increase in management fees is a result of new consulting agreements entered with the new team of officers and directors, as the Company has changed its business focus for the health and wellness products sector; and
- Professional fees of \$95,487 for the six months ended May 31, 2020, as compared to \$108,383 for the comparative period, for a decrease of \$12,896. In the current period, accounting and audit fees included in professional fees are fairly in line with the comparative period, whereas substantial costs were incurred in relation to the Share Exchange and the pending listing application currently submitted to the CSE. In 2019, significant efforts were placed on certain corporate measures, including a share consolidation, a voluntary from the TSX Venture Exchange, and certain debt conversion and settlement which occurred in Fiscal 2019.

In addition, the Company also incurred interest expenses on certain of its indebtedness for the six months ended May 31, 2020. As part of the Shares-for-Debt Issuances, interest of \$7,783 (2019 – \$nil) was charged on the previously owed indebtedness prior to its settlement. In conjunction to the Shares-for-Debt Issuances, a gain of \$78,182 (2019 – \$nil) was recognized on the settlement. In comparison, interest of \$740 was charged on promissory notes prior to a debt settlement, while total interest of \$38,193 was charged in 2019 on the various debts previously owed by the Company, on its term loans, promissory notes and convertible debentures.

Net loss for the six months ended May 31, 2020 was \$162,417 (loss of \$0.009 per share), as compared to a net loss of \$220,821 (loss of \$0.067 per share) for the comparative period in 2019.

### *Cash flows*

During the six months ended May 31, 2020, net cash used by the Company in operating activities was \$441,322, as compared to net cash used in operating activities of \$85,900 for the comparative six-months period in 2019. The substantial increase of spending in operations is directly related to the change of focus into the psychedelic space, and other additional expenses in terms of advertising and promotional activities, legal expenses incurred on the Share Exchange and other on-going restructuring of the Company, including payments on certain debt settlements.

During the six months ended May 31, 2020, net cash provided by financing activities was \$2,271,039, as compared to cash inflows of \$30,000 in the comparative period in 2019 from proceeds received on a promissory note. Prior to the

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Share Exchange, the Company advanced funds of \$117,521 to Psyched Wellness, which was offset by new sources of funds raised in April and May 2020. In April, the Company closed the Seed Financing for gross proceeds of \$670,000, and subsequently raised gross proceeds of \$1,637,000 on closing of Tranche 1 of the Series A Financing. As at May 31, 2020, the Company had also received subscription funds of \$135,000, in relation to Tranche 2 of the Series A Financing which closed subsequent to period-end.

### Working Capital and Liquidity Outlook

The Company currently has no regular cash flows from operations, and the level of operations is principally a function of availability of capital resources. The primary source of funding has been through the completion of private placement financings of equity securities and convertible debentures. While it was able to raise funds through the Seed Financing and the Series A Financing, the Company will likely have to continue to rely on equity or debt financings for its working capital requirements. There is no guarantee that the Company will be able to successfully complete such financings, as market conditions and business performance may dictate availability and interest.

As at May 31, 2020, the Company had current assets of \$2,109,326 (November 30, 2019 – \$4,779), including cash of \$1,831,188 (November 30, 2019 – \$1,471) to settle current liabilities of \$258,171 (November 30, 2019 – \$419,374), for a working capital \$1,851,155 (November 30, 2019 – working capital deficiency of \$414,595).

Management is actively monitoring cash forecasts and managing performance against its forecasts. With the closing of the second tranche of the Series A Financing on June 1, 2020, the Company now has access to more than \$3.8 million of funds available at its disposal. The Company had also further improved its financial position by settling substantial previously owed debts. Nevertheless, management will continue to look for new sources of financing in the next 12 months, to fund its working capital to advance the Company's operations.

### Related Party Transactions

#### *Key management personnel compensation*

Key management includes the Company's directors and officers with authority and responsibility for planning, directing and controlling the activities of an entity, directly or indirectly.

The remuneration of directors and other members of key management personnel during the six months ended May 31, 2020 and 2019 were as follows:

	2020	2019
	\$	\$
Management fees	16,000	28,533
Professional fees	27,625	9,000
	43,625	37,533

On March 25, 2020, Psyched Wellness and S4 Management Group Inc. ("S4 Management"), an entity controlled by the CEO and a director of the Company, entered into a consulting agreement, for a monthly remuneration of \$8,000 in consideration of the CEO's services to be provided to the Company. For the six months ended May 31, 2020, S4 Management charged \$8,000 (2019 – \$nil) for consulting services provided to the Company, which are included in management fees. As at May 31, 2020, no balance was owed to S4 Management (November 30, 2019 – \$nil).

On March 25, 2020, Psyched Wellness and David Shisel, the COO of the Company, entered into a consulting agreement, for a monthly remuneration of \$8,000 in consideration of the COO's services to be provided to the Company. For the six months ended May 31, 2020, the COO charged \$8,000 (2019 – \$nil) for consulting services provided to the Company, which are included in management fees. As at May 31, 2020, an amount of \$28,713 (November 30, 2019 – \$nil) owing to the COO was included in accounts payable and accrued liabilities. The amount outstanding is unsecured, non-interest bearing and due on demand.

During the six months ended May 31, 2020, Branson Corporate Services Ltd. ("Branson"), where Keith Li, the CFO of the Company is employed, charged fees of \$27,625 (2019 – \$9,000), for CFO services provided to the Company, as well

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as other accounting and administrative services, which are included in professional fees. As at May 31, 2020, no balance was owed to Branson (November 30, 2019 – \$19,755; included in accounts payable and accrued liabilities).

During the six months ended May 31, 2019, the Company was charged \$20,028 (USD\$15,000) and \$8,505, respectively, by David Shaddrick, a former President and CEO of the Company, and Harold Doran, a former CFO, for consulting and accounting services provided to the Company.

#### *Other related party transactions*

On March 5, 2020, the Company entered into a settlement ("Debt Settlement") with Eric Salsberg, a former director of the Company, and David Shaddrick, as debts of \$216,190 previously owed to the parties were settled for payments of \$79,173 and \$58,835, respectively. As a result, the Company recorded a gain of \$78,182 on the Debt Settlement. Eric Salsberg was issued 1,000,000 common shares of the Company at a price of \$0.02 per common share, as part of the Shares-for-Debt Issuances on April 23, 2020, to settle a remaining debt balance of \$20,000.

On April 23, 2020, the Company entered into a Shares-for-Debt Issuance with Branson through the issuance of 1,779,750 common shares at a price of \$0.02 per common share, to settle debts of \$35,595.

On May 1, 2020, the Company advanced funds of \$117,521 to Psyched Wellness, in exchange of a promissory note. The promissory note is unsecured, due on demand and bears interest at a rate of 12% per annum. Upon closing of the Share Exchange, the balance had been eliminated on consolidation. The Company recognized interest income of \$155 on the promissory note from the period from issuance to May 5, 2020.

## **Risk Management**

The Company's financial instruments consist primarily of cash, accounts payable and promissory notes payable. The Company is exposed to various risks as it relates to these financial instruments. There have not been any changes in the nature of these risks or the process of managing these risks from previous reporting periods.

#### *Credit risk*

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. Cash is held with reputable Canadian chartered banks and in trust with the Company's legal counsel, which is closely monitored by management. Management believes that the credit risk concentration with respect to financial instruments is minimal. The maximum exposure to credit risk at period-end is limited to the accounts receivable balance.

#### *Liquidity risk*

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or related to matters specific to the Company. The Company generates cash flow primarily from its financing activities. As at May 31, 2020, the Company had a cash balance of \$1,831,188 (November 30, 2019 – \$1,471) to settle current liabilities of \$258,171 (November 30, 2019 – \$419,374).

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet its liabilities as they come due. The Company has undertaken several proposed restructuring initiatives and other corporate measures to rationalize its capital and debt structure to better position the Company for future opportunities and meet its obligations as they come due. Until these initiatives and efforts are finalized, there is no assurance that one or any of these initiatives will be successful.

#### *Foreign exchange risk*

From time to time, the Company incurs transactions in currencies denominated in currencies other than the CAD, primarily in United States dollars ("USD"). The Company's exposure to fluctuations in foreign exchange is related to amounts of USD denominated accounts payable as follows:



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	May 31, 2020	November 30, 2019
	\$	\$
Accounts payable and term loans	3,778	92,000

### Significant Accounting Judgments and Estimates

The preparation of the Company's unaudited condensed interim consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, revenue and expenses. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities, revenue and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions. These estimates are reviewed periodically, and adjustments are made as appropriate in the period they become known. Items for which actual results may differ materially from these estimates are described as follows:

#### *Going concern*

At each reporting period, management exercises judgment in assessing the Company's ability to continue as a going concern by reviewing the Company's performance, resources and future obligations.

#### *Business combination*

In a business acquisition, substantially all identifiable assets, liabilities and contingent liabilities acquired are recorded at the acquisition date at their respective fair values. The date on which the acquirer obtains control of the acquiree is generally the date on which the acquirer legally transfers the consideration, acquires the assets and assumes the liabilities of the acquiree – the closing date. However, the acquirer might obtain control on a date that is either earlier or later than the closing date. Management exercises judgment in considering all pertinent facts and circumstances in identifying the acquisition date.

Classification of an acquisition as a business combination or an asset acquisition depends on whether the assets acquired constitute a business, which can be a complex judgment. Whether an acquisition is classified as a business combination or asset acquisition can have a significant impact on the entries made on and after acquisition. In determining the fair value of all identifiable assets, liabilities and contingent liabilities acquired, the most significant estimates relate to contingent consideration and intangible assets. Management also exercises judgement in estimating the probability and timing of when earn-outs are expected to be achieved which is used as the basis for estimating fair value. For any intangible asset identified, depending on the type of intangible asset and the complexity of determining its fair value, an independent valuation expert or management may develop the fair value, using appropriate valuation techniques, which are generally based on a forecast of the total expected future net cash flows. The evaluations are linked closely to the assumptions made by management regarding the future performance of these assets and any changes in the discount rate applied.

#### *Fair value of financial assets and financial liabilities*

Fair value of financial assets and financial liabilities on the consolidated statements of financial position that cannot be derived from active markets, are determined using a variety of techniques including the use of valuation models. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgment is required to establish fair values. The judgments include, but are not limited to, consideration of model inputs such as volatility, estimated life and discount rates.

#### *Goodwill*

Goodwill is tested for impairment annually and whenever events or changes in circumstances indicate that the carrying amount of goodwill has been impaired. In order to determine if the value of goodwill has been impaired, the groups of assets (each a "Cash-Generating Unit" or a "CGU") to which goodwill has been allocated must be valued using present value techniques. The Company assesses impairment by comparing the recoverable amount of a long-lived asset, CGU, or CGU group to its carrying value. The recoverable amount is defined as the higher of: (i) value in use; or (ii) fair value

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less cost to sell. The determination of the recoverable amount involves significant estimates and assumptions. When applying this valuation technique, the Company relies on a number of factors, including historical results, business plans, forecasts and market data. Changes in the conditions for these judgments and estimates can significantly affect the assessed value of goodwill.

### *Warrants and options*

Warrants and options are initially recognized at fair value, based on the application of the Black-Scholes valuation model ("Black-Scholes"). This pricing model requires management to make various assumptions and estimates which are susceptible to uncertainty, including the expected volatility of the share price, expected forfeitures, expected dividend yield, expected term of the warrants or options, and expected risk-free interest rate.

### *Income taxes*

Income taxes and tax exposures recognized in the financial statements reflect management's best estimate of the outcome based on facts known at the reporting date. When the Company anticipates a future income tax payment based on its estimates, it recognizes a liability. The difference between the expected amount and the final tax outcome has an impact on current and deferred taxes when the Company becomes aware of this difference.

In addition, when the Company incurs losses that cannot be associated with current or past profits, it assesses the probability of taxable profits being available in the future based on its budgeted forecasts. These forecasts are adjusted to take account of certain non-taxable income and expenses and specific rules on the use of unused credits and tax losses. When the forecasts indicate the sufficient future taxable income will be available to deduct the temporary differences, a deferred tax asset is recognized for all deductible temporary differences.

### *Measurement of Non-cash consideration*

Non-cash consideration can typically be defined as consideration which is received or receivable which is in a form other than cash. The fair value of such non-cash consideration (or promise of non-cash consideration) are measured at the date of the transaction, which would typically be the transaction date. In assessing fair value, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Such characteristics include: (i) the condition and location of the asset; and (ii) restrictions, if any, on the sale or use of the asset.

## **Summary of Significant Accounting Policies**

The accounting policies applied by the Company in these unaudited condensed interim consolidated financial statements are the same as those noted in the Company's audited financial statements for the year ended November 30, 2019, unless otherwise noted below.

### *Adoption of New Accounting Policies*

The Company adopted the following standard, effective December 1, 2019. The changes were made in accordance with the applicable transitional provisions:

#### *IFRS 16 – Leases ("IFRS 16")*

IFRS 16 was issued in January 2016 and replaces IAS 17 – Leases as well as some lease related interpretations. With certain exceptions for leases under twelve months in length or for assets of low value, IFRS 16 states that upon lease commencement a lessee recognizes a right-of-use ("ROU") asset and a lease liability. The ROU asset is initially measured at the amount of the liability plus any initial direct costs. After lease commencement, the lessee shall measure the ROU asset at cost less accumulated amortization and accumulated impairment. A lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognize the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. IFRS 16 requires that lessors classify each lease as an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise it is an operating lease.

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The Company has reviewed its leasing arrangements outstanding as at December 1, 2019, in respect of the new lease standard, and had assessed that there was no material impact upon adoption of this new standard on the Company's unaudited condensed interim consolidated financial statements.

### IFRIC 23 – Uncertainty Over Income Tax Treatments (“IFRIC 23”)

IFRIC 23 clarifies the accounting for uncertainties in income taxes. The IFRS Interpretations Committee (“IFRIC”) concluded that an entity shall consider whether it is probable that a taxation authority will accept an uncertain tax treatment. If an entity concludes it is probable that the taxation authority will accept an uncertain tax treatment, then the entity shall determine taxable profit (tax loss), tax bases, unused tax losses and credits or tax rates consistently with the tax treatment used or planned to be used in its income tax filings. If an entity concludes it is not probable that the taxation authority will accept an uncertain tax treatment, the entity shall reflect the effect of uncertainty in determining the related taxable profit (tax loss), tax bases, unused tax losses and credits or tax rates. The Company had assessed that there was no material impact upon adoption of this new standard on its unaudited condensed interim consolidated financial statements.

### *Recent Accounting Pronouncements*

At the date of authorization of the Company's unaudited condensed interim consolidated financial statements, the IASB and IFRIC have issued the following new and revised standards and amendments which are effective for annual periods beginning on or after December 1, 2020:

### IAS 1 – Presentation of Financial Statements (“IAS 1”) and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors (“IAS 8”)

IAS 1 and IAS 8 were amended in October 2018 to refine the definition of materiality and clarify its characteristics. The revised definition focuses on the idea that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements. The amendments are effective for annual reporting periods beginning on or after December 1, 2020.

### **Business Combination**

On May 5, 2020, the Company completed the Share Exchange pursuant to which the Company acquired all issued and outstanding shares of Psyched Wellness from holders of Psyched Wellness shares (the “Share Exchange Agreement”). Upon closing of the Share Exchange, Psyched Wellness became a wholly-owned subsidiary of the Company. The Company determined that the Share Exchange was a business combination in accordance to the definition of IFRS 3 – Business Combination, and as such, has accounted for it in accordance with this standard, with the Company being the acquirer on the closing date.

The purchase price for the Share Exchange was \$360,000 and was satisfied in full by the Company issuing to holders of Psyched Wellness shares an aggregate of 18,000,000 common shares. The purchase price and other terms of the Share Exchange Agreement were negotiated at arm's length with the Board of the Company and Psyched Wellness. The Company is looking to obtain a public listing on a Canadian stock exchange, and the Share Exchange will allow the Company to capitalize and position itself to participate in the growing psychedelic space.

The following table sets forth the preliminary allocation of the purchase price to the assets acquired, based on a preliminary estimate of fair value. Final valuations of assets and liabilities are not yet complete due to the timing of the Share Exchange. The preliminary allocation is subject to adjustments:

<b>Purchase Price Consideration Paid</b>	
	<b>\$</b>
Fair value of common shares issued	<b>360,000</b>
Fair value of settlement of pre-existing balance	<b>117,676</b>
<b>Total consideration paid</b>	<b>477,676</b>

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For the six months ended May 31, 2020

<b>Net Identifiable Asset Acquired</b>	
Accounts receivable	<b>19,868</b>
Prepaid expenses	<b>30,600</b>
Accounts payable and accrued liabilities	<b>(21,403)</b>
<b>Total net identifiable assets acquired</b>	<b>29,065</b>
<b>Goodwill</b>	<b>448,611</b>

Total consideration of \$477,676 paid on the Share Exchange is comprised of the following components that were measured at the estimated fair value on the transaction date:

- (i) The fair value of the 18,000,000 common shares, issued to holders of Psyched Wellness shares, was determined to be \$360,000 based on the fair value of founders' shares issued on April 23, 2020.
- (ii) The effective settlement of a pre-existing relationship related to the promissory note to the Company by Psyched Wellness of \$117,676, including interest of \$155.

**Off Balance Sheet Arrangements**

As at May 31, 2020 and the date of this MD&A, the Company does not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on the results of operations or financial condition of the Company.

**Subsequent Events**

On June 1, 2020, the Company completed Tranche 2 of the Series A Financing for gross proceeds of \$2,231,500 through the issuance of 22,315,000 common shares at a price of \$0.10 per common share. In connection with Tranche 2 of the Series A Financing, 1,737,200 broker warrants were issued as compensation to the finders. Each broker warrant is exercisable into one common share of the Company at a price of \$0.10 for a period of 24 months from closing of Tranche 2 of the Series A Financing.

On July 13, 2020, the Company granted 7,312,000 options to various officers, directors and consultants of the Company. The options are exercisable at an exercise price of \$0.10 per common share for a period of five years. The options vest three months from the date of grant.

On July 31, 2020, the Company completed the third and final tranche of the Series A Financing for gross proceeds of \$187,595 through the issuance of 1,875,950 common shares at a price of \$0.10 per common share.

**Disclosure of Outstanding Share Data as of October 16, 2020**

	<b>Authorized</b>	<b>Outstanding</b>
Voting or equity securities issued and outstanding	Unlimited number of common shares	104,642,930 common shares
Securities convertible or exercisable into voting or equity		7,312,000 options outstanding and exercisable to acquire common shares of the Company; and 2,369,200 warrants exercisable to acquire common shares of the Company.

**Capital Management**

The Company's objectives when managing capital is to safeguard its ability to continue as a going concern and to maintain optimal returns to shareholders and benefits for its stakeholders. While the Company does not yet have any commercial operations, monitors its capital structure and makes adjustments according to market conditions to meet its

## **Psyched Wellness Ltd. (Duncan Park Holdings Corporation)**

Management's Discussion and Analysis

For the six months ended May 31, 2020

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objectives given the current outlook of the business and industry in general. The Board of the Company does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the management team to sustain the future development of the business.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company's capital management objectives, policies and processes have remained unchanged during the six months ended May 31, 2020 and the year ended November 30, 2019.

The Company is not subject to any externally imposed capital requirements.

### **Risk Factors**

There are numerous and varied risks, known and unknown, that may prevent the Company from achieving its goals. If any of these risks occur, the Company's business, financial condition or results of operation may be adversely affected. In such case, the trading price of the Company's common shares could decline, and investors could lose all or part of their investment. The following is a summary of risks that could be applicable to the business of the Company:

#### *Limited operating history in psychedelic industry*

The Company, with a limited operating history in the psychedelic industry, is in the early stage of development and must be considered as a start-up company. As such, the Company is subject to many risks common to such enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources and lack of revenue. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of its early stage of operations. The Company also has no history of earnings.

Because the Company has a limited operating history in an emerging area of business, investors should consider and evaluate its operating prospects in light of the risks and uncertainties frequently encountered by early-stage companies in rapidly evolving markets. These risks may include:

- risks that it may not have sufficient capital to achieve its growth strategy.
- risks that it may not develop its product and service offerings in a manner that enables it to be profitable and meet its patients' or customers' requirements.
- risks that its growth strategy may not be successful.
- risks that fluctuations in its operating results will be significant relative to its revenues; and
- risks relating to an evolving legal and regulatory regime for cannabis that varies significantly by jurisdiction.

The Company's future growth will depend substantially on its ability to address these and the other risks described in this section. If it does not successfully address these risks, its business may be significantly harmed.

#### *Additional financing*

The Company believes that its raised capital is sufficient to meet its presently anticipated working capital and capital expenditure requirements for the near future. This belief is based on its operating plan which, in turn, is based on assumptions, which may prove to be incorrect. In addition, the Company may need to raise significant additional funds sooner to support its growth, respond to competitive pressures, acquire or invest in complementary or competitive businesses or technologies, or take advantage of unanticipated opportunities. If its financial resources are insufficient, it will require additional financing to meet its plans for expansion. The Company cannot be sure that this additional financing, if needed, will be available on acceptable terms or at all.

Furthermore, any debt financing, if available, may involve restrictive covenants, which may limit its operating flexibility with respect to business matters. If additional funds are raised through the issuance of equity securities, the percentage ownership of existing shareholders will be reduced, such shareholders may experience additional dilution in net book value, and such equity securities may have rights, preferences or privileges senior to those of its existing shareholders. If adequate funds are not available on acceptable terms or at all, the Company may be unable to develop or enhance its services and products, take advantage of future opportunities, repay debt obligations as they become due, or respond to

## **Psyched Wellness Ltd. (Duncan Park Holdings Corporation)**

Management's Discussion and Analysis

For the six months ended May 31, 2020

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competitive pressures, any of which could have a material adverse effect on its business, prospects, financial condition, and results of operations.

### *The market price of securities is volatile and may not accurately reflect the long-term value of the Company*

Securities markets have a high level of price and volume volatility, and the market price of securities of many companies has experienced substantial volatility in the past. This volatility may affect the ability of holders of shares to sell their securities at an advantageous price. Market price fluctuations in the shares may be due to the Company's operating results failing to meet expectations of securities analysts or investors in any period, downward revision in securities analysts' estimates, adverse changes in general market conditions or economic trends, acquisitions, dispositions or other material public announcements by the Company or its competitors, along with a variety of additional factors. These broad market fluctuations may adversely affect the market price of the shares.

Financial markets historically at times experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of companies and that have often been unrelated to the operating performance, underlying asset values or prospects of such companies. Accordingly, the market price of the shares may decline even if the Company's results, underlying asset values or prospects have not changed.

Additionally, these factors, as well as other related factors, may cause decreases in investment values that are deemed to be other than temporary, which may result in impairment losses. There can be no assurance that continuing fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil continue, the Company's operations could be adversely impacted, and the trading price of the shares may be materially adversely affected.

### *Volatile global financial and economic conditions*

Current global financial and economic conditions remain extremely volatile. Access to public and private capital and financing continues to be negatively impacted by many factors as a result of the global financial crisis and global recession. Such factors may impact the Company's ability to obtain financing in the future on favorable terms or obtain any financing at all. Additionally, global economic conditions may cause a long-term decrease in asset values. If such global volatility, market turmoil and the global recession continue, the Company's operations and financial condition could be adversely impacted.

### *Regulation*

The activities of the Company are subject to regulation by governmental authorities. Achievement of the Company's business objectives are contingent, in part, upon compliance with regulatory requirements enacted by these governmental authorities and obtaining all regulatory approvals, where necessary, for the sale of its products. The Company cannot predict the time required to secure all appropriate regulatory approvals for its products, or the extent of testing and documentation that may be required by governmental authorities. Any delays in obtaining, or failure to obtain regulatory approvals would significantly delay the development of markets and products and could have a material adverse effect on the business, results of operations and financial condition of the Company.

The Company's operations are subject to a variety of laws, regulations and guidelines relating to the manufacture, management, transportation, storage and disposal of mushroom-infused products but also including laws and regulations relating to health and safety, the conduct of operations and the protection of the environment. The Company cannot predict the nature of any future laws, regulations, interpretations, policies, or applications, nor can it determine what effect additional governmental regulations or administrative interpretations or procedures, when and if promulgated, could have on the Company's operations. Changes to such laws, regulations, and guidelines due to matters beyond the control of the Company may cause adverse effects to the production of the Company's products.

Local, state, and federal laws and regulations governing mushroom-infused products are broad in scope and are subject to evolving interpretations, which could require the Company to incur substantial costs associated with bringing the Company's operations into compliance. In addition, violations of these laws, or allegations of such violations, could disrupt the Company's operations and result in a material adverse effect on its financial performance. It is beyond the Company's scope to predict the nature of any future change to the existing laws, regulations, policies, interpretations or

## **Psyched Wellness Ltd. (Duncan Park Holdings Corporation)**

Management's Discussion and Analysis

For the six months ended May 31, 2020

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applications, nor can the Company determine what effect such changes, when and if promulgated, could have on the Company's business.

### *Regulatory approvals and permits*

The Company is and may be required to obtain and maintain certain permits, licenses and approvals in the jurisdictions in which it operates. There can be no assurance that the Company will be able to obtain and/or maintain the necessary permits, licenses and approvals. Any regulatory authority with jurisdiction could also impose certain restrictions on the Company's ability to operate in the relevant jurisdiction. Any material delay or failure to receive these items, or onerous regulatory restrictions would delay and/or inhibit the Company's ability to conduct its business and would adversely affect the Company's business, financial condition and results of operations.

### *Reliance on management and advisory board*

The Company will need to expand and effectively manage its managerial, operational, financial, development and other resources in order to successfully pursue its development and commercialization efforts of its products. The success of the Company is currently dependent on the performance of its management team, which also relies on advice and guidance of certain members of the Board and Advisory Board, not all of whom are or will be bound by formal contractual employment agreements.

The Company's success depends on its continued ability to attract, retain and motivate highly qualified people. The loss of the services of these persons would have a material adverse effect on the Company's business and prospects in the short term and could delay or prevent the commercialization of its products, and the business may be harmed as a result. The Company may not be able to attract or retain qualified management and scientific personnel in the future due to the intense competition for qualified personnel with extensive management experience in such fields as pharmaceutical regulations, finance, manufacturing, marketing, law, and investment. If the Company is not able to attract and retain the necessary personnel to accomplish its business objectives, the achievement of its development objectives, its ability to raise additional capital and its ability to implement its business strategy may be significantly reduced and could have a material adverse effect on the Company and its prospects.

### *Reliance on third-party suppliers, manufacturers, distributors and contractors*

Due to the uncertain regulatory landscape for regulating mushroom-infused products in Canada and the US, the Company's third-party suppliers, manufacturers, distributors, and contractors may elect, at any time, to decline or withdraw services necessary for the Company's operations. Loss of these suppliers, manufacturers, distributors, and contractors may have a material adverse effect on the Company's business and operational results.

### *Risks associated with increasing competition*

There is potential that the Company will face intense competition from other companies, some of which can be expected to have longer operating histories and more financial resources and manufacturing and marketing experience the Company. Increased competition by larger and better financed competitors could materially and adversely affect the business, financial condition, and results of operations of the Company.

Due to the early stage of the industry in which the Company operates, the Company expects to face additional competition from new entrants. To remain competitive, the Company will require a continued high level of investment in R&D, marketing, sales, and client support. The Company may not have sufficient resources to maintain research and development, marketing, sales, and client support efforts on a competitive basis which could materially and adversely affect the business, financial condition, and results of operations the Company.

### *The success of new and existing products and services is uncertain*

The Company expects to commit significant resources and capital to develop and market existing and new products, services and enhancements. These products and services are relatively untested, and the Company cannot provide any assurance that it will achieve market acceptance for these products and services, or other new products and services that it may offer in the future. Moreover, these and other new products and services may face significant competition with new and existing competitors. In addition, new products, services and enhancements may pose a variety of technical

## **Psyched Wellness Ltd. (Duncan Park Holdings Corporation)**

Management's Discussion and Analysis

For the six months ended May 31, 2020

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challenges and require the Company to attract additional qualified employees. The failure to successfully develop and market these new products, services or enhancements could seriously harm the Company's business, financial condition and results of operations. Moreover, if the Company fails to accurately project demand for our new or existing products, it may encounter problems of overproduction or underproduction which would materially and adversely affect its business, financial condition and results of operations, as well as damage our reputation and brand.

### *Negative publicity or consumer perception may affect the success of our business*

The success of the psychedelic industry may be significantly influenced by the public's perception of mushroom-infused products, which could be controversial topics, and there is no guarantee that future scientific research, publicity, regulations, medical opinion, and public opinion relating to psychedelics will be favorable. The psychedelic industry is an early-stage business that is constantly evolving with no guarantee of viability. The market for mushroom-infused products is uncertain, and any adverse or negative publicity, scientific research, limiting regulations, medical opinion and public opinion (whether or not accurate or with merit) relating to the consumption of mushroom-infused products, whether in Canada, the US or elsewhere, may have a material adverse effect on our operational results, consumer base and financial results. Among other things, such a shift in public opinion could cause jurisdictions to abandon initiatives the psychedelic industry, thereby limiting the number of new jurisdictions into which the Company could identify potential acquisition opportunities.

### *Liability for activity of employees, contractors and consultants*

The Company could be liable for fraudulent or illegal activity by its employees, contractors and consultants resulting in significant financial losses to claims or regulatory enforcement actions against the Company. Failure to comply with relevant laws could result in fines, suspension of licenses and civil or criminal action being taken against the Company. Consequently, the Company is subject certain risks, including that employees, contractors and consultants may inadvertently fail to follow the law or purposefully neglect to follow the law, either of which could result in material adverse effects to the financial condition of the Company.

### *No assurance of commercial success*

The successful commercialization of the Company's products will depend on many factors, including, the Company's ability to establish and maintain working partnerships with industry participants in order to market its products, the Company's ability to supply a sufficient amount of its products to meet market demand, and the number of competitors within each jurisdiction within which the Company may from time to time be engaged. There can be no assurance that the Company or its industry partners will be successful in their respective efforts to develop and implement, or assist the in developing and implementing, a commercialization strategy for the Company's products.

### *Factors which may prevent realization of growth targets*

The Company is currently in the early development stage. There is a risk that the additional resources will be needed, and milestones will not be achieved on time, on budget, or at all, as they are can be adversely affected by a variety of factors, including some that are discussed elsewhere in these risk factors and the following as it relates to the Company:

- delays in obtaining, or conditions imposed by, regulatory approvals.
- facility design errors.
- environmental pollution.
- non-performance by third party contractors.
- increases in materials or labour costs.
- construction performance falling below expected levels of output or efficiency.
- breakdown, aging or failure of equipment or processes.
- contractor or operator errors.
- labour disputes, disruptions or declines in productivity.
- inability to attract sufficient numbers of qualified workers.
- disruption in the supply of energy and utilities; and
- major incidents and/or catastrophic events such as fires, explosions, earthquakes or storms.



## **Psyched Wellness Ltd. (Duncan Park Holdings Corporation)**

Management's Discussion and Analysis

For the six months ended May 31, 2020

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### *Management of growth*

The Company may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Company to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the Company to deal with this growth may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

### *Constraints on marketing products*

The development of the Company's business and operating results may be hindered by applicable restrictions on sales and marketing activities imposed by government regulatory bodies. The regulatory environment in Canada, the US or other jurisdictions may limit the Company's ability to compete for market share in a manner similar to other industries. If the Company is unable to effectively market its products and compete for market share, or if the costs of compliance with government legislation and regulation cannot be absorbed through increased selling prices for its products, the Company's revenues and operating results could be adversely affected.

### *Operating risk and insurance coverage*

The Company's insurance coverage is intended to address all material risks to which it is exposed and is adequate and customary in its current state of operations. However, such insurance is subject to coverage limits and exclusions and may not be available for the risks and hazards to which the Company is exposed. In addition, no assurance can be given that such insurance will be adequate to cover the Company's liabilities or will be generally available in the future or, if available, that premiums will be commercially justifiable. If the Company were to incur substantial liability and such damages were not covered by insurance or were in excess of policy limits, or if the Company were to incur such liability at a time when it is not able to obtain liability insurance, its business, results of operations and financial condition could be materially adversely affected.

### *Uninsurable risks*

The psychedelic business is subject to several risks that could result in damage to or destruction of properties or facilities or cause personal injury or death, environmental damage, delays in production and monetary losses and possible legal liability. It is not always possible to fully insure against such risks, and the Company may decide not to take out insurance against such risks as a result of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the securities of the Company. The Company does not currently have any insurance policies covering its properties or the operation of its business and any liabilities that may arise as a result of any of the above noted risks may cause a material adverse effect on the financial condition of the Company.

### *Enforcement of proprietary rights*

The Company may be unable to adequately protect or enforce its proprietary rights. Its continuing success will likely depend, in part, on its ability to protect internally developed or acquired, intellectual property and maintain the proprietary nature of its technology through a combination of licenses and other intellectual property arrangements, without infringing the proprietary rights of third parties. The Company cannot prove assurance that its intellectual property owned by the Company will be held valid at the foreign government level if challenged, or that other parties will not claim rights in or ownership of its proprietary rights.

### *Internal controls*

Effective internal controls are necessary for the Company to provide reliable financial reports and to help prevent fraud. Although the Company will undertake a number of procedures and will implement a number of safeguards, in each case, in order to help ensure the reliability of its financial reports, including those imposed on the Company under Canadian securities law, the Company cannot be certain that such measures will ensure that the Company will maintain adequate control over financial processes and reporting. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm the Company's results of operations or cause it to fail to meet its reporting obligations. If the Company or its auditors discover a material weakness, the disclosure of that fact, even if

## **Psyched Wellness Ltd. (Duncan Park Holdings Corporation)**

Management's Discussion and Analysis

For the six months ended May 31, 2020

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quickly remedied, could reduce the market's confidence in the Company's financial statements and materially adversely affect the trading price of the Company's common shares.

### *Exploration, development and operating risks*

Mining operations generally involve a high degree of risk. The Company's operations are subject to all the hazards and risks normally encountered in the exploration, development and production of gold, precious metals and other minerals, including unusual and unexpected geologic formations, seismic activity, rock bursts, cave-ins, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability. Although adequate precautions to minimize risk will be taken, mining operations are subject to hazards such as equipment failure or failure of retaining dams around tailings disposal areas which may result in environmental pollution and consequent liability.

The exploration for and development of mineral deposits involves significant risks which even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of a mineral-bearing structure may result in substantial rewards, few properties which are explored are ultimately developed into producing mines.

Major expenses may be required to locate and establish mineral reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. It is impossible to ensure that the exploration or development programs planned by the Company will result in a profitable commercial mining operation. Whether a gold or other mineral deposit will be commercially viable depends on a number of factors, some of which are: the particular attributes of the deposit, such as quantity and quality of mineralization and proximity to infrastructure; mineral prices which are highly cyclical; and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital.

There is no certainty that the expenditures made by the Company towards the search and evaluation of gold or other minerals will result in discoveries of commercial quantities of gold or other minerals.

### *Reliability of resource estimates*

There is no certainty that any mineral resources identified in the future on any of the Company's properties will be realized. Until a deposit is actually mined and processed, the quantity of mineral resources and grades must be considered as estimates only. In addition, the quantity of mineral resources may vary depending on, among other things, metal prices. Any material changes in quantity of mineral resources, grade or stripping ratio may affect the economic viability of any project undertaken by the Company. In addition, there can be no assurance that gold recoveries or other metal recoveries in small-scale laboratory tests will be duplicated in a larger scale test under on-site conditions or during production.

Fluctuations in gold and other base or precious metals prices, results of drilling, metallurgical testing and production and the evaluation of studies, reports and plans subsequent to the date of any estimate may require revision of such estimate. Any material reductions in estimates of mineral resources could have a material adverse effect on the Company's results of operations and financial condition from time to time.

### *Land title*

No assurances can be given that there are no title defects affecting property or any other property interests of the Company. Title insurance generally is not available, and the Company's ability to ensure that it has obtained secure claim to individual mineral properties or mining concessions may be severely constrained. Furthermore, the Company has not conducted surveys of the claims in which it holds an interest and, therefore, the precise area and location of such claims may be in doubt. Accordingly, the Company's mineral properties may be subject to prior unregistered liens, agreements, transfers or claims, including native land claims, and title may be affected by, among other things, undetected defects. In addition, the Company may be unable to operate its properties as permitted or to enforce its rights with respect to its properties.

## **Psyched Wellness Ltd. (Duncan Park Holdings Corporation)**

Management's Discussion and Analysis

For the six months ended May 31, 2020

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### *Dividends*

The Company has no earnings or dividend record and does not anticipate paying any dividends on the Company's shares in the foreseeable future. Dividends paid by the Company would be subject to tax and, potentially, withholdings.

### *Limited market for securities*

There can be no assurance that an active and liquid market for the Company's shares will develop or be maintained and an investor may find it difficult to resell any securities of the Company.

### *Disruption of business*

Conditions or events including, but not limited to, those listed below could disrupt the Company's operations, increase operating expenses, resulting in delayed performance of contractual obligations or require additional expenditures to be incurred: (i) extraordinary weather conditions or natural disasters such as hurricanes, tornadoes, floods, fires, extreme heat, earthquakes, etc.; (ii) a local, regional, national or international outbreak of a contagious disease, including the COVID-19 coronavirus, Middle East Respiratory Syndrome, Severe Acute Respiratory Syndrome, H1N1 influenza virus, avian flu, or any other similar illness could result in a general or acute decline in economic activity (see also, "Public Health Crises, including COVID-19"); (iii) political instability, social and labour unrest, war or terrorism; or (iv) interruptions in the availability of basic commercial and social services and infrastructure including power and water shortages, and shipping and freight forwarding services including via air, sea, rail and road.

### *Public health crises*

The Company's business, operations and financial condition could be materially adversely affected by the outbreak of epidemics or pandemics or other health crises beyond our control, including the current outbreak of COVID-19. On January 30, 2020, the World Health Organization declared the COVID-19 outbreak a global health emergency. Many governments have likewise declared that the COVID-19 outbreak in their jurisdictions constitutes an emergency. Reactions to the spread of COVID-19 have led to, among other things, significant restrictions on travel, business closures, quarantines and a general reduction in consumer activity. While these effects are expected to be temporary, the duration of the business disruptions and related financial impact cannot be reasonably estimated at this time.

Such public health crises can result in volatility and disruptions in the supply and demand for various products and services, global supply chains and financial markets, as well as declining trade and market sentiment and reduced mobility of people, all of which could affect 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 and a slowdown or temporary suspension of operations in geographic locations impacted by an outbreak. At this point, the extent to which COVID-19 may impact the Company is uncertain; however, it is possible that COVID-19 may have a material adverse effect on the Company's business, results of operations and financial condition.

## **Disclosure of Internal Controls over Financial Reporting**

Management has established processes to provide them sufficient knowledge to support representations that they have exercised reasonable diligence that (i) the audited financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the audited financial statements; and (ii) the audited financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented.

In contrast to non-venture issuers, this MD&A does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"). In particular, management is not making any representations relating to the establishment and maintenance of: controls and procedures designed to provide reasonable assurance that information required to be disclosed by the Company in its filings or other reports or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Investors should be aware that inherent limitations on the ability of management of the Company to design and

## **Psyched Wellness Ltd. (Duncan Park Holdings Corporation)**

Management's Discussion and Analysis

For the six months ended May 31, 2020

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implement on a cost-effective basis DC&P and ICFR may result in additional risks to the quality, reliability, transparency and timeliness of filings and other reports provided under securities legislation.

### **Cautionary Note Regarding Forward Looking Statements**

This MD&A includes “forward-looking statements”, within the meaning of applicable securities legislation, which are based on the opinions and estimates of management and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as “seek”, “anticipate”, “budget”, “plan”, “continue”, “estimate”, “expect”, “forecast”, “may”, “will”, “project”, “predict”, “potential”, “targeting”, “intend”, “could”, “might”, “should”, “believe” and similar words suggesting future outcomes or statements regarding an outlook. Such risks and uncertainties include, but are not limited to, risks associated with the mining industry (including operational risks in exploration development and production; delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of reserve estimates; the uncertainty of estimates and projections in relation to production, costs and expenses; the uncertainty surrounding the ability of the Company to obtain all permits, consents or authorizations required for its operations and activities; and health safety and environmental risks), the risk of commodity price and foreign exchange rate fluctuations, the ability of Company to fund the capital and operating expenses necessary to achieve the business objectives of the Company, the uncertainty associated with commercial negotiations and negotiating with foreign governments and risks associated with international business activities, as well as those risks described in public disclosure documents filed by the Company. Due to the risks, uncertainties and assumptions inherent in forward-looking statements, prospective investors in securities of the Company should not place undue reliance on these forward-looking statements. Statements in relation to “reserves” are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves described can be profitably produced in the future.

Readers are cautioned that the foregoing lists of risks, uncertainties and other factors are not exhaustive. The forward-looking statements contained in this MD&A are made as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking statements or in any other documents filed with Canadian securities regulatory authorities, whether as a result of new information, future events or otherwise, except in accordance with applicable securities laws. The forward-looking statements are expressly qualified by this cautionary statement.

### **Management's Responsibility for Financial Information**

Management is responsible for all information contained in this report. The Company's unaudited condensed interim consolidated financial statements have been prepared in accordance with IFRS and include amounts based on management's informed judgments and estimates. The financial and operating information included in this report is consistent with that contained in the financial statements in all material aspects.

The Audit Committee has reviewed the unaudited condensed interim consolidated financial statements and this MD&A with management. The Board of the Company has approved the unaudited condensed interim consolidated financial statements and this MD&A on the recommendation of the Audit Committee.

October 16, 2020

Jeffrey Stevens  
Chief Executive Officer

**SCHEDULE "E"**  
**FINANCIAL STATEMENTS OF PSYCHED WELLNESS FOR**  
**THE PERIOD FROM INCORPORATION ON JANUARY 8, 2019**  
**TO NOVEMBER 30, 2019**

**Psyched Wellness Corp.**  
**(formerly Sushego Ltd.)**

**Annual Financial Statements**

**For the period from January 8, 2019 (Date of Incorporation) to November 30, 2019**

**(Expressed in Canadian dollars)**



## INDEPENDENT AUDITOR'S REPORT

To the Shareholder of  
**Psyched Wellness Corp.**

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Psyched Wellness Corp.(the Company), which comprise the statement of financial position as at November 30, 2019, and the statement of loss and comprehensive loss, statement of cash flows and statement of changes in equity for the period from January 8, 2019 (date on Incorporation) to November 30, 2019, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at November 30, 2019, and its financial performance and its cash flows for the period from January 8, 2019 (date on Incorporation) to November 30, 2019, in accordance with International Financial Reporting Standards.

#### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Material Uncertainty Relating to Going Concern

We draw your attention to Note 1 in the financial statements, which indicates that the Company incurred comprehensive loss of \$5,700 for the period from January 8, 2019 (date on Incorporation) to November 30, 2019 and as of that date, the Company's accumulated deficit was \$5,700. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

#### Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the annual management's discussion and analysis, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.





We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Pat Kenney.

*Clearhouse LLP*

Chartered Professional Accountants  
Licensed Public Accountants

Mississauga, Ontario  
May 20, 2020

**Psyched Wellness Corp. (formerly Sushego Ltd.)**Statement of Financial Position  
(Expressed in Canadian Dollars)

	As at November 30, 2019
	\$
<b>Assets</b>	
Due from shareholder	10
<b>Total Assets</b>	<b>10</b>
<b>Liabilities</b>	
Accounts payable and accrued liabilities (Note 4)	5,700
<b>Total Liabilities</b>	<b>5,700</b>
<b>Shareholders' Deficiency</b>	
Share capital (Note 5)	10
Accumulated deficit	(5,700)
<b>Total Shareholders' Deficiency</b>	<b>(5,690)</b>
<b>Total Liabilities and Shareholders' Deficiency</b>	<b>10</b>

Nature of operations and going concern (Note 1)

Subsequent events (Note 10)

**Signed on behalf of the Board of Directors:**"Jeff Stevens"Jeff Stevens  
Director"David Shisel"David Shisel  
Director

The accompanying notes are an integral part of these financial statements

**Psyched Wellness Corp. (formerly Sushego Ltd.)**

## Statement of Loss and Comprehensive Loss

For the Period from January 8, 2019 (Date of Incorporation) to November 30, 2019

(Expressed in Canadian Dollars)

	For the period from incorporation to November 30, 2019
	\$
<b>Expenses</b>	
Legal and filing fees	700
Accounting (Note 6)	2,500
Audit	2,500
<b>Net Loss and Comprehensive Loss</b>	<b>(5,700)</b>

The accompanying notes are an integral part of these financial statements

**Psyched Wellness Corp. (formerly Sushego Ltd.)**

## Statement of Changes in Shareholders' Equity

For the Period from January 8, 2019 (Date of Incorporation) to November 30, 2019

(Expressed in Canadian Dollars)

	Share Capital	Accumulated Deficit	Total
	\$	\$	\$
<b>Balance, January 8, 2019</b>	-	-	-
Issuance of shares on incorporation	10	-	10
Net loss and comprehensive loss	-	(5,700)	(5,700)
<b>Balance, November 30, 2019</b>	<b>10</b>	<b>(5,700)</b>	<b>(5,690)</b>

The accompanying notes are an integral part of these financial statements

**Psyched Wellness Corp. (formerly Sushego Ltd.)**

## Statement of Cash Flows

For the Period from January 8, 2019 (Date of Incorporation) to November 30, 2019

(Expressed in Canadian Dollars)

	For the period from incorporation to November 30, 2019
	\$
<b>Operating Activities</b>	
Net loss for the period	(5,700)
Net change in non-cash working capital items:	
Accounts payable and accrued liabilities	5,700
<b>Cash Flows (used in) Operating Activities</b>	-
Change in cash	-
Cash, beginning of period	-
<b>Cash, end of period</b>	-

The accompanying notes are an integral part of these financial statements

## **Psyched Wellness Corp. (formerly Sushego Ltd.)**

Notes to Financial Statements

For the Period from January 8, 2019 (Date of Incorporation) to November 30, 2019  
(Expressed in Canadian Dollars)

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### **1. Nature of Operations and Going Concern**

Psyched Wellness Corp. (“Psyched Wellness” or the “Company” formerly known as Sushego Ltd.) (see Note 10) was incorporated under the Canadian Business Corporations Act on January 8, 2019. While the Company is currently inactive, its objective is to create premium mushroom products to become a global brand in the emerging functional food category. Over the next 12 months, the Company intends to develop and launch a line of mushroom-infused functional tinctures, teas and capsules designed to help soothe the body, ease physical distress, and assist individuals with achieving better sleep.

The Company is domiciled in Canada and its registered and records office is located at 77 King Street West, Suite 3000, Toronto, Ontario, M5K 1G8, Canada.

The Company had no commercial operations and incurred a net loss and comprehensive loss of \$5,700 for the period from January 8, 2019 (Date of Incorporation) to November 30, 2019, and as of November 30, 2019, the Company’s accumulated deficit was \$5,700. These conditions indicate that material uncertainties exist that cast significant doubt on the Company’s ability to continue as a going concern. The Company’s ability to continue as a going concern is dependent upon raising additional capital to meet its present and future commitments, the continued support of certain shareholders and trade creditors, and on achieving profitable commercial operations. If additional financing is arranged through the issuance of shares, control of the Company may change and shareholders may suffer significant dilution.

These financial statements do not reflect adjustments to the carrying values of assets and liabilities that would be necessary if the Company were unable to continue as a going concern and achieve profitable commercial operations and/or obtain adequate financing and support from its shareholders and trade creditors.

If the going concern assumption was not appropriate for these financial statements, adjustments would be necessary to the carrying values of assets and liabilities, net and comprehensive loss, and statements of financial position classifications used. Such adjustments could be material.

### **2. Basis of Preparation**

#### **(a) Statement of Compliance**

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). The accounting policies applied in these financial statements are based on IFRS issued and outstanding as of May 20, 2020.

These financial statements were reviewed, approved and authorized for issuance by the Company’s Board of Directors on May 20, 2020.

#### **(b) Basis of Presentation**

These financial statements have been prepared in accordance with IFRS accounting principles applicable to a going concern, using the historical cost basis. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

A comparative statement of financial position as at November 30, 2018 and comparative statements of loss and comprehensive loss, changes in shareholders’ equity and cash flows have not been presented as this is the Company’s first year of operations since incorporation.

These financial statements have been prepared in Canadian dollars (\$), which is also the functional and presentation currency of the Company.

## **Psyched Wellness Corp. (formerly Sushego Ltd.)**

Notes to Financial Statements

For the Period from January 8, 2019 (Date of Incorporation) to November 30, 2019  
(Expressed in Canadian Dollars)

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### **2. Basis of Preparation (continued)**

#### **(c) Significant Accounting Estimates and Judgments**

The preparation of these financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, revenue and expenses. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities, revenue and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions. These estimates are reviewed periodically, and adjustments are made as appropriate in the period they become known. Items for which actual results may differ materially from these estimates are described as follows:

##### *Going concern*

At each reporting period, management exercises judgment in assessing the Company's ability to continue as a going concern by reviewing the Company's performance, resources and future obligations.

### **3. Significant Accounting Policies**

#### **(a) Financial Instruments**

Financial assets and financial liabilities, within the scope of IFRS 9 – Financial Instruments ("IFRS 9"), are recognized on the statement of financial position when the Company becomes a party to the financial instrument or derivative contract.

##### *Classification*

The Company classifies its financial assets and financial liabilities in the following measurement categories: (a) those to be measured subsequently at FVTPL; (b) those to be measured subsequently at fair value through other comprehensive income ("FVTOCI"); and (c) those to be measured at amortized cost. The classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at FVTPL (irrevocable election at the time of recognition). For assets and liabilities measured at fair value, gains and losses are recorded in profit or loss.

The Company reclassifies financial assets when its business model for managing those assets changes. Financial liabilities are not reclassified.

##### *Amortized cost*

This category includes financial assets that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the solely principal and interest ("SPPI") criterion. Financial asset classified in this category are measured at amortized cost using the effective interest method.

##### *Expected credit loss impairment model*

IFRS 9 – Financial Instruments introduced a single ECL impairment model, which is based on changes in credit quality since initial application. The adoption of the ECL impairment model had resulted in a provision of ECL recorded on the Company's statements of loss and comprehensive loss.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company in full or when the financial asset is more than 90 days past due. The carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts.

## **Psyched Wellness Corp. (formerly Sushego Ltd.)**

Notes to Financial Statements

For the Period from January 8, 2019 (Date of Incorporation) to November 30, 2019  
(Expressed in Canadian Dollars)

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### **3. Significant Accounting Policies (continued)**

#### **(a) Financial Instruments (continued)**

##### *Fair value through profit or loss*

This category includes derivative instruments as well as quoted equity instruments which the Company has not irrevocably elected, at initial recognition or transition, to classify at FVTOCI. This category would also include debt instruments whose cash flow characteristics fail the SPPI criterion or are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell. Financial assets in this category are recorded at fair value with changes recognized in profit or loss.

##### *Financial assets at fair value through other comprehensive income*

Equity instruments that are not held-for-trading can be irrevocably designated to have their change in FVTOCI instead of through profit or loss. This election can be made on individual instruments and is not required to be made for the entire class of instruments. Attributable transaction costs are included in the carrying value of the instruments. Financial assets at FVTOCI are initially measured at fair value and changes therein are recognized in other comprehensive income (loss).

##### *Measurement*

All financial instruments are required to be measured at fair value on initial recognition, plus, in the case of a financial asset or financial liability not at FVTPL, transaction costs that are directly attributable to the acquisition or issuance of the financial asset or financial liability. Transaction costs of financial assets and financial liabilities carried at FVTPL are expensed in profit or loss. Financial assets and financial liabilities with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are on the principal outstanding are generally measured at amortized cost at the end of the subsequent accounting periods. All other financial assets including equity investments are measured at their fair values at the end of subsequent accounting periods, with any changes taken through profit and loss or OCI (irrevocable election at the time of recognition). For financial liabilities measured subsequently at FVTPL, changes in fair value due to credit risk are recorded in other comprehensive income (loss).

##### *Fair value hierarchy*

The Company classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at November 30, 2019, the Company does not have any financial instruments measured at fair value.

#### **(b) Provisions**

Provisions are recorded when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.



## Psyched Wellness Corp. (formerly Sushego Ltd.)

Notes to Financial Statements

For the Period from January 8, 2019 (Date of Incorporation) to November 30, 2019  
(Expressed in Canadian Dollars)

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### 3. Significant Accounting Policies (continued)

#### (b) Provisions (continued)

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

As at November 30, 2019, the Company had no material provisions.

#### (c) Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties, which may be individuals or corporate entities, are also considered to be related if they are subject to common control or common significant influence. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. Related party transactions that are in the normal course of business and have commercial substance are measured at the exchange amount.

#### (d) Adoption of New Accounting Policies

The Company had adopted certain new standards, effective January 8, 2019. These changes were made in accordance with the applicable transitional provisions, as follows:

##### *IFRS 9 – Financial Instruments (“IFRS 9”)*

IFRS 9 replaces IAS 39 – Financial Instruments: Recognition and Measurement (“IAS 39”). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity’s own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39.

### 4. Accounts Payable and Accrued Liabilities

The Company’s accounts payables and accrued liabilities are principally comprised of amounts outstanding incurred in the normal course of business.

The following is an aged analysis of the accounts payable and accrued liabilities:

	November 30, 2019
	\$
Less than 90 days	5,700
Greater than 90 days	-
<b>Total accounts payable and accrued liabilities</b>	<b>5,700</b>

The Company’s standard term for trade payable is 30 – 60 days.

## Psyched Wellness Corp. (formerly Sushego Ltd.)

Notes to Financial Statements

For the Period from January 8, 2019 (Date of Incorporation) to November 30, 2019  
(Expressed in Canadian Dollars)

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### 5. Share Capital

The Company is authorized to issue an unlimited number of common shares without par value.

During the period from incorporation to November 30, 2019, the Company issued 100 common shares for gross proceeds of \$10.

### 6. Related Party Transactions

#### *Key management personnel compensation*

Key management includes the Company's directors and officers with authority and responsibility for planning, directing and controlling the activities of an entity, directly or indirectly.

During the period from incorporation to November 30, 2019, the Company was charged \$2,500 for accounting services provided by Branson Corporate Services Ltd. ("Branson") where the Chief Financial Officer of the Company is employed. As at November 30, 2019, an amount of \$2,500 owing to Branson was included in accounts payable and accrued liabilities. The amount outstanding is unsecured, non-interest bearing and due on demand.

### 7. Income Taxes

The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 26.5% to the effective tax rate is as follows:

	2019
	\$
Net income (loss) before recovery of income taxes	(5,700)
Expected income tax recovery	(1,511)
Changes in tax benefits not recognized	1,511
<b>Income tax expense (recovery)</b>	<b>-</b>

#### *Unrecognized deferred tax assets*

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

	2019
	\$
Non-capital losses carried forward	5,700

As at November 30, 2019, the Company had total non-capital tax losses for Canadian income tax purposes of approximately \$5,700, available to use against future taxable income. The non-capital losses expire in 2039.

### 8. Capital Management

The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund ongoing operations and finance the identification and evaluation of potential investments. To secure the additional capital necessary to pursue these investments, the Company may attempt to raise additional funds through the issuance of equity and warrants or by securing strategic partners.

Management reviews its capital management approach on an on-going basis and believes that this approach, given the small size of the Company, is reasonable.

## Psyched Wellness Corp. (formerly Sushego Ltd.)

Notes to Financial Statements

For the Period from January 8, 2019 (Date of Incorporation) to November 30, 2019  
(Expressed in Canadian Dollars)

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### 8. Capital Management (continued)

The Company is not subject to externally imposed capital requirements and there were no changes in its approach to capital management during the period from incorporation to November 30, 2019.

### 9. Financial Instruments Risks

#### *Fair value*

The carrying amounts for accounts payable and accrued liabilities on the statement of financial position approximate their fair value due to the relative short maturity of these financial instruments.

#### *Credit risk*

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on cash. The risk in cash is managed through the use of major financial institutions which have high credit qualities as determined by rating agencies. Management had assessed this risk to be minimal.

#### *Liquidity risk*

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company is exposed to liquidity risk primarily as a result of its trade accounts payable. The Company's objective in managing liquidity risk is to obtain financings in the future in order to meet its liquidity requirements and pursue new business opportunities.

The following table summarizes the carrying amount and the contractual maturities of both the interest and principal portion of significant financial liabilities as at November 30, 2019:

	Carrying amount	Year 1	Year 2 to 3	Year 4 to 5
	\$	\$	\$	\$
Accounts payable and accrued liabilities	5,700	5,700	-	-

### 10. Subsequent Events

On March 25, 2020, the Company filed Articles of Amendment, effectively changing its name to Psyched Wellness Corp.

On March 25, 2020, the Company issued 17,999,900 million common shares to existing and new shareholders of the Company (the "Psyched Wellness Shareholders") at a price of \$0.005 per share. Cash proceeds of \$14,850 were received in connection with 2,970,000 common shares; the balance being 15,029,900 common shares were issued for services.

On May 1, 2020, the Company issued a promissory note payable to Duncan Park Holdings Corp. ("DPH") in the principal amount of \$117,521. The promissory note payable is unsecured, due on demand and bears interest at a rate of 12% per annum.

On May 5, 2020, the Company entered into a share exchange agreement (the "Business Combination") with DPH, where DPH acquired all of the outstanding common shares of the Company from Psyched Wellness Shareholders in exchange for common shares of DPH on a one for one basis. At closing, Psyched Wellness Shareholders were issued an aggregate of 18,000,000 common shares of DPH. As a result of the Business Combination, DPH became the sole shareholder of all outstanding securities of the Company and Psyched Wellness became a wholly owned subsidiary of DPH.

**Psyched Wellness Corp. (formerly Sushego Ltd.)**

Notes to Financial Statements

For the Period from January 8, 2019 (Date of Incorporation) to November 30, 2019

(Expressed in Canadian Dollars)

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**10. Subsequent Events (continued)**

Subsequent to November 30, 2019, the outbreak of the novel strain of corona virus, specifically identified as “COVID-19”, has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operating subsidiaries in future periods.

**SCHEDULE "F"**  
**FINANCIAL STATEMENTS OF PSYCHED WELLNESS**  
**FOR THE THREE MONTHS ENDED FEBRUARY 29, 2020**

**Psyched Wellness Corp.**  
**(formerly Sushego Ltd.)**

**Unaudited Condensed Interim Financial Statements**

**For the three months ended February 29, 2020**

(Expressed in Canadian dollars)



## REVIEW REPORT ON CONDENSED INTERIM FINANCIAL INFORMATION

To the Board of Directors of  
**Psyched Wellness Corp.**

In accordance with our engagement letter dated May 8, 2020, we have performed an interim review of the statement of financial position of Psyched Wellness Corp. (the "Company") as at February 29, 2020, and the statement of comprehensive of loss, statement of changes in equity and statement of cash flows for the three-month period then ended. These financial statements are the responsibility of the Company's management.

We performed our interim review in accordance with Canadian generally accepted standards for a review of interim financial statements by an entity's auditor.

An interim review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements. Accordingly, we do not express such an opinion. An interim review does not provide assurance that we would become aware of any or all significant matters that might be identified in an audit.

Based on our interim review, we are not aware of any material modification that needs to be made for these interim financial statements to be in accordance with International Financing Reporting Standards.

This report is solely for the use of the Board of Directors of the Company to assist it in discharging its regulatory obligation to review these financial statements and should not be used for any other purpose.

*Clearhouse LLP*

Chartered Professional Accountants  
Licensed Public Accountants

Mississauga, Ontario  
May 20, 2020

**Psyched Wellness Corp. (formerly Sushego Ltd.)**  
Unaudited Condensed Interim Statements of Financial Position  
(Expressed in Canadian Dollars)

	As at February 29, 2020	As at November 30, 2019
	\$	\$
<b>Assets</b>		
Due to shareholder	10	10
<b>Total Assets</b>	<b>10</b>	<b>10</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities (Note 4)	8,700	5,700
<b>Total Liabilities</b>	<b>8,700</b>	<b>5,700</b>
<b>Shareholders' Deficiency</b>		
Share capital (Note 5)	10	10
Accumulated deficit	(8,700)	(5,700)
<b>Total Shareholders' Deficiency</b>	<b>(8,690)</b>	<b>(5,690)</b>
<b>Total Liabilities and Shareholders' Deficiency</b>	<b>10</b>	<b>10</b>

Nature of operations and going concern (Note 1)

Subsequent events (Note 9)

**Signed on behalf of the Board of Directors:**

"Jeff Stevens"

Jeff Stevens  
Director

"David Shisel"

David Shisel  
Director

The accompanying notes are an integral part of these unaudited condensed interim financial statements



**Psyched Wellness Corp. (formerly Sushego Ltd.)**

Unaudited Condensed Interim Statement of Loss and Comprehensive Loss

For the three months ended February 29, 2020

(Expressed in Canadian Dollars)

	<b>Three months ended February 29, 2020</b>	For the period from January 8, 2019 to February 28, 2019
	\$	\$
<b>Expenses</b>		
Accounting (Note 6)	<b>2,000</b>	-
Audit	<b>1,000</b>	-
<b>Net Loss and Comprehensive Loss</b>	<b>(3,000)</b>	-

The accompanying notes are an integral part of these unaudited condensed interim financial statements

**Psyched Wellness Corp. (formerly Sushego Ltd.)**

Unaudited Condensed Interim Statement of Changes in Shareholders' Equity

For the three months ended February 29, 2020

(Expressed in Canadian Dollars)

	Share Capital	Accumulated Deficit	Total
	\$	\$	\$
<b>Balance, January 8, 2019</b>	-	-	-
Issuance of shares on incorporation	10	-	10
Net loss and comprehensive loss	-	-	-
<b>Balance, February 28, 2019</b>	<b>10</b>	<b>-</b>	<b>10</b>
<b>Balance, November 30, 2019</b>	<b>10</b>	<b>(5,700)</b>	<b>(5,690)</b>
Net loss and comprehensive loss	-	(3,000)	(3,000)
<b>Balance, February 29, 2020</b>	<b>10</b>	<b>(8,700)</b>	<b>(8,690)</b>

The accompanying notes are an integral part of these unaudited condensed interim financial statements

**Psyched Wellness Corp. (formerly Sushego Ltd.)**

Unaudited Condensed Interim Statement of Cash Flows

For the three months ended February 29, 2020

(Expressed in Canadian Dollars)

	<b>Three months ended February 29, 2020</b>	For the period from January 8, 2019 to February 28, 2019
	\$	\$
<b>Operating Activities</b>		
Net loss for the period	(3,000)	-
Net change in non-cash working capital items:		
Accounts payable and accrued liabilities	3,000	-
<b>Cash Flows (used in) Operating Activities</b>	-	-
Change in cash	-	-
Cash, beginning of period	-	-
<b>Cash, end of period</b>	-	-

The accompanying notes are an integral part of these unaudited condensed interim financial statements

## **Psyched Wellness Corp. (formerly Sushego Ltd.)**

Notes to the Unaudited Condensed Interim Financial Statements

For the three months ended February 29, 2020

(Expressed in Canadian Dollars)

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### **1. Nature of Operations and Going Concern**

Psyched Wellness Corp. (“Psyched Wellness” or the “Company” formerly known as Sushego Ltd.) (see Note 9) was incorporated under the Canadian Business Corporations Act on January 8, 2019. While the Company is currently inactive, its objective is to create premium mushroom products to become a global brand in the emerging functional food category. Over the next 12 months, the Company intends to develop and launch a line of mushroom-infused functional tinctures, teas and capsules designed to help soothe the body, ease physical distress, and assist individuals with achieving better sleep.

The Company is domiciled in Canada and its registered and records office is located at 77 King Street West, Suite 3000, Toronto, Ontario, M5K 1G8, Canada.

The Company has no commercial operations and incurred a net loss and comprehensive loss of \$3,000 during the three months ended February 29, 2020, and as of February 29, 2020, the Company’s accumulated deficit was \$8,700. These conditions indicate that material uncertainties exist that cast significant doubt on the Company’s ability to continue as a going concern. The Company’s ability to continue as a going concern is dependent upon raising additional capital to meet its present and future commitments, the continued support of certain shareholders and trade creditors, and on achieving profitable commercial operations. If additional financing is arranged through the issuance of shares, control of the Company may change, and shareholders may suffer significant dilution.

The unaudited condensed interim financial statements do not reflect adjustments to the carrying values of assets and liabilities that would be necessary if the Company were unable to continue as a going concern and achieve profitable commercial operations and/or obtain adequate financing and support from its shareholders and trade creditors.

If the going concern assumption was not appropriate for these unaudited condensed interim financial statements, adjustments would be necessary to the carrying values of assets and liabilities, net and comprehensive loss, and statements of financial position classifications used. Such adjustments could be material.

### **2. Basis of Preparation**

#### **(a) Statement of Compliance**

The Company’s unaudited condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). These unaudited condensed interim financial statements have been prepared in accordance with International Accounting Standards 34 – Interim Financial Reporting (“IAS 34”).

These unaudited condensed interim financial statements have been prepared in accordance with the same accounting policies, critical estimates and methods described in the Company’s financial statements for the period from January 8, 2019 (date of incorporation) to November 30, 2019. Given that certain information and footnote disclosures have been condensed or excluded in accordance with IAS 34, they do not include all of the information and disclosures required by IFRS for annual financial statements.

These unaudited condensed interim financial statements were reviewed, approved and authorized for issuance by the Company’s Board of Directors on May 20, 2020.

#### **(b) Basis of Presentation**

These unaudited condensed interim financial statements have been prepared in accordance with IFRS accounting principles applicable to a going concern, using the historical cost basis. In addition, these unaudited condensed interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

These unaudited condensed interim financial statements have been prepared in Canadian dollars (\$), which is also the functional and presentation currency of the Company.

## **2. Basis of Preparation (continued)**

### **(c) Significant Accounting Estimates and Judgments**

The preparation of these unaudited condensed interim financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, revenue and expenses. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities, revenue and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions. These estimates are reviewed periodically, and adjustments are made as appropriate in the period they become known. Items for which actual results may differ materially from these estimates are described as follows:

#### *Going concern*

At each reporting period, management exercises judgment in assessing the Company's ability to continue as a going concern by reviewing the Company's performance, resources and future obligations.

## **3. Significant Accounting Policies**

The accounting policies applied by the Company in these unaudited condensed interim financial statements are the same as those noted in the Company's financial statements for the period from January 8, 2019 (date of incorporation) to November 30, 2019, unless otherwise noted below.

### **(a) Adoption of New Accounting Policies**

The Company adopted the following standards, effective December 1, 2019. The changes were made in accordance with the applicable transitional provisions:

#### *IFRS 16 – Leases ("IFRS 16")*

IFRS 16 was issued in January 2016 and replaces IAS 17 – Leases as well as some lease related interpretations. With certain exceptions for leases under twelve months in length or for assets of low value, IFRS 16 states that upon lease commencement a lessee recognizes a right-of-use ("ROU") asset and a lease liability. The ROU asset is initially measured at the amount of the liability plus any initial direct costs. After lease commencement, the lessee shall measure the ROU asset at cost less accumulated amortization and accumulated impairment. A lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognize the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. IFRS 16 requires that lessors classify each lease as an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise it is an operating lease.

The Company has reviewed its leasing arrangements outstanding as at December 1, 2019, in respect of the new lease standard, and had assessed that there was no material impact upon adoption of this new standard on the Company's unaudited condensed interim financial statements.

#### *IFRIC 23 – Uncertainty Over Income Tax Treatments ("IFRIC 23")*

IFRIC 23 clarifies the accounting for uncertainties in income taxes. The interpretation committee concluded that an entity shall consider whether it is probable that a taxation authority will accept an uncertain tax treatment. If an entity concludes it is probable that the taxation authority will accept an uncertain tax treatment, then the entity shall determine taxable profit (tax loss), tax bases, unused tax losses and credits or tax rates consistently with the tax treatment used or planned to be used in its income tax filings. If an entity concludes it is not probable that the taxation authority will accept an uncertain tax treatment, the entity shall reflect the effect of uncertainty in determining the related taxable profit (tax loss), tax bases, unused tax losses and credits or tax rates. The Company had assessed that there was no material impact upon adoption of this new standard on its unaudited condensed interim financial statements.

## Psyched Wellness Corp. (formerly Sushego Ltd.)

Notes to the Unaudited Condensed Interim Financial Statements

For the three months ended February 29, 2020

(Expressed in Canadian Dollars)

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### 3. Significant Accounting Policies (continued)

#### (b) Recent Accounting Pronouncements

At the date of authorization of these unaudited condensed interim financial statements, the IASB and IFRS Interpretations Committee have issued the following new and revised Standards and Interpretations which are effective for annual periods beginning on or after December 1, 2020:

IAS 1 – Presentation of Financial Statements (“IAS 1”) and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors (“IAS 8”)

IAS 1 and IAS 8 were amended in October 2018 to refine the definition of materiality and clarify its characteristics. The revised definition focuses on the idea that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements. The amendments are effective for annual reporting periods beginning on or after December 1, 2020.

### 4. Accounts Payable and Accrued Liabilities

The Company’s accounts payables and accrued liabilities are principally comprised of amounts outstanding incurred in the normal course of business.

The following is an aged analysis of the accounts payable and accrued liabilities:

	February 29, 2020	November 30, 2019
	\$	\$
Less than 90 days	3,000	5,700
Greater than 90 days	5,700	-
<b>Total accounts payable and accrued liabilities</b>	<b>8,700</b>	<b>5,700</b>

The Company’s standard term for trade payable is 30 – 60 days.

### 5. Share Capital

The Company is authorized to issue an unlimited number of common shares without par value.

During the period from incorporation to November 30, 2019, the Company issued 100 common shares for gross proceeds of \$10.

### 6. Related Party Transactions

#### *Key management personnel compensation*

Key management includes the Company’s directors and officers with authority and responsibility for planning, directing and controlling the activities of an entity, directly or indirectly.

During the three months ended February 29, 2020, the Company was charged \$2,000 (2019 – \$nil) for accounting services provided by Branson Corporate Services Ltd. (“Branson”) where the Chief Financial Officer of the Company is employed. As at February 29, 2020, an amount of \$4,500 (November 30, 2019 – \$2,500) owing to Branson was included in accounts payable and accrued liabilities. The amount outstanding is unsecured, non-interest bearing and due on demand.

## Psyched Wellness Corp. (formerly Sushego Ltd.)

Notes to the Unaudited Condensed Interim Financial Statements

For the three months ended February 29, 2020

(Expressed in Canadian Dollars)

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### 7. Capital Management

The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund ongoing operations and finance the identification and evaluation of potential investments. To secure the additional capital necessary to pursue these investments, the Company may attempt to raise additional funds through the issuance of equity and warrants or by securing strategic partners.

Management reviews its capital management approach on an on-going basis and believes that this approach, given the small size of the Company, is reasonable.

The Company is not subject to externally imposed capital requirements and there were no changes in its approach to capital management during the three months ended February 29, 2020 and for the period from incorporation to November 30, 2019.

### 8. Financial Instruments Risks

#### *Fair value*

The carrying amounts for accounts payable and accrued liabilities on the statement of financial position approximate their fair value due to the relative short maturity of these financial instruments.

#### *Credit risk*

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on cash. The risk in cash is managed through the use of major financial institutions which have high credit qualities as determined by rating agencies. Management had assessed this risk to be minimal.

#### *Liquidity risk*

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company is exposed to liquidity risk primarily as a result of its trade accounts payable. The Company's objective in managing liquidity risk is to obtain financings in the future in order to meet its liquidity requirements and pursue new business opportunities.

The following table summarizes the carrying amount and the contractual maturities of both the interest and principal portion of significant financial liabilities as at February 29, 2020:

	Carrying amount	Year 1	Year 2 to 3	Year 4 to 5
	\$	\$	\$	\$
Accounts payable and accrued liabilities	8,700	8,700	-	-

### 9. Subsequent Events

On March 25, 2020, the Company filed Articles of Amendment, effectively changing its name to Psyched Wellness Corp.

On March 25, 2020, the Company issued 17,999,900 million common shares to existing and new shareholders of the Company (the "Psyched Wellness Shareholders") at a price of \$0.005 per share. Cash proceeds of \$14,850 were received in connection with 2,970,000 common shares; the balance being 15,029,900 common shares were issued for services.

On May 1, 2020, the Company issued a promissory note payable to Duncan Park Holdings Corp. ("DPH") in the principal amount of \$117,521. The promissory note payable is unsecured, due on demand and bears interest at a rate of 12% per annum.

**Psyched Wellness Corp. (formerly Sushego Ltd.)**

Notes to the Unaudited Condensed Interim Financial Statements

For the three months ended February 29, 2020

(Expressed in Canadian Dollars)

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**9. Subsequent Events (continued)**

On May 5, 2020, the Company entered into a share exchange agreement (the “Business Combination”) with DPH, where DPH acquired all of the outstanding common shares of the Company from Psyched Wellness Shareholders in exchange for common shares of DPH on a one for one basis. At closing, Psyched Wellness Shareholders were issued an aggregate of 18,000,000 common shares of DPH. As a result of the Business Combination, DPH became the sole shareholder of all outstanding securities of the Company and Psyched Wellness became a wholly owned subsidiary of DPH.

Subsequent to period-end, the outbreak of the novel strain of corona virus, specifically identified as “COVID-19”, has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operating subsidiaries in future periods.



**SCHEDULE "G"**  
**MANAGEMENT DISCUSSION & ANALYSIS OF PSYCHED**  
**WELLNESS FOR THE PERIOD FROM INCORPORATION**  
**ON JANUARY 8, 2019 TO NOVEMBER 30, 2019**

**Psyched Wellness Corp.**  
**(formerly Sushego Ltd.)**

**Management's Discussion and Analysis**

**For the period from January 8, 2019 (Date of Incorporation) to November 30, 2019**

## **Psyched Wellness Corp. (formerly Sushego Ltd.)**

### **Management's Discussion and Analysis**

**For the period from January 8, 2019 (Date of Incorporation) to November 30, 2019**

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The following Management's Discussion and Analysis ("MD&A") concerns the financial conditions and results of Psyched Wellness Corp. ("Psyched Wellness" or the "Company") (formerly Sushego Ltd.) for the period from January 8, 2019 (Date of Incorporation) to November 30, 2019. This MD&A was written to comply with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. The information in this MD&A should be read in conjunction with the Company's audited financial statements for the period from January 8, 2019 (Date of Incorporation) to November 30, 2019. The Company's financial statements and the financial information contained in this MD&A are prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board and the IFRS Interpretations Committee.

In the opinion of management, all adjustments considered necessary for fair presentation have been included in these financial statements. Information contained herein is presented as at May 20, 2020 unless otherwise indicated.

All monetary amounts, unless otherwise indicated, are expressed in Canadian dollars.

### **Description of Business**

Psyched Wellness was incorporated under the Canadian Business Corporations Act on January 8, 2019. The Company Wellness is currently inactive and had incurred a net loss and comprehensive loss of \$5,700 for the period from January 8, 2019 (Date of Incorporation) to November 30, 2019, and as of November 30, 2019, the Company's accumulated deficit was \$5,700. These conditions indicate that material uncertainties exist that cast significant doubt on the Company's ability to continue as a going concern, which is dependent upon raising additional capital to meet its present and future commitments, the continued support of certain shareholders and trade creditors, and on achieving profitable commercial operations. If additional financing is arranged through the issuance of shares, control may change and shareholders may suffer significant dilution.

The Company is domiciled in Canada and its registered and records office is located at 77 King Street West, Suite 3000, Toronto, Ontario, M5K 1G8, Canada.

On March 25, 2020, the Company filed Articles of Amendment, effectively changing its name to Psyched Wellness Corp.

On May 5, 2020, the Company entered into a share exchange agreement (the "Business Combination") with Duncan Park Holdings Corporation ("DPH"), where DPH acquired all of the outstanding common shares of the Company from existing and new shareholders of Psyched Wellness (the "Psyched Wellness Shareholders") in exchange for common shares of DPH on a one for one basis. At closing, Psyched Wellness Shareholders were issued an aggregate of 18,000,000 common shares of DPH. As a result of the Business Combination, DPH became the sole shareholder of all outstanding securities of the Company and Psyched Wellness became a wholly owned subsidiary of DPH (collectively the "Combined Entity").

### **Outlook and Plans**

Psyched Wellness's objective is to create premium mushroom products that have the potential to become a leading North American brand in the emerging functional food category. Over the next 12 months, the Combined Entity intends to develop and launch a line of mushroom-infused functional tinctures, teas, and capsules designed to help with three health objectives: soothe the body, ease physical distress and assist with sleeping.

The Combined Entity has an aggressive plan for the remainder of 2020. A Special AGM is scheduled for June 30, 2020, where key objectives of the meeting include:

- (i) Approve a name change from DPH to Psyched Wellness Ltd.,
- (ii) Change ticker symbol to "PSYC",
- (iii) Increase the number of board members by one, and
- (iv) Implement a stock option plan.

## **Psyched Wellness Corp. (formerly Sushego Ltd.)**

### **Management's Discussion and Analysis**

For the period from January 8, 2019 (Date of Incorporation) to November 30, 2019

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The Combined Entity has submitted a listing statement to the Canadian Securities Exchange and is targeting to list in July/August of 2020 with the ticker symbol "PSYC" reserved. The Combined Entity will have completed two equity financings for an aggregate of approximately \$3.8 million providing an adequate amount of capital to execute on the operational goals. In conjunction with the public listing of the Combined Entity, management will continue to work with its advisors and CRO partners on the R&D and formulation of its flagship product, an Amanita Muscaria mushroom-infused tincture. The Combined Entity has engaged various entities to complete the toxicology assessment, including safety margins analysis for human consumption, complete a gap analysis and path to market assessment, R&D on extraction methods, determine the applicable regulatory and labeling requirements, complete branding artwork and package design. A relationship with a Canadian-based distributor has been established, which will position the Combined Entity to get its products in Canadian retail locations.

In the first half of 2021, the Combined Entity will be working on supply chain manufacturing for commercial-scale manufacturing of Amanita Muscaria infused products. Management has identified a contract manufacturing partner that has all of the necessary regulatory approvals to manufacture the product, bottle, and label on behalf of the Combined Entity. Management will build an e-commerce marketplace and evaluate various web fulfillment and logistics companies for distribution from the marketplace in the Canadian and United States ("US") markets.

### **Results of Operations**

For the period from January 8, 2019 (Date of Incorporation) to November 30, 2019, Psyched Wellness was inactive and accordingly generated no revenue and had minimal activities. Total expenses for the period from January 8, 2019 (Date of Incorporation) to November 30, 2019 were \$5,700, which consisted of professional fees associated with legal expenses of \$700, accounting services of \$2,500 and audit fees of \$2,500.

### **Related Party Transactions**

#### *Key management personnel compensation*

Key management includes the Company's directors and officers with authority and responsibility for planning, directing and controlling the activities of an entity, directly or indirectly.

During the period from incorporation to November 30, 2019, the Company was charged \$2,500 for accounting services provided by Branson Corporate Services Ltd. ("Branson") where the Chief Financial Officer of the Company is employed. As at November 30, 2019, an amount of \$2,500 owing to Branson was included in accounts payable and accrued liabilities. The amount outstanding is unsecured, non-interest bearing and due on demand..

### **Significant Accounting Judgments and Estimates**

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, revenue and expenses. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities, revenue and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions. These estimates are reviewed periodically, and adjustments are made as appropriate in the period they become known. Items for which actual results may differ materially from these estimates are described as follows:

#### *Going concern*

At each reporting period, management exercises judgment in assessing the Company's ability to continue as a going concern by reviewing Psyched Wellness's performance, resources and future obligations.

## **Psyched Wellness Corp. (formerly Sushego Ltd.)**

Management's Discussion and Analysis

For the period from January 8, 2019 (Date of Incorporation) to November 30, 2019

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### **Summary of Significant Accounting Policies**

#### **(a) Financial Instruments**

Financial assets and financial liabilities, within the scope of IFRS 9 – Financial Instruments (“IFRS 9”), are recognized on the statement of financial position when the Company becomes a party to the financial instrument or derivative contract.

##### *Classification*

The Company classifies its financial assets and financial liabilities in the following measurement categories: (a) those to be measured subsequently at FVTPL; (b) those to be measured subsequently at fair value through other comprehensive income (“FVTOCI”); and (c) those to be measured at amortized cost. The classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at FVTPL (irrevocable election at the time of recognition). For assets and liabilities measured at fair value, gains and losses are recorded in profit or loss.

The Company reclassifies financial assets when its business model for managing those assets changes. Financial liabilities are not reclassified.

##### *Amortized cost*

This category includes financial assets that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the solely principal and interest (“SPPI”) criterion. Financial asset classified in this category are measured at amortized cost using the effective interest method.

##### *Expected credit loss impairment model*

IFRS 9 – Financial Instruments introduced a single ECL impairment model, which is based on changes in credit quality since initial application. The adoption of the ECL impairment model had resulted in a provision of ECL recorded on the Company's statements of loss and comprehensive loss.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company in full or when the financial asset is more than 90 days past due. The carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts.

##### *Fair value through profit or loss*

This category includes derivative instruments as well as quoted equity instruments which the Company has not irrevocably elected, at initial recognition or transition, to classify at FVTOCI. This category would also include debt instruments whose cash flow characteristics fail the SPPI criterion or are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell. Financial assets in this category are recorded at fair value with changes recognized in profit or loss.

##### *Financial assets at fair value through other comprehensive income*

Equity instruments that are not held-for-trading can be irrevocably designated to have their change in FVTOCI instead of through profit or loss. This election can be made on individual instruments and is not required to be made for the entire class of instruments. Attributable transaction costs are included in the carrying value of the instruments. Financial assets at FVTOCI are initially measured at fair value and changes therein are recognized in other comprehensive income (loss).

## **Psyched Wellness Corp. (formerly Sushego Ltd.)**

Management's Discussion and Analysis

For the period from January 8, 2019 (Date of Incorporation) to November 30, 2019

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### *Measurement*

All financial instruments are required to be measured at fair value on initial recognition, plus, in the case of a financial asset or financial liability not at FVTPL, transaction costs that are directly attributable to the acquisition or issuance of the financial asset or financial liability. Transaction costs of financial assets and financial liabilities carried at FVTPL are expensed in profit or loss. Financial assets and financial liabilities with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are on the principal outstanding are generally measured at amortized cost at the end of the subsequent accounting periods. All other financial assets including equity investments are measured at their fair values at the end of subsequent accounting periods, with any changes taken through profit and loss or OCI (irrevocable election at the time of recognition). For financial liabilities measured subsequently at FVTPL, changes in fair value due to credit risk are recorded in other comprehensive income (loss).

### *Fair value hierarchy*

The Company classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at November 30, 2019, the Company does not have any financial instruments measured at fair value.

### **(b) Provisions**

Provisions are recorded when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

As at November 30, 2019, the Company had no material provisions.

### **(c) Related party transactions**

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties, which may be individuals or corporate entities, are also considered to be related if they are subject to common control or common significant influence. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. Related party transactions that are in the normal course of business and have commercial substance are measured at the exchange amount.

### **(d) Adoption of New Accounting Policies**

The Company had adopted certain new standards, effective January 8, 2019. These changes were made in accordance with the applicable transitional provisions, as follows:

## **Psyched Wellness Corp. (formerly Sushego Ltd.)**

Management's Discussion and Analysis

For the period from January 8, 2019 (Date of Incorporation) to November 30, 2019

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### *IFRS 9 – Financial Instruments (“IFRS 9”)*

IFRS 9 replaces IAS 39 – Financial Instruments: Recognition and Measurement (“IAS 39”). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity's own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39.

### **Capital Management**

The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund ongoing operations and finance the identification and evaluation of potential investments. To secure the additional capital necessary to pursue these investments, the Company may attempt to raise additional funds through the issuance of equity and warrants or by securing strategic partners.

Management reviews its capital management approach on an on-going basis and believes that this approach, given the small size of the Company, is reasonable.

The Company is not subject to externally imposed capital requirements and there were no changes in its approach to capital management during the period from incorporation to November 30, 2019.

### **Financial Instruments Risks**

#### *Fair value*

The carrying amounts for accounts payable and accrued liabilities on the statement of financial position approximate their fair value due to the relative short maturity of these financial instruments.

#### *Credit risk*

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on cash. The risk in cash is managed through the use of major financial institutions which have high credit qualities as determined by rating agencies. Management had assessed this risk to be minimal.

#### *Liquidity risk*

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company is exposed to liquidity risk primarily as a result of its trade accounts payable. The Company's objective in managing liquidity risk is to obtain financings in the future in order to meet its liquidity requirements and pursue new business opportunities.

The following table summarizes the carrying amount and the contractual maturities of both the interest and principal portion of significant financial liabilities as at November 30, 2019:

	<b>Carrying amount</b>	<b>Year 1</b>	<b>Year 2 to 3</b>	<b>Year 4 to 5</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Accounts payable and accrued liabilities	<b>5,700</b>	5,700	-	-

### **Subsequent Events**

On March 25, 2020, the Company filed Articles of Amendment, effectively changing its name to Psyched Wellness Corp.

## **Psyched Wellness Corp. (formerly Sushego Ltd.)**

### Management's Discussion and Analysis

For the period from January 8, 2019 (Date of Incorporation) to November 30, 2019

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On March 25, 2020, the Company issued 17,999,900 million common shares to the Psyched Wellness Shareholders at a price of \$0.005 per share. Cash proceeds of \$14,850 were received in connection with 2,970,000 common shares; the balance being 15,029,900 common shares were issued for services.

On May 1, 2020, the Company issued a promissory note payable to DPH in the principal amount of \$117,521. The promissory note payable is unsecured, due on demand and bears interest at a rate of 12% per annum.

On May 5, 2020, the Company entered into the Business Combination with DPH, where DPH acquired all of the outstanding common shares of the Company from Psyched Wellness Shareholders in exchange for common shares of DPH on a one for one basis. At closing, Psyched Wellness Shareholders were issued an aggregate of 18,000,000 common shares of DPH. As a result of the Business Combination, DPH became the sole shareholder of all outstanding securities of the Company and Psyched Wellness became a wholly owned subsidiary of DPH.

Subsequent to November 30, 2019, the outbreak of the novel strain of corona virus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operating subsidiaries in future periods.

### **Risk Factors**

The Company faces exposure to risk factors and uncertainties relating to its business that could significantly negatively impact the Company's operations and financial results. Additional risks and uncertainties not presently known to the Company or currently deemed immaterial by the Company may also impair the Company's operations. If any such risks actually occur, shareholders of the Company could lose all or part of their investment and the business, financial condition, liquidity, results of operations and prospects of the Company could also be materially adversely affected and the ability of the Company to implement its growth plans could be adversely affected.

The following is a summary of risk factors that could be applicable to the business of the Company:

#### *Additional financing*

The Company may need to raise significant additional funds sooner to support its growth, respond to competitive pressures, acquire, or invest in complementary or competitive businesses or technologies, or take advantage of unanticipated opportunities. If its financial resources are insufficient, it will require additional financing to meet its plans for expansion. The Company cannot be sure that this additional financing, if needed, will be available on acceptable terms or at all.

Furthermore, any debt financing, if available, may involve restrictive covenants, which may limit its operating flexibility with respect to business matters. If additional funds are raised through the issuance of equity securities, the percentage ownership of existing shareholders will be reduced, such shareholders may experience additional dilution in net book value, and such equity securities may have rights, preferences or privileges senior to those of its existing shareholders. If adequate funds are not available on acceptable terms or at all, the Company may be unable to develop or enhance its services and products, take advantage of future opportunities, repay debt obligations as they become due, or respond to competitive pressures, any of which could have a material adverse effect on its business, prospects, financial condition, and results of operations.



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*The market price of securities is volatile and may not accurately reflect the long-term value of the Company*

Securities markets have a high level of price and volume volatility, and the market price of securities of many companies has experienced substantial volatility in the past. This volatility may affect the ability of holders of shares to sell their securities at an advantageous price. Market price fluctuations in the shares may be due to the Company's operating results failing to meet expectations of securities analysts or investors in any period, downward revision in securities analysts' estimates, adverse changes in general market conditions or economic trends, acquisitions, dispositions or other material public announcements by the Company or its competitors, along with a variety of additional factors. These broad market fluctuations may adversely affect the market price of the shares.

Financial markets historically at times experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of companies and that have often been unrelated to the operating performance, underlying asset values or prospects of such companies. Accordingly, the market price of the shares may decline even if the Company's results, underlying asset values or prospects have not changed.

Additionally, these factors, as well as other related factors, may cause decreases in investment values that are deemed to be other than temporary, which may result in impairment losses. There can be no assurance that continuing fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil continue, the Company's operations could be adversely impacted, and the trading price of the shares may be materially adversely affected.

### *Regulation*

The activities of the Company are subject to regulation by governmental authorities. Achievement of the Company's business objectives are contingent, in part, upon compliance with regulatory requirements enacted by these governmental authorities and obtaining all regulatory approvals, where necessary, for the sale of its products. The Company cannot predict the time required to secure all appropriate regulatory approvals for its products, or the extent of testing and documentation that may be required by governmental authorities. Any delays in obtaining, or failure to obtain regulatory approvals would significantly delay the development of markets and products and could have a material adverse effect on the business, results of operations and financial condition of the Company.

The Company's operations are subject to a variety of laws, regulations and guidelines relating to the manufacture, management, transportation, storage and disposal of mushroom-infused products but also including laws and regulations relating to health and safety, the conduct of operations and the protection of the environment. The Company cannot predict the nature of any future laws, regulations, interpretations, policies, or applications, nor can it determine what effect additional governmental regulations or administrative interpretations or procedures, when and if promulgated, could have on the Company's operations. Changes to such laws, regulations, and guidelines due to matters beyond the control of the Company may cause adverse effects to the production of the Company's products.

Local, state, and federal laws and regulations governing mushroom-infused products are broad in scope and are subject to evolving interpretations, which could require the Company to incur substantial costs associated with bringing the Company's operations into compliance. In addition, violations of these laws, or allegations of such violations, could disrupt the Company's operations and result in a material adverse effect on its financial performance. It is beyond the Company's scope to predict the nature of any future change to the existing laws, regulations, policies, interpretations or applications, nor can the Company determine what effect such changes, when and if promulgated, could have on the Company's business.

### *Reliance on management*

The success of the Company is dependent on the performance of its senior management. The loss of services of these persons would have a material adverse effect on the Company's business and prospects in the short-term. There is no assurance the Company can maintain the services of its officers or other qualified personnel required to operate its business. Failure to do so could have a material adverse effect on the Company and its prospects.

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#### *Reliance on third-party suppliers, manufacturers, distributors and contractors*

Due to the uncertain regulatory landscape for regulating mushroom-infused products in Canada and the US, the Company's third-party suppliers, manufacturers, distributors, and contractors may elect, at any time, to decline or withdraw services necessary for the Company's operations. Loss of these suppliers, manufacturers, distributors, and contractors may have a material adverse effect on the Company's business and operational results.

#### *Risks associated with increasing competition*

There is potential that the Company will face intense competition from other companies, some of which can be expected to have longer operating histories and more financial resources and manufacturing and marketing experience the Company. Increased competition by larger and better financed competitors could materially and adversely affect the business, financial condition, and results of operations of the Company.

Due to the early stage of the industry in which the Company operates, the Company expects to face additional competition from new entrants. To remain competitive, the Company will require a continued high level of investment in research and development, marketing, sales, and client support. The Company may not have sufficient resources to maintain research and development, marketing, sales, and client support efforts on a competitive basis which could materially and adversely affect the business, financial condition, and results of operations the Company.

#### *The Company may be vulnerable to unfavorable publicity or consumer perception*

The Company believes the psychedelic industry is highly dependent upon consumer perception regarding the safety, efficacy and quality of the mushroom-infused products manufactured. Consumer perception can be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of mushroom-infused products.

Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favorable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for psychedelic products and on the business, results of operations, financial condition and cash flows of the Company.

Further, adverse publicity reports or other media attention regarding the safety, efficacy, and quality of mushroom-infused products in general, or associating the consumption of psychedelic products with illness or other negative effects or events, could have such a material adverse effect. Such adverse publicity reports or other media attention could arise hindering market growth and state adoption due to inconsistent public opinion and perception of the psychedelic industry.

#### *Internal controls*

Effective internal controls are necessary for the Company to provide reliable financial reports and to help prevent fraud. Although the Company will undertake a number of procedures and will implement a number of safeguards, in each case, in order to help ensure the reliability of its financial reports, including those imposed on the Company under Canadian securities law, the Company cannot be certain that such measures will ensure that the Company will maintain adequate control over financial processes and reporting. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm the Company's results of operations or cause it to fail to meet its reporting obligations. If the Company or its auditors discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in the Company's financial statements and materially adversely affect the trading price of the Company's common shares.

#### *Liability for activity of employees, contractors and consultants*

The Company could be liable for fraudulent or illegal activity by its employees, contractors and consultants resulting in significant financial losses to claims or regulatory enforcement actions against the Company. Failure to comply with relevant laws could result in fines, suspension of licenses and civil or criminal action being taken against the Company. Consequently, the Company is subject certain risks, including that employees, contractors and consultants may

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inadvertently fail to follow the law or purposefully neglect to follow the law, either of which could result in material adverse effects to the financial condition of the Company.

### *Operating risk and insurance coverage*

The Company's insurance coverage is intended to address all material risks to which it is exposed and is adequate and customary in its current state of operations. However, such insurance is subject to coverage limits and exclusions and may not be available for the risks and hazards to which the Company is exposed. In addition, no assurance can be given that such insurance will be adequate to cover the Company's liabilities or will be generally available in the future or, if available, that premiums will be commercially justifiable. If the Company were to incur substantial liability and such damages were not covered by insurance or were in excess of policy limits, or if the Company were to incur such liability at a time when it is not able to obtain liability insurance, its business, results of operations and financial condition could be materially adversely affected.

### *Uninsurable risks*

The psychedelic business is subject to several risks that could result in damage to or destruction of properties or facilities or cause personal injury or death, environmental damage, delays in production and monetary losses and possible legal liability. It is not always possible to fully insure against such risks, and the Company may decide not to take out insurance against such risks as a result of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the securities of the Company. The Company does not currently have any insurance policies covering its properties or the operation of its business and any liabilities that may arise as a result any of the above noted risks may cause a material adverse effect on the financial condition of the Company.

### *Negative publicity or consumer perception may affect the success of our business*

The success of the psychedelic industry may be significantly influenced by the public's perception of mushroom-infused products, which could be controversial topics, and there is no guarantee that future scientific research, publicity, regulations, medical opinion, and public opinion relating to psychedelics will be favorable. The psychedelic industry is an early-stage business that is constantly evolving with no guarantee of viability. The market for mushroom-infused products is uncertain, and any adverse or negative publicity, scientific research, limiting regulations, medical opinion and public opinion (whether or not accurate or with merit) relating to the consumption of mushroom-infused products, whether in Canada, the US or elsewhere, may have a material adverse effect on our operational results, consumer base and financial results. Among other things, such a shift in public opinion could cause jurisdictions to abandon initiatives the psychedelic industry, thereby limiting the number of new jurisdictions into which the Company could identify potential acquisition opportunities.

### *Disruption of business*

Conditions or events including, but not limited to, those listed below could disrupt the Company's operations, increase operating expenses, resulting in delayed performance of contractual obligations or require additional expenditures to be incurred: (i) extraordinary weather conditions or natural disasters such as hurricanes, tornadoes, floods, fires, extreme heat, earthquakes, etc.; (ii) a local, regional, national or international outbreak of a contagious disease, including the COVID-19 coronavirus, Middle East Respiratory Syndrome, Severe Acute Respiratory Syndrome, H1N1 influenza virus, avian flu, or any other similar illness could result in a general or acute decline in economic activity (see also, "Public Health Crises, including COVID-19"); (iii) political instability, social and labour unrest, war or terrorism; or (iv) interruptions in the availability of basic commercial and social services and infrastructure including power and water shortages, and shipping and freight forwarding services including via air, sea, rail and road.

### *Public health crises*

The Company's business, operations and financial condition could be materially adversely affected by the outbreak of epidemics or pandemics or other health crises beyond our control, including the current outbreak of COVID-19. On January 30, 2020, the World Health Organization declared the COVID-19 outbreak a global health emergency. Many governments have likewise declared that the COVID-19 outbreak in their jurisdictions constitutes an emergency.

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Reactions to the spread of COVID-19 have led to, among other things, significant restrictions on travel, business closures, quarantines and a general reduction in consumer activity. While these effects are expected to be temporary, the duration of the business disruptions and related financial impact cannot be reasonably estimated at this time.

Such public health crises can result in volatility and disruptions in the supply and demand for various products and services, global supply chains and financial markets, as well as declining trade and market sentiment and reduced mobility of people, all of which could affect 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 and a slowdown or temporary suspension of operations in geographic locations impacted by an outbreak. At this point, the extent to which COVID-19 may impact the Company is uncertain; however, it is possible that COVID-19 may have a material adverse effect on the Company's business, results of operations and financial condition.

### **Disclosure of Internal Controls over Financial Reporting**

Management has established processes to provide them sufficient knowledge to support representations that they have exercised reasonable diligence that (i) the financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the financial statements; and (ii) the financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented.

In contrast to non-venture issuers, this MD&A does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"). In particular, management is not making any representations relating to the establishment and maintenance of: controls and procedures designed to provide reasonable assurance that information required to be disclosed by the Company in its filings or other reports or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Investors should be aware that inherent limitations on the ability of management of the Company to design and implement on a cost-effective basis DC&P and ICFR may result in additional risks to the quality, reliability, transparency and timeliness of filings and other reports provided under securities legislation.

### **Cautionary Note Regarding Forward-Looking Statements**

This MD&A includes "forward-looking statements", within the meaning of applicable securities legislation, which are based on the opinions and estimates of Management and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar words suggesting future outcomes or statements regarding an outlook. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Examples of such statements include, without limitation: the intention to complete the listing; the description of the Company that assumes completion of the listing of its Common Shares; the intention to grow the business and operations of the Company; the risk of foreign exchange rate fluctuations, the ability of the Company to fund the capital and operating expenses necessary to achieve its business objectives, the uncertainty associated with commercial negotiations and risks associated with international business activities, as well as those risks described in public disclosure documents filed by the Company. Due to the risks, uncertainties and assumptions inherent in forward-looking statements, prospective investors in securities of the Company should not place undue reliance on these forward-looking statements.

Readers are cautioned that the foregoing lists of risks, uncertainties and other factors are not exhaustive. The forward-looking statements contained herein are made as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking statements or in any other documents filed with Canadian securities regulatory

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authorities, whether as a result of new information, future events or otherwise, except in accordance with applicable securities laws. The forward-looking statements are expressly qualified by this cautionary statement.

**Management's Responsibility of Financial Information**

Management is responsible for all information contained in this report. The Company's financial statements have been prepared in accordance with IFRS and include amounts based on management's informed judgments and estimates. The financial and operating information included in this report is consistent with that contained in the financial statements in all material aspects.

The Audit Committee has reviewed the financial statements and this MD&A with management. The Board of Directors of the Company has approved the financial statements and this MD&A on the recommendation of the Audit Committee.

May 20, 2020

Jeffrey Stevens  
Chief Executive Officer

**SCHEDULE "H"**  
**MANAGEMENT DISCUSSION & ANALYSIS OF PSYCHED**  
**WELLNESS FOR THREE MONTHS ENDED FEBRUARY 29,**  
**2020**

**Psyched Wellness Corp.**  
**(formerly Sushego Ltd.)**

**Management's Discussion and Analysis**

**For the three months ended February 29, 2020**

## **Psyched Wellness Corp. (formerly Sushego Ltd.)**

### **Management's Discussion and Analysis**

For the three months ended February 29, 2020

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The following Management's Discussion and Analysis ("MD&A") concerns the financial conditions and results of Psyched Wellness Corp. ("Psyched Wellness" or the "Company") (formerly Sushego Ltd.) for the three months ended February 29, 2020. This MD&A was written to comply with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. The information in this MD&A should be read in conjunction with the Company's unaudited condensed interim financial statements for the three months ended February 29, 2020, and its audited financial statements for the period from January 8, 2019 (Date of Incorporation) to November 30, 2019. The Company's financial statements and the financial information contained in this MD&A are prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board and the IFRS Interpretations Committee.

In the opinion of management, all adjustments considered necessary for fair presentation have been included in these financial statements. Information contained herein is presented as at May 20, 2020 unless otherwise indicated.

All monetary amounts, unless otherwise indicated, are expressed in Canadian dollars.

### **Description of Business**

Psyched Wellness was incorporated under the Canadian Business Corporations Act on January 8, 2019. The Company Wellness is currently inactive and had incurred a net loss and comprehensive loss of \$3,000 for the three months ended February 29, 2020, and as of February 29, 2020, the Company's accumulated deficit was \$8,700. These conditions indicate that material uncertainties exist that cast significant doubt on the Company's ability to continue as a going concern, which is dependent upon raising additional capital to meet its present and future commitments, the continued support of certain shareholders and trade creditors, and on achieving profitable commercial operations. If additional financing is arranged through the issuance of shares, control may change and shareholders may suffer significant dilution.

The Company is domiciled in Canada and its registered and records office is located at 77 King Street West, Suite 3000, Toronto, Ontario, M5K 1G8, Canada.

On March 25, 2020, the Company filed Articles of Amendment, effectively changing its name to Psyched Wellness Corp.

On May 5, 2020, the Company entered into a share exchange agreement (the "Business Combination") with Duncan Park Holdings Corporation ("DPH"), where DPH acquired all of the outstanding common shares of the Company from existing and new shareholders of Psyched Wellness (the "Psyched Wellness Shareholders") in exchange for common shares of DPH on a one for one basis. At closing, Psyched Wellness Shareholders were issued an aggregate of 18,000,000 common shares of DPH. As a result of the Business Combination, DPH became the sole shareholder of all outstanding securities of the Company and Psyched Wellness became a wholly owned subsidiary of DPH (collectively the "Combined Entity").

### **Outlook and Plans**

Psyched Wellness's objective is to create premium mushroom products that have the potential to become a leading North American brand in the emerging functional food category. Over the next 12 months, the Combined Entity intends to develop and launch a line of mushroom-infused functional tinctures, teas, and capsules designed to help with three health objectives: soothe the body, ease physical distress and assist with sleeping.

The Combined Entity has an aggressive plan for the remainder of 2020. A Special AGM is scheduled for June 30, 2020, where key objectives of the meeting include:

- (i) Approve a name change from DPH to Psyched Wellness Ltd.,
- (ii) Change ticker symbol to "PSYC",
- (iii) Increase the number of board members by one, and
- (iv) Implement a stock option plan.



## **Psyched Wellness Corp. (formerly Sushego Ltd.)**

### **Management's Discussion and Analysis**

**For the three months ended February 29, 2020**

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The Combined Entity has submitted a listing statement to the Canadian Securities Exchange and is targeting to list in July/August of 2020 with the ticker symbol "PSYC" reserved. The Combined Entity will have completed two equity financings for an aggregate of approximately \$3.8 million providing an adequate amount of capital to execute on the operational goals. In conjunction with the public listing of the Combined Entity, management will continue to work with its advisors and CRO partners on the R&D and formulation of its flagship product, an Amanita Muscaria mushroom-infused tincture. The Combined Entity has engaged various entities to complete the toxicology assessment, including safety margins analysis for human consumption, complete a gap analysis and path to market assessment, R&D on extraction methods, determine the applicable regulatory and labeling requirements, complete branding artwork and package design. A relationship with a Canadian-based distributor has been established, which will position the Combined Entity to get its products in Canadian retail locations.

In the first half of 2021, the Combined Entity will be working on supply chain manufacturing for commercial-scale manufacturing of Amanita Muscaria infused products. Management has identified a contract manufacturing partner that has all of the necessary regulatory approvals to manufacture the product, bottle, and label on behalf of the Combined Entity. Management will build an e-commerce marketplace and evaluate various web fulfillment and logistics companies for distribution from the marketplace in the Canadian and United States ("US") markets.

### **Results of Operations**

For the three months ended February 29, 2020, Psyched Wellness was inactive and continued to have and had minimal activities. Total expenses for the three months ended February 29, 2020 were \$3,000 which consisted of professional fees associated with accounting services of \$2,000 and audit fees of \$1,000.

### **Related Party Transactions**

#### *Key management personnel compensation*

Key management includes the Company's directors and officers with authority and responsibility for planning, directing and controlling the activities of an entity, directly or indirectly.

During the three months ended February 29, 2020, the Company was charged \$2,000 (2019 – \$nil) for accounting services provided by Branson Corporate Services Ltd. ("Branson") where the Chief Financial Officer of the Company is employed. As at February 29, 2020, an amount of \$4,500 (November 30, 2019 – \$2,500) owing to Branson was included in accounts payable and accrued liabilities. The amount outstanding is unsecured, non-interest bearing and due on demand.

### **Significant Accounting Judgments and Estimates**

The preparation of the Company's unaudited condensed interim financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, revenue and expenses. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities, revenue and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions. These estimates are reviewed periodically, and adjustments are made as appropriate in the period they become known. Items for which actual results may differ materially from these estimates are described as follows:

#### *Going concern*

At each reporting period, management exercises judgment in assessing the Company's ability to continue as a going concern by reviewing Psyched Wellness's performance, resources and future obligations.

## **Psyched Wellness Corp. (formerly Sushego Ltd.)**

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### **Summary of Significant Accounting Policies**

The accounting policies applied by the Company in its unaudited condensed interim financial statements are the same as those noted in the Company's financial statements for the period from January 8, 2019 (date of incorporation) to November 30, 2019, unless otherwise noted below.

#### **(a) Adoption of New Accounting Policies**

The Company adopted the following standards, effective December 1, 2019. The changes were made in accordance with the applicable transitional provisions:

##### *IFRS 16 – Leases ("IFRS 16")*

IFRS 16 was issued in January 2016 and replaces IAS 17 – Leases as well as some lease related interpretations. With certain exceptions for leases under twelve months in length or for assets of low value, IFRS 16 states that upon lease commencement a lessee recognizes a right-of-use ("ROU") asset and a lease liability. The ROU asset is initially measured at the amount of the liability plus any initial direct costs. After lease commencement, the lessee shall measure the ROU asset at cost less accumulated amortization and accumulated impairment. A lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognize the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. IFRS 16 requires that lessors classify each lease as an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise it is an operating lease.

The Company has reviewed its leasing arrangements outstanding as at December 1, 2019, in respect of the new lease standard, and had assessed that there was no material impact upon adoption of this new standard on the Company's unaudited condensed interim financial statements.

##### *IFRIC 23 – Uncertainty Over Income Tax Treatments ("IFRIC 23")*

IFRIC 23 clarifies the accounting for uncertainties in income taxes. The interpretation committee concluded that an entity shall consider whether it is probable that a taxation authority will accept an uncertain tax treatment. If an entity concludes it is probable that the taxation authority will accept an uncertain tax treatment, then the entity shall determine taxable profit (tax loss), tax bases, unused tax losses and credits or tax rates consistently with the tax treatment used or planned to be used in its income tax filings. If an entity concludes it is not probable that the taxation authority will accept an uncertain tax treatment, the entity shall reflect the effect of uncertainty in determining the related taxable profit (tax loss), tax bases, unused tax losses and credits or tax rates. The Company had assessed that there was no material impact upon adoption of this new standard on its unaudited condensed interim financial statements.

#### **(b) Recent Accounting Pronouncements**

At the date of authorization of the Company's unaudited condensed interim financial statements, the IASB and IFRS Interpretations Committee have issued the following new and revised Standards and Interpretations which are effective for annual periods beginning on or after December 1, 2020:

##### *IAS 1 – Presentation of Financial Statements ("IAS 1") and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8")*

IAS 1 and IAS 8 were amended in October 2018 to refine the definition of materiality and clarify its characteristics. The revised definition focuses on the idea that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements. The amendments are effective for annual reporting periods beginning on or after December 1, 2020.

## Psyched Wellness Corp. (formerly Sushego Ltd.)

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For the three months ended February 29, 2020

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### Capital Management

The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund ongoing operations and finance the identification and evaluation of potential investments. To secure the additional capital necessary to pursue these investments, the Company may attempt to raise additional funds through the issuance of equity and warrants or by securing strategic partners.

Management reviews its capital management approach on an on-going basis and believes that this approach, given the small size of the Company, is reasonable.

The Company is not subject to externally imposed capital requirements and there were no changes in its approach to capital management during the three months ended February 29, 2020 and for the period from incorporation to November 30, 2019.

### Financial Instruments Risks

#### *Fair value*

The carrying amounts for accounts payable and accrued liabilities on the statement of financial position approximate their fair value due to the relative short maturity of these financial instruments.

#### *Credit risk*

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on cash. The risk in cash is managed through the use of major financial institutions which have high credit qualities as determined by rating agencies. Management had assessed this risk to be minimal.

#### *Liquidity risk*

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company is exposed to liquidity risk primarily as a result of its trade accounts payable. The Company's objective in managing liquidity risk is to obtain financings in the future in order to meet its liquidity requirements and pursue new business opportunities.

The following table summarizes the carrying amount and the contractual maturities of both the interest and principal portion of significant financial liabilities as at February 29, 2020:

	Carrying amount	Year 1	Year 2 to 3	Year 4 to 5
	\$	\$	\$	\$
Accounts payable and accrued liabilities	8,700	8,700	-	-

### Subsequent Events

On March 25, 2020, the Company filed Articles of Amendment, effectively changing its name to Psyched Wellness Corp.

On March 25, 2020, the Company issued 17,999,900 million common shares to the Psyched Wellness Shareholders at a price of \$0.005 per share. Cash proceeds of \$14,850 were received in connection with 2,970,000 common shares; the balance being 15,029,900 common shares were issued for services.

On May 1, 2020, the Company issued a promissory note payable to DPH in the principal amount of \$117,521. The promissory note payable is unsecured, due on demand and bears interest at a rate of 12% per annum.

## **Psyched Wellness Corp. (formerly Sushego Ltd.)**

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On May 5, 2020, the Company entered into the Business Combination with DPH, where DPH acquired all of the outstanding common shares of the Company from Psyched Wellness Shareholders in exchange for common shares of DPH on a one for one basis. At closing, Psyched Wellness Shareholders were issued an aggregate of 18,000,000 common shares of DPH. As a result of the Business Combination, DPH became the sole shareholder of all outstanding securities of the Company and Psyched Wellness became a wholly owned subsidiary of DPH.

Subsequent to period-end, the outbreak of the novel strain of corona virus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operating subsidiaries in future periods.

### **Risk Factors**

The Company faces exposure to risk factors and uncertainties relating to its business that could significantly negatively impact the Company's operations and financial results. Additional risks and uncertainties not presently known to the Company or currently deemed immaterial by the Company may also impair the Company's operations. If any such risks actually occur, shareholders of the Company could lose all or part of their investment and the business, financial condition, liquidity, results of operations and prospects of the Company could also be materially adversely affected and the ability of the Company to implement its growth plans could be adversely affected.

The following is a summary of risk factors that could be applicable to the business of the Company:

#### *Additional financing*

The Company may need to raise significant additional funds sooner to support its growth, respond to competitive pressures, acquire, or invest in complementary or competitive businesses or technologies, or take advantage of unanticipated opportunities. If its financial resources are insufficient, it will require additional financing to meet its plans for expansion. The Company cannot be sure that this additional financing, if needed, will be available on acceptable terms or at all.

Furthermore, any debt financing, if available, may involve restrictive covenants, which may limit its operating flexibility with respect to business matters. If additional funds are raised through the issuance of equity securities, the percentage ownership of existing shareholders will be reduced, such shareholders may experience additional dilution in net book value, and such equity securities may have rights, preferences or privileges senior to those of its existing shareholders. If adequate funds are not available on acceptable terms or at all, the Company may be unable to develop or enhance its services and products, take advantage of future opportunities, repay debt obligations as they become due, or respond to competitive pressures, any of which could have a material adverse effect on its business, prospects, financial condition, and results of operations.

#### *The market price of securities is volatile and may not accurately reflect the long-term value of the Company*

Securities markets have a high level of price and volume volatility, and the market price of securities of many companies has experienced substantial volatility in the past. This volatility may affect the ability of holders of shares to sell their securities at an advantageous price. Market price fluctuations in the shares may be due to the Company's operating results failing to meet expectations of securities analysts or investors in any period, downward revision in securities analysts' estimates, adverse changes in general market conditions or economic trends, acquisitions, dispositions or other material public announcements by the Company or its competitors, along with a variety of additional factors. These broad market fluctuations may adversely affect the market price of the shares.

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Financial markets historically at times experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of companies and that have often been unrelated to the operating performance, underlying asset values or prospects of such companies. Accordingly, the market price of the shares may decline even if the Company's results, underlying asset values or prospects have not changed.

Additionally, these factors, as well as other related factors, may cause decreases in investment values that are deemed to be other than temporary, which may result in impairment losses. There can be no assurance that continuing fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil continue, the Company's operations could be adversely impacted, and the trading price of the shares may be materially adversely affected.

#### *Regulation*

The activities of the Company are subject to regulation by governmental authorities. Achievement of the Company's business objectives are contingent, in part, upon compliance with regulatory requirements enacted by these governmental authorities and obtaining all regulatory approvals, where necessary, for the sale of its products. The Company cannot predict the time required to secure all appropriate regulatory approvals for its products, or the extent of testing and documentation that may be required by governmental authorities. Any delays in obtaining, or failure to obtain regulatory approvals would significantly delay the development of markets and products and could have a material adverse effect on the business, results of operations and financial condition of the Company.

The Company's operations are subject to a variety of laws, regulations and guidelines relating to the manufacture, management, transportation, storage and disposal of mushroom-infused products but also including laws and regulations relating to health and safety, the conduct of operations and the protection of the environment. The Company cannot predict the nature of any future laws, regulations, interpretations, policies, or applications, nor can it determine what effect additional governmental regulations or administrative interpretations or procedures, when and if promulgated, could have on the Company's operations. Changes to such laws, regulations, and guidelines due to matters beyond the control of the Company may cause adverse effects to the production of the Company's products.

Local, state, and federal laws and regulations governing mushroom-infused products are broad in scope and are subject to evolving interpretations, which could require the Company to incur substantial costs associated with bringing the Company's operations into compliance. In addition, violations of these laws, or allegations of such violations, could disrupt the Company's operations and result in a material adverse effect on its financial performance. It is beyond the Company's scope to predict the nature of any future change to the existing laws, regulations, policies, interpretations or applications, nor can the Company determine what effect such changes, when and if promulgated, could have on the Company's business.

#### *Reliance on management*

The success of the Company is dependent on the performance of its senior management. The loss of services of these persons would have a material adverse effect on the Company's business and prospects in the short-term. There is no assurance the Company can maintain the services of its officers or other qualified personnel required to operate its business. Failure to do so could have a material adverse effect on the Company and its prospects.

#### *Reliance on third-party suppliers, manufacturers, distributors and contractors*

Due to the uncertain regulatory landscape for regulating mushroom-infused products in Canada and the US, the Company's third-party suppliers, manufacturers, distributors, and contractors may elect, at any time, to decline or withdraw services necessary for the Company's operations. Loss of these suppliers, manufacturers, distributors, and contractors may have a material adverse effect on the Company's business and operational results.

#### *Risks associated with increasing competition*

There is potential that the Company will face intense competition from other companies, some of which can be expected to have longer operating histories and more financial resources and manufacturing and marketing experience the

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Company. Increased competition by larger and better financed competitors could materially and adversely affect the business, financial condition, and results of operations of the Company.

Due to the early stage of the industry in which the Company operates, the Company expects to face additional competition from new entrants. To remain competitive, the Company will require a continued high level of investment in research and development, marketing, sales, and client support. The Company may not have sufficient resources to maintain research and development, marketing, sales, and client support efforts on a competitive basis which could materially and adversely affect the business, financial condition, and results of operations the Company.

#### *The Company may be vulnerable to unfavorable publicity or consumer perception*

The Company believes the psychedelic industry is highly dependent upon consumer perception regarding the safety, efficacy and quality of the mushroom-infused products manufactured. Consumer perception can be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of mushroom-infused products.

Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favorable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for psychedelic products and on the business, results of operations, financial condition and cash flows of the Company.

Further, adverse publicity reports or other media attention regarding the safety, efficacy, and quality of mushroom-infused products in general, or associating the consumption of psychedelic products with illness or other negative effects or events, could have such a material adverse effect. Such adverse publicity reports or other media attention could arise hindering market growth and state adoption due to inconsistent public opinion and perception of the psychedelic industry.

#### *Internal controls*

Effective internal controls are necessary for the Company to provide reliable financial reports and to help prevent fraud. Although the Company will undertake a number of procedures and will implement a number of safeguards, in each case, in order to help ensure the reliability of its financial reports, including those imposed on the Company under Canadian securities law, the Company cannot be certain that such measures will ensure that the Company will maintain adequate control over financial processes and reporting. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm the Company's results of operations or cause it to fail to meet its reporting obligations. If the Company or its auditors discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in the Company's financial statements and materially adversely affect the trading price of the Company's common shares.

#### *Liability for activity of employees, contractors and consultants*

The Company could be liable for fraudulent or illegal activity by its employees, contractors and consultants resulting in significant financial losses to claims or regulatory enforcement actions against the Company. Failure to comply with relevant laws could result in fines, suspension of licenses and civil or criminal action being taken against the Company. Consequently, the Company is subject certain risks, including that employees, contractors and consultants may inadvertently fail to follow the law or purposefully neglect to follow the law, either of which could result in material adverse effects to the financial condition of the Company.

#### *Operating risk and insurance coverage*

The Company's insurance coverage is intended to address all material risks to which it is exposed and is adequate and customary in its current state of operations. However, such insurance is subject to coverage limits and exclusions and may not be available for the risks and hazards to which the Company is exposed. In addition, no assurance can be given that such insurance will be adequate to cover the Company's liabilities or will be generally available in the future or, if available, that premiums will be commercially justifiable. If the Company were to incur substantial liability and such damages were not covered by insurance or were in excess of policy limits, or if the Company were to incur such liability

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at a time when it is not able to obtain liability insurance, its business, results of operations and financial condition could be materially adversely affected.

#### *Uninsurable risks*

The psychedelic business is subject to several risks that could result in damage to or destruction of properties or facilities or cause personal injury or death, environmental damage, delays in production and monetary losses and possible legal liability. It is not always possible to fully insure against such risks, and the Company may decide not to take out insurance against such risks as a result of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the securities of the Company. The Company does not currently have any insurance policies covering its properties or the operation of its business and any liabilities that may arise as a result any of the above noted risks may cause a material adverse effect on the financial condition of the Company.

#### *Negative publicity or consumer perception may affect the success of our business*

The success of the psychedelic industry may be significantly influenced by the public's perception of mushroom-infused products, which could be controversial topics, and there is no guarantee that future scientific research, publicity, regulations, medical opinion, and public opinion relating to psychedelics will be favorable. The psychedelic industry is an early-stage business that is constantly evolving with no guarantee of viability. The market for mushroom-infused products is uncertain, and any adverse or negative publicity, scientific research, limiting regulations, medical opinion and public opinion (whether or not accurate or with merit) relating to the consumption of mushroom-infused products, whether in Canada, the US or elsewhere, may have a material adverse effect on our operational results, consumer base and financial results. Among other things, such a shift in public opinion could cause jurisdictions to abandon initiatives the psychedelic industry, thereby limiting the number of new jurisdictions into which the Company could identify potential acquisition opportunities.

#### *Disruption of business*

Conditions or events including, but not limited to, those listed below could disrupt the Company's operations, increase operating expenses, resulting in delayed performance of contractual obligations or require additional expenditures to be incurred: (i) extraordinary weather conditions or natural disasters such as hurricanes, tornadoes, floods, fires, extreme heat, earthquakes, etc.; (ii) a local, regional, national or international outbreak of a contagious disease, including the COVID-19 coronavirus, Middle East Respiratory Syndrome, Severe Acute Respiratory Syndrome, H1N1 influenza virus, avian flu, or any other similar illness could result in a general or acute decline in economic activity (see also, "Public Health Crises, including COVID-19"); (iii) political instability, social and labour unrest, war or terrorism; or (iv) interruptions in the availability of basic commercial and social services and infrastructure including power and water shortages, and shipping and freight forwarding services including via air, sea, rail and road.

#### *Public health crises*

The Company's business, operations and financial condition could be materially adversely affected by the outbreak of epidemics or pandemics or other health crises beyond our control, including the current outbreak of COVID-19. On January 30, 2020, the World Health Organization declared the COVID-19 outbreak a global health emergency. Many governments have likewise declared that the COVID-19 outbreak in their jurisdictions constitutes an emergency. Reactions to the spread of COVID-19 have led to, among other things, significant restrictions on travel, business closures, quarantines and a general reduction in consumer activity. While these effects are expected to be temporary, the duration of the business disruptions and related financial impact cannot be reasonably estimated at this time.

Such public health crises can result in volatility and disruptions in the supply and demand for various products and services, global supply chains and financial markets, as well as declining trade and market sentiment and reduced mobility of people, all of which could affect 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 and a slowdown or temporary suspension of operations in geographic locations impacted by an outbreak. At this point, the extent to which COVID-19 may impact the Company is uncertain; however, it is possible that COVID-19 may have a material adverse effect on the Company's business, results of operations and financial condition.

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### **Disclosure of Internal Controls over Financial Reporting**

Management has established processes to provide them sufficient knowledge to support representations that they have exercised reasonable diligence that (i) the financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the financial statements; and (ii) the financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented.

In contrast to non-venture issuers, this MD&A does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"). In particular, management is not making any representations relating to the establishment and maintenance of: controls and procedures designed to provide reasonable assurance that information required to be disclosed by the Company in its filings or other reports or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Investors should be aware that inherent limitations on the ability of management of the Company to design and implement on a cost-effective basis DC&P and ICFR may result in additional risks to the quality, reliability, transparency and timeliness of filings and other reports provided under securities legislation.

### **Cautionary Note Regarding Forward-Looking Statements**

This MD&A includes "forward-looking statements", within the meaning of applicable securities legislation, which are based on the opinions and estimates of Management and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar words suggesting future outcomes or statements regarding an outlook. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Examples of such statements include, without limitation: the intention to complete the listing; the description of the Company that assumes completion of the listing of its Common Shares; the intention to grow the business and operations of the Company; the risk of foreign exchange rate fluctuations, the ability of the Company to fund the capital and operating expenses necessary to achieve its business objectives, the uncertainty associated with commercial negotiations and risks associated with international business activities, as well as those risks described in public disclosure documents filed by the Company. Due to the risks, uncertainties and assumptions inherent in forward-looking statements, prospective investors in securities of the Company should not place undue reliance on these forward-looking statements.

Readers are cautioned that the foregoing lists of risks, uncertainties and other factors are not exhaustive. The forward-looking statements contained herein are made as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking statements or in any other documents filed with Canadian securities regulatory authorities, whether as a result of new information, future events or otherwise, except in accordance with applicable securities laws. The forward-looking statements are expressly qualified by this cautionary statement.



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**Management's Responsibility of Financial Information**

Management is responsible for all information contained in this report. The Company's unaudited condensed interim financial statements have been prepared in accordance with IFRS and include amounts based on management's informed judgments and estimates. The financial and operating information included in this report is consistent with that contained in the financial statements in all material aspects.

The Audit Committee has reviewed the financial statements and this MD&A with management. The Board of Directors of the Company has approved the financial statements and this MD&A on the recommendation of the Audit Committee.

May 20, 2020

Jeffrey Stevens  
Chief Executive Officer

## CERTIFICATE OF THE COMPANY

Pursuant to a resolution duly passed by its Board of Directors, **PSYCHED WELLNESS LTD.**, hereby applies for the listing of the above-mentioned securities on the CSE. The foregoing contains full, true and plain disclosure of all material information relating to **PSYCHED WELLNESS LTD.** It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

Dated at Toronto, Ontario this 21<sup>st</sup> day of October, 2020.

Jeffrey Stevens /"signed"/  
Chief Executive Officer and Director

Keith Li /"signed"/  
Chief Financial Officer and Corporate Secretary

**On behalf of the Board of Directors**

Nicholas Kadysh /"signed"/  
Director

Michael Nederhoff /"signed"/  
Director

## **CERTIFICATE OF PSYCHED WELLNESS CORP.**

The foregoing contains full, true and plain disclosure of all material information relating to **PSYCHED WELLNESS CORP.** It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

Dated at Toronto, Ontario this 21<sup>st</sup> day of October, 2020.

Jeffrey Stevens /"signed"/  
Chief Executive Officer and Director

Michael Nederhoff /"signed"/  
Chairman of the Board

**On behalf of the Board of Directors**

## CERTIFICATE OF PROMOTERS

The foregoing contains full, true and plain disclosure of all material information relating to **PSYCHED WELLNESS LTD.** It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

Dated at Toronto, Ontario this 21<sup>st</sup> day of October, 2020.

Jeffrey Stevens /"signed"/

David Shisel /"signed"/