

FORM 7

MONTHLY PROGRESS REPORT

Name of Listed Issuer: FSD Pharma Inc. (the "Issuer", "Company", "FSD" or "FSD Pharma")

Trading Symbol: HUGE

Number of Outstanding Listed Securities: 40,450,754 Class B Subordinate Voting Shares ("Class B Shares") as of December 31, 2021

Date: January 6, 2022

This Monthly Progress Report must be posted before the opening of trading on the fifth trading day of each month. This report is not intended to replace the Issuer's obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by Exchange Policies. If material information became known and was reported during the preceding month to which this report relates, this report should refer to the material information, the news release date and the posting date on the Exchange website.

This report is intended to keep investors and the market informed of the Issuer's ongoing business and management activities that occurred during the preceding month. Do not discuss goals or future plans unless they have crystallized to the point that they are "material information" as defined in the Policies. The discussion in this report must be factual, balanced and non-promotional.

General Instructions

- (a) Prepare this Monthly Progress Report using the format set out below. The sequence of questions must not be altered nor should questions be omitted or left unanswered. The answers to the items must be in narrative form. State when the answer to any item is negative or not applicable to the Issuer. The title to each item must precede the answer.
- (b) The term "Issuer" includes the Issuer and any of its subsidiaries.
- (c) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation and General Provisions.

Report on Business

- 1. Provide a general overview and discussion of the development of the Issuer's business and operations over the previous month. Where the Issuer was inactive disclose this fact.**

On December 2, 2021, the Company announced that it is sharing pre-clinical data, supported by an explanatory video, demonstrating the potentially disease-

modifying effects of Lucid-MS, the Company's lead drug candidate for the potential treatment of multiple sclerosis ("MS"), in the animal models of MS.

Based on more than a decade of research, Lucid-MS is a patented neuroprotective new chemical entity ("NCE") that affects protein citrullination and myelin structure, which are associated with the severity of MS lesions. In order to demonstrate the unique potential therapeutic value of this Lucid-MS, the Company has released a video explaining its pre-clinical results, including visual evidence of functional recovery on pre-clinical subjects, which can be accessed at www.fsdpharma.com.

The featured study uses an Experimental Autoimmune Encephalitis ("EAE") mouse model, a commonly used immune-mediated mouse model of MS. MS is typically characterized as an autoimmune disease. Ten days following immunization with the antigen, mice received 1 milligram of Lucid-MS or saline (placebo). Test subjects were monitored for 50 days and were continually assessed for clinical symptoms; those that received Lucid-MS demonstrated an improvement in clinical score, compared with subjects that received placebo. For example, on Day 42, one of the Lucid-MS-treated subjects demonstrated functional recovery with a score of 0.5, compared with a score of 3 on Day 3 (lower clinical score indicates better condition of the subject), and by the end of the study, the subject showed clinical signs similar to those in a healthy mouse (as seen in the video).

FSD Pharma is also advancing the development of its other drug candidates, including Lucid-PSYCH, a psycho-active molecule targeted to treat Major Depressive Disorder, and FSD-PEA, an anti-inflammatory compound.

On December 3, 2021, the Company announced that Anthony Durkacz, Interim CEO of FSD Pharma, will present at the H.C. Wainwright 2nd Annual Virtual Psychedelics Conference held on December 6, 2021. Mr. Durkacz's presentation is available to view on the investor relations section of FSD's website at <https://ir.fsdpharma.com/news-events/events-presentations>. In addition, members of FSD Pharma's management team were available for one-on-one investor meetings during the conference.

On December 9, 2021, the Company announced that it has formed a Regulatory Advisory Board ("RAB") and has appointed Joga Gobburu, B.Pharm. (Hons), M.Sc. (Hons), Ph.D., M.B.A., and Mary Melnyk, M.Sc., Ph.D., as members.

The RAB was formed by Dr. Lakshmi P. Kotra, B.Pharm. (Hons), Ph.D., Chief Executive Officer of FSD Pharma's wholly-owned subsidiary, Lucid Psycheceuticals Inc.

On December 30, 2021, the Company announced that its Board of Directors has authorized the repurchase by the Company of up to 2,000,000 of its Subordinate Class B Voting Shares (the "Subordinate Voting Shares") from time to time over the next 12 months at prevailing market prices in order to allow the Company to use its excess cash reserves to strategically return value to shareholders.

The Company will purchase up to 2,000,000 Subordinate Voting Shares, being approximately 5% of the Company's issued and outstanding Subordinate Voting Shares as of December 30, 2021. The share repurchase program will commence

on January 4, 2022 and terminate on December 30, 2022, unless terminated earlier by the Company. The share repurchase program does not obligate the Company to purchase any Subordinate Voting Shares. If management decides it has a better use for its cash reserves, it is under no obligation to continue to purchase Subordinate Voting Shares and share purchases may be suspended or terminated at any time at the Company's discretion.

The actual number of Subordinate Voting Shares purchased, timing of purchases and purchase price will depend on market conditions. The Company will purchase Subordinate Voting Shares through the facilities of the Canadian Securities Exchange ("CSE") at the prevailing market price on the CSE at the time of purchase, subject to limitations imposed by applicable securities laws. All Subordinate Voting Shares Purchased by the Company shall be cancelled.

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

See Item 1 above.

3. Describe and provide details of any new products or services developed or offered. For resource companies, provide details of new drilling, exploration or production programs and acquisitions of any new properties and attach any mineral or oil and gas or other reports required under Ontario securities law.

Not applicable.

4. Describe and provide details of any products or services that were discontinued. For resource companies, provide details of any drilling, exploration or production programs that have been amended or abandoned.

Not applicable.

5. Describe any new business relationships entered into between the Issuer, the Issuer's affiliates or third parties including contracts to supply products or services, joint venture agreements and licensing agreements etc. State whether the relationship is with a Related Person of the Issuer and provide details of the relationship.

Not applicable.

6. Describe the expiry or termination of any contracts or agreements between the Issuer, the Issuer's affiliates or third parties or cancellation of any financing arrangements that have been previously announced.

Not applicable.

7. Describe any acquisitions by the Issuer or dispositions of the Issuer's assets that occurred during the preceding month. Provide details of the nature of the assets acquired or disposed of and provide details of the consideration paid or payable together with a schedule of payments if applicable, and of any valuation. State how the consideration was determined and whether the acquisition was from or the disposition was to a Related Person of the Issuer and provide details of the relationship.

Not applicable.

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

Not applicable.

9. Describe any new developments or effects on intangible products such as brand names, circulation lists, copyrights, franchises, licenses, patents, software, subscription lists and trade-marks.

See Item 1 above.

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

Not applicable.

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

Not applicable.

12. Describe and provide details of legal proceedings to which the Issuer became a party, including the name of the court or agency, the date instituted, the principal parties to the proceedings, the nature of the claim, the amount claimed, if any, if the proceedings are being contested, and the present status of the proceedings.

From time to time, the Company is named as a party to claims or involved in proceedings, including legal, regulatory and tax related, in the ordinary course of its business. While the outcome of these matters may not be estimable at period end, the Company makes provisions, where possible, for the estimated outcome of such claims or proceedings. Should a loss result from the resolution of any claims or proceedings that differs from these estimates, the difference will be accounted for as a charge to profit or loss in that period.

Auxly Cannabis Group Inc.

On March 3, 2018, FSD entered into a Definitive Strategic Alliance and Streaming Agreement (the "Auxly Agreement") with Auxly Cannabis Group Inc. ("Auxly"). On February 6, 2019, the Company sent Auxly a Notice of Default, thereby terminating the Auxly Agreement effective immediately. Later that same day, Auxly sent a Notice of Default to the Company in response. To date, neither party has taken further steps.

To fund the development of the buildout of the Company's growing operations, Auxly purchased 7,500,000 Class B shares for the aggregate of C\$7,500,000 from the Company's treasury by way of private placement, which funds were placed in trust to be spent on construction and development costs. The funds were placed in a trust account to be administered by Auxly. Due to the termination and subsequent negotiations, it is indeterminable at this point as to the amount, if any, of these funds which will be released to the Company. As a result, the Company entered a provision for loss against the funds and should any funds be released to

the Company, those amounts will be recognized in future periods as gains on recovery.

Share Cancellation Application

On June 1, 2021, the Company's Board of Directors passed a resolution cancelling shares that the Company's former Board had awarded to themselves in February 2021, on the basis that the share grants had improperly been awarded for future services, contrary to the provisions of the OBCA. On July 21, 2021, the Company commenced an application before the Commercial List in Ontario seeking, amongst other relief, a declaration that the shares have been duly cancelled and an order directing the return of the cancelled shares to the Company. The application was heard on December 20, 2021, and a decision is expected in early 2022.

Arbitration with Former CEO Raza Bokhari

The Company is involved in arbitration proceedings with its former CEO, Dr. Raza Bokhari, that began in July 2021. Dr. Bokhari claims damages based on allegations including wrongful dismissal, while the Company in a counterclaim has claimed damages based on allegations of improper expenses and other misconduct alleged against Dr. Bokhari. The arbitration is scheduled to go to a hearing in March 2022.

Bokhari v. FSD Pharma Inc. et al.; E.D. Pa. No. 2:21-cv-03136

This action was filed in the Montgomery County Court of Common Pleas in Pennsylvania on July 2, 2021, by Raza Bokhari against FSD Pharma, FSD BioSciences, Inc. ("FSD BioSciences"), Anthony Durkacz, and Zeeshan Saeed. FSD Pharma removed the action to the United States District Court for the Eastern District of Pennsylvania on July 14, 2021. In this action, Dr. Bokhari alleges that he had received shares of stock in FSD Pharma pursuant to the terms of an employment contract, and that FSD Pharma thereafter contacted his broker in a purportedly improper effort to claw back those shares after they were issued. On October 1, 2021, Defendants filed a motion seeking to have the case dismissed in its entirety or, alternatively, stayed pending the outcome of a separate proceeding in Ontario that relates to Dr. Bokhari's shares of stock in FSD Pharma. On December 2, 2021, the Court granted the motion and ordered the parties to present the dispute for binding arbitration in Ontario. The Court then placed the case in civil suspense pending resolution of the arbitration and ordered the parties to notify the Court within seven days of any final award in any arbitration proceeding. This means that no further activity will occur in this case unless and until any such arbitration concludes.

Parkway Clinical Laboratories, Inc. v. FSD Pharma Inc. and FSD BioSciences, Inc.; E.D. Pa. No. 2:21-cv- 03772

This action was filed in the Bucks County Court of Common Pleas in Pennsylvania on July 8, 2021, by Parkway Clinical Laboratories, Inc. ("Parkway"), against FSD Pharma and FSD BioSciences. In its Complaint, Parkway alleges that FSD Pharma and/or FSD BioSciences failed to pay for \$1,412,951.90 worth of services rendered (e.g., providing office space, personnel, and financial assistance). FSD

Pharma and FSD BioSciences removed the case to the Eastern District of Pennsylvania on August 24, 2021, and filed an Answer to the Complaint on September 13, 2021. Following a conference on October 20, 2021, the Court entered a scheduling order, and the case is now in the discovery phase. Discovery is scheduled to end in February 2022, with a trial scheduled for June 27, 2022.

Edward Brennan, Jr. and Huma Qamar v. FSD Pharma Inc. and FSD BioSciences, Inc.; E.D. Pa. No. 2:21-cv- 03771

This action was filed in the Bucks County Court of Common Pleas in Pennsylvania on July 9, 2021, by Edward Brennan, Jr., and Huma Qamar (collectively, "Plaintiffs") against FSD Pharma and FSD BioSciences. Plaintiffs allege that Raza Bokhari, FSD Pharma's former CEO, promised them new employment agreements which, among other things, allowed them to terminate their employment with FSD Pharma and FSD BioSciences and collect a year's salary as severance (\$350,000 in the case of Dr. Brennan and \$250,000 in the case of Dr. Qamar) if there was a change in control of the Boards and executive leadership of FSD Pharma and FSD BioSciences. Plaintiffs allege that they terminated their employment earlier this year but did not receive any severance payments. FSD Pharma and FSD BioSciences removed the case to the Eastern District of Pennsylvania on August 24, 2021 and, on September 17, 2021, filed a motion to dismiss the Complaint in its entirety. On December 13, 2021, the Court granted the motion and dismissed the case as to all of Brennan and Qamar's claims. As to Brennan, the Court ruled that he may bring his claims in Ontario, and if an Ontario court finds that the venue provision in his Employment Agreement was modified to allow him to bring claims in Pennsylvania, he could try and revive this case in the Pennsylvania federal court. As to Qamar, the Court dismissed her claims with prejudice, meaning she cannot re-file them anywhere.

Maheep Goyal, derivatively on behalf of FSD BioSciences, Inc., v. Anthony Durkacz, Zeeshan Saeed, and Donal Carroll; Delaware Chancery Court No. 2021-0629

This action was filed in the Delaware Chancery Court on July 20, 2021, by Maheep Goyal, derivatively on behalf of FSD BioSciences ("Plaintiff"), against Anthony Durkacz, Zeeshan Saeed, and Donal Carroll. FSD Pharma and FSD BioSciences are identified in the Complaint as Nominal Defendants. The Complaint alleges that it is a "double derivative action" on behalf of FSD BioSciences that seeks to remedy harm caused by FSD BioSciences' two directors (Messrs. Durkacz and Saeed) and Mr. Carroll, an officer of FSD BioSciences, all of whom are also directors of FSD Pharma. Among other things, the Complaint alleges that Defendants prematurely terminated a clinical trial of FSD-201, an anti-inflammatory drug to treat COVID-19 patients, so that they could pursue an acquisition that would benefit some or all of them personally. Defendants filed a motion to dismiss the case in its entirety on September 13, 2021. The motion is scheduled to be heard on February 8, 2022.

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

Not applicable.

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

Not applicable.

Security	Number Issued	Details of Issuance	Use of Proceeds⁽¹⁾

(1) State aggregate proceeds and intended allocation of proceeds.

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

Not applicable.

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

Not applicable.

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

See the Company's most recently filed financial statements and the corresponding management's discussion and analysis for the interim period ended September 30, 2021 as well as the Issuer's Annual Information Form for the year ended December 31, 2020 for a description of the trends, risks and uncertainties facing the Company. The trends, risks and uncertainties described in these documents are not the only ones the Company is facing. Additional trends, risks and uncertainties not presently known to the Company, or that the Company currently deems immaterial, may also impact its operations. If any of the risks of the Company materialize, the business, financial condition, liquidity and results of the Company's operations could be materially adversely affected. The risk factors described in these documents should be carefully considered by readers, including investors considering a purchase of securities of the Company, along with all other information set forth elsewhere. An investment in securities of the Company should only be made by persons who can afford a significant or total loss of their investment.

Certificate Of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Certificate of Compliance.
2. As of the date hereof there were is no material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to the Exchange that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in CNSX Policy 1).
4. All of the information in this Form 7 Monthly Progress Report is true.

Dated January 6, 2022.

Nathan Coyle
Name of Director or Senior
Officer

(signed) "Nathan Coyle"
Signature
Chief Financial Officer
Official Capacity

Issuer Details Name of Issuer FSD Pharma Inc.	For Month End December 31, 2021	Date of Report YY/MM/D 22/01/6
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Contact Name Nathan Coyle	Contact Position Chief Financial Officer	Contact Telephone No. (416) 854-8884
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