

FORM 7

MONTHLY PROGRESS REPORT

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

Trading Symbol: HUGE

Number of Outstanding Listed Securities: 40,410,575 Class B Subordinate Voting Shares ("Class B Shares") as of September 30, 2021

Date: November 29, 2021

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 September 21, 2021, the Company announced the completion of the previously announced acquisition of 100% of the issued and outstanding shares of Lucid Psycheceuticals Inc. ("**Lucid**"), a Canadian-based specialty psychedelic pharmaceutical company focused on the development of therapies to treat critical

neurodegenerative diseases, for approximately CAD\$11.3 million (US\$8.9 million) in FSD stock (the “**Transaction**”).

In connection with the transaction, Dr. Lakshmi P. Kotra, B.Pharm.(Hons), Ph.D., Lucid’s co-founder, Senior scientist at Krembil Brain Institute, University Health Network, and Professor of Medicinal Chemistry at the University of Toronto, has joined FSD as CEO of Lucid, which will be the Company’s wholly-owned subsidiary. In that newly created role, he will continue to assess and advance FSD’s innovative drug development programs.

The Transaction was completed by way of a three-cornered amalgamation between Lucid, the Company and a wholly-owned subsidiary of the Company. The Transaction involved the issuance of 4,502,392 Class B subordinate voting shares in the capital of FSD (each, an “**FSD Share**”) as the acquisition consideration, with a deemed aggregate purchase price of approximately CAD\$11.3 million (US\$8.9 million based on an exchange rate of US\$1 to CAD\$1.2721) at a deemed price of CAD\$2.51 (approximately US\$1.97) per FSD Share. Shareholders of Lucid received 0.0412 FSD Shares for each Lucid common share held (the “**Exchange Ratio**”). Additionally, all of the outstanding Lucid stock options and warrants became exercisable into FSD Shares, with the number and exercise price of such securities adjusted in accordance with the Exchange Ratio.

Shareholder approval for the Transaction was obtained at a special meeting of Lucid shareholders held on September 13, 2021.

As of immediately after the completion of the Transaction, 40,557,896 FSD Shares were issued and outstanding.

Further details regarding the terms of the Transaction are set out in the Master Agreement dated August 25, 2021 among the Company, Lucid and a wholly-owned subsidiary of the Company (the “**Master Agreement**”). The Master Agreement and related documents have been filed on the Company’s profile on SEDAR at www.sedar.com.

Immediately prior to closing of the Transaction, Anthony Durkacz, a director and control person of the Company, was also a shareholder and warrant holder of Lucid, through a company he beneficially owns, and consequently the Transaction constitutes a “related party transaction” within the meaning of Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions (“**MI 61-101**”). Through his ownership interest in First Republic Capital Corporation (“**FRCC**”), Mr. Durkacz held an approximately 4.5% indirect ownership interest in Lucid prior to the Transaction. As a result of the Transaction, the 7,400,000 Lucid common shares held by FRCC were exchanged for 304,880 FSD Shares. Through his indirect ownership interest in FRCC, Mr. Durkacz’s indirect ownership interest in the Company increased by 0.404% (calculated on a fully-diluted basis taking into account all outstanding Company options and warrants, FSD Shares issued in connection with the Transaction and those FSD Shares to be issued upon the exercise of the outstanding Lucid warrants). FRCC also held the following broker warrants previously granted by Lucid in connection with financing activities: (i) 1,122,392 warrants, each exercisable to acquire a Lucid

common share at \$0.05 (which, as a result of the Transaction, have become 46,217 warrants, each exercisable to acquire one FSD Share for \$1.21); and (ii) 1,600,000 warrants, each exercisable to acquire a Lucid common share at \$0.10 (which, as a result of the Transaction, have become 65,885 warrants, each exercisable to acquire one FSD Share for \$2.42). The warrants having an exercise price of \$2.42 per FSD Share are not currently in the money. If FRCC were to exercise all of the warrants held by it, it would acquire an additional 112,260 FSD Shares. Through his indirect ownership interest in FRCC, Mr. Durkacz's indirect ownership interest in the Company would increase by a further 0.135% (calculated on a fully-diluted basis in the manner described above).

Mr. Durkacz declared his interest to the Company's board of directors ("**Board**") and recused himself from the Board's consideration and approval of the Transaction. Mr. Durkacz did not participate in the negotiation of the Transaction. The Board considered the possible Transaction in the context of evaluating the Company's existing business and strategic options. These considerations took place over the course of five formal board meetings and an informal strategic planning session. The Board determined that the Transaction would be exempt from the formal valuation and minority approval requirements of MI 61-101 on the basis of the exemptions in Sections 5.5(a) and 5.7(1)(a) of MI 61-101; however, prior to reaching its decision to proceed with the Transaction, the Board obtained an opinion from an independent financial advisor that the consideration to be paid by the Company in the Transaction was fair to the Company, from a financial perspective.

On September 22, 2021, the Company announced it had retained the services of Hybrid Financial Ltd. ("**Hybrid**"), North Equities Corp. (the "**North Equities**"), Looking Glass Capital Consultants ("**Looking Glass**"), Worldwide Media Solutions, LLC ("**BGTV Direct**"), KCSA Strategic Communications ("**KCSA**"), and Digi Messaging & Advertising ("**Digi**"), which will each play a key role in assisting the Company to enhance its market awareness and foster productive, continuing dialogues with shareholders and other market participants. Management has made this decision following a thorough review of capital on hand and allocated these resources to investor relations.

Toronto-based Hybrid has been engaged for twelve months, during which it will assist in all aspects of a marketing campaign for the Company (contract signed August 25, 2021). As consideration for its services, the Company will pay Hybrid a monthly fee of US\$22,500, to be paid by issuing Hybrid 160,714 FSD Shares at a price equal to US\$1.68. The FSD Shares will be subject to the statutory hold period of four months and one day.

North Equities, which is also based in Toronto, specializes in various social media platforms, and will assist the Company in improving awareness and dissemination of its news releases. North Equities' engagement is for a term of seven months (contract signed July 23, 2021). In consideration for its services, the Company has agreed to pay North Equities a total fee of 42,918 FSD Shares at a price equal to US\$1.68. The FSD Shares will be subject to the statutory hold period of four months and one day.

Looking Glass, which is based in New York has been engaged monthly to assist with market awareness for a fee of US\$25,000 per month. This contract was signed June 22, 2021.

BGTV, which is based in Las Vegas has been engaged monthly to assist in multi-media production, programming, and distribution of Company information. In consideration for its services, the Company will pay to BGTV a monthly fee of US\$42,500. This contract was signed August 8, 2021.

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.

See Item 1 above.

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.

See Item 1 above.

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.**

Not applicable.

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 is scheduled to be heard on December 20, 2021.

Oppression Remedy Action

In the course of the proxy fight leading up to the shareholders' meeting on May 14, 2021, an oppression remedy claim was commenced by the dissident shareholder group in which the entire former Board of the Company were named as defendants, as well as the Company itself. The oppression remedy claim has been dormant since the proxy fight concluded but has not yet been formally dismissed.

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, 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.

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.

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. The motion is currently pending before the Court.

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 currently pending before the Court.

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.

See Item 1 above.

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 June 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 November 29, 2021.

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 September 30, 2021	Date of Report YY/MM/D 21/11/29
Issuer Address 199 Bay St., Suite 4000		
City/Province/Postal Code Toronto, ON, M5L 1A9	Issuer Fax No.	Issuer Telephone No. (416) 854-8884
Contact Name Nathan Coyle	Contact Position Chief Financial Officer	Contact Telephone No. (416) 854-8884
Contact Email Address ncoyle@fsdpharma.com	Web Site Address http://www.fsdpharma.com/	