

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: 10,219,769 Class B Subordinate Voting Shares ("Class B Shares")

Date: July 8, 2020

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 June 3, 2020, the Company announced that the U.S. Food and Drug Administration (the "FDA") approved the submission of an Investigational New Drug Application ("IND")

for the use of FSD-201 (ultramicrozoned palmitoylethanolamide, or "ultramicrozoned PEA") to treat COVID-19, the disease caused by the SARS-CoV-2 virus.

On June 9, 2020, the Company announced the closing of a previously announced private placement of an aggregate of 1,500,000 Class B Shares at a price of C\$6.75 per Class B Share and warrants to purchase up to an additional 1,500,000 Class B Shares (collectively, the "**Offered Securities**"). The Offered Securities were sold and issued to certain institutional investors in the United States pursuant to a placement agent agreement with A.G.P./Alliance Global Partners and Brookline Capital Markets (the "**Placement Agents**") for gross proceeds to the Company of approximately C\$10,125,000. The Company has also granted the Placement Agents an option to arrange for purchases of up to an additional C\$10,125,000 million of Offered Securities on the terms above for a period of 30 days following the initial closing. The net proceeds from this private placement are expected to be used for working capital and other general corporate purposes, including advancing the Company's research, development and commercialization efforts for FSD-201.

On June 17, 2020, the Company filed and obtained a receipt from the Ontario Securities Commission for a (final) short form base shelf prospectus qualifying the distribution, from time to time, by the Company of up to an aggregate of C\$100,000,000 of Class B Shares or other securities of the Company.

On June 22, 2020, the Company announced favourable top-line results from its Phase 1 randomized, double-blind, placebo-controlled study of ultramicrozoned-PEA (or FSD-201). This single-site study is being conducted at the Alfred Hospital, part of the Alfred Health group of hospitals serving the State of Victoria, Australia and enrolled 48 healthy adult men and women.

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.**

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.

Environmental

Management believes that there are no probable environmental related liabilities that will have a material adverse effect on the financial position or operating results of the Company.

Claims from suppliers

A dismissed contractor commenced a lien action combined with a breach of contract action in Cobourg Superior Court in early 2019 claiming approximately \$1.7 million in various purported damages, with a claim for lien component of \$188,309 which claim was registered November 26, 2018. The Company will defend the action and has taken steps to obtain particulars and inspect documents of the plaintiff which remain unaddressed to date. The Company has paid monies into court totalling \$235,387 to vacate the lien from title which funds stand as security for the lien claim and its costs in Cobourg Superior Court of Justice file no. CV-19-0002. As such, full provision for the lien claim and security for costs has been made; however, the 2019 breach of contract claim has not been provisioned as the Company intends to defend itself from this claim.

Former employee

FSD hired an individual by way of employment agreement dated November 11, 2018. The individual's employment was subsequently terminated in the probationary period due to non-performance/cause on February 5 2019. The individual retained legal counsel in or around February 15 2019 demanding that he be provided (i) unpaid wages; (ii) unpaid holiday pay, (iii) payment for wrongful dismissal (one week) and

(iv) breach of contract. To date, the former has not filed a claim, nor has FSD made any payments to him.

Class Action

On February 22 2019, a shareholder in FSD commenced a proposed class proceeding against the Company by issuing a statement of claim in the Ontario Superior Court. Amongst other causes of action, the individual seeks leave to bring a claim pursuant to s. 138 of the Ontario Securities Act. To date, the individual has not taken any further steps to advance the litigation or certify the class.

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 \$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 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.

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.

Security	Number Issued	Details of Issuance	Use of Proceeds⁽¹⁾
N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A

(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 attached Schedule A.

The information in Schedule A is a summary only of certain risk factors and is qualified in its entirety by reference to, and should be read in conjunction with detailed information appearing elsewhere. These risks and uncertainties are not the only ones the Company is facing. Additional risks and uncertainties not presently known to the Company, or that it currently deems immaterial, may also impair its operations. If any such risks actually occur, the business, financial condition, liquidity and results of the Company's operations could be materially adversely affected. The risk factors described in Schedule A 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 July 8, 2020.

Donal Carroll
Name of Director or Senior
Officer

(signed) "Donal Carroll"
Signature

Chief Financial Officer
Official Capacity

Issuer Details Name of Issuer FSD Pharma Inc.	For Month End June	Date of Report YY/MM/D 20/07/08
Issuer Address PO Box 696		
City/Province/Postal Code Cobourg, Ontario K9A 4R5	Issuer Fax No. (905) 373- 0303	Issuer Telephone No. (289) 677-0806
Contact Name Donal Carroll	Contact Position CFO	Contact Telephone No. (289) 677-0806
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