CLEARMIND MEDICINE INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Three and Nine Months Ended July 31, 2022

Expressed in Canadian Dollars

(Unaudited)

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Management's Discussion and Analysis
For the Nine Months Ended July 31, 2022

This Management's Discussion and Analysis ("MD&A") of Clearmind Medicine Inc. ("Clearmind" or the "Company"), prepared as of September 29, 2022, should be read in conjunction with the unaudited condensed interim consolidated financial statements and the notes thereto for the three and nine months ended July 31, 2022, which were prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts are expressed in Canadian dollars unless otherwise indicated.

Additional information about the Company is available on SEDAR at www.sedar.com.

Cautionary Statement Regarding Forward-Looking Information

This MD&A may contain "forward-looking statements" which reflect the Company's current expectations regarding future results of operations, performance and achievements of the Company. The Company has tried, wherever possible, to identify these forward-looking statements by, among other things, using words such as "anticipate," "believe," "estimate," "expect" and similar expressions. The statements reflect the current beliefs of the management of the Company, and are based on currently available information. Accordingly, these statements are subject to known and unknown risks, uncertainties and other factors, which could cause the actual results, performance, or achievements of the Company to differ materially from those expressed in, or implied by, these statements.

The Company undertakes no obligation to publicly update or review the forward-looking statements whether as a result of new information, future events or otherwise.

Historical results of operations and trends that may be inferred from the following discussions and analysis may not necessarily indicate future results from operations.

Description of Business and Company Overview

Corporate Information

The Company was incorporated under the name Cyntar Ventures Inc. on July 18, 2017, pursuant to the provisions of the Business Corporations Act (British Columbia). On March 24, 2021, the name of the Company was changed to Clearmind Medicine Inc.

Originally, the Company operated as a mineral resource exploration operations company. In September 2020, the Company announced a shift of the focus of the business to the development of innovative psychedelic therapies. This process involved the acquisition of all rights, title and interests in several patent applications for the treatment of alcohol abuse disorder and various other non-controlled binge behaviors. As part of this process, the Company announced a Change of Business, or COB listing, on the CSE. The COB became effective in November 2020. In May 2021, the Company completed all of the requirements of the CSE for a COB listing. The Company's common shares trade on the Canadian Securities Exchange under the symbol "CMND."

The Company's principal executive offices are located at 101 – 1220 W. 6th Ave, Vancouver, BC V6H1A5.

On September 24, 2020, the Company announced that it was entering a new business of research and development of psychedelic designer therapeutics. As an immediate initiative, the Company acquired certain proprietary knowledge in the field of psychedelics for treatment resistant depression and nicotine dependence from Ezekiel Golan, who also agreed to join the Company as a consultant to steer the research and development of the Company's new venture.

On November 1, 2020, the Company entered into an agreement to acquire the rights, title, and interest in certain patents and patent applications in exchange for entering into a consulting services agreement with Ezekiel Golan. and will be compensated with a monthly fee of $5,000.

The Company issued the consultant 480,000 common shares in equal instalments, at the end of each quarter, commencing with the quarter beginning November 1, 2021 and over a three year period. The Company also granted the consultant 480,000 stock options exercisable at $0.185 per common share. The stock options vest in equal parts at the end of each quarter commencing with the ending of the first complete quarter after the Listing Date, over three years.

On April 25, 2022, the Company closed a share purchase agreement with Medigus Ltd. ("Medigus"), a publicly quoted company, whereby the Company issued a total of 1,987,344 units to Medigus in consideration for $953,925 (US$750,000) ("Cash Financing") and 416,667 common shares of Medigus ("Share Exchange"). Each unit is comprised of one common share and one warrant, with each warrant exercisable for a period of 18 months at $2 per share. Pursuant to the Cash Financing, the Company issued 1,192,406 units at $0.80 per unit for proceeds of $953,925 (US$750,000). In connection with the Cash Financing, the Company incurred finder's fees of $95,393 (US$75,000). Pursuant to the Share Exchange, the Company issued 794,938 units with a fair value of $621,695, consisting of common shares with a fair value of $508,760 and warrants with a fair value of $112,935, in consideration for 416,667 common shares of Medigus. The fair value of the warrants was determined using the Black-scholes option pricing model with the following assumptions: Risk-free rate of 1.43%, expected life of 1.5 years, and volatility of 107.46%. In connection with the Share Exchange, the Company incurred finder's fees of $63,399 (US$50,000).

On September 25, 2022, the Company announced that it will be consolidating all of the issued and outstanding common shares of the Company ("Common Shares") on the basis of one (1) post consolidation Common Share for each thirty (30) pre consolidation Common Shares (the "Consolidation").

The Corporation's board of directors set September 30, 2022 as the effective date of the Consolidation. Trading of the Common Shares on a post-Consolidation basis on the Canadian Securities Exchange (the "CSE") will commence on or about October 3, 2022. The Company's name and trading symbol will remain unchanged.

The 39,592,344 Common Shares currently issued and outstanding will be reduced to approximately 1,319,744 Common Shares on a post-Consolidation basis. No fractional shares will be issued. Any fractional interest in Common Shares will be rounded up to the nearest whole Common Share.

Company Overview

The Company is a pre-clinical pharmaceutical company approaching phase 1 clinical trials, that develops novel psychedelic medicines to solve widespread, yet under-served, health problems. The Company's goal is to develop and provide a new type of treatment for alcohol use disorders, or AUDs, including binge drinking and eating disorders, where there is significant unmet need and lack of innovation. The Company sees psychedelic therapies, which previously may have been overlooked or underused, as the future of treatment for a variety of indications. The Company believes that our solution for AUDs can help solve one of the world's biggest health problems, which costs the United States alone $250 billion each year. The Company's other therapeutic programs also target verticals with significant potential market opportunities, if approved.

The Company's flagship treatment and focus for the short term is on AUDs, which are incredibly common. It varies from mild to excessive and describes a person's inability to restrict their alcohol consumption, despite negative social, occupational, or health consequences. Apart from potentially changing people's lives, we believe that our treatment could potentially reduce the amount currently being spent on the consequences of AUDs in the United States, Europe India, China and other countries around the world. The Company also believes that its treatment may address binge drinking. 95,000 people die every year in the United States alone due to binge drinking.

The Company is currently in the process of conducting a series of pre-clinical, Investigational New Drug application, or IND, enabling studies that are required before we can study our compound for the first time in humans. These studies include pharmacokinetic and toxicological studies in rats and dogs in order to assess the safety profile of our compound and characterization of the drug metabolism. We will conduct several metabolism studies designed to better understand the way 5-Methoxy-2-aminoindane, or MEAI, is digested in several species. In addition, the Company has conducted a pre-clinical animal model of AUD to characterize the effect of MEAI on alcohol consumption. This study involved testing the effect of MEAI's ability to curb alcohol cravings after exposing mice to prolonged alcohol consumption over a short period, mimicking binge alcohol consumption in humans.

The Company intends to submit our IND request in the fourth quarter of 2022 and to initiate the Phase I/IIa clinical study by the end of the 2022. As part of this strategy we requested a pre-IND meeting with the FDA, and were granted a meeting in May 2022. We plan to submit applications to conduct a Phase I study in Europe, Australia and Israel.

Upon completion of the Phase I/IIa clinical studies, if successful, we will be required to conduct additional clinical trials, which will be subject to securing additional financing.

In addition to the Company's research with MEAI, The Company has plans to conduct 12 other research programs on different molecules, which are to be led by our highly skilled, focused team, with deep expertise in their respective fields.

Research and development work

Agreements with Yissum Research Development Company of the Hebrew University of Jerusalem Ltd., or Yissum

In January 2021, the Company entered into a research agreement with Yissum, pursuant to which Professor Amiram Goldblum, a researcher for the Hebrew-University, would oversee Yissum's screening and scoring of a psychedelic compound. The research period of this agreement spans from January 1, 2022 until August 31, 2022. As consideration, the Company paid an amount of NIS 17,500 (approximately US$5,443) to Yissum on the signing of the agreement.

In November 2021, the Company entered into a research agreement with Yissum, pursuant to which Professor Yossi Tam would oversee Yissum's research of MEAI on food intake, metabolic and activity profiles. The research period of this agreement spans from November 1, 2021 until November 1, 2022. As consideration, the Company paid an amount of US$131,625 to Yissum.

With respect of each of the foregoing two research programs, the results of the research will be owned by the Company, except that in the event a research program results in a patentable invention, such patent/s shall be jointly owned with Yissum, such that to the extent the Company is interested in obtaining an exclusive license under Yissum's rights, the Company has the option to negotiate a license agreement with Yissum that would provide for tcompensation terms to Yissum.

The Company has a right to terminate each of the foregoing research programs, at any time, upon a 45 days prior written notice to Yissum, provided that fees already shall not be refunded, and that any accrued fees and expenses due based on work duly performed until the date of termination shall be paid to Yissum regardless of the termination.

In October 2021, the Company entered into a research agreement with Yissum, pursuant to which Dr. Ahmad Masarwa, Professor Avi Priel and Professor Rami Yaka would oversee Yissum's research in the synthesis and screening of psychedelic compounds. The research period of this agreement initially spans from September 1, 2021 until August 30, 2022 (with an option to extend the research for a second period from September 1, 2022 until August 30, 2023 to research additional psychedelics. As consideration, the Company paid a research fee in an amount of NIS1,754,990 (approximately US$544,740) to Yissum. To the extent the Company decides to proceed to the second period, the Company will pay an additional amount of NIS1,754,990 (approximately US$544,740).

In October 2021, the Company entered into another research agreement with Yissum, pursuant to which Professor Dmitry Tsvelikhosky, Professor Masha Niv and Professor Avi Priel would be responsible for the synthesis of novel psychedelics. As consideration the Company paid NIS 1,218,524 (approximately US$378,941).

In December 2021, the Company entered into a research agreement with Yissum, pursuant to which Professor Goldblum would oversee Yissum's research of the discovery of novel drug candidates. The research period of this agreement spans from November 1, 2021 until August 31, 2022. As consideration, the Company paid a research fee in an amount of NIS 260,550 (approximately US$82,714).

The agreement grants the Company a low single-digit royalty-bearing license on net sales of any development or commercialization efforts that arise from the research conducted. In addition, the agreement grants Yissum milestone payments of: (i) a monetary payment upon first patient enrolled in a Phase III clinical trial, and (ii) a monetary payment upon first commercial sale in the US or EU of products commercialized from the research conducted under the agreement.

With respect to each of the foregoing three research agreements, Yissum grants the Company an option to receive an exclusive license, against a low single-digit royalty - on net sales of any commercialization efforts. In addition, if the Company exercises the option to obtain an exclusive license, the agreements grant Yissum milestone payments of: (i) a monetary payment (US$400,000) upon first patient enrolled in a Phase III clinical trial, and (ii) a monetary payment (US$600,000) upon first commercial sale in the US or EU of products commercialized from the research conducted under the agreement. Yissum will also be entitled to a sub-licensing fee and a fee on the proceeds received in a change of control, merger, acquisition or similar transaction, in connection with the business activity based on the research's results. The detailed terms of such exclusive license shall be set in a definitive license agreement to be agreed upon between the parties.

The Company has a right to terminate each of the foregoing three research agreements at any time upon 45-day prior written notice to Yissum, provided that the Company pay for the tasks performed by Yissum until the termination date and that any irrevocable payment commitment shall be paid for.

Agreement with BIRAD Research and Development Company, or BIRAD

In November 2021, the Company entered into a research agreement with BIRAD, whose offices are located at Bar Ilan University in Ramat Gan, Israel, pursuant to which Professor Gal Yadid would oversee BIRAD's research into the safety, efficacy and other characteristics of MEAI. The research period of the agreement spans from November 8, 2021 until May 8, 2023. As consideration the Company has agreed to pay BIRAD a research fee of US$493,167 to be paid in installments (50% of such research fee already having been paid) based on meeting certain milestone achievements. The agreement grants the Company an exclusive, royalty-bearing license to BIRAD's ownership rights in any joint inventions or patents that are conceived pursuant to the research conducted. In the event a joint invention or patent is conceived under the agreement, the Company has the option to negotiate a license agreement with BIRAD that would provide for the compensation terms under the license. To date no such joint invention or patent has been conceived. Other results of the research (which are not patentable inventions) belong to us.

The Company has a right to terminate the foregoing research agreement at any time upon a 45 days prior written notice to BIRAD, provided that the Company pays for the tasks performed by BIRAD until the termination date and that any irrevocable payment commitment shall be paid for.

Strategy

With respect to the Company's AUD programs, it has developed MEAI as a new chemical entity (NCE) drug candidate. The Company intends to seek regulatory approval through the FDA's 505(b)(1) regulatory path. The FDA's 505(b)(1) regulatory path is typically used for novel drugs that have not previously been studied or approved, and drug development pursuant to this path requires drug developers to conduct all studies needed to demonstrate the safety and efficacy of the drug. Given its nature, this type of submission requires extensive research, including both clinical and nonclinical studies, to prove the product's safety and efficacy for the indication being sought.

In addition, the Company intends to ask the FDA to allow it to move directly to conduct a Phase I/IIa study in it's target population, which if granted will allow it to accelerate it's clinical development. The Company cannot guarantee that the FDA will approve this request, such special accommodation would allow it to start the first in-human study with the target population rather than with healthy volunteers.

Effects of COVID-19

On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic. This contagious disease outbreak and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, leading to an economic downturn. The impact on the Company has not been significant, but management continues to monitor the situation.

Financial Summary of Quarterly Results

The following is a summary of the Company's financial results for the eight most recently completed quarters.

	July 31, 2022 $	April 30, 2022 $	January 31, 2022 $	October 31, 2021 $
Total revenues	–	–	–	–
Net loss	(2,024,162)	(3,174,463)	(2,090,883)	(2,529,298)
Net loss per share, basic and diluted	(0.05)	(0.08)	(0.06)	(0.09)

	July 31, 2021 $	April 30, 2021 $	January 31, 2021 $	October 31, 2020 $
Total revenues	–	–	–	–
Net loss	(1,082,704)	(188,819)	(98,613)	(75,164)
Net loss per share, basic and diluted	(0.03)	(0.01)	(0.01)	(0.01)

Factors causing significant variations in quarterly results are as follows:

- The net loss for the quarter ended October 31, 2020, and January 31, 2021, were consistent and prior to the change in business.
- The increase in loss for the quarter ended April 30, 2021, was primarily due to an increase in professional, management and directors' fees of $159,082.
- The increase in loss for the quarter ended July 31, 2021, was primarily due to an increase in professional, management and directors' fees of $767,356.
- The increase in loss for the quarter ended October 31, 2021, was primarily due to an increase in share-based compensation of $846,155 that relates to the grant of 3,356,666 stock options and 200,000 restricted share units during the quarter, and an increase in research and development of $589,227.
- The decrease in loss for the quarter ended January 31, 2022, was primarily due to a decrease in share-based compensation from $846,155 during the quarter ended October 31, 2021, to $356,777 during the quarter ended January 31, 2022.
- The increase in loss for the quarter ended April 30, 2022, was primarily due to an increase in research and development from $424,462 during the quarter ended January 31, 2022, to $1,584,318 during the quarter ended April 30, 2022.
- The decrease in loss for the quarter ended July 31, 2022, was primarily due to a decrease in research and development from $1,584,318 during the quarter ended April 30, 2022, to $444,031 during the quarter ended July 31, 2022.

The increase in quarterly losses starting in the quarter ended October 31, 2020 coincided with the change in management. The Company started incurring consulting fees and additional management fees.

Liquidity and Capital Resources

As at July 31, 2022, the Company had cash on hand of $511,420 (October 31, 2021 -$4,599,437) and working capital of $103,424 (October 31, 2021 - $4,563,211). During the nine-month period ended July 31, 2022, the Company's overall position of cash decreased by $4,088,017 from the year ended October 31, 2021. This decrease in cash can be attributed to the following:

The Company's net cash used in operating activities during the nine-month period ended July 31, 2022, was $4,817,730 as compared to $1,072,851 for the nine-month period ended July 31, 2021. This increase is mostly due to company growth and the increased expenditures on research and development during the period.

The Company's net cash used in investing activities during the nine-month period ended July 31, 2022, was $63,399 as compared to $nil for the nine-month period ended July 31, 2021. The increase is due to finder's fees paid on connection with the acquisition of Medigus shares.

Net cash provided by financing activities for the nine-month period ended July 31, 2022, was $792,627 as compared to $7,355,788 for the nine-month period ended July 31, 2021. Cash provided in 2022 and 2021 was from the issuance of units for cash and common shares for cash, respectively.

The Company may have capital requirements in excess of its currently available resources. In the event the Company's plans change, its assumptions change or prove inaccurate, or its capital resources in addition to projected cash flow, if any, prove to be insufficient to fund operations, the Company may be required to seek additional financing. There can be no assurance that the Company will have sufficient financing to meet its future capital requirements or that additional financing will be available on terms acceptable to the Company in the future.

Capital Management

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of cash and equity comprised of issued capital, shares issuable, warrants reserve and share-based payment reserve.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issues or by undertaking other activities as deemed appropriate under the specific circumstances.

The Company is not subject to externally imposed capital requirements and the Company's overall strategy with respect to capital risk management remains unchanged from the year ended October 31, 2021.

Off Balance Sheet Arrangements

There are no off-balance sheet arrangements to which the Company is committed.

Transactions With Related Parties

(a) As at July 31, 2022, the Company owed $56,884 (ILS151,400) (October 31, 2021 - $nil) to the Chief Executive Officer ("CEO") of the Company, which is non-interest bearing, unsecured, and due on demand. During the nine months ended July 31, 2022, the Company incurred management fees of $195,908 (2021 - $338,788) to the CEO of the Company.

(b) As at July 31, 2022, the Company owed $10,513 (ILS27,980) (October 31, 2021 - $nil) to the former Chief Financial Officer ("CFO") of the Company, which is non-interest bearing, unsecured, and due on demand. During the nine months ended July 31, 2022, the Company incurred management fees of $94,818 (2021 - $33,000) to the former CFO of the Company.

(c) As at July 31, 2022, the Company owed $17,493 (October 31, 2021 - $2,260) to a company controlled by a director of the Company, which is non-interest bearing, unsecured, and due on demand. During the nine months ended July 31, 2022, the Company incurred director fees of $31,493 (2021 - $16,462) to a company controlled by the director.

(d) As at July 31, 2022, the Company owed $4,000 (October 31, 2021 - $2,000) to a company controlled by a director of the Company, which is non-interest bearing, unsecured, and due on demand. During the nine months ended July 31, 2022, the Company incurred director fees of $18,000 (2021 - $8,462) and consulting fees of $nil (2021 - $nil) to a company controlled by a director of the Company.

(e) As at July 31, 2022, the Company owed $4,000 (October 31, 2021 - $2,000) to a director of the Company, which is non-interest bearing, unsecured, and due on demand. During the nine months ended July 31, 2022, the Company incurred director fees of $18,000 (2021 - $18,000) and management fees of $78,160 (ILS200,000) (2021 - $nil) to a director of the Company.

(f) As at July 31, 2022, the Company owed $2,000 (October 31, 2021 - $2,000) to a director of the Company, which is non-interest bearing, unsecured, and due on demand. During the nine months ended July 31, 2022, the Company incurred director fees of $18,000 (2021 - $16,462) to a director of the Company.

(g) As at July 31, 2022, the Company owed $5,250 (October 31, 2021 - $nil) to a company controlled by the Chief Science Officer ("CSO") of the Company, which is non-interest bearing, unsecured, and due on demand. During the nine months ended July 31, 2022, the Company incurred consulting fees of $89,290 (2021 - $nil) to a company controlled by the CSO.

(h) During the nine months ended July 31, 2022, the Company incurred management fees of $nil (2021 - $nil) to a company controlled by the former CEO of the Company.

(i) During the nine months ended July 31, 2022, the Company incurred share-based compensation of $945,672 (2021 - $nil) to key management personnel.

Financial Instruments and Risk Management

(a) Fair Values

Assets and liabilities measured at fair value on a recurring basis were presented on the Company's statement of financial position as at July 31, 2022, as follows:

	Fair Value Measurements Using			
	Quoted prices in active markets for identical instruments (Level 1) $	Significant other observable inputs (Level 2) $	Significant unobservable inputs (Level 3) $	Balance July 31, 2022 $
Short-term investment	306,172	–	–	306,172

The fair values financial instruments, which include cash, amounts receivable, accounts payable and accrued liabilities, and amounts due to related parties, approximate their carrying values due to the relatively short-term maturity of these instruments.

(b) Credit Risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash. The Company limits its exposure to credit loss by placing its cash with high credit quality financial institutions. The carrying amount of financial assets represents the maximum credit exposure.

(c) Foreign Exchange Rate Risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is exposed to foreign currency risk to the extent that monetary assets and liabilities are denominated in a foreign currency. The Company's subsidiary operates in Israel and has certain monetary financial instruments denominated in New Israeli Shekel and U.S dollars. The Company has not entered into foreign exchange rate contracts to mitigate this risk.

The following table indicates the impact of foreign currency exchange risk on net working capital as at July 31, 2022. The table below also provides a sensitivity analysis of a 10% strengthening of the foreign currency against functional currencies identified which would have increased (decreased) the Company's net loss by the amounts shown in the table below. A 10% weakening of the foreign currency against the functional currencies would have had the equal but opposite effect as at July 31, 2022.

	$
Cash	418,153
Accounts payable and accrued liabilities	(591,623)
Due to related parties	(104,969)
Total foreign currency financial assets and liabilities	(278,439)
Impact of a 10% strengthening or weakening of foreign exchange rate	(27,844)

(d) Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest rate risk as it does not have any liabilities with variable rates.

(e) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's objective to managing liquidity risk is to ensure that it has sufficient liquidity available to meet its liabilities when due. The Company relies on raising debt or equity financing in a timely manner.

The following amounts are the contractual maturities of financial liabilities as at July 31, 2022, and October 31, 2021:

July 31, 2022	Total $	Within 1 year $	Within 2-5 years $
Accounts payable and accrued liabilities	596,789	596,789	–
Due to related parties	137,711	137,711	–
	734,500	734,500	–

October 31, 2021	Total $	Within 1 year $	Within 2-5 years $
Accounts payable and accrued liabilities	348,895	348,895	–
Due to related parties	8,260	8,260	–
	357,155	357,155	–

Accounting Standards Issued But Not Yet Effective

A number of new standards, and amendments to standards and interpretations, are not yet effective for the nine months ended July 31, 2022, and have not been early adopted in preparing these condensed interim consolidated financial statements. These new standards, and amendments to standards and interpretations are either not applicable or are not expected to have a significant impact on the Company's condensed interim consolidated financial statements.

Significant Accounting Estimates and Judgments

The preparation of condensed interim consolidated financial statements in accordance with IFRS requires management to make judgments, estimates, and assumptions that affect the application of policies and reported amounts of assets, liabilities, income, and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Significant Estimates

Share-based Compensation

Fair values are determined using the Black-Scholes option pricing model. Estimating fair value requires determining the most appropriate valuation model for a grant of equity instruments, which is dependent on the terms and conditions of the grant. Option-pricing models require the use of highly subjective estimates and assumptions including the expected stock price volatility. Changes in the underlying assumptions can materially affect the fair value estimates and, therefore, existing models do not necessarily provide reliable measurement of the fair value of the Company's stock options.

Deferred Income Taxes

The determination of income tax expense and the composition of deferred income tax assets and liabilities involves judgment and estimates as to the future taxable earnings, expected timing of reversals of deferred income tax assets and liabilities, and interpretations of tax laws. The Company is subject to assessments by tax authorities who may interpret the tax law differently. Changes in these interpretations, judgments, and estimates may materially affect the final amount of deferred income tax provisions, deferred income tax assets and liabilities, and results of operations.

Significant Judgments

The critical judgments that the Company's management has made in the process of applying the Company's accounting policies that have the most significant effect on the amounts recognized in the Company's consolidated financial statements are as follows:

Going Concern

The application of the going concern assumption which requires management to take into account all available information about the future, which is at least but not limited to, 12 months from the year end of the reporting period. The Company is aware that material uncertainties related to events or conditions may cast significant doubt upon the Company's ability to continue as a going concern.

Additional Disclosure For Companies Without Significant Revenue

An analysis of material components of the Company's general and administrative expenses is disclosed in the condensed interim consolidated financial statements for the nine months ended July 31, 2022, to which this MD&A relates.

Disclosure of Outstanding Share Data

Authorized share capital consists of unlimited number of common shares without par value.

As at July 31, 2022, and September 29, 2022, the Company had 39,592,344 and 39,739,342 common shares issued and outstanding, respectively.

As at July 31, 2022, and September 29, 2022, the Company had 4,730,000 and 5,265,000 stock options outstanding, respectively.

As at July 31, 2022, and September 29, 2022, the Company had 17,787,344 share purchase warrants outstanding.

Risks and Uncertainties

Market Risks. The Company's securities trade on public markets and the trading value thereof is determined by the evaluations, perceptions and sentiments of both individual investors and the investment community taken as a whole. Such evaluations, perceptions and sentiments are subject to change, both in short term time horizons and long-term time horizons. An adverse change in investor evaluations, perceptions and sentiments could have a material adverse outcome on the Company and its securities.

Financing Risks. The Company will be dependent on raising capital through a combination of debt and/or equity offerings. There can be no assurance that the capital markets will remain favorable in the future, and/or that the Company will be able to raise the financing needed to continue its business at favorable terms, or at all. Restrictions on the Company's ability to finance could have a material adverse outcome on the Company and its securities.

Share Price Volatility and Price Fluctuations. In recent years, the securities markets in have experienced a high level of price and volume volatility, and the market prices of securities of many corporations have experienced wide fluctuations which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. Such volatility has been particularly evident with regards to the share price of medical cannabis companies, which are public issuers in Canada.

Key Personnel Risks. The Company's efforts are dependent to a large degree on the skills and experience of certain of its key personnel, including the board of directors. The Company does not maintain "key man" insurance policies on these individuals. Should the availability of these persons' skills and experience be in any way reduced or curtailed, this could have a material adverse outcome on the Company and its securities.

General Business Risk and Liability. Given the nature of the Company's business, it may from time to time be subject to claims or complaints from investors or others in the normal course of business. The legal risk facing the Company, its directors, officers and employees in this respect include potential liability for violations of securities laws, breach of fiduciary duty or misuse of investors' funds. Some violations of securities laws and breach of fiduciary duty could result in civil liability, fines, sanctions or the suspension or revocation of the Company's right to carry on its existing business. The Company may incur significant costs in connection with such potential liabilities.

Competition. There is potential that the Company will face intense competition from other companies, some of which can be expected to have more financial resources, industry, manufacturing and marketing experience than the Company. Additionally, there is potential that the industry will undergo consolidation, creating larger companies that may have increased geographic scope and other economies of scale. Increased competition by larger, better- financed competitors with geographic or other structural advantages could materially and adversely affect the business, financial condition and results of operations of the Company. To remain competitive, the Company will require a continued 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 of the Company.

Regulation of the Psychedelic Therapies Industry. The Psychedelic Therapies related business of the Company is heavily regulated in all jurisdictions where it carries out its business.

The Company's operations are subjected to various laws, regulations and guidelines by governmental authorities, relating to the manufacturing, marketing, management, transportation, storage, sale, pricing and disposal of medical cannabis, and also including laws and regulations relating to health and safety, insurance coverage, the conduct of operations and the protection of the environment. 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 in the business, results of operations and financial condition of the Company. Failure to comply with the laws and regulations applicable to its operations may lead to possible sanctions including the revocation or imposition of additional conditions on licenses to operate the Company's business, the suspension or expulsion from a particular market or jurisdiction or of its key personnel, and the imposition of fines and censures. To the extent that there are changes to the existing laws and regulations or the enactment of future laws and regulations that affect the sale or offering of the Company's products or services in any way, this could have a material adverse effect on the business, results of operations and financial condition of the Company.