

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: 35,991,846 Class B Subordinate Voting Shares
 (“Class B Shares”) as of May 31, 2021

Date: June 4, 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 May 3, 2021, prior management of the Company (“**Prior Management**”) filed a news release on SEDAR responding to the group of concerned shareholders of the Company led by Anthony Durkacz and Zeeshan Saeed (the “**Concerned Shareholders**”) and updated the Company’s shareholders regarding the annual general and special meeting of shareholders which occurred on May 14, 2021 (the “**Meeting**”). That same day, Prior Management filed an amendment to its Management Information Circular dated April 20, 2021 on SEDAR.

On May 4, 2021, Prior Management appointed Nathan Coyle as Interim Chief Financial Officer, following the departure of Donal Carrol.

On May 7, 2021, the Company filed on SEDAR its interim financial statements and related management's discussion & analysis financial condition and results of operations for the three months ended March 31, 2021.

On May 14, 2021, the Company held the Meeting. Each of the nominees of the Concerned Shareholders were elected to the board of directors of the Company (the "**Board**"), in addition to Messrs. Frank Lavelle and Donal Carroll, to hold office for the ensuing year. Following his election, Mr. Lavelle communicated his resignation to the Board, leaving Anthony Durkacz, Zeeshan Saeed, Nitin Kaushal, Lawrence (Larry) Latowsky, Fernando Cugliari and Donal Carroll serving as directors of the Company until the next annual general meeting of shareholders or until they otherwise cease to hold office. In addition, shareholders of the Company: rejected a special resolution to reorganize the share capital of the Company and convert the issued and outstanding Class A Multiple Voting Shares into Class B Shares; approved an ordinary resolution to reappoint MNP LLP as the auditor of the Company for the ensuing year and authorize the directors of the Company to set the auditor's remuneration; approved a special resolution to change the registered office of the Company from Durham Region, Ontario to a location in the City of Toronto, Ontario; and approved an ordinary resolution ratifying the adoption of the Amended and Restated By-law No. 1 of the Company.

At a meeting of the Board following the Meeting (the "**May 14 Board Meeting**"), Anthony Durkacz and Zeeshan Saeed were appointed Executive Co-Chairmen of the Board.

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.

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.

On July 29, 2020, a judgment was issued ordering the Company to pay unpaid wages and unpaid holiday pay in the amount of £59,748. On August 6, 2020, the Company filed an application for reconsideration for that decision which was refused by the Tribunal on October 24, 2020.

On August 25, 2020, the Claimant filed a separate cost order against the Company. To date, the Tribunal has not responded to this matter.

On October 26, 2020, the Company was advised by its counsel in the matter that the Company's application for reconsideration of the award was dismissed. Accordingly, the Company must adhere to the original order of the tribunal and pay the employee compensation in the aggregate amount of GBP 59,747 plus interest of 8% thereon from July 28, 2020. The employee has also initiated costs proceedings and seeks costs of GBP 16,605 (inclusive of VAT).

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.

Proceedings Regarding the Meeting and the Concerned Shareholders

On March 30, 2021, FSD, under Prior Management, commenced an appeal (the "**Appeal**") of the decision of Justice McEwen of the Ontario Superior Court (Commercial List) (the "**Court**") dated March 5, 2021 in respect of an application brought by Anthony Durkacz. That decision, among other things, (i) set the Meeting for May 14, 2021 and (ii) restricted the voting of certain shares by Prior Management at the Meeting. Prior Management appealed both aspects of the decision. The Divisional Court dismissed the Appeal on May 3, 2021 for reasons issued on May 7, 2021.

On April 6, 2021, FSD, under Prior Management, and FSD's Executive Chair Dr. Raza Bokhari, commenced an application (the "**Application**") in the Court seeking orders with respect to the Concerned Shareholders and the Meeting. Among other things, the applicants sought orders to oblige the Concerned Shareholders to make certain changes to the information circulars which

they issued on March 17, 2021 and April 24, 2021 and to prevent Mr. Durkacz and Mr. Saeed from voting their shares at the Meeting. On May 10, the Court dismissed the Application in its entirety. At the same attendance, the Court appointed Carol Hansell as independent chair of the Meeting on the motion of Mr. Durkacz.

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.

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.

See Item 1. At the May 14 Board Meeting, the Board appointed: Nitin Kaushal as Chair and Fernando Cugliari and Anthony Durkacz as members of the Audit Committee; Fernando Cugliari as Chair and Zeeshan Saeed and Anthony Durkacz as members of the Compensation, Governance and Nominating Committee; Lawrence Latowsky as Chair and Donal Carroll and Zeeshan Saeed as members of the Corporate Disclosure Committee.

On May 14, 2021, the Anthony Durkacz and Zeeshan Saeed were appointed as directors of the FV Pharma Inc., a subsidiary of the Company.

On May 14, 2021, Maryann Adesso resigned as Secretary of the Company.

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 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 June 4, 2021.

Nathan Coyle

Name of Director or Senior
Officer

(signed) "Nathan Coyle"

Signature

Interim Chief Financial Officer

Official Capacity

Issuer Name of Issuer FSD Pharma Inc.	Details	For End 21/05/31	Month	Date of Report YY/MM/DD 21/06/04
Issuer Address 199 Bay Street, Suite 4000				
City/Province/Postal Toronto, Ontario M5L 1A9	Code	Issuer Fax No. (905) 373-0303	Issuer Telephone No. (844) 978-3540	
Contact Nathan Coyle	Name	Contact Position Interim CFO	Contact Telephone No. 905-373-2496	
Contact info@fvpharma.com	Email	Address	Web www.fsdpharma.com	Site Address