MANAGEMENT DISCUSSION AND ANALYSIS

QUARTERLY HIGHLIGHTS

PERIOD ENDED DECEMBER 31, 2021

INTRODUCTION

The following Management Discussion & Analysis – Quarterly Highlights ("Quarterly Highlights") of Mindset Pharma Inc. (formerly North Sur Resources Inc.) (the "Company" or "Mindset") has been prepared to provide material updates to the business operations, liquidity and capital resources of the Company since its last management discussion & analysis, being the Management Discussion & Analysis ("MD&A – Quarterly Highlights") for the three month period ended September 30, 2021. This Quarterly Highlights report does not provide a general update to the Annual MD&A, or reflect any non-material events since the date of the Annual MD&A.

This Quarterly Highlights report has been prepared in compliance with the requirements of section 2.2.1 of Form 51-102F1, in accordance with National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the Annual MD&A and the audited consolidated financial statements of the Company for the year ended June 30, 2021 and for the period from incorporation (October 7, 2019) to June 30, 2020 and the unaudited condensed interim consolidated financial statements for the three and six months ended December 31, 2021, together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. In the opinion of management, all adjustments (which consist only of normal recurring adjustments) considered necessary for a fair presentation have been included. The results for the three and six months ended December 31, 2021 and 2020, are not necessarily indicative of the results that may be expected for any future period. Information contained herein is presented as at February 28, 2022 unless otherwise indicated.

The unaudited condensed interim consolidated financial statements for the three and six months ended December 31, 2021 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and interpretations of the IFRS Interpretations Committee. The unaudited interim financial statements have been prepared in accordance with International Standard 34, Interim Financial Reporting.

External auditors, appointed by the shareholders, have not audited the condensed interim consolidated financial statements for the three and six months ended December 31, 2021 and did not perform the tests deemed necessary to enable them to express an opinion on these unaudited financial statements.

For the purposes of preparing this Quarterly Highlights report, management, in conjunction with the Board of Directors, considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of Mindset's common shares; or (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors.

Management, in conjunction with the Board of Directors, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

ADDITIONAL INFORMATION

Additional information is accessible at the Company's website www.mindsetpharma.com or through the Company's public filings at www.sedar.com.

CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

This Quarterly Highlights includes "forward-looking statements", within the meaning of applicable securities legislation, which are based on the opinions and estimates of management and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar words suggesting future outcomes or statements regarding an outlook. In the event that the Company is able to acquire a suitable mining property, such risks and uncertainties include, but are not limited to, risks associated with the mining industry (including operational risks in exploration development and production; delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of reserve estimates; the uncertainty of estimates and projections in relation to production, costs and expenses; the uncertainty surrounding the ability of the Company to obtain all permits, consents or authorizations required for its operations and activities; and health safety and environmental risks), the risk of commodity price and foreign exchange rate fluctuations, the ability of Mindset to fund the capital and operating expenses necessary to achieve the business objectives of Mindset, the uncertainty associated with commercial negotiations and negotiating with foreign governments and risks associated with international business activities, as well as those risks described in public disclosure documents filed by the Company. Due to the risks, uncertainties and assumptions inherent in forward-looking statements, prospective investors in securities of the Company should not place undue reliance on these forward-looking statements. Readers are cautioned that the foregoing lists of risks, uncertainties and other factors are not exhaustive. The forward-looking statements contained in this press release are made as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking statements or in any other documents filed with Canadian securities regulatory authorities, whether as a result of new information, future events or otherwise, except in accordance with applicable securities laws. The forward-looking statements are expressly qualified by this cautionary statement.

BACKGROUND

Mindset Pharma Limited (formerly Mindset Pharma Inc.) (the "Original Mindset") was incorporated under the laws of the province of Ontario, Canada on October 7, 2019. Upon completion of the transaction contemplated by the Share Exchange Agreement (as hereinafter defined), the business of Original Mindset became the business of Mindset Pharma Inc. (formerly North Sur Resources Inc.) ("Mindset" or the "Company").

The Company is in the drug discovery and development business, creating novel and patent pending psychedelic compounds for treatment-resistant neurological and psychiatric disorders, with an initial focus on psilocybin-inspired new chemical entities (NCEs) but that has been expanded to inclusion of N,N-dimethyltryptamine (DMT) inspired NCEs.

Mindset is a neuro-pharmaceutical drug development platform that seeks to advance medicines based on psychedelic substances through rigorous scientific and clinical trials, performed by third-party contract research organizations. Mindset's mission is to discover, develop and deploy psychedelic inspired medicines that alleviate suffering and improve health, as well as to prove the safety and efficacy of psychedelic-based substances as disruptive technologies and solutions for a continuum of mental illnesses and other significant unmet medical needs. In furtherance of this mission, Mindset is actively assembling a compelling portfolio of intellectual property relating to the synthesis, production and manufacturing of psychedelic inspired medicines for use as prescription medications primarily based on psilocybin, but also DMT-inspired NCEs. Through this unique drug development platform, Mindset designs novel compounds and utilizes a pre-clinical screening cascade incorporating both in-vitro and in-vivo assays to select promising new drug candidates

that demonstrate potential to treat a myriad of mental health problems that have proven resistant to traditional drug therapies.

Mindset leverages third-party contract research organizations to perform laboratory synthesis and pre-clinical testing efficiently and cost-effectively, retaining all rights to its intellectual property. As an early-stage scientific research and development business, Mindset believes that this virtual model enables it to access a greater range of scientific capabilities more cost effectively than it could by building these capabilities itself. Mindset is continually evaluating studies and scientific literature focusing on the medical benefits of other psychedelic substances. Mindset's business is premised on a growing body of research that psychedelics can be a new way to treat mental health issues that prove unresponsive to current therapies. Mindset's platform strategy is currently focused on the discovery and development of psychedelic substances, but we will ultimately seek to commercialize our psychedelic inspired medicines in the future.

Mindset intends to commercialize the psilocybin-inspired psychedelic medicines that it develops as regulated medicines. This entails conducting clinical trials utilizing research scientists with extensive psychedelics backgrounds, using experienced clinical drug development teams, the production and supply of drugs at all levels of development according to current Good Manufacturing Practices, - minimum requirements for the methods, facilities and controls used in manufacturing, processing and packing of a drug product - and conducting all trials and development under the supervision and guidance of Health Canada, the U.S. Food and Drug Administration (FDA) and other applicable regulatory authorities. This approach places Mindset in an industry in which there are high barriers to entry, due to the need to conduct regulated trials, the time and money involved in doing so, and the related need to develop and protect intellectual property associated with drug development. As such, Mindset's ability to build a compelling drug portfolio and pipeline and to raise the financing necessary for its operations are key to success.

On September 11, 2020, Original Mindset completed a business combination pursuant to the terms of a share exchange agreement dated July 31, 2020 (the "Share Exchange Agreement") amongst Original Mindset, North Sur Resources Inc. ("North Sur") and the shareholders of Original Mindset. Pursuant to the Share Exchange Agreement, North Sur issued 32,140,823 common shares to the Original Mindset shareholders, representing approximately 62.3% of the issued share capital of North Sur on the closing date of the transaction. On September 8, 2020, North Sur filed Articles of Amendment in accordance with the Business Corporations Act (British Columbia) to change its name to "Mindset Pharma Inc.". Original Mindset is now a wholly-owned subsidiary of the Company.

BUSINESS OVERVIEW

The Company is a neuro-pharmaceutical drug development company that seeks to advance medicines based on psychedelic substances through rigorous scientific preclinical and clinical trials, performed by third-party contract research organizations. The Company's mission is to discover, develop and deploy psychedelic inspired medicines that alleviate suffering and disease, as well as to prove the safety and efficacy of psychedelic-based substances as disruptive technologies and solutions for a continuum of mental illnesses and other significant unmet medical needs. In furtherance of this mission, the Company is actively assembling a portfolio of intellectual property relating to the synthesis, production and manufacturing of psychedelic-inspired medicines for use as prescription medications. Through this unique drug development platform, the Company designs novel compounds and utilizes a preclinical screening cascade incorporating both *in-vitro* and *in-vivo* assays to select promising new drug candidates that demonstrate a range of pharmacological properties that may show potential to treat myriad mental health problems that have proven resistant to traditional drug therapies.

Management of the Company intends that the psychedelic-inspired medicines that the Company develops will only be commercialized as regulated medicines under territory specific, established, regulatory pathways. This entails conducting preclinical studies and subsequently clinical trials utilizing research scientists with extensive psychedelics and drug development backgrounds, using experienced clinical drug

development teams, the production and supply of drugs according to current Good Manufacturing Practices ("**cGMP**"), minimum requirements for the methods, facilities and controls used in manufacturing, processing and packing of an active pharmaceutical ingredient ("**API**") and drug product.

The Company leverages third-party contract research organizations to perform laboratory synthesis and preclinical testing efficiently and cost-effectively, but retains all rights to its intellectual property. As an early-stage scientific discovery business, the Company believes that this model enables it to access a greater range of scientific capabilities more cost effectively than it could by building these capabilities itself. The Company is continually evaluating studies and scientific literature focusing on the medical benefits of other psychedelic substances. The Company's business is premised on a growing body of research that psychedelics can be a new way to treat mental health issues that prove unresponsive to current therapies. The Company's platform strategy is currently focused on the discovery and preclinical development of psychedelic substances, but will ultimately focus on commercializing our psychedelic-inspired medicines in the future, likely through pre-commercialization licensing arrangements with clinical-stage pharmaceutical companies or through development partnerships that include milestone-based payments and royalties.

The Company considers its business and related activities to be typical for a biopharma business focused on preclinical drug discovery and development. The goal of preclinical drug discovery and development is to identify, screen and select NCEs (i.e. new molecules not previously identified in the scientific and patent literature) that have efficacy characteristics and a safety profile that would make them promising and acceptable candidates to bring to clinical (i.e. human) trials that are required before any new medicine is accepted by health regulators. Given the expense and time required to bring a drug to market through clinical trials, qualified new compounds with promising efficacy and safety data developed through sophisticated preclinical development practices may demonstrate significant value. Preclinical drug discovery and development typically encompass a range of activities starting with (a) new molecule ideation and design, (b) synthesis of compounds, (c) testing of the synthesized compounds through "*in-vitro*" screening in order to assess preliminary efficacy (i.e. testing that takes place in controlled artificial environments with selected chemical or biological agents) and pharmacological characteristics, (d) testing of a subset of the synthesized compounds through "*in-vivo*" testing (i.e. testing in live animals using established models correlating the effect of a type of drug on animals to desired outcomes in humans), (e) conducting investigational new drug ("**IND**") enabling studies which includes both *in-vitro* and *in-vivo* studies to establish safety of NCEs, and f) preparation of an IND application summarizing safety and efficacy findings, which is required in order to seek permission from regulators to proceed to clinical trials.

Rational drug design is now a common method used by the pharmaceutical industry to identify potential compounds to take forward for further development. Initially, a target, such as a receptor or enzyme, has to be identified relating to a particular disease state. This target then has to be fully characterized and, finally, a molecule must be designed that binds to it.1 With respect to psychedelics, it is generally agreed that the biological target is the 5HT-2A receptor, a subtype of 5-HT2 receptors that belongs to the serotonin receptor family, which substantially de-risks the drug development process for the Company compared to traditional drug discovery processes.

The Company is applying typical drug development steps to "classic" psychedelic drugs in order to develop new medicines for complex neuropsychiatric indications that have high prevalence rates and unmet treatment needs. On February 4, 2020, the Company filed two provisional patent applications with the United States Patent and Trademark Office ("**USPTO**") covering two novel diverse chemical scaffolds protecting the discovery and development of NCEs to treat the aforementioned indications. The Company continues to synthesize a number of compounds and advance them through a range of human serotonin subtype receptor assays (i.e., *in vitro* testing). These assays indicate that a number of the Company's compounds display an effect at the key 5HT-2A receptor similar to, and in some cases superior to, psilocin, the active metabolite of psilocybin. The Company is now advancing its proprietary compounds through a highly focused and carefully

1https://www.pharmaceutical-journal.com/opinion/comment/rational-drug-design-identifying-and-characterising-a-target/10969751.article?firstPass=false

designed *in vivo* program to further elucidate their pharmacokinetic properties, safety profile, and efficacy, with a goal of selecting one or more lead drug candidates to advance to human clinical trials. The data from *in vivo* studies demonstrate that the compounds that showed 5HT-2A activity are also showing *in vivo* behavioural evidence of 5HT-2A activity that can be blocked with pre-treatment of a full antagonist to the 5HT-2A receptor. Moreover, the compounds are showing oral activity and promising durations of action in murine and rodent pharmacokinetics studies. On the basis of these preliminary results, Mindset filed a provisional USPTO patent application for a third class of compounds in December 2020 and a provisional USPTO patent application covering DMT and 5-MeO-DMT analogs in March 2021.[2] Additionally, the Company filed in February of 2021, three final PCT patents for psilocybin-based prodrugs, deuterated compounds and sidechain restricted analogs. Preliminary opinions received from the Canadian patent office suggest that the Mindset NCEs identified in the final PCT patent applications demonstrate both novelty and patentability; the applications were published in August of 2021. Lastly, a provisional USPTO application covering a potential platform technology across a wide range of psychedelic molecules was filed in May of 2021 and an additional composition of matter patent expanding the novel DMT and 5-MeO-DMT analog class was filed in August of 2021. The Company continues to file final PCT applications at the one-year time-point from the filing of provisional patents.

This approach places the Company in an industry in which there are high barriers to entry, due to the need to conduct regulated trials, the time and money involved in doing so, and the related need to develop and protect intellectual property associated with drug development. As such, the Company's ability to build a compelling drug portfolio and pipeline and to raise the financing necessary for its operations are key to its success. In January of 2022, the Company entered into a collaboration agreement with the McQuade Center for Strategic Research and Development, LLC, a subsidiary of Otsuka Pharmaceuticals to co-develop compounds from 2 of its families of novel compounds, which provides initial validation of the approach the Company has undertaken.

Mindset's business is premised on a growing body of research that psychedelics can be a new way to treat myriad health indications, including depression, addiction and end-of-life angst. Psychedelic drugs are psychoactive drugs which can cause in their users altered states of consciousness, including auditory and visual hallucinations. Classic psychedelic drugs including LSD, "magic mushrooms", 3,4-Methylenedioxy methamphetamine ("**MDMA**") or their active constituents, analogs, or prodrugs, such as psilocybin and psilocin, DMT, 5-MeO-DMT and 2-CB, among others. In addition, Mindset has a portfolio of several compounds that show a breadth of the pharmacological characteristics; these not only show potential for psychedelic-assisted psychotherapy, but some compounds may be better suited to indications in which medicines are taken home. Some of the potential indications are described below in a summary of the current clinical findings with psychedelics.

UPDATE ON USE OF PROCEEDS

The Company has committed the following capital expenditures to meet its planned growth and fund development activities and, as of the date of this MD&A, there have not been, and the Company does not anticipate, any changes to its previously made disclosure about the Company's intended use of proceeds except as described below.

The below table describes the differences between the Company's anticipated use of proceeds from private placements as disclosed in the Listing Statement, as well as the Company's public offering (the "Prospectus Offering") completed in April 2021 as described in its final short form prospectus of the Company dated April 12, 2021 (the "April 2021 Prospectus"), and the Company's actual use of proceeds from those financings as at the date of this MD&A.

2 The Company's intellectual property has been assigned to the Company as evidenced by various assignment agreements that were subsequently filed and recorded with the USPTO.

	A	C	E	F=D+E
Use of Available Funds	**Previous Disclosure Regarding Current Use of Proceeds April 2021 Prospectus**	**Estimated Actual Use of Proceeds as at February 28, 2022**	**Additional Use of Proceeds as at February 28, 2022**	**Current Use of Proceeds at February 28, 2022**
A third provisional patent application focused on a third chemical scaffold of NCEs.	Nil	Nil	Nil	Nil
Evaluate PK/PD and metabolite profile of 20-25 NCEs and select lead compounds for further development.	$97,704	$97,704	Nil	Nil
Evaluate exploratory safety and toxicity of lead compounds.	$150,000	$150,000	Nil	Nil
Select lead candidates and complete IND enabling studies for families 1 and 2.	$3,000,000	$838,024	Nil	$2,161,976
Complete early preclinical *in vitro* and *in vivo* studies, for families 3 and 4.	$499,620	$499,620	Nil	Nil
Evaluate leads in cooperative psychedelic evaluation (COPE) program models	$1,097,881	$979,816	Nil	$118,065
Develop and patent proprietary cross-family formulation and delivery methods.	$197,881	$150,254	Nil	$47,627
A second provisional patent application for a novel chemical synthesis process.	Nil	Nil	Nil	Nil
Testing and refining the processes outlined in its provisional patent application with the assistance of a third-party CRO with the goal of filing a final patent application incorporating these new insights.	$340,305	$340,305	Nil	Nil
Establishing a GMP process for mass production of psilocybin	$100,000	Nil	Nil	$100,000
Complete synthesis of 1kg cGMP batch of psilocybin	$700,000	Nil	Nil	$700,000
Commercialize psilocybin synthesis process	$300,000	$19,308	Nil	$280,692
New drug discovery and development	Nil	$343,477	$343,477	Nil
SUBTOTAL:	$6,483,391	$3,418,507	$343,477	$3,408,361
Personnel [(2)]	$1,225,000	$995,522	Nil	$229,478
Professional fees [(3)]	$205,000	$505,000	$300,000	Nil
Marketing Expenditures [(4)]	$726,500	$726,500	Nil	Nil
Office and General	$282,800	$282,500	Nil	Nil
Total use of funds	$8,922,691	$5,928,329	$643,477	$3,637,839
Unallocated Working Capital [(5)]	$643,477			Nil
TOTAL:	$9,566,168			$3,637,839

NOTES:

(1) The Mindset New Drug Program involves the development of analogs of psilocybin, psilocin, DMT and 5-MeO-DMT as potential pharmaceuticals. Drug development is a long, expensive and uncertain process. See "*Non-Revenue Generating Projects – Mindset New Drug Program*" for a discussion of the Mindset New Drug Program.

(2) Personnel expenses relate to management fees and consulting fees. Personnel expenses in the previous use of proceeds include: $725,000 in management fees and $500,000 in consulting fees. Personnel expenses in the current use of proceeds include: $169,478 in management fees and $60,000 in consulting fees.

(3) Professional fees relate to audit and tax preparation expenses ("**Audit Expenses**") and general corporate legal expenses ("**Legal Expenses**"). Professional fees in the previous use of proceeds include: $80,000 in Audit Expenses and $125,000 in Legal Expenses. An additional use of proceeds of $300,000 was added.

(4) Marketing expenditures relate to marketing services, brand awareness, business development and other marketing expenses. Marketing expenditures in the previous use of proceeds include: $630,000 for business development and $96,000 in respect of other marketing expenses.

(5) The unallocated working capital balance will be held in short-term, investment grade, interest bearing securities, in government securities or in bank accounts at the discretion of management.

The Company has negative cash flow from operating activities and has historically incurred net losses. To the extent that the Company has negative operating cash flows in future periods, it may need to deploy a portion of its existing working capital to fund such negative cash flows. The Company will be required to raise additional funds through the issuance of additional equity securities, through loan financing, or other means, such as through partnerships with other companies and research and development reimbursements. There is no assurance that additional capital or other types of financing will be available if needed or that these financings will be on terms at least as favourable to the Company as those previously obtained.

The expected use of net proceeds from the Company's financing activities represents the Company's current intentions based upon its present plans and business condition, which could change in the future as its plans and business conditions evolve. The amounts and timing of the actual use of the net proceeds will depend on multiple factors and there may be circumstances where, for sound business reasons, a reallocation of funds may be necessary in order for the Company to achieve its stated business objectives. The Company may also require additional funds in order to fulfill its expenditure requirements to meet existing and any new business objectives, and the Company expects to either issue additional securities or incur debt to do so.

Certain COVID-19 related risks could delay or slow the implementation of the planned objectives resulting in additional costs for the Company to achieve its business objectives. The extent to which COVID-19 may impact the Company business activities will depend on future developments, such as the ultimate geographic spread of the disease, the duration of the outbreak, travel restrictions, business disruptions, and the effectiveness of actions taken in Canada, the United States and other countries to contain and treat the disease. As these events are highly uncertain and the Company cannot determine their potential impact on operations at this time. The COVID-19 pandemic may negatively impact the Company's business through disruption of supply and manufacturing, which would influence the amount and timing of planned expenditure. For example, prolonged disruptions in the supply of goods and services relied on by the Company to develop its products or restrictions resulting from government regulations that impact the Company ability to conduct its studies and clinic trials, may adversely impact the Company's business.

UPDATE ON STATED MISLESTONE AND BUSINESS OBJECTIVES

The below table is intended to provide an update, as at the date of this MD&A, on the Company's business objectives and milestones, as disclosed in the April 2021 Prospectus. The April 2021 Prospectus, which is available on SEDAR at www.sedar.com, identified certain business milestones of the Company, which are reproduced below. As of the date hereof, the Company provided the status of these milestones, the actual or revised estimated costs and the revised date of expected completion thereof, if applicable.

The following are "forward-looking statements" and as such, there is no guarantee that such milestones will be achieved on the timelines indicated or at all. Forward-looking statements are based on management's current expectations and are subject to a number of risks, uncertainties, and assumptions. See "Forward-Looking Statements" and "Risk Factors".

Objective	Milestone[1][2]	Prior Estimated Cost	Actual or Revised Estimated Cost	Prior Estimated Timeframe for Completion	Actual/Estimated Timeframe for Completion[3] [4]	Status
Objectives and Milestones Identified in the Listing Statement						
Mindset New Drug Program	A third provisional patent application focused on a third chemical scaffold of NCEs.	$20,000	$30,000	Filed in December 2020	Filed in December 2020	Complete
	Evaluate pharmacokinetic ("PK")/pharmacodynamic ("PD") and metabolite profile of 20-25 NCEs and select lead compounds for further development.	$380,000	$430,000	Q4 2020	Q2 2021	Complete. MSP-1014 selected as lead candidate from Family 1 in June 2021. Several potential leads for Family 2 identified.
	Evaluate exploratory safety and toxicity of lead compounds.	$150,000	$150,000	Q2 2021	Q4 2021	In Process Started Q4 2021
Mindset Synthesis Process	A second provisional patent application for a novel chemical synthesis process.	$20,000	Nil	Q1 2020	Subsequent to the Listing Statement management determined not to proceed with this milestone.	Abandoned
	Testing and refining the processes outlined in its provisional patent application with the assistance of a third-party CRO with the goal of filing a final patent application incorporating these new insights.	$380,000	$600,000	Q2 2021	Q2 2022	In process – extended
	Establishing a GMP process for mass production of psilocybin	$50,000	$100,000	Q2 2022	Q3 2022	Not started
Objectives and Milestones Identified as at the date of this Prospectus						
Mindset New Drug Program	Complete early preclinical *in vitro* and *in vivo* studies, for families 3 and 4[9]	N/A	$600,000	N/A	Q4 2021	In process
	Evaluate leads in cooperative psychedelic evaluation (COPE) program models[10]	N/A	$1,100,000	N/A	Q4 2021	In process
	Develop and patent propriety cross-family formulation and delivery methods[11]	N/A	$200,000	N/A	Q4 2021	In process

	Select lead candidates and complete IND enabling studies for drug families 1 and 2[8]	N/A	$3,000,000	N/A	Q2 2022	In process - MSP-1014 selected as lead candidate from Family 1 in June 2021. Several potential leads for Family 2 identified.
Mindset Synthesis Process	Complete synthesis of 1kg cGMP batch of psilocybin	N/A	$700,000	N/A	Q4 2022	Not Started
	Commercialize psilocybin synthesis process	N/A	$300,000	N/A	Q4 2022	In process
TOTAL:		$1,000,000	$7,210,000[5]			

NOTES:

(1) There may be circumstances where, for sound business reasons, the Company reallocates the funds or determines not to proceed with a milestone.

(2) Subject to receipt of all necessary approvals, including any approvals required by the academic and scientific organizations with which the Company is working.

(3) The total expenditure may be incurred by the Company after the relevant quarter that is indicated as the target timeframe for completion.

(4) Based on a calendar year-end.

(5) Additional costs funded by cash available prior to financing.

(6) Based on timeline provided by contract manufacturer.

(7) Based on quotations provided by the contract manufacturer, this includes the cost increase reported in the initial milestone table, i.e. total anticipated contract costs are approximately CDN$1.1M. Cost of CMC (as defined herein) personnel also considered.

(8) This business objective requires preclinical trial sites employing Good Laboratory Practice ("**GLP**") methodology, contract manufacturers, certain scale-ups in operation, etc. which may impact the time frame within which these are completed. The proceeds allocated include estimated costs associated with the progression of one lead compound from each family to IND approval. The anticipated timeline for completing this objective is Q2 2022, which is based on, among others, the following material assumptions: (a) the timely and successful completion of certain preclinical studies including but not limited to: (i) completing development of stable formulations utilizing selected APIs; (ii) the development and validation of analytical methods for such formulations; (iii) the scale up of API production processes beyond laboratory scale suitable for large animal and human studies; (iv) studies of the stability of such formulations being suitable for human studies; and (v) the development of CMC to meet cGMP standards; and (b) the Company entering into agreements with certain third party vendors to complete a range of additional preclinical programs before the final selection of drug candidates and IND development of GLP studies. The Company clarifies that as of the date hereof, it has not yet completed the aforementioned items. Such statements are informed by, among other things, regulatory guidelines for developing a drug with safety studies, proof of concept studies, and pivotal studies for new drug application submission and approval, and assumes the success of implementation and results of such studies on timelines indicated as possible by such guidelines, other industry examples, and the Company's development efforts to date. See "Risk Factors".

(9) These studies are currently in progress with InterVivo and the timeline to completion is an estimate as the results of the initial studies may require additional synthesis. The exact budget and timeline may need adjustment based on ongoing results of the current studies and the ability of the Company and its third-party contractors to synthesize and purify novel compounds. The cost estimates are based on a combination of both actual and anticipated costs associated with this stage of research with the compounds from families 1 and 2.

(10) Cost estimates and timelines are based on a combination of both reported chemistry formulation manufacturer cost and timeline as well as cost estimates for conducting non-GLP stability and preclinical in-vivo PK studies to validate the formulation and patent application costs. The completion of this milestone will not necessarily ensure that the formulation will be suitable or otherwise useable for delivery of Mindset NCEs in clinical studies.

(11) The Company anticipates engaging InterVivo for this project, which will benchmark to known psychedelics in animal models that the Company believes will be essential for differentiating the Company's novel psychedelic compounds as well as those of competitors. The studies will require that InterVivo obtain a Section 56 Exemption to receive, hold and use any compound that is scheduled under the CDSA in the current studies. The Company has established that InterVivo has both the experience and ability to obtain such licenses and conduct the anticipated studies. The risks associated with reaching this milestone are primarily related to a potential delay in obtaining regulatory licenses from Health Canada.

Non-Revenue Generating Projects

The Company currently has two (2) significant projects, neither of which have generated revenue:

1. Mindset New Drug Program
2. Mindset Synthesis Process

Mindset New Drug Program

Mindset has developed a leading pipeline of diverse patent-pending preclinical psilocybin-inspired drug candidates, employing cutting-edge structure-based drug design strategies in order to create novel and patentable optimized psychedelic drug candidates for pharmaceutical use. Mindset's new drugs are broadly grouped into four "families".

The first family can further be divided into prodrugs, conjugates and deuterated analogs of psilocybin. The prodrugs and conjugates show rapid metabolism into active metabolites with verified efficacy both *in vitro* and *in vivo*, but also with superior effects on behaviours associated with 5-HT2A agonism compared to psilocybin in vivo and improved safety signals. The deuterated analogs have shown similar effects as psilocin on receptor binding and function assays and *in vivo* data indicate similar or greater efficacy to psilocybin with oral bioavailability and central nervous system penetration. This profile positions this first family of compounds as patentable psilocybin-like molecules with superior activity compared to psilocybin, which suggests compounds in this family may demonstrate dose-related safety and pharmacodynamic advantages compared to psilocybin.

The second family, which consists of restricted side-chain analogs of psilocybin, shows increased potency and efficacy compared to psilocin and psilocybin based on both *in vitro* and *in vivo* data, respectively. Certain compounds also show oral bioavailability and are brain penetrant with *in vivo* pharmacokinetic evidence of shorter duration than psilocybin in rodents. This profile positions this second family of compounds as third generation in clinic candidates to support psychedelic-assisted psychotherapy applications and protocols.

The third family continues to demonstrate unique and promising *in vitro* profiles. In particular, certain compounds from the third family show a similar binding profile to the human 5-HT2A receptor comparable to that of psilocin's, but with smaller effect size and a much longer duration of action based on human liver microsome stability data. This profile uniquely positions the third family of compounds for potential in "microdosing" applications, including specialized populations and indications such as pediatric attention deficit hyperactivity disorder and Alzheimer's disease.

The fourth and final family includes analogs of DMT and 5-MeO-DMT. Greater than 25 compounds have been synthesized at the sub to multi-gram scale and demonstrate unique and promising *in-vitro* profiles. Specifically, these compounds demonstrate similar binding profile to the human 5-HT2A receptor comparable to that of the reference compounds, but with larger effect size and a duration of action ranging from minutes to hours. Moreover, several of these compounds show activity at both 5-HT1A and 5-HT2C receptors, which have been implicated both in anti-depressant and substance abuse. This profile uniquely positions the fourth family of compounds for potential macro-dosing applications that are differentiated from compounds in Family 2 based on receptor activity signatures. Moreover, recent *in vivo* data suggests that compounds from this class can show superior safety profile to 5-MeO-DMT, which elicits serotonin syndrome signs in mice.

The Company initially filed four provisional patents, one for each family, and has subsequently filed two final PCT patent applications for Family 1 and one final PCT patent application for Family 2. Ongoing opinions on freedom to operate and initial opinions from the Canadian Patent Office suggest the patent claims are both novel and patentable. The three patents were published in August of 2021. Additionally, the

Company has filed an additional provisional patent application on combination therapies and extended its fourth family of compounds.

The Company identified greater than 100 NCEs across the 4 families in connection with the Mindset New Drug Program. The NCEs identified by the Company to date are currently in a preclinical stage of development, in which the primary activities are: (1) lab scale synthesis (up to >95% purity) stability, and development of basic analytical methodology to ensure drug substance quality, (2) non-clinical (same as preclinical) activities ("**NCA**") and (3) preclinical studies that measure performance (pharmacokinetics) and safety (toxicology; pharmacology) using a variety of *in vitro* and *in vivo* assays. These studies will help to define parameters that would allow the safe clinical testing of the substance in human trials. The Company has completed *in vitro* and *in vivo* testing on the NCEs from Family 1 and Family 2 and anticipates completing *in vivo* and *in vitro* testing on the NCEs in Family 3 and Family 4 in Q2 2022 at an estimated cost of $600,000. Following this preclinical screening stage, 1-2 leads per family will be selected and one will proceed into IND-enabling studies and optimization and standardization of Chemistry-Manufacturing and Controls ("**CMC**") [4] including additional chemical characterization, synthesis (up to >99% purity), process optimization, stability, and development of analytical methodology to ensure drug substance quality. If successful, the lead will be ready for clinical testing. In June, Mindset announced the selection of MSP-1014 as its Family 1 lead.

The Company anticipates that the lead candidate compounds from Families 1 and 2 will enter Phase 1 clinical trials in Q4 2022 to Q2 2023, and the lead candidate compounds for Families 3 and 4 will enter Phase 1 clinical trials as early as late 2023. Clinical testing is difficult to design and implement, can take many years to complete and has uncertain outcomes. There is no assurance that this timeline will be met or that any of the lead candidates identified will advance to clinical trials at all. The outcome of preclinical studies and early clinical trials may not predict the success of later clinical trials, and interim results of a clinical trial do not necessarily predict final results. A number of companies in the pharmaceutical and biotechnology industries have suffered significant setbacks in advanced clinical trials due to lack of efficacy or unacceptable safety profiles, notwithstanding promising results in earlier trials. The Company does not know whether the clinical trials it may conduct will demonstrate adequate efficacy and safety to result in regulatory approval to market any of its product candidates in any jurisdiction. A product candidate may fail for safety or efficacy reasons at any stage of the testing process. As a result of the Company's early-stage research and development activities, the highly variable costs and uncertain timing associated with more advanced stages of drug development, it would be misleading to provide an estimate on the anticipated costs beyond the planned studies described herein.

The Company's new drug programs are based on analogs of psilocybin/psilocin, 5-MeO-DMT and DMT. While psilocybin/psilocin and DMT are restricted in Canada under schedule III of the CDSA, analogs of these compounds are not controlled substances in Canada. Accordingly, the Company has obtained confirmation from the Office of Drug Policy and Science, Controlled Substances Directorate of Health Canada confirming that the Company's NCEs of interest are not considered controlled substances. Therefore, the Company's NCEs can be developed in Canada in a manner similar to standard small molecule NCEs, which do not require special licensing to develop.

Evaluate leads in cooperative psychedelic evaluation (COPE) program models: The Company intends on creating a comprehensive psychedelics benchmark reference data set by evaluating a broad range of psychedelic drugs through a proprietary program of *in vivo* tests. It intends on using this data to enhance the selection of lead compounds from its existing drug families, as well as the design and development of future new drug families. The Company has retained InterVivo to perform this work. It expects the work to be fully complete by mid 2022. More specifically, certain known psychedelic drugs (psilocybin, psilocin, LSD, DMT, 5-MeO-DMT) are anticipated to be benchmarked across tests including mouse head twitch, rodent wet dog shake, drug discrimination, *in vivo* receptor occupancy and PK including blood brain barrier penetration and

3 NCA activities are carried out by the CRO.
4 CMC activities are carried out by the CMO.

safety studies in rat and dog. The Company, through InterVivo, has applied for and successfully received Section 56 Exemptions for utilizing these psychedelic drugs. See "*Risk Factors - The failure of the Company's third party-contractors to obtain and maintain the applicable licenses, permits, approvals and exemptions*". Currently, benchmark PK data sets have been established for LSD, psilocybin, psilocin, and 5-MeO-DMT.

The Company has spent $4,308,131 on the Mindset New Drug Program. See "*Use of Proceeds*" for details on anticipated spending with respect to the net proceeds to the Company derived from the Prospectus Offering.

Mindset Synthesis Process

The patent-pending Mindset Synthesis Process strategically complements the Company's next generation drug development program and management of the Company believes it represents a significant potential commercialization opportunity. The Mindset Synthesis Process is an innovative synthesis process that offers a cost-effective synthesis process for large scale cGMP[5] synthesis of psilocybin. Management of Mindset anticipates that there will be significant demand for its proprietary, high-quality psilocybin supply given the increasing number of trials and studies underway utilizing psilocybin. High-quality psilocybin for clinical research purposes is currently expensive and difficult to procure, however Mindset's cost-effective patent-pending synthesis process provides Mindset with a unique advantage to accelerate the commercialization of its portfolio of intellectual property. Several contract development and manufacturing organizations ("**CDMOs**") that specialize in psilocybin synthesis have exclusive relationships with individual clients, further narrowing the range of psilocybin supply options. Management of the Company anticipate that the Mindset Synthesis Process can benefit the entire medical psychedelic market, from the drug design process stage to clinical treatment as it is scalable, efficient and to the best knowledge of management, one of the most cost-effective methods currently available for GMP grade psilocybin with a non-optimized cost per gram substantially below current retail costs. The Mindset Synthesis Process potentially represents a superior route to synthesizing psilocybin than the established methodologies used today and has advantages over current processes that include: mild reaction conditions; convenient operations; easily obtained commercially available raw materials, suitability for multi-kilogram scale manufacturing; and is more environmentally friendly.

The Company has filed a provisional patent for the Mindset Synthesis Process. The Company filed a final PCT patent for the Mindset Synthesis Process in Q3 2021. The Company has confirmed PoC for the Mindset Synthesis Process and the Company is currently completing a laboratory bench scale based on synthesis of its Family 1 compounds. Management estimates that the laboratory bench scale, which has commenced, will cost approximately $600,000. The next step would involve synthesizing a 100-gram non-cGMP batch which the Company anticipates completing by Q2 2022 at a cost of approximately $100,000, followed by the synthesis of a 1 kg batch of cGMP psilocybin to test reaction step optimization and validate the scale up process which management anticipates will be completed by Q4 2022, at a cost of approximately $700,000. The final stage will be the commercialization of the Mindset Synthesis Process which management anticipates will be completed by Q4 2022, at a price of approximately $300,000. There is no assurance that this timeline will be met or that the Mindset Synthesis Process will be commercialized.

The Company has engaged a new North American CDMO to use the Company's patent-pending psilocybin synthesis process to synthesize 1 kg of cGMP psilocybin, along with 100 grams of non-GMP psilocybin

5 CGMP refers to the Current Good Manufacturing Practice regulations enforced by the FDA. CGMPs provide for systems that assure proper design, monitoring, and control of manufacturing processes and facilities. Adherence to the CGMP regulations assures the identity, strength, quality, and purity of drug products by requiring that manufacturers of medications adequately control manufacturing operations. This includes establishing strong quality management systems, obtaining appropriate quality raw materials, establishing robust operating procedures, detecting and investigating product quality deviations, and maintaining reliable testing laboratories. This formal system of controls at a pharmaceutical company, if adequately put into practice, helps to prevent instances of contamination, mix-ups, deviations, failures, and errors. This assures that drug products meet their quality standards.

synthesized as an intermediate trial step. The CDMO has commenced the first step of the contractual process ("**Analytical Method Familiarization**"). A chemistry, manufacturing and controls ("**CMC**") expert also has been retained by the Company to develop a detailed, standardized manufacturing process utilizing the Mindset Synthesis Process, and to prepare any regulatory documentation required for licensing and sales of process/product (as applicable). The Company is sourcing secondary manufacturers on an ongoing basis.

The manufacturing and storage of psilocybin will be managed by the CDMO, which has received all licenses required for the synthesis and storage of psilocybin. Specifically, the CDMO has a controlled drug license and drug establishment license equivalent. The Company will not directly take possession or sell psilocybin; rather, psilocybin will be sold to companies that are licensed to possess psilocybin pursuant to the regulatory framework of their jurisdiction, and the purchased quantity of the synthetically-manufactured psilocybin will be shipped directly from the CDMO to the purchaser's licensed establishment. Thus, all sales of psilocybin will occur under internationally approved processes and never directly from Mindset. The Company is currently exploring royalty license agreements in which appropriately licensed contract manufacturers and suppliers will license the patented manufacturing process, and Mindset will receive royalties based on the licensee's sales.

Establish licensing & distribution agreements: The Company is in discussion with potential partners around agreements to license its synthesis method. The Company expects mainly to commercialize its synthesis process by licensing the method to third party manufacturers and collecting royalties for such licensing.

The Company has spent $640,305 on the Mindset Synthesis Process. See "*Use of Proceeds*" for details on anticipated spending with respect to the net proceeds to the Company derived from the Prospectus Offering.

Mindset is at the early stages of both of these projects and has expanded the team to include; clinical drug development experts, a CMC expert and a toxicologist/project manager for IND enabling studies. Mindset is currently in the process of expanding the team to include regulatory expertise, and additional clinical expertise. Given the respective stages of the new drug and synthesis projects, there are many potential options available to the Company to further develop these assets. As such, it is not possible to precisely describe or predict future projects or their associated timing and costs to complete or the nature of their development (including whether through acquisition, hiring, or internal development), if any. These development initiatives can be accelerated and expanded and new projects may be launched depending on the capital available to the Company, the success of the currently ongoing work and management of the Company's ability to generate additional intellectual property.

INTELLECTUAL PROPERTY

The following tables set forth the status for each patent application applicable to the Company's current and anticipated business activities:

Jurisdiction of Filing	Application Number	Priority/Filing Date	Status[2]	Compound Family[1]
PCT	PCT/CA2021/050 125	Priority: 2020-02-04 Filed: 2021-02-04	Patent Pending; Priority date assumed from 62/969934	1
PCT	PCT/CA2021/050 123	Priority: 2020-02-04 Filed: 2021-02-04	Patent Pending; Priority date assumed from 62/969934	1
PCT	PCT/CA2021/050 122	Priority: 2020-02-04 Filed: 2021-02-04	Patent Pending; Priority date assumed from 62/969894	2
USA	63/056058	24-Jul-20	Expired, priority date claimed and incorporated by reference for PCT/CA2021/051029	Mindset Synthesis Process
USA	63/122181	7-Dec-20	Patent Pending	3

USA	63/155634	2-Mar-21	Patent Pending	4
USA	63/202081	26-May-21	Patent Pending	Combination NCEs
USA	62/969934	4-Feb-20	Expired, priority date claimed and incorporated by reference for PCT/CA2021/050125 and PCT/CA2021/050123	1
USA	62/969894	4-Feb-20	Expired, priority date claimed and incorporated by reference for PCT/CA2021/050122	2
USA	63/260470	21-Aug-21	Patent Pending	4
PCT	PCT/CA2021/051 029	Priority: 2020-07-24 Filed: 2021-07-24	Patent Pending; Priority date assued from 63/056058	Mindset Synthesis Process

NOTES:
(1) See section entitled "*The Company – Research and Development ("**R&D**") - Mindset New Drug Program*" for a description of the Company's compound families.
(2) The inventors of the various inventions disclosed in the above-noted patents have entered into assignment agreements with the Company assigning their respective interest, if any, in these inventions to the Company. The Company's business is not substantially dependent on these agreements, as they only represent a portion of the right, title and interest (if any) of the intellectual property covered by the above-noted patents and of the Company's overall intellectual property portfolio.

The Company's mission to discover, develop and deploy psychedelic inspired medicines ranges from proprietary psychedelic compounds for use as API, specific formulations thereof, and specific uses for compounds and formulations. As the Company generates new data it will continue to file or acquire additional patent applications through the Company's development program.

RESEARCH AND DEVELOPMENT

As at the date of this MD&A, the Company has not generated any revenue from the sale of psychedelic medicines or other products. The Company is focused on development of psychedelic medicines and other products, through research and development of novel chemical compounds and delivery mechanisms and the study of such compounds in preclinical studies. The Company's preclinical studies are conducted via the various CROs and CDMOs it has engaged, including InterVivo Solutions Inc. ("**InterVivo**"), BioVectra Inc. ("**BioVectra**"), Vibrant Pharma Inc. ("**Vibrant Pharma**"), and Pharmaron Inc. (U.S. division) ("**Pharmaron**"). Each of InterVivo, BioVectra, Vibrant Pharma and Pharmaron are CROs that, in the ordinary course of the Company's business, have entered into service agreements with the Company to provide services related to the Company's preclinical studies and/or the manufacture of its various chemical compounds. Although each of the CROs will be involved in the synthesis of NCEs, or testing thereof, for the Company, none of these agreements allows for the various CROs to utilize any of the Company's intellectual property, including its patents, formulae, trade secrets, or processes, for their own purposes. The pharmaceutical industry is a competitive and, in the event that one, or all, of these contractual relationships become unsatisfactory, the Company does not anticipate having difficulty retaining other services providers to perform similar services. The Company does not anticipate generating any revenue from any of these, or any other, service agreements.

The Company anticipates growing its pipeline of psychedelic-inspired pharmaceutical products and medicines through its research, development, proprietary discovery programs, mergers and acquisitions, joint ventures and collaborative development agreements. The Company has sought protection for the intellectual property rights generated by its research and development activities through patent applications and as trade secrets. The Company anticipates that as these programs mature it will file additional patent applications and details about these programs will be disclosed at such time. The Company further anticipates that existing patent applications will result in successful patent grants by the respective intellectual property regulators of each jurisdiction in which the Company has submitted such applications.

Psychedelics are a class of drug whose primary action is to trigger psychedelic experiences via serotonin

receptor agonism, causing thought, visual and auditory changes, and altered state of consciousness. Major psychedelic drugs include mescaline, LSD, psilocybin, and DMT. Psilocybin is a naturally occurring psychedelic prodrug compound produced by more than 200 species of mushrooms, collectively known as psilocybin mushrooms. The most potent are members of the genus Psilocybe, such as P. azurescens, P. semilanceata, and P. cyanescens, but psilocybin has also been isolated from about a dozen other genera. As a prodrug, psilocybin is quickly converted by the body to psilocin, which has mind-altering effects.

The pharmacokinetics, pharmacology and human metabolism of psilocybin are known and characterized. In conjunction with psychotherapy, psilocybin has been utilized broadly in phase II clinical trials.

Psilocybin found in certain species of mushrooms is a non-habit forming naturally occurring psychedelic compound. Once ingested, psilocybin is rapidly metabolized to psilocin, which then acts on serotonin receptors in the brain.

The Company's research and development activities (including such activities conducted by third party contractors) are conducted in strict compliance with the regulations of federal, state, local and regulatory agencies in Canada and the United States. These regulatory authorities regulate, among other things, the research, manufacture, promotion and distribution of drugs in specific jurisdictions under applicable laws and regulations.

REGULATORY FRAMEWORK AND LICENSING REGIME

A summary of the applicable regulatory framework for the Company's current operations and proposed business activities are set forth below.

Business Segment[2]	**Current/Proposed Location of Operation**	**Summary of Applicable Regulatory Frameworks**[6]	**Third-party Researchers, Suppliers, and/or Manufacturers**[1]	**Agreements/Contracts Related to Operations**[1]
Mindset New Drug Program	Canada and United States	The federal governments of Canada and the United States regulate drugs through the CDSA and the CSA, respectively, which place controlled substances in a schedule.[3] Under the CDSA, Mindset's new compounds are not scheduled. Under the CDSA, psilocybin is currently a Schedule III drug. *In vivo* studies utilize the Section 56 Exemption with third-party providers.	Vibrant Pharma InterVivo Pharmaron Piramal Pharma Ltd. Acanthus Research Inc.	Vibrant Proposals InterVivo Master Services Agreement Pharmaron Master Services Agreement Piramal Proposal Acanthus Proposal
Mindset Synthesis Process	United States	The United States federal government regulates drugs through the CSA, which places controlled substances in a schedule.(3) Under the CSA, psilocybin is currently a Schedule I drug.	Not dsisclosed	Master Services Agreement with CDMO

		The contract manufacturer has secured licenses for manufacturing of psilocybin.(4)		

NOTES:

(1) For more information regarding contracts related to the operations of the Company, please refer to "*General Development of the Business of MSP Prior to the Acquisition*" and "*General Development of the Business of the Issuer Following the Acquisition*" in the Listing Statement.

(2) Business segment focuses on the research, development and commercialization of psychedelic-inspired regulation medicines and the related processes thereto.

(3) In both Canada and the United States, the applicable federal government is responsible for regulating, among other things, the approval, import, sale and marketing of drugs, including any psychedelic substances, whether natural or novel. Health Canada and the FDA have not approved psilocybin as a drug for any indication. It is illegal to possess such substances without a prescription. The Company does not directly engage in any activities that would trigger the need to comply with any federal laws related to psychedelic substances. See "*The Company – Research and Development*".

(4) For further information on the Canadian regulatory framework, see "*Regulatory Overview – Regulation of Psychedelics in Canada*".

(5) For further information on the United States regulatory framework, see "*Regulatory Overview – Regulation of Psychedelics in the United States*".

(6) See "*Risk Factors - The failure of the Company's third party-contractors to obtain and maintain the applicable licenses, permits, approvals and exemptions*".

Regulation of Psychedelics in Canada

Psychedelics are illegal to possess, obtain or produce without a prescription or a license and they are a Schedule III drug under the CDSA. The CDSA prohibits the possession of a Schedule III drug absent authorized under the CDSA or a related regulation (either via a license or an authorized Section 56 Exemption).

In Canada, oversight of healthcare is divided between the federal and provincial/territorial governments. The federal government is responsible for regulating, among other things, the approval, import, sale, and marketing of drugs such as ketamine and other psychedelic substances, whether natural or novel. The provincial/territorial level of government has authority over the delivery of health care services, including regulating health facilities, administering health insurance plans such as the Ontario Health Insurance Plan, distributing prescription drugs within the province, and regulating health professionals such as physicians, psychologists, psychotherapists, and nurse practitioners. Regulation is generally overseen by various colleges formed for that purpose, such as the College of Physicians and Surgeons of Ontario.

Health Canada, a department of the Government of Canada, regulates psychedelics under the CDSA - MDMA and ketamine are Schedule I controlled substances, while LSD, DMT and psilocybin are all Schedule III controlled substances. In all cases, this means that there is a general prohibition on the sale, export, import, possession, and production of the Psychedelics. However, under Section 56(1) of the CDSA, the Minister of Health has the ability to grant exemptions to these restrictions.

Section 56 Exemption

The Minister of Health can grant exemptions under Section 56 of the CDSA to use controlled substances if the Minister deems them necessary for a medical or scientific purpose, or otherwise in the public interest.[6] In August 2020, four Canadians with late stage cancer were granted approval by the federal Minister of Health to use psilocybin in the therapeutic treatment of end-of-life distress.[7] By obtaining a Section 56 Exemption, these patients now have approval to possess and use psilocybin, which in typical circumstances, is

6 https://www.dlapiper.com/en/canada/insights/publications/2020/06/an-update-on-psychedelics-in-canada/
7https://beta-ctvnews-ca.cdn.ampproject.org/c/s/beta.ctvnews.ca/national/health/2020/8/4/1_5051357.html

prohibited.[8] These four patients are the first known individuals to legally use psilocybin since it became illegal in Canada in 1974. Given the public and scientific interest in mental health treatments using psychedelics it stands to reason that Section 56 Exemptions are a possible avenue for getting access to controlled substances like psychedelics in the future once further studies have been published.

Regulation Exemptions

Despite the general prohibition on controlled substances, there are regulations that can allow authorized persons to possess, produce, sell, import/export and transport-controlled substances. The Food and Drug Regulations gives authorization to persons (including licensed dealers and those exemption under Section 56(2) of the CDSA) to have access to psychedelics.[9] For example, while ketamine is regulated as a "narcotic" under the Narcotic Control Regulations and is the only psychedelic governed by this regulation it is already legally available for medical use.[10]

These regulations provide a framework for expanding and monitoring the legal use of controlled substances in Canada as well, importantly, issuing licenses to prospective dealers.

Licensing

Any person who ordinarily resides in Canada or a corporation, with a head office in Canada, is eligible to apply for a dealer's license for controlled substances. Currently, a licensed dealer may only sell psychedelics to an institution for clinical or research purposes. Prior to the sale, the research institution must obtain authorization from Health Canada.[11] A licensed dealer also has the ability to import and export controlled substances; however, a permit from Health Canada must be obtained for each import or export.[12] In short, while a dealer's license opens the door for buying and selling psychedelics, the activities are still heavily regulated.

The legal and regulatory landscape concerning psychedelics continues to evolve. We foresee the potential for changes through an increase in the number of applications for licenses granted under Section 56 of the *CDSA* an increase in approvals granted by Health Canada under existing regulations.

The Company aims to discover, develop and deploy psychedelic inspired medicines to treat addiction and mental health conditions in preclinical and clinical test environments for medical and scientific purposes. The Company intends to work in partnership with third-party contract research organizations that hold a Controlled Drugs and Substances Dealers Licence (or similar) to allow for analytical testing of psychedelic compounds and to perform laboratory synthesis and preclinical testing. The Company has obtained clearance from the Health Canada to proceed with research work on its synthesized compounds from its first 3 compound families. On September 4, September 28 and December 16, 2020, the Company received confirmation from Health Canada that certain of its synthesized compounds in its current portfolio of proprietary compounds were not, as of such dates, deemed controlled substances under the CDSA and therefore the Company did not, as of such dates, require further regulatory or legislative changes in order to advance its business plan in compliance with the CDSA.[13] The Company has now received similar confirmation for the majority of its fourth family of compounds among other compounds.

8 Controlled Drug and Substance Act, SC 1996, c19, s4-7.
9 Food and Drug Regulations, CRC, c 870, s J (1978) [FDR].
10https://www.canada.ca/en/health-canada/services/substance-use/controlled-illegal-drugs/ketamine.html#a1
11https://www.canada.ca/en/health-canada/corporate/about-health-canada/legislation-guidelines/acts-regulations/frequently-asked-questions-food-drug-regulations.html
12 FDR, supra note 9 at s J.01.038 and J.01.048.
13 The status of a substance under the CDSA is a point-in-time consideration, and may change as a result of new information, or due to changes in the Schedules to the CDSA. The Company and its affiliates are responsible for maintaining up-to-date awareness of the current status of its synthesized compounds, and to meet all applicable regulatory requirements.

The process required before a prescription drug product candidate may be marketed in Canada generally involves:

- *Chemical and Biological Research* - Laboratory tests are carried out on tissue cultures and with a variety of small animals to determine the effects of the drug. If the results are promising, the manufacturer will proceed to the next step of development.

- *Preclinical Development* – Animals are given the drug in varying amounts over differing periods of time. If it can be shown that the drug causes no serious or unexpected harm at the doses required to have an effect, the manufacturer will proceed to clinical trials.

- *Clinical Trials — Phase 1* - The first administration in humans is to test if people can tolerate the drug. If this testing is to take place in Canada, the manufacturer must prepare a clinical trial application for the Therapeutic Products Directorate of Health Canada (the "**TPD**"). This includes the results of the first two steps and a proposal for testing in humans. If the information is sufficient, the Health Products and Food Branch of Health Canada (the "**HPFB**") grants permission to start testing the drug, generally first on healthy volunteers.

- *Clinical Trials — Phase 2* - Phase 2 trials are carried out on people with the target condition, who are usually otherwise healthy, with no other medical condition. Trials carried out in Canada must be approved by the TPD. In Phase 2, the objective of the trials is to continue to gather information on the safety of the drug and begin to determine its effectiveness.

- *Clinical Trials — Phase 3* - If the results from Phase 2 show promise, the manufacturer provides an updated clinical trial application to the TPD for Phase 3 trials. The objectives of Phase 3 include determining whether the drug can be shown to be effective, and have an acceptable side effect profile, in people who better represent the general population. Further information will also be obtained on how the drug should be used, the optimal dosage regimen and the possible side effects.

- *New Drug Submission* - If the results from Phase 3 continue to be favourable, the drug manufacturer can submit a new drug submission ("**NDS**") to the TPD. A drug manufacturer can submit an NDS regardless of whether the clinical trials were carried out in Canada. The TPD reviews all the information gathered during the development of the drug and assesses the risks and benefits of the drug. If it is judged that, for a specific patient population and specific conditions of use, the benefits of the drug outweigh the known risks, the HPFB will approve the drug by issuing a notice of compliance.

The Company has had multiple conversations with Health Canada to ensure that all current works in progress are being carried out in a compliant manner and management of the Company actively maintains a continued dialogue with Health Canada to ensure ongoing compliance. The status of a substance under the CDSA is a point-in-time consideration, and may change as a result of new information, or due to changes in the Schedules to the CDSA. The Company and its affiliates are responsible for maintaining up-to-date awareness of the current status of its synthesized compounds, and to meet all applicable regulatory requirements. See "*Risk Factors - The failure of the Company's third party-contractors to obtain and maintain the applicable licenses, permits, approvals and exemptions*".

Regulation of Psychedelics in the United States

The FDA and other federal, state, and local regulatory agencies impose substantial requirements upon the clinical development, approval, labeling, manufacture, marketing and distribution of drug products in the United States. These agencies regulate, among other things, research and development activities and the testing, approval, manufacture, quality control, safety, effectiveness, labeling, storage, record keeping, advertising and promotion of any prescription drug product candidates or commercial products. The

regulatory approval process in the United States is generally lengthy and expensive, with no guarantee of a positive result. Moreover, failure to comply with applicable FDA or other requirements may result in civil or criminal penalties, recall or seizure of products, injunctive relief including partial or total suspension of production, or withdrawal of a product from the market.

Psilocybin, psilocin, DMT, and 5-Methoxy-N-N-dimethyltryptamine are strictly controlled under the CSA as Schedule I substances. Schedule I substances by definition have no currently accepted medical use in the United States, a lack of accepted safety for use under medical supervision, and a high potential for abuse. Schedule I and II drugs are subject to the strictest controls under the CSA, including manufacturing and procurement quotas, security requirements and criteria for importation. Anyone wishing to conduct research on substances listed in Schedule I under the CSA must register with the U.S. Drug Enforcement Administration ("**DEA**") and obtain DEA approval of the research proposal.

See "*The Company – Research and Development*" for additional information concerning the regulation applicable to the process required before prescription drug product candidates may be marketed in the United States.

The Company will also be subject to regulation under various state and local laws, ordinances and regulations that include provisions governing, among other things, the registration, formulation, manufacturing, packaging, labeling, advertising, sale and distribution of foods and dietary supplements. In addition, in the future, the Company may become subject to additional laws or regulations administered by the FDA or by other federal, state, or local governmental authorities in the United States, to the repeal of laws or regulations that the Company considers favorable, or to more stringent interpretations of current laws or regulations. In the future, the Company believes that the dietary supplement industry will likely face increased scrutiny from federal, state and local governmental authorities in the United States. It is difficult to predict the effect future laws, regulations, repeals or interpretations will have on the Company's business. However, such changes could require the reformulation of products, recalls or discontinuance of products, additional administrative requirements, revised or additional labeling, increased scientific substantiation or other requirements. Any such changes could have a material adverse effect on the Company's business or financial performance.

While the Company is focused on programs using psychedelic inspired compounds and classic psychedelics, the Company does not have any direct or indirect involvement with the illegal selling, production or distribution of any substances in the jurisdictions in which it operates. The Company is a neuro-pharmaceutical drug development company and does not advocate for the legalization of any psychedelic substances and does not deal with psychedelic substances except in laboratory or clinical trial settings conducted within approved regulatory frameworks. The Company's products will not be commercialized prior to applicable regulatory approval, which will only be granted if clinical evidence of safety and efficacy for the intended uses is successfully developed. Furthermore, because the Company only deals with psychedelic substances in laboratory study settings within approved regulatory frameworks, in the Company's view, there are minimal risks associated with third-party service providers that relate to the research of psychedelic substances under applicable laws. The Company also believes that it has minimized other risks associated with third-party service providers through standard contractual obligations.

Controlled Substances

The CSA and its implementing regulations establish a "closed system"' of regulations for controlled substances. The CSA imposes registration, security, recordkeeping and reporting, storage, manufacturing, distribution, importation and other requirements under the oversight of the DEA. The DEA is responsible for regulating controlled substances, and requires those individuals or entities that manufacture, import, export, distribute, research, or dispense controlled substances to comply with the regulatory requirements in order to prevent the diversion of controlled substances to illicit channels of commerce.

Facilities that manufacture, distribute, import or export any controlled substance must register annually with

the DEA. The DEA registration is specific to the particular location, activity(ies) and controlled substance schedule(s).

The DEA inspects all manufacturing facilities to review security, recordkeeping, reporting and handling prior to issuing a controlled substance registration. The specific security requirements vary by the type of business activity and the schedule and quantity of controlled substances handled. The most stringent requirements apply to manufacturers of Schedule I and Schedule II substances. Required security measures commonly include background checks on employees and physical control of controlled substances through storage in approved vaults, safes and cages, and through use of alarm systems and surveillance cameras. Once registered, manufacturing facilities must maintain records documenting the manufacture, receipt and distribution of all controlled substances. Manufacturers must submit periodic reports to the DEA of the distribution of Schedule I and II controlled substances, Schedule III narcotic substances, and other designated substances. Registrants must also report any controlled substance thefts or significant losses, and must obtain authorization to destroy or dispose of controlled substances. Imports of Schedule I and II controlled substances for commercial purposes are generally restricted to substances not already available from a domestic supplier or where there is not adequate competition among domestic suppliers. In addition to an importer or exporter registration, importers and exporters must obtain a permit for every import or export of a Schedule I and II substance or Schedule III, IV and V narcotic, and submit import or export declarations for Schedule III, IV and V non-narcotics.

For drugs manufactured in the United States, the DEA establishes an aggregate annual quota for the amount of substances within Schedules I and II that may be manufactured or produced in the United States based on the DEA's estimate of the quantity needed to meet legitimate medical, scientific, research and industrial needs. The quotas apply equally to the manufacturing of the active pharmaceutical ingredient and production of dosage forms. The DEA may adjust aggregate production quotas a few times per year, and individual manufacturing or procurement quotas from time to time during the year, although the DEA has substantial discretion in whether or not to make such adjustments for individual companies. Individual U.S. states also establish and maintain separate controlled substance laws and regulations, including licensing, recordkeeping, security, distribution, and dispensing requirements. State authorities, including boards of pharmacy, regulate use of controlled substances in each state. Failure to maintain compliance with applicable requirements, particularly as manifested in the loss or diversion of controlled substances, can result in enforcement action that could have a material adverse effect on the Company's business, operations and financial condition. The DEA may seek civil penalties, refuse to renew necessary registrations, or initiate proceedings to revoke those registrations. In certain circumstances, violations could lead to criminal prosecution.

Patent Cooperation Treaty

The Patent Cooperation Treaty (the "**PCT**") facilitates filing for patent recognition in multiple jurisdictions simultaneously using a single uniform patent application. 193 countries, including Canada and the United States have ratified the PCT.

Ultimately, patents are still granted in each country individually. As such, the PCT procedure consists of two phases: filing of an international application, and national evaluation under the patent laws in force in each country where a patent is sought.

Within 12 months of filing a provisional patent application at the USPTO, the Company may elect to file a regular utility patent application in the United States or in the jurisdiction in which it operates in tandem with filing a PCT application with the World Intellectual Property Office, in each case claiming priority to the provisional patent application. Within 30 months of the provisional filing date, deadlines begin for a PCT application to enter the national phase in desired jurisdictions globally, such as Europe (31 months), in each case claiming priority to the provisional patent application.

While the Company is focused on programs using psychedelic-inspired compounds, the Company does not have any direct or indirect involvement with the illegal selling, production or distribution of any substances in the jurisdictions in which it operates. The Company is exploring drug development within approved laboratory clinical trial settings conducted within approved regulatory frameworks. Though highly speculative, should any prescription drug product be developed by the Company (which, if it does occur, would not be for several years), such drug product will not be commercialized prior to receipt of applicable regulatory approval, which will only be granted if clinical evidence of safety and efficacy for the intended use(s) is successfully developed. The Company may also employ non-prescription drugs, where appropriate.

COMPLIANCE WITH APPLICABLE LAWS

The Company oversees and monitors compliance with applicable laws in each jurisdiction in which it operates. In addition to the Company's senior executives and the employees responsible for overseeing compliance, the Company has local counsel engaged in every jurisdiction in which it operates and has received advice in each of these jurisdictions regarding (a) compliance with applicable regulatory frameworks, and (b) potential exposure to, and implications arising from, applicable laws in jurisdictions in which the Company has operations or intends to operate.

On September 4, September 28 December 16, 2020, and April 12, 2021, the Company received confirmations from Health Canada that certain of the Company's synthesized compounds in its current portfolio of NCEs were not, as of such date, deemed controlled substances under the CDSA. The Company therefore did not, as of such date, require any regulatory or legislative changes at this time in order to advance its business plan in compliance with the CDSA.[14] The Company has not obtained any legal opinions with respect to (a) compliance with applicable regulatory frameworks, and (b) potential exposure and implications arising from applicable laws in jurisdictions where the Company has operations or intends to operate.

The Company works with third parties who require regulatory licensing to handle scheduled drugs. The Company continuously updates its compliance and channel programs to maintain regulatory standards set for drug development. The Company also works with preclinical research organizations who maintain batch records and data storage for the Company's preclinical programs.

Additionally, the Company has established a Scientific Advisory Board with cross-functional expertise in business, neuroscience, pharmaceuticals, mental health and psychedelics to advise management.

In conjunction with the Company's human resources and operations departments, the Company oversees and implements training on the Company's protocols. The Company will continue to work closely with external counsel and other compliance experts, and is evaluating the engagement of one or more independent third-party providers to further develop, enhance and improve its compliance and risk management and mitigation processes and procedures in furtherance of continued compliance with the laws of the jurisdictions in which the Company operates.

The programs currently in place include monitoring by executives of the Company to ensure that operations conform to and comply with required laws, regulations and operating procedures. The Company is currently in compliance with the laws and regulations in all jurisdictions and the related licensing framework applicable to its business activities.

Neither the Company nor, to the Company's knowledge, any of its third-party researchers, suppliers and manufacturers have received any non-compliance, citations or notices of violation which may have an impact on the Company's or any third-party researcher, supplier, or manufacturer's licences, business activities or operations.

[14] The status of a substance under the CDSA is a point-in-time consideration, and may change as a result of new information, or due to changes in the Schedules to the CDSA. The Company and its affiliates are responsible for maintaining up-to-date awareness of the current status of its synthesized compounds, and to meet all applicable regulatory requirements.

The Company conducts due diligence on third-party researchers, contract research organization, contract manufacturers and others as applicable, with whom it engages. Such due diligence includes but is not limited to the review of necessary licenses and the regulatory framework enacted in the jurisdiction of operation. Further, the Company generally obtains, under its contractual arrangements, representations and warranties from such third parties pertaining to compliance with applicable licensing requirements and the regulatory framework enacted in the jurisdiction of operation.

SUMMARY OF QUARTERLY RESULTS

	Dec 31, 2021	**Sept 30, 2021**	**June 30, 2021**	**March 31, 2021**
	$	$	$	$
Total revenue	-	-	-	-
Expenses	(6,747,029)	(7,891,812)	(4,951,806)	(1,763,358)
Net loss and comprehensive loss	(6,767,187)	(7,905,065)	(4,812,573)	(1,668,358)
Loss per share – basic and diluted	$(0.08)	$(0.09)	$(0.08)	$(0.02)

	Dec 31, 2020	**Sept 30, 2020**	**June 30, 2020**	**March 31, 2020**
	$	$	$	$
Total revenue	-	-	-	-
Expenses	(1,538,039)	(3,354,391)	(180,231)	(291,619)
Net loss and comprehensive loss	(1,818,039)	(3,354,391)	(180,231)	(291,619)
Loss per share– basic and diluted	$(0.03)	$(0.12)	$(0.01)	$(0.04)

Results of operations for the three months ended December 31, 2021

The Company had a net loss and comprehensive loss of $6,767,187 during the three-month period ended December 31, 2021 compared to a loss and comprehensive loss of $1,818,039 for the same period ended December 31, 2020. The current loss and comprehensive loss are comprised of: consulting fees of $2,621,147 (2020 - $440,580); research and development in the amount of $2,507,262 (2020 - $311,470); professional fees of $67,412 (2020 - $13,393); general and administration in the amount of $115,465 (2020 - $246); share-based compensation of $715,336 (2020 - $360,727) and investor relations of $720,407 (2020 - $nil). In addition, the Company recorded a loss of $20,158 as change in fair value of the convertible debenture during the three-month period ended December 31, 2021 (2020 - $280,000).

Results of operations for the six months ended December 31, 2021

The Company had a net loss and comprehensive loss of $14,672,252during the six-month period ended December 31, 2021 compared to a loss and comprehensive loss of $5,172,430 for the same period ended December 31, 2020. The current loss and comprehensive loss are comprised of: consulting fees of $3,541,930 (2020 - $591,275); research and development in the amount of $3,900,799 (2020 - $311,470); professional fees of $134,749 (2020 - $58,416); general and administration in the amount of $179,242 (2020 - $5,328); share-based compensation of $4,965,390 (2020 - $370,549) and investor relations of $1,916,731(2020 - $nil). In addition, the Company recorded a loss of $33,411 as change in fair value of the convertible debenture during the three-month period ended December 31, 2021 (2020 - $280,000).

Additional Disclosure for Venture Issuers without Significant Revenue

As the Company has not had significant revenue from operations in either of its last two (2) financial years, the table below provides a breakdown of material components of expensed research and development costs, in accordance with Section 5.3 of National Instrument 51-102 – *Continuous Disclosure Obligations*:

	Six months ended	
	December 31, 2021	December 31, 2020
Corporate expenses	**$ 14,638,841**	$ 4,892,430
Loss in change in fair value of convertible debt	**33,411**	280,000
Total assets	**4,353,925**	10,084,482
Total liabilities	**1,631,111**	1,064,777

Corporate Expenses	Six months ended **December 31, 2021**	December 31, 2020
Consulting fees	**$ 3,541,930**	$ 591,275
Research and development:[(1)]		
Evaluate pharmacokinetic ("PK")/pharmacodynamic ("PD") and metabolite profile	**501,775**	-
Evaluate exploratory safety and toxicity of lead compounds	**250,254**	-
Testing and refining the processes outlined in its provisional patent application	**438,047**	-
Select lead candidate and complete IND-enabling studies	**20,550**	-
Complete early pre-clinical in-vitro and in-vivo studies for drug families 3 and 4	**849,700**	-
Evaluate leads in cooperative psychedelic evaluation (COPE) program models	**499,478**	-
Develop and patent propriety cross-family formulation and delivery methods	**636,510**	-
Commercialize psilocybin synthesis process	**13,125**	-
New drug discovery and development	**691,360**	
Other	**-**	311,470
Professional fees	**134,749**	58,416
General and administrative expenses	**179,242**	5,328
Share-based compensation	**4,965,390**	370,549
Investor relations	**1,916,731**	-
Listing expenses	**-**	411,623
Reverse takeover transaction costs	**-**	3,143,769

COMMITMENTS AND CONTINGENCIES

The Company is committed to monthly payments under the terms of management and consulting contracts and office lease. The aggregate remaining payments per year are as follows:

	Amount
Year 1	$ 1,768,575
Year 2	1,480,000
Year 3	1,480,000
Year 4	1,480,000
Year 5	1,420,000

Certain agreements contain clauses requiring additional payments of up to $1,505,000 be made upon the occurrence of certain events such as change of control.

OUTSTANDING SHARE DATA

The table below sets out the outstanding share capital of the Company as at December 31, 2021 and as of the date of this MD&A:

Outstanding share data	As of December 31, 2021	As of the date of this MD&A
Issued and outstanding common shares	**91,339,280**	92,744,280
Outstanding options to purchase common shares	**17,821,988**	17,821,988
Outstanding warrants to purchase common shares	**27,043,051**	25,638,051

LIQUIDITY AND CAPITAL RESOURCES

Operating Activities
Cash used by operating activities during the six months ended December 31, 2021 was $5,359,136 (2020 - $1,539,247).

Investing Activities
Cash provided by investing activities during the six months ended December 31, 2021 was $nil (2020 - $1,038,120).

Financing Activities
During the six months ended December 31, 2021, cash provided by financing activities was $1,127,065 (2020 - $5,004,764).

Liquidity Outlook
Mindset had cash and cash equivalents of $2,348,305 available as at December 31, 2021 a decrease of $4,232,071 from the balance at June 30, 2021 of $6,580,376. As at December 31, 2021, the Company had a working capital of $2,697,361 (June 30, 2021 - $8,991,118).

The current cash and cash equivalents and receivable and other as at December 31, 2021 will be used to pay existing liabilities, research and development and for general working capital purposes.

On October 26, 2020, the Company granted 200,000 options to consultants of the Company with an exercise price of $0.25 and expiry of October 26, 2025. These options were valued in the amount of $26,438 on the grant date.

On November 3, 2020, the Company entered into a secured convertible promissory note transaction with the Ontario Brain Institute ("OBI") in the amount of $400,000. OBI is a provincially funded, not-for-profit organization that accelerates discovery and innovation, benefiting both patients and the economy. The promissory note bears interest of 6% per annum and matures on the earlier of (a) March 1, 2023 and (b) at the election of the OBI after one or more equity financing. OBI has the right, at its option, to exercise at any time all or any portion of the outstanding indebtedness into common shares of the Company at a price equal to: (i) a 20% discount to the price or deemed price attributed to the common shares of the Company on a 20-day volume weighted average price pursuant to a going public transaction; or (ii) in the event that the going public is not completed, the most recent value per shares ascribed to each of the common share in connection with an offering of the Company or securities convertible or exchangeable into common shares that is

completed prior to the date that the applicable conversion notice is delivered ("Conversion Option"). The Company classified this convertible promissory note as current liability. As collateral, the Company grants OBI a security interest in all of its property and assets, tangible or intangible, and whether now owned or hereafter acquired, or in which it now has or at any time in the future may acquire any right, title or interest. It does not include the last day of any lease, but the Company shall hold such last day in trust for OBI. On November 20, 2021, OBI delivered a conversion notice. 75% of the convertible debenture was converted into common shares of the Company and 25% of the convertible debenture will be repaid in cash. At that date, the fair value of convertible debenture was $531,351 (June 30, 2021 - $471,369). The Company recorded a loss of $46,729 and $59,982 during the three and six months ended December 31, 2021, respectively, as change in the fair value of convertible debenture on the condensed interim consolidated statement of loss and comprehensive loss (2020 three and six months - $280,000 and $280,000, respectively). The Company extinguished the convertible debenture through the issuance of 505,389 common shares, valued at $398,500, and repaid $106,280 in cash. The gain from settlement in cash in the amount of $26,571 has been included on the condensed interim consolidated statement of loss and comprehensive loss and has been netted against the change in the fair value of convertible debenture. The total interest expense converted to shares was $25,118.

On December 12 and 13, 2020, 2,023,500 options were exercised for gross proceeds of $66,411. The fair market value of these options was calculated at grant date in the amount of $37,012.

On December 14, 2020, the Company granted 1,490,000 options with an exercise price of $0.40 and expiry of December 14, 2025. The options were granted to officers, directors and certain consultants of the Company. These options were valued in the amount of $334,289 on the grant date.

On December 15, 2020, the Company completed a brokered financing, led by Mackie Research Capital Company, as sole agent and sole bookrunner (the "Agent"). The Company issued 10,428,813 units (a "Unit") at a price of $0.40 per Unit (the "Offering Price") for aggregate gross proceeds of $4,171,525 (the "Offering"). Each Unit consists of one common share (a "Common Share") in the capital of the Company and one Common Share purchase warrant (a "Warrant"). Each Warrant entitling the holder to acquire one additional Common Share at a price of $0.60 for a period of twenty-four months form the closing date of the Offering. In connection with the Offering, the Company paid $178,711 in cash broker commissions and the Company also issued to the Agent an aggregate of 446,776 broker warrants (each a "Broker Warrant"). Each Broker Warrant entitles the holder to purchase one Common Share at an exercise price of $0.40 per share for a period of twenty-four months from the closing date of the Offering. The Company also issued $6,350 in finders fees and an aggregate of 15,938 compensation options (a "Compensation Option") to Damus Capital Limited, as consideration for introducing certain purchasers to the Company that participated in the financing event. Each Compensation Option entitles the holder thereof to acquire one Common Share of the Company at a price of $0.40 until December 15, 2022.

On December 16, 2020, the Company closed a non-brokered financing. The Company issued 2,071,187 units (a "Unit") at a price of $0.40 per Unit (the "Offering Price") for aggregate gross proceeds of $828,475 (the "Offering"). Each Unit consists of one common share (a "Common Share") in the capital of the Company and one Common Share purchase warrant (a "Warrant"). Each Warrant entitling the holder to acquire one additional Common Share at a price of $0.60 for a period of twenty-four months form the closing date of the Offering. In January 2021, an additional 75,000 Units were issued in connection with the non-brokered financing for gross proceeds $30,000.

In March 2021, an aggregate of 6,000,000 common shares were issued through the exercise of warrants for gross proceeds of $900,000. Those warrants had a fair market value of $615,351 and was transferred from contributed surplus.

On April 4, 2021, the Company issued 200,000 common shares through the exercise of warrants for gross proceeds of $30,000. Such balance was collected before March 31, 2021 and included as shares to be issued

in the condensed interim consolidated statements of shareholder's equity. The warrants had a fair market value of $20,512 and was transferred from contributed surplus

In April 2021, the Mindset completed a "bought deal" public offering through the issuance of 11,403,598 units (each, a "Unit") of the Company at a price of $0.75 per Unit. For aggregate gross proceeds of $8,552,699 (the "Prospectus Offering"). The Units were issued and sold pursuant to the terms of an underwriting agreement dated March 25, 2021, among the Company, Canaccord Genuity Corp. (the "Lead Underwriter"), as lead underwriter and sole bookrunner, along with Stifel Nicolaus Canada Inc. and Cormark Securities Inc. (collectively with the Lead Underwriter, the "Underwriters").

Each Unit consists of one common share of the Company (each, a "Unit Share") and one common share purchase warrant of the Company (each, a "Warrant"). Each Warrant will entitle the holder thereof to purchase one common share of the Company (each, a "Warrant Share") at an exercise price of $1.10 per Warrant Share at any time until 5:00 p.m. (Toronto time) on the date that is 36 months following the closing date of the Offering (the "Closing Date"). As compensation, the Underwriters received $598,689 commission and 798,252 broker warrants.

On May 3, 2021, the Company issued 176,562 common shares to settle a liability with a certain vendor in the amount of $113,000.

On May 3rd, May 12th and June 25th and July 19th, 2021, an aggregate of 800,000 common shares were issued as part of compensation to a certain consultant.

During August to December 2021, an aggregate of 3,980,575common shares were issued through the exercise of warrants for gross proceeds of $1,263,345.

On November 15, 2021, the Company granted of 550,000 options with an exercise price of $0.75 and expiry of November 15, 2026 to certain consultant.

In December 2021, an aggregate of 2,057,367 common shares were issued as compensation to certain consultants for services provided.

On December 28, 2021, the Company granted 500,000 options with an exercise price of $0.69 and expiry of December 28, 2026.

The Company's ability to access both public and private capital is dependent upon, among other things, general market conditions and the capital markets generally, market perceptions about the Company and its business operations, and the trading prices of the Company's securities from time to time. When additional capital is required, the Company intends to raise funds through the issuance of equity or debt securities. Other possible sources include the exercise of stock options and warrants of the Company. There can be no assurance that additional funds can be raised upon terms acceptable to the Company, or at all, as funding for early-stage companies remain challenging generally. Given the nature of the Company's business as of the date of this MD&A, the Company may face difficulty in accessing traditional sources of financing, notwithstanding that its business operations are conducted in a regulatory environment within which the Company's activities are neither illegal nor subject to conflicting laws.

The Company has negative cash flow from operating activities and has historically incurred net losses. To the extent that the Company has negative operating cash flows in future periods, it may need to deploy a portion of its existing working capital to fund such negative cash flows. The Company will be required to raise additional funds through the issuance of additional equity securities, through loan financing, or other means, such as through partnerships with other companies and research and development reimbursements. There is no assurance that additional capital or other types of financing will be available if needed or that these financings will be on terms at least as favourable to the Company as those previously obtained.

The Company's primary capital needs are funds to advance its research and development activities and for working capital purposes. These activities include staffing, pre-clinical studies, clinical trials and administrative costs. The Company has experienced operating losses and cash outflows from operations since incorporation and will require ongoing financing to continue its research and development. As the Company has not yet achieved profitability, there are uncertainties regarding its ability to continue as a going concern. The Company has not earned any revenue or reached successful commercialization of any products. The Company's success is dependent upon the ability to finance its cash requirements to continue its activities. There is no assurance that additional capital or other types of financing will be available if needed or that these financings will be on terms at least as favourable to the Company as those previously obtained, or at all. See "Risk Factors".

COMPANY DIRECTORS AND OFFICERS

As at the date of this report, the directors and officers of the Company were:

Richard Patricio	Director
Philip Williams	Director
James Passin	Director
Joseph Araujo	Director
James Lanthier	CEO
Arvin Ramos	CFO
Chris Irwin	Corporate Secretary

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

The financial statements include balances and transactions with directors and/or officers of the Company. The company defines its key management as its Chief Executive Officer, Chief Financial Officer, Chief Scientific Officer, VP Corporate Development, Corporate Secretary and its board of directors. These expenditures are summarized as follows:

Six months ended December 31,	**2021[1]**	2020
Consulting fees	**$ 567,500**	$ 227,200
Research and development	**2,057,584**	130,892
Share-based compensation	**1,757,644**	86,831
	$ 4,382,728	$ 444,473

1 Please see the table below for details.

Consultant	Consulting [(2)]	Directors' fees	Stock-based compensation [(2)]	Research and Development
James Lanthier, CEO	262,500	-	408,754	-
Arvin Ramos, CFO	60,000	-	40,875	-

Jason Atkinson, VP Corp. Development	120,000	-	163,502	-
Richard Patricio, Director	-	50,000	817,509	-
James Passin, Director	-	25,000	163,502	-
Philip Williams, Director	-	25,000	163,502	-
Joseph Araujo, Director	-	25,000	-	
InterVivo Solutions Inc. (1)	-	-	-	2,057,584(1)
Total	$442,500	$125,000	$1,757,644	$2,057,584

NOTES:

(1) Joseph Araujo, a director of the Corporation, is the current CEO of InterVivo. Mr. Araujo has declared this interest to the Corporation and has recused himself from voting on any matters relating to the negotiation of agreements between the Corporation and InterVivo.

(2) These transactions are in the normal course of operations and are measured at the exchange amount, which is in the amount of consideration established and agreed to by the related parties. All related parties' payables are due on demand, non-interest bearing and are unsecured.

As at December 31, 2021, the Company owed $62,500 in directors fees and $330,000 in accrued bonuses (June 30, 2021 - $110,517) to officers of the Company which is included in trade and other payables.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. All related parties' payables are due on demand, non-interest bearing and are unsecured.

FINANCIAL INSTRUMENTS

All financial instruments are initially recorded on the balance sheet at fair value.

All financial assets and financial liabilities are subsequently classified based on the business purpose for which the asset or liability was incurred and the contractual cash flow characteristics of the financial asset or liability.

The Company's financial assets and liabilities are classified and measured as follows:

Asset/Liability	Classification	Measurement
Cash and cash equivalents	Amortized cost	Amortized cost
Trade and other payables	Amortized cost	Amortized cost
Lease liability	Amortized cost	Amortized cost
Convertible debenture	FVTPL	FVTPL

RISKS AND UNCERTAINTIES

The Company's business, operating results and financial condition could be adversely affected by any of the risks outlined below. These risks and uncertainties are not the only ones facing the Company. Additional risks and uncertainties not currently known to the Company, or that the Company currently deems immaterial, may also impair the operations of the Company. If any such risks actually occur, the financial condition, liquidity and results of operations of the Company could be materially adversely affected and the ability of the Company to implement its growth plans could be adversely affected.

An investment in the Company's Shares is speculative and will be subject to material risks; and investors should not invest in securities of the Company unless they can afford to lose their entire investment.

RISK FACTORS

Market price of Common Shares and volatility

The market price of the Common Shares on the Canadian Securities Exchange ("CSE") and Frankfurt Exchange is affected by many other variables which are not directly related to our success and are, therefore, not within our control. These include other developments that affect the breadth of the public market for the Common Shares, the release or expiration of lock-up, escrow or other transfer restrictions on the Common Shares, and the attractiveness of alternative investments. The effect of these and other factors on the market price of the Common Shares is expected to make the Common Share price volatile in the future, which may result in losses to investors.

COVID-19 outbreak

The outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company in future periods. However, depending on the length and severity of the pandemic, COVID-19 could impact the Company's operations, could cause delays relating to approval from the FDA, Health Canada or equivalent organizations in other countries, could postpone research activities, and could impair the Company's ability to raise funds depending on COVID-19s effect on capital markets.

To the knowledge of the Company's management as of the date hereof, COVID-19 does not present, at this time, any specific known impacts to the Company in relation to the Company's use of available funds, nor to the timelines, business objectives or disclosed milestones related thereto. The Company relies on third parties to conduct and monitor the Company's pre-clinical studies and clinical trials. However, to the knowledge of Company's management, the ability of these third parties to conduct and monitor pre-clinical studies and clinical trials has not been and is not anticipated to be impacted by COVID-19. The Company is not currently aware of any changes in laws, regulations or guidelines, including tax and accounting requirements, arising from COVID-19 which would be reasonably anticipated to materially affect the Company's business.

Risks related to the Company's Business and Industry

Limited operating history

The Company is in the early stage of development and has no products producing positive cash flow and its ultimate success will depend on its ability to generate cash flow from its products in the future. Significant capital investment will be required to achieve profitable sales from the Company's future products. The Company will be subject to many risks common to start-up enterprises and its viability must be viewed against the background of the risks, expenses and problems frequently encountered by companies in the early stages of development in new and rapidly evolving markets such as the psychedelic medicine market. This includes under-capitalization, cash shortages, limitations with respect to personnel, lack of revenues and financial and other resources. There is no assurance that the Company will develop its business profitably,

and the likelihood of success of the Company must be considered in light of its early stage of operations. There is no assurance that the Company will be successful in achieving a return on shareholders' investment.

Management of growth

The Company may be subject to growth-related risks including pressure on its internal systems and controls. The Company's ability to manage its growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the Company to deal with this growth could have a material adverse impact on its business, operations and prospects. In order to manage its current operations and any future growth effectively, the Company will need to continue to implement and improve its operational, financial and management information systems and to hire, train, motivate, manage and retain its employees. There can be no assurance that the Company will be able to manage such growth effectively, that its management, personnel or systems will be adequate to support the Company's operations or that the Company will be able to achieve the increased levels of revenue commensurate with the increased levels of operating expenses associated with this growth.

Significant ongoing costs and obligations

As a research and development company, the Company expects to spend substantial funds on the research, development and testing of products. In addition, the Company expects to incur significant ongoing costs and obligations related to its investment in infrastructure and growth and for regulatory compliance, which could have a material adverse impact on the Company's results of operations, financial condition and cash flows. For the foreseeable future, the Company will have to fund all of its operations and development expenditures from cash on hand, equity financings, through collaborations with other biotechnology or pharmaceutical companies or through financings from other sources. The Company will also require significant additional funds if it expands the scope of current plans for research and development or if it were to acquire any other assets and advance their development. It is possible that future financing will not be available or, if available, may not be on favorable terms. The availability of financing will be affected by the achievement of the Company's corporate goals, the results of scientific and clinical research, the ability to obtain regulatory approvals and the state of the capital markets generally. If adequate funding is not available, the Company may be required to delay, reduce or eliminate one or more of its research and development programs, or obtain funds through corporate partners or others who may require the Company to relinquish significant rights to its products or compounds or obtain funds on less favourable terms than the Company would otherwise accept. To the extent that external sources of capital become limited or unavailable or available on onerous terms, the Company's intangible assets and its ability to continue its clinical development plans may become impaired, and the Company's assets, liabilities, business, financial condition and results of operations may be materially or adversely affected.

In addition, future changes in regulations, changes in legal status of products, more vigorous enforcement thereof or other unanticipated events could require extensive changes to the Company's operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of the Company. The Company's efforts to grow its business may be costlier than expected. The Company may incur significant losses in the future for a number of reasons, including the other risks described in this MD&A, and unforeseen expenses, difficulties, complications and delays, and other unknown events.

Regulatory risks

Successful execution of the Company's strategy is contingent, in part, upon compliance with regulatory requirements from time to time enacted by governmental authorities and obtaining all regulatory approvals, where necessary, for the sale of psychedelic medicines. The psychedelic medicine industry is a new industry and the Company cannot predict the impact of the ever-evolving compliance regime in respect of this industry. Similarly, the Company cannot predict the time required to secure all appropriate regulatory approvals for its future products, or the extent of testing and documentation that may, from time to time, be required by governmental authorities. The impact of compliance regimes, any delays in obtaining, or failure to obtain regulatory approvals may significantly delay or impact the development of markets, its business

and products, and sales initiatives and could have a material adverse effect on the business, financial condition and operating results of the Company.

The Company will incur ongoing costs and obligations related to regulatory compliance. Failure to comply with regulations may result in additional costs for corrective measures, penalties or result in restrictions on the Company's operations. In addition, changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to the Company's operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the business, financial condition and operating results of the Company.

The psychedelic industry and market are relatively new and this industry may not succeed in the long term
The Company will be operating its business in a relatively new industry and market. In addition to being subject to general business risks, the Company must continue to build brand awareness in this industry and market through significant investments in its strategy, its production capacity, quality assurance and compliance with regulations. In addition, there is no assurance that the industry and market will continue to exist and grow as currently estimated or anticipated or function and evolve in the manner consistent with management's expectations and assumptions. Any event or circumstance that adversely affects the psychedelic industry and market could have a material adverse effect on the Company's business, financial conditions and results of operations.

The psychedelic medicine market will face specific marketing challenges given the products' status as a controlled substance which resulted in past and current public perception that the products have negative health and lifestyle effects and have the potential to cause physical and social harm due to psychoactive and potentially addictive effects. Any marketing efforts by the Company would need to overcome this perception to build consumer confidence, brand recognition and goodwill.

Unfavourable publicity or consumer perception
The Company believes the psychedelic medicine industry is highly dependent upon consumer perception regarding the safety, efficacy and quality of synthetic psychedelics as well as products produced or manufactured using natural psychedelics. Consumer perception of psychedelics may be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of products produced or manufactured using natural or synthetic psychedelics. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favourable to the medical and/or recreational psychedelics industry or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favourable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for the Company's future products and the business, results of operations, financial condition and cash flows of the Company. The Company's dependence upon consumer perceptions means that adverse scientific research reports, findings, regulatory proceedings, litigation, media attention or other publicity, whether or not accurate or with merit, could have a material adverse effect on the Company, the demand for the Company's future products, and the business, results of operations, financial condition and cash flows of the Company. Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of psychedelics in general, or associating the consumption of psychedelics with illness or other negative effects or events, could have such a material adverse effect. Such adverse publicity reports or other media attention could arise even if the adverse effects associated with such products resulted from consumers' failure to consume such products legally, appropriately or as directed.

The Company's prospects depend on the success of its products/compounds which are not yet in development
The Company can make no assurance that its research and development programs will result in regulatory approval or commercially viable products/compounds. To achieve profitable operations, the Company, alone or with others, must successfully develop, gain regulatory approval for, and market its future

products/compounds. The Company currently has no products/compounds that have been approved by Health Canada, FDA or any similar regulatory authority. To obtain regulatory approvals for its product/compound candidates being developed and to achieve commercial success, clinical trials may be required to demonstrate that the product/compound candidates are safe for human use and that they demonstrate efficacy to varying degrees of certainty depending on the product.

Many product/compound candidates never reach the stage of clinical testing and even those that do have only a small chance of successfully completing clinical development and gaining regulatory approval. Product/compound candidates may fail for a number of reasons, including, but not limited to, being unsafe for human use or due to the failure to provide therapeutic benefits equal to or better than the standard of treatment at the time of testing. Unsatisfactory results obtained from a particular study relating to a research and development program may cause the Company to abandon commitments to that program. Positive results of early preclinical research may not be indicative of the results that will be obtained in later stages of preclinical or clinical research. Similarly, positive results from early-stage clinical trials may not be indicative of favourable outcomes in later-stage clinical trials, and the Company can make no assurance that any future studies, if undertaken, will yield favourable results.

The early stage of the Company's research and development makes it particularly uncertain whether any of its research and development efforts will prove to be successful and meet applicable regulatory requirements, and whether any of its product/compound candidates will receive the requisite regulatory approvals, be capable of being manufactured at a reasonable cost or be successfully marketed. If the Company is successful in developing product/compound candidates into approved products/compounds, the Company will still experience many potential obstacles, which would affect the Company's ability to successfully market and commercialize such approved products/compounds, such as obtaining, maintaining and enforcing appropriate intellectual property protection, the need to develop or obtain manufacturing, marketing and distribution capabilities, price pressures from third-party payors, or proposed changes in health care systems. If the Company is unable to successfully market and commercialize any of its products/compounds, its financial condition and results of operations may be materially and adversely affected.

The Company can make no assurance that any future studies, if undertaken, will yield favorable results. Many companies in the pharmaceutical and biotechnology industries have suffered significant setbacks in later-stage clinical trials after achieving positive results in early-stage development, and the Company cannot be certain that it will not face similar setbacks. These setbacks have been caused by, among other things, preclinical findings made while clinical trials were underway or safety or efficacy observations made in clinical trials, including previously unreported adverse events. Moreover, preclinical and clinical data are often susceptible to varying interpretations and analyses, and many companies that believed their product/compound candidates performed satisfactorily in preclinical studies and clinical trials nonetheless failed to obtain Health Canada or FDA (or equivalent authorities) approval. If the Company (or a third party conducting clinical trials) fails to produce positive results in its future clinical trials its programs, the development timeline and regulatory approval and commercialization prospects for the Company's product/compound candidates, and, correspondingly, its business and financial prospects, would be materially adversely affected.

The Company may rely on third parties to plan and conduct preclinical and clinical trials

The Company may rely on third parties to conduct preclinical development activities and may rely on third parties to conduct clinical development activities. Preclinical activities include in vivo studies providing access to specific disease models, pharmacology and toxicology studies, and assay development. Clinical development activities include trial design, regulatory submissions, clinical patient recruitment, clinical trial monitoring, clinical data management and analysis, safety monitoring and project management. If there is any dispute or disruption in its relationship with third parties, or if third parties are unable to provide quality services in a timely manner and at a feasible cost, the Company's active development programs may face delays. Further, if any of these third parties fails to perform as the Company expects or if their work fails to meet regulatory requirements, the Company's testing could be delayed, cancelled or rendered ineffective.

The Company expects to rely on contract manufacturers over whom it will have limited control

The Company has limited manufacturing experience and accordingly the Company will likely be required to rely on contract manufacturing organizations ("**CMOs**") to manufacture its product/compound candidates for preclinical studies and clinical trials. The Company may rely on CMOs for manufacturing, formulation, filling, packaging, storing and shipping of drug product in compliance with current Good Manufacturing Practices ("**cGMP**") regulations applicable to its products/compounds. Health Canada and the FDA and other equivalent regulatory bodies in other jurisdictions ensure the quality of drug products by carefully monitoring drug manufacturers' compliance with cGMP regulations. The cGMP regulations for drugs contain minimum requirements for the methods, facilities and controls used in manufacturing, processing and packing of a drug product.

There can be no assurances that CMOs, if and when contracted by the Company, will be able to meet the Company's timetable and requirements. The Company may not contract with alternate suppliers for any drug substance production in the event that a current provider is unable to scale up production, or if it otherwise experiences any other significant problems. If the Company is unable to arrange for alternative third-party manufacturing sources on commercially reasonable terms or in a timely manner, the Company may be delayed in the development of its product/compound candidates. Further, CMOs must operate in compliance with cGMP and failure to do so could result in, among other things, the disruption of product supplies. The Company's dependence upon third parties for the manufacture of its products/compounds may adversely affect its profit margins and its ability to develop and deliver products on a timely and competitive basis.

Clinical trials of the Company's product/compound candidates may fail to demonstrate safety and efficacy to the satisfaction of regulatory authorities or not otherwise produce positive results

Before obtaining marketing approval from regulatory authorities for the sale of the Company's product/compound candidates, the Company will be required to conduct, or will rely on third parties to conduct, preclinical studies in animals and extensive clinical trials in humans to demonstrate the safety and efficacy of the product/compound candidates. Clinical testing is expensive and difficult to design and implement, can take many years to complete and has uncertain outcomes. The outcome of preclinical studies and early clinical trials may not predict the success of later clinical trials, and interim results of a clinical trial do not necessarily predict final results. A number of companies in the pharmaceutical, natural health products ("**NHP**") and biotechnology industries have suffered significant setbacks in advanced clinical trials due to lack of efficacy or unacceptable safety profiles, notwithstanding promising results in earlier trials. The Company does not know whether the clinical trials it may conduct will demonstrate adequate efficacy and safety to result in regulatory approval to market any of its product/compound candidates in any jurisdiction. A product/compound candidate may fail for safety or efficacy reasons at any stage of the testing process. A major risk the Company faces is the possibility that none of its product/compound candidates will successfully gain market approval from Health Canada, the FDA or other regulatory authorities, resulting in the Company being unable to derive any commercial revenue from them after investing significant amounts of capital in their development.

There could be delays in clinical testing

The Company cannot predict whether any clinical trials will begin as planned, will need to be restructured, or will be completed on schedule, or at all. The Company's product/compound development costs will increase if it experiences delays in clinical testing. Significant clinical trial delays could allow its competitors to bring products to market before the Company, which would impair the Company's ability to successfully commercialize its product/compound candidates and may harm its financial condition, results of operations and prospects. The commencement and completion of clinical trials for the Company's products/compounds may be delayed for a number of reasons, including delays related, but not limited, to:

- failure by regulatory authorities to grant permission to proceed or placing the clinical trial on hold;
- patients failing to enroll or remain in the clinical trials at the rate the Company expects;

- suspension or termination of clinical trials by regulators for many reasons, including concerns about patient safety or failure to comply with cGMP requirements;
- any changes to the manufacturing process that may be necessary or desired;
- delays or failure to obtain clinical supply from CMOs of products necessary to conduct clinical trials;
- product/compound candidates demonstrating a lack of safety or efficacy during clinical trials;
- patients choosing an alternative treatment for the indications for which the Company is developing any of its product/compound candidates or participating in competing clinical trials;
- patients failing to complete clinical trials due to dissatisfaction with the treatment, side effects or other reasons;
- reports of clinical testing on similar technologies and products raising safety or efficacy concerns;
- competing clinical trials and scheduling conflicts with participating clinicians;
- clinical investigators not performing the clinical trials on their anticipated schedule, dropping out of a trial, or employing methods not consistent with the clinical trial protocol, regulatory requirements or other third parties not performing data collection and analysis in a timely or accurate manner;
- failure of the Company's contract research organizations ("**CROs**") to satisfy their contractual duties or meet expected deadlines;
- inspections of clinical trial sites by regulatory authorities, regulatory authorities ("**IRBs**") or ethics committees finding regulatory violations that require corrective action, resulting in suspension or termination of one or more sites or the imposition of a clinical hold on the entire study;
- one or more IRBs or ethics committees rejecting, suspending or terminating the study at an investigational site, precluding enrollment of additional subjects, or withdrawing its approval of the trial; or
- failure to reach agreement on acceptable terms with prospective clinical trial sites.

The Company's product development costs will increase if it experiences delays in testing or approval or if more or larger clinical trials are required than planned. Additionally, changes in regulatory requirements and policies may occur, and the Company may need to amend study protocols to reflect these changes. Amendments may require resubmission of study protocols to IRBs or ethics committees for re-examination, which may impact the cost, timing or successful completion of that trial. Delays or increased product development costs may have a material adverse effect on the Company's business, financial condition and results of operation.

The Company may not be able to file appropriate clinical trial or regulatory approval applications

Prior to commencing clinical trials in Canada, the United States or other jurisdictions for any of the Company's product/compound candidates, the Company (or any third party conducting clinical trials) may be required to have an approved investigational new drug or clinical trial application (or equivalent) for each product/compound candidate and to file additional applications for approval prior to initiating any additional clinical trials for any product/compound. Submission of an application for a new clinical trial may not result in Health Canada or the FDA (or equivalent authorities) allowing further clinical trials to begin and, once begun, issues may arise that will require the suspension or termination of such clinical trials. Additionally, even if relevant regulatory authorities agree with the design and implementation of the clinical trials set forth in an application, these regulatory authorities may change their requirements in the future. Failure to submit or have effective new drug (or equivalent) commence or continue clinical programs may have a material adverse effect on the Company's business, financial condition and results of operation.

If the Company (or a third party conducting clinical trials) has difficulty enrolling patients in clinical trials, the completion of the trials may be delayed or cancelled

As the Company's product/compound candidates advance from preclinical testing to clinical testing, and then through progressively larger and more complex clinical trials, the Company (or a third party conducting the clinical trials) will need to enroll an increasing number of patients that meet its eligibility criteria. There is significant competition for recruiting patients in clinical trials, and the Company (or a third party conducting the clinical trials) may be unable to enroll the patients it needs to complete clinical trials on a timely basis or at all. The factors that affect the ability to enroll patients are largely uncontrollable and include, but are not limited to, the following:

- size and nature of the patient population;
- eligibility and exclusion criteria for the trial;
- design of the study protocol;
- competition with other companies for clinical sites or patients;
- the perceived risks and benefits of the product/compound candidate under study;
- the patient referral practices of physicians; and
- the number, availability, location and accessibility of clinical trial sites.

The expansion of the use of psychedelics in the medical industry may require new clinical research into effective medical therapies

Research in Canada and internationally regarding the medical benefits, viability, safety, efficacy, addictiveness, dosing and social acceptance of psychedelic and psychoactive products derived from natural or synthetic psilocybin and psilocin remains in early stages. There have been relatively few clinical trials on the benefits of such products. Although the Company believes that the articles, reports and studies support its beliefs regarding the medical benefits, viability, safety, efficacy, dosing and social acceptance of psychedelic and psychoactive products derived from natural or synthetic psilocybin and psilocin, future research and clinical trials may prove such statements to be incorrect, or could raise concerns regarding, and perceptions relating to, psychedelic and psychoactive products derived from natural or synthetic psilocybin. Given these risks, uncertainties and assumptions, readers should not place undue reliance on such articles and reports. Future research studies and clinical trials may draw opposing conclusions to those stated in this MD&A or reach negative conclusions regarding the medical benefits, viability, safety, efficacy, dosing, social acceptance or other facts and perceptions related to psychedelic and psychoactive products derived from natural or synthetic psilocybin or psilocin, which could have a material adverse effect on the demand for the Company's products/compounds with the potential to lead to a material adverse effect on the Company's business, financial condition and results of operations.

Negative results from clinical trials or studies of others and adverse safety events involving the targets of the Company's products/compounds may have an adverse impact on the Company's future commercialization efforts

From time to time, studies or clinical trials on various aspects of biopharmaceutical or NHPs are conducted by academic researchers, competitors or others. The results of these studies or trials, when published, may have a significant effect on the market for the biopharmaceutical or NHP that is the subject of the study. The publication of negative results of studies or clinical trials or adverse safety events related to the Company's product/compound candidates, or the therapeutic areas in which the Company's product/compound candidates compete, could adversely affect its share price and the Company's ability to finance future development of its product/compound candidates, and its business and financial results could be materially and adversely affected.

Regulatory approval processes are lengthy, expensive and inherently unpredictable

The Company's development and commercialization activities and product/compound candidates will be significantly regulated by a number of governmental entities, including the FDA, Health Canada, and comparable authorities in other countries. Regulatory approvals are required prior to each clinical trial and the Company (or a third party conducting a clinical trial) may fail to obtain the necessary approvals to commence or continue clinical testing. The Company must comply with regulations concerning the manufacture, testing, safety, effectiveness, labeling, documentation, advertising, and sale of products/compounds and product/compound candidates and ultimately must obtain regulatory approval before it can commercialize a product/compound candidate. Further, if the active ingredient or raw material contains a controlled substance, additional licenses are required to possess these ingredients and materials both to test and conduct preclinical and clinical trials and to sell such products/compounds. The time required to obtain approval by such regulatory authorities is unpredictable but typically takes many years following the commencement of preclinical studies and clinical trials. Any analysis of data from clinical activities the Company performs is subject to confirmation and interpretation by regulatory authorities, which could delay, limit or prevent regulatory approval. Even if the Company believes results from clinical trials are favorable to support the marketing of its product/compound candidates, Health Canada, the FDA or other regulatory authorities may disagree. In addition, approval policies, regulations, or the type and amount of clinical data necessary to gain approval may change during the course of a product/compound candidate's clinical development and may vary among jurisdictions. The Company could fail to receive regulatory approval for its product/compound candidates for many reasons, including, but not limited to:

- disagreement with the design or implementation of its clinical trials;
- failure to demonstrate that a product/compound candidate is safe and effective for its proposed indication;
- failure of clinical trials to meet the level of statistical significance required for approval;
- failure to demonstrate that a product/compound candidate's clinical and other benefits outweigh its safety risks;
- disagreement with the interpretation of data from preclinical studies or clinical trials;
- the insufficiency of data collected from preclinical trials of the Company's product/compound candidates to support the submission and filing of an investigational new drug ("**IND**") application or other submission to obtain regulatory approval;
- deficiencies in the manufacturing processes or the failure of facilities of CMOs with whom the Company contracts for clinical and commercial supplies to pass a pre-approval inspection; or
- changes in the approval policies or regulations that render the preclinical and clinical data insufficient for approval.

A regulatory authority may require more information, including additional preclinical or clinical data to support approval, which may delay or prevent approval and the Company's commercialization plans, or the Company may decide to abandon the development program. If the Company were to obtain approval, regulatory authorities may approve any of its product/compound candidates for fewer or more limited indications than the Company request, may grant approval contingent on the performance of costly post-marketing clinical trials, or may approve a product/compound candidate with a label that does not include the labeling claims necessary or desirable for the successful commercialization of that product/compound candidate. Moreover, depending on any safety issues associated with the Company's product/compound candidates that garner approval, Health Canada or the FDA may impose a risk evaluation and mitigation strategy, thereby imposing certain restrictions on the sale and marketability of such products/compounds.

Raw materials

Some raw materials used by the Company may require regulatory approval by Health Canada, the FDA or an equivalent regulatory body because they may be a controlled substance. While the Company believes that it can acquire the requisite licenses to possess, transport, process and use these raw materials to test or make

products or refine services, there is a risk that Health Canada, the FDA or an equivalent regulatory body can either reject or require further actions from the Company to approve the license which would cause delays or result in losses for the Company and could result in the abandonment of a specific projects or products.

Raw materials and supplies are generally available in quantities to meet the needs of the Company's business. An inability to obtain raw materials or product supply could have a material adverse impact on the Company's business, financial condition, and results of operations.

The Company may be subject to product recalls for product defects self-imposed or imposed by regulators
Manufacturers and distributors of products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labeling disclosure. If any of the Company's future products/compounds are recalled due to an alleged product defect or for any other reason, the Company could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. The Company may lose a significant amount of sales and may not be able to replace those sales at an acceptable margin or at all. In addition, a product/compound recall may require significant management attention. Although the Company will implement detailed procedures for testing its products/compounds, there can be no assurance that any quality, potency or contamination problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits.

Additionally, if one of the Company's future products were subject to recall, the image of that product and the Company could be harmed. A recall for any of the foregoing reasons could lead to decreased demand for the Company's products/compounds and could have a material adverse effect on the results of operations and financial condition of the Company. Additionally, product recalls may lead to increased scrutiny of the Company's operations by regulatory agencies, requiring further management attention and potential legal fees and other expenses.

Reliance on a single facility
The Company has engaged InterVivo Solutions (the "**Facility**"), a specialty testing facility that is focused on neuropsychological conditions, to provide initial pharmacokinetics (PK) work to provide the basis for interpreting the dose-related efficacy, safety and toxicological effects of the Company's products/compounds candidates. A significant portion of the Company's business will be conducted at the Facility. Accordingly, any adverse changes or developments affecting the Facility could have a material adverse effect on its business, financial conditional and results of operations.

Use of funds
The Company has prepared a detailed budget setting out the way in which it proposes to expend the funds raised under the financing. However, the quantum and timing of expenditure will necessarily be dependent upon receiving positive results from the Company's research, development and marketing initiatives. As the Company further expands its business, it is possible that results and circumstances may dictate a departure from the pre-existing budget. Further, the Company may, from time to time as opportunities arise, utilise part of its financial resources (including the funds raised as part of the Financing) to participate in additional opportunities that arise and fit within the Company's broader objectives, as a means of advancing shareholder value.

The Company may not achieve its publicly announced milestones according to schedule, or at all
From time to time, the Company may announce the timing of certain events it expects to occur, such as the anticipated timing of results from its clinical trials. These statements are forward-looking and are based on the best estimates of management at the time relating to the occurrence of such events. However, the actual timing of such events may differ from what has been publicly disclosed. The timing of events such as initiation or completion of a clinical trial, filing of an application to obtain regulatory approval, or announcement of additional clinical trials for a product/compound candidate may ultimately vary from what

is publicly disclosed. These variations in timing may occur as a result of different events, including the nature of the results obtained during a clinical trial or during a research phase, timing of the completion of clinical trials, problems with a CMO or any other event having the effect of delaying the publicly announced timeline. The Company undertakes no obligation to update or revise any forward-looking information or statements, whether as a result of new information, future events or otherwise, except as otherwise required by law. Any variation in the timing of previously announced milestones could have a material adverse effect on its business plan, financial condition or operating results and the trading price of Shares.

In certain circumstances, the Company's reputation could be damaged

Damage to the Company's reputation can be the result of the actual or perceived occurrence of any number of events, and could include any negative publicity, whether true or not. The increased usage of social media and other web-based tools used to generate, publish and discuss user-generated content and to connect with other users has made it increasingly easier for individuals and groups to communicate and share opinions and views regarding the Company and its activities, whether true or not. Although the Company believes that it operates in a manner that is respectful to all stakeholders and that it takes care in protecting its image and reputation, the Company does not ultimately have direct control over how it is perceived by others. Reputation loss may result in decreased investor confidence, increased challenges in developing and maintaining community relations and an impediment to the Company's overall ability to advance its projects, thereby having a material adverse impact on financial performance, financial condition, cash flows and growth prospects.

The Company will face competition from other natural health product, biotechnology and pharmaceutical companies

The NHP, biotechnology and pharmaceutical industries are intensely competitive and subject to rapid and significant technological change. The Company's competitors include large, well-established pharmaceutical companies, NHP companies, biotechnology companies, and academic and research institutions developing therapeutics for the same indications the Company is targeting and competitors with existing marketed therapies. Many other companies are developing or commercializing therapies to treat the same diseases or indications for which the Company's product/compound candidates may be useful.

Many of the Company's competitors have substantially greater financial, technical and human resources than the Company does and have significantly greater experience than the Company in conducting preclinical testing and human clinical trials of product/compound candidates, scaling up manufacturing operations and obtaining regulatory approvals of products/compounds. Accordingly, the Company's competitors may succeed in obtaining regulatory approval for products more rapidly than the Company does. The Company's ability to compete successfully will largely depend on:

- the efficacy and safety profile of its product/compound candidates relative to marketed products/compounds and other product/compound candidates in development;
- the Company's ability to develop and maintain a competitive position in the product/compound categories and technologies on which it will focus;
- the time it takes for the Company's product/compound candidates to complete clinical development and receive marketing approval;
- the Company's ability to obtain required regulatory approvals;
- the Company's ability to commercialize any of its product/compound candidates that receive regulatory approval;
- the Company's ability to establish, maintain and protect intellectual property rights related to its product/compound candidates; and
- acceptance of any of the Company's product/compound candidates that receive regulatory approval by physicians and other healthcare providers and payers.

Competitors have developed and may develop technologies that could be the basis for products that challenge the discovery research capabilities of potential products/compounds the Company plans to develop. Some of those products may have an entirely different approach or means of accomplishing the desired therapeutic effect than the Company's product/compound candidates and may be more effective or less costly than those the Company plans to develop. The success of the Company's competitors and their products and technologies relative to the Company's technological capabilities and competitiveness could have a material adverse effect on the future preclinical studies and clinical trials of the Company's product/compound candidates, including its ability to obtain the necessary regulatory approvals for the conduct of such clinical trials. This may further negatively impact the Company's ability to generate future product development programs using psilocybin, psilocin or other psychedelic inspired compounds.

If the Company is not able to compete effectively against its current and future competitors, the Company's business will not grow, and its financial condition and operations will substantially suffer.

If the Company is unable to adequately protect and enforce its intellectual property, the Company's competitors may take advantage of its development efforts or acquired technology and compromise its prospects of marketing and selling its key products

The Company's success will depend in part upon its ability to protect its intellectual property and proprietary technologies and upon the nature and scope of the intellectual property protection the Company receives. The ability to compete effectively and to achieve partnerships will depend on its ability to develop and maintain proprietary aspects of the Company's technology and to operate without infringing on the proprietary rights of others. The presence of such proprietary rights of others could severely limit its ability to develop and commercialize its products, to conduct its existing research and could require financial resources to defend litigation, which may be in excess of the Company's ability to raise such funds. There is no assurance that the Company's intangible assets, including know-how, trade secrets or potential inventions, which may be eligible for patent protection or those of any intangible asset that it intends to acquire will result in an issued patent (with associated monopoly rights) in a form that will be sufficient to protect its proprietary technology and gain or keep any competitive advantage that the Company may have or, once approved, will be upheld in any post-grant proceedings brought by any third parties.

The patent positions of pharmaceutical companies can be highly uncertain and involve complex legal, scientific and factual questions for which important legal principles remain unresolved. Patents issued to the Company may be challenged, invalidated or circumvented. To the extent the Company's intellectual property offers inadequate protection, or is found to be invalid or unenforceable, the Company is exposed to a greater risk of direct competition. If its intellectual property does not provide adequate protection against the Company's competitors' products, its competitive position could be adversely affected, as could the Company's business, financial condition and results of operations. Both the patent application process and the process of managing patent disputes can be time consuming and expensive, and the laws of some foreign countries may not protect the Company's intellectual property rights to the same extent as do the laws of Canada and the United States.

The Company will be able to protect its intellectual property from unauthorized use by third parties only to the extent that its proprietary technologies, key products, and any future products are covered by valid and enforceable intellectual property rights including patents or are effectively maintained as trade secrets, and provided the Company has the funds to enforce its rights, if necessary.

Changes in patent law and its interpretation could diminish the value of patents in general, thereby impairing the Company's ability to protect its product/compound candidates

As is the case with other NHP, biotechnology and pharmaceutical companies, the Company's success is heavily dependent on intellectual property rights, particularly patents. Obtaining and enforcing patents in the biopharmaceutical industry involves technological and legal complexity, and obtaining and enforcing biopharmaceutical patents is costly, time consuming and inherently uncertain. The Supreme Court of Canada

and the U.S. Supreme Court has ruled on several patent cases in recent years, either narrowing the scope of patent protection available in certain circumstances or weakening the rights of patent owners in certain situations. In addition to increasing uncertainty with regard to the Company's ability to obtain patents in the future, this combination of events has created uncertainty with respect to the value of patents, once obtained. Depending on decisions by the Canadian House of Representative, the Federal Court of Canada, the Canadian Intellectual Property Office ("**CIPO**"), U.S. Congress, the federal courts, and the U.S. Patent and Trademark Office ("**USPTO**") and international treaties entered into by these nations, the laws and regulations governing patents could change in unpredictable ways that would weaken the Company's ability to obtain patents or to enforce patents the Company may obtain in the future.

Litigation regarding patents, patent applications, and other proprietary rights may be expensive, time consuming and cause delays in the development and manufacturing of the Company's key products

The Company's success will depend in part on its ability to operate without infringing the proprietary rights of third parties. The pharmaceutical industry is characterized by extensive patent litigation. Other parties may have, or obtain in the future, patents and allege that the use of its technologies infringes these patent claims or that the Company is employing its proprietary technology without authorization. In addition, third parties may challenge or infringe upon its future patents. Proceedings involving its patents or patent applications or those of others could result in adverse decisions regarding:

- the patentability of the Company's inventions relating to its key products/compounds; and
- the enforceability, validity, or scope of protection offered by the Company's patents relating to its key products/compounds.

If the Company is unable to avoid infringing the patent rights of others, the Company may be required to seek a license, defend an infringement action, or challenge the validity of the patents in court. Regardless of the outcome, patent litigation is costly and time consuming. In some cases, the Company may not have sufficient resources to bring these actions to a successful conclusion. In addition, if the Company does not obtain a license, develop or obtain non-infringing technology, fail to defend an infringement action successfully or have infringed patents declared invalid, the Company may:

- incur substantial monetary damages;
- encounter significant delays in bringing its key products/compounds to market; and
- be precluded from participating in the manufacture, use or sale of its key products/compounds or methods of treatment requiring licenses.

Even if the Company is successful in these proceedings, it may incur substantial costs and divert management time and attention in pursuing these proceedings, which could have a material adverse effect on the Company.

The Company's reliance on third parties requires the Company to share its trade secrets, which increases the possibility that a competitor will discover them

Because the Company may work with third parties to assist in the development, testing and marketing of its products/compounds, it may be required to share trade secrets and other confidential information with them. The Company will seek to protect its proprietary technology in part by entering into confidentiality or non-disclosure agreements and, if applicable, material transfer agreements, collaborative research agreements, consulting agreements or other similar agreements with its collaborators, advisors, employees and consultants prior to beginning research or disclosing proprietary information. These agreements will typically restrict the ability of its collaborators, advisors, employees and consultants to publish data potentially relating to its trade secrets and confidential information. The Company's academic and clinical collaborators will typically have rights to publish data, provided that the Company is notified in advance and may delay publication for a specified time in order to secure its intellectual property rights arising from the collaboration. In other cases, publication rights will be controlled exclusively by the Company, although in some cases the Company may share these rights with other parties. The Company may also conduct joint research and development

programs which may require the Company to share trade secrets and confidential information under the terms of research and development collaborations or similar agreements. Despite efforts to protect its trade secrets and confidential information, the Company's competitors may discover its trade secrets or confidential information, either through breach of these agreements, independent development or publication of information including its trade secrets or confidential information in cases where the Company does not have proprietary or otherwise protected rights at the time of publication. A competitor's discovery of the Company's trade secrets or confidential information may impair its competitive position and could have a material adverse effect on its business and financial condition.

The Company's operations are subject to environmental regulation in the jurisdiction in which it operates
Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors, and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. The Company's operations in third-party facilities will be subject to environmental protection laws and regulations that prescribe methods for storing and disposing of chemicals and controlled compounds. Prior to commencing its laboratory operations, the Company will establish internal policies to comply with all such environmental laws and regulations and will rely on the third-parties' practices.

Government environmental approvals and permits may be required in connection with the Company's operations. To the extent such approvals are required and not obtained, the Company may be curtailed or prohibited from its proposed business activities or from proceeding with the development of its operations as currently proposed.

Failure to comply with applicable environmental laws, regulations and permitting requirement may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or to be curtailed, and may include corrective measure requiring capital expenditures, installation of additional equipment, or remedial actions. The Company may be required to compensate those suffering loss or damage due to its operations and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Product liability once in the production phase
As a possible manufacturer and distributor of products designed to be ingested by humans, once the Company is in the production phase, it faces an inherent risk of exposure to product liability claims, regulatory action and litigation if its products are alleged to have caused significant loss or injury. Previously unknown adverse reactions resulting from human consumption of the Company's future products alone or in combination with other medications or substances could occur. The Company may be subject to various product liability claims, including, among others, that the products produced by the Company caused injury or illness, include inadequate instructions for use or include inadequate warnings concerning possible side effects or interactions with other substances. A product liability claims or regulatory action against the Company could result in increased costs, could adversely affect the Company's reputation with its clients and consumers generally, and could have a material adverse effect on the business, financial condition and operating results of the Company. There can be no assurances that the Company will be able to obtain or maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. Such insurance is expensive and may not be available in the future on acceptable terms, or at all. The inability to obtain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could prevent or inhibit the commercialization of products.

Management experience and dependence on key personnel, employees and third-party providers
The Company's success is currently largely dependent on the performance of the Company's directors and officers. The experience of these individuals is a factor which will contribute to the Company's continued success and growth. The Company will initially be relying on the Company's board members and executive officers, as well as independent consultants and advisors, for most aspects of the Company's business. The

amount of time and expertise expended on the Company's affairs by each of the Company's management team and the Company's directors will vary according to the Company's needs. The loss of any of these individuals could have a material detrimental impact on the Company's business. The Company does not intend to acquire any key man insurance policies and there is, therefore, a risk that the death or departure of any key member of management, a director, employee, consultant or advisor, could have a material adverse effect on the Company's business, operations and financial condition. Investors who are not prepared to rely on the Company's management team should not invest in the Company's securities.

Potential conflicts of interest

Certain of the Company's directors and officers are, and may continue to be, involved in the psychedelics industry through their direct and indirect participation in corporations, partnerships or joint ventures which are potential competitors of the Company. Situations may arise in connection with potential acquisitions or opportunities where the other interests of these directors and officers may conflict with the Company's interests. Directors and officers of the Company with conflicts of interest will be subject to and must follow the procedures set out in applicable corporate and securities legislation, regulations, rules and policies.

Costs of operating as a public company

As a public company whose securities are listed in Canada and Germany, the Company shall incur significant legal, accounting and related continuous disclosure expenses. The Company will be subject to the reporting requirements of Canadian securities laws the rules and regulations thereunder, the rules and regulations of the CSE and Frankfurt Exchange, and the provisions of securities laws that apply to public companies such as the Company. The expenses that will be required in order to adequately comply with the various reporting and other requirements applicable to public companies will require considerable expense, time and the attention of management.

The size of the Company's target market is difficult to quantify, and investors will be reliant on their own estimates on the accuracy of market data

Because the Company's industry is in a relatively nascent stage with uncertain boundaries, there is a lack of information about comparable companies available for potential investors to review in deciding about whether to invest in the Company and, few, if any, established companies whose business model the Company can follow or upon whose success the Company can build. Accordingly, readers will have to rely on their own estimates about the Company. There can be no assurance that the Company's estimates are accurate or that the market size is sufficiently large for its business to grow as projected, which may negatively impact its financial results. The Company regularly purchases and follows market research.

The Company could be liable for fraudulent or illegal activity by its employees, contractors and consultants resulting in significant financial losses to claims against the Company

The Company is exposed to the risk that its employees, independent contractors and consultants may engage in fraudulent or other illegal activity. Misconduct by these parties could include intentional, reckless and/or negligent conduct or disclosure of unauthorized activities to the Company that violates: (i) government regulations; (ii) manufacturing standards; (iii) federal and provincial healthcare fraud and abuse laws and regulations; or (iv) laws that require the true, complete and accurate reporting of financial information or data. It is not always possible for the Company to identify and deter misconduct by its employees and other third parties, and the precautions taken by the Company to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting the Company from governmental investigations or other actions or lawsuits stemming from a failure to be in compliance with such laws or regulations. If any such actions are instituted against the Company, and it is not successful in defending itself or asserting its rights, those actions could have a significant impact on our business, including the imposition of civil, criminal and administrative penalties, damages, monetary fines, contractual damages, reputational harm, diminished profits and future earnings, and curtailment of the Company's operations, any of which could have a material adverse effect on the Company's business, financial condition and results of operations.

Reliance on information technology systems and risk of cyberattacks.
The Company may enter into agreements with third parties for hardware, software, telecommunications and other information technology ("**IT**") services in connection with its operations, as a result of which, the Company's operations would depend, in part, on how well it and its contractors and consultants protect networks, equipment, IT systems and software against damage from a number of threats, including, but not limited to, cable cuts, damage to physical plants, natural disasters, intentional damage and destruction, fire, power loss, hacking, computer viruses, vandalism and theft. The Company's operations would also depend on the timely maintenance, upgrade and replacement of networks, equipment, IT systems and software, as well as pre-emptive expenses to mitigate the risk of failures. Any of these and other events could result in information system failures, delays and/or increase in capital expenses. The failure of information systems or a component of information systems could, depending on the nature of any such failure, adversely impact the Company's reputation and results of operations.

There can be no assurance that the Company will not incur material losses relating to cyber-attacks or other information security breaches in the future. The Company's risk and exposure to these matters cannot be fully mitigated because of, among other things, the evolving nature of these threats. As a result, cyber security and the continued development and enhancement of controls, processes and practices designed to protect systems, computers, software, data and networks from attack, damage or unauthorized access is a priority. As cyber threats continue to evolve, the Company may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any security vulnerabilities.

Uninsured or uninsurable Risk
The Company may become subject to liability for risks which are uninsurable or against which the Company may opt out of insuring due to the high cost of insurance premiums or other factors. The payment of any such liabilities would reduce the funds available for usual business activities. Payment of liabilities for which insurance is not carried may have a material adverse effect on the Company's financial position and operations.

Need for additional financing and issuance of additional securities
The Company's future capital requirements depend on many factors, including its ability to develop and market products successfully, cash flows from operations, locating and retaining talent, and competing market developments. The Company's business model requires spending money (primarily on research & development, advertising and marketing) in order to generate revenue.

In order to execute the Company's business plan, the Company will likely require some additional equity and/or debt financing to undertake capital expenditures. There can be no assurance that additional financing will be available to the Company when needed or on terms which are acceptable. The Company's inability to raise financing to support on-going operations or to fund capital expenditures could limit the Company's operations and may have a material adverse effect upon future profitability. The Company may require additional financing to fund its operations to the point where it is generating positive cash flows.

If additional funds are raised through further issuances of equity or convertible debt securities, existing shareholders could suffer significant dilution, and any new equity securities issued could have rights, preferences and privileges superior to those of holders of Shares. Any debt financing secured in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which may make it more difficult for the Company to obtain additional capital or to pursue business opportunities, including potential acquisitions. If adequate funds are not obtained, the Company may be required to reduce, curtail, or discontinue operations. There is no assurance that the Company's future cash flow, if any, will be adequate to satisfy its ongoing operating expenses and capital requirements.