CSE Form 2A - LISTING STATEMENT

IN CONNECTION WITH THE LISTING OF MINDSET PHARMA INC.

NOTICE TO READER

Psilocybin is currently a Schedule III drug under the *Controlled Drugs and Substances Act* (Canada) and it is a criminal offence to possess substances under the *Controlled Drugs and Substances Act* (Canada) without a prescription.

Health Canada has not approved psilocybin as a drug for any indication.

Mindset Pharma Inc. does not deal with psychedelic substances except within laboratory and clinical trial settings within approved regulatory frame works in order to identify and develop treatments for medical conditions and does not have any direct or indirect involvement with illegal selling, production or distribution of any substances in jurisdictions in which it operates.

While Mindset Pharma Inc. believes psychedelic substances can be used to treat certain medical conditions, it does not advocate for the legalization of psychedelics substances for recreational use.

Dated: December 21, 2020

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1. GLOSSARY OF TERMS

The following is a glossary of certain terms used in this Listing Statement and in certain documents attached as schedules hereto.

"**ABCA**" means the *Alberta Business Corporations Act*, R.S.A. 2000, c. B-9, as from time to time amended or re-enacted, and includes any regulations made pursuant thereto.

"**Acquisition**" means the acquisition by the Issuer of all of the outstanding securities of MSP pursuant to the terms of the Share Exchange Agreement. The conditions precedent under the Share Exchange Agreement were satisfied on September 11, 2020.

"**Agency Agreement**" means the agency agreement dated December 15, 2020, entered into between the Issuer and the Agent with respect to the Concurrent Financing.

"**Agent**" means Mackie Research Capital Corporation, the agent for the Concurrent Financing.

"**Agent's Compensation Warrants**" means the common share purchase warrants issued by the Issuer to the Agent and certain finders in connection with the Concurrent Financing pursuant to the terms of the Agency Agreement, to acquire an aggregate of 446,776 Compensation Shares at a price of $0.40 per Compensation Share until December 15, 2022.

"**ASC**" means the Alberta Securities Commission.

"**ASX**" means the Australian Securities Exchange.

"**Atkinson Consulting Agreement**" has the meaning ascribed to such term in Section 3.1 - *General Development of the Business of MSP Prior to the Acquisition*.

"**Auditors**" means MNP LLP, the auditors of the Issuer.

"**BCBCA**" means the *Business Corporations Act* (British Columbia) as from time to time amended or re-enacted, and includes any regulations made pursuant thereto.

"**BCSC**" means the British Columbia Securities Commission.

"**Board**" means the board of directors of the Issuer, as it may be comprised from time to time.

"**CD Materials**" has the meaning ascribed to such term in Section 13.6 – *Corporate Cease Trade Orders or Bankruptcies*.

"**CDSA**" means the *Controlled Drugs and Substances Act* (Canada), as from time to time amended or re-enacted, and includes any regulations made pursuant thereto.

"**CEO**" means chief executive officer.

"**CFO**" means chief financial officer.

"**CIPO**" has the meaning ascribed to such term in *Section 17 – Risk Factors – General Risk Factors*.

"**cGMP**" means the current Good Manufacturing Practices regulations enforced by the FDA, that provide for systems that assure proper design, monitoring and control of manufacturing processes and facilities.

"**CMOs**" has the meaning ascribed to such term in *Section 17 – Risk Factors – General Risk Factors*.

"**CNS**" has the meaning ascribed to such term in Section 3.1 – *General Development of the Business of the Issuer Following the Acquisition*.

"**Common Shares**" or "**Issuer Shares**" means common shares without par value in the capital of the Issuer, following the Consolidation and the Acquisition.

"**Compensation Shares**" means the Issuer Shares issuable upon exercise of the Agent's Compensation Warrants.

"**Compensation Options**" has the meaning ascribed to such term in Section 3.1 - *General Development of the Business of the Issuer Following the Acquisition*.

"**Concurrent Financing**" means, collectively: (i) the brokered private placement offering of 10,428,813 units of the Issuer at a price of $0.40 per unit for aggregate gross proceeds of $4,171,525.20 pursuant to the terms of the Agency Agreement; and (ii) the non-brokered private placement offering of 2,071,187 units of the Issuer at a price of $0.40 per unit for aggregate gross proceeds of $828,474.80.

"**Consolidation**" means the consolidation of North Sur's share capital of one (1) Share for every fifty (50) pre-consolidated shares that became effective on July 16, 2020.

"**COVID-19**" means the means the Coronavirus disease 2019, an infectious disease caused by severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2).

"**CPC**" means a corporation:

(a) that has been incorporated or organized in a jurisdiction in Canada;

(b) that has filed and obtained a receipt for a preliminary CPC prospectus from one or more of the securities regulatory authorities in compliance with the CPC Policy; and

(c) in regard to which the completion of the qualifying transaction has not yet occurred.

"**CPC Policy**" means TSX-V Policy 2.4 – *Capital Pool Companies.*

"**CRO**" means a contract research organization.

"**CSE**" means the Canadian Securities Exchange.

"**CSE Policies**" mean the policies published by the CSE from time to time, applicable to companies listed on the CSE.

"**CTO**" means the cease trade orders issued by the ASC and BCSC with respect to North Sur on May 8, 2017 and May 9, 2017, respectively.

"**DMT**" means dimethyltryptamine.

"**Escrow Agreement**" has the meaning ascribed to such term in Section 11 – *Escrowed Securities*.

"**Exchange Ratio**" means 1.5235 Issuer Shares for every one MSP Share.

"**Facility**" means InterVivo.

"**FDA**" means the U.S. Food & Drug Administration.

"**GMP**" has the meaning ascribed to such term in Section 3.1 - *General Development of the Business of MSP Prior to the Acquisition.*

"**Higgins Consulting Agreement**" has the meaning ascribed to such term in Section 3.1 - *General Development of the Business of the Issuer Following the Acquisition*.

"**HPFB**" has the meaning ascribed to such term in Section 3.3 – *Current Legislative Framework under the CDSA*.

"**IND**" has the meaning ascribed to such term in Section 4.1(b) – *Narrative Descriptions of Mindset's Business*.

"**IT**" means Information Technology.

"**InterVivo**" has the meaning ascribed to such term in Section 3.1 - *General Development of the Business of MSP Prior to the Acquisition.*

"**InterVivo Agreement**" has the meaning ascribed to such term in Section 3.1 - *General Development of the Business of MSP Prior to the Acquisition.*

"**Issuer**" or "**Mindset**" means, following the completion of the Acquisition, Mindset Pharma Inc. (formerly North Sur Resources Inc.).

"**Issuer Units**" means an aggregate of 12,500,000 units of the Issuer issued in connection with the Concurrent Financing at a price of $0.40 per Issuer Unit, each Issuer Unit being comprised of one Issuer Share and one Issuer Warrant.

"**Issuer Warrant**" has the meaning ascribed to such term in Section 3.1 - *General Development of the Business of the Issuer Following the Acquisition*.

"**John Hopkins**" means John Hopkins Center for Psychedelic & Consciousness Research.

"**Lanthier Consulting Agreement**" has the meaning ascribed to such term in Section 3.1 – *General Development of the Business of MSP Prior to the Acquisition*.

"**Letter of Intent**" has the meaning ascribed to such term in Section 3.2 – *Significant Acquisitions and Dispositions.*

"**Listing**" means the listing of the Issuer Shares on the CSE for trading.

"**Listing Date**" means the date on which the Issuer Shares are listed for trading on the CSE.

"**Listing Statement**" means this CSE Form 2A Listing Statement of the Issuer, including all schedules attached hereto, prepared in support of the listing of the Issuer's securities on the CSE, as may be amended, restated or supplemented from time to time.

"**LSD**" means lysergic acid diethylamide, also known colloquially as acid.

"**MD&A**" means management's discussion and analysis.

"**MDD**" means major depressive disorder, used interchangeably with clinical depression.

"**MDMA**" means 3,4-methyl-enedioxy-methamphetamine.

"**Mindset NCE's**" has the meaning ascribed to such term in Section 4.1(b) – *Narrative Description of Mindset's Business*.

"**Mindset Synthesis Process**" has the meaning ascribed to such term in Section 4.1(b) – *Narrative Description of Mindset's Business*.

"**MSP**" means, Mindset Pharma Limited, formerly Mindset Pharma Inc., a corporation incorporated under the OBCA on October 7, 2019.

"**MSP Broker Shares**" means an aggregate of 285,000 MSP Shares issued to certain eligible third parties as a finder's fee in connection with the non-brokered private placement financings completed by MSP on November 22, 2019 and February 20, 2020, respectively, as described in Section 3.1 - *General Development of the Business of MSP Prior to the Acquisition*.

"**MSP Options**" means the stock options issued by MSP entitling holders thereof to purchase MSP Shares that were cancelled and replaced with Options at the closing of the Acquisition pursuant to the terms of the Share Exchange.

"**MSP Shareholders**" means the former holders of MSP Shares.

"**MSP Shares**" means the common shares in the capital of MSP.

"**Named Executive Officers**" means James Lanthier (our Chief Executive Officer), and Arvin Ramos (our Chief Financial Officer).

"**NCEs**" means new chemical entities.

"**NDS**" has the meaning ascribed to such term in Section 3.3 – *Current Legislative Framework under the CDSA*.

"**NERD Agreement**" has the meaning ascribed to such term in Section 3.1 – *General Development of the Business of the Issuer Following the Acquisition*.

"**NEX**" means the NEX board of the TSX Venture Exchange.

"**NHP**" means natural health products.

"**North Sur**" means prior to the completion of the Acquisition, North Sur Resources Inc., a corporation incorporated under the ABCA by articles of incorporation dated January 12, 2011 under the name "1580792 Alberta Ltd.". By articles of amendment dated February 9, 2011, North Sur changed its name to "Petro Occidente Capital Corp.". By articles of amendment dated August 12, 2013, North Sur changed its name to "North Sur Resources Inc.". By articles of continuation dated June 22, 2020, North Sur continued under the laws of British Columbia. By articles of amendment dated September 8, 2020, North Sur changed its name to its current name, "Mindset Pharma Inc.".

"**North Sur Financing**" means the private placement to raise $1,049,500 by the issuance of 6,996,666 North Sur Shares at a price of $0.15 per North Sur Share, which closed on August 6, 2020.

"**North Sur Shares**" means, prior to the completion of the Acquisition, the issued and outstanding common shares in the capital of North Sur.

"**North Sur Unit**" has the meaning ascribed to such term in Section 3.1 – *General Development of the Business of North Sur Prior to the Acquisition*.

"**North Sur Warrants**" has the meaning ascribed to such term in Section 3.1 – *General Development of the Business of North Sur Prior to the Acquisition*.

"**OBCA**" means the *Business Corporations Act* (Ontario), as from time to time amended or re-enacted, and includes any regulations made pursuant thereto.

"**OBI**" has the meaning ascribed to such term in Section 3.1 – *General Development of the Business of the Issuer Following the Acquisition*.

"**OBI Promissory Note**" has the meaning ascribed to such term in Section 3.1 – *General Development of the Business of the Issuer Following the Acquisition*.

"**OHIP**" means the Ontario Health Insurance Plan.

"**Options**" means the stock options of the Issuer entitling holders thereof to purchase Common Shares.

"**OSC**" means the Ontario Securities Commission.

"**PoC**" has the meaning ascribed to such term Section 3.1 – *General Development of the Business of MSP Prior to the Acquisition*.

"**PTSD**" means post-traumatic stress disorder, which is a disorder that develops in some people who have experienced a shocking, scary, or dangerous event.

"**Ragowski Consulting Agreement**" has the meaning ascribed to such term in Section 3.1 – *General Development of the Business of MSP Prior to the Acquisition*.

"**Ramos Consulting Agreement**" has the meaning ascribed to such term in Section 3.1 – *General Development of the Business of the Issuer Following the Acquisition*.

"**Related Person**" has the meaning as described thereto in CSE Policy 1.

"**RFP**" means request for proposal.

"**SAR**" has the meaning ascribed to such term Section 3.1 – *General Development of the Business of MSP Prior to the Acquisition*.

"**SEDAR**" means the System for Electronic Document Analysis and Retrieval, at www.sedar.com.

"**Share Exchange Agreement**" means the share exchange agreement dated July 31, 2020 among the Issuer, MSP and the MSP Shareholders pursuant to which the Issuer acquired all of the outstanding securities of MSP.

"**Shareholders**" means the holders of the Issuer's Common Shares.

"**Slassi Consulting Agreement**" has the meaning ascribed to such term in Section 3.1 – *General Development of the Business of MSP Prior to the Acquisition*.

"**Slassi Milestones**" has the meaning ascribed to such term in Section 13.10 – *Management.*

"**Stock Option Plan**" means the stock option plan of the Issuer.

"**TPD**" has the meaning ascribed to such term in Section 3.3 – *Current Legislative Framework under the CDSA*.

"**TSX**" means the Toronto Stock Exchange.

"**TSX-V**" means the TSX Venture Exchange.

"**USPTO**" means the United States Patent and Trademark Office.

"**Warrants**" means the common share purchase warrants of the Issuer entitling holders thereof to purchase Common Shares.

Cautionary Statement Regarding Forward-Looking Statements

This Listing Statement and the documents incorporated into this Listing Statement contain "forward-looking statements" and "forward-looking information" within the meaning of applicable securities laws (forward-looking information and forward-looking statements being collectively hereinafter referred to as "forward-looking statements"). Such forward-looking statements are based on expectations, estimates and projections as at the date of this Listing Statement or the dates of the documents incorporated herein, as applicable. Any statements that involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often but not always using phrases such as "expects" or "does not expect", "is expected", "anticipates" or "does not anticipate", "plans", "budget", "scheduled", "forecasts", "estimates", "believes" or "intends", or variations of such words and phrases, or stating that certain actions, events or results "may" or "could", "would", "should", "might" or "will" be taken, occur or be achieved) are not statements of historical fact and may be forward-looking statements and are intended to identify forward-looking statements. The Issuer has based these forward-looking statements on its current expectations and projects about future events and financial trends that it believes might affect its financial condition, results of operations, business strategy and financial needs. These forward-looking statements include, but are not limited to:

- the intention to complete the Listing of the Issuer Shares on the CSE and the completion and timing of the Listing;
- the Issuer's expectations regarding its revenue, expenses and operations;
- the Issuer's anticipated cash needs and its needs for additional financing;
- the Issuer's intention to grow the business and its operations;
- expectations with respect to future production costs and capacity;
- the grant and impact of any license or supplemental licenses to conduct activities with psychopharmacological products or any amendments thereof;
- the Issuer's competitive position and the regulatory environment in which the Issuer expects to operate in following completion of the Acquisition;
- the Issuer's expectation that available funds will be sufficient to cover its expenses over the next twelve months;
- the Issuer's expected business objectives and milestones, including costs of the foregoing, for the next twelve months;
- the costs associated with the Acquisition, this Listing Statement and the Listing;
- the Issuer's ability to obtain additional funds through the sale of equity or debt commitments;
- the timing, progress and timely completion of various stages of the regulatory approval process;
- projections for development plans and progress of products and technologies, including with respect to timely and successful completion of studies and trials and availability of results from such studies and trials;
- expectations regarding product safety and efficacy;
- expectations regarding acceptance of products and technologies by the market;
- expectations about clinical and regulatory milestones being achieved;

- the intentions of the Board with respect to executive compensation plans and corporate governance plans described herein;

- the composition of the Board and management following completion of the Acquisition; and

- the impact (including anticipated benefits) of the Acquisition on the business and operations, financial conditions, access to capital and overall strategy of the Issuer.

The forward-looking statements contained herein are based on certain key management expectations and assumptions, including with respect to expectations and assumptions concerning: (i) receipt of required shareholder and regulatory approvals in a timely manner or at all; (ii) receipt and/or maintenance of required licenses and third party consents in a timely manner or at all; and (iii) the success of the operations of the Issuer.

Forward-looking statements are subject to a number of known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from that which are expressed or implied by such forward-looking statements. These risks and uncertainties include those related to: the ability of the Issuer to secure additional financing for current and future operations and capital projects, as needed; the Issuer's dependence on management and key personnel; general economic, market and business conditions, early-stage industry growth rates, the risks associated with competition from other companies directly or indirectly engaged in the Issuer's industry; foreign currency exchange rate fluctuations and its effects on the Issuer's operations; the risks and costs associated with being a publicly traded company, the market demand for the Issuer Shares, and the liquidity and dilution of the Issuer Shares; the impact of the COVID-19 pandemic; the Issuer's limited operating history; the speculative nature of an investment in the Issuer Shares; risks inherent in the nature of the drug development industry; non-compliance with laws; unfavourable publicity or consumer perception; patient acquisitions; development risks; substantial risks of regulatory or political change; the ability to obtain necessary government permits and licences; negative cash flow from operating activities; management of growth; dependence on management team; reliance on third parties; intellectual property; competition; litigation; insurance coverage; the industry being difficult to forecast; market volatility; use of funds; conflicts of interest; enforcement of legal rights; emerging market risks; agriculture risks; violations of laws and regulations related to drug development; reliance on third parties for drug development; ability to produce commercial grade pharmaceuticals; clinical testing; regulatory approval process; cyber-attacks; reliance upon insurers and governments; difficulty in enforcing judgments and effecting service of process on directors and officers; any other risks described in this Listing Statement and described from time to time in documents filed by the Issuer with Canadian securities regulatory authorities; and other factors beyond the Issuer's control.

Such risks and uncertainties are further described under the heading "*Risk Factors*" in this Listing Statement. Although the Issuer believes that the expectations and assumptions on which such forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements, because no assurance can be given that they will prove to be correct. Consequently, all forward-looking statements made in this Listing Statement and other documents of the Issuer are expressly qualified by such cautionary statements and there can be no assurance that the anticipated results or developments will actually be realized or, even if realized, that they will have the expected consequences to or effects on the Issuer. The forward-looking statements in this Listing Statement are made as at the date hereof, and the Issuer does not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required under applicable Canadian securities laws.

Market and Industry Data

This Listing Statement includes market and industry data that has been obtained from third party sources, including industry publications. The Issuer believes that the industry data is accurate and that its estimates and assumptions are reasonable, but there is no assurance as to the accuracy or completeness of this data. Third party sources generally state that the information contained therein has been obtained from sources believed to be reliable, but there is no assurance as to the accuracy or completeness of included information. Although the data is believed to be reliable, the Issuer has not independently verified any of the data from third-party sources referred to in this Listing Statement or ascertained the underlying economic assumptions relied upon by such sources.

Except as otherwise indicated, the information provided herein is as of December 21, 2020.

Currency

All dollar amounts in this Listing Statement are in Canadian dollars unless otherwise indicated, and all references to $ in this Listing Statement are to Canadian dollars unless otherwise indicated.

2. CORPORATE STRUCTURE

2.1 Corporate Name and Head and Registered Office

This Listing Statement has been prepared in connection with the Acquisition and the Listing.

The full name of the Issuer is "Mindset Pharma Inc.," which the Issuer changed from "North Sur Resources Inc." in accordance with the provisions of the BCBCA on September 8, 2020, in connection with the Acquisition, which was completed on September 11, 2020.

The registered and records office of the Issuer is located at Suite 2900, 595 Burrard Street, Vancouver, British Columbia M7X 1J5.

The head office address of the Issuer is located at Suite 401, 217 Queen Street West, Toronto, Ontario M5V 0R2.

2.2 Jurisdiction of Incorporation

North Sur prior to the Acquisition

North Sur was incorporated under the ABCA on January 12, 2011 under the name "1580792 Alberta Ltd." On incorporation, North Sur was authorized to issue an unlimited number of North Sur Shares and an unlimited number of preferred shares.

On February 9, 2011, North Sur filed articles of amendment to change its name to "Petro Occidente Capital Corp." North Sur was established as a CPC in accordance with the rules and policies of the TSX-V. North Sur completed its qualifying transaction on August 12, 2013, at which time it ceased to be a CPC.

On August 12, 2013, North Sur filed articles of amendment to change its name to "North Sur Resources Inc.". North Sur was later continued under the laws of British Columbia by articles of continuance filed on June 22, 2020. On August 13, 2013, North Sur commenced trading on the TSX-V as a Tier 2 Mining Issuer under the ticker symbol "SUR".

On August 21, 2017, the North Sur's common shares were transferred to the NEX due to North Sur's failure to maintain the listing requirements of the TSX-V with respect to a Tier 2 Mining Issuer.

On March 28, 2018, the securities of North Sur were delisted from the NEX due to failure to pay listing maintenance fees.

On June 22, 2020, North Sur filed articles of continuance to effect the continuance of North Sur from the provincial jurisdiction of the Province of Alberta to the provincial jurisdiction of the Province of British Columbia.

On July 16, 2020, North Sur amended its articles to consolidate the North Sur Shares (the "**Consolidation**"), pursuant to which every fifty (50) outstanding pre-Consolidation North Sur Shares were exchanged for each post-Consolidation North Sur Share.

North Sur is a reporting issuer in the Provinces of British Columbia and Alberta; but it is not currently listed on any stock exchange.

MSP Prior to the Acquisition

MSP was incorporated under the OBCA on October 7, 2019 under the name "Mindset Pharma Inc.". On incorporation, MSP was authorized to issue an unlimited number of MSP Shares and an unlimited number of special shares, issuable in series.

Issuer Following the Acquisition

On September 11, 2020, MSP and North Sur completed the Acquisition pursuant to the terms and conditions of the Share Exchange Agreement, at which time MSP became a wholly-owned subsidiary of the Issuer.

In connection with the Acquisition, the Issuer changed its name from "North Sur Resources Inc." to "Mindset Pharma Inc." on September 8, 2020 in accordance with the BCBCA. The Acquisition was completed on September 11, 2020.

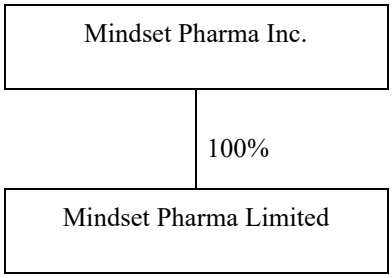
On November 2, 2020, MSP filed articles of amendment to change its name to its current name, "Mindset Pharma Limited".

The Issuer is a reporting issuer in the Provinces of British Columbia and Alberta; but it is not currently listed on any recognized stock exchange.

2.3 Inter-corporate Relationships

Prior to the completion of the Acquisition, neither of North Sur nor MSP had any subsidiaries.

Following the completion of the Acquisition, the organization chart of the Issuer and its subsidiaries is set forth below:



2.4 Fundamental Change

The Issuer is not seeking to requalify for listing on the CSE. The organization chart of the Issuer and its subsidiaries following completion of the Acquisition is set out in Section 2.3 – *Inter-corporate Relationships.*

2.5 Non-corporate Issuers and Issuers Incorporated Outside of Canada

As the Issuer is neither a non-corporate issuer nor an issuer incorporated outside of Canada, this section is not applicable.

3. GENERAL DEVELOPMENT OF THE BUSINESS

3.1 General Development of the Business

General Development of the Business of North Sur Prior to the Acquisition

North Sur was established as a CPC in accordance with the rules and policies of the TSX-V. North Sur completed its qualifying transaction on August 12, 2013 at which time it ceased to be a CPC. On August 12, 2013, North Sur filed articles of amendment to change its name to "North Sur Resources Inc." On August 13, 2013, North Sur commenced trading on the TSX-V as a Tier 2 Mining Issuer under the ticker symbol "SUR".

On August 21, 2017, the Issuer’s common shares were transferred to the NEX due to North Sur's failure to maintain the listing requirements of the TSX-V with respect to a Tier 2 Mining Issuer.

On March 28, 2018, the securities of North Sur were delisted from the NEX due to failure to pay listing maintenance fees.

On June 22, 2020, North Sur filed articles of continuance to effect the continuance of North Sur from the provincial jurisdiction of the Province of Alberta to the provincial jurisdiction of the Province of British Columbia.

On June 23, 2020, the Issuer signed a binding letter of intent with MSP to combine their corporate entities. Further details are contained in Section 3.2 - *Significant Acquisitions and Dispositions*.

On July 16, 2020, North Sur amended its articles to consolidate the North Sur Shares (the "**Consolidation**") pursuant to which every fifty (50) outstanding pre-Consolidation North Sur Shares were exchanged for each post-Consolidation North Sur Share.

On July 16, 2020, North Sur completed a private placement raising $240,000 through the sale of 12,000,000 units ("**North Sur Units**") at a price of $0.02 per North Sur Unit. Each North Sur Unit consisted of one North Sur Share and one North Sur Warrant, each North Sur Warrant entitling the holder thereof to acquire one North Sur Share at a price of $0.15 until June 24, 2022. Funds were used to settle some of North Sur's outstanding liabilities, and for general working capital purposes. All securities issued in connection with the private placement are subject to a hold period until October 25, 2020.

On July 31, 2020, North Sur signed the Share Exchange Agreement with MSP and the MSP Shareholders. Further details are contained in Section 3.2 - *Significant Acquisitions and Dispositions*.

On August 6, 2020, North Sur completed a private placement raising $1,049,500 through the sale of 6,996,666 North Sur Shares at $0.15 per Share (the "**North Sur Financing**"). Funds are to be used for general working capital purposes. All securities issued in connection with the private placement are subject to a hold period until December 7, 2020.

On September 11, 2020, North Sur completed the Acquisition, thereby forming the Issuer. MSP became a wholly-owned subsidiary of the Issuer and the MSP Shareholders became the controlling shareholders of the Issuer holding 32,140,823 Issuer Shares, representing approximately 62.3% of the issued share capital of the Issuer as at September 11, 2020. The 32,140,823 Issuer Shares issued to the MSP Shareholders pursuant to the Acquisition were issued at a deemed price of $0.15 per Issuer Share.

North Sur is a reporting issuer in the Provinces of British Columbia and Alberta; but it is not currently listed on any stock exchange.

General Development of the Business of MSP Prior to the Acquisition

On October 7, 2019, MSP completed a non-brokered private placement offering through the issuance of an aggregate of 6,000,000 MSP Shares at a price of $0.01 per MSP Share for gross proceeds of $60,000.

On October 7, 2019, Mr. Joseph Araujo was appointed to MSP's board of directors. Mr. Araujo is a seasoned expert, with over 20 years of experience in working with the central nervous system ("**CNS**") and has been involved in the generation of novel drugs that target the CNS over his extensive career.

On October 7, 2020, MSP issued an aggregate of 1,000,000 MSP Shares pursuant to the Slassi Consulting Agreement. The MSP Shares were issued at a deemed price of $0.01 per MSP Share, being equal to a purchase price of $10,000, which was equal to the consulting fees for the period ended June 30, 2020 under the Slassi Consulting Agreement.

On November 22, 2019, MSP completed a non-brokered private placement offering through the issuance of 2,150,000 MSP Shares at a price of $0.05 per share for gross proceeds of $107,500. In connection with the private placement that closed on November 22, 2019, MSP issued an aggregate of 215,000 MSP Broker Shares.

Effective December 1, 2019, as amended April 1, 2019 and October 1, 2020, MSP entered into a consulting agreement (collectively, the "**Slassi Consulting Agreement**") with Dr. Malik Slassi providing for the engagement of Dr. Slassi

as MSP's Chief Science Officer. MSP has also been able to expand Dr. Malik Slassi's involvement due to Dr. Slassi's express interest in continuing to work with MSP. Dr. Slassi has developed several drugs which are now used in cancer treatment and a variety of other pharmacological uses.

On February 10, 2020, MSP entered into a master laboratory services agreement (the "**InterVivo Agreement**") with InterVivo Solutions Inc. ("**InterVivo**"), relating to conducting research, pre-clinical and clinical studies for MSP.

On February 20, 2020, MSP completed a non-brokered private placement through the issuance of an aggregate of 7,661,700 MSP Shares at a price of $0.05 per share for gross proceeds of $383,085. In connection with the private placement that closed on February 20, 2020, MSP issued an aggregate of 70,000 MSP Broker Shares.

On March 27, 2020, the MSP completed a non-brokered private placement through the issuance of an aggregate of 4,000,000 MSP Shares at a price of $0.05 per share for gross proceeds of $200,000.

Effective April 1, 2020, MSP entered into a consulting agreement (the "**Atkinson Consulting Agreement**") with Mr. Jason Atkinson, providing for Mr. Atkinson's engagement as Vice President of Corporate Development. In addition, effective April 1, 2020, MSP entered into a consulting agreement (the "**Lanthier Consulting Agreement**") with Mr. James Lanthier, providing for Mr. Lanthier's engagement as Chief Executive Officer.

Effect May 11, 2020, MSP entered into a consulting agreement (the "**Ragowski Consulting Agreement**") with Dr. Michael Ragowski, providing for the engagement of Dr. Ragowski to MSP's scientific advisory team. Dr. Ragowski is a professor of neurology and pharmacology and a member of the UC Davis Center for Neuroscience. He is director of the UC Davis Institute for Neurotherapeutics, associate director of the UC Davis Counter ACT Center of Excellence, and principal investigator of the University of California Drug Discovery Consortium. He teaches in the UC Davis School of Medicine and is on the active medical staff of UC Davis Health.

Prior to the completion of the Acquisition, MSP raised over $750,000 to fund its intellectual property discovery efforts and to fund its pre-clinical research that will both support its patent application claims as well as advance its intellectual property to a point where it can be monetized.

Preliminary efforts were focused on identifying the strategic pathway through which MSP would operate within the psychedelic industry. Management of MSP decided that pursuing a portfolio of novel intellectual property focused on developing new chemical entities ("**NCEs**") would be the optimal route to harnessing the expertise of its scientific advisory team in order to effect meaningful change within the realm of the evolving psychedelic pharmacology space. Following this, MSP engaged Dr. Malik Slassi, an accomplished Medicinal Chemist to assist with this work. To date, MSP has identified several NCEs that are anticipated to replicate the clinical effects of psilocybin therapy. Specifically, MSP filed two provisional patents with the USPTO in February 2020 that include one chemical scaffold representing novel psilocybin/psilocin analogs and prodrugs, as well as a second chemical scaffold that varies from the classical tryptamine scaffold. MSP then engaged a chemistry contract research organization ("**CRO**") and has synthesized approximately 30 compounds across the two patent families and conducted in vitro functional agonist receptor screening of those compounds on human serotonergic subtype receptors to identify the novel compounds activity at the key 5HT receptors.

The first patent family of compounds generally exhibited similar agonist properties as psilocin, the major active metabolite of psilocybin, across human 5HT receptor subtypes and particularly 5HT2A, but with a potentially superior overall pharmacokinetic profile. The second patent family, however, demonstrated a range of potency and effect on the 5HT2A receptor, suggesting, on a preliminary basis, that MSP had identified compounds with significantly greater potency and functional efficacy compared to psilocin. This range of effect has enabled MSP to profoundly understand the structure-activity relationship ("**SAR**") of this class of compounds. SAR data of this nature will be critically valuable in assisting MSP with its ongoing drug discovery and development efforts.

The above-mentioned data indicate MSP's novel chemical entities are expected to behave similarly or superior to psilocybin/psilocin. Following this initial promising data, MSP has developed an in-vivo pre-clinical plan to further validate its compounds, using established models that are validated for assessing behavioural effects associated with 5HT2A and 5HT2C agonism. MSP has now engaged InterVivo, a Canadian CRO, to synthesize additional amounts of these compounds to carry out these tests. Subsequent tests will include elucidation of pharmacokinetics parameters

(i.e. assessing the behavior of the compound in a living animal), as well as safety profiling. While the development program for the NCEs are at an early stage, there are numerous clinical studies for proof of concept ("**PoC**") indicating that psilocybin/psilocin are effective across multiple neuropsychiatric indications with tremendous unmet medical need. Given that MSP's compounds have demonstrated comparable receptor agonism properties as the drugs undergoing clinical evaluation, management of MSP is confident that this program will further elucidate the compounds that are best suited to enter clinical development.

The substantial body of studies published to date that demonstrate the clinical utility of psilocybin/psilocin[1] de-risk MSP's overall drug development program, coupled with the consensus scientific view that a psychedelic experience is mainly reliant on activity at the 5HT2A brain receipt de-risks MSP's overall drug development program. This consensus around the key biological target, the 5HT2A receptor, allows MSP's scientific advisory team to employ rational drug design principals in order to design molecules on the basis of their ability to specifically target the 5HT2A receptor.

MSP has assembled a team of highly specialized scientists with substantial experience in new drug development. The team has considerable expertise in pre-clinical drug development from ideation through to IND enabling studies. The in-house expertise combined with an approach that uses contract research organizations to provide the necessary infrastructure and scalable personnel makes MSP ideally suited to develop novel IP and to evaluate and develop that IP in the preclinical setting. Based on the breakthrough potential of psychedelic compounds, MSP anticipates there will be significant demand from larger psychedelic drug companies as well as traditional pharmaceutical businesses to access optimized, patentable next generation psychedelic compounds. Therefore, MSP plans to partner with, or license out its preclinical assets to, clinical stage companies. To this end, MSP has had preliminary conversations with psychedelic-based companies currently in clinical development, which has validated the need and expressed tremendous interest for novel efficacious and safer next-generation psychedelic medicines that are patent protected.

MSP has also filed a third provisional patent application with the USPTO in July 2020, describing a novel synthetization method for psilocybin. This method is able to yield psilocybin in fewer steps, what management expects is a significant cost advantage to any of the current published synthetization methods. MSP has performed small scale synthesis utilizing this process providing proof of concept and has completed early-stage optimization work. Management of MSP believes that there is a substantial need for low-cost Good Manufacturing Practice[2] ("**GMP**") psilocybin and as such, the next steps are to perform the synthesis on a larger scale in a GMP-certified facility as well as further optimize the process. To this end, MSP has prepared a confidential request for proposal ("**RFP**") detailing the specific steps involved in its novel synthesis process and has circulated this RFP to chemical contract manufacturers who possess the specialized capabilities as well as the necessary licenses and regulatory approvals to perform this work and who it has discussed the project with on a preliminary basis. The Issuer selected a chemical contract manufacturer to assist it on this project in Q4 2020 and anticipate the work will be completed by Q2 2021.

MSP 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 MSP 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. MSP 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 work completed at MSP prior to the completion of the Acquisition under the direction of Messrs. Slassi, Araujo and Ragowski follow their combined experience in the successful identification of small molecule drug candidates across multiple therapeutic areas.

General Development of the Business of the Issuer Following the Acquisition

Effective September 19, 2020, the Issuer entered into a consulting agreement (the "**Ramos Consulting Agreement**") with Mr. Arvin Ramos, providing for Mr. Ramos's engagement as Chief Financial Officer.

[1] https://www.scientificamerican.com/article/johns-hopkins-scientists-give-psychedelics-the-serious-treatment/
[2] https://www.canada.ca/en/health-canada/services/drugs-health-products/compliance-enforcement/good-manufacturing-practices.html

Following completion of the Acquisition, the Issuer entered into an engagement letter dated October 16, 2020, with Mackie Research Capital Corporation relating to the Concurrent Financing.

As of November 3, 2020, the Ontario Brain Institute ("**OBI**") has invested $400,000 into the business of the Issuer, evidenced by a secured convertible promissory note (the "**OBI Promissory Note**"). The OBI Promissory Note bears a maturity date of March 1, 2023 and accrues interest at 6% per annum. Under the terms of the OBI Promissory Note, OBI has the option to convert the principal amount and any interest accrued thereon into Issuer Shares at a price equal to: (i) a 20% discount to the price or deemed price attributed to the Issuer Shares based on a 20-day volume weighted average price of the Issuer Shares, provided that the Listing is successful; or (ii) in the event the Listing is not completed, the most recent value per Issuer Share ascribed to each Issuer Share in connection with an offering by the Issuer of Issuer Shares or securities convertible or exchangeable into Issuer Shares that is completed prior to the date that the applicable conversion notice is delivered in accordance with the terms of the OBI Promissory Note, all subject to adjustment in certain events. At the Issuer's discretion, a minimum of 50% of the OBI Promissory Note can be settled in cash.

In connection with the OBI Promissory Note, the Issuer entered into a neuroscience early research and development project contract research organization funding agreement (the "**NERD Agreement**") as of November 3, 2020 with OBI and InterVivo. The NERD Agreement governs the use of funds by InterVivo with respect to the capital advanced by OBI to the Issuer under the OBI Promissory Note.

The OBI is a provincially funded, not-for-profit organization that accelerates discovery and innovation. OBI partners with research and industry to co-ordinate commercialization and application of brain-related technologies and to help de-risk investment in neuro-technologies, bridging the funding gap between research and private capital to ensure validated brain-related technology. The organizations collaborative approach will help the Issuer access experts in CNS disorders to help accelerate the Issuer's pre-clinical pipeline of drug assets.

On September 16, 2020, the Issuer entered into an agreement with a third-party contract research organization, relating to the synthesis of psilocybin related analogues and the storage of pharmaceutical research samples.

Effective October 1, 2020, the Issuer entered into a consulting agreement (the "**Higgins Consulting Agreement**") with Dr. Guy Higgins, providing for the engagement of Dr. Higgins as a scientific advisor. Mr. Higgins is the Chief Scientific Officer of InterVivo. He brings over 20 years of international CNS research and development experience with major bio-pharma organizations, such as Glaxo-Wellcome, Hoffmann-La Roche, Schering Plough and NPS Pharmaceuticals. As a leader of functional CNS groups in several of these organizations, Mr. Higgins has demonstrated a sustained commitment to the development and implementation of translational animal models to support the identification and progression of novel chemical entities from the early discovery stage through to clinical development. He has co-authored over 120 research papers and review articles covering aspects of CNS pharmacology, drug discovery and behavioural neuroscience.[3] Mr. Higgins received his PhD in 1990 and currently holds the position of Adjunct Professor in the Pharmacology department at the University of Toronto.

The Issuer continues to seek qualified individuals to join its scientific advisory team to expand its portfolio of novel compounds and advance its business plan.

The Concurrent Financing

On December 15, 2020 and December 16, 2020, the Issuer completed the Concurrent Financing and raised an aggregate gross amount of $5,000,000 through the issuance of an aggregate of 12,500,000 units of the Issuer (each an "**Issuer Unit**") at a price of $0.40 per Issuer Unit. Each Issuer Unit issued pursuant to the Concurrent Financing consists of one Issuer Share and one common share purchase warrant (an "**Issuer Warrant**"), each Issuer Warrant entitling the holder thereof to acquire on additional Issuer Share at a price of $0.60 for a period of two (2) years from the date of issuance.

In connection with the Concurrent Financing, as consideration for the services provided by the Agent, the Issuer paid

[3] https://pubmed.ncbi.nlm.nih.gov/?term=higgins%20ga%2C%205-ht%2C&page=5

to the Agent a cash commission of $178,710.50 (exclusive of the Agent's legal fees and reasonable out-of-pocket expenses) and issued to the Agent an aggregate of 446,776 Agent's Compensation Warrants, each Agent's Compensation Warrant exercisable at a price of $0.40 per Issuer Share until December 15, 2022.

In addition, the Issuer issued an aggregate of 15,938 compensation options (a "**Compensation Option**") to Damus Capital Limited, as consideration for introducing certain purchasers to the Issuer that participated in the Concurrent Financing. Each Compensation Option entitles the holder thereof to acquire one Issuer Share at a price of $0.40 until December 15, 2022.

3.2 Significant Acquisitions and Dispositions

The Acquisition

On June 23, 2020, North Sur signed a binding letter of intent (the "**Letter of Intent**") with MSP to combine their corporate entities, whereby (i) MSP would become a wholly-owned subsidiary of the Issuer (the "**Acquisition**"), (ii) the current shareholders of MSP would become the controlling shareholders of the Issuer, (iii) the business of MSP would become the business of the Issuer; (iv) the Issuer would change its name to "Mindset Pharma Inc.", and (v) the Issuer would seek a listing of the Issuer Shares on the CSE.

The Issuer, MSP and the MSP Shareholders executed the Share Exchange Agreement on July 31, 2020, which set out the terms and conditions of the Acquisition, namely:

a) the MSP Shareholders agreed to sell their MSP Shares in exchange for 1.5235 Shares for every one MSP Share held (the "**Exchange Ratio**");

b) the MSP Options were to be cancelled and in its place the Issuer would grant to the holder thereof such number of Options as determined in accordance with the Exchange Ratio, on the same terms and conditions as the cancelled MSP Options, except to the extent their terms may be adjusted (in accordance with the terms of such options and the Exchange Ratio) to reflect the Acquisition; and

c) Robert Falls, Ming Jang and Raymond Wladichuk would resign as directors of the Issuer and be replaced by Richard Patricio (Chairman and Director), Joseph Araujo (Director and Chief Science Officer), James Passin (Director) and Philip Williams (Director). James Lanthier would be appointed CEO.

The Share Exchange Agreement contained, among others, the following conditions precedent:

a) the closing of the North Sur Financing;

b) that there will not be in force any order or decree restraining or enjoining the consummation of the transactions contemplated by the Share Exchange Agreement, including, without limitation, the Acquisition;

c) that all consents, orders and approvals required or necessary or desirable for the completion of the transactions provided for in the Share Exchange Agreement will have been obtained or received, all on terms satisfactory to each of the parties, acting reasonably; and

d) the completion of due diligence by both the Issuer and MSP.

The conditions precedent under the Share Exchange Agreement were satisfied on September 11, 2020, at which time the Acquisition was completed. The Issuer issued an aggregate of 32,140,823 Issuer Shares to the MSP Shareholders, representing approximately 62.3% of the issued share capital of the Issuer on the date of closing of the Acquisition. The Issuer also issued 8,074,550 Options to the holders of the MSP Options, exercisable at a price of $0.0328 per share until February 1, 2023.

There are no remaining obligations that the Issuer must comply with in relation to the Acquisition. The Acquisition did not involve any Related Party of the Issuer, as defined in CSE Policies.

Other than the Acquisition, there have not been any significant acquisitions completed by the Issuer, nor are there any significant probable acquisitions proposed by the Issuer, for which financial statements would be required under National Instrument 41-101 *General Prospectus Requirements* if this Listing Statement were a prospectus. Similarly, there have not been any significant dispositions completed by the Issuer during the most recently completed financial year or the current financial year for which *pro forma* financial statements would be required under National Instrument 41-101 *General Prospectus Requirements* if this Listing Statement were a prospectus.

3.3 Trends, Commitments, Events or Uncertainties

Psychedelics are illegal to possess, obtain or produce without a prescription or a license and they are a Schedule III drug under the CDSA, however, subsection 56(1) of the CDSA allows for the use of psychedelics for medical or scientific purposes.

Psychedelics

Scientists today are entering a new era of studying a unique class of pharmacological compounds, known as psychedelics.[4] Although research with these compounds was first started in the 1950s and '60s, it abruptly ended in the early 1970s in response to unfavourable media coverage, resulting in misperceptions of risk and highly restrictive regulations. After a decades-long hiatus, in 2000 the research group at Johns Hopkins Center for Psychedelic and Consciousness Research ("**John Hopkins**"), located in Baltimore, Maryland, USA, was the first to obtain regulatory approval in the United States to reinitiate research with psychedelics in healthy, psychedelic-naive volunteers.[5] A 2006 publication of John Hopkins on the safety and enduring positive effects of a single dose of psilocybin is widely considered the landmark study that sparked a renewal of psychedelic research world-wide.[6]

Since that time, John Hopkins has published further ground-breaking studies in more than 60 peer-reviewed articles in respected scientific journals.[7] This makes Johns Hopkins the leading psychedelic research institution in the U.S., and among the few leading groups worldwide. Research undertaken at John Hopkins has demonstrated therapeutic effects in people who suffer a range of challenging conditions including addiction (smoking, alcohol, other drugs of abuse), existential distress caused by life-threatening disease, and treatment-resistant depression.[8] Studying healthy volunteers has also advanced understanding of the enduring positive effects of psilocybin and provided unique insight into neurophysiological mechanisms of action, with implications for understanding consciousness and optimizing therapeutic and non-therapeutic enduring positive effects.[9]

At John Hopkins, researchers are focused on discovering how psychedelics affect behaviour, mood, cognition, brain function, and biological markers of health. Upcoming studies will determine the effectiveness of psilocybin as a new therapy for opioid addiction, Alzheimer's disease, post-traumatic stress disorder (PTSD), post-treatment Lyme disease syndrome (formerly known as chronic Lyme disease), anorexia nervosa and alcohol use in people with major depression. Psychedelics are a class of drugs that affect the brain's serotonin receptors, triggering a variety of changes in sight, hearing and thought, thus producing an altered state of consciousness. Drugs commonly included in this category are LSD (known colloquially as acid), psilocybin and psilocin (psychoactive constituents of magic mushrooms), MDMA (known colloquially as ecstasy) and DMT (active constituent in ayahuasca).

In recent years, there has been a growing interest in the beneficial uses of psychedelics within the scientific and medical community, as well as in mainstream society as a new generation of individuals reach out to explore the medicinal development potential of substances such as psilocybin, LSD, ayahuasca, and MDMA. MDMA was granted breakthrough therapy designation by the FDA for the treatment of PTSD in 2017 and is currently in Phase 3 clinical trials. LSD is being evaluated for: (i) the treatment of PTSD, and is currently in Phase 3 clinical trials; and (ii) its ability to relieve anxiety.[10] Psilocybin was granted breakthrough therapy designation for both treatment-resistant

[4] https://hopkinspsychedelic.org/
[5] https://hopkinspsychedelic.org/
[6] https://hopkinspsychedelic.org/
[7] https://hopkinspsychedelic.org/index/#research
[8] https://hopkinspsychedelic.org/
[9] https://hopkinspsychedelic.org/
[10] https://maps.org/research/mdma/ptsd/phase3

depression and major depressive disorder in 2018 and 2019, respectively.[11] Psilocybin is also being evaluated for the cessation of smoking, the treatment of depression, and reducing the fear of death in individuals with terminal illness. Ayahuasca is being evaluated for its ability to combat depression.

There is an emerging body of evidence from research conducted at leading research institutions in North America and Western Europe, including Johns Hopkins, NYU[12], and Imperial College London[13], that psychedelic drugs, when used with medical guidance in an appropriate setting, can be beneficial to patients suffering from a range of neuropsychiatric disorders.[14]

These include studies demonstrating the efficacy of psychedelics in treating:

- Treatment-resistant depression[15] (Imperial College),
- End-of-life cancer angst (Johns Hopkins[16], NYU[17]).

The pharmaceutical potential of psychedelic drugs has excited researchers and clinicians due to the limit of treatment options and resistance of these conditions to conventional treatments.

According to the clinicaltrials.gov database, there are 100-150 clinical trials underway globally using psychedelics to treat various substance abuse and mental health disorders[18]. Some of the more advanced later-phase clinical trials featuring public domain psychedelics underway include:

- The Multidisciplinary Association for Psychedelic Studies (MAPS) announced the results of an interim analysis of the data from the first of its two Phase 3 clinical trials of MDMA-assisted psychotherapy for PTSD, indicating a 90% or greater probability that the trial will detect statistically significant improvement in PTSD symptoms[19]

- The Usona Institute has received Breakthrough Therapy Designation from the US Food and Drug Administration (FDA) for its Phase 2 clinical trial of psilocybin in the treatment of major depressive disorder (MDD).[20] Breakthrough Therapy Designation establishes the FDA's organizational commitment to promoting an efficient development program for psilocybin in MDD[21].

Current legislative framework under the CDSA

In Canada, oversight of healthcare is divided between the federal and provincial 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 ("**OHIP**"), distributing prescription drugs within the province, and regulating health professionals such as doctors, 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.

[11] https://www.fda.gov/patients/fast-track-breakthrough-therapy-accelerated-approval-priority-review/breakthrough-therapy
[12] https://www.nyu.edu/about/news-publications/news/2018/june/the-underground-world-of-psychedelics-and-the-potential-of-plant.html
[13] https://www.imperial.ac.uk/psychedelic-research-centre/research/
[14] https://www.scientificamerican.com/article/johns-hopkins-scientists-give-psychedelics-the-serious-treatment/
15 https://pubmed.ncbi.nlm.nih.gov/29119217/
16 https://www.ncbi.nlm.nih.gov/pmc/articles/PMC5367557/
[17] https://journals.sagepub.com/doi/pdf/10.1177/0269881116675512
[18] https://clinicaltrials.gov/ct2/show/NCT03866174
[19] https://maps.org/news/media/8154-press-release-interim-analysis-shows-at-least-90-chance-of-statistically-significant-difference-in-ptsd-symptoms-after-mdma-assisted-psychotherapy
[20] https://www.pharmaceutical-business-review.com/news/fda-grants-breakthrough-therapy-designation-to-usona-institutes-psilocybin-for-major-depressive-disorder/
[21] https://compasspathways.com/compass-pathways-receives-fda-breakthrough-therapy-designation-for-psilocybin-therapy-for-treatment-resistant-depression/

Health Canada, a department of the Government of Canada, regulates the Psychedelics under the Controlled Drugs and Substances Act ("**CDSA**") - MDMA and ketamine are Schedule I controlled substances, while LSD and psilocybin are both 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 if the Minister deems them necessary for a medical or scientific purpose, or otherwise in the public interest.[22]

The Issuer aims to discover, develop and deploy psychedelic inspired medicines to treat addiction and mental health conditions in a clinical test environment for medical and scientific purposes. The Issuer intends to work in partnership with third-party contract research organizations that hold a Controlled Drugs and Substances Dealers Licence to allow for analytical testing of psilocin and psilocybin, and to perform laboratory synthesis and pre-clinical testing. The Issuer has obtained clearance from the Health Canada to proceed with research work on its synthesized compounds. On September 4, 2020, the Issuer received confirmation from the Health Canada that its current portfolio of synthesized compounds were not deemed controlled substances under the CDSA and therefore the Issuer does not require further regulatory or legislative changes at this time in order to advance its business plan in compliance with the CDSA.[23]

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.

- *Pre-Clinical 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.

[22] https://www.dlapiper.com/en/canada/insights/publications/2020/06/an-update-on-psychedelics-in-canada/

[23] 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 Issuer 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.

Trends and Uncertainties

There are material trends and uncertainties that are both presently known to management and reasonably expected to have a material effect on the Issuer's business, financial condition or results of operations, as of the date of this Listing Statement, as set forth herein. Particularly in Section 17 – *Risk Factors*, this Listing Statement outlines trends in the psychedelics, pharmaceutical, biotechnology and natural health products industries, and summarizes some of the risks associated with making investments in those sectors. In addition to the risks outlined in Section 17 – *Risk Factors*, the recent COVID-19 pandemic may have a material impact on the Issuer's business. In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, have adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible at this time for the Issuer to predict the duration or magnitude of the impact of the outbreak and its effects on the Issuer's business or ability to raise funds in the future.

4. NARRATIVE DESCRIPTION OF THE BUSINESS

4.1(a) – Narrative Description of the Issuer's Business

The business of MSP became the business of the Issuer following the closing of the Acquisition (see *Section 4.1(b) – Narrative Description of Mindset's Business*).

4.1(b) – Narrative Description of Mindset's Business

4.1 General

The Issuer is a neuro-pharmaceutical drug discovery and development platform company that seeks to advance medicines based on psychedelic substances through rigorous scientific and clinical trials, designed by its scientists and conducted at their direction by specialized third-party contract research organizations. The Issuer'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, the Issuer is actively assembling a portfolio of intellectual property relating to the synthesis, production and manufacturing of psychedelic-inspired medicines for use as prescription medications, along with processes relating to their synthesis, production and manufacturing. The Issuer 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 conditions that have proven resistant to traditional drug therapies.

The Issuer considers its business and related activities to be typical for a biopharma business focused on pre-clinical drug discovery and development. The goal of pre-clinical drug discovery and development is to identify, screen and select new chemical entities ("**NCEs**") (i.e. new molecules not previously identified in scientific literature) that have efficacy characteristics and a safety profile that would make them promising and acceptable candidates to bring to the 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 pre-clinical development practices can have significant value. Pre-clinical 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), 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), and e) preparation of an investigational new drug application ("**IND**") 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. Generally, the rational development of a new drug follows a three-step process. 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.[24] With respect to psychedelics, it is generally agreed upon that the biological target is the 5HT-2A receptor. This is a subtype of the 5-HT2 receptor that belongs to the serotonin receptor family. It is a well understood scientific concept, which substantially de-risks the drug development process for the Issuer compared to traditional drug discovery processes.

The Issuer is applying these 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 2, 2020, the Issuer filed two provisional patent applications with the USPTO covering two novel diverse chemical scaffolds protecting the discovery and development of NCEs to treat the aforementioned indications. The Issuer 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 Issuer's compounds display an effect at the key 5HT2A receptor similar to, and in some cases superior to, psilocin, the active metabolite of psilocybin. The Issuer is now advancing its proprietary compounds through a highly focused and carefully 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 proof of concept human clinical trials.

Additionally, the Issuer's scientists have identified chemical synthesis process for synthesizing its own novel compounds as well as psilocybin that could represent cost and simplicity advantages over established psilocybin synthesis methodologies. On February 2, 2020, the Issuer filed two provisional patent applications with the USPTO related to new psychedelic drug designs. These provisional patent applications are considered "composition of matter" patent applications, in that they attempt to describe NCE's not previously described in existing literature.

The Issuer's patent applications cover two chemically distinct families of compounds (the "**Mindset NCE's**") which the Issuer's management team believes, based on available literature and the team's experience in designing targeted small molecules, would evoke a psychedelic effect similar to psilocybin, while achieving an optimized pharmacological drug profile (e.g., minimizing extraneous metabolites in the compound design to create a more uniform effect of the drug across a broad range of patient populations).

The Issuer has synthesized approximately 30 compounds across the two Mindset NCE's and has conducted a number of "in -vitro" tests, i.e. tests in a controlled lab environment on these compounds in order to understand their potential effect. The Issuer's in-vitro testing program focused on the activity of its compounds across a range of serotonin receptors (the "**5-HT receptors**"). The 5-HT receptors are a group of receptors found in the central nervous system that modulate the release of neurotransmitters and hormones, influencing a variety of biological and neurological processes including aggression, anxiety, appetite, cognition and mood, among others. They are typically the target of a range of pharmaceutical drugs, including antidepressants and antipsychotics[25]. It is well understood that the 5-HT2A receptor is the critical serotonin receptor for activating a psychedelic experience[26]. In its in-vitro program, the Issuer measured the positive effect (or, "agonism") of its patent pending compounds at a number of 5-HT receptors, including the 5-HT2A receptor, using a FLIPR assay (test), which detects changes in cellular membranes. The Issuer's first patent family of compounds generally exhibited similar agonist properties as psilocin, the major active metabolite of psilocybin, across human 5HT receptor subtypes and particularly 5HT2A. The second patent family, however, demonstrated a range of potency and effect on the 5HT2A receptor such that the Issuer has identified compounds with significantly greater potency and functional efficacy compared to the psilocin benchmark.

Currently, high-quality psilocybin for research purposes is expensive and difficult to procure. The Issuer believes that there is a market opportunity in supplying researchers and businesses conducting studies with high quality low cost psilocybin, and believes that this market will grow as interest and clinical trials utilizing psilocybin expand. The Issuer tested its psilocybin synthesis process with a third party contract research organization, and based on the data provided by this confirmatory testing, developed a provisional patent application covering the process which it filed with the USPTO on July 24, 2020.

[24]https://www.pharmaceutical-journal.com/opinion/comment/rational-drug-design-identifying-and-characterising-a-target/10969751.article?firstPass=false
[25] https://en.wikipedia.org/wiki/5-HT_receptor
[26] https://www.ncbi.nlm.nih.gov/pmc/articles/PMC5756147/

On July 24, 2020, the Issuer filed a provisional patent application with the USPTO covering a new chemical synthesis process for synthesizing both intermediates of the Mindset NCE's as well as the synthesis of psilocybin and psilocin (the "**Mindset Synthesis Process**"). The Issuer's team believes that the Mindset Synthesis Process represents fewer steps to synthesize psilocin and psilocybin than any of the established methodologies used today and has advantages over current processes that include: lower cost, milder reaction conditions; more convenient operations; easily obtained commercially available raw materials; suitability for multi-kilogram scale manufacturing; and lower environmental impact. The Issuer is completing its scale-up and optimization work on its process and will then seek full intellectual property protection through a final patent application. The Issuer expects to commercialize its process through licensing and / or partnership arrangements.

Through the Issuer's drug development platform, the Issuer retains all rights to its intellectual property by leveraging third-party CROs to perform laboratory synthesis and pre-clinical testing at the direction of the Issuer. The Issuer's proprietary compound designs incorporate decades of know-how expertise and insight into targeted small molecule drug design accumulated by its scientific team and advisors. As an early-stage scientific discovery business, the Issuer 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. The Issuer'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, thereby de-risking the most challenging aspect of developing new drugs for neuropsychiatric indications, which often do not demonstrate significant clinical benefit.[27] The Issuer's platform strategy is currently focused on the discovery and development of psychedelic substances, but the Issuer will ultimately seek to commercialize our psychedelic inspired medicines in the future.

The Issuer anticipates that psychedelic inspired medicines will be a novel class of drugs that may include both drugs based on non-hallucinogenic medicines derived from psychedelics but with a negligible or no hallucinatory effect, or treatment through hallucinogenic therapies that would be performed in-clinic and under the supervision of a doctor and therapist. Regardless of the treatment, management of the Issuer intends that its approach will always be the same – in order to commercialize the psychedelic inspired medicines that it develops it will need to first secure regulatory approval for its medicines. Obtaining regulatory approval for its new drugs entails conducting clinical trials utilizing research scientists with a sophisticated pharmacology background as well as physicians with expertise in areas relevant to the targeted therapeutic benefit, using experienced clinical drug development teams, the production and supply of drugs at all levels of development according to current cGMP and ensuring that all trials and development will be conducted under the supervision and guidance of Health Canada, the FDA and other applicable regulatory authorities. The Issuer will need to source or acquire these services directly itself or through partnerships with organizations that have these capabilities in-house.

The Issuer has assembled a team of experienced professionals as members of its scientific advisory team, including Mr. Joseph Araujo, the Issuer's Chief Science Officer and also a director of the Issuer, Dr. Malik Slassi, the Issuer's Chief Chemist, Dr. Guy Higgins, who acts as an independent scientific advisor to the Issuer and Dr. Michael Ragowski, who also acts an independent scientific advisor to the Issuer. In addition, the Issuer has contracted three third-party CROs for in-vitro testing, in-vivo testing and synthesizing of the Mindset NCE's.

Classic Psychedelic Drugs

Psychedelic drugs are psychoactive drugs which can cause in their users altered states of consciousness, along with auditory and visual hallucinations. Classic psychedelic drugs include LSD, "magic mushrooms" or their active constituents such as psilocybin and psilocin, DMT, and MDMA, among others.

As the classic psychedelics have been well described in literature of the past several decades and as a result, obtaining intellectual property rights over the classic psychedelics is challenging.[28] It is not possible to receive a "composition of matter" patent, which would protect any use of the molecules. While it is possible to patent specific formulations of these drugs, the relative protection provided by this strategy is far less meaningful than a composition of matter patent. The Issuer believes that this presents a significant opportunity to create second-generation psychedelic

[27] https://www.ncbi.nlm.nih.gov/pmc/articles/PMC6041963/
[28] https://www.ncbi.nlm.nih.gov/pmc/articles/PMC3146086/

medicines, where the patent protection provided can justify the vast expenses necessary to progress drug candidates through clinical trials. It is the Issuer's belief that only the psychedelic drugs that have a composition of matter patent protection will be able to provide the economic incentive necessary to attract significant investment.

The Issuer believes that designing second generation psychedelic inspired medicines, which improve upon the pharmacological and therapeutic efficacy of the classic psychedelics described herein presents a significant potential market opportunity given the following factors:

1. the substantial number of patients suffering from psychiatric and neurological conditions that are not well treated by or are refractory to currently approved pharmaceuticals;

2. the growing evidence and research in support of the therapeutic benefit of psychedelics and the increased willingness of regulators to consider psychedelic drugs as a valid treatment option for neuropsychiatric disorders;

3. the under-explored potential to optimize "classic" psychedelic drugs by creating more stable and predictable pharmaceutical drugs;

4. the potential value in creating new drugs that will enjoy patent protection; and

5. the ongoing clinical evidence currently establishing the utility and clinical processes for psychedelic-assisted therapies greatly de-risks the drug development pathway being undertaken by the Issuer.

Intellectual Property

Similar to other pre-clinical biopharma drug discovery businesses, the Issuer's business is focused on developing novel drugs that offer potential benefits beyond competing drugs, while securing strong intellectual property rights in order to maximize its ability to monetize them through licensing or partnerships with groups who have the infrastructure and expertise to manufacture, market and sell pharmaceutical drugs.

The Issuer's primary goal is to develop new psychedelic drugs with superior pharmacokinetic and pharmacological properties that enjoy patent protection. On February 2, 2020, the Issuer filed two provisional patent applications with the USPTO related to new psychedelic drug designs. These provisional patent applications are considered "composition of matter" patent applications, in that they list the chemical ingredients making up the NCE's not previously described in existing literature.

The Issuer's patent applications known as the Mindset NCE's cover two chemically distinct families of compounds, which the Issuer's management team believes, based on available literature and the team's experience in designing targeted small molecules, would evoke a psychedelic effect similar to psilocybin, while achieving an optimized pharmacological drug profile (e.g., minimizing extraneous metabolites in the compound design to create a more uniform effect of the drug across a broad range of patient populations). Through a series of in-vitro tests the Issuer has developed initial confirmation that a subset of the Mindset NCE's may achieve a similar effect as psilocybin.

In order to maintain the priority date of its initial filing, the Issuer will file its final patent applications on the Mindset NCE's within 12 months from the date of the filing of its provisional applications. Its final patent applications will identify a smaller subset of compounds than those identified in the provisional applications. The final patent applications will also specify certain indications for which the Issuer's scientific advisors believe it may have therapeutic benefit. After submitting its final application, the USPTO will review the Issuer's application's claims and may approve, reject, or approve amended versions of the claims made in the final patent application.

The ultimate goal of the Mindset NCE program is to create a compound or range of compounds which can address similar indications as the psychological conditions that have shown a positive response to psilocybin therapies (e.g. treatment resistant depression and end-of-life care). The Issuer's scientific advisory team, however, is of the view that there may be additional neuropsychiatric indications that the Mindset NCEs could address, although these would require further clinical research.

The Mindset NCE's have been designed by the Issuer's Chief Chemist, Dr. Malik Slassi. Dr. Slassi has over 30 years of experience in the successful identification of small molecule drug candidates across multiple therapeutic areas including oncology, neurology, immunology, and gastroenterology.[29] Dr. Slassi has a strong record of drug development with over 20 drug candidates advances into late-stage pre-clinical and clinical development, over 130 issued and published patents and patent applications and more than 65 scientific and review articles published in international peer-reviewed medical journals.[30]

Subsequent to filing the Mindset NCE patent applications, the Issuer, through a research partner, synthesized a group of compounds and generated certain in-vitro (i.e. in a laboratory setting) data to screen and quantify the effect of its compounds on certain human brain receptors that are considered essential in evoking the therapeutic benefit in patients. As the Issuer generates new data it will continue to expand patent coverage through the development program.

In the course of developing the Mindset NCE's, the Issuer's scientific team identified a novel process to synthesize psilocybin as well as its own NCE's. 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 Issuer believes that its psilocybin synthesis process will realize maximal value with intellectual property protection. On July 24, 2020, the Issuer filed a provisional patent application with the USPTO for the Mindset Synthesis Process. This provisional patent application is considered a "process" patent application, which outlines in detail the specific steps and conditions making up the Issuer's route to synthesis.

The Issuer intends to further validate the steps outlined in its provisional application and filing its final application as quickly as possible. The Issuer believes that a licensing approach to commercialization, whereby the Issuer partners with groups who already possess or have invested in manufacturing infrastructure, is the optimal route for the Issuer to advance its business as it will enable the Issuer to commercialize the Mindset Synthesis Process faster and with less capital invested. The Issuer believes that once its final application has been filed, it will be in a protected position around the details of its process and can enter into commercial discussions with groups regarding licensing partnerships with respect to the Mindset Synthesis Process.

Product Information and Distribution

The Issuer does not currently market or distribute any products and will formulate product information and distribution plans as products are developed.

Distribution Methods & Principal Markets

The Issuer does not currently have nor does it currently plan to acquire the infrastructure or capability internally to manufacture its clinical drug supplies for use in the Issuer's clinical trials, and it lacks the resources and the capability to manufacture any of its drug candidates on a clinical or commercial scale. Instead, the Issuer will rely on contract manufacturers to produce its drug candidates. The facilities used by the Issuer's contract manufacturers must be approved by the applicable regulatory authorities, including the FDA, pursuant to inspections that will be conducted after a new drug application ("**NDA**") is submitted to the FDA or the non-US equivalent thereof. Other than through "Quality Agreements" to be entered into with its suppliers, the Issuer will not control the manufacturing process of its drug candidates and will be dependent on its contract manufacturing partners for compliance with the FDA's requirements for manufacture of both the active drug substances and finished drug products.

[29] https://trilliumtherapeutics.com/portfolio-item/dr-malik-slassi/
[30] http://www.lumasonix.com/team

Future Research and Development

While the Issuer's new drugs will require comprehensive clinical development, its first priority is our proprietary research and development programs, which are essential to advancing its product portfolio position. For the time being, the Issuer maintains intellectual property generated by its research and development programs as trade secrets. The Issuer anticipates that as these programs mature, patent applications will be filed and more details about these programs will be disclosed at such time.

Specialized Skill and Knowledge

The Issuer's business requires specialized knowledge and technical skill around the discovery and development of patentable drug candidates, quality assurance, laboratory synthesis and pre-clinical testing. Aside from the Issuer's directors and officers, the Issuer has assembled a team of experienced persons under contract as consultants who can provide the Issuer with these professional services.

Seasonality

Although the Issuer does not believe that its business is seasonal in nature, it expects to experience some variation in operating results from quarter to quarter. The Issuer believes that the factors which influence this variability of quarterly results include general economic and industry conditions that affect current news on alternative medicinal therapies, the timing of the Issuer's introduction of new patents, the level of acceptance of novel therapies by medical professionals, the seasonality of the markets in which the Issuer participates and the actions of competitors. Additionally, the Issuer may experience increased financial performance depending upon when the Issuer engages in significant promotional activities.

Operations

The Issuer's strategy is to leverage the growing research and regulatory acceptance of classic psychedelics to develop patentable, optimized medicines for neuropsychiatric indications.

The Issuer's model is to:

1. start with public domain pre-clinical or/and clinical stage psychedelic drug candidates with proven therapeutic benefits as reference drugs for its own designs.

2. apply target-oriented rational drug design methodologies to develop novel drugs with improved efficacy and reduced safety liability.

3. use selected in-vitro & in-vivo tests to benchmark against clinically-relevant reference drugs to demonstrate improved pharmacological parameters.

4. seek intellectual property rights in order to enhance and protect the value of the Issuer's inventions.

5. once the investigational new drug application phase has been reached (i.e. at the conclusion of the pre-clinical testing process), the Issuer will endeavour to partner with third parties that have infrastructure and expertise in clinical trials.

6. re-apply learnings from the discovery and pre-clinical steps to discovering and developing new intellectual property.

Business Objectives and Milestones

Business Objectives

The Issuer's business objectives over the next twelve (12) months are to:

1. advance its innovations towards commercialization: the Issuer intends to develop its innovations to a stage where it has generated sufficient evidence, which may or may not include final patent stage, to partner with established pharma industry players to complete clinical testing and begin commercialization.

2. develop and commercialize the Mindset Synthesis Process.

3. continue to add to and grow its pipeline of new innovations within the psychedelic-inspired medicine space.

4. expand the Issuer's organizational infrastructure and capabilities to support the growth of its business.

The ultimate end goal of new drug development is to bring a new medicine to market that offers a verified therapeutic benefit. In order to reach this market, new drugs are required to go through a new drug approval process that typically requires comprehensive human testing (i.e. phase I - III). Human clinical trials can take multiple years and involves large groups of patients and as such require significant investment. There is, however, an established model in the pharmaceutical industry for companies such as the Issuer, which focus on discovery and pre-clinical development, to partner with larger established pharmaceutical players on the clinical development of their novel compounds. These partnerships are typically formed once they have generated evidence around the efficacy and safety of their compounds through pre-clinical screening, but in advance of human trials.

While the specifics of such partnerships vary, they can include a full or partial sale or licensing of individual compounds, or groups of compounds, and leveraging the infrastructure and expertise of larger organizations in conducting human trials.

Management anticipates that, with additional evidence generated by in-vivo testing, it will be able to begin discussions with larger organizations in the biomedical technologies industry with respect to potential partnerships. The Issuer intends on hiring a business development executive with a background and expertise in such partnerships to help the Issuer solicit partnership opportunities with both larger pharmaceutical organizations as well as other participants in the psychedelic medicine market.

The Issuer's management believes that there will be significant interest from both big-pharma organizations as well as other emerging issuers in the psychedelic pharmaceutical market, given the evidence generated by the Issuer in its in-vitro testing to date, along with the date of its patent filings. The Issuer has conducted several pharmacological tests on its proprietary synthesized compounds, including a gold-standard functional assay to determine its molecules' functional activity at the human 5HT-2A receptor and other serotonin subtypes, benchmarking these compounds against psilocin, a major active metabolite of psilocybin. A subset of the Issuer's synthesized compounds are exhibiting equivalent efficacy on the 5HT-2A receptor as compared to psilocin, with clear structure-affinity relationship (SAR), and with certain compounds demonstrating a several-fold increase in efficacy and potency compared to psilocin. Given its provisional filing date of February 2, 2020, and considering this preliminary receptor data, the Issuer believes, provided its in-vivo program continues to confirm the efficacy of the Mindset NCE's, that there will be significant interest in its compounds.

Milestones

1. Advancing the Mindset NCE's

The Issuer will continue to follow the established pre-clinical testing pathway for new drugs by a) engaging a Canadian-based CRO to complete the chemical synthesis, in-vitro testing and in-vivo (i.e. animal) benchmarking of its compounds against standard classical psychedelics and, once complete, b) selecting a smaller group of promising compounds to advance through further in-vivo testing to confirm their safety, efficacy, and pharmacokinetic properties. At the conclusion of in-vivo testing, the Issuer anticipates selecting one or more lead compounds to build a portfolio of evidence that can be used in an investigational new drug application.

The Issuer has engaged InterVivo, 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 Issuer's products/compounds candidates.

In the latter part of 2020, in-vivo testing on the Mindset NCE's was initiated. In-vivo testing is being conducted by InterVivo, a leading CRO that specializes in translational animal models for central nervous system and neurological drugs. Mindset's NCE in-vivo program involves administering a subset of its most promising NCE's to a number of animal species, and recording patterns of behavior that are widely understood to be predictive of specific serotonin receptor activity. These patterns are observed across a range of doses. Mr. Joseph Araujo, the Issuer's Chief Science Officer and a Director of the Issuer, is the CEO of InterVivo and a recognized expert in predictive pre-clinical animal models. Management of the Issuer believes that access to InterVivo's sophisticated and proven animal models coupled with Mr. Araujo's expertise are significant advantages to the Issuer in its goal of developing clinical drug candidates.

2. Develop and Commercialize the Mindset Synthesis Process

The Issuer believes that the medical psychedelic drug market will, as it evolves and expands, need reliable sources of GMP grade psilocybin and psilocin. Currently, GMP grade psilocybin is expensive and difficult to procure; psychoactive mushrooms are not a reliable source of psilocybin and are inappropriate for medical use, and published estimates on the cost of chemically synthesized psilocybin range from USD $7,000 - $10,000 / gram, with relatively few options available for purchase.

The Issuer believes that the chemical synthesis process outlined in its July 2020 patent application filed with the USPTO represents an advancement over published methodologies. In order to confirm the specifics outlined in its patent application the Issuer intends on engaging a third-party CRO to test and refine its processes with the goal of filing a final patent application incorporating these new insights by Q3 2021. The Issuer estimates the cost of this process to be up to $200,000.

Given the expense and scale required to efficiently conduct GMP chemical synthesis, the Issuer believes that licensing the Mindset Synthesis Process to one or more groups that own and operate GMP compliant facilities will be the most advantageous route to commercializing its portfolio of intellectual property. The Issuer plans on engaging with contract chemical manufacturers to discuss establishing a GMP process for mass production of psilocybin utilizing the Mindset Synthesis Process with the aim of wholesale psilocybin for clinical and research purposes. The Issuer anticipates that this could be accomplished by Q2 2021 and will represent the initial revenue generating development of the Issuer.

The Issuer projects that initial revenue from licensing its psilocybin process in Q3 2021 could range from $25,000-$200,000 depending on the commercial terms of its partnerships, the success of its business development outreach, and the development of competitive alternatives.

3. New Innovation Discovery

The Issuer's management team believes that the psychedelic-inspired drug market represents a largely under-explored area of science and medicine with abundant opportunities to design new drugs and related processes. Moreover, management of the Issuer envision a positive feedback loop of the research learnings generated from the Issuer's activities now generating additional ideas and inventions. As the Issuer's scientific advisory team advances its knowledge around the properties and activities of psychoactive compounds and their interaction with the key brain receptors, the Issuer expects that these insights will foster additional innovations which the Issuer can develop into proprietary innovations that it can develop and monetize as the psychedelic pharmaceutical space continues to evolve.

New NCE's

The Issuer's scientific team is of the view that it can apply its rational drug design technologies to other classic public domain psychedelics (e.g., DMT, LSD, MDMA) in order to create optimized, patentable medications for other indications.

In December 2020, the Issuer filed a third provisional patent application with the USPTO focused on a third chemical scaffold of NCE's.

New Synthesis Processes

The widespread adoption of psychedelic medicines will in part depend on accessibility of high quality GMP grade psychedelic medicines at an affordable cost. The Issuer's scientific team believes that there are complimentary synthesis processes that it can develop that would facilitate the synthesis of both its own psychedelic medicines as well as other companies in the psychedelic space.

By the end of Q1 2021, the Issuer intends to file a second provisional patent application with the USPTO for its novel chemical synthesis process.

4. Expand the Issuer's organizational infrastructure and capabilities to support the growth of its business

The Issuer intends on expanding its organization in order to allow it to better:

- **Manage its growing intellectual property portfolio -** Develop in-house intellectual property expertise in order to manage its filings both in North America and internationally; develop a more sophisticated intellectual property filing strategy.

- **Improve its innovation and intellectual property through-put -** Add scientific and project management resources in order to ensure that it is maximizing the potential scope of its innovations, as well as documenting and advancing individual inventions through pre-clinical evidence generating steps.

- **Commercialize its Inventions -** The Issuer believes that the most efficient approach to commercializing its inventions will be to license its NCE's and processes to groups that have the clinical and / or manufacturing infrastructure. The Issuer intends on adding in-house business development resources that have domain expertise and industry relationships that they can leverage.

Plans of Operations and Business Objectives

The Issuer expects to accomplish the following business objectives and milestones over the 12-month period following the date of this Listing Statement:

Business Objective	Action	By When	Estimated Costs
A third provisional patent application focused on a third chemical scaffold of NCE's.	• Finalize scaffold design based on review of published literature. • Work up and file patent application.	Filed in December 2020	$20,000
A second provisional patent application for a novel chemical synthesis process.	• Finalize and file application for complementary patent to broaden the scope of process innovation owned by the Issuer.	Q1 2020	$20,000
Evaluate PK/PD and metabolite profile of 20-25 NCEs and select lead compounds for further development.	• Engage a third party contract research organization to benchmark NCEs against classical psychedelics and establish PF and safety of a subset of the most promising compounds. • Finalize and file final patent applications on the current two chemical scaffolds.	Q4 2020 Q1 2021	$380,000

Testing and refining the processes outlined in its provisional patent application with the assistance of a third-party contract manufacturing organization with the goal of filing a final patent application incorporating these new insights.	• Confirm that the synthesis process outlined in the provisional patent can be performed under GMP (Good Manufacturing Practice) conditions. • Business development / marketing outreach to market participants who have infrastructure capable of GMP psilocybin manufacturing (i..e, contract drug manufacturers) • Establish partnerships with key manufacturing partners on a regional basis (Canada, USA, UK, EU), wherein the Issuer licenses its proprietary psilocybin synthesis technology and receives a revenue share in return	Q2 2021	$380,000
Establishing a GMP process for mass production of psilocybin and, assuming the manufacturing are as favorable as anticipated, will aim to wholesale psilocybin for clinical and research purposes. The Issuer anticipates that this could be accomplished by Q2 2021 and will represent the initial revenue generating development of the Issuer.	• Finalize process based on outcome of GMP optimization. • Work up and file patent application	Q2 2021	$50,000
Evaluate exploratory safety and toxicity of lead compounds.	• The Issuer will engage a contract research organization ("**CRO**") to conduct sub-chronic safety studies in one rodent and one non-rodent species to inform subsequent investigational new drug ("**IND**") enabling studies.	Q2 2021	$150,000
TOTAL:			**$1,000,000**

Funds Available

The Issuer had approximately $5,400,000 of estimated consolidated working capital as of the date of this Listing Statement. The following table outlines the Issuer's expected use of its available funds, as well as expenses it expects to incur over the next twelve months:

Category of Expense	Use of Available Funds (C$)	Expected 12 Months Expenditures (C$)
Research and Development	1,000,000	1,000,000
Consulting Fees	360,000	360,000
Professional Fees	210,000	210,000
Office and General	30,000	30,000

Working Capital	3,800,000	3,800,000
TOTAL	**5,400,000**	**5,400,000**

There may be circumstances where, for sound business reasons, a reallocation of funds may be necessary, including due to demands for shifting focus or investment in business development activities, requirements for accelerating, increasing, reducing, or eliminating initiatives in response to changes in market, regulations and/or developments in research, unexpected setbacks, and strategic opportunities, such as partnerships, strategic partners, joint ventures, mergers, acquisitions, and other opportunities. The Issuer has no other sources of funds and may require additional funding in order to fulfill all of the Issuer's expenditure requirements and to meet its objectives, in which case the Issuer expects to either issue additional securities or incur indebtedness. There is no assurance that additional funding required by the Issuer will be available if required, or on terms acceptable to it, or at all.

4.1 Asset-backed Securities

The Issuer does not have any asset-backed securities outstanding.

4.2 Mineral Projects

The Issuer does not have any mineral projects.

4.3 Oil and Gas Operations

The Issuer does not have any oil and gas operations.

5. SELECTED CONSOLIDATED FINANCIAL INFORMATION

5.1 Annual Financial Information

(a) **North Sur**

The following table sets forth selected financial information for North Sur for the financial years ended December 31, 2019, 2018 and 2017, and the six months ended June 30, 2020. Such information is derived from the financial statements of North Sur and should be read in conjunction with such financial statements which are attached as schedules hereto.

	Six Months ended June 30, 2020	**Year ended Dec. 31, 2019**	**Year ended Dec. 31, 2018**	**Year ended Dec. 31, 2017**
Revenue	Nil	Nil	Nil	Nil
G&A Expenses	$49,652	$45,624	$13,946	$5,540
Net Income (loss)	$141,068	($33,102)	($13,946)	($580,631)
Basic and diluted income (loss) per share	$0.29	($0.00)	($0.00)	($0.02)
Current Assets	$54,827	$19,955	$9,859	$9,856
Total Assets	$64,827	$19,955	$9,859	$9,856
Current Liabilities	$40,801	$386,997	$343,799	$329,850
Long-term Liabilities	Nil	Nil	Nil	Nil
Shareholders' Equity	$14,026	($367,042)	($333,940)	($319,994)

North Sur did not have any active business operations during the financial years ended December 31, 2019, 2018 and 2017.

Other than as noted above, there were no factors affecting the comparability of the above data, including discontinued operations, changes in accounting policies, significant acquisitions or significant dispositions or major changes in the direction of North Sur's business.

(b) **MSP**

The following table sets forth selected financial information for MSP for the fiscal period commencing from its date of incorporation on October 7, 2019 to June 30, 2020. Such information is derived from the financial statements of MSP and should be read in conjunction with such financial statements which are attached as a schedule hereto.

Item	Amount ($)
Professional Fees	$20,831
General and Administrative	$5,157
Share-Based Compensation	$190,409
Net Income (Loss)[(1)]	($481,882)
Basic and diluted income (loss) per share	($0.03)
Current Assets	$561,244
Total Assets	$561,244
Current Liabilities	$92,132
Long-term Liabilities	$nil
Shareholders' Equity	$469,112

Note:

1. *The loss as of June 30, 2020 was due primarily to consulting fees of $265,485 (incurred toward development of MSP's intellectual property and business), and $190,409 as stock based compensation expenses (pertaining to the grant of incentive stock options).*

(c) **The Issuer**

The following table sets forth selected financial information of the Issuer as of September 30, 2020 for the three months ended September 30, 2020, attached as Appendix "G" to this Listing Statement.

Item	Amount ($)
Current Assets	1,416,426
Total Assets	1,416,426
Current Liabilities	139,709
Total Liabilities	139,709
Shareholders' Equity	1,276,617

The Issuer has not paid dividends on its shares nor does it intend to do so in the foreseeable future. The future payment of dividends will be dependent upon the financial requirements of the Issuer to fund future growth, the financial condition of the Issuer and other factors that the Board may consider appropriate in the circumstances.

5.2 Quarterly Information – North Sur

The results for each of North Sur's eight most recently completed quarters ending at the end of the most recently completed financial year, namely December 31, 2019, are summarized below:

Quarter	Dec. 31, 2019	Sept. 30, 2019[(1)]	June 30, 2019	Mar. 31, 2019
Revenue	Nil	Nil	Nil	Nil
Net Income (loss)	($36,051)	$2,356	$295	$298
Basic and diluted income (loss) per share	($0.00)	$0.00	$0.00	$0.00

Quarter	Dec. 31, 2018	Sept. 30, 2018	June 30, 2019	Mar. 31, 2018
Revenue	Nil	Nil	Nil	Nil
Net Income (loss)	($10,746)	$239	($293)	($3,146)
Basic and diluted income (loss) per share	($0.00)	$0.00	($0.00)	($0.00)

Note:

1. *The net income for the three months ended September 30, 2019 included income of $12,522 from debt forgiveness.*

5.3 Dividends

There are no restrictions in the Issuer's corporate articles on its ability to pay dividends. However, (i) the Issuer has never paid a dividend nor made a distribution on any of its securities, (ii) the Issuer has had limited income and no other sources of funds from which to pay dividends, and (iii) given the stage of the Issuer's development, it could be a long period of time before the Issuer may be in a position to pay dividends or make distributions to its shareholders. The payment of any future dividends by the Issuer will be at the sole discretion of the Board. In this regard, the Issuer expects it will retain any earnings to finance its further growth.

5.4 Foreign GAAP

The Issuer's financial information is not prepared or presented on the basis of foreign GAAP.

6. MANAGEMENT'S DISCUSSION AND ANALYSIS

Annual MD&A - MSP

MSP's annual MD&A for the period from incorporation to June 30, 2020 is attached to this Listing Statement as Schedule "B".

Annual MD&A - North Sur

North Sur's MD&A for the fiscal year ended December 31, 2019 is attached to this Listing Statement as Schedule "D".

Interim MD&A - North Sur

North Sur's MD&A for the six months ended June 30, 2020 is attached to this Listing Statement as Schedule "F".

7. MARKET FOR SECURITIES

The Issuer's Common Shares have not been listed or posted for trading on any recognized stock exchange since March 2018. The securities of North Sur were previously listed on the TSX-V from May 12, 2011 until May 8, 2017. On August 21, 2017, North Sur's securities were transferred to the NEX due to North Sur's failure to maintain the listing requirements of a Tier 2 Mining Issuer. The securities of North Sur were subsequently delisted from the NEX on March 28, 2018 for failure to pay listing maintenance fees (see *Item 10.7- Stock Exchange Price* of this Listing Statement for additional information). In the event that the CSE approves the Listing of the Issuer Shares, the Issuer intends to be traded on the CSE under the symbol "MSET".

8. CONSOLIDATED CAPITALIZATION

The Issuer is authorized to issue an unlimited number of Common Shares. As at the date of this Listing Statement, the outstanding capital of the Issuer consists of the following, after giving effect to the Acquisition:

Designation of Security	Number Authorized	Amount Outstanding as of December 31, 2019	Amount Outstanding as of the date of this Listing Statement
Common Shares	unlimited	23,990,000[(1)]	66,140,789
Warrants	n/a	Nil	24,500,000
Options	9,764,550	Nil	7,741,050
Agent's Compensation Warrants[(2)]	446,776	Nil	446,776
Compensation Options[(3)]	15,938	Nil	15,938

Note:

1. *Prior to giving effect to the Consolidation of the North Sur Shares on a 50:1 basis.*
2. *Issued in connection with the Concurrent Financing.*
3. *Issued in connection with the Concurrent Financing.*

For further details about the Issuer's outstanding securities, see Section 10 – *Prior Sales*.

9. OPTIONS TO PURCHASE SECURITIES

The Issuer under its current 20% fixed stock option plan (the "**Stock Option Plan**") may issue options to acquire Shares, provided that the number of shares reserved for issuance will not exceed 13,228,157 Shares, inclusive of all Shares which may be issued pursuant to the previously granted stock options, including the currently outstanding 7,741,050 Options. The purpose of the Stock Option Plan is to offer to the Issuer's directors, officers, employees and consultants the opportunity to acquire a proprietary interest in the Issuer, thereby providing an incentive to such persons to promote the best interests of the Issuer, and to provide the Issuer with the ability to attract qualified persons as directors, officers and employees. The following is a brief description of the principal terms of the Stock Option Plan:

Number of Shares Reserved. The maximum number of Shares which may be issued pursuant to options granted under the Stock Option Plan shall not exceed 13,228,157.

Maximum Term of Options. The term of any options granted under the Stock Option Plan is fixed by the Board and may not exceed 10 years from the date of grant. The options are non-assignable and non-transferable.

Exercise Price. The exercise price of options granted under the Stock Option Plan is determined by the Board, provided that the exercise price is not less than the greater of the closing market prices of the Issuer's Shares on (a) the trading day prior to the date of grant of the stock options; and (b) the date of grant of the stock options, or if the Issuer's Shares are no longer listed on the CSE, then in accordance with the rules or policies of such other exchange or quotation system on which the Issuer's shares are listed or quoted for trading.

Amendment. The terms of an option may not be amended once issued. If an option is cancelled prior to the expiry date, the Issuer may not grant new options to the same person until 30 days have elapsed from the date of cancellation.

Vesting. Vesting, if any, and other terms and conditions relating to such options, shall be determined by the Board in accordance with CSE requirements.

Termination. Subject to terminating on the stated expiry date of an option, the options granted pursuant to the Stock Option Plan will terminate generally within (i) 90 days of the option holder ceasing to act as a director, officer, employee, management company or consultant of the Issuer or any of its affiliates, (ii) 30 days of the option holder ceasing to act as an employee engaged in investor relations activities, unless such cessation is on account of death, or (iii) 12 months if such cessation is on account of death. If such cessation is on account of cause, or terminated by regulatory sanction or by reason of judicial order, the options terminate immediately.

Administration. The Stock Option Plan is administered by the Board, or if the Board so elects, by a committee, which committee consists of at least two board members.

Board Discretion. The Stock Option Plan provides that, generally, the number of Shares subject to each option, the exercise price, the expiry time, the extent to which such option is exercisable, including vesting provisions, and other terms and conditions relating to such options shall be determined by the Board, all in accordance with CSE requirements.

General. Options that have been cancelled or that have expired without having been exercised shall continue to be issuable under the Stock Option Plan. The Stock Option Plan also provides for adjustments to outstanding options in the event of any consolidation, subdivision or exchange of the Issuer's Shares.

As of December 31, 2019 (the date of the Issuer's most recent audited financial statements), there were no Options currently issued and outstanding. As of the date of this Listing Statement, there were 7,741,050 Options issued and outstanding, as described in the following table:

Category of Option holder	Number of Option Holders	Number of Options	Exercise Price	Expiry Date
All executive officers and past executive officers of the Issuer as a group	2	1,523,500 175,000	$0.0328 $0.40	February 1, 2023 December 14, 2025
All directors and past directors of the Issuer as a group	3	2,285,250 375,000	$0.0328 $0.40	February 1, 2023 December 14, 2025
All other employees and past employees of the Issuer as a group	n/a	n/a	n/a	n/a
All consultants of the Issuer as a group	6	718,800 200,000	$0.0328 $0.25	February 1, 2023October 26, 2025 December 14, 2025

Category of Option holder	Number of Option Holders	Number of Options	Exercise Price	Expiry Date
		475,000	$0.40	
All other option holders	4	1,523,500 465,000	$0.0328 $0.40	February 1, 2023 December 14, 2025

Note:
1. *Granted pursuant to the terms of the Share Exchange Agreement in exchange for previously granted MSP Options.*
2. *The exercise price of each MSP Option was adjusted based on the Exchange Ratio.*
3. *2,023,500 Options were exercised on December 14, 2020.*
4. *1,490,000 Options were granted on December 14, 2020.*

10. DESCRIPTION OF THE SECURITIES

10.1 Equity Securities

Common Shares

The Issuer is authorized to issue an unlimited number of common shares, of which there are 66,140,789 Issuer Shares issued and outstanding as of the date of this Listing Statement. The Issuer is authorized to issue an unlimited number of preferred shares, of which there are nil preferred shares issued and outstanding as of the date of this Listing Statement.

Each holder of an Issuer Share is entitled to: (i) one vote at all meetings of shareholders; (ii) a *pro rata* share of any dividends or other distributions declared payable by the Board; and (iii) a pro rata share of any distribution of the Issuer's assets on any winding up or dissolution of the Issuer. There are no pre-emptive rights; conversion or exchange rights; redemption, retraction, purchase for cancellation or surrender provisions; sinking or purchase fund provisions; provisions permitting or restricting the issuance of additional securities; or any other restrictions or provisions requiring a security holder to contribute additional capital, which are applicable to the Issuer Shares.

The Issuer may, if authorized by the Board, purchase, redeem or otherwise acquire any of its issued and outstanding Shares at such price and upon such terms as determined by the Board and in accordance with applicable securities laws.

Warrants

As of the date of this Listing Statement, the Issuer has 24,500,000 Issuer Warrants issued and outstanding, 12,000,000 Issuer Warrants entitling the holder thereof to acquire one Issuer Share at a price of $0.15 until June 24, 2022, 10,428,813 Issuer Warrants entitling the holder to acquire one Issuer Share at a price of $0.60 until December 15, 2022 and 2,071,187 Issuer Warrants entitling the holder thereof to acquire one Issuer Share at a price of $0.60 until December 16, 2022.

Options

As of the date of this Listing Statement, the Issuer has an aggregate of 7,741,050 Options issued and outstanding, of which 6,051,050 Options are exercisable at a price of $0.0328 per Issuer Share until February 1, 2023, 200,000 Options are exercisable at a price of $0.25 per Issuer Share until October 26, 2025 and 1,490,000 Options are exercisable at a price of $0.40 per Issuer Share until December 14, 2025. For further details about the Issuer's outstanding Options and its Option Plan, see Section 9 – *Options to Purchase Securities*.

Agent's Compensation Warrants

As of the date of this Listing Statement, the Issuer has an aggregate of 446,776 Agent's Compensation Warrants issued and outstanding, each Agent's Compensation Warrant is exercisable at a price of $0.40 per Compensation Share until December 15, 2022.

Compensation Options

As of the date of this Listing Statement, the Issuer has an aggregate of 15,938 Compensation Options issued and outstanding, each Compensation Option is exercisable at a price of $0.40 per Issuer Share until December 15, 2022.

10.2 Debt Securities

The Issuer has no debt securities that are to be listed on the CSE.

10.3 Other Securities

The Issuer has no other securities that are to be listed on the CSE.

10.4 Modification of Terms

The rights and restrictions applicable to the Issuer Shares may only be modified by special resolution of the Shareholders, at a duly called meeting.

10.5 Other Attributes

There are no rights attaching to the Common Shares that are materially limited or qualified by the rights of any other class of securities, nor is there any other class of securities which ranks ahead of or equally with the Common Shares.

10.6 Prior Sales

Effective July 16, 2020, the Issuer completed a 50:1 consolidation of its outstanding common shares, and had 479,800 Issuer Shares outstanding. The table below sets out the sales of the Issuer's securities since that date:

Date of Issuance	Number of Securities[(1)]	Price per Security	Value Received	Type of Transaction
Opening Balance	479,800	N/A	N/A	Post-Consolidation
July 16, 2020	12,000,000	$0.02	$240,000	Private Placement
August 6, 2020	6,996,666	$0.15	$1,049,500	Private Placement
September 11, 2020	32,140,823	$0.15	$4,821,123	Acquisition[(2)]
December 14, 2020	2,023,500	$0.0328	$66,371	Exercise of Options[(3)]
December 15, 2020	10,428,813	$0.40	$4,171,525	Concurrent Financing
December 16, 2020	2,071,187	$0.40	$808,475	Concurrent Financing
TOTAL:	**66,140,789**			

Notes:

1. *All figures are on a post-consolidation basis.*
2. *Pursuant to the Acquisition, MSP Shareholders received 1.5235 Issuer Shares for each MSP Share held at a deemed price of $0.15 per Issuer Share.*
3. *2,023,500 Options exercised on December 14, 2020.*

10.7 Stock Exchange Price

The Issuer's common shares formerly traded on the TSX-V from May 12, 2011 until May 8, 2017 (when the CTO was issued). On August 21, 2017, the Issuer's common shares were transferred to the NEX (a separate board of the TSX-V) because the Issuer had not maintained the requirements of a Tier 2 Mining Issuer. On March 28, 2018, the Issuer's common shares were delisted from the NEX for failure to pay listing maintenance fees. The Issuer Shares have not traded on a stock exchange since March 2018.

11. ESCROWED SECURITIES

As at the date of this Listing Statement, none of the Issuer Shares or other securities of the Issuer are held in escrow. Upon listing of the Issuer Shares on the CSE, securities held by "Principals" of the Issuer will be held in escrow, as required under the policies of the CSE. For the purposes of this section, "Principals" means the (i) directors and senior officers of the Issuer or any material operating subsidiary, (ii) promoters of the Issuer during the two years preceding the Acquisition, (iii) holders of more than 10% of the outstanding Issuer Shares who also have a right to elect or appoint a director or senior officer of the Issuer or a material operating subsidiary, (iv) holders of more than 20% of the outstanding Issuer Shares, (v) companies, trusts, partnerships or other entities held more than 50% by one or more of the foregoing, and (vi) spouses or other relatives that live at the same address as any of the foregoing.

The securities will be held in escrow by Computershare Trust Company of Canada, as escrow agent and depositary pursuant an escrow agreement dated December 18, 2020 (the "**Escrow Agreement**"). Ten percent of such securities held in escrow will be released from escrow on the date the Issuer Shares are listed on the CSE, and 15% every six (6) months thereafter, subject to acceleration provisions provided for in National Policy 46-201 – *Escrow for Initial Public Offerings*.

The following table sets forth details of the securities of the Issuer to be held in escrow following the listing of the Issuer Shares on the CSE:

Name of Shareholder	Number of Escrowed Issuer Shares	Percentage of Issuer Shares Outstanding
Totus Inc.[(1)]	380,875	0.576%
JFP Corporation[(2)]	609,400	0.921%
Philip Williams	1,828,200	2.764%
James Passin	2,285,250	3.455%
James Lanthier	1,086,000	1.642%
Totals	**6,189,725**	**9.36%**

Notes:
1. *A corporation that is beneficially owned and controlled by Richard Patricio, a director and Chairman of the Board.*
2. *A corporation that is beneficially owned and controlled by Richard Patricio, a director and Chairman of the Board.*

12. PRINCIPAL SHAREHOLDERS

To the knowledge of the directors and senior officers of the Issuer, no person or company beneficially owned, directly or indirectly, or exercised control or direction over, Issuer Shares carrying more than 10% of the voting rights attached to all outstanding Issuer Shares as at the date of this Listing Statement.

13. DIRECTORS AND OFFICERS

13.1 Directors and Executive Officers

In connection with the completion of the Acquisition, on September 11, 2020, Robert Falls, Ming Jang and Raymond Wladichuk resigned as directors of the Issuer and Robert Falls resigned as the Issuer's CEO, CFO and Corporate

Secretary. On the same date, Richard Patricio was appointed as a director and Chairman of the Board, James Lanthier was appointed as CEO, Jessica Whitton was appointed as Corporate Secretary, Joseph Araujo, James Passin and Philip Williams were appointed as directors and Arvin Ramos was appointed as the CFO.

The Issuer's management team is experienced in matters relating to the Issuer's business, and possess the necessary skill sets to implement its business plan. Further, the Board has the requisite knowledge of capital markets, mergers and acquisitions, and raising capital. The Issuer intends to, from time to time, add to its management team people with significant experience and skills to help the Issuer achieve its business objectives.

The following table sets out the names, municipalities of residence of the directors and executive officers of the Issuer, the offices they hold in the Issuer, and the principal occupation of the directors and officers during the past five (5) years.

Name, Municipality[(1)] of Residence and Offices Held	**Date Appointed**	**Principal Occupation for Past Five Years**	**Number[(2)] and Percentage of Issuer Shares Beneficially Owned or Controlled as of the date of this Listing Statement[(3)]**
Richard Patricio[(4)] Toronto, Ontario *Chairman & Director*	October 7, 2019	President and CEO of Mega Uranium Ltd.; President and CEO of Generic Gold Corp.	990,275 (1.497%)
James Lanthier Toronto, Ontario *Chief Executive Officer*	April 1, 2020	Director of Waterways Technologies; CEO of Tangelo Games; President and CEO of Future Fertility	1,086,000 (1.642%)
Jessica Whitton Toronto, Ontario *Corporate Secretary*	July 3, 2020	Associate Lawyer at Irwin Lowy LLP; Interim CEO of QcX Gold Corp. (formerly First Mexican Gold Corp.); Corporate Secretary of Generic Gold Corp.; Corporate Secretary of QcX Gold Corp.	152,350 <1%
Arvin Ramos Toronto, Ontario *Chief Financial Officer*	September 11, 2020	Chartered Professional Accountant	1,000 <1%
Joseph Araujo Toronto, Ontario *Chief Science Officer & Director*	October 7, 2019	President and CEO of InterVivo Solutions Inc.; President and CEO of Vivocore Inc.; Co-founder of CanCog Inc.	Nil
Philip Williams[(4)] Toronto, Ontario *Director*	October 7, 2019	Chartered Financial Analyst; President, CEO and a director of International Consolidated Uranium Inc. (formerly NxGold Ltd.); Director of Mawson Gold Ltd.; Director of Conic Metals Corp.	1,828,200 (2.764%)
James Passin[(4)] New York, NY *Director*	October 7, 2019	Co-founder, BioVaxys, 2016 to present; Hedge Fund Manager/Private Equity Fund	2,285,250 (3.455%)

		Manager, FG2 Advisors, LLC 2005 to June 2019	

Notes:

(1) The information as to municipality of residence and principal occupation, not being within the knowledge of the Issuer, has been furnished by the respective directors and officers individually.

(2) The information as to shares beneficially owned or over which a director or officer exercises control or direction, not being within the knowledge of the Issuer, has been furnished by the respective directors and officers individually.

(3) On an issued and undiluted basis.

(4) Members of the Audit Committee. Richard Patricio is the Chair of the Audit Committee. Each member is financially literate as is defined under National Instrument 52-110 - Audit Committees.

A brief description of the biographies for all of the officers and directors of the Issuer is set out below, in Section 13.10 - *Management*.

13.2 Period of Service of Directors

Information on the period of service of each director is contained in the table in Section 13.1 – *Directors and Executive Officers*.

13.3 Directors and Executive Officers' Ownership

The directors and officers of the Issuer as a group, beneficially own, directly or indirectly, or exercise control or direction over a total of 6,189,725 Issuer Shares, representing approximately 9.36% of the total votes attached to the Issuer's issued and outstanding Issuer Shares.

13.4 Board Committees

As of the date of this Listing Statement, the Issuer currently has an audit committee, a brief description of which is set out below. The Board may establish such other committees of the Board as determined to be appropriate, in addition of the audit committee, from time to time in its discretion.

Audit Committee

The Issuer will have an Audit Committee consisting of the following members: Richard Patricio (Chair), James Passin and Philip Williams. The audit committee assists the Board in fulfilling its responsibilities for oversight of financial and accounting matters, including the Issuer's external auditors, financial reporting and continuous disclosure, financial risk management, the Issuer's whistle-blower and fraud function, and compliance with tax and securities laws. The audit committee reviews the financial reports and other financial information provided by the Issuer to regulatory authorities and its shareholders and reviews the Issuer's system of internal controls regarding finance and accounting, including auditing, accounting and financial reporting processes. The audit committee will report, at least annually, to the Board.

The Issuer's Board has adopted a written charter setting forth the responsibilities, powers and operations of the Audit Committee's consistent with National Instrument 52-110 – *Audit Committees* ("**NI 52-110**"). The principal duties and responsibilities of the Issuer's Audit Committee will be to assist the Issuer's Board in discharging the oversight of:

- The integrity of the Issuer's consolidated financial statements and accounting and financial processes and the audits of our consolidated financial statements;
- The Issuer's compliance with legal and regulatory requirements;
- The Issuer's external auditors' qualifications and independence;
- The work and performance of the Issuer's financial management and its external auditors; and
- The Issuer's system of disclosure controls and procedures and system of internal controls regarding finance, accounting, legal compliance, and risk management establishment by management and the Issuer's Board.

It is anticipated that the Audit Committee will have access to all books, records, facilities, and personnel and may request any information about the Issuer as it may deem appropriate. It will also have the authority to retain and compensate special legal, accounting, financial and other consultants, or advisors to advise the Audit Committee. The Audit Committee is also expected to review and approve all related-party transactions and prepare reports for the Board on such related-party transactions as well as be responsible for the pre-approval of all non-audit services to be provided by our auditors.

The following table sets out the members of the audit committee and indicates whether they are "independent" and "financially literate" within the meaning of NI 52-110.

Name of Member	Independent[(1)]	Financially Literate[(2)]
Richard Patricio	Independent	Financially Literate
James Passin	Independent	Financially Literate
Philip Williams	Independent	Financially Literate

Notes:

(1) A member of the audit committee is independent if he or she has no direct or indirect 'material relationship' with the Issuer. A material relationship is a relationship which could, in the view of the Board, reasonably interfere with the exercise of a member's independent judgment. An executive officer of the Issuer, such as the President or Secretary, is deemed to have a material relationship with the Issuer.

(2) A member of the audit committee is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Issuer's financial statements.

The Issuer is a "venture issuer" as defined in NI 52-110 and is relying upon the exemption in section 6.1 of NI 52-110 in respect of the composition of its Audit Committee and in respect of its reporting obligations under NI 52-110.

13.5 Principal Occupation of Directors and Officers

See Item 13.10 - *Management* below.

13.6 Corporate Cease Trade Orders or Bankruptcies

On May 8, 2017, the Alberta Securities Commission ("**ASC**"), as principal regulator, issued a cease trade order (the "**CTO**") against North Sur for failure to file annual audited financial statements, annual MD&A, and certification of the annual filings for the year ended December 31, 2016 (the "**CD Materials**").

On May 9, 2017, the British Columbia Securities Commission ("**BCSC**") issued a cease trade order against North Sur for its failure to file the CD Materials.

On December 2, 2019, North Sur filed its annual audited financial statements, annual MD&As, and certification of the annual filings for the fiscal years ended December 31, 2018 and 2017. Also on December 2, 2019, North Sur filed its interim financial statements, interim MD&As, and certifications of the interim filings for the periods ended March 31, 2019, June 30, 2019, and September 30, 2019.

On February 6, 2020, after the ASC had reviewed the annual and interim filings, North Sur filed an amended MD&A for the fiscal year ended December 31, 2018 at the request of the ASC.

The CTOs were revoked on February 24, 2020.

Other than as set forth below, at the time of this Listing Statement, none of the proposed directors or officers of the Issuer or any of their personal holding companies:

a) is, as at the date of this Listing Statement, or has been, within ten (10) years before the date of this Listing Statement, a director, chief executive officer or chief financial officer of any company, that:

i) was subject to a cease trade order or similar order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days while that person was acting in the capacity as director, chief executive officer or chief financial officer; or

ii) was subject to a cease trade or similar order or an order that denied the company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued after the person ceased to be a director, chief executive officer or chief financial officer of the company and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer; or

b) is as at the date of this Listing Statement or has been within the 10 years before the date of this Listing Statement, a director or executive officer of any company, that while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

James Passin

Mr. Passin is Chairman and Director of TraceSafe Inc. (formerly, Blockchain Holdings Ltd.) ("**TraceSafe**"), which was subject to a cease trade order issued by the OSC on May 5, 2017 for failure to file its audited annual financial statements for the year ended December 31, 2016. On August 2, 2017, TraceSafe filed its audited annual financial statements for the year ended December 31, 2016, and paid the applicable filing fees, as required by applicable securities legislation. On February 2, 2018, TraceSafe obtained an order from the OSC revoking the cease trade order.

Mr. Passin was Chairman and Director of Vanoil Energy Ltd. from December 10, 2009 to September 20, 2017, which is subject to a cease trade order issued by the BCSC on February 3, 2017 for failure to file its audited annual financial statements for the year ended September 30, 2016. The cease trade order remains in effect.

Arvin Ramos

Mr. Ramos is the Chief Financial Officer of Blocplay Entertainment Inc. ("**Blocplay**"), which was subject to a management cease trade order resulting from a failure to file financial statements as issued on December 3, 2018 and amended on December 4, 2018 by the BCSC, and December 4, 2018 by the OSC. These cease trade orders were revoked on February 6, 2019.

Mr. Ramos was the Chief Financial Officer of GoverMedia Plus Canada Corp. ("**GoverMedia**"), which was subject to a management cease trade order issued by the BCSC on May 6, 2019 for failure to file its audited annual financial statements for the year ended December 31, 2018. Mr. Ramos is no longer the Chief Financial Officer of GoverMedia, effective May 2019. The management cease trade order remains in effect.

13.7 Penalties and Sanctions

No director or officer of the Issuer, or a shareholder holding sufficient securities of the Issuer to affect materially the control of the Issuer, has:

a) been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority; or

b) been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision.

13.8 Personal Bankruptcy

No director or officer of the Issuer, or a shareholder holding sufficient securities of the Issuer to affect materially the control of the Issuer, or a personal holding company of any such persons has, within the 10 years before the date of this Listing Statement, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director or officer.

13.9 Conflicts of Interest

The Issuer's directors and officers may serve as directors or officers of other companies or have significant shareholdings in other companies and as such conflicts of interest may occur with respect to business opportunities, or to the extent that such other companies may participate in a venture in which the Issuer may participate, the directors of the Issuer may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. In the event that any conflict of interest arises at a meeting of the Issuer's directors, a director who has such a conflict is required to disclose such interest and abstain from voting for or against the matter. The directors of the Issuer are required to act honestly in good faith and in the best interests of the Issuer.

The directors and officers of the Issuer are aware of the existence of laws governing the accountability of directors and officers for corporate opportunity and requiring disclosures by the directors of conflicts of interest and the Issuer will rely upon such laws in respect of any directors' and officers' conflicts of interest or in respect of any breaches of duty by any of its directors and officers. All such conflicts will be disclosed by such directors or officers in accordance with applicable laws, and they shall govern themselves in respect thereof to the best of their ability in accordance with the obligations imposed upon them by law. The directors and officers of the Issuer are aware of a conflict of interest between Joseph Araujo, the Chief Science Officer and a Director of the Issuer, and his role as Chief Executive Officer of InterVivo. Mr. Aruajo has disclosed this conflict of interest to the Issuer and if a conflict arises at a meeting of the Board, Mr. Araujo will abstain from voting on such matter.

13.10 Management

Further information on the business experience and professional qualifications of the Issuer's directors and officers is set forth below:

James Lanthier (age 46), CEO

Mr. Lanthier is a seasoned technology executive with strong expertise in corporate finance, public markets and M&A. Most recently, he was co-founder and CEO of Future Fertility, an innovative early-stage developer of artificial intelligence (AI) applications for human infertility. As a C-Suite executive, Mr. Lanthier has assisted in the growth and successful exit of several technology-enabled businesses through the public markets, including Mood Media, the world's largest in-store media provider, and Fun Technologies, a pioneer in online casual games. He obtained an MBA from the Degroote School of Business in 1997 and is a CFA Charterholder.

Mr. Lanthier is not an employee of the Issuer, and, in his capacity as the CEO, will dedicate a minimum of 90% of his time to the affairs of the Issuer. Other than the Lanthier Consulting Agreement, Mr. Lanthier is not currently subject to any written non-competition or confidentiality agreement with the Issuer.

Arvin Ramos (age 43), Chief Financial Officer

Mr. Ramos holds a degree in commerce and is a member of the Chartered Professional Accountants of Ontario. Mr. Ramos has over 17 years of business experience, having supported a broad range of industries, including mining, technology and banking. Mr. Ramos serves as chief financial officer of several junior mining companies.

Mr. Ramos is not an employee of the Issuer, and, in his capacity as Chief Financial Officer, will dedicate a minimum of 25% of his time to the affairs of the Issuer. Other than the Ramos Consulting Agreement, Mr. Ramos is not currently subject to any written non-competition agreement with the Issuer.

Richard Patricio (age 46), Chairman & Director

Mr. Patricio obtained a Bachelor of Laws from Osgoode Hall Law School in 1998 and is a member of the Law Society of Ontario. He previously worked at a large Toronto-based law firm before moving in-house at a TSX-listed manufacturing company. Mr. Patricio has been involved with the founding and growth of many resource-based issuers and presently sits on the board of several public issuers listed on the TSX, TSX-V, CSE and ASX,

Mr. Patricio is not an employee of the Issuer, and, in his capacity as Chairman of the Board, will dedicate a minimum of 10% of his time to the affairs of the Issuer. Mr. Patricio is not currently subject to any written employment agreement or any written non-competition or confidentiality agreement with the Issuer.

Jessica Whitton (age 28), Corporate Secretary

Ms. Whitton practices corporate and securities law and advises both public and private issuers. Ms. Whitton obtained a Bachelor of Arts (Honours) from Queen's University in 2014, a Bachelor of Laws from the University of Southampton in 2017, and her Certificate of Qualification from the Federation of Law Societies in 2018. Ms. Whitton was called to the Ontario bar in September 2019 and is a member of the Law Society of Ontario. Previously, Ms. Whitton served as Interim CEO of QcX Gold Corp. (formerly First Mexican Gold Corp.). Ms. Whitton currently serves as Corporate Secretary of QcX Gold Corp. and Generic Gold Corp.

Ms. Whitton is not an employee of the Issuer, and, in her capacity as Corporate Secretary, will dedicate a minimum of 10% of her time to the affairs of the Issuer. Ms. Whitton is not currently subject to any written employment agreement or any written non-competition or confidentiality agreement with the Issuer.

Joseph Araujo (age 45), Chief Science Officer & Director

Mr. Araujo is the CEO of InterVivo, which is focused on optimizing translational services to facilitate the development and approval of novel central nervous system (CNS) drugs. He has graduate training in pharmacology at the University of Toronto and has more than 35 refereed publications and several invited presentations, which focus on natural aged canine models of human diseases. In addition, he has co-founded, held executive level positions and consulted for Life Science companies including CanCog Technologies, Vivocore, Karyopharm Therapeutics, NPM Pharma, Ketogen, and Epione Animal Health, and has done extensive research examining psychoactive drugs.

Mr. Araujo is not an employee of the Issuer, and, in his capacity as the Chief Science Officer and as a director, will dedicate a minimum of 10% of his time to the affairs of the Issuer. Mr. Araujo is not currently subject to any written employment agreement or any written non-competition or confidentiality agreement with the Issuer.

James Passin (age 49), Director

Mr. Passin is the founder and Chief Executive Officer of BioVaxys Inc., a clinical-stage bio pharma developing antiviral and anticancer vaccine platforms. He is a former hedge fund and private equity fund manager at FGS Advisors, LLC, an affiliate of New York-based Firebird Management LLC. He has 20 years of experience as a professional investor, a deep experience of financing and developing venture-stage companies, and directed and managed over $155 million of equity and debt investment into biotech companies including Avax Technologies, Inc., one of the world's first cellular immunotherapeutic vaccine companies. Mr. Passin is a director of several public companies, including TraceSafe Inc. (formerly Blockchain Holdings, Ltd.) (CSE: BSX) and BDSec JSC (MSE: BDS), is a Chartered Market Technician and member of the CMT Association.

Mr. Passin is not an employee of the Issuer, and, in his capacity as a director, will dedicate a minimum of 10% of his time to the affairs of the Issuer. Mr. Passin is not currently subject to any written employment agreement or any written non-competition or confidentiality agreement with the Issuer.

Philip Williams (age 45), Director

Mr. Williams brings more than 15 years of mining and finance industry experience. Mr. Williams obtained a Bachelor of Commerce from Ryerson University in 1999 and is a Chartered Financial Analyst. His diverse work experience includes roles in corporate development, as a sell-side research analyst, in fund management and most recently as managing director of investment banking focused on the metals and mining sector. In each of these roles, he focused a significant amount of time on the exploration industry. As a research analyst at Westwind Partners, Mr. Williams worked with a team that covered a range of commodities including precious and base metals, diamonds and uranium. In late 2008, he joined Pinetree Capital, a natural resource focused investment fund, in the role of VP Business Development. During his time there, he was responsible for analyzing and monitoring investments and was also appointed to the Board of several investee companies. In 2012, he joined Dundee Capital Markets (now Eight Capital) in the investment banking group. As a Managing Director, he successfully completed equity financings across a wide range of commodities and was a named advisor on multiple M&A transactions.

Mr. Williams is not an employee of the Issuer, and, in his capacity as a director, will dedicate a minimum of 10% of his time to the affairs of the Issuer. Mr. Williams is not currently subject to any written employment agreement or any written non-competition or confidentiality agreement with the Issuer.

Dr. Malik Slassi (age 58), Advisor (Chief Chemist)

Dr. Slassi was the founder, President and Chief Scientific Officer of Fluorinov Pharma Inc., which was acquired by Trillium in January 2016. He has over 30 years of experience in the successful identification and development of small molecule drug candidates across multiple therapeutic areas. He was the former Director and Vice President of Medicinal Chemistry and Manufacturing & Drug Development at NPS Pharmaceuticals and Cascade Therapeutics, respectively, and earlier he held management and scientific positions at Allelix Biopharmaceuticals Inc., Boehringer Ingelheim Research Inc., and Rhône Poulenc. During his career, Dr. Slassi has been involved in numerous multinational R&D collaborations including with Hoechst AG (Sanofi-Aventis), AstraZeneca, Johnson & Johnson, Forest Laboratories, GlaxoSmithKline, and Memory Pharmaceuticals. Dr. Slassi is an inventor with over 130 issued and published patents and patent applications, and author of more than 65 scientific and review articles published in international peer reviewed journals. Dr. Slassi's selected scientific and review articles material to the business of the Issuer are as follows:

1. *Slassi et al.;* "Conformationally Constrained 5-Thienyltryptamine Derivatives as Serotonin 5-$HT_{1B/1D}$ Receptor Agonists: Potential Treatment for Migraine"; Med. Chem. Res., 1999, 9 (9), 668-674.

2. *Slassi et al.; "*5-Alkyltryptamine Derivatives as Serotonin 5-HT1B/1D Receptor Agonists: Potential Anti-migraine Agents"; Bioorg. Med. Chem. Lett., 2000, 10 (15), 1707-1709.

3. *Slassi et al.;* "Pyrrolo[3,2,1-ij]quinolines Derivatives as Selective 5-HT2C Agonist with Selectivity over the 5-HT2A Receptor: Potential Therapeutic Application for Epilepsy and Obesity"; Bioorg. Med. Chem. Lett., 2000, 10(9) 919-921.

4. *Slassi et al.;* "Novel Progress in the 5-HT6 Receptor Antagonists as Central Nervous System Therapeutic Targets"; Exp. Opin. Ther. Patents, 2002, 12(4): 513-527.

5. Slassi *et al*.; 1-(Bicyclopiperazinyl and homopiperazinyl) ethyl indole derivatives as highly selective and potent $5HT_7$ receptor ligands, Bio. Org. Med. Chem. Lett., 2002, 12, 2451-2454.

6. *Slassi;* "Recent advances in 5-HT1D & 5-HT1B-Selective Agonists and Antagonists and their Applications in the CNS Diseases"; Current Topics in Med Chem.; 2002, 2, 559-574.

7. *Slassi et al.;* "Recent Progress in the Use of Glycine Transporter-1 (GlyT-1) Inhibitors for the Treatment of Central and Peripheral Nervous System Diseases"; Exp. Opin. Ther. Patents 2004, 14, 201-214.

8. *Slassi et al.;* "Recent Progress in the 5-HT7 Receptor: Potential Treatment of Central and Peripheral Nervous System Diseases"; Exp. Opin. Ther. Patents 2004, 14(7):1009.

9. *Slassi et al.;* "Recent advances in non-competitive mGlu5 receptor antagonists and their potential therapeutic applications"; Curr. Top. Med. Chem. 2005; 5(9), 897-911.

10. *Slassi et al.;* "Metabotropic glutamate receptor 5 modulators and their potential therapeutic applications"; Exp. Opinion on Ther. Patents (2007), 17(4), 371-384.

Dr. Slassi is not an employee of the Issuer, and, in his capacity as an advisor of the Issuer, will dedicate a minimum of 25% of his time to the affairs of the Issuer. Pursuant to the Slassi Consulting Agreement, Dr. Slassi receives remuneration as follows: (i) $12,000 upon execution of the Slassi Consulting Agreement; (ii) $21,000 for delivery of a 1st patent application; (iii) $21,000 for the delivery of a 2nd patent application; and (iv) $21,000 for oversight of stage 2 at completion (the "**Slassi Milestones**"). In addition, as partial consideration for the services rendered under the Slassi Consulting Agreement, Dr. Slassi received an aggregate of 1,000,000 MSP Shares. The term of the Slassi Consulting Agreement is for a period of six (6) months from the date of execution, or until the Slassi Milestones are achieved, unless extended. The Slassi Consulting Agreement may be terminated at any time by either party without notice in the event of a material breach or with one month's written notice by either party to the other or, in the case of MSP, by payment in lieu thereof to Dr. Slassi. Upon termination of this Slassi Consulting Agreement for any reason, MSP shall be relieved from making any further payments to Dr. Slassi that relate to any services not yet provided as at the effective date of expiry or termination, as applicable.

Corporate Governance

Corporate governance relates to the activities of the Board, the members of which are elected by and are accountable to the Shareholders, and takes into account the role of the individual members of management who are appointed by the Board and who are charged with our day-to-day management. National Instrument 58-201 - *Corporate Governance Guidelines* establishes corporate governance guidelines to be used by issuers in developing their own corporate governance practices. The Board is committed to sound corporate governance practices, which are both in the interest of its Shareholders and contribute to effective and efficient decision making.

Pursuant to National Instrument 58-101 - *Disclosure of Corporate Governance Practices* ("**NI 58-101**") the Issuer is required to disclose its corporate governance practices, which are summarized below. The Board will continue to monitor such practices on an ongoing basis and when necessary implement such additional practices as it deems appropriate.

Board of Directors

NI 58-101 suggests that the board of directors of a public company should be constituted with a majority of individuals who qualify as "independent" directors. An "independent" director is a director who is independent of management and is free from any interest and any business or other relationship which could, or could reasonably be perceived to materially interfere with the director's ability to act with a view to our best interests, other than interests and relationships arising from shareholding. In addition, where a company has a significant shareholder, NI 58-101 suggests that the board of directors should include a number of directors who do not have interests in either the company or the significant shareholder. The Issuer has three independent directors, being each of Richard Patricio, James Passin and Philip Williams. Joseph Araujo, the Issuer's Chief Science Officer, can be considered as not independent.

The independent directors exercise their responsibilities for independent oversight of management and meet independently of management whenever deemed necessary.

Directorships

The following directors of the Issuer also currently serve as directors of the following other reporting issuers:

Director	Other Reporting Issuer	Name of Exchange or Market
Richard Patricio	NexGen Energy Ltd. Toro Energy Limited	TSX ASX

	Latin American Minerals Inc. ISOEnegy Inc. Hydro66 Holdings Corp.	TSXV TSXV CSE
James Passin	TraceSafe Inc. (formerly Blockchain Holdings, Ltd.) BDSec JSC	CSE Metropolitan Stock Exchange
Philip Williams	International Consolidation Uranium Inc. (formerly NxGold Ltd.) Mawson Gold Ltd. Conic Metals Corp.	TSXV TSX TSXV
Joseph Araujo	N/A	N/A

Orientation and Continuing Education

The Issuer has not developed an orientation program for new directors. In order to provide continuing education to directors, the Board has instructed the Corporate Secretary of the Issuer to supply the directors with updates from time to time, with respect to new legal and regulatory developments which may be of interest to the Board.

Ethical Business Conduct

The Board monitors the ethical business conduct of the Issuer. The Board believes that the fiduciary duties placed on individual directors by its governing corporate legislation and the common law, as well as the restrictions placed by applicable corporate legislation on the individual director's participation in decisions of the Board in which the director has an interest, are currently sufficient to promote a culture of ethical business conduct.

In addition, as some of the Issuer's directors also serve as directors and officers of other companies engaged in similar business activities, the Board must comply with the conflict of interest provisions of the BCBCA, as well as the relevant securities regulatory instruments, in order to ensure that directors exercise independent judgment in considering transactions and agreements in respect of which a director or officer has a material interest. Any interested director would be required to declare the nature and extent of his interest and would not be entitled to vote at meetings of directors which evoke any such conflict.

Nomination of Directors

Responsibility for identifying new candidates to join the Board belongs to the Board as a whole. The Board encourages all directors to participate in considering the need for and identifying and recruiting new candidates for the Board.

Compensation

The Board is responsible for monitoring and reviewing the salary and benefits of its executive officers, and our general compensation structure, policies and programs in consideration of industry standards and its financial situation and has not formed a compensation committee to assume such responsibilities (although it may do so in the future should the Board become larger). The Board is also responsible for determining the compensation of those directors who currently are not compensated in their capacity as directors, and for the administration of stock options.

Other Board Committees

At present, the Issuer does not have any committees other than an Audit Committee. See "Audit Committee" above. The Issuer has no present intention of creating any other committees but may do so in the future should the Board become larger.

14. CAPITALIZATION

14.1 Common Shares

Issued Capital	Number of Securities (non-diluted)	Number of Securities (fully-diluted)	% of Issued (non-diluted)	% of Issued (fully diluted)
Public Float				
Total outstanding (A)	66,140,789	98,844,553	100%	100%
Held by Related Persons or employees of the Issuer or Related Person of the Issuer, or by persons or companies who beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer (or who would beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer upon exercise or conversion of other securities held)[2] (B)	6,189,725	10,498,475	9.36%	10.62%
Total Public Float (A-B)	59,951,064	88,346,078	90.64%	89.38%
Freely-Tradeable Float				
Number of outstanding securities subject to resale restrictions[3](C)	31,496,666	55,996,666	47.62%	56.65%[4]
Total Tradeable Float (A-C)	34,644,123	41,922,887	52.38%	43.35%

Notes:

1. *There are 24,500,000 Warrants and 7,741,050 Options issued and outstanding.*
2. *There are 6,189,725 Issuer Shares subject to the Escrow Agreement and there are 4,308,750 Options held by Related Persons.*
3. *There are 12,000,000 Issuer Shares subject to a hold period expiring October 25, 2020, 6,996,666 Issuer Shares subject to a hold period expiring December 7, 2020 and 12,500,000 Issuer Shares subject to a hold period expiring April 16, 2021.*
4. *The percentage is calculated assuming the exercise of all Warrants and Options.*

Public Security Holders (Registered)

For the purposes of this table, "public security-holders" are registered Shareholders other than related persons enumerated in section (B) of the previous chart.

Size of Holding	Number of holders	Total number of Shares
1 – 99 securities	0	0
100 – 499 securities	2	500
500 – 999 securities	0	0
1,000 – 1,999 securities	8	8,700
2,000 – 2,999 securities	7	15,500
3,000 – 3,999 securities	0	0
4,000 – 4,999 securities	9	36,000
5,000 or more securities	96	66,080,089
Totals	**122**	**66,140,789**

Public Security holders (Beneficial)

The following table includes (i) beneficial holders holding securities in their own name as registered shareholders; and (ii) beneficial holders holding securities through an intermediary where the Issuer has been given written confirmation of shareholdings.

Size of Holding	Number of holders	Total number of Shares
1 – 99 securities	4	290
100 – 499 securities	131	21,250
500 – 999 securities	7	4,380
1,000 – 1,999 securities	7	8,260
2,000 – 2,999 securities	6	13,460
3,000 – 3,999 securities	5	17,400
4,000 – 4,999 securities	13	52,440
5,000 or more securities	44	14,063,048
Totals	**217**	**14,180,528**

Non-Public Security-holders (Registered)

The following table includes "non-public security holders", being those related persons enumerated in section (B) of the issued capital chart.

Size of Holding	Number of holders	Total number of Shares
1 – 99 securities	0	0
100 – 499 securities	0	0
500 – 999 securities	0	0
1,000 – 1,999 securities	0	0
2,000 – 2,999 securities	0	0
3,000 – 3,999 securities	0	0
4,000 – 4,999 securities	0	0
5,000 or more securities	5	6,189,725
Totals	**5**	**6,189,725**

14.2 Convertible / Exchangeable Securities

The following table sets out information with respect to securities outstanding that are convertible or exchangeable into Common Shares:

Description of Security	Number of convertible/exchangeable securities outstanding	Number of listed securities issuable upon conversion/exercise
Issuer Warrants[(1)]	24,500,000	24,500,000
Options[(2)]	7,741,050	7,741,050
Agent's Compensation Warrants[(3)]	446,776	446,776
Compensation Options[(4)]	15,938	15,938

Notes:

1. *12,000,0000 of such Issuer Warrants exercisable at an exercise price of $0.15 per Issuer Share until June 24, 2022; 10,428,813 of such Issuer Warrants exercisable at an exercise price of $0.60 per Issue Share until December 15, 2022; and 2,071,187 of such Issuer Warrants exercisable at an exercise price of $0.60 per Issuer Share until December 16,2022.*
2. *6,051,050 of such Options that are exercisable at a price of $0.0328 per Issuer Share until February 1, 2023;200,000 of such Options that are exercisable at a price of $0.25 per Issuer Share until October 26, 2025; and 1,490,000 of such Options that are exercisable at a price of $0.40 per Issuer Share until December 14, 2025.*
3. *446,776 of such Agent's Compensation Warrants that are exercisable at a price of $0.40 per Compensation Share until December 15, 2022.*

4. 15,938 of such Compensation Options that are exercisable at a price of $0.40 per Issuer Share until December 15, 2022.

14.3 Other Listed Securities

There are no other listed securities reserved for issuance that are not included in Section 14.2.

15. EXECUTIVE COMPENSATION

A. Named Executive Officers

The Issuer currently has the following two Named Executive Officers ("**NEO**"): James Lanthier as CEO and Arvin Ramos as CFO.

15.1 Summary Compensation Table

The following table provides a summary of compensation paid, directly or indirectly, for each of the most recently completed financial year, and the proposed compensation for the 2020 fiscal year, to the Named Executive Officers and the directors of the Issuer:

TABLE OF COMPENSATION EXCLUDING COMPENSATION SECURITIES							
Name and position	**Year**	**Salary, consulting fee, retainer or commission ($)**	**Bonus ($)**	**Committee or meeting fees ($)**	**Value of perquisites ($)**	**Value of all other compensation ($)**	**Total compensation ($)**
James Lanthier, CEO	2020[(1)] 2019[(2)]	33,000 N/A	Nil N/A	Nil N/A	Nil N/A	62,303 N/A	95,303 N/A
Arvin Ramos, CFO	2020[(1)] 2019[(2)]	Nil N/A	Nil N/A	Nil N/A	Nil N/A	Nil N/A	Nil N/A

Notes:
(1) *For the period ended September 30, 2020.*
(2) *For the year ended June 30, 2020.*

15.2 Stock Options and Other Compensation Securities

No compensation securities were granted or issued to each Named Executive Officer or to each director of the Issuer during the most recently completed financial year of the Issuer for services provided or to be provided, directly or indirectly, to the Issuer or any of its subsidiaries. No compensation securities were exercised by any Named Executive Officer or any director of the Issuer during the most recently completed financial year of the Issuer.

The Issuer has no equity compensation plans other than the Stock Option Plan.

B. Employment, Consulting and Management Agreements

Slassi Consulting Agreement

Effective December 1, 2019, as amended April 1, 2020 and October 1, 2020, the Issuer entered into the Slassi Consulting Agreement with Dr. Malik Slassi, providing for the engagement of Dr. Slassi as the Issuer's Chief Science Officer. Mr. Slassi is paid a monthly consulting fee of $12,500 in accordance with the Slassi Consulting Agreement. Pursuant to the Slassi Consulting Agreement, Dr. Slassi is subject to a non-competition provision. The Slassi Consulting Agreement does not provide for any termination payments or payments to be made in connection with a change of control of the Issuer.

Atkinson Consulting Agreement

Effective April 1, 2020, the Issuer entered into the Atkinson Consulting Agreement with Mr. Jason Atkinson, providing for the engagement of Mr. Atkinson as the Issuer's Vice President of Corporate Development. Pursuant to the Atkinson Consulting Agreement, Mr. Atkinson is paid a monthly consulting fee of $7,500 in accordance with the Atkinson Consulting Agreement. The Atkinson Consulting Agreement does not provide for any termination payments or payments to be made in connection with a change of control of the Issuer.

Lanthier Consulting Agreement

Effective April 1, 2020, the Issuer entered into the Lanthier Consulting Agreement with Mr. James Lanthier, providing for the engagement of Mr. Lanthier as the Issuer's Chief Executive Officer. Pursuant to the Lanthier Consulting Agreement, Mr. Lanthier is paid a monthly consulting fee of $11,000. The Lanthier Consulting Agreement does not provide for any termination payments or payments to be made in connection with a change of control of the Issuer.

Ragowski Consulting Agreement

Effective May 11, 2020, the Issuer entered into the Ragowski Consulting Agreement with Dr. Michael Ragowski, providing for the engagement of Dr. Ragowski to the Issuer's scientific advisory team. Pursuant to the Ragowski Consulting Agreement, Dr. Ragowski is subject to a confidentiality provision. The Ragowski Consulting Agreement does not provide for any termination payments or payments to be made in connection with a change of control of the Issuer.

Ramos Consulting Agreement

Effective September 19, 2020, the Issuer entered into the Ramos Consulting Agreement with Mr. Arvin Ramos, providing for the engagement of Mr. Ramos as the Issuer's Chief Financial Officer. Mr. Ramos is paid a monthly consulting fee of $5,000 in accordance with the Ramos Consulting Agreement. Pursuant to the Ramos Consulting Agreement, Mr. Ramos is subject to a confidentiality provision. The Ramos Consulting Agreement provides for a termination payment to be made in the event of a change of control. If, within 30 days following a change of control of the Issuer, Mr. Ramos elects to terminate the Ramos Consulting Agreement, Mr. Ramos shall be entitled to receive a payment equal to the sum of: (i) 12 months of consulting fees payable pursuant to the Ramos Consulting Agreement; and (ii) out-of-pocket expenses incurred prior to the date upon which the Ramos Consulting Agreement is terminated in accordance with the provisions therein.

Higgins Consulting Agreement

Effective October 1, 2020, the Issuer entered into the Higgins Consulting Agreement with Dr. Guy Higgins, providing for the engagement of Dr. Higgins to provide services as a scientific advisor to the Issuer. Mr. Higgins is paid a monthly consulting fee of $5,000. Pursuant to the Higgins Consulting Agreement, Dr. Higgins is subject to a non-competition provision. The Higgins Consulting Agreement does not provide for any termination payments or payments to be made in connection with a change of control of the Issuer.

Oversight and Description of Director and Named Executive Officer Compensation

Compensation of Directors

Compensation to be paid to the officers and directors of the Issuer will be determined by the Board once its operations have been established following completion of the Acquisition. It is expected that compensation that will be paid by the Issuer to the executive officers in the twelve-month period after the date of this Listing Statement will be based on, and consistent with, recommendations of the Board. In addition, the Board will recommend the compensation, if any, to be paid to directors for services rendered in that capacity. Directors will be entitled to participate in the Issuer's Stock Option Plan.

Compensation of Named Executive Officers

The Board will be responsible for reviewing compensation paid to the NEOs of the Issuer in determining compensation for the Issuer's executive officers relative to the performance of the Issuer in executing on its objectives once its operations have been established.

It is expected that compensation that will be paid by the Issuer to the executive officers in the twelve months period after the date of this Listing Statement will be based on, and consistent with, recommendations of the Board and the Audit Committee. Directors will be entitled to participate in the Issuer's Stock Option Plan. As of the date of this Listing Statement the Issuer has granted stock options to its directors and officers for services provided or to be provided, directly or indirectly, to the Issuer.

Pension and Retirement Plans

The Issuer does not operate a pension or retirement plan.

Termination and Change of Control Benefits

The Issuer has not provided any compensation to any person who now acts or has previously acted as a Named Executive Officer or director of the Issuer as a result of a change of control of the Issuer, its subsidiaries or affiliates. Other than the Ramos Consulting Agreement, the Issuer is not party to any compensation plan or arrangement with Named Executive Officers or directors of the Issuer which require payments upon the resignation or the termination of employment of such person.

16. INDEBTNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No officer, director, employee or former officer, director or employee of the Issuer (i) has been indebted to the Issuer at any time during the most recently completed financial year or is currently indebted to the Issuer for any purpose, or (ii) is the subject of a guarantee, support agreement (including, but is not limited to, an agreement to provide assistance in the maintenance or servicing of any indebtedness and an agreement to provide compensation for the purpose of maintaining or servicing any indebtedness of the borrower), letter of credit or other similar arrangement or understanding.

No individual who is, or at any time during the most recently completed financial year was, a director or executive officer of the Issuer, nor any proposed nominee for election as a director of the Issuer, and no associate of any such director, executive officer or proposed nominee,

(a) is, or at any time since the beginning of the most recently completed financial year of the Issuer has been, indebted to the Issuer or any of its subsidiaries, or
(b) is indebted to another entity that is, or at any time since the beginning of the most recently completed financial year has been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Issuer or any of its subsidiaries.

17. RISK FACTORS

The Issuer'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 Issuer. Additional risks and uncertainties not currently known to the Issuer, or that the Issuer currently deems immaterial, may also impair the operations of the Issuer. If any such risks actually occur, the financial condition, liquidity and results of operations of the Issuer could be materially adversely affected and the ability of the Issuer to implement its growth plans could be adversely affected.

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

General risk factors

Market price of Common Shares and volatility

The Common Shares do not currently trade on any exchange or stock market. Securities of small-cap companies have experienced substantial volatility in the past, often based on factors unrelated to the companies' financial performance or prospects. These factors include macroeconomic developments in North America and globally and market perceptions of the attractiveness of particular industries. Factors unrelated to the Issuer's performance that may affect the price of the Common Shares include the following: the extent of analytical coverage available to investors concerning the Issuer's business may be limited if investment banks with research capabilities do not follow the Issuer; lessening in trading volume and general market interest in the Common Shares may affect an investor's ability to trade significant numbers of Common Shares; the size of the Issuer's public float may limit the ability of some institutions to invest in Common Shares; and a substantial decline in the price of the Common Shares that persists for a significant period of time could cause the Common Shares, if listed on an exchange, to be delisted from such exchange, further reducing market liquidity. As a result of any of these factors, the market price of the Common Shares at any given point in time may not accurately reflect the Issuer's long-term value. Securities class action litigation often has been brought against companies following periods of volatility in the market price of their securities. We may in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert management's attention and resources. There is currently no market through which the Issuer's securities may be sold and purchasers may not be able to resell the Issuer's securities. An active public market for the Common Shares might not develop or be sustained following the filing of this Listing Statement. If an active public market for the Common Shares does not develop, the liquidity of a shareholder's investment may be limited, and the Common Share price may decline below the shareholder's initial investment.

The market price of the Common Shares is affected by many other variables which are not directly related to the Issuer's success and are, therefore, not within its 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 Issuer in future periods. However, depending on the length and severity of the pandemic, COVID-19 could impact the Issuer'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 Issuer's ability to raise funds depending on COVID-19s effect on capital markets.

To the knowledge of the Issuer's management as of the date hereof, COVID-19 does not present, at this time, any specific known impacts to the Issuer in relation to the Issuer's use of available funds, nor to the timelines, business objectives or disclosed milestones related thereto. The Issuer relies on third parties to conduct and monitor the Issuer's pre-clinical studies and clinical trials. However, to the knowledge of Issuer'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 Issuer 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 Issuer's business.

Risks related to the Issuer's Business and Industry

Limited operating history

The Issuer 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 Issuer's future products. The Issuer 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 Issuer will develop its business profitably, and the likelihood of success of the Issuer must be considered in light of its early stage of operations. There is no assurance that the Issuer will be successful in achieving a return on shareholders' investment.

Management of growth

The Issuer may be subject to growth-related risks including pressure on its internal systems and controls. The Issuer'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 Issuer 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 Issuer 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 Issuer will be able to manage such growth effectively, that its management, personnel or systems will be adequate to support the Issuer's operations or that the Issuer 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 Issuer expects to spend substantial funds on the research, development and testing of products. In addition, the Issuer 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 Issuer's results of operations, financial condition and cash flows. For the foreseeable future, the Issuer 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 Issuer 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 Issuer'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 Issuer 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 Issuer to relinquish significant rights to its products or compounds or obtain funds on less favourable terms than the Issuer would otherwise accept. To the extent that external sources of capital become limited or unavailable or available on onerous terms, the Issuer's intangible assets and its ability to continue its clinical development plans may become impaired, and the Issuer'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 Issuer'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 Issuer. The Issuer's efforts to grow its business may be costlier than expected. The Issuer may incur significant losses in the future for a number of reasons, including the other risks described in this Listing Statement, and unforeseen expenses, difficulties, complications and delays, and other unknown events.

Regulatory risks

Successful execution of the Issuer'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 Issuer cannot predict the impact of the ever-evolving compliance regime in respect of this industry. Similarly, the Issuer 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 Issuer.

The Issuer 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 Issuer's operations. In addition, changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to the Issuer'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 Issuer.

The psychedelic industry and market are relatively new and this industry may not succeed in the long term

The Issuer will be operating its business in a relatively new industry and market. In addition to being subject to general business risks, the Issuer must continue to build brand awareness in this industry and market through significant investments in its strategy, 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 Issuer'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 Issuer would need to overcome this perception to build consumer confidence, brand recognition and goodwill.

Unfavourable publicity or consumer perception

The Issuer 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 Issuer's future products and the business, results of operations, financial condition and cash flows of the Issuer. The Issuer'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 Issuer, the demand for the Issuer's future products, and the business, results of operations, financial condition and cash flows of the Issuer. 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 Issuer's prospects depend on the success of its products/compounds which are not yet in development

The Issuer 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 Issuer, alone or with others, must successfully develop, gain regulatory approval for, and market its future products/compounds. The Issuer 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 Issuer 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 Issuer can make no assurance that any future studies, if undertaken, will yield favourable results.

The early stage of the Issuer'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 Issuer is successful in developing product/compound candidates into approved products/compounds, the Issuer will still experience many potential obstacles, which would affect the Issuer'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 Issuer 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 Issuer 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 Issuer 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 Issuer (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 Issuer's product/compound candidates, and, correspondingly, its business and financial prospects, would be materially adversely affected.

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

The Issuer 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 such third parties are unable to provide quality services in a timely manner and at a feasible cost, the Issuer's active development programs may face delays. Further, if any of these third parties fails to perform as the Issuer expects or if their work fails to meet regulatory requirements, the Issuer's testing could be delayed, cancelled or rendered ineffective.

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

The Issuer has limited manufacturing experience and accordingly the Issuer will likely be required to rely on contract manufacturing organizations ("**CMOs**") to manufacture its product/compound candidates for preclinical studies and clinical trials. The Issuer 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 Issuer, will be able to meet the Issuer's timetable and requirements. The Issuer 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 Issuer is unable to arrange for alternative third-party manufacturing sources on commercially reasonable terms or in a timely manner, the Issuer 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 Issuer'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 Issuer'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 Issuer's product/compound candidates, the Issuer 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 Issuer 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 Issuer 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 Issuer 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 Issuer 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 Issuer'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 Issuer, which would impair the Issuer'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 Issuer'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 Issuer 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 Issuer 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 Issuer's contract research organizations ("**CROs**") to satisfy their contractual duties or meet expected deadlines;
- inspections of clinical trial sites by 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 Issuer'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 Issuer 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 Issuer's business, financial condition and results of operation.

The Issuer 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 Issuer's product/compound candidates, the Issuer (or any third party conducting clinical trials) may be required to have an approved new drug or clinical trial (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 Issuer's business, financial condition and results of operation.

If the Issuer (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 Issuer's product/compound candidates advance from preclinical testing to clinical testing, and then through progressively larger and more complex clinical trials, the Issuer (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 Issuer (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 Issuer 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 Listing Statement 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 Issuer's products/compounds with the potential to lead to a material adverse effect on the Issuer'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 Issuer's products/compounds may have an adverse impact on the Issuer'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 Issuer's product/compound candidates, or the therapeutic areas in which the Issuer's product/compound candidates compete, could adversely affect its share price and the Issuer'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 Issuer'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 Issuer (or a third party conducting a clinical trial) may fail to obtain the necessary approvals to commence or continue clinical testing. The Issuer 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 Issuer performs is subject to confirmation and interpretation by regulatory authorities, which could delay, limit or prevent regulatory approval. Even if the Issuer 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 Issuer 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 clinical trials of the Issuer'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 Issuer 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 Issuer's commercialization plans, or the Issuer may decide to abandon the development program. If the Issuer were to obtain approval, regulatory authorities may approve any of its product/compound candidates for fewer or more limited indications than the Issuer requests, 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 Issuer'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 Issuer may require regulatory approval by Health Canada, the FDA or an equivalent regulatory body because the plant or fungi may contain a controlled substance. While the Issuer 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 Issuer to approve the license which would cause delays or result in losses for the Issuer 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 Issuer's business. An inability to obtain raw materials or product supply could have a material adverse impact on the Issuer's business, financial condition, and results of operations.

The Issuer 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 Issuer's future products/compounds are recalled due to an alleged product defect or for any other reason, the Issuer could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. The Issuer 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 Issuer 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 Issuer's future brands were subject to recall, the image of that brand and the Issuer could be harmed. A recall for any of the foregoing reasons could lead to decreased demand for the Issuer's products/compounds and could have a material adverse effect on the results of operations and financial condition of the Issuer. Additionally, product recalls may lead to increased scrutiny of the Issuer's operations by regulatory agencies, requiring further management attention and potential legal fees and other expenses.

Reliance on a single facility

The Issuer has engaged InterVivo (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 Issuer's products/compounds candidates. A significant portion of the Issuer's business will be conducted at the Facility. Accordingly, any adverse changes or developments affecting the Facility could have a material adverse effect on the Issuer's business, financial conditional and results of operations.

Use of funds

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

The Issuer may not achieve its publicly announced milestones according to schedule, or at all

From time to time, the Issuer 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 Issuer 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 the Common Shares.

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

Damage to the Issuer'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 Issuer and its activities, whether true or not. Although the Issuer 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 Issuer 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 Issuer's overall ability to advance its projects, thereby having a material adverse impact on financial performance, financial condition, cash flows and growth prospects.

The Issuer 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 Issuer's competitors include large, well-established pharmaceutical companies, NHP companies, biotechnology companies, and academic and research institutions developing therapeutics for the same indications the Issuer 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 Issuer's product/compound candidates may be useful.

Many of the Issuer's competitors have substantially greater financial, technical and human resources than the Issuer does and have significantly greater experience than the Issuer 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 Issuer's competitors may succeed in obtaining regulatory approval for products more rapidly than the Issuer does. The Issuer'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 Issuer'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 Issuer's product/compound candidates to complete clinical development and receive marketing approval;
- the Issuer's ability to obtain required regulatory approvals;
- the Issuer's ability to commercialize any of its product/compound candidates that receive regulatory approval;
- the Issuer's ability to establish, maintain and protect intellectual property rights related to its product/compound candidates; and
- acceptance of any of the Issuer'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 Issuer plans to develop. Some of those products may have an entirely different approach or means of accomplishing the desired therapeutic effect than the Issuer's product/compound candidates and may be more effective or less costly than those the Issuer plans to develop. The success of the Issuer's competitors and their products and technologies relative to the Issuer's technological capabilities and competitiveness could have a material adverse effect on the future preclinical studies and clinical trials of the Issuer'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 Issuer's ability to generate future product development programs using psilocybin, psilocin or other psychedelic inspired compounds.

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

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

The Issuer'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 Issuer receives. The ability to compete effectively and to achieve partnerships will depend on its ability to develop and maintain proprietary aspects of the Issuer'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 Issuer's ability to raise such funds. There is no assurance that the Issuer'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 Issuer 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 Issuer may be challenged, invalidated or circumvented. To the extent the Issuer's intellectual property offers inadequate protection, or is found to be invalid or unenforceable, the Issuer is exposed to a greater risk of direct competition. If its intellectual property does not provide adequate protection against the Issuer's competitors' products, its competitive position could be adversely affected, as could the Issuer'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 Issuer's intellectual property rights to the same extent as do the laws of Canada and the United States.

The Issuer 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 Issuer 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 Issuer's ability to protect its product/compound candidates

As is the case with other NHP, biotechnology and pharmaceutical companies, the Issuer'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 Issuer'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 Issuer's ability to obtain patents or to enforce patents the Issuer 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 Issuer's key products

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

If the Issuer is unable to avoid infringing the patent rights of others, the Issuer 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 Issuer may not have sufficient resources to bring these actions to a successful conclusion. In addition, if the Issuer 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 Issuer 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 Issuer 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 Issuer.

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

Because the Issuer 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 Issuer 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 Issuer's academic and clinical collaborators will typically have rights to publish data, provided that the Issuer 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 Issuer, although in some cases the Issuer may share these rights with other parties. The Issuer may also conduct joint research and development programs which may require the Issuer 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 Issuer'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 Issuer does not have proprietary or otherwise protected rights at the time of publication. A competitor's discovery of the Issuer'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 Issuer'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 Issuer's operations. The Issuer's laboratory operations at the Facility will be subject to environmental protection laws and regulations that prescribe methods for storing and disposing of chemicals and controlled compounds, as the operations will involve spores, silica gels, dried mushroom powder, solvents for extraction and chromatographic separations in solvent systems which present potential and low-grade hazard to human health. Prior to commencing its laboratory operations, the Issuer will establish internal policies to comply with all such environmental laws and regulations.

Government environmental approvals and permits may be required in connection with the Issuer's operations. To the extent such approvals are required and not obtained, the Issuer 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 Issuer 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 Issuer 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 Issuer's future products alone or in combination with other medications or substances could occur. The Issuer may be subject to various product liability claims, including, among others, that the products produced by the Issuer 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 claim or regulatory action against the Issuer could result in increased costs, could adversely affect the Issuer'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 Issuer. There can be no assurances that the Issuer 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 Issuer's success is currently largely dependent on the performance of the Issuer's directors and officers. The experience of these individuals is a factor which will contribute to the Issuer's continued success and growth. The Issuer will initially be relying on the Issuer's board members and executive officers, as well as independent consultants and advisors, for most aspects of the Issuer's business. The amount of time and expertise expended on the Issuer's affairs by each of the Issuer's management team and the Issuer's directors will vary according to the Issuer's needs. The loss of any of these individuals could have a material detrimental impact on the Issuer's business. The Issuer does not intend to acquire any key management 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 Issuer's business, operations and financial condition. Investors who are not prepared to rely on the Issuer's management team should not invest in the Issuer's securities.

Potential conflicts of interest

Certain of the Issuer'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 Issuer. Situations may arise in connection with potential acquisitions or opportunities where the other interests of these directors and officers may conflict with the Issuer's interests. Directors and officers of the Issuer 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 will be listed in Canada, the Issuer will incur significant legal, accounting and related continuous disclosure expenses. The Issuer will be subject to the reporting requirements of Canadian securities laws the rules and regulations thereunder, the rules and regulations of the CSE, and the provisions of securities laws that apply to public companies such as the Issuer. 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 Issuer's target market is difficult to quantify, and investors will be reliant on their own estimates on the accuracy of market data

Because the Issuer'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 Issuer and, few, if any, established companies whose business model the Issuer can follow or upon whose success the Issuer can build. Accordingly, readers will have to rely on their own estimates about the Issuer. There can be no

assurance that the Issuer'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 Issuer regularly purchases and follows market research.

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

The Issuer 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 Issuer 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 Issuer to identify and deter misconduct by its employees and other third parties, and the precautions taken by the Issuer to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting the Issuer 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 Issuer, and it is not successful in defending itself or asserting its rights, those actions could have a significant impact on the Issuer's 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 Issuer's operations, any of which could have a material adverse effect on the Issuer's business, financial condition and results of operations.

Reliance on information technology systems and risk of cyberattacks.

The Issuer 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 Issuer'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 Issuer'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 Issuer's reputation and results of operations.

There can be no assurance that the Issuer will not incur material losses relating to cyber-attacks or other information security breaches in the future. The Issuer'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 Issuer 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 Issuer may become subject to liability for risks which are uninsurable or against which the Issuer 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 Issuer's financial position and operations.

Need for additional financing and issuance of additional securities

The Issuer'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 Issuer's business model requires spending money (primarily on research & development, advertising and marketing) in order to generate revenue.

In order to execute the Issuer's business plan, the Issuer 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 Issuer when needed or on terms which are acceptable. The Issuer's inability to raise financing to support on-going operations or to fund capital expenditures could limit the Issuer's operations and may have a material adverse effect upon future profitability. The Issuer 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 Common 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 Issuer to obtain additional capital or to pursue business opportunities, including potential acquisitions. If adequate funds are not obtained, the Issuer may be required to reduce, curtail, or discontinue operations. There is no assurance that the Issuer's future cash flow, if any, will be adequate to satisfy its ongoing operating expenses and capital requirements.

Dividend risk

The Issuer has not paid dividends in the past and does not anticipate paying dividends in the near future. The Issuer intends to retain earnings, if any, to finance the growth and development of its business. The payment of future cash dividends, if any, will be reviewed periodically by the Board and will depend upon, among other things, conditions then existing including earnings, financial condition and capital requirements, restrictions in financing agreements, business opportunities and conditions and other factors.

Additional Securityholder Risk

There is no risk that securityholders of the Issuer may become liable to make an additional contribution beyond the price of the security.

Other Risks

Subject to the risk factors set out in Section 17.1 above, there are no other material risk factors that a reasonable investor would consider relevant to an investment in the Common Shares.

18. PROMOTERS

Other than Mr. Richard Patricio, no other person or company is, or has been within the two years immediately preceding the date of this Listing Statement, a promoter of the Issuer or of a subsidiary of the Issuer. For purposes hereof, "promoter" includes any person performing Investor Relations Activities (as defined in the CSE Policies) for the Issuer.

19. LEGAL PROCEEDINGS

As of the date of this Listing Statement, the Issuer is not a party to any legal proceedings material to the Issuer to which the Issuer or a subsidiary of the Issuer is a party or of which any of their respective property is the subject matter, and there are no such proceedings known to the Issuer to be contemplated.

Other than as disclosed in this Listing Statement in Section 10.7 – *Stock Exchange Price*, the Issuer has not be subject to any (i) penalties or sanctions imposed against it by a court relating to provincial or territorial securities legislation or by a securities regulatory authority within the three years immediately preceding the date hereof; (ii) other penalties or sanctions imposed by a court or regulatory body against the Issuer necessary to contain full, true and plain disclosure of all material facts relating to the securities being listed; or (iii) settlement agreements entered into before a court relating to provincial or territorial securities legislation or with a securities regulatory authority within the three years immediately preceding the date of this Listing Statement

20. INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

No director or executive officer of the Issuer, or any person who has direct or indirect beneficial ownership of, or who exercises control or direction over, more than 10% of the Issuer's outstanding Shares, nor any associate or affiliate of any of such persons or companies, has had any interest in any transaction within the three years preceding the date of this Listing Statement, or in any proposed transaction, that has materially affected or will materially affect the Issuer, save and except the following directors and executive officers held such number of MSP Shares and/or MSP Options at the time MSP was acquired by the Issuer (see Section 22 "*Material Contracts*" – Share Exchange Agreement"). In consideration therefore, each received such number of Shares and/or Options of the Issuer in accordance with the Exchange Ratio as stated in the table below:

Name	Position	MSP Shares Held	MSP Options Held	Shares Received	Options Received
Richard Patricio	Chairman & Director	650,000	500,000	990,275	761,750
Jessica Whitton	Corporate Secretary	100,000	Nil	152,350	Nil
Arvin Ramos	CFO	Nil	Nil	Nil	Nil
James Lanthier	CEO	Nil	2,000,0000	Nil	3,047,000
Philip Williams	Director	1,200,000	500,000	1,828,200	761,750
James Passin	Director	1,500,000	500,000	2,285,250	761,750

21. AUDITORS, TRANSFER AGENTS AND REGISTRARS

21.1 Auditor

The auditors of the Issuer are MNP LLP, Suite 300, 111 Richmond Street West, Toronto, Ontario M5H 2G4.

21.2 Transfer Agent and Registrar

The transfer agent and registrar of the Issuer is Computershare Trust Company of Canada, 510 Burrard Street, Vancouver, British Columbia, V6C 3B9.

22. MATERIAL CONTRACTS

During the two years preceding the date of this Listing Statement, other than contracts entered into in the ordinary course of business, the Issuer has entered into the following material agreements:

1. Share Exchange Agreement dated July 31, 2020 pursuant to which (i) the Issuer acquired all of the securities of MSP, and (ii) all of the holders of shares and options in MSP became shareholders and option holders, respectively, of the Issuer.

2. Escrow Agreement dated December 18, 2020 among the Issuer, Computershare Trust Company of Canada, and certain principals of the Issuer regarding 6,189,725 Common Shares (as of the date of this Listing Statement).

3. Transfer Agent, Registrar and Dividend Disbursing Agent Agreement dated April 7, 2011 between the Issuer and Computershare Trust Company of Canada (formerly, Olympia Trust Company).

Copies of the material contracts can be reviewed on SEDAR or at the offices of the Issuer's legal counsel – Irwin Lowy LLP, Suite 401, 217 Queen Street West, Toronto, Ontario M5V 0R2.

23. INTEREST OF EXPERTS

The only persons who are named as having prepared or certified a part of this Listing Statement or prepared or certified a report or valuation described or included in this Listing Statement are North Sur's auditors, Crowe MacKay LLP, Chartered Professional Accountants, as such pertains to the audited financial statements, and auditor's report thereon, for the fiscal years ended December 31, 2018 and 2019 and MSP and the Issuer's auditors, MNP LLP, Chartered Professional Accountants, as such pertains to the audited financial statements, and auditor's report thereon, for the period ended June 30, 2020 and the period ended September 30, 2020. The auditors have advised the Issuer and MSP respectively that they are independent in accordance with the Rules of Professional Conduct of the Chartered Professional Accountants of Alberta and the Chartered Professional Accountants of Ontario Code of Professional Conduct.

No direct or indirect interest in any assets of the Issuer or of a Related Person of the Issuer has been received or is to be received by a person or company whose profession or business gives authority to a statement made by the person or company and who is named as having prepared or certified a part of this Listing Statement or prepared or certified a report or valuation described or included in this Listing Statement.

24. OTHER MATERIAL FACTS

There are no other material facts that are not disclosed under the preceding items and that are necessary in order for this Listing Statement to contain full, true and plain disclosure of all material facts relating to the Issuer and its securities.

25. FINANCIAL STATEMENTS

Schedule "A" – Audited Annual Financial Statements of Mindset Pharma Limited from incorporation to June 30, 2020

Schedule "B" – Management Discussion and Analysis of Mindset Pharma Limited from incorporation to June 30, 2020

Schedule "C" – Audited Annual Financial Statements of North Sur Resources Inc. for the fiscal years ended December 31, 2019 and 2018

Schedule "D" – Management Discussion and Analysis of North Sur Resources Inc. for the fiscal year ended December 31, 2019

Schedule "E" – Interim Financial Statements of North Sur Resources Inc. for the six months ended June 30, 2020

Schedule "F"– Management Discussion and Analysis of North Sur Resources Inc. for the six months ended June 30, 2020

Schedule "G" – Reviewed Financial Statements of the Issuer for the three months ended September 30, 2020

Schedule "H" – Management Discussion and Analysis of the Issuer for the three months ended September 30, 2020

Additional historical financial statements for the Issuer can be found under the Issuer's profile on SEDAR.

CERTIFICATE OF THE ISSUER

Pursuant to a resolution duly passed by its Board of Directors, Mindset Pharma Inc. (formerly North Sur Resources Inc.) hereby applies for the listing of its common shares on the CSE. The foregoing contains full, true and plain disclosure of all material information relating to Mindset Pharma Inc. It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

Dated this 21st day of December, 2020.

"James Lanthier" (Signed)
James Lanthier, Chief Executive Officer

"Arvin Ramos" (Signed)
Arvin Ramos, Chief Financial Officer

"Richard Patricio" (Signed)
Richard Patricio, Chairman & Director

"Philip Williams" (Signed)
Philip Williams, Director

SCHEDULE "A"

AUDITED ANNUAL FINANCIAL STATEMENTS OF MSP
FROM INCORPORATION TO JUNE 30, 2020

[inserted as pages following]

MINDSET PHARMA INC.

Financial Statements

**Period from October 7, 2019 (date of incorporation)
to June 30, 2020**

Independent Auditor's Report

To the Shareholders of Mindset Pharma Inc.:

Opinion

We have audited the financial statements of Mindset Pharma Inc. (the "Company"), which comprise the statement of financial position as at June 30, 2020, and the statements of operations and comprehensive loss, changes in equity and cash flows for the period from October 7, 2019 (date of incorporation) to June 30, 2020, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2020, and its financial performance and its cash flows for the period from October 7, 2019 to June 30, 2020 in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that the Company incurred a net loss of $481,882 during the period from October 7, 2019 to June 30, 2020. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibilities is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the

aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

MNP LLP

Toronto, Ontario

Chartered Professional Accountants

September 15, 2020

Licensed Public Accountants

MNP

MINDSET PHARMA INC.

Statement of Financial Position
As at June 30, 2020
(Expressed in Canadian Dollars)

		2020
Assets		
Current assets		
Cash	**$**	**540,741**
HST recoverable (note 4)		**20,503**
Total assets	**$**	**561,244**
Liabilities		
Current liabilities		
Trade and other payables (notes 5 & 9)	**$**	**92,132**
Total liabilities	**$**	**92,132**
Shareholders' Equity		
Share capital (note 7)		**760,585**
Contributed surplus (note 8)		**190,409**
Accumulated deficit		**(481,882)**
Total shareholders' equity		**469,112**
Total liabilities and shareholders' equity	**$**	**561,244**

Nature of Operations and Going Concern (note 1)
Subsequent Event (note 12)

Approved on behalf of the board:

Director *"Richard Patricio"* (signed)

Director *"Joseph Araujo"* (signed)

The accompanying notes are an integral part of these financial statements.

MINDSET PHARMA INC.

Statement of Operations and Comprehensive Loss
For the period from October 7, 2019 (date of incorporation) to June 30, 2020
(Expressed in Canadian Dollars)

		2020
Expenses:		
Consulting fees (note 7(b) and 9)	$	265,485
Professional fees		20,831
General and administration		5,157
Share-based compensation (notes 8 & 9)		190,409
Net loss and comprehensive loss for the period	$	(481,882)
Basic and diluted loss per share (note 7(c))	$	(0.03)
Weighted average number of shares outstanding (note 7(c))		14,341,977

The accompanying notes are an integral part of these financial statements.

MINDSET PHARMA INC.

Statement of Changes in Equity
For period from October 7, 2019 (date of incorporation) to June 30, 2020
(Expressed in Canadian Dollars)

	Share Capital		Contributed		Total Shareholders'
	Shares	Amount	surplus	Deficit	Equity
Balance, October 7, 2019	-	$ -	$ -	$ -	$ -
Private placements (note 7(b))	19,811,700	750,585	-	-	750,585
Shares issued for consulting (note 7(b))	1,000,000	10,000	-	-	10,000
Cost of issuance - broker shares (note 7(b))	285,000	-	-	-	-
Share-based compensation (note 8)	-	-	190,409	-	190,409
Net loss for the period	-	-		(481,882)	(481,882)
Balance, June 30, 2020	21,096,700	$ 760,585	$ 190,409	$ (481,882)	$ 469,112

The accompanying notes are an integral part of these financial statements.

MINDSET PHARMA INC.

Statement of Cash Flows
For period from October 7, 2019 (date of Incorporation) to June 30, 2020
(Expressed in Canadian Dollars)

	2020
Operating activities	
Net loss for the period	**$ (481,882)**
Adjust for: operating items not involving cash	
Share-based compensation	**190,409**
Shares issued for consulting services (note 7(b))	**10,000**
Change in non-cash working capital:	
HST recoverable	**(20,503)**
Trade and other payables	**92,132**
	(209,844)
Financing activities	
Proceeds from share issuance, net of cost (note 7(b))	**750,585**
	750,585
Increase in cash	**540,741**
Cash at beginning of period	**-**
Cash at end of period	**$ 540,741**
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:	
Interest paid	**-**
Taxes paid	**-**
Non-cash operating activities:	
Common shares issued for services	**10,000**

The accompanying notes are an integral part of these financial statements.

1. NATURE OF OPERATIONS AND GOING CONCERN

Mindset Pharma Inc. (the "Company") was incorporated under the laws of the province of Ontario, Canada on October 7, 2019. The mailing and office address of its executive office is: 401 – 217 Queen Street West, Toronto, ON M5V 0R2.

The Company is in the psychedelic-based drug discovery business creating novel and patent pending psychedelic compounds for treatment-resistant neurological and psychiatric disorders.

As at June 30, 2020, the Company had a working capital of $469,112, had not yet achieved profitable operations, has accumulated losses of $481,882 and expects to incur future losses in the development of its business. All of these represent material uncertainties that may casts significant doubt on the Company's ability to continue as a going concern. These financial statements have been prepared on the basis that the Company will continue as a going concern and do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

The COVID-19 pandemic has not resulted in any material impact on operations and the Company currently does not expect it will impact its 2020 operations. Preventative measures are in place to ensure the well-being of employees and contractors and no risks were noted at the end of the interim reporting period. Management continues to monitor the situation at the site and corporate office to identify any issues that may affect operational or financial reporting activities.

2. BASIS OF PRESENTATION

(a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

These financial statements for the period ended June 30, 2020 were approved and authorized for issue by the Company's Board of Directors on September 15, 2020.

(b) Basis of presentation and functional and presentation currency

These financial statements have been prepared on a going concern basis, under the historical cost convention and have been prepared using the accrual basis of accounting except for cash flow information, as explained in the accounting policies set out in Note 3. The financial statements are presented in Canadian Dollars, which is also the functional currency of the Company.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Cash

Cash in the statement of financial position comprise cash at banks and held in trust.

(b) Share Capital

Share capital represents the amount received on the issue of shares, less share issuance costs. If shares are issued when options and warrants and conversion options are exercised, the share capital account also comprises the costs previously recorded as share-based payments reserve and warrant reserves. In addition, if shares were issued as consideration services, they were measured at their fair value according to the last financing price immediately preceding the conclusion of the agreement.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Share-based payments

The Company has implemented a stock option plan to allow the Company to grant options to directors, officers, employees and service providers. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, including directors and officers of the Company. The maximum number of common shares which may be issued pursuant to the stock option plan is limited to 30% of the issued and outstanding common shares. In addition, the number of common shares which may be reserved for issuance to any one individual may not exceed 5% of the issued common shares on a yearly basis.

The Company uses the fair value-based approach to account for share-based payments under their stock option plan. Compensation expense is recognized for these stock options over their vesting period based on their estimated fair values on the date of grant as determined by the Black-Scholes option-pricing model.

The fair values of the options issued, if any, are credited to share-based payments reserve in the period they vest. Upon exercise of the share purchase options, consideration paid together with the amount previously recognized in share-based payments reserve is recorded as an increase in share capital. Charges to share purchase options that are forfeited before vesting are reversed from share-based payments reserve. For those share purchase options that expire or are forfeited after vesting, the amount previously recorded in share-based payments reserve is transferred to retained earnings or deficit.

Share-based payments granted to non-employees are measured at the fair value of the goods or services received. In the event the Company cannot reasonably estimate the fair value of goods or services received, the transaction is recorded at the estimated value of the share-based payment.

(d) Loss per share

Basic loss per share is determined by dividing total comprehensive loss attributable to common shareholders by the weighted average number of shares outstanding during the respective period presented. Diluted loss per share is calculated using the treasury stock method which assumes all common share equivalents, such as options and warrants, had been exercised at the beginning of the reporting period of issue and that the funds obtained therefrom were used to purchase common shares of the Company at the estimated average trading price of the common shares during the year.

(e) Income taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that the tax relates to items recognized directly in equity or in other comprehensive income or loss.

(i) Current income tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustments to tax payable or receivable in respect of previous years.

(ii) Deferred income tax

Deferred tax is recognized in respect of temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax is measured at the enacted or substantially enacted tax rates expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in earnings in the period that includes the date of enactment or substantive enactment.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Income taxes (continued)

(ii) Deferred income tax (continued)

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(f) IFRS 9 Financial instruments

Financial assets and liabilities, including derivatives, are recorded on the statement of financial position when the Company becomes a party to the financial instrument or derivative contract.

Classification and measurement of financial instruments

The Company measures a financial instrument at its fair value plus, in the case of a financial instrument not at fair value through profit (loss) ("FVTPL"), transaction costs that are directly attributable to the acquisition of the financial instrument. Transaction costs of financial instruments carried at fair value through FVTPL are expensed in profit (loss).

Subsequent measurement of financial assets depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories in which the Company classifies its financial instruments:

Amortized cost: Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Finance income from these financial instruments is recorded in net income (loss) using the effective interest rate method.

Fair value through other comprehensive income ("FVOCI"): Financial instruments that are held for collection of contractual cash flows and for selling the financial instruments, where the financial instruments' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognized in net income (loss). When the financial instrument is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to net income (loss).

FVTPL: Financial instruments that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on a financial instrument that is subsequently measured at FVTPL and is not part of a hedging relationship is recognized in net income (loss) and presented net in comprehensive income (loss) in the period in which it arises.

Financial liabilities are subsequently measured at amortized cost using the effective interest method or at FVTPL. Financial liabilities are subsequently measured as FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination, (ii) held for trading, or (iii) it is designated as FVTPL if eligible.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) IFRS 9 Financial instruments (continue)

On June 30, 2020, the financial instruments of the Company were as follows:

Classification	IFRS 9
Cash	Amortized cost
Trade and other payables	Amortized cost

(g) Impairment of financial assets

Impairment provisions are recognized based on the simplified approach within IFRS 9 using the lifetime expected credit loss model.

(h) Use of estimates and judgments

The preparation of financial statements in accordance with IFRS requires management to make accounting estimates and assumptions requiring judgment in applying the Company's accounting policies. These estimates and assumptions may affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant areas requiring the use of management estimates relate to the determination of valuation allowances for deferred income tax liabilities and assumptions used in determining the fair value of non-cash share-based payments. Actual amounts may differ from such estimates. Significant areas requiring the use of management estimates are as follows:

Share-based payment

From time to time, the Company issues stock options to directors and officers of the Company to acquire shares of the Company. The fair value of options granted is recognized as a share-based payment expense with a corresponding increase in shareholders' equity. The fair value of share-based payment is measured using the Black-Scholes option pricing model.

From time to time, the Company issues common shares for services or non-cash assets. The amount being recognized is determined by the fair value of the services received or the fair value of the shares granted.

Estimated useful lives and depreciation of capital assets

Calculations of the net book value of capital assets are dependent upon estimates of the useful economic life of the assets, residual value at the end of the asset's useful economic life, method of depreciation and whether impairment in value has occurred. The estimated useful lives and depreciation methodology are reviewed annually with prospective application of any changes, if deemed appropriate.

Deferred income taxes

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

(Expressed in Canadian dollars)

4. HST RECOVERABLE

The Company's HST recoverable at June 30, 2020 is $20,503.

5. TRADE AND OTHER PAYABLES

The Company's other payables at June 30, 2020 are comprised of the following:

		June 30, 2020
Trade payables	$	47,132
Accrued liabilities		45,000
	$	92,132

6. INCOME TAXES

Income tax expense consists of current and deferred tax expense. Current and deferred tax are recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income.

Current tax is recognized and measured at the amount expected to be recovered from or payable to the taxation authorities based on the income tax rates enacted or substantively enacted at the end of the reporting period and includes any adjustment to taxes payable in respect of previous years.

Deferred tax is recognized on any temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable earnings. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized, and the liability is settled. The effect of a change in the enacted or substantively enacted tax rates is recognized in net earnings and comprehensive income or in equity depending on the item to which the adjustment relates.

The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 26.5% to the effective tax rate is as follows:

		2020
Net loss before recovery of income tax	$	(481,882)
Expected income tax recovery		(127,700)
Increase (reduction) in taxes resulting from:		
Share-based compensation and non-deductible expenses		46,680
Change in tax benefits not recognized		81,020
Income tax recovery	$	-

Unrecognized deferred tax assets

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

Incorporation cost	$	1,830
Share-issuance cost		12,170
Non-capital losses carried forward		291,720
	$	305,720

(Expressed in Canadian dollars)

6. INCOME TAXES (continued)

The Canadian non-capital loss carry forwards expire as noted in the table below.

Share issuance costs will be fully amortized in 2025. Deferred tax assets have not been recognized in respect of these items because it is not probable that future tax profit will be available against which the group can utilize the benefits therefrom.

The Company's Canadian non-capital income tax losses expire as follows:

2040	$	291,720
Total non-capital losses available to carryforward	$	291,720

7. SHARE CAPITAL

a. Authorized

Authorized share capital consists of an unlimited number of common shares with no par value.

b. Changes in issued common shares during the period ended June 30, 2020 are as follows:

	Number of common shares	Amount
Balance, October 7, 2019 (date of incorporation)	-	$ -
Private placement at $0.01	6,000,000	60,000
Private placements at $0.05	13,811,700	690,585
Shares issued for services	1,000,000	10,000
Broker shares issued	285,000	-
Balance, June 30, 2020	**21,096,700**	**$ 760,585**

On October 7, 2019, the Company closed a private placement for 6,000,000 shares at $0.01 each share for proceeds of $60,000.

On October 7, 2020, the Company granted and issued 1,000,000 common shares as part of the consulting agreement. Those shares were valued at $0.01 per common share for the amount of $10,000, which was included in the consulting fees for the period ended June 30, 2020.

On November 22, 2019, the Company closed a Private Placement for 2,150,000 shares at $0.05 per share for proceeds of $107,500. As part of the placement, the Company issued 215,000 broker shares valued at $10,750 and treated as share issuance costs.

On February 20, 2020, the Company closed a Private Placement for 7,661,700 shares at $0.05 per share for proceeds of $383,085. As part of the placement, the Company issued 70,000 broker shares valued at $3,500 and treated as share issuance costs.

On March 27, 2020, the Company closed a Private Placement for 4,000,000 shares at $0.05 each share for proceeds of $200,000.

(Expressed in Canadian dollars)

7. SHARE CAPITAL (continued)

c. Loss per share

The calculation of basic and diluted loss per share, for the period ended June 30, 2020 is based on the following losses and number of shares:

		2020
Net loss and comprehensive loss for the period	$	(481,882)
Weighted average number of shares		14,341,997

Loss per share based on net loss and comprehensive loss for the period:

Basic and diluted	$	(0.03)

8. CONTRIBUTED SURPLUS

	Number of Options	Weighted Average Exercise Price
Balance October 7, 2019	-	$ -
Granted	5,300,000	0.05
Balance June 30, 2020	**5,300,000**	**$ 0.05**

Options

The Company's stock option plan (the "Plan") provides for the granting of stock options to directors, officers, employees and consultants of the Company. Share options are granted for a term not to exceed ten years at exercise prices determined by the Board of Directors subject to Exchange approval, if applicable; and are not transferrable. The Plan is administered by the Board of Directors, which determines individual eligibility under the Plan, number of shares reserved for optioning to each individual (not to exceed 5% of issued and outstanding shares to any one individual) and the vesting period. The maximum number of shares of the Company that are issuable pursuant to the Plan is limited to 30% of the issued and outstanding common shares.

On February 3, 2020, the Company granted 1,000,000 options to an officer of the Company which are vested immediately. These options are exercisable to acquire common shares of the Company at a price of $0.05 per share and originally had an expiry date of May 30, 2020. There options were valued in the amount of $13,688.

On March 30, 2020, the expiry date of these options was extended to September 30, 2020. This amendment to the expiry date is considered as a modification to the original option issuance. Therefore, the incremental fair value of the stock option was valued in the amount of $8,100 and was fully recognized during the period ended June 30, 2020 as all options were vested on the date of modification.

On February 3, 2020, the Company issued an additional 4,000,000 options to officer, directors and consultants of the Company which are vested immediately. These options are exercisable to acquire common shares of the Company at a price of $0.05 per share and expire on February 1, 2023. These options were valued in the amount of $162,060 on the grant date.

On April 28, 2020, the Company issued 300,000 options to an officer of the Company which are vested immediately. These options are exercisable to acquire common shares of the Company at a price of $0.05 per share and expire on December 1, 2020. These options were valued in the amount of $6,562 on the grant date.

(Expressed in Canadian dollars)

8. CONTRIBUTED SURPLUS (continued)

Options outstanding to purchase common shares at June 30, 2020 have a weighted average exercise price of $0.05 and an average remaining contractual life of 2.03 years. A summary of individual options granted carry exercise prices and remaining terms to maturity, is as follows:

Number of Options	Options Exercisable	Exercise Price	Fair Value at Grant Date	Expiry Date	Remaining Contractual Life Outstanding
#	#	$	$		(Years)
1,000,000	1,000,000	0.05	13,688	September 30, 2020	0.25
4,000,000	4,000,000	0.05	162,060	February 1, 2023	2.59
300,000	300,000	0.05	6,562	December 1, 2020	0.42

The fair values of options granted have been estimated on the date of grant using the Black-Scholes option-pricing model. Assumptions used in the pricing model are as follows:

Expiry Date	Grant date share price $	Exercise price $	Expected volatility %	Expected option life (Years)	Expected dividend yield %	Risk-free interest rate %
September 30, 2020	0.05	0.05	150.00	0.65	0	1.65
February 1, 2023	0.05	0.05	150.00	3.00	0	1.53
December 1, 2020	0.05	0.05	150.00	0.59	0	0.32

9. RELATED PARTY TRANSACTIONS

Compensation of key management personnel of the Company

The remuneration of directors and other members of key management personnel during the period ended June 30, 2020 was as follows:

		2020
Consulting fees	$	78,000
Share-based compensation		170,150
	$	248,150

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company.

As at June 30, 2020, the Company owed $42,430 to officer of the Company which is included in trade and other payables.

10. FINANCIAL INSTRUMENTS

Fair value

As at June 30, 2020 the carrying amounts of the Company's financial instruments are approximately equivalent due to the relatively short periods to maturity of these instruments.

Fair value estimates are made at a specific point in time, based on relevant market information and information about financial instruments. These estimates are subject to and involve uncertainties and matters of significant judgment, therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

Fair value hierarchy

The following provides a description of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value of observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other that quoted price included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There were no transfers between Level 1 and Level 2 during the reporting period.

A summary of the Company's risk exposures as it relates to financial instruments are reflected below:

(i) Currency risk

The Company does not hold any assets or liabilities denominated in a foreign currency. Therefore, the Company is not exposed to currency risk.

(ii) Credit risk

Credit risk arises from the potential that a counterparty will fail to perform its obligations. The Company's credit risk is primarily attributable to cash. The Company has no significant concentration of credit risk arising from operations. Cash consists of bank deposits which have been invested with reputable financial institutions, from which management believes the risk of loss to be remote.

(iii) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at June 30, 2020, the Company had cash and other receivable balance of $561,244 to settle current liabilities of $92,132. As such, liquidity risk for the Company is considered low.

(Expressed in Canadian dollars)

10. FINANCIAL INSTRUMENTS (continued)

(iii) Liquidity risk (continued)

The following amounts are the contractual maturities of financial liabilities as at June 30, 2020:

	Total $	1 year $	2 – 5 years $
Trade and other payables	92,132	92,132	-
	92,132	92,132	

(iv) Interest rate risk

Interest rate risk is the potential impact on any Company earnings due to changes in bank lending rates and short-term deposit rates. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. Management considers interest rate risk to be minimal given that, as at June 30, 2020, no amounts were held in short-term deposit certificates.

11. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support general operations of the Company and facilitate the liquidity needs of its operations. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital to include its working capital position, share capital and reserve for share-based payments.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the period from October 7, 2019 (date of incorporation) to June 30, 2020. The Company is not subject to externally imposed capital requirements.

12. SUBSEQUENT EVENT

On July 30, 2020, the Company and North Sur Resources Inc. (“North Sur”) entered into a definitive share exchange agreement (the “Share Exchange Agreement”), whereby, among other things, the North Sur has agreed to acquire all of the issued and outstanding common shares in the capital of Company in exchange for the issuance of 32,140,822 common shares of the North Sur to the Company (the “Transaction”). Upon completion of the Transaction, the Company will own approximately 62.3% of the issued and outstanding common shares of North Sur, on a non-diluted basis. The Transaction was closed on September 14, 2020.

SCHEDULE "B"

MANAGEMENT DISCUSSION AND ANALYSIS OF MSP
FROM INCORPORATION TO JUNE 30, 2020

[inserted as pages following]

MINDSET PHARMA INC.

Management's Discussion and Analysis of
Financial Condition and Results of Operations

June 30, 2020

Management's discussion and analysis (MD&A) is current to September 15, 2020 and is management's assessment of the operations and the financial results together with future prospects of Mindset Pharma Inc. ("Mindset" or the "Company"). This MD&A should be read in conjunction with our audited financial statements and related notes for the period from October 7, 2019 (date of incorporation) to June 30, 2020 prepared in accordance with International Financial Reporting Standards ("IFRS"). All figures are in Canadian dollars unless stated otherwise.

Forward Looking Information

This MD&A contains certain forward-looking statements and information relating to the Company that is based on the beliefs of its management as well as assumptions made by and information currently available to the Company. When used in this document, the words "may", "will", "anticipate", "plan", "intend", "estimate", "project", "continue", "believe", "estimate", "expect" and similar forward-looking terminology, as they relate to the Company or its management, are intended to identify forward-looking statements. This MD&A contains forward-looking statements relating to, among other things, regulatory compliance, the sufficiency of current working capital and the estimated cost and availability of funding for the continued operation of the Company. Such statements reflect the current views of the Company with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements.

Although management believes that the expectations reflected in such forward-looking statements are reasonable, all forward-looking statements address matters that involve known and unknown risks, uncertainties and other factors and should not be read as guarantees of future performance or results. Accordingly, there are or will be a number of significant factors which could cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Factors that could cause actual future results, performance or achievements to differ materially include, but are not limited to, our limited operating history, our reliance on key personnel, future capital needs, dependence on proprietary technology and limited protection thereof and general economic trends and international risk. The Company is subject to significant risks and any past performance is no guarantee of future performance. The Company cannot predict all of the risk factors, nor can it assess the impact, if any, of such risk factors on the Company's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those projected in any forward-looking statements. Accordingly, forward-looking statements should not be relied upon as a prediction of actual results. This MD&A offers a brief overview of some of the risk factors to be considered in relation to the Company's business. This list may not be exhaustive and new risk factors may emerge from time to time. Please see the section "Risks and Uncertainties" for further information. We disclaim any intention or obligation to publicly update or revise any forward-looking statements after distribution of this MD&A, whether as a result of new information, future events or other circumstances, except as may be required pursuant to applicable securities laws.

BUSINESS OVERVIEW AND CORPORATE UPDATE

Mindset Pharma Inc. (the "Company") was incorporated under the laws of the province of Ontario, Canada on October 7, 2019. The mailing and office address of its executive office is 401 – 217 Queen Street West, Toronto, ON M5V 0R2.

The Company is in the drug discovery and development business, creating novel and patent pending psychedelic compounds for treatment-resistant neurological and psychiatric disorders.

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. 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 discovery 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.

We define psychedelic inspired medicines to be a new class of drugs based on non-hallucinogenic medicines derived from psychedelics but with a negligible or no hallucinatory effect, or treatment through hallucinogenic therapies that would be performed in-clinic and under the supervision of a doctor and therapist. Regardless of the treatment, management of the Company intends that Mindset's approach will always be the same – the psychedelic inspired medicines that it develops will attempt to be commercialized 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 US 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.

INTELLECTUAL PROPERTY

Protection of our intellectual property is paramount to the success of our business. In February of 2020, Mindset filed two provisional patent applications with the US Patent & Trade Office related to new psychedelic drug designs. These provisional patent applications cover two distinct and unique chemical scaffolds, or chemical backbones, (the "**Mindset NCE**") which the Mindset team believes, based on available literature and the team's experience in designing targeted small molecules, would evoke a psychedelic effect similar to psilocybin, while achieving an optimized pharmacological drug profile (e.g., minimizing extraneous metabolites in the compound design to create a more uniform effect of the drug across a broad range of patient populations).

In July of 2020, Mindset filed a provisional patent application with the US Patent & Trade Office covering a new chemical synthesis process for synthesizing both intermediates of the Mindset NCE's as well as the synthesis of psilocybin and psilocin. (the "**Mindset Synthesis Process**"). The Mindset team believes that 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 ultimate goal of the Mindset NCE program is to create a compound or range of compounds which can address similar indications to those that the latest research into psilocybin has shown potential (e.g. treatment resistant depression and end-of-life care). Mindset's scientific team, however, is of the view that there may be additional neuropsychiatric indications that the Mindset NCE's could address, although these would require further clinical research.

The Mindset NCE's have been designed by Mindset's scientific advisor, Dr. Malik Slassi. Dr. Slassi has over 30 years of experience in the successful identification of small molecular drug candidates across multiple therapeutic areas including oncology, neurology, immunology, and gastroenterology. Dr. Slassi has a strong record of drug development with over 20 drug candidates advances into late-stage pre-clinical and clinical development, over 130 issued and published patents and patent applications and more than 65 scientific and review articles published in international peer-reviewed medical journals.

Subsequent to filing the Mindset NCE patent applications, Mindset, through a research partner, synthesized a group of compounds and generated certain in-vitro (i.e. in a laboratory setting) data to screen and quantify the effect of its compounds on certain human brain receptors that are considered essential in evoking the therapeutic benefit in patients.

As Mindset generates new data it will continue to expand patent coverage through the development program.

FUTURE RESEARCH AND DEVELOPMENT

Mindset's mission to discover, develop and deploy psychedelic inspired medicines to alleviate suffering and improve health encompasses the research and development of new and improved psychedelic inspired medicines ranging from proprietary psychedelic compounds to non-psychedelic analogs with medicinal properties. While our clinical development programs are Mindset's first priority, our proprietary research and development programs are essential to advancing our product portfolio position as the leader in psychedelic inspired medicines. For the time being, Mindset maintains intellectual property generated by its R&D programs as trade secrets. We anticipate that as these programs mature patent applications will be filed and more details about these programs will be disclosed at such time.

REVIEW OF OPERATIONS

Selected Annual Financial Information

The following table reflects the summary of annual results for the period set out.

Period from October 7, 2019 (date of incorporation) to June 30, 2020	
	$
Total Assets	**561,244**
Total Revenue	**Nil**
Net Loss	**(481,882)**
Loss per share – basic and fully diluted	**(0.03)**

Overall Performance

The following paragraphs provide an analysis of the financial condition of the Company, results of operations, trends, events, uncertainties, and industry and economic factors that affect the Company's performance for the period from the date of incorporation on October 7, 2019 to June 30, 2020.

The Company had a net loss of $481,882 during the period from October 7, 2019 (date of incorporation) to June 30, 2020. This is comprised of consulting fees ($265,485), professional fees ($20,831), general and administration ($5,157) and share-based compensation ($190,409).

Share-based compensation of $190,409 was the fair market value (using the Black-Scholes pricing model) of the 5,300,000 options granted by the Company to its officers, directors and consultants during the period.

On October 7, 2019, the Mindset closed a private placement for 6,000,000 shares at $0.01 each share for proceeds of $60,000.

On October 7, 2019, the Company granted and issued 1,000,000 common shares as part of a consulting agreement. Those shares were valued at $0.01 per common share for the amount of $10,000, which was included in the consulting fees for the period ended June 30, 2020.

On November 22, 2019, the Company closed a Private Placement for 2,150,000 shares at $0.05 per share for proceeds of $107,500. As part of the placement, the Company issued 215,000 broker shares valued at $10,750.

On February 20, 2020, the Mindset closed a Private Placement for 7,661,700 shares at $0.05 per share for proceeds of $383,085. As part of the placement, the Company issued 70,000 broker shares valued at $3,500.

On March 27, 2020, the Company closed a Private Placement for 4,000,000 shares at $0.05 each share for proceeds of $200,000.

As at June 30, 2020, the Company's cash position was $540,741. Mindset will rely on financing to raise capital in the future.

Company Directors

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
Jessica Whitton	Corporate Secretary

LIQUIDITY AND CAPITAL RESOURCES

During the period ended June 30, 2020, Mindset raised $750,585 through the issuance of its common shares. $209,844 in cash was used from operations during the period.

As at June 30, 2020, the Company had cash and other receivable balance of $561,244 to settle current liabilities of $92,132 and had a working capital of $469,112, had not yet achieved profitable operations, has accumulated losses of $481,882 and expects to incur future losses in the development of its business.

The Company will require substantial additional funds to develop its intellectual properties. The Company has limited financial resources and no current source of recurring revenue, and there is no assurance that additional funding will be available to the Company to carry out the completion of its planned activities. There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in the delay or indefinite postponement of intellectual property development. The terms of any additional financing obtained by the Company could result in substantial dilution to the shareholders of the Company.

COMMITMENTS, CONTINGENCIES AND OFF-BALANCE SHEET ARRANGEMENTS

The Company has no commitments for capital expenditures, no contingencies and 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 CEO, CFO, and its board of directors. These expenditures are summarized as follows:

	For the period ended June 30, 2020
Consulting fees	**$ 78,000**
Share-based compensation	**170,150**
	$ 248, 150

As at June 30, 2020, the Company owed $42,430 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.

BUSINESS COMBINATION

On July 31, 2020, the Company and North Sur Resources Inc. ("North Sur") entered into a definitive share exchange agreement (the "Share Exchange Agreement"), whereby, among other things, North Sur has agreed to acquire all of the issued and outstanding common shares in the capital of Company in exchange for the issuance of 32,140,822 common shares of North Sur to the shareholders of the Company (the "Transaction"). Upon completion of the Transaction, the shareholders of the Company will own approximately 62.3% of the issued and outstanding common shares of North Sur, on a non-diluted basis.

The transaction closed on September 15, 2020.

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	Amortized cost	Amortized cost
Trade and other payables	Amortized cost	Amortized cost

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.

General risk factors

Market price of Common Shares and volatility

The common shares of the Company do not currently trade on any exchange or stock market. Securities of small-cap companies have experienced substantial volatility in the past, often based on factors unrelated to the companies' financial performance or prospects. These factors include macroeconomic developments in North America and globally and market perceptions of the attractiveness of particular industries. Factors unrelated to our performance that may affect the price of the Common Shares include the following: the extent of analytical coverage available to investors concerning our business may be limited if investment banks with research capabilities do not follow the Company; lessening in trading volume and general market interest in the Common Shares may affect an investor's ability to trade significant numbers of Common

Shares; the size of our public float may limit the ability of some institutions to invest in Common Shares; and a substantial decline in the price of the Common Shares that persists for a significant period of time could cause the Common Shares, if listed on an exchange, to be delisted from such exchange, further reducing market liquidity. As a result of any of these factors, the market price of the Common Shares at any given point in time may not accurately reflect our long-term value. Securities class action litigation often has been brought against companies following periods of volatility in the market price of their securities. We may in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert management's attention and resources. There is currently no market through which the Company's securities may be sold and purchasers may not be able to resell the Company's securities. An active public market for the Common Shares might not develop or be sustained following the filing of this MD&A. If an active public market for the Common Shares does not develop, the liquidity of a shareholder's investment may be limited, and the Common Share price may decline below the shareholder's initial investment.

The market price of the Common Shares 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 new drug or clinical trial (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 clinical 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 the plant or fungi may contain 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 brands were subject to recall, the image of that brand 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 laboratory operations at the Facility will be subject to environmental protection laws and regulations that prescribe methods for storing and disposing of chemicals and controlled

compounds, as the operations will involve spores, silica gels, dried mushroom powder, solvents for extraction and chromatographic separations in solvent systems which present potential and low-grade hazard to human health. Prior to commencing its laboratory operations, the Company will establish internal policies to comply with all such environmental laws and regulations.

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 claim 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 will be listed in Canada, 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 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.

Dividend risk

The Company has not paid dividends in the past and does not anticipate paying dividends in the near future. The Company intends to retain earnings, if any, to finance the growth and development of its business. The payment of future cash dividends, if any, will be reviewed periodically by the Board and will depend upon, among other things, conditions then existing including earnings, financial condition and capital requirements, restrictions in financing agreements, business opportunities and conditions and other factors.

SCHEDULE "C"

AUDITED ANNUAL FINANCIAL STATEMENTS OF NORTH SUR RESOURCES INC.
FOR THE FISCAL YEARS ENDED DECEMBER 31, 2019 AND 2018

[inserted as pages following]

North Sur Resources Inc.

Financial Statements

For the Years Ended December 31, 2019 and 2018

Crowe MacKay LLP
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Independent Auditor's Report

To the Shareholders of North Sur Resources Inc.

Opinion

We have audited the financial statements of North Sur Resources Inc. ("the Company"), which comprise the statements of financial position as at December 31, 2019 and December 31, 2018 and the statements of loss and comprehensive loss, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2019 and December 31, 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements which describes the material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the other information prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Independent Auditor's Report (continued)

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Independent Auditor's Report (continued)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Garry Cook.

Calgary, Canada
April 29, 2020

Chartered Professional Accountants

North Sur Resources Inc.

Statements of Financial Position

(Stated in Canadian Dollars)

	Notes	December 31, 2019	December 31, 2018
ASSETS			
Current assets			
Cash and cash equivalents		$ 9,471	$ -
GST recoverable		10,484	9,859
TOTAL ASSETS		$ 19,955	$ 9,859
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables	**7,8**	$ 356,997	$ 343,799
Loans payable	**4**	30,000	-
Total liabilities		386,997	343,799
Shareholders' deficiency			
Common shares	**5**	1,525,239	1,525,239
Share-based payments reserve	**6**	83,000	83,000
Deficit		(1,975,281)	(1,942,179)
Total equity		(367,042)	(333,940)
TOTAL LIABILITIES AND EQUITY		$ 19,955	$ 9,859
Nature and continuance of operations	**1**		
Subsequent events	**4,12**		

Approved on behalf of the Board of Directors:

"Robert Falls"
Robert Falls, Director

North Sur Resources Inc.

Statements of Loss and Comprehensive Loss

(Stated in Canadian Dollars)

	Notes	Year ended December 31, 2019	Year ended December 31, 2018
Expenses (recovery)			
Filing and listing fees		$ 16,808	$ 2,625
Forgiveness of debt		(12,522)	-
General and administrative		-	1,321
Professional fees	**7**	28,816	10,000
Loss and comprehensive loss for the year		$ (33,102)	$ (13,946)
Weighted average number of common shares outstanding	**5**		
Basic		23,990,000	23,990,000
Diluted		23,990,000	23,990,000
Basic and diluted loss per common share		$ (0.00)	$ (0.00)

North Sur Resources Inc.

Statements of Changes in Shareholders' Deficiency

(Stated in Canadian Dollars)

	Common Shares		Share-based Payments		
	Number	Amount	Reserve	Deficit	Total
Balance at December 31, 2017	23,990,000	$ 1,525,239	$ 83,000	$ (1,928,233)	$ (319,994)
Loss for the year	-	-	-	(13,946)	(13,946)
Balance at December 31, 2018	23,990,000	1,525,239	83,000	(1,942,179)	(333,940)
Loss for the year	-	-	-	(33,102)	(33,102)
Balance at December 31, 2019	23,990,000	$ 1,525,239	$ 83,000	$ (1,975,281)	$ (367,042)

The accompanying notes are an integral part of these financial statements.

North Sur Resources Inc.

Statements of Cash Flows

(Stated in Canadian Dollars)

	Year ended December 31, 2019	Year ended December 31, 2018
Operating activities		
Loss	$ (33,102)	$ (13,946)
Item not involving cash:		
Forgiveness of debt	12,522	-
Changes in non-cash working capital items:		
GST recoverable	(625)	(3)
Trade and other payables	676	13,949
Net cash used in operating activities	(20,529)	-
Financing activity		
Proceeds from loans payable	30,000	-
Net cash provided by financing activity	30,000	-
Change in cash and cash equivalents during the year	9,471	-
Cash and cash equivalents, beginning of year	-	-
Cash and cash equivalents, end of year	$ 9,471	$ -
Supplemental Cash Flow Information		
Income taxes paid	$ -	$ -
Interest paid (received)	$ -	$ -

The accompanying notes are an integral part of these financial statements.

1. Nature and Continuance of Operations

North Sur Resources Inc. (the "Company") was incorporated on January 12, 2011 pursuant to the Business Corporations Act (Alberta). On May 12, 2011, the Company completed its initial public offering as a "Capital Pool Company" (as defined in the TSX Venture Exchange ("TSX-V") Policies) and its common shares began trading on the TSX-V on May 12, 2011. On August 12, 2013, the Company announced the completion of its qualifying transaction. As a result of the completion of the qualifying transaction, the Company ceased to be a Capital Pool Company and began trading as a Tier 2 Mining Issuer on the TSX-V on August 14, 2013.

The Company had not maintained the requirements of a Tier 2 Mining Issuer and on August 21, 2017 its common shares were transferred to the NEX (a separate board of the TSX-V). On May 8, 2017, the Alberta Securities Commission ("ASC"), as principal regulator, issued a cease trade order (the "CTO") for failure to file annual audited financial statements, annual management's discussion and analysis, and certification of the annual filings for the year ended December 31, 2016 (the "CD Materials"). On May 9, 2017, the British Columbia Securities Commission cease traded the Company for its failure to file the CD Materials. On March 28, 2018, the Company's common shares were delisted from the NEX for failure to pay listing maintenance fees.

On December 2, 2019, the Company filed its annual audited financial statements, annual management's discussion and analysis, and certification of the annual filings for the years ended December 31, 2018 and 2017. Also on December 2, 2019, the Company filed its interim financial statements, interim management's discussion and analysis, and certification of the interim filings for the periods ended March 31, 2019, June 30, 2019, and September 30, 2019. The ASC reviewed the annual and interim filings and the Company filed amended materials at the request of the ASC on February 6, 2020. On February 24, 2020, the ASC issued a revocation order granting full revocation of the CTO issued on May 8, 2017.

These financial statements have been prepared using accounting policies in compliance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") on the assumption that the Company will continue as a going concern and realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation.

As at December 31, 2019, the Company had not yet achieved profitable operations, has accumulated losses of $1,975,281 since inception, its current liabilities exceed current assets by $367,042 (2018 - $333,940), and expects to incur further losses in the development of its business. In addition, subsequent to December 31, 2019, there was a worldwide outbreak of a novel coronavirus known as COVID-19, which has impacted the global economy (see note 12). These factors cast a material uncertainty on the Company's ability to continue as a going concern. The continued operations of the Company are primarily dependent on its ability to raise financing from equity markets and private lenders. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to do so in the future. Accordingly, these financial statements do not give effect to adjustments, if any, that would be necessary should the Company be unable to continue as a going concern. If the going concern assumption was not used, then the adjustments required to report the Company's assets and liabilities on a liquidation basis could be material to these financial statements.

The registered office of the Company is located at 1900, 520 – 3rd Avenue SW, Calgary, Alberta, T2P 0R3.

2. Basis of Preparation

a) Statement of compliance

The Company has prepared its financial statements in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the IFRS Interpretations Committee ("IFRICs").

b) Basis of presentation

The financial statements are presented in Canadian dollars and all values are rounded to the nearest dollar except where otherwise indicated. The financial statements have been prepared on an accrual basis and are based on historical costs except for certain financial instruments, which are measured at fair value, as explained in the accounting policies set out in note 3.

c) Approval of the financial statements

The financial statements of the Company for the years ended December 31, 2019 and 2018 were reviewed by the audit committee and approved and authorized for issue by the Board of Directors on April 29, 2020.

d) Recent accounting pronouncements and changes to accounting policies

During the year ended December 31, 2019, the Company adopted the following new accounting pronouncements:

i) IFRS 16 Leases – In January 2016, the IASB issued IFRS 16, which establishes principles for the recognition, measurement, presentation, and disclosure of leases for both the lessee and lessor. The new standard introduces a single lessee accounting model that requires the recognition of all assets and liabilities arising from a lease. IFRS 16 replaces IAS 17, IFRIC 4, SIC 15, and SIC 27 effective for annual periods on or after January 1, 2019. The Company did not have any lease contracts in place as at December 31, 2018 and did not enter into any lease contracts during the year ended December 31, 2019. As such, there was no material impact on the Company's financial statements upon adoption of this standard.

At the date of authorization of these financial statements, the IASB and IFRIC has issued the following new and revised Standards and Interpretations which are not yet effective:

- IFRS 3 Business Combinations — The definition of a business will be amended under IFRS 3. Under the amended definition, to be considered a business an acquisition must include an input and a substantive process that together significantly contribute to the ability to create outputs. The new guidance provides a framework to evaluate when an input and a substantive process are present. Under the prior definition, IFRS 3 stated that a business need not include all of the inputs or processes that the seller used in operating that business "if market participants are capable of acquiring the business and continuing to produce outputs, for example, by integrating the business with their own inputs and processes".

2. Basis of Preparation (cont'd)

The reference to such integration is now deleted from IFRS 3 in the amendment and the assessment must be based on what has been acquired in its current state and condition. This amendment will be applied prospectively to future acquisitions (effective for annual periods on or after January 1, 2020).

The Company has not early adopted this standard and does not expect there to be a material impact on the results and financial position of the Company upon adoption.

3. Summary of Significant Accounting Policies

a) Cash and cash equivalents

Cash and cash equivalents in the statements of financial position comprise cash at banks, or held in trust, and short term deposits with an original maturity of three months or less, which are readily convertible into a known amount of cash. There was no cash or cash equivalents at December 31, 2018.

b) Foreign currencies

The financial statements are presented in Canadian dollars. The Company's functional currency is the Canadian dollar, which is the currency of the primary economic environment in which the Company operates.

Transactions in foreign currencies are initially recorded at the functional currency rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated to the functional currency rate of exchange at the date of the statement of financial position.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

c) Share-based payments

Employees (including directors and senior executives) of the Company may receive a portion of their remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions"). The costs of equity-settled transactions with employees are measured by reference to the fair value at the date on which they are granted.

In situations where equity instruments are issued for goods or services, the transaction is measured at the fair value of the goods or services received by the entity. When the value of the goods or services cannot be specifically identified, they are measured at the fair value of the share-based payment.

3. Summary of Significant Accounting Policies (cont'd)

The costs of equity-settled transactions are recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("vesting date"). The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the Company's best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and the corresponding amount is represented in share-based payments reserve.

No expense is recognized for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional amount is recognized on the same basis as the amount of the original award for any modification which increases the total fair value of the share-based payment arrangement or is otherwise beneficial to the employee as measured at the date of modification.

The dilutive effect of outstanding options is reflected as dilution in the computation of earnings per share if applicable.

d) Taxation

Income tax expense represents the sum of tax currently payable and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are substantively enacted by the date of the statement of financial position.

Deferred income tax

Deferred income taxes are provided using the liability method on temporary differences at the date of the statement of financial position between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable earnings; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

3. Summary of Significant Accounting Policies (cont'd)

Deferred income tax assets are recognized for all deductible temporary differences and carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable earnings; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at the date of each statement of financial position and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax assets to be utilized. Unrecognized deferred income tax assets are reassessed at the date of each statement of financial position and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the date of the statement of financial position.

Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statements of loss and comprehensive loss.

Deferred income tax assets and deferred income tax liabilities are offset if, and only if, a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend to either settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

e) Income (loss) per share

The Company presents basic and diluted income (loss) per share data for its common shares. Basic income (loss) per share is computed by dividing the income (loss) by the weighted average number of common shares outstanding during the period. Diluted income (loss) per share reflects the potential dilution of common share equivalents, such as outstanding stock options and share purchase warrants, in the weighted average number of common shares outstanding during the period, if dilutive. Common shares that are contingently returnable or subject to escrow are not included in the calculation.

3. Summary of Significant Accounting Policies (cont'd)

f) Financial instruments

i) Recognition

The Company recognizes a financial asset or financial liability on the statement of financial position when it becomes party to the contractual provisions of the financial instrument. Financial assets are initially measured at fair value, and are derecognized either when the Company has transferred substantially all the risks and rewards of ownership of the financial asset, or when cash flows expire. Financial liabilities are initially measured at fair value and are derecognized when the obligation specified in the contract is discharged, cancelled or expired.

A write-off of a financial asset (or a portion thereof) constitutes a derecognition event. Write-off occurs when the Company has no reasonable expectation of recovering the contractual cash flows of a financial asset.

ii) Classification and measurement

The Company determines the classification of its financial instruments at initial recognition. Financial assets and financial liabilities are classified according to the following measurement categories:

a) those to be measured subsequently at fair value, either through profit or loss ("FVTPL") or through other comprehensive income ("FVTOCI"); and,
b) those to be measured subsequently at amortized cost.

The classification and measurement of financial assets after initial recognition at fair value depends on the business model for managing the financial asset and the contractual terms of the cash flows. Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding, are generally measured at amortized cost at each subsequent reporting period. All other financial assets are measured at their fair values at each subsequent reporting period, with any changes recorded through profit or loss or through other comprehensive income (which designation is made as an irrevocable election at the time of recognition).

After initial recognition at fair value, financial liabilities are classified and measured at either:

i) amortized cost;
ii) FVTPL, if the Company has made an irrevocable election at the time of recognition, or when required (for items such as instruments held for trading or derivatives); or
iii) FVTOCI, when the change in fair value is attributable to changes in the Company's credit risk.

The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

Transaction costs that are directly attributable to the acquisition or issuance of a financial asset or financial liability classified as subsequently measured at amortized cost are included in the fair value of the instrument on initial recognition. Transaction costs for financial assets and financial liabilities classified at fair value through profit or loss are expensed in profit or loss.

3. Summary of Significant Accounting Policies (cont'd)

The Company's financial assets consists of cash and cash equivalents which are classified and subsequently measured at amortized cost. The Company's financial liabilities consist of trade and other payables and loans payable which are classified and measured at amortized cost using the effective interest method. The 'effective interest rate' is the rate that discounts estimated future cash payments over the expected life of the financial instrument to the gross carrying amount of the financial asset or the amortized cost of the financial liability. The effective interest rate is calculated considering all contractual terms of the financial instruments, except for the expected credit losses of financial assets. Interest expense is reported in net loss.

iii) Impairment

The Company assesses all information available, including on a forward-looking basis the expected credit losses associated with any financial assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition based on all information available, and reasonable and supportive forward-looking information.

g) Interest income

Interest income from financial assets is accrued by reference to the principal outstanding and at the applicable effective interest rate.

h) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. Any increase in a provision due solely to passage of time is recognized as interest expense.

i) Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence, related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. Related party transactions that are in the normal course of business and have commercial substance are measured at the exchange amount.

3. Summary of Significant Accounting Policies (cont'd)

j) Significant accounting judgments and estimates

The preparation of these financial statements requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions.

The areas that require significant estimations or where measurements are uncertain are as follows:

Share-based payments

The fair value of share options granted is measured using the Black-Scholes option pricing model. Measurement inputs include share price on measurement date, exercise price of the option, expected volatility, expected life of the share options, expected dividends, the risk-free rate, and the expected forfeiture rate. The expected volatility is based on the estimated volatility of early stage companies trading on the TSX-V. The expected life of the share options is based on historical experience and general option holder behavior. Dividends are not taken into consideration as the Company does not expect to pay dividends. Management also makes an estimate of the number of share options that will forfeit and the rate is adjusted to reflect the actual number of share options that actually vest.

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements includes 1) the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty; and 2) the classification of financial instruments.

4. Loans Payable

During the year ended December 31, 2019, the Company entered into loan agreements with certain third parties. The loans payable are non-interest bearing and are payable on demand. The Company mortgages and pledges to the lenders all of its currently held and after-acquired assets and undertaking.

Subsequent to December 31, 2019, these certain third parties loaned the Company a further $19,301 for working capital purposes.

5. Shareholders' Equity

a) Authorized:

An unlimited number of common shares.
An unlimited number of preferred shares, issuable in series.

b) During the years ended December 31, 2019 and 2018, the Company did not issue any common shares and did not issue any preferred shares.

(Stated in Canadian Dollars)

5. Shareholders' Equity (cont'd)

c) Loss per share:

Basic and diluted loss per share

	Year ended December 31, 2019	Year ended December 31, 2018
Numerator:		
Net loss	$ (33,102)	$ (13,946)
Denominator:		
Weighted average number of common shares (basic)	23,990,000	23,990,000
Dilutive effect of share options	-	-
Weighted average number of common shares (diluted)	23,990,000	23,990,000
Basic and diluted loss per common share	$ (0.00)	$ (0.00)

6. Share-based Payments Reserve

Stock Options

The Company has adopted an incentive stock option plan prepared in accordance with the policies of the TSX-V (the "Stock Option Plan") which provides that the Board of Directors of the Company may from time to time, in its discretion, grant to directors, officers, employees and consultants of the Company non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance under the Stock Option Plan shall not exceed ten percent (10%) of the issued and outstanding common shares. The options will be exercisable for a period of up to ten (10) years. In addition, the number of common shares reserved for issuance to any one person shall not exceed five percent (5%) of the issued and outstanding common shares and the number of common shares reserved for issuance to any one consultant will not exceed two percent (2%) of the issued and outstanding common shares. The Board of Directors will determine the price per common share and the number of common shares which may be allocated to each director, officer, employee and consultant and all other terms and conditions of the option, subject to the rules of TSX-V.

As at December 31, 2019 and 2018, 420,000 stock options are fully exercisable and outstanding with a weighted average exercise price of $0.10 per option and expiring on May 12, 2021. The stock options were granted to officers and directors of the Company. On December 3, 2019, the officers and directors resigned and accordingly, the 420,000 stock options expired unexercised 90 days following resignation (March 2, 2020) in accordance with the Stock Option Plan.

7. Related Party Transactions

The following is a summary of the related party transactions that occurred during the years ended December 31, 2019 and 2018.

a) Compensation of key management personnel

The Company has determined that key management personnel consist of its Directors, the CEO and CFO.

During the years ended December 31, 2019 and 2018, key management personnel did not receive any short-term employee benefits from the Company. Also, key management personnel were not paid post-employment benefits, termination benefits, or other long-term benefits during the years ended December 31, 2019 and 2018.

b) Other related party transactions

During the year ended December 31, 2019, the Company incurred $10,000 (2018 - $nil) of legal fees to a law firm of which one of the Company's former Directors is a partner. As at December 31, 2019, previously billed legal fees of $287,481 (2018 - $270,202) are included in trade and other payables.

As at December 31, 2019, the Company owes its former CFO $150 (2018 - $150) for reimbursement of corporate expenses. This amount is included in trade and other payables.

8. Financial Instruments

The Company is exposed to various financial risks resulting from both its operations and its investment activities. The Company's management manages financial risks. The Company does not enter into financial instruments agreements, including derivative financial instruments for speculative purposes. The Company's main financial risks exposure and its financial policies are as follows:

a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's cash and cash equivalents is exposed to credit risk, with the carrying value being the Company's maximum exposure. The Company's cash and cash equivalents consists of funds held in trust with the Company's corporate lawyer. Management believes the Company's exposure to credit risk is minimal.

b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest rate risk as cash and cash equivalents only comprise funds held in trust with the Company's corporate lawyer as at December 31, 2019. The Company had no interest rate swaps or financial contracts in place as at or during the years ended December 31, 2019 and 2018.

(Stated in Canadian Dollars)

8. Financial Instruments (cont'd)

c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they are due. The Company's approach to managing liquidity is to ensure, to the extent possible, that it will have sufficient liquidity to meet its liabilities when due. Such strategies include identifying and evaluating strategic and restructuring alternatives that may be available to improve the Company's working capital position, continuously monitoring forecast and actual cash flows and financing activities.

As at December 31, 2019, the Company's undiscounted cash requirement to settle its financial liabilities is $386,997 (2018 - $343,799).

The Company has no business income. As such, in order to improve the Company's working capital position, the Company will need to issue equity and/or secure debt financing. While the Company has been successful in obtaining additional sources of funding in the past, there can be no assurance that it will be able to do so in the future.

A breakdown of the Company's aged trade and other payables is as follows:

	Year ended December 31, 2019	Year ended December 31, 2018
Less than 90 days	$ 37,420	$ 10,746
Between 90 days and 1 year	10,000	3,203
Greater than 1 year	309,577	329,850
	$ 356,997	$ 343,799

Fair value estimates are made at the statement of financial position date, based on relevant market information and other information about financial instruments. As at December 31, 2019 and 2018, the Company's financial instruments are cash and cash equivalents, trade and other payables, and loans payable. Given the significant excess of liabilities over assets, the fair market values of the Company's trade and other payables and loans payable are estimated to be lower than their carrying values. However, actual estimates of fair values are not accurately determinable at this time so they have not been disclosed.

9. Capital Management

The Company's capital currently consists of common shares and loans payable. Its principal source of cash is from the issuance of common shares and loans. The Company's capital management objectives are to safeguard its ability to continue as a going concern and to have sufficient capital to be able to identify, evaluate and then acquire an interest in businesses or assets. The Company does not have any externally imposed capital requirements to which it is subject. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares.

(Stated in Canadian Dollars)

10. Segmented Information

At December 31, 2019 the Company has one reportable operating segment being the identification and evaluation of assets or a business and, once identified or evaluated, to negotiate an acquisition or participation in a business subject to receipt of shareholder approval, if required, and acceptance by regulatory authorities. All of the Company's assets are located in Canada.

An operating segment is defined as a component of the Company:

- that engages in business activities from which it may earn revenues and incur expenses;
- whose operating results are reviewed regularly by the entity's chief operating decision maker; and
- for which discrete financial information is available.

11. Income Taxes

Tax expense differs from the amount computed by applying the combined Canadian federal and provincial income tax rates, applicable to the Company, to the income (loss) before income taxes due to the following:

	Year ended December 31, 2019	Year ended December 31, 2018
Income (loss) before income taxes	$ (33,102)	$ (13,946)
Canadian federal and provincial income tax rate	26.5%	27.0%
Income tax expense (recovery) based on Canadian federal and provincial income tax rates	(9,000)	(4,000)
Increase (decrease) in income taxes attributable to:		
Change in enacted tax rates	70,000	-
Other	2,000	-
Tax benefits not recognized	(63,000)	4,000
Income tax (recovery)	$ -	$ -

(Stated in Canadian Dollars)

11. Income Taxes (cont'd)

Unrecognized deductible temporary differences and unused tax losses are attributable to the following:

	Year ended December 31, 2019	Year ended December 31, 2018
Eligible capital expenditures	$ 30,000	$ 37,000
Exploration and evaluation expenditures	52,000	61,000
Share issuance costs	1,000	6,000
Capital loss carry forwards	62,000	73,000
Non-capital loss carry forwards	266,000	297,000
	411,000	474,000
Less: tax benefits not recognized	(411,000)	(474,000)
	$ -	$ -

At December 31, 2019 the Company has non-capital losses of $1,158,000 available for carry-forward to reduce future years' income taxes, expiring as follows:

Expiry Date	Amount
December 31, 2031	$ 156,000
December 31, 2032	94,000
December 31, 2033	310,000
December 31, 2034	118,000
December 31, 2035	127,000
December 31, 2036	182,000
December 31, 2037	72,000
December 31, 2038	40,000
December 31, 2039	59,000
	$ 1,158,000

12. Subsequent Events

Subsequent to December 31, 2019, there was a global outbreak of a novel coronavirus identified as "COVID-19". On March 11, 2020, the World Health Organization declared a global pandemic. In order to combat the spread of COVID-19, governments worldwide have enacted emergency measures including travel bans, legally enforced or self-imposed quarantine periods, social distancing and business and organization closures. These measures have caused material disruptions to businesses, governments and other organizations resulting in an economic slowdown and increased volatility in national and global equity and commodity markets.

12. Subsequent Events (cont'd)

Central banks and governments, including Canadian federal and provincial governments, 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 any 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 and its operations in future periods.

SCHEDULE "D"

MANAGEMENT DISCUSSION AND ANALYSIS OF NORTH SUR RESOURCES INC.
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2019

[inserted as pages following]

Description of Business

North Sur Resources Inc. (the "Company" or "North Sur") was incorporated on January 12, 2011 pursuant to the *Business Corporations Act* (Alberta). On May 12, 2011, the Company completed its initial public offering as a "Capital Pool Company" (as defined in the TSX Venture Exchange ("TSX-V") Policies) and its common shares began trading on the TSX-V on May 12, 2011. On August 12, 2013, the Company announced the completion of its qualifying transaction. As a result of the completion of the qualifying transaction, the Company ceased to be a Capital Pool Company and began trading as a Tier 2 Mining Issuer on the TSX-V on August 14, 2013.

On May 8, 2017, the Alberta Securities Commission, as principal regulator, issued a cease trade order (the "CTO") for failure to file annual audited financial statements, annual management's discussion and analysis, and certification of the annual filings for the year ended December 31, 2016 (the "CD Materials"). On May 9, 2017, the British Columbia Securities Commission cease traded the Company for its failure to file the CD Materials. On August 21, 2017, the Company's common shares were transferred to the NEX (a separate board of the TSX-V) because the Company had not maintained the requirements of a Tier 2 Mining Issuer. On March 28, 2018, the Company's common shares were delisted from the NEX for failure to pay listing maintenance fees.

On December 2, 2019, the Company filed its annual audited financial statements, annual management's discussion and analysis, and certification of the annual filings for the years ended December 31, 2018 and 2017. Also on December 2, 2019, the Company filed its interim financial statements, interim management's discussion and analysis, and certification of the interim filings for the periods ended March 31, 2019, June 30, 2019, and September 30, 2019. The ASC reviewed the annual and interim filings and the Company filed, on February 6, 2020, an amended management's discussion and analysis for the year ended December 31, 2018 at the request of the ASC. On February 24, 2020, the ASC issued a revocation order granting full revocation of the CTO issued on May 8, 2017.

The registered office of the Company is located at 1900, 520 – 3rd Avenue SW, Calgary, Alberta, T2P 0R3.

The following management's discussion and analysis ("MD&A") of the results of operations and financial condition for the Company should be read in conjunction with the Company's audited financial statements for the years ended December 31, 2019 and 2018 which are prepared in accordance with International Financial Reporting Standards ("IFRS"). All dollar amounts are expressed in Canadian dollars unless otherwise stated.

Additional information about the Company may be found on SEDAR at www.sedar.com.

The effective date of this MD&A is April 29, 2020.

Forward-Looking Statements

Certain statements contained in the MD&A may constitute forward-looking statements. Such forward-looking statements involve a number of known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These risks include, but are not limited to, the Company's ability to raise sufficient capital for short-term operations. Readers are cautioned not to place undue reliance on these forward-looking statements.

Risks and Uncertainties

At December 31, 2019, the Company's common shares were subject to a CTO; the common shares are not currently listed on any stock exchange; the Company does not currently have an operating business; and at December 31, 2019, the Company's current liabilities exceed current assets by $367,042. In order for the Company pay its liabilities and fund any new business ventures, it will need to raise equity capital. There is no assurance that the Company will be able to raise equity capital.

Subsequent to December 31, 2019, there was a global outbreak of a novel coronavirus identified as "COVID-19". On March 11, 2020, the World Health Organization declared a global pandemic. In order to combat the spread of COVID-19, governments worldwide have enacted emergency measures including travel bans, legally enforced or self-imposed quarantine periods, social distancing and business and organization closures. These measures have caused material disruptions to businesses, governments and other organizations resulting in an economic slowdown and increased volatility in national and global equity and commodity markets.

Central banks and governments, including Canadian federal and provincial governments, 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 any 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 and its operations in future periods.

International Financial Reporting Standards – Significant Accounting Policies

Refer to notes 2 and 3 of the audited financial statements for the years ended December 31, 2019 and 2018.

Selected Annual Information

The following selected financial data has been prepared in accordance with IFRS and should be read in conjunction with the Company's audited financial statements. All dollar amounts are in Canadian dollars.

	Year ended December 31, 2019	Year ended December 31, 2018	Year ended December 31, 2017
Financial Results			
Net loss	$ (33,102)	$ (13,946)	$ (580,631)
Basic and diluted loss per share	$ (0.00)	$ (0.00)	$ (0.02)
Financial Position			
Working capital (deficiency)	$ (367,042)	$ (333,940)	$ (319,994)
Total assets	$ 19,955	$ 9,859	$ 9,856

During Fiscal 2019, the Company did not have any active business operations. During Q3 and Q4, the Company began the process of seeking a revocation of the CTO. This involved preparing annual audited financial statements, annual management's discussion and analysis, and certification of the annual filings for the years ended December 31, 2018 and 2017 as well as preparing interim financial statements, interim management's discussion and analysis, and certification of the interim filings for the periods ended March 31, 2019, June 30, 2019, and September 30, 2019. After consultations with the ASC, the Company filed an amended management's discussion and analysis for the year ended December 31, 2018 on February 6, 2020 and on February 24, 2020, the ASC issued a revocation order granting full revocation of the CTO. The net loss of $33,102 was primarily comprised of professional fees and filing and listing fees incurred for the purposes of getting the Company's financial filings up to date.

During Fiscal 2018, the Company did not have any active business operations. The net loss of $13,946 was primarily comprised of general and administrative expenditures relating to professional fees and filing and listing fees.

During Fiscal 2017, the Company did not have any active business operations. The loss was primarily composed of a $598,132 charge for impairment of secured loans receivable which included a loan and accrued interest from a failed business combination. The Company had unsuccessfully sought repayment of the loan and accrued interest.

Selected Quarterly Information

The following table presents selected financial information for each of the last eight fiscal quarters:

Fiscal Quarter Ended	Interest Income	Expenses	Net Income (Loss)	Loss per Share	Working Capital (Deficiency)
December 31, 2019	$ -	$ 36,051	$ (36,051)	$ -	$(367,042)
September 30, 2019	$ -	$ (2,356)	$ 2,356	$ -	$(330,991)
June 30, 2019	$ -	$ (295)	$ 295	$ -	$(333,347)
March 31, 2019	$ -	$ (298)	$ 298	$ -	$(333,642)
December 31, 2018	$ -	$ 10,746	$ (10,746)	$ -	$(333,940)
September 30, 2018	$ -	$ (239)	$ 239	$ -	$(323,194)
June 30, 2018	$ -	$ 293	$ (293)	$ -	$(323,433)
March 31, 2018	$ -	$ 3,146	$ (3,146)	$ -	$(323,140)

The Company does not currently have any active business operations. The net loss reported during the December 31, 2019 fiscal quarter is composed of an accrual of audit fees for completion of December 31, 2019 audit as well as legal, accounting and audit fees, and filing and listing fees incurred to complete and file the Company's financial reports for the years ended December 31, 2018 and 2017 and for interim periods dated March 31, 2019, June 30, 2019, and September 30, 2019.

During Fiscal 2018, the Company's common shares were delisted from the NEX for failure to pay listing maintenance fees. The net loss incurred during the December 31, 2018 fiscal quarter is primarily composed of audit fees for the accrual of the 2018 annual audit.

Results of Operations

For the year ended December 31, 2019, the Company reported a net loss of $33,102 (2018 - $13,946) and a loss per share of $nil (2018 - $nil). The significant components of income/loss were:

- The Company incurred $16,808 (2018 - $2,625) of filing and listing fees. Of this amount, $16,058 was incurred for filing fiscal 2018 and 2017 annual reports and fiscal 2019 interim reports; and $750 was for the CTO revocation application. During 2018, the Company incurred quarterly NEX sustaining fees up until the date that its common shares were delisted from the NEX for failure to pay listing maintenance fees.
- The Company incurred $28,816 (2018 - $10,000) of professional fees composed of $19,240 (2018 - $10,000) for accounting and audit fees and $9,576 (2018 - $nil) of legal fees. The higher 2019 fees were incurred to complete and file the Company's financial reports for the fiscal years ended

December 31, 2018 and 2017 and for interim periods dated March 31, 2019, June 30, 2019, and September 30, 2019.
- The Company reported forgiveness of debt of $12,522 (2018 - $nil) due to a debt settlement agreement reached with a creditor.

Fourth Quarter Operations

For the three months ended December 31, 2019 (Q4/2019), the Company incurred a loss of $36,051 compared to a loss of $10,746 for the three months ended December 31, 2018 (Q4/2018). Other expenses incurred and significant discrepancies between Q4/2019 and Q4/2018 are as follows:

- The Company incurred $19,240 (Q4/2018 - $10,000) of professional fees during Q4/2019. The professional fees incurred for Q4/2019 included $14,240 of accounting audit fees and $5,000 legal fees compared to $10,000 of audit fees accrual in Q4/2018. The higher professional fees incurred during Q4/2019 were for the completion and filing of the Company's financial reports for the fiscal years ended December 31, 2018 and 2017 and for interim periods dated March 31, 2019, June 30, 2019, and September 30, 2019.
- The Company incurred $16,808 (2018 - $nil) of filing and listing fees for filing fiscal 2018 and 2017 annual reports; fiscal 2019 interim reports; and $750 was for the CTO revocation application.

Financial Condition, Liquidity and Capital Resources

The Company's working capital deficiency at December 31, 2019 was $367,042 compared to $333,940 at December 31, 2018.

The Company does not currently have an active business generating positive cash flows. The Company will be reliant on future equity financings to provide the necessary cash to acquire or participate in an active business. There is no assurance that future equity financings will be available to the Company that are on satisfactory terms to the Company.

During the year ended December 31, 2019, certain third parties loaned the Company $30,000 for working capital purposes. These loans are non-interest bearing and are payable on demand. Subsequent to December 31, 2019, these third parties loaned the Company a further $19,301 for working capital purposes.

Financial Instruments

Refer to notes 3 and 8 of the December 31, 2019 audited financial statements.

Off-Balance Sheet Arrangements

The Company has not engaged in any off-balance sheet arrangements such as obligations under guarantee contracts, a retained or contingent interest in assets transferred to an unconsolidated entity, any obligation under derivative instruments or any obligation under a material variable interest in an unconsolidated entity that provides financing, liquidity, market risk or credit risk support to the Company or engages in leasing or hedging services with the Company.

Related Party Transactions

There were no related party transactions that occurred during the year ended December 31, 2019.

A former director of the Company is also a partner with a law firm that the Company has engaged to act as its corporate lawyer. As at December 31, 2019, previously billed legal fees of $287,481 (2018 - $270,202) are included in trade and other payables.

As at December 31, 2019, the Company owes its former CFO $150 (2018 - $150) for reimbursement of corporate expenses. This amount is included in trade and other payables.

Outstanding Share Data

As at April 29, 2020, the Company had the following securities issued and outstanding:

	Number	Exercise Price	Expiry Date
Common shares	23,990,000	n/a	n/a
Fully Diluted	**23,990,000**		

Directors and Officers

Robert Falls Director, CEO, CFO and Corporate Secretary

On November 27, 2019, Robert Falls was appointed CEO and director.

On December 3, 2019, Douglas Porter resigned as director, CFO and Corporate Secretary; Steven Pearson resigned as a director; and Robert Falls was appointed CFO and Corporate Secretary.

SCHEDULE "E"

UNAUDITED FINANCIAL STATEMENTS OF NORTH SUR RESOURCES INC.
FOR THE SIX MONTHS ENDED JUNE 30, 2020

[inserted as pages following]

North Sur Resources Inc.

Condensed Interim Financial Statements
Three and six months ended June 30, 2020
(Unaudited)

Notice to Reader

The accompanying unaudited condensed interim financial statements of North Sur Resources Inc. (the "Company") have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of the Company's unaudited condensed interim financial statements as at and for the three and six months ended June 30, 2020.

North Sur Resources Inc.

Condensed Interim Statements of Financial Position

(Stated in Canadian Dollars)
(Unaudited)

	Notes	June 30, 2020	December 31, 2019
ASSETS			
Current assets			
Cash and cash equivalents		$ 48,004	$ 9,471
GST recoverable		6,823	10,484
TOTAL ASSETS		$ 54,827	$ 19,955
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables	**5**	$ 40,801	$ 356,997
Loans payable	**3**	-	30,000
		40,801	386,997
Shareholders' deficiency			
Common shares	**4**	1,525,239	1,525,239
Subscription receipts	**4**	240,000	-
Share-based payments reserve		83,000	83,000
Deficit		(1,834,213)	(1,975,281)
Total shareholders' deficiency		14,026	(367,042)
TOTAL LIABILITIES AND EQUITY		$ 54,827	$ (337,042)
Nature and continuance of operations	**1**		
Subsequent events	**4,7**		

Approved on behalf of the Board of Directors:

"Robert Falls"
Robert Falls, Director

"Ming Jang"
Ming Jang, Director

North Sur Resources Inc.

Condensed Interim Statements of Earnings and Comprehensive Earnings

(Stated in Canadian Dollars)
(Unaudited)

	Notes	Three months ended June 30, 2020	Three months ended June 30, 2019	Six months ended June 30, 2020	Six months ended June 30, 2019
Expenses (recovery)					
Filing and listing fees		$ 1,779	$ -	$ 1,779	$ -
Forgiveness of debt		(190,720)	-	(190,720)	-
General and administrative		494	(295)	1,802	(593)
Management fees	**5**	7,500	-	15,000	-
Professional fees		19,230	-	29,230	-
Transfer agent fees		1,841	-	1,841	-
Earnings and comprehensive earnings for the period		$ 159,876	$ 295	$ 141,068	$ 593
Weighted average number of common shares outstanding					
Basic and diluted	**4**	479,800	479,800	479,800	479,800
Basic and diluted earnings per common share	**4**	$ 0.33	$ -	$ 0.29	$ -

The accompanying notes are an integral part of these condensed interim financial statements.

North Sur Resources Inc.

Condensed Interim Statement of Changes in Shareholders' Deficiency

(Stated in Canadian Dollars)

(Unaudited)

	Common Shares		Subscription	Share-based Payments		
	Number[1]	Amount	Receipts	Reserve	Deficit	Total
Balance at December 31, 2019	479,800	$ 1,525,239	$ -	$ 83,000	$ (1,975,281)	$ (367,042)
Issuance of subscription receipts	-	-	240,000	-	-	240,000
Loss for the period	-	-	-	-	141,068	141,068
Balance at June 30, 2020	479,800	$ 1,525,239	$ 240,000	$ 83,000	$ (1,834,213)	$ 14,026

	Common Shares		Subscription	Share-based Payments		
	Number[1]	Amount	Receipts	Reserve	Deficit	Total
Balance at December 31, 2018	479,800	$ 1,525,239	$ -	$ 83,000	$ (1,942,179)	$ (333,940)
Earnings for the period	-	-	-	-	593	593
Balance at June 30, 2019	479,800	$ 1,525,239	$ -	$ 83,000	$ (1,941,586)	$ (333,347)

[1]The number of common shares reflects a fifty-for-one share consolidation which occurred on July 16, 2020 (note 4).

North Sur Resources Inc.

Condensed Interim Statements of Cash Flows

(Stated in Canadian Dollars)
(Unaudited)

	Six months ended June 30, 2020	2019
Operating activities		
Earnings for the period	$ 141,068	$ 593
Item not involving cash:		
Forgiveness of debt	(190,720)	-
Changes in non-cash working capital items:		
GST recoverable	(1,721)	-
Trade and other payables	(120,094)	(593)
Net cash used in operating activities	(171,467)	-
Financing activities		
Proceeds from loans payable	20,000	-
Issuance of subscription receipts	190,000	-
Net cash provided by financing activities	210,000	-
Change in cash and cash equivalents during the period	38,533	-
Cash and cash equivalents, beginning of period	9,471	-
Cash and cash equivalents, end of period	$ 48,004	$ -
Supplemental Cash Flow Information		
Income taxes paid	$ -	$ -
Interest paid (received)	$ -	$ -
Non-cash Financing Activity		
Issuance of subscription receipts to settle loans payable	$ 50,000	$ -

1. Nature and Continuance of Operations

North Sur Resources Inc. (the "Company") was incorporated on January 12, 2011 pursuant to the Business Corporations Act (Alberta). On May 12, 2011, the Company completed its initial public offering as a "Capital Pool Company" (as defined in the TSX Venture Exchange ("TSX-V") Policies) and its common shares began trading on the TSX-V on May 12, 2011. On August 12, 2013, the Company announced the completion of its qualifying transaction. As a result of the completion of the qualifying transaction, the Company ceased to be a Capital Pool Company and began trading as a Tier 2 Mining Issuer on the TSX-V on August 14, 2013.

The Company had not maintained the requirements of a Tier 2 Mining Issuer and on August 21, 2017 its common shares were transferred to the NEX (a separate board of the TSX-V). On May 8, 2017, the Alberta Securities Commission, as principal regulator, issued a cease trade order (the "CTO") for failure to file annual audited financial statements, annual management's discussion and analysis, and certification of the annual filings for the year ended December 31, 2016 (the "CD Materials"). On May 9, 2017, the British Columbia Securities Commission also cease traded the Company for its failure to file the CD Materials. On March 28, 2018, the Company's common shares were delisted from the NEX for failure to pay listing maintenance fees.

On December 2, 2019, the Company filed its annual audited financial statements, annual management's discussion and analysis, and certification of the annual filings for the years ended December 31, 2018 and 2017. Also on December 2, 2019, the Company filed its interim financial statements, interim management's discussion and analysis, and certification of the interim filings for the periods ended March 31, 2019, June 30, 2019, and September 30, 2019. The ASC reviewed the annual and interim filings and the Company filed amended materials at the request of the ASC on February 6, 2020. On February 24, 2020, the ASC issued a revocation order granting full revocation of the CTO issued on May 8, 2017.

These condensed interim financial statements have been prepared using accounting policies in compliance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") on the assumption that the Company will continue as a going concern and realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation.

As at June 30, 2020, the Company had not yet achieved profitable operations, had accumulated losses of $1,834,213 since inception, its working capital was $14,026 compared to a working capital deficiency of $367,042 as at December 31, 2019, and it expects to incur further losses in the development of its business.

During the first quarter of 2020, there was a global outbreak of a novel coronavirus identified as "COVID-19". On March 11, 2020, the World Health Organization declared a global pandemic. In order to combat the spread of COVID-19, governments worldwide have enacted emergency measures including travel bans, legally enforced or self-imposed quarantine periods, social distancing and business and organization closures. These measures have caused material disruptions to businesses, governments and other organizations resulting in an economic slowdown and increased volatility in national and global equity and commodity markets.

Central banks and governments, including Canadian federal and provincial governments, 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 any 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 and its operations in future periods.

1. Nature and Continuance of Operations (cont'd)

These factors cast a material uncertainty on the Company's ability to continue as a going concern. The continued operations of the Company are primarily dependent on its ability to raise financing from equity markets and private lenders. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to do so in the future. Accordingly, these condensed interim financial statements do not give effect to adjustments, if any, that would be necessary should the Company be unable to continue as a going concern. If the going concern assumption was not used, then the adjustments required to report the Company's assets and liabilities on a liquidation basis could be material to these condensed interim financial statements.

2. Basis of Preparation

a) Statement of compliance

These condensed interim financial statements, including comparatives, are unaudited and have been prepared in accordance with IAS 34, *Interim Financial Reporting* ("IAS 34") using accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

b) Basis of presentation

These condensed interim financial statements have been prepared on the basis of accounting policies and methods of computation consistent with those applied in the Company's December 31, 2019 annual financial statements, with the exception of the following:

- IFRS 3 *Business Combinations* ("IFRS 3"), described in note 2(c).

The preparation of interim financial statements in conformity with IAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. These condensed interim financial statements do not include all of the information required for full annual financial statements.

These condensed interim financial statements, including comparatives, have been prepared on the basis of IFRS standards that are published and effective at the time of preparation.

The condensed interim financial statements are presented in Canadian dollars and all values are rounded to the nearest dollar except where otherwise indicated. These condensed interim financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value.

c) Recent accounting pronouncements and changes to accounting policies

IFRS 3 – The definition of a business will be amended under IFRS 3. Under the amended definition, to be considered a business an acquisition must include an input and a substantive process that together significantly contribute to the ability to create outputs. The new guidance provides a framework to evaluate when an input and a substantive process are present. Under the prior definition, IFRS 3 stated that a business need not include all of the inputs or processes that the seller used in operating that business "if market participants are capable of acquiring the business and continuing to produce outputs, for example, by integrating the business with their own inputs and processes".

2. Basis of Preparation (cont'd)

The reference to such integration is now deleted from IFRS 3 in the amendment and the assessment must be based on what has been acquired in its current state and condition. This amendment will be applied prospectively to future acquisitions effective for annual periods on or after January 1, 2020. There was no material impact on the Company's condensed interim financial statements upon adoption of this standard.

d) Approval of the financial statements

The condensed interim financial statements of the Company for the six months ended June 30, 2020 were reviewed by the audit committee and approved and authorized for issue by the Board of Directors on August 28, 2020.

3. Loans Payable

As at June 30, 2020, the Company settled all outstanding loans amounting to $50,000 (December 31, 2019 - $30,000) through the issuance of subscription receipts (note 4). The Company had previously entered into loan agreements with third party lenders, which loans were non-interest bearing, were payable on demand, and which granted security to the lenders over all of the Company's current and after-acquired assets and undertaking.

4. Shareholders' Deficiency

a) Authorized share capital:

An unlimited number of common shares.
An unlimited number of preferred shares, issuable in series.

b) Issued share capital:

i) The board of directors approved a consolidation of the Company's outstanding common shares on the basis of one new share for every 50 shares held. The share consolidation occurred on July 16, 2020.

ii) During the three months ended June 30, 2020, the Company raised $240,000 through the issuance of 12,000,000 subscription receipts at a price of $0.02 per receipt. On July 16, 2020, concurrent with the implementation of the consolidation of the Company's common shares, the subscription receipts automatically converted at no additional cost into 12,000,000 post-consolidated units ("Units"). Each Unit consists of one post-consolidated common share and one share purchase warrant ("Warrant"). Each Warrant entitles the holder thereof to acquire one additional common share at a price of $0.15 until June 24, 2022.

iii) Subsequent to June 30, 2020, the Company closed an additional private placement by issuing 6,996,666 post-consolidated common shares at a price of $0.15 per share for gross proceeds of $1,049,500.

(Stated in Canadian Dollars)

4. Shareholders' Deficiency (cont'd)

c) Earnings (loss) per share:

Basic and diluted earnings per share

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
Numerator:				
Net earnings	$ 159,876	$ 295	$ 141,068	$ 593
Denominator:				
Weighted average number of common shares (basic)	479,800	479,800	479,800	479,800
Dilutive effect of share options	-	-	-	-
Weighted average number of common shares (diluted)	479,800	479,800	479,800	479,800
Basic and diluted income per common share	$ 0.33	$ -	$ 0.29	$ -

5. Related Party Transactions

The following is a summary of the related party transactions that occurred during the six months ended June 30, 2020 and 2019.

a) Compensation of key management personnel

The Company has determined that key management personnel consist of its Directors, the CEO and CFO.

During the six months ended June 30, 2020, the Company incurred $15,000 (2019 - $nil) of management fees to a company controlled by the CEO. As at June 30, 2020, $2,500 (2019 - $nil) is included in trade and other payables.

Key management personnel were not paid post-employment benefits, termination benefits, or other long-term benefits during the six months ended June 30, 2020 and 2019.

b) Other related party transactions

As at June 30, 2020, legal fees, previously billed by a firm of which one of the Company's former directors is a partner during the time he was a director, amount to $nil (December 31, 2019 - $287,481).

As at June 30, 2020, the Company owes its former CFO $nil (December 31, 2019 - $150) for reimbursement of corporate expenses.

6. Financial Instruments – Fair Value

Fair value estimates are made at the condensed interim statement of financial position date, based on relevant market information and other information about financial instruments. As at June 30, 2020, the Company's financial instruments were cash and cash equivalents and trade and other payables.

During the three months ended June 30, 2020, the Company recorded forgiveness in debt in the amount of $190,720 as a result of i) reaching debt settlement agreements with certain creditors, and ii) determining that a debt in the amount of $13,475 was no longer owing.

7. Subsequent Events

On July 30, 2020, the Company and Mindset Pharma Inc. ("Mindset") and the shareholders of Mindset (the "Mindset Shareholders"), entered into a definitive share exchange agreement (the "Share Exchange Agreement"), whereby, among other things, the Company has agreed to acquire all of the issued and outstanding common shares in the capital of Mindset from the Mindset Shareholders, in exchange for the issuance of 32,140,822 common shares of the Company to the Mindset Shareholders (the "Transaction").

Upon completion of the Transaction and the Company's $0.15 private placement (note 4(b)(iii)), the Mindset Shareholders will own approximately 62.3% of the issued and outstanding common shares of the Company, on a non-diluted basis. Mindset currently has 21,096,700 common shares outstanding. Upon completion of the Transaction, the combined entity (the "Resulting Issuer") will have approximately 51,617,288 common shares outstanding.

The Company and Mindset have begun the preparation of listing documents for a proposed application to list the securities of the Resulting Issuer on the Canadian Securities Exchange. On the closing of the Transaction it is expected that the Company's name will be changed to Mindset Pharma Inc.

Mindset is a private Ontario-based pharmaceutical discovery and development company, focused on creating novel and patentable medicinal therapeutics for the treatment of neurological and psychiatric disorders with unmet needs.

SCHEDULE "F"

MANAGEMENT DISCUSSION AND ANALYSIS OF NORTH SUR RESOURCES INC.
FOR THE SIX MONTHS ENDED JUNE 30, 2020

[inserted as pages following]

Background and Corporate Update

This Management's Discussion and Analysis – Quarterly Highlights ("Quarterly Highlights") for North Sur Resources Inc. (the "Company") is prepared as at August 28, 2020 and should be read in conjunction with the Company's unaudited condensed interim financial statements for the three and six months ended June 30, 2020 and in conjunction with its audited financial statements as at and for the year ended December 31, 2019.

The unaudited condensed interim financial statements for the three and six months ended June 30, 2020, and comparative information presented therein, have been prepared in accordance with International Financial Reporting Standard ("IFRS") and with International Accounting Standard 34, "Interim Financial Reporting", as issued by the International Accounting Standards Board ("IASB").

All dollar figures included therein and in the following Quarterly Highlights are quoted in Canadian dollars. Additional information relevant to the Company's activities can be found on SEDAR at www.sedar.com.

The Company was incorporated on January 12, 2011 pursuant to the Business Corporations Act (Alberta). On May 12, 2011, the Company completed its initial public offering as a "Capital Pool Company" (as defined in the TSX Venture Exchange ("TSX-V") Policies) and its common shares began trading on the TSX-V on May 12, 2011. On August 12, 2013, the Company announced the completion of its qualifying transaction. As a result of the completion of the qualifying transaction, the Company ceased to be a Capital Pool Company and began trading as a Tier 2 Mining Issuer on the TSX-V on August 14, 2013.

On May 8, 2017, the Alberta Securities Commission, as principal regulator, issued a cease trade order (the "CTO") for failure to file annual audited financial statements, annual management's discussion and analysis, and certification of the annual filings for the year ended December 31, 2016 (the "CD Materials"). On May 9, 2017, the British Columbia Securities Commission also cease traded the Company for its failure to file the CD Materials. On August 21, 2017, the Company's common shares were transferred to the NEX (a separate board of the TSX-V) because the Company had not maintained the requirements of a Tier 2 Mining Issuer. On March 28, 2018, the Company's common shares were delisted from the NEX for failure to pay listing maintenance fees.

On December 2, 2019, the Company filed its annual audited financial statements, annual management's discussion and analysis, and certification of the annual filings for the years ended December 31, 2018 and 2017. Also on December 2, 2019, the Company filed its interim financial statements, interim management's discussion and analysis, and certification of the interim filings for the periods ended March 31, 2019, June 30, 2019, and September 30, 2019. The ASC reviewed the annual and interim filings and the Company filed, on February 6, 2020, an amended management's discussion and analysis for the year ended December 31, 2018 at the request of the ASC. On February 24, 2020, the ASC issued a revocation order granting full revocation of the CTO issued on May 8, 2017.

In May 2020 the Company held its Annual General Meeting, and in June 2020 the Company continued from Alberta to British Columbia, raised $240,000 through the sale of subscription receipts, and began steps to consolidate its share capital (implemented July 16, 2020).

On July 30, 2020, the Company and Mindset Pharma Inc. ("Mindset") and the shareholders of Mindset (the "Mindset Shareholders"), entered into a definitive share exchange agreement (the "Share Exchange Agreement"), whereby, among other things, the Company has agreed to acquire all of the issued and outstanding common shares in the capital of Mindset from the Mindset Shareholders, in exchange for the issuance of 32,140,822 common shares of the Company to the Mindset Shareholders (the "Transaction").

Upon completion of the Transaction and the Company's $0.15 private placement (discussed below), the Mindset Shareholders will own approximately 62.3% of the issued and outstanding common shares of the Company, on a non-diluted basis. Mindset currently has 21,096,700 common shares outstanding. Upon completion of the Transaction, the combined entity (the "Resulting Issuer") will have approximately 51,617,288 common shares outstanding.

The Company and Mindset have begun the preparation of listing documents for a proposed application to list the securities of the Resulting Issuer on the Canadian Securities Exchange. On the closing of the Transaction it is expected that the Company's name will be changed to Mindset Pharma Inc.

Mindset is a private Ontario-based pharmaceutical discovery and development company, focused on creating novel and patentable medicinal therapeutics for the treatment of neurological and psychiatric disorders with unmet needs.

Additional information regarding the Transaction is described in the Company's news releases dated June 29, 2020 and August 13, 2020, both of which can be found on SEDAR at www.sedar.com.

Forward-Looking Statements

Certain statements contained in the Quarterly Highlights may constitute forward-looking statements. Such forward-looking statements involve a number of known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These risks include, but are not limited to, the Company's ability to raise sufficient capital for short-term operations. Readers are cautioned not to place undue reliance on these forward-looking statements.

Risks and Uncertainties

At June 30, 2020, the Company's common shares are not currently listed on any stock exchange; the Company does not currently have an operating business; and at June 30, 2020, the Company had working capital of $14,026. In order for the Company to pay its liabilities and fund any new business ventures, it will need to raise equity capital. There is no assurance that the Company will be able to raise equity capital.

During the first quarter of 2020, there was a global outbreak of a novel coronavirus identified as "COVID-19". On March 11, 2020, the World Health Organization declared a global pandemic. In order to combat the spread of COVID-19, governments worldwide have enacted emergency measures including travel bans, legally enforced or self-imposed quarantine periods, social distancing and business and organization closures. These measures have caused material disruptions to businesses, governments and other

organizations resulting in an economic slowdown and increased volatility in national and global equity and commodity markets.

Central banks and governments, including Canadian federal and provincial governments, 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 any 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 and its operations in future periods.

Analysis of the Company's Financial Performance and Condition

Three months ended June 30, 2020

The Company reported earnings of $159,876 and earnings per share of $0.33 for the three months ended June 30, 2020 compared to earnings of $295 and earnings per share of $nil for the three months ended June 30, 2019.

For the three months ended June 30, 2020, the $159,876 of earnings consisted of the following:

- The Company reported forgiveness of debt of $190,720 (2019 - $nil) due to debt settlement agreements reached with creditors. Included in forgiveness of debt is $13,475 which was determined to be no longer owing.
- Professional fees of $19,230 composed of $2,430 for accounting fees and $16,800 for legal fees. These fees were incurred for quarterly accounting services and administering the Company's Annual General Meeting and general legal services.
- Management fees of $7,500 were incurred for the services provided by the Company's CEO. Starting January 1, 2020, the CEO will bill, through a company controlled by the CEO, $2,500 per month for the provision of management services.
- Filing and listing fees of $1,779 were incurred for the filing of the Company's annual financial statements and MD&A.
- Transfer agent fees of $1,841 were incurred to administer the Company's AGM.

For the three months ended June 30, 2019, the Company did not have any active business operations. The $295 of earnings were the result of a foreign exchange gain from US dollar denominated trade payables.

Six months ended June 30, 2020

The Company reported earnings of $141,068 and earnings per share of $0.29 for the six months ended June 30, 2020 compared to earnings of $593 and earnings per share of $nil for the six months ended June 30, 2019.

For the six months ended June 30, 2020, the $141,068 of earnings consisted of the following:

- The Company reported forgiveness of debt of $190,720 (2019 - $nil) due to debt settlement agreements reached with creditors. Included in forgiveness of debt is $13,475 which was determined to be no longer owing.
- Professional fees of $29,230 composed of $7,430 for accounting fees and $21,800 for legal fees. These fees were incurred to obtain the full revocation of the CTO; quarterly accounting services; and administering the Company's AGM and general legal services.
- Management fees of $15,000 were incurred for the services provided by the Company's CEO. Starting January 1, 2020, the CEO will bill, through a company controlled by the CEO, $2,500 per month for the provision of management services.
- Filing and listing fees of $1,779 were incurred for the filing of the Company's annual financial statements and MD&A.
- Transfer agent fees of $1,841 were incurred to administer the Company's AGM.

For the six months ended June 30, 2019, the Company did not have any active business operations. The $593 of earnings were the result of foreign exchange gains from US dollar denominated trade payables.

Liquidity and Changes to Expense Structure

The Company's working capital at June 30, 2020 was $14,026 compared to a working capital deficiency of $367,042 at December 31, 2019.

The Company does not currently have an active business generating positive cash flows. The Company will be reliant on future equity financings to provide the necessary cash to acquire or participate in an active business. There is no assurance that future equity financings will be available to the Company that are on satisfactory terms to the Company.

During the three months ended June 30, 2020, the Company recorded forgiveness in debt in the amount of $190,720 as a result of i) reaching debt settlement agreements with certain creditors, and ii) determining that a debt in the amount of $13,475 was no longer owing. Also, as a result of the Company raising $240,000 through the issuance of subscription receipts (see below), the Company was able to repay $153,428 of outstanding liabilities during the period.

The board of directors approved a consolidation of the Company's outstanding common shares on the basis of one new share for every 50 shares held. The share consolidation occurred on July 16, 2020.

During the three months ended June 30, 2020, the Company raised $240,000 through the issuance of 12,000,000 subscription receipts at a price of $0.02 each. On July 16, 2020, concurrent with the implementation of the consolidation of the Company's common shares, the subscription receipts automatically converted at no additional cost into 12,000,000 post-consolidated units ("Units"). Each Unit consists of one post-consolidated common share and one share purchase warrant ("Warrant"). Each Warrant entitles the holder thereof to acquire one additional common share at a price of $0.15 until June 24, 2022.

Subsequent to June 30, 2020, the Company closed an additional private placement by issuing 6,996,666 post-consolidated common shares at a price of $0.15 per share for gross proceeds of $1,049,500.

Related Party Transactions

During the six months ended June 30, 2020, the Company incurred $15,000 (2019 - $nil) of management fees to a company controlled by the CEO, of which, $2,500 (2019 - $nil) is included in trade and other payables.

As at June 30, 2020, legal fees, previously billed by a firm of which one of the Company's former directors is a partner during the time he was a director, amount to $nil (December 31, 2019 - $287,481).

As at June 30, 2020, the Company owes its former CFO $nil (December 31, 2019 - $150) for reimbursement of corporate expenses.

Directors and Officers

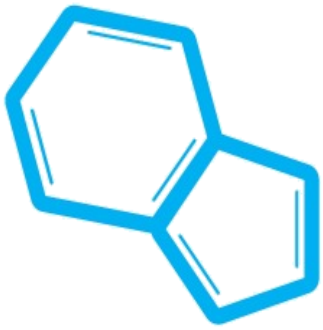
Robert Falls	Director, CEO, CFO and Corporate Secretary
Ming Jang	Director
Raymond Wladichuk	Director

At the Company's Annual General Meeting held on May 25, 2020, Ming Jang and Raymond Wladichuk were appointed Directors of the Company.

SCHEDULE "G"

REVIEWED FINANCIAL STATEMENTS OF THE ISSUER FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2020

[inserted as pages following]



Mindset Pharma Inc.

Condensed Interim Consolidated Financial Statements

Three Months Ended September 30, 2020

(Expressed in Canadian Dollars)

(Unaudited)

MINDSET PHARMA INC.

(formerly North Sur Resources Inc.)
Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

		September 30, 2020 (Unaudited)		June 30, 2020 (Audited)
Assets				
Current assets				
Cash	**$**	**1,366,769**	**$**	540,741
HST recoverable (note 5)		**49,657**		20,503
Total assets	**$**	**1,416,426**	**$**	561,244
Liabilities				
Current liabilities				
Trade and other payables (notes 6 & 9)	**$**	**139,709**	**$**	92,132
Total liabilities	**$**	**139,709**	**$**	92,132
Shareholders' Equity				
Share capital (note 7)		**3,682,055**		760,585
Contributed surplus (note 8)		**1,430,935**		190,409
Accumulated deficit		**(3,836,273)**		(481,882)
Total shareholders' equity		**1,276,717**		469,112
Total liabilities and shareholders' equity	**$**	**1,416,426**	**$**	561,244

Nature of Operations and Going Concern (note 1)
Subsequent Events (note 12)

Approved on behalf of the board:

Director "*Richard Patricio"* (signed)

Director *"Joseph Araujo"* (signed)

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

MINDSET PHARMA INC.

(formerly North Sur Resources Inc.)
Condensed Interim Consolidated Statement of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)
(Unaudited)

		Three months ended September 30, 2020
Expenses:		
Consulting fees (note 9)	**$**	**150,695**
Professional fees		**45,023**
General and administration		**5,082**
Share-based compensation (notes 8 & 9)		**9,822**
Reverse takeover transaction cost (note 4)		**3,143,769**
Net loss and comprehensive loss for the period	**$**	**(3,354,391)**
Basic and diluted loss per share (note 7(c))	**$**	**(0.12)**
Weighted average number of shares outstanding (note 7(c))		**27,399,865**

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

MINDSET PHARMA INC.

(formerly North Sur Resources Inc.)

Condensed Interim Consolidated Statement of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)
(Unaudited)

	Share Capital		Contributed		Total Shareholders'
	Shares	Amount	surplus	Deficit	Equity
Balance, October 7, 2019	-	$ -	$ -	$ -	$ -
Private placements (note 7(b))	19,811,700	750,585	-	-	750,585
Shares issued for consulting (note 7(b))	1,000,000	10,000	-	-	10,000
Cost of issuance - broker shares (note 7(b))	285,000	-	-	-	-
Share-based compensation (note 8)	-	-	190,409	-	190,409
Net loss for the period	-	-	-	(481,882)	(481,882)
Balance, June 30, 2020	21,096,700	$ 760,585	$ 190,409	$ (481,882)	$ 469,112
Shares issued pursuant to reverse takeover transaction (notes 4,7(b)) & 8)	19,476,466	2,921,470	1,230,704	-	4,152,174
Shares exchange impacts related to reverse takeover transaction (note 4)	11,044,123	-	-	-	-
Share-based compensation (note 8)	-	-	9,822	-	9,822
Net loss for the period	-	-	-	(3,354,391)	(3,354,391)
Balance, September 30, 2020	51,617,289	$ 3,682,055	$ 1,430,935	$ (3,836,273)	$ 1,276,717

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

MINDSET PHARMA INC.

(formerly North Sur Resources Inc.)
Condensed Interim Consolidated Statement of Cash Flows
(Expressed in Canadian Dollars)
(Unaudited)

		Three months ended September 30, 2020
Operating activities		
Net loss for the period	**$**	**(3,354,391)**
Adjust for: operating items not involving cash		
Share-based compensation		**1,913,433**
Reverse takeover transaction cost		**3,143,769**
Change in non-cash working capital:		
HST recoverable		**(18,878)**
Trade and other payables		**7,586**
		(212,092)
Investing activities		
Cash acquired from reverse takeover transaction (note 4)		**1,038,120**
		1,038,120
Increase in cash		**826,028**
Cash at beginning of period		**540,741**
Cash at end of period	**$**	**1,366,769**
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Interest paid		**-**
Taxes paid		**-**

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

1. NATURE OF OPERATIONS AND GOING CONCERN

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").

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.

The mailing and office address of the Company's executive office is located at 401 – 217 Queen Street West, Toronto, Ontario M5V 0R2. The registered and records office of the Company is located at Suite 2900 – 595 Burrard Street, Vancouver, British Columbia V7X 1J5.

The Company is in the psychedelic-based drug discovery business creating novel and patent pending psychedelic compounds for treatment-resistant neurological and psychiatric disorders.

As at September 30, 2020, the Company had a working capital of $1,276,717, had not yet achieved profitable operations, has accumulated losses of $3,836,273 and expects to incur future losses in the development of its business. All of these represent material uncertainties that may casts significant doubt on the Company's ability to continue as a going concern. These condensed interim consolidated financial statements have been prepared on the basis that the Company will continue as a going concern and do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

The COVID-19 pandemic has not resulted in any material impact on operations and the Company currently does not expect it will impact its 2020 operations. Preventative measures are in place to ensure the well-being of employees and contractors and no risks were noted at the end of the interim reporting period. Management continues to monitor the situation at the site and corporate office to identify any issues that may affect operational or financial reporting activities.

2. BASIS OF PRESENTATION

(a) Statement of compliance

These condensed interim consolidated financial statements of Mindset Pharma Inc. and its subsidiary, as at and for the period ended September 30, 2020, have been prepared in accordance with IAS 34, Interim Financial Reporting. These condensed interim consolidated financial statements do not include all notes of the type normally included within the annual financial report and should be read in conjunction with the audited financial statements of the Company for the period from October 7, 2019 (date of incorporation) to June 30, 2020, which has been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

These condensed interim consolidated financial statements of the Company for the period ended September 30, 2020 were approved and authorized for issue by the Board of Directors on December 21, 2020.

2. BASIS OF PRESENTATION (continued)

(b) Basis of presentation and functional and presentation currency

These condensed interim consolidated financial statements have been prepared on a historical cost basis.

The condensed interim consolidated financial statements are presented in Canadian dollars, which is also the Company's and the subsidiary's functional currency, unless otherwise indicated.

(c) Significant accounting judgements, estimates and assumptions

The preparation of condensed interim consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the condensed interim consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates and these differences could be material.

The areas which require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

Income taxes and recoverability of potential deferred tax assets

In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. The Company considers whether relevant tax planning opportunities are within the Company's control, are feasible, and are within management's ability to implement. Examination by applicable tax authorities is supported based on individual facts and circumstances of the relevant tax position examined in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. Also, future changes in tax laws could limit the Company from realizing the tax benefits from the deferred tax assets. The Company reassesses unrecognized income tax assets at each reporting period.

Share-based payments

Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviors and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

2. BASIS OF PRESENTATION (continued)

(d) Basis of consolidation

The condensed interim consolidated financial statements of the Company include the accounts of its 100% owned subsidiary Mindset Pharma Limited (a company incorporated in Ontario). Unrealized gains and losses on transactions between the Company and its subsidiary are eliminated. Amounts reported in the condensed interim consolidated financial statements of jointly controlled entities have been adjusted where necessary to ensure consistency with the accounting policies of the Company.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Cash

Cash in the statement of financial position comprise cash at banks and held in trust.

(b) Share Capital

Share capital represents the amount received on the issue of shares, less share issuance costs. If shares are issued when options and warrants and conversion options are exercised, the share capital account also comprises the costs previously recorded as share-based payments reserve and warrant reserves. In addition, if shares were issued as consideration services, they were measured at their fair value according to the last financing price immediately preceding the conclusion of the agreement.

(c) Share-based payments

The Company has implemented a stock option plan to allow the Company to grant options to directors, officers, employees and service providers. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, including directors and officers of the Company. The maximum number of common shares which may be issued pursuant to the stock option plan is limited to 20% of the issued and outstanding common shares. In addition, the number of common shares which may be reserved for issuance to any one individual may not exceed 5% of the issued common shares on a yearly basis.

The Company uses the fair value-based approach to account for share-based payments under their stock option plan. Compensation expense is recognized for these stock options over their vesting period based on their estimated fair values on the date of grant as determined by the Black-Scholes option-pricing model.

The fair values of the options issued, if any, are credited to share-based payments reserve in the period they vest. Upon exercise of the share purchase options, consideration paid together with the amount previously recognized in share-based payments reserve is recorded as an increase in share capital. Charges to share purchase options that are forfeited before vesting are reversed from share-based payments reserve. For those share purchase options that expire or are forfeited after vesting, the amount previously recorded in share-based payments reserve is transferred to retained earnings or deficit.

Share-based payments granted to non-employees are measured at the fair value of the goods or services received. In the event the Company cannot reasonably estimate the fair value of goods or services received, the transaction is recorded at the estimated value of the share-based payment.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Loss per share

Basic loss per share is determined by dividing total comprehensive loss attributable to common shareholders by the weighted average number of shares outstanding during the respective period presented. Diluted loss per share is calculated using the treasury stock method which assumes all common share equivalents, such as options and warrants, had been exercised at the beginning of the reporting period of issue and that the funds obtained therefrom were used to purchase common shares of the Company at the estimated average trading price of the common shares during the period.

(e) IFRS 9 Financial instruments

Financial assets and liabilities, including derivatives, are recorded on the statement of financial position when the Company becomes a party to the financial instrument or derivative contract.

Classification and measurement of financial instruments

The Company measures a financial instrument at its fair value plus, in the case of a financial instrument not at fair value through profit (loss) ("FVTPL"), transaction costs that are directly attributable to the acquisition of the financial instrument. Transaction costs of financial instruments carried at fair value through FVTPL are expensed in profit (loss).

Subsequent measurement of financial assets depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories in which the Company classifies its financial instruments:

Amortized cost: Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Finance income from these financial instruments is recorded in net income (loss) using the effective interest rate method.

Fair value through other comprehensive income ("FVOCI"): Financial instruments that are held for collection of contractual cash flows and for selling the financial instruments, where the financial instruments' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognized in net income (loss). When the financial instrument is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to net income (loss).

FVTPL: Financial instruments that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on a financial instrument that is subsequently measured at FVTPL and is not part of a hedging relationship is recognized in net income (loss) and presented net in comprehensive income (loss) in the period in which it arises.

Financial liabilities are subsequently measured at amortized cost using the effective interest method or at FVTPL. Financial liabilities are subsequently measured as FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination, (ii) held for trading, or (iii) it is designated as FVTPL if eligible.

(Expressed in Canadian dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) IFRS 9 Financial instruments (continued)

On September 30, 2020, the financial instruments of the Company were as follows:

Classification	IFRS 9
Cash	Amortized cost
Trade and other payables	Amortized cost

4. REVERSE TAKEOVER TRANSACTION

On September 11, 2020, the Company completed a transaction pursuant to the terms of a share exchange agreement ("Share Exchange Agreement") with North Sur. Pursuant to the Share Exchange Agreement, Original Mindset shares and options were exchanged on a 1:1.5235 basis for the issuance of Mindset shares and options.

As a result of the Share Exchange Agreement, the shareholders of Original Mindset owned 62.3% of outstanding shares of Mindset. The substance of the transaction is a reverse takeover of a non-operating company. The transaction does not constitute a business combination, as North Sur does not meet the definition of a business under IFRS 3, Business Combination. As a result, the transaction is accounted for as a capital transaction with Original Mindset being identified as the acquirer and the equity consideration accounted for in accordance with IFRS 2, Share-based Payment, measured at fair value.

The fair value of the consideration is as follows:

Fair value of 19,476,466 Mindset common shares	$	2,921,470
Fair value of 12,000,000 Mindset warrants		1,230,704
	$	4,152,174

The consideration has been allocated as follows:		
Cash	$	1,038,120
HST recoverable		10,276
Trade and other payables		(39,991)
Reverse takeover transaction cost		3,143,769
	$	4,152,174

The value of common shares issued in the transactions is measured at the fair value of $0.15 per share.

The warrants were assigned a grant date value of $1,230,704 as estimated by using the Black-Scholes valuation model with the following assumptions: exercise price of $0.15; share price of $0.15; expected volatility of 150%; expected life of 1.78 years; dividend yield of 0% and risk-free interest rate of 0.26%.

(Expressed in Canadian dollars)

5. HST RECOVERABLE

The Company's HST recoverable at September 30, 2020 is $49,657 (June 30, 2020 - $20,503).

6. TRADE AND OTHER PAYABLES

The Company's trade and other payables are comprised of the following:

		September 30, 2020		June 30, 2020
Trade payables	$	**39,209**	$	47,132
Accrued liabilities		**100,500**		45,000
	$	**139,709**	$	92,132

7. SHARE CAPITAL

a. Authorized

Authorized share capital consists of an unlimited number of common shares with no par value.

On September 11, 2020, in connection with the reverse takeover transaction, Original Mindset shares and options were exchanged on a 1:1.5235 basis for the issuance of Mindset shares and options.

b. Changes in issued common shares during the period ended September 30, 2020 are as follows:

	Number of common shares	Amount
Balance, October 7, 2019 (date of incorporation)	-	$ -
Private placement at $0.01	6,000,000	60,000
Private placements at $0.05	13,811,700	690,585
Shares issued for services	1,000,000	10,000
Broker shares issued	285,000	-
Balance, June 30, 2020	21,096,700	$ 760,585
Reverse takeover transaction costs	19,476,466	2,921,470
Share exchange impacts related to reverse takeover transaction	11,044,123	-
Balance, September 30, 2020	**51,617,289**	**$ 3,682,055**

On October 7, 2019, the Company closed a private placement for 6,000,000 common shares for proceeds of $60,000.

On October 7, 2019, the Company granted and issued 1,000,000 common shares as part of the consulting agreement. Those shares were valued at $10,000, which was included in the consulting fees for the period ended June 30, 2020.

(Expressed in Canadian dollars)

7. SHARE CAPITAL (continued)

On November 22, 2019, the Company closed a Private Placement for 2,150,000 shares at $0.05 per share for proceeds of $107,500. As part of the placement, the Company issued 215,000 broker shares valued at $10,750 and treated as share issuance costs.

On February 20, 2020, the Company closed a Private Placement for 7,661,700 shares at $0.05 per share for proceeds of $383,085. As part of the placement, the Company issued 70,000 broker shares valued at $3,500 and treated as share issuance costs.

On March 27, 2020, the Company closed a Private Placement for 4,000,000 shares at $0.05 each share for proceeds of $200,000.

The Company issued 19,476,466 common shares and a 11,044,123 common share exchange impact pursuant to the reverse takeover transaction (note 4).

c. Loss per share

The calculation of basic and diluted loss per share, for the period ended September 30, 2020 is based on the following losses and number of shares:

Three months ended September 30,		**2020**
Net loss and comprehensive loss for the period	$	(3,354,391)
Weighted average number of shares		27,399,865
Loss per share based on net loss and comprehensive loss for the period:		
Basic and diluted	$	(0.12)

The diluted weight average number of common shares does not take into account the effects of stock options and warrants as they would be anti-dilutive for the period ended September 30, 2020.

8. CONTRIBUTED SURPLUS

Warrants

The following table reflects the warrants issued and outstanding as of September 30, 2020:

Issue Date	**Number of warrants**	**Exercise price**	**Expiry date**
September 11, 2020	12,000,000	$ 0.15	June 24, 2022

The Company issued 12,000,000 warrants pursuant to the Share Exchange Agreement. The fair values of warrants issued have been estimated on the date of grant using the Black-Scholes pricing model. Assumptions used in the pricing model are as follows:

Expiry Date	Grant date share price $	Exercise price $	Expected volatility %	Expected option life (Years)	Expected dividend yield %	Risk-free interest rate %
June 24, 2022	0.15	0.15	150.00	1.78	0	0.26

(Expressed in Canadian dollars)

8. CONTRIBUTED SURPLUS (continued)

Options

Stock option transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Balance, October 7, 2019	-	$ -
Granted	8,074,550	0.0328
Balance, June 30 and September 30, 2020	**8,074,550**	**$ 0.0328**

The Company's stock option plan (the "Plan") provides for the granting of stock options to directors, officers, employees and consultants of the Company. Share options are granted for a term not to exceed ten years at exercise prices determined by the Board of Directors subject to Exchange approval, if applicable; and are not transferrable. The Plan is administered by the Board of Directors, which determines individual eligibility under the Plan, number of shares reserved for optioning to each individual (not to exceed 5% of issued and outstanding shares to any one individual) and the vesting period. The maximum number of shares of the Company that are issuable pursuant to the Plan is limited to 20% of the issued and outstanding common shares.

On February 3, 2020, the Company granted 1,523,500 options to an officer of the Company which are vested immediately. These options are exercisable to acquire common shares of the Company at a price of $0.0328 per share and originally had an expiry date of May 30, 2020. There options were valued in the amount of $13,688. On March 30, 2020, the expiry date of these options was extended to September 30, 2020. On September 14, 2020, the expiry of these options was extended to January 31, 2021. These amendments to the expiry date are considered as a modification to the original option issuance. Therefore, the incremental fair value of the stock option was valued in the amount of $8,100 and was fully recognized during the period ended June 30, 2020 as all options were vested on the date of modification. An additional incremental fair value of the stock options was valued in the amount of $1,927 and was fully recognized during the period ended September 30, 2020.

On February 3, 2020, the Company issued an additional 6,094,000 options to officer, directors and consultants of the Company which are vested immediately. These options are exercisable to acquire common shares of the Company at a price of $0.0328 per share and expire on February 1, 2023. These options were valued in the amount of $162,060 on the grant date.

On April 28, 2020, the Company issued 457,050 options to an officer of the Company which are vested immediately. These options are exercisable to acquire common shares of the Company at a price of $0.0328 per share and expire on December 1, 2020. These options were valued in the amount of $6,562 on the grant date. On September 11, 2020, the expiry of these options was extended to February 1, 2023. Due to the modification to the original option issuance, the Company recorded an incremental fair value of $7,895 during the period ended September 30, 2020.

Options outstanding to purchase common shares at September 30, 2020 have a weighted average exercise price of $0.0328 and an average remaining contractual life of 1.96 years. A summary of individual options granted carry exercise prices and remaining terms to maturity, is as follows:

Number of Options	Options Exercisable	Exercise Price	Fair Value at Grant Date	Expiry Date	Remaining Contractual Life Outstanding
#	#	$	$		(Years)
1,523,500	1,523,500	0.0328	21,788	January 31, 2021	0.34
6,551,050	6,551,050	0.0328	168,622	February 1, 2023	2.34

(Expressed in Canadian dollars)

8. CONTRIBUTED SURPLUS (continued)

The fair values of options granted have been estimated on the date of grant using the Black-Scholes option-pricing model. Assumptions used in the pricing model are as follows:

Expiry Date	Grant date share price $	Exercise price $	Expected volatility %	Expected option life (Years)	Expected dividend yield %	Risk-free interest rate %
January 31, 2021	0.0328	0.0328	150.00	0.65	0	1.65
February 1, 2023	0.0328	0.0328	150.00	3.00	0	1.53
February 1, 2023	0.0328	0.0328	150.00	2.75	0	0.32

9. RELATED PARTY TRANSACTIONS

Compensation of key management personnel of the Company

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company.

The remuneration of directors and other members of key management personnel during the period ended September 30, 2020 was as follows:

Consulting fees	$	75,945
Share-based compensation		9,822
	$	85,767

As at September 30, 2020, the Company owed $75,603 (June 30, 2020 - $42,430) to officers of the Company which is included in trade and other payables.

10. FINANCIAL INSTRUMENTS

Fair value

As at September 30, 2020 the carrying amounts of the Company's financial instruments are approximately equivalent due to the relatively short periods to maturity of these instruments.

Fair value estimates are made at a specific point in time, based on relevant market information and information about financial instruments. These estimates are subject to and involve uncertainties and matters of significant judgment, therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

(Expressed in Canadian dollars)

10. FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy

The following provides a description of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value of observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other that quoted price included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There were no transfers between Level 1 and Level 2 during the reporting period.

A summary of the Company's risk exposures as it relates to financial instruments are reflected below:

(i) Currency risk

The Company does not hold any assets or liabilities denominated in a foreign currency. Therefore, the Company is not exposed to currency risk.

(ii) Credit risk

Credit risk arises from the potential that a counterparty will fail to perform its obligations. The Company's credit risk is primarily attributable to cash. The Company has no significant concentration of credit risk arising from operations. Cash consists of bank deposits which have been invested with reputable financial institutions, from which management believes the risk of loss to be remote.

(iii) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2020, the Company had cash and other receivable balance of $1,416,426 (June 30, 2020 - $561,244) to settle current liabilities of $139,709 (June 30, 2020 - $92,132). As such, liquidity risk for the Company is considered low.

The following amounts are the contractual maturities of financial liabilities as at September 30, 2020:

	Total $	1 year $	2 – 5 years $
Trade and other payables	139,709	139,709	-
	139,709	139,709	

10. FINANCIAL INSTRUMENTS (continued)

(iii) Interest rate risk

Interest rate risk is the potential impact on any Company earnings due to changes in bank lending rates and short-term deposit rates. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. Management considers interest rate risk to be minimal given that, as at September 30, 2020, no amounts were held in short-term deposit certificates.

11. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support general operations of the Company and facilitate the liquidity needs of its operations. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital to include its working capital position, share capital and reserve for share-based payments.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the period ended September 30, 2020. The Company is not subject to externally imposed capital requirements.

12. SUBSEQUENT EVENTS

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.

On November 2, 2020, Original Mindset filed Articles of Amendment in accordance with the *Business Corporations Act* (Ontario) to change its name to Mindset Pharma Limited.

On November 9, 2020, the Company announced that it has 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 March 1, 2023. 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. As collateral, the Company grants OBI a security interest in all of its personal 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 December 12 and 13, 2020, 2,023,500 options were exercised for gross proceeds of $66,411.

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 officer, directors and certain consultants of the Company.

12. SUBSEQUENT EVENTS (continued)

On December 15, 2020, the Company announced the closing of a brokered financing, led by Mackie Research Capital Corporation, 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 Agent received an aggregate cash fee equal to 8% of the gross proceeds from the Offering, subject to a reduced fee in respect of proceeds raised directly by the Company from certain subscribers as agreed to between the Company and the Agent. In addition, the Company issued to the Agent an aggregate of 446,776 broker warrants (each a "Broker Warrant"). Each Broker Warrant to purchase one Common Share at an exercise price equal to the Offering Price for a period of twenty-four month from the closing date of the Offering. In addition, the Issuer issued an aggregate of 15,938 compensation options (a "**Compensation Option**") to Damus Capital Limited, as consideration for introducing certain purchasers to the Issuer that participated in the Concurrent Financing. Each Compensation Option entitles the holder thereof to acquire one Issuer Share at a price of $0.40 until December 15, 2022.

On December 16, 2020, the Company announced the closing of 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 $808,475 (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.

SCHEDULE "H"

MANAGEMENT DISCUSSION & ANALYSIS FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2020

[inserted as pages following]

MANAGEMENT DISCUSSION AND ANALYSIS

QUARTERLY HIGHLIGHTS

THREE MONTHS ENDED SEPTEMBER 30, 2020

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 ("Annual MD&A") for the fiscal year ended June 30, 2020. 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 financial statements of the Company for the year ended June 30, 2020 and the unaudited condensed interim consolidated financial statements for the three months ended September 30, 2020, 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 months ended September 30, 2020 are not necessarily indicative of the results that may be expected for any future period. Information contained herein is presented as at December 21, 2020 unless otherwise indicated.

The unaudited condensed interim consolidated financial statements for the three months ended September 30, 2020 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 or reviewed the condensed interim consolidated financial statements for the three months ended September 30, 2020 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.

A detailed discussion of risk factors applicable to Mindset is presented in the Annual MD&A for the period from October 7, 2019 (date of incorporation) to June 30, 2020.

BUSINESS OVERVIEW AND CORPORATE UPDATE

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.

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. 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 psychedelic inspired 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.

SIGNIFICANT TRANSACTION

On September 11, 2020, Original Mindset completed a reverse takeover transaction ("RTO") with the reporting issuer, North Sur Resources Inc. ("North Sur"). The RTO was carried out in accordance with the terms of a share exchange agreement dated July 31, 2020 (the "Share Exchange Agreement"), amongst Original Mindset, North Sur and the shareholders of Original Mindset, pursuant to which the Company acquired all of the issued and outstanding common shares in the capital of Original Mindset, in exchange for the issuance of 32,140,823 common shares in the capital of the Company to the former Original Mindset shareholders (the "Transaction"). As a result of the Transaction, the former Original Mindset shareholders own approximately 62.3% of the issued and outstanding common shares in the capital of the Company, on an undiluted basis.

On November 12, 2020, Mindset received conditional approval to list its common shares on the Canadian Securities Exchange.

INTELLECTUAL PROPERTY

Protection of our intellectual property is paramount to the success of our business. In February of 2020, Mindset filed two provisional patent applications with the US Patent & Trade Office related to new psychedelic drug designs. These provisional patent applications cover two distinct and unique chemical scaffolds, or chemical backbones, (the "Mindset NCE") which the Mindset team believes, based on available literature and the team's experience in designing targeted small molecules, would evoke a psychedelic effect similar to psilocybin, while achieving an optimized pharmacological drug profile (e.g., minimizing extraneous metabolites in the compound design to create a more uniform effect of the drug across a broad range of patient populations).

In July of 2020, Mindset filed a provisional patent application with the US Patent & Trade Office covering a new chemical synthesis process for synthesizing both intermediates of the Mindset NCE's as well as the synthesis of psilocybin and psilocin. (the "Mindset Synthesis Process"). The Mindset team believes that 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 ultimate goal of the Mindset NCE program is to create a compound or range of compounds which can address similar indications to those that the latest research into psilocybin has shown potential (e.g., treatment resistant depression and end-of-life care). Mindset's scientific team, however, is of the view that there may be additional neuropsychiatric indications that the Mindset NCE's could address, although these would require further clinical research.

The Mindset NCE's have been designed by Mindset's scientific advisor, Dr. Malik Slassi. Dr. Slassi has over 30 years of experience in the successful identification of small molecular drug candidates across multiple therapeutic areas including oncology, neurology, immunology, and gastroenterology. Dr. Slassi has a strong record of drug development with over 20 drug candidates advances into late-stage pre-clinical and clinical development, over 130 issued and published patents and patent applications and more than 65 scientific and review articles published in international peer-reviewed medical journals.

Subsequent to filing the Mindset NCE patent applications, Mindset, through a research partner, synthesized a group of compounds and generated certain in-vitro (i.e. in a laboratory setting) data to screen and quantify the effect of its compounds on certain human brain receptors that are considered essential in evoking the therapeutic benefit in patients.

As Mindset generates new data it will continue to expand patent coverage through the development program.

FUTURE RESEARCH AND DEVELOPMENT

Mindset's mission to discover and develop psychedelic inspired medicines to alleviate suffering and improve health encompasses the research and development of new and improved psychedelic inspired medicines ranging from proprietary psychedelic compounds to non-psychedelic analogs with medicinal properties. Through its research and development programs, Mindset tests and qualifies its innovations in order to develop a portfolio of drug assets and related manufacturing processes with. For the time being, Mindset maintains intellectual property generated by its R&D programs as trade secrets. We anticipate that as these programs mature, final patent applications will be filed and more details about these programs will be disclosed through the final patent application process.

LIQUIDITY AND CAPPITAL RESOURCES

Operating Activities
Cash flow used by operating activities during the three months ended September 30, 2020 was $212,092.

Financing Activities
During the three months ended September 30, 2020, cash flow provided by financing activities was $1,038,120.

Liquidity Outlook
Mindset had cash of $1,366,769 available as at September 30, 2020, an increase of $826,028 from the balance at June 30, 2020 of $540,741. As at September 30, 2020, the Company had a working capital of $1,276,717 (June 30, 2020 - $469,112).

The current cash and receivables as at September 30, 2020 will be used to pay existing liabilities 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.

On November 2, 2020, Original Mindset filed Articles of Amendment in accordance with the *Business Corporations Act* (Ontario) to change its name to its current name, Mindset Pharma Limited.

On November 9, 2020, the Company announced that it has 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 March 1, 2023. 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. As collateral, the Company grants OBI a security interest in all of its personal 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 December 12 and 13, 2020, 2,023,500 options were exercised for gross proceeds of $66,411.

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.

On December 15, 2020, the Company announced the closing of a brokered financing, led by Mackie Research Capital Corporation, 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 Agent received an aggregate cash fee equal to 8% of the gross proceeds from the Offering, subject to a reduced fee in respect of proceeds raised directly by the Company from certain subscribers as agreed to between the Company and the Agent. In addition, the Company issued to the Agent an aggregate of 446,776 broker warrants (each a "Broker Warrant"). Each Broker Warrant to purchase one Common Share at an exercise price equal to the Offering Price for a period of twenty-four month from the closing date of the Offering. In addition, the Issuer issued an aggregate of 15,938 compensation options (a "Compensation Option") to Damus Capital Limited, as consideration for introducing certain purchasers to the Issuer that participated in the Concurrent Financing. Each Compensation Option entitles the holder thereof to acquire one Issuer Share at a price of $0.40 until December 15, 2022.

On December 16, 2020, the Company announced the closing of 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 $808,475 (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.

OVERALL PERFOMRANCE

The Company had a net loss and comprehensive loss of $3,354,391 during the three-month period ended September 30, 2020. This is comprised of consulting fees ($150,695), professional fees ($45,023), general and administration ($5,082), share-based compensation ($9,822) and reverse takeover transaction cost ($3,143,769).

OUTSTANDING SHARE DATA

The following is the outstanding share data and outstanding securities that are convertible into common shares of the Company as of the date of this report:

	# Outstanding	Weighted average exercise price
Common shares	66,140,789	N/A
Warrants	24,946,776	$0.38
Stock options	7,756,988	$0.11

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
Jessica Whitton	Corporate Secretary

COMMITMENTS, CONTINGENCIES AND OFF-BALANCE SHEET ARRANGEMENTS

The Company has no commitments for capital expenditures, no contingencies and 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 CEO, CFO, and its board of directors. These expenditures are summarized as follows:

	Three months ended September 30, 2020
Consulting fees	**$ 75,945**
Share-based compensation	**9,822**
	$ 85,767

As at September 30, 2020, the Company owed $75,603 (June 30, 2020 - $42,430) 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	Amortized cost	Amortized cost
Trade and other payables	Amortized cost	Amortized cost

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.

General risk factors

Market price of Common Shares and volatility

The common shares of the Company do not currently trade on any exchange or stock market. Securities of small-cap companies have experienced substantial volatility in the past, often based on factors unrelated to the companies' financial performance or prospects. These factors include macroeconomic developments in North America and globally and market perceptions of the attractiveness of particular industries. Factors unrelated to our performance that may affect the price of the Common Shares include the following: the extent of analytical coverage available to investors concerning our business may be limited if investment banks with research capabilities do not follow the Company; lessening in trading volume and general market interest in the Common Shares may affect an investor's ability to trade significant numbers of Common Shares; the size of our public float may limit the ability of some institutions to invest in Common Shares; and a substantial decline in the price of the Common Shares that persists for a significant period of time could cause the Common Shares, if listed on an exchange, to be delisted from such exchange, further reducing market liquidity. As a result of any of these factors, the market price of the Common Shares at any given point in time may not accurately reflect our long-term value. Securities class action litigation often has been brought against companies following periods of volatility in the market price of their securities. We may in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert management's attention and resources. There is currently no market through which the Company's securities may be sold and purchasers may not be able to resell the Company's securities. An active public market for the Common Shares might not develop or be sustained following the filing of this MD&A. If an active public market for the Common Shares does not develop, the liquidity of a shareholder's investment may be limited, and the Common Share price may decline below the shareholder's initial investment.

The market price of the Common Shares 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 new drug or clinical trial (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 clinical 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 the plant or fungi may contain 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 brands were subject to recall, the image of that brand 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 laboratory operations at the Facility will be subject to environmental protection laws and regulations that prescribe methods for storing and disposing of chemicals and controlled compounds, as the operations will involve spores, silica gels, dried mushroom powder, solvents for extraction and chromatographic separations in solvent systems which present potential and low-grade hazard to human

health. Prior to commencing its laboratory operations, the Company will establish internal policies to comply with all such environmental laws and regulations.

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 claim 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 will be listed in Canada, 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 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.