PSYCHED WELLNESS LTD.
(formerly, Duncan Park Holdings Corporation)

ANNUAL INFORMATION FORM

For the Fiscal Year Ended November 30, 2020

February 19, 2021

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ABOUT THIS ANNUAL INFORMATION FORM

Unless otherwise indicated or if the context otherwise requires, "**Company**", "**Psyched**", "**we**", "**us**" and "**our**" means Psyched Wellness Ltd., its predecessors and subsidiaries.

All financial information and all dollar amounts in this AIF is stated in Canadian dollars, unless otherwise indicated. The Company prepares its financial statements in accordance with IFRS and accordingly, financial information in this AIF is presented in accordance with IFRS.

Statistical information and other data relating to the mushroom industry in general included in this AIF are derived from industry reports published by industry analysts, industry associations and/or independent consulting and data compilation organizations. Market data and industry forecasts used throughout this AIF were obtained from various publicly available sources. Although we believe that these independent sources are generally reliable, the accuracy and completeness of such information is not guaranteed and has not been independently verified.

This AIF applies to the business activities and operations of the Company for the year ended November 30, 2020. Unless otherwise indicated, the information in this AIF is given as of November 30, 2020.

FORWARD-LOOKING STATEMENTS

This AIF and the documents incorporated into this AIF 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 AIF 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. These forward-looking statements include, but are not limited to, statements and information concerning: (a) the intentions, plans and future actions of the Company; (b) anticipated developments in operations; (c) statements relating to the business, goals, future activities and planned future acquisitions of the Company after the date of this AIF; (d) market position, ability to compete and future financial or operating performance of the Company after the date of this AIF; (e) statements based on the audited and unaudited financial statements of the Company; (f) the adequacy of financial resources; (g) the future demand for the Company's products; (h) timeline for developing and launching sales of the Company's products; (i) the timing and amount of estimated capital expenditure in respect of the business of the Company; (j) success of marketing activities; (k) classification of *Amanita Muscaria* and muscimol as non-controlled substances; (l) currency fluctuations; (m) requirements for additional capital; (n) regulatory position that the government authorities may take with respect to the Company's products; (o) limitations on insurance coverage; (p) the timing and possible outcome of regulatory and permitting matters (q) other events or conditions that may occur in the future; (r) expectations for timing and budgets estimates for the sourcing, development, obtaining regulatory approval and production of the products that the Company expects to develop and sell; and (s) ability to secure and retain critical suppliers and partners, including, but not limited to: CROs, CMOs, distributors, and others.

Forward-looking statements are based on the beliefs of the Company's management, as well as on as assumptions, which management believes to be reasonable based on information currently available at the

time such statements were made. However, by their nature, forward-looking statements are based on assumptions and involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Forward-looking statements are subject to a variety of risks, uncertainties and other factors which could cause actual events or results to differ from those expressed or implied by the forward-looking statements, including, without limitation those risks outlined under the heading "*Risk Factors*".

The list of risk factors set out in this AIF is not exhaustive of the factors that may affect any forward-looking statements of the Company. Forward-looking statements are statements about the future and are inherently uncertain. Actual results could differ materially from those projected in the forward-looking statements as a result of the matters set out or incorporated by reference in this AIF generally and certain economic and business factors, some of which may be beyond the control of the Company. In addition, recent unprecedented events in the world economy and global financial and credit markets have resulted in high market and commodity volatility, which could have a particularly significant, detrimental and unpredictable effect on forward-looking statements. The Company does not intend, and does not assume any obligation, to update any forward-looking statements, other than as required by applicable law. For all of these reasons, the Company's securityholders should not place undue reliance on forward-looking statements.

GLOSSARY

"**2018 Meeting**" means the Company's annual general and special meeting of the Shareholders that took place on December 18, 2018;

"**2020 Meeting**" means the annual general and special meeting of the Shareholders held on June 30, 2020 at which, the Company's shareholders approved, among other things, (i) the election of directors, (ii) the re-appointment of auditors, (iii) the name change of the Company to "Psyched Wellness Ltd."; and (iv) the adoption of the Stock Option Plan;

"**Advisory Board**" means the Company's advisory board;

"**AIF**" means this annual information form;

"**All Other Fees**" has the meaning ascribed thereto under the heading "*Audit Committee Charter – External Auditor Service Fees*";

"***Amanita muscaria***" means a species of muscimol mushroom of Amanita genus, commonly known as the fly agaric or fly amanita;

"**Amanita**" means a genus of mushrooms in the basidiomycete division;

"**Audit Committee**" means the audit committee of the Company;

"**Audit Fees**" has the meaning ascribed thereto under the heading "*Audit Committee Charter – External Auditor Service Fees*";

"Audit-Related Fees" has the meaning ascribed thereto under the heading "*Audit Committee Charter – External Auditor Service Fees*";

"**Board**" means the board of directors of the Company;

"Bought Deal Private Placement" means the "bought deal" private placement offering of Units conducted by the Underwriters for gross proceeds of $6,603,000 completed by the Company on February 17, 2021;

"**Broker Warrants**" means the brokers warrants issued to certain finders, equal to 8% of the Common Shares sold pursuant to the Series A Financing, each exercisable into one Common Share at a price of $0.10 per Common Share for a period of 24 months from the date of closing;

"**CAGR**" means compound annual growth rate;

"**CD Private Placement**" means the non-brokered private placement of Convertible Debentures for gross proceeds of $250,000 completed by the Company on October 9, 2018;

"**CDS**" means CDS Clearing and Depositary Services Inc., Canada's central securities depository, clearing and settling trades in the Canadian equity, fixed income and money markets;

"**CDSA**" means the *Controlled Drugs and Substances Act* (Canada);

"**CEO**" means Chief Executive Officer;

"**CFO**" means Chief Financial Officer;

"**cGMP**" means current good manufacturing practices;

"**CMO**" means contract manufacturing organizations;

"Code" means the Company's code of ethics and business conduct;

"**Coldhaus LOI**" means the non-binding letter of intent entered into on April 13, 2020 between Coldhaus and the Company;

"**Coldhaus**" means Coldhaus Distribution Inc.;

"**Common Shares**" means the common shares in the capital of the Company;

"**Company**" means Psyched Wellness Ltd. (formerly, Duncan Park Holdings Corporation), a corporation existing under the OBCA;

"**Consolidation**" means the consolidation of all issued and outstanding Common Shares on the basis of 1 post-consolidation share for every 40 pre-consolidation shares, completed by the Company on February 1, 2019;

"**Convertible Debentures**" means the debentures convertible issued pursuant to the CD Private Placement, maturing one year from the date of issuance and bearing interest at a rate of 10% per annum and are convertible, at the election of the holder, into convertible debenture units, comprised of one Common Share and one-half of one Common Share purchase warrant, at a price of $0.30 per unit;

"**COO**" means Chief Operating Officer;

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

"**CPLA**" means the *Consumer Packaging and Labelling Act* (Canada), a Federal statute that provides for a

uniform method of labelling and packaging of prepackaged consumer goods in Canada;

"**Creditors**" means the Estate of Ian McAvity, former CEO of the Company and Eric Salsberg, former Chairman of Audit Committee;

"**CRO**" means contract research organizations;

"**CS**" means Corporate Secretary;

"**CSA**" means the *Controlled Substances Act* (United States), the statute establishing federal United States drug policy under which the manufacture, importation, possession, use, and distribution of certain substances is regulated;

"**CSE Policies**" means the rules and policies of the CSE in effect as of the date hereof;

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

"**DEA**" means the Drug Enforcement Administration, a United States federal law enforcement agency under the United States Department of Justice, tasked with combating drug trafficking and distribution within the United States;

"**Debt Settlements**" means the Company's debt settlement agreements with the Creditors, which were completed on May 14, 2019;

"**Debt Settlement Shares**" means the issuance of 1,462,178 Common Shares pursuant to the Debt Settlement.

"**Delisting**" means the delisting of the Common Shares from the TSXV, effective May 9, 2019;

"**dietary supplement**" as such term is defined under the DSHEA;

"**DSHEA**" means the *Dietary Supplement Health and Education Act of 1994* (United States), Federal legislation which defines and regulates dietary supplements;

"**DTC**" means Depository Trust Company;

"**Escrow Agent**" means TSX Trust Company having an office at 100 Adelaide St., W., Suite 301, Toronto, ON, M5H 1S3, which has agreed to act as an escrow agent to administer the Escrow Agreement;

"**Escrow Agreement**" means the escrow agreement entered into by the Company, the Escrow Agent and certain securityholders of the Company in connection with the resale restrictions set out in NP46-201;

"**FD&C Act**" means the *Food, Drug, and Cosmetic Act* (United States);

"**FDA**" means the Food and Drug Administration of the United States Department of Health and Human Services;

"**First Promissory Note**" means the unsecured demand promissory note of the Company issued to an arm's-length party, in the principal amount of $30,000, bearing interest at a rate of 10% per annum on the unpaid portion of the principal, calculated and compounded on a monthly basis;

"**First Research Services Agreement**" means an agreement between Psyched Subco and KGK Science

dated April 28, 2020, pursuant to which KGK Science agreed to provide certain research services to Psyched Subco, including the preliminary toxicological assessment report of the *Amanita muscaria* mushrooms;

"**Flora Research**" means Flora Research Laboratories, LLC, an Oregon-based company that focuses on the authentication of natural plant derived essential oils in the aromatherapy, flavor and fragrance industries;

"**Food and Drug Regulations**" means the requirements set out in the Food and Drugs Act for the manufacture, packaging, labelling, storage, importation, distribution and sale of foods, and prescription and non-prescription drugs in Canada;

"**Food and Drugs Act**" means the *Food and Drugs Act* (Canada);

"**FSMA**" means the *Food Safety Modernization Act* (United States);

"**FTC**" means the Federal Trade Commission, an independent agency of the United States government whose principal mission is the enforcement of civil US antitrust law and the promotion of consumer protection;

"**FTCA**" means the *Federal Trade Commission Act*, a federal statute of the United States to create FTC and to define its powers and duties;

"**GLP**" means Good Laboratory Practices, the current standards for laboratory practices in relation to biologicals, as set forth in the FD&C Act, and such standards of good laboratory practices as are required by the FDA;

"**GRAS**" means generally recognized as safe;

"**HACCP**" means Hazard Analysis Critical Control Points, a systematic approach to the identification, evaluation, and control of food safety hazards overseen by the National Advisory Committee on Microbiological Criteria for Foods, an advisory committee to the USDA;

"**Health Canada**" means Heath Canada, the department of the federal Ministry of Health, established to help Canadians maintain and improve their health;

"HPLC" means high-performance liquid chromatography;

"**IFRS**" means the international financial reporting standards adopted by the International Accounting Standards Board;

"**IND**" means an Investigational New Drug Application, as defined in the FD&C Act filed with the FDA;

"**Initial CMO**" means an Ontario-based CMO that Psyched Subco is collaborating with to manufacture the Company's *Amanita muscaria*-derived products;

"Insiders" means officers, directors and employees of the Company;

"**IRN**" means information request notice;

"**ISO**" means the International Standards Organization, an international standard-setting body comprised of representatives from various national standards organizations;

"**Kadysh Agreement**" means the Board agreement entered into between the Company and Nicholas Kadysh on March 27, 2020 pursuant to which Mr. Kadysh acts as a director of the Company;

"**KGK Science**" means KGK Science Inc., an Ontario-based CRO that is providing certain research services to Psyched Subco pursuant to the First Research Services Agreement and Second Research Services Agreement;

"**KSA**" means Kosher Supervision of America, a kosher certification agency based in the United States, whose primary purpose is to certify food as kosher;

"Lead Underwriter" means Canaccord Genuity Corp.;

"**Listing Statement**" means the listing statement of the Company dated October 15, 2020;

"**Listing**" means the listing of the Common Shares on the CSE;

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

"**muscimol**" means one of the principal psychoactive constituents of *Amanita muscaria* and related species of mushroom, also known as agarin or pantherine;

"**NDI**" means new dietary ingredients;

"**NDIN**" means a new dietary ingredient notification, which is a notification that must be submitted to the FDA for a dietary ingredient that was not marketed in the United States as a dietary supplement prior to October 15, 1994;

"**Nederhoff Agreement**" means the Board agreement entered into between the Company and Michael Nederhoff on March 27, 2020 pursuant to which Mr. Nederhoff acts as a director of the Company;

"**Neurobehavioral Studies Agreement**" means the neurobehavioral studies agreement entered into between the Company and its CRO partner on October 27, 2020 for neurobehavioral studies on the Company's product;

"**NHP Site License**" means a license issued by NNHPD that NHP manufacturers are required to hold in order to manufacture NHPs;

"**NHP**" means natural health products containing active ingredients, which are regulated under NHPR by NNHPD;

"**NHPR**" means *Natural Health Product Regulations* (Canada), a regulation made under the Food and Drugs Act;

"**NI 52-110**" means National Instrument 52-110 – *Audit Committees*;

"**NLEA**" means the *Nutrition, Labeling and Education Act* (United States);

"**NNHPD**" means the Natural and Non-Prescription Health Product Directorate, a division of Health Canada responsible for overseeing natural health products and non-prescription drugs in Canada, as well as administering the Product License Application process;

"**NP 46-201**" means National Policy 46-201 – *Escrow for Initial Public Offerings*¸ of the Canadian

Securities Administrators;

"**NPN**" means natural product number assigned by NNHPD upon approval of a new NHP;

"**OBCA**" means the *Business Corporation Act* (Ontario);

"**OTC Pink Market**" means the OTC pink market;

"**OTC**" means over the counter;

"**OTCQB Venture Marketplace**" means the OTCQB® venture marketplace;

"Over-Allotment Option" means the option granted by the Company to the Underwriters to purchase up to an additional 3,550,000 Units at a price of $0.31 per Unit, exercisable at any time, for a period of 30 days after and including the date of closing of the Bought Deal Private Placement, which would result in additional proceeds of $1,100,500;

"**Pooled Shares**" means Common Shares subject to the Pooling Agreement;

"**Pooling Agent**" means Garfinkle Biderman LLP having an office at 1 Adelaide Street East, Dynamic Funds Tower, Suite 801, Toronto, Ontario, M5C 2V9, which has agreed to act as a pooling agent to administer the Pooling Agreement on behalf certain shareholders pursuant to the Pooling Agreement dated December 7, 2020;

"**Pooling Agreement**" means the pooling agreement dated May 5, 2020 restricting the sale of Common Shares held by subscribers to the Seed Financing, 2020 Debt Settlement and the Common Shares issued to certain former shareholders of Psyched Subco pursuant to the Share Exchange;

"Pooling Amendment Agreement" means the pooling amending agreement dated December 9, 2020, pursuant to which the terms of the Pooling Agreement where amended to provide that the remaining 50% of the Pooled shares are to be release in 5 equal tranches of 10% every other month, over the next 10 months, beginning on January 31, 2021 and on the last day of each second month thereafter;

"**Principals**" means the principals of Psyched Subco;

"**Product License Application**" means a product license application made under the NHPR regulations;

"**Product License**" means an authorization by NNHPD for the sale of a particular Natural Health Product upon completion and approval of Product License Application;

"**Product Monograph**" means a written description of particular elements on an identified topic which presents information supporting the safety, efficacy or quality of a medicinal ingredient or a NHP that NNHPD has reviewed and determined to be acceptable;

"**Promoter**" has the meaning ascribed thereto under the *Securities Act* (Ontario);

"**Psyched Subco Shares**" means common shares in the capital of Psyched Subco;

"**Psyched Subco**" means Psyched Wellness Corp. a company incorporated under the OBCA;

"**R&D**" means research and development;

"**Related Persons**" has the meaning ascribed thereto under the CSE Policies;

"**Second Promissory Note**" means the demand unsecured promissory note of the Company issued to an arm's-length party, in the principal amount of $17,203, bearing an interest at a rate of 12% per annum on the unpaid portion of the principal, calculated and compounded on a monthly basis;

"**Second Research Services Agreement**" means an agreement between Psyched Subco and KGK Science dated July 13, 2020, pursuant to which KGK Science has agreed to provide certain research services to Psyched Subco, including conducting pre-clinical studies of *Amanita muscaria*, preparation of the NDIN submission to the FDA and the Product License Application submission to Health Canada;

"**SEDAR**" means the System for Electronic Document Analysis and Retrieval;

"**Seed Financing**" means the non-brokered private placement of 33,500,000 Common Shares at a price of $0.02 per Common Share for gross proceeds of $670,000 that closed on April 23, 2020;

"**Series A Financing**" means the non-brokered private placement of Common Shares at a price of $0.10 per Common Share for gross proceeds $4,056,095, which the Company closed in three tranches – first on May 22, 2020, second on June 1, 2020 and third on July 31, 2020;

"**Share Exchange Agreement**" means the share exchange agreement dated May 5, 2020 entered into by the Company, Psyched Subco and the holders of Psyched Subco Shares, pursuant to which the parties agreed to, among other things, complete the Share Exchange;

"**Share Exchange**" means the transaction that was completed on May 5, 2020 pursuant to the Share Exchange Agreement, whereby holders of Psyched Subco Shares exchanged all of the issued and outstanding Psyched Subco Shares in exchange for an aggregate of 18,000,000 Common Shares;

"**Shareholders**" means holders of the Common Shares;

"**Shisel Agreement**" means an agreement entered into between Psyched Subco and David Shisel dated March 25, 2020 pursuant to which Mr. Shisel has agreed to perform the services of a COO of Psyched Subco;

"**SKU**" means stock keeping unit, a unique set of numbers and letters used to identify, locate and track a product internally in a company or store's warehouse;

"**SOP**" means standard operating procedures;

"**SQF Certification**" means a voluntary Safe Quality Foods certification program administered by SQF Institute, a division of Arlington, Virginia based Food Marketing Institute, the Food Industry Association, an American trade association for food marketing, food retailers, and wholesalers;

"**Stevens Agreement**" means an agreement entered into between Psyched Subco and Jeffrey Stevens dated March 25, 2020, pursuant to which Mr. Stevens has agreed to perform the services of a CEO of Psyched Subco;

"**Stock Option Plan**" means the incentive stock option plan approved by the Shareholders at the 2020 Meeting, which provides that the Board may from time-to-time, in its discretion, and in accordance with the CSE Policies, grant to directors, officers, employees, and consultants to the Company, non-transferable options to purchase Common Shares, provided that the number of Common Shares reserved for issuance

will not exceed 10% of the issued and outstanding Common Shares;

"**Stock Options**" means the stock options of the Company issued pursuant to the Stock Option Plan;

"**Tax Fees**" has the meaning ascribed thereto under the heading "*Audit Committee Charter – External Auditor Service Fees*";

"**Third Promissory Note**" means the unsecured demand promissory note of the Company issued to an arm's-length party, in the principal amount of $10,000, bearing interest at a rate of 12% per annum on the unpaid portion of the principal, calculated and compounded on a monthly basis;

"**Transfer Agent**" means TSX Trust Company, transfer agent of the Company;

"**TSXV**" means TSX Venture Exchange;

"Underwriters" means the Lead Underwriter and Eight Capital;

"Underwriters' Warrants" means the issuance by the Company to the Underwriters' of an aggregate of 1,491,000 Unit purchase warrants of the Company, representing 7.0% of the Units sold under the Bought Deal Private Placement;

"**United States**" means the United States of America;

"**Units**" means units of the Company, comprising one Common Share and one Warrant;

"**US$**" means mean the lawful currency of the United States of America;

"**USCBP**" means United States Customs and Border Protection, the primary border control organization in the United States, which operates as a division of the United States Department of Homeland Security;

"**USDA**" means the United States Department of Agriculture, United States federal executive department responsible for developing and executing federal laws related to farming, forestry, rural economic development, and food;

"**USPHS**" means United States Public Health Service, a division of the United States Department of Health and Human Services concerned with public health;

"USPTO" means the United States Patent and Trademark Office;

"**Warrant**" means the Common Share purchase warrant issued as part of the Unit, entitling the holder thereof to purchase one Common Share at an exercise price of $0.43 until February 17, 2024; and

"**Warrant Acceleration**" means the warrant acceleration right exercisable by the Company if, at any time following the date that is 4 months and 1 day from February 17, 2021, the daily volume weighted average trading price of the Common Shares on the CSE is greater than $0.70 for the preceding 5 consecutive trading days.

CORPORATE STRUCTURE

Name, Address and Incorporation

The full corporate name of the Company is "Psyched Wellness Ltd.". The registered office of the Company

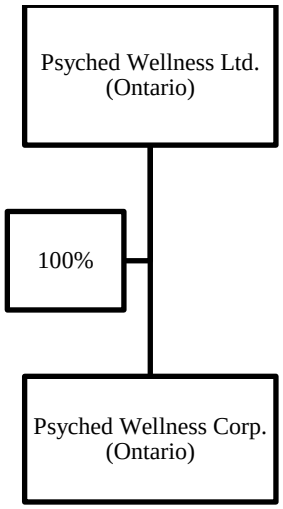
is located at 77 King Street West, Suite 3000, Toronto, ON M5K 1G8. The head office of the Company is located at 77 King Street West, Suite 2905, Toronto, ON `M5K 1H1. The Company is a reporting issuer in the Provinces of Alberta, British Columbia, and Ontario.

The Company was incorporated under the OBCA on November 12, 1981 as "Duncan Park Holdings Corporation". The Company completed the Share Exchange on May 5, 2020 and filed articles of amendment following the 2020 Meeting to change the name of the Company to "Psyched Wellness Ltd.".

Intercorporate Relationships

The Company has one wholly-owned subsidiary, Psyched Subco, a private corporation organized pursuant to the OBCA on January 8, 2019 as "Sushego Ltd.". Psyched Subco filed articles of amendment on March 25, 2020 to change its name to "Psyched Wellness Corp.". The registered office of Psyched Subco is located at 77 King Street West, Suite 3000, Toronto, ON M5K 1G8. The head office of Psyched Subco is located at 77 King Street West, Suite 2905, Toronto, ON M5K 1H1.

Set out below is the corporate structure of the Company and its subsidiaries, including the corporate jurisdiction and the percentage of shares of the subsidiaries owned, controlled or directed by the Company.



GENERAL DEVELOPMENT OF THE BUSINESS

Three Year History

The following description sets out the principal events that have influenced the development of the business of the Company up to November 30, 2020, please see also "*Description of the Business*".

Corporate Developments During the Year Ended November 30, 2018

On August 22, 2018, the Company entered into the Debt Settlements with the Creditors.

On October 9, 2018, the Company completed the CD Private Placement for gross proceeds of $250,000. A condition of closing of the CD Private Placement was that the Creditors were to sell the Debt Settlement Shares to the investors participating in the CD Private Placement plus one other investor at a price equal to 20% of the principal amount of the debt and accrued interest. Share purchase agreements between the investors, the Estate of Ian McAvity and Eric Salsberg, respectively, were entered into and the transaction

was completed on May 14, 2019.

On December 18, 2018, at the 2018 Meeting, Shareholders approved a resolution empowering the Board to affect the Consolidation. The Consolidation was completed on February 1, 2019. In addition, at 2018 Meeting, the Company asked Shareholders to provide the Board with the discretion to complete the Delisting, which was given.

Corporate Developments During the Year Ended November 30, 2019

On March 11, 2019, the Company issued the First Promissory Note in the principal amount of $30,000.

On April 2, 2019, John Langmuir was appointed as the CFO and CS of the Company, replacing Harold J. Doran.

On May 9, 2019, the Delisting was approved by the TSXV and the Common Shares were delisted from the TSXV. Following the completion of the Consolidation and Delisting, the Convertible Debentures effectively became convertible into one Common Share at a price of $0.30 per Common Share, adjusted to account for the Consolidation.

On May 14, 2019, the Company settled $301,989 and $136,664 of outstanding principal amount of term loans (plus accrued interest), respectively, through the issuance of the Debt Settlement Shares. Based on the Consolidation ratio, the Debt Settlement Shares were issued at an adjusted price of $0.30 per Common Share on May 14, 2019.

On October 9, 2019, immediately prior to its maturity, the Convertible Debentures were converted into 917,800 Common Shares, at the adjusted conversion price of $0.30 per Common Share.

On October 10, 2019, Hasan Zaidi was appointed as the CFO of the Company, replacing John Langmuir.

On October 23, 2019, the Company issued the Second Promissory Note in the principal amount of $17,203.

Corporate Developments During the Year Ended November 30, 2020 and up to the date of this AIF

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On January 16, 2020, the Company issued the Third Promissory Note in the principal amount of $10,000.

On January 27, 2020, Keith Li was appointed as the CFO and CS of the Company, replacing Hasan Zaidi.

On March 6, 2020, David Shaddrick resigned as a director of the Company.

On April 23, 2020, the Company closed the Seed Financing, issuing an aggregate of 33,500,000 Common Shares for aggregate gross proceeds of $670,000, completed the Debt Settlement by settling an aggregate of $141,001.80 of indebtedness owed to certain arm's-length and non-arm's length creditors through the issuance of an aggregate of 7,050,090 Common Shares and of the outstanding principal balance and interest thereon of the First Promissory Note and the Second Promissory Note in the aggregate amount of $60,378.

On May 5, 2020, Jeremy Goldman and Eric Salsberg resigned as directors of the Company, and Brian Presement resigned as a director and CEO of the Company. Please see "*The Share Exchange*" below for further details. In addition, the Company entered into the Pooling Agreement with certain Shareholders, whereby the subscribers to the Seed Financing and Debt Settlement, as well as certain former Shareholders

of Psyched Subco pursuant to the Share Exchange, agreed to certain restrictions on the resale of the Common Shares held by each respective party.

At the 2020 Meeting, the Shareholders approved resolutions to: (i) fix the size of the Board at five; (ii) elect Jeffrey Stevens, Michael Nederhoff, Terry Booth, Chris Hazelton and Nicholas Kadysh as directors of the Company; (iii) re-appoint Clearhouse LLP as auditor of the Company for the ensuing year; (iv) confirm and ratify the Stock Option Plan; (iv) approve a special resolution authorizing a change of name of the Company to "Psyched Wellness Ltd."; and (v) approve a special resolution authorizing the Board to fix from time to time the number of directors to be elected at annual general meetings of the Shareholders between the minimum and maximum number of directors permitted by the Company's articles.

On July 13, 2020, the Company granted a total of 7,312,000 Stock Options to certain employees, officers, directors, and consultants of the Company. The Stock Options were granted in accordance with the terms of the Stock Option Plan. The Stock Options are exercisable into Common Shares at a price of $0.10 per Common Share, and expire on July 13, 2025, and follow a vesting schedule, with the stipulation that the optionholder is required to be an officer, director and/or consultant to the Company for at least three months from the date of issuance before their Stock Options are treated as vested.

On May 18, 2020, the Company completed a toxicology assessment on the *Amanita Muscaria* mushroom in general and *Amanita Muscaria* extract in particular. The assessment had shown a great potential and a clear path for the company to move forward with the development and scale up of its unique extract.

On August 28, 2020, the Company completed a gap assessment and path to market assessment including assessment of permissible label claims and requirements for substantiation in Canada and the United States.

On July 13, 2020, the Company had signed a new agreement with its CRO partner to commence pre-clinical trials for the Company's product.

On October 22, 2020, the Common Shares began trading on the CSE under the trading symbol "PSYC".

On October 23, 2020, the Company granted 1,500,000 Stock Options to various consultants. The Stock Options were granted in accordance with the terms of the Stock Option Plan. The Stock Options are exercisable into Common Shares at a price of $0.15 per Common Share, and expire on October 23, 2025, and follow a vesting schedule, with the stipulation that the optionholder is required to be an officer, director and/or consultant to the Company for at least three months from the date of issuance before their Stock Options are treated as vested.

On October 27, 2020, the Company entered into the Neurobehavioral Studies Agreement.

On November 12, 2020, the Company applied to up-list its common stock from the OTC Pink Market to the OTCQB® Venture Marketplace and applied for Depository Trust Company eligibility. On December 2, 2020, the Common Shares were successfully up-listed from the OTC Pink Market to the OTCQB Venture Market and continued to trade under the symbol "DCNPF" until January 19, 2021 when the Company announced that the new trading symbol "PSYCF" was approved.

On November 13, 2020, the Company granted 500,000 Stock Options to a director of the Company. The Stock Options were granted in accordance with the terms of the Stock Option Plan. The Stock Options are exercisable into Common Shares at a price of $0.145 per Common Share, and expire on November 13, 2025, and follow a vesting schedule, with the stipulation that the optionholder is required to be an officer, director and/or consultant to the Company for at least three months from the date of issuance before their Stock Options are treated as vested.

On November 24, 2020, the Company granted 250,000 Stock Options to a director of the Company. The Stock Options were granted in accordance with the terms of the Stock Option Plan. The Stock Options are exercisable into Common Shares at a price of $0.185 per Common Share, and follow a vesting schedule, with the stipulation that the optionholder is required to be an officer, director and/or consultant to the Company for at least three months from the date of issuance before their Stock Options are treated as vested.

On November 24, 2020, the Company granted 500,000 Stock Options to a consultant of the Company. The Stock Options were granted in accordance with the terms of the Stock Option Plan. The Stock Options are exercisable into Common Shares at a price of $0.185 per Common Share, and expire on November 24, 2025, and vested immediately on grant.

Subsequent to November 30, 2020, on December 3, 2020, the Company granted 250,000 Stock Options to various consultants. The Stock Options were granted in accordance with the terms of the Stock Option Plan. The Stock Options are exercisable into Common Shares at a price of $0.225 per Common Share, and expire on December 3, 2025, and follow a vesting schedule, with the stipulation that the optionholder is required to be an officer, director and/or consultant to the Company for at least three months from the date of issuance before their Stock Options are treated as vested.

Subsequent to November 30, 2020, on February 17, 2021, the Company completed the Bought Deal Private Placement and issued 21,300,000 Units for aggregate gross proceeds of $6,603,000, inclusive of the Over-Allotment Option. In addition and in connection with the Bought Deal Private Placement**,** the Company: (i) issued to the Underwriters an aggregate of 456,365 Units and paid a total of $320,736.95 in cash, together representing the Underwriters' fee of 7.0% of the gross proceeds of the Bought Deal Private Placement; (ii) issued to the Lead Underwriter an aggregate of 639,000 Units in settlement of the corporate finance fee of 3.0% of the Units sold under the Bought Deal Private Placement; and (iii) issued to the Underwriters' an aggregate of 1,491,000 Underwriters' Warrants, representing 7.0% of the Units sold under the Bought Deal Private Placement. Each Underwriters' Warrant is exercisable to acquire one Unit at a price of $0.31 per Unit for a period of 36 months from the closing of the Bought Deal Private Placement.

Psyched Subco (Pre-Share Exchange)

On March 25, 2020, Jeffrey Stevens was appointed as CEO and director and David Shisel was appointed as a COO of Psyched Subco, and entered into the Stevens Agreement and Shisel Agreement, respectively.

On March 25, 2020, Psyched Subco issued 17,999,900 Psyched Subco Shares at a price of $0.005 per Psyched Subco Share. Cash proceeds of $14,850 were received in connection with the issuance of 2,970,000 Psyched Subco Shares and the balance of 15,029,900 Psyched Subco Shares were issued for services valued at $75,149.50.

On March 27, 2020, Michael Nederhoff and Nicholas Kadysh were appointed as directors of Psyched Subco and entered the Nederhoff Agreement and Kadysh Agreement, respectively.

On April 6, 2020, Terry Booth was appointed as a director of Psyched Subco.

The Share Exchange

On May 5, 2020, the Company completed the Share Exchange in accordance with the Share Exchange Agreement, pursuant to which the Company acquired all of the issued and outstanding Psyched Subco Shares. Upon closing of the Share Exchange, Psyched Subco became a wholly-owned subsidiary of the Company and the Company's assets and resources were redeployed to focus on the development, manufacturing, marketing, selling, and distribution of mushroom-derived products and associated

consumer packaged goods. Pursuant to the Share Exchange, the Company acquired the business of Psyched Subco, which included the following:

- know-how and any intellectual property rights to the *Amanita Muscaria*-derived water-based extract formulations developed by Psyched Subco, together with third parties and all business relationships related thereto;

- the Psyched Subco business plan;

- consulting agreements with key management personnel, including the Stevens Agreement, Shisel Agreement, Nederhoff Agreement and Kadysh Agreement;

- the strategy briefing, the work product, and all related rights to the work product from presentations of the branding company;

- the First Research Services Agreement;

- the domain name www.psyched-wellness.com and email addresses relating to the foregoing, and the Psyched Subco Facebook, Instagram and Twitter pages; and

- all right, title, and interest in and to any verbal agreements, contract negotiations and purchase orders with formulators, mushroom suppliers, packagers, web marketers, distributors and other suppliers and consultants.

The purchase price for the Share Exchange was $360,000 and was satisfied in full by the Company issuing to holders of Psyched Subco Shares an aggregate of 18,000,000 Common Shares at a deemed price of $0.02 per Common Share. The purchase price and other terms of the Share Exchange Agreement were negotiated at arm's length with the Board and the board of directors of Psyched Subco. The Share Exchange constituted an arm's length transaction as none of the Related Persons of the Company had any ownership interest in Psyched Subco or were Related Persons of Psyched Subco prior to the Share Exchange.

Upon closing of the Share Exchange, Jeffrey Stevens was appointed CEO and a director of the Company, David Shisel was appointed COO of the Company, and Michael Nederhoff, Nicholas Kadysh and Terry Booth were appointed as directors of the Company.

Upon completion of the Share Exchange, former shareholders of Psyched Subco exchanged 18,000,000 Psyched Subco Shares for 18,000,000 Common Shares, representing approximately 28.2% of the Common Shares issued and outstanding after completion of the Share Exchange, and the remaining 71.8% were held by the Shareholders of the Company. As such, the Share Exchange was not considered a 'reverse takeover' under applicable securities laws.

Series A Financing

On May 12, 2020, the Company announced that it was undertaking a Series A Financing of a minimum of 30,000,000 Common Shares and a maximum of 40,000,000 Common Shares, at a price of $0.10 per Common Share to raise gross proceeds of a minimum of $3,000,000 and a maximum of $4,000,000. The Company agreed to (i) pay a finders' fee in cash in the amount of up to 8% of the amount placed with subscribers introduced to the Company by the eligible finders and (ii) issue Broker Warrants to acquire a number of Common Shares equal to 8% of Common Shares sold to those subscribers.

On May 22, 2020, the Company closed the first tranche of the Series A Financing by issuing a total of

16,370,000 Common Shares for gross proceeds of $1,637,000. The Company paid cash finders' fees of $63,200 and issued 632,000 Broker Warrants exercisable until May 22, 2022 in connection with the subscriptions totaling $793,000. No cash finders' fees were paid and no Broker Warrants were issued in connection with the balance of $844,000 of subscriptions of the first tranche of the Series A Financing.

On June 1, 2020, the Company closed the second tranche of the Series A Financing by issuing a total of 22,315,000 Common Shares for gross proceeds of $2,231,500. The Company paid cash finders' fees of $173,720 and issued 1,737,200 Broker Warrants exercisable until June 1, 2022 in connection with the subscriptions totaling $2,171,500. No cash finders' fees were paid and no Broker Warrants were issued in connection with the balance of $60,000 of subscriptions of the second tranche of the Series A Financing.

On July 31, 2020, the Company closed the third tranche of the Series A Financing by issuing a total of 1,625,950 Common Shares for gross proceeds of $162,595. No cash finders' fees were paid and no Broker Warrants were issued in connection with closing the third tranche of the Series A Financing.

The aggregate number of Common Shares issued in the Series A Financing was 40,310,950 for total gross proceeds of $4,031,095. Aggregate cash finders' fees paid pursuant to the Series A Financing were $236,920 and the aggregate number of Broker Warrants issued was 2,369,200.

All securities issued in the Series A Financing were subject to a statutory hold period, expiring four months and a day from the date of issuance.

Bought Deal Private Placement Financing

Subsequent to November 30, 2020, on January 21, 2021, the Company announced that had undertaken the Bought Deal Private Placement for up to 9,700,000 Units at a price of $0.31 per Unit, for aggregate gross proceeds of $3,007,000, and on January 22, 2021, the Company announced that the Bought Deal Private Placement had been upsized to up to 17,750,000 Units for aggregate gross proceeds of $5,502,500. In addition, the Company granted the Underwriters the Over-Allotment Option. Each Unit consisted of one Common Share and one Warrant, with each Warrant entitling the holder thereof to purchase one Common Share at an exercise price of $0.43 for a period of 36 months from the date of closing, subject to the Warrant Acceleration.

On February 17, 2021, the Company closed the Bought Deal Private Placement issuing 21,300,000 Units for aggregate gross proceeds of $6,603,000, inclusive of the Over-Allotment Option. In addition and in connection with the Bought Deal Private Placement**,** the Company: (i) issued to the Underwriters an aggregate of 456,365 Units and paid a total of $320,736.95 in cash, together representing the Underwriters' fee of 7.0% of the gross proceeds of the Bought Deal Private Placement; (ii) issued to the Lead Underwriter an aggregate of 639,000 Units in settlement of the corporate finance fee of 3.0% of the Units sold under the Bought Deal Private Placement; and (iii) issued to the Underwriters' an aggregate of 1,491,000 Underwriters' Warrants, representing 7.0% of the Units sold under the Bought Deal Private Placement. Each Underwriters' Warrant is exercisable to acquire one Unit at a price of $0.31 per Unit for a period of 36 months from the closing of the Bought Deal Private Placement.

DESCRIPTION OF THE BUSINESS

General

Prior to completion of the Share Exchange, the Company operated in the mining industry and devoted its efforts to establish commercially viable mineral properties by exploring for gold and other precious metals in politically stable areas of the world, and in particular focused on exploring certain properties in the Red

Lake mining district in Northwestern Ontario.

By completing the Share Exchange, the Company has acquired 100% of Psyched Subco and has continued carrying out Psyched Subco's business with a focus on formulating mushroom derived products and associated consumer packaged goods with a view to selling and distributing such products upon receipt of all required regulatory approvals. Except where context requires otherwise, references to the business of the Company includes the business of Psyched Subco.

The Company is a Canadian-based health supplements company dedicated to the distribution of mushroom-derived products and associated consumer packaged goods. It is anticipated that the Company's mushroom-derived products will not contain ingredients that are currently classified as controlled substances in Canada and the United States and will not be regulated as controlled substances, the products may be distributed through conventional channels in the food supplement category throughout Canada and the United States.

The Company is taking steps to create premium mushroom products to compete in the emerging functional food market. The Company is in the process of developing a line of *Amanita Muscaria*-water-based extract products, teas and capsules designed to help with three health objectives: (1) promote stress relief and relaxation, (2) assist with sleeping, and (3) to support mood. To management's knowledge, the Company is the only player in the functional foods industry to research *Amanita Muscaria* for the purpose of creating products derived from *Amanita Muscaria*-water-based extract products, and it intends to pursue an aggressive multi-pronged distribution plan to reinforce its early-mover advantage in that regard. *Amanita Muscaria's* appearance is characterized by a large white-gilled, white-spotted, usually red mushroom, and is one of the most recognizable and widely encountered in popular culture.

History

In the fall of 2019, the Principals commenced a thorough review of potential candidate mushrooms to use as the basis of their product development. This research included a review of various types of medicinal and psychedelic mushrooms and involved an analysis of the active ingredients in each mushroom and the types of products that could be manufactured from the extract of such mushrooms, toxicology of various ingredients in these mushrooms and their legality in various jurisdictions. As a result of this research, and subject to receipt of confirmatory reviews by its technical advisors, the principals tentatively selected *Amanita Muscaria* as the mushroom to use for the basis of its initial line of products. The efforts to identify and select the mushroom prior to organizing Psyched Subco were primarily led by David Shisel, the incumbent COO of the Company and Psyched Subco. Mr. Shisel previously worked with entities in highly regulated industries such as medical cannabis and has previously worked in legal capacities with various licensed producers. He also has expertise in product development, working with cGMP manufacturers to identify product manufacturing requirements and establishing operations for pharmaceutical companies. Mr. Shisel has worked with several companies in the cannabis industry and has an in-depth understanding of the challenges, operational and regulatory nuances that affect these companies.

To formalize these research efforts and the plans to develop mushroom-based products, the Principals commenced operations through Psyched Subco in March 2020.

Since March 2020, Psyched Subco has been in the business of researching, developing and testing formulations for the following *Amanita Muscaria*-water-based extract products: (1) a line of water-based extracts intended to aid in de-stressing and relaxing, (2) an agaric tea intended to promote the ease of sleeping, and (3) capsules intended to promote mild euphoria.

Prior to selecting *Amanita Muscaria* as the candidate mushroom for developing its initial product line, the Principals first considered the legality of *Amanita Muscaria* in Canada and the United States, as the

Company's goal was to initially focus on mushrooms that do not contain constituents classified as controlled substances under applicable Canadian and United States laws. At this time, the Company does not have any plans to operate in foreign markets. If the Company choses to establish operations outside of Canada or the United States, prior to commencing operations in any given country, the Company will obtain legal advice from counsel with regards to the sale and/or manufacturing of its products.

In making their product choice, the Principals also considered the availability of raw material (dried *Amanita Muscaria* capsules), as well as ease of securing supply. To that end, Psyched Subco has explored various sources of supply in various jurisdictions, as well as the regulatory permits that would have to be secured in order to deliver the raw material to the CMOs selected by the Company. To date, Psyched Subco has sourced dried *Amanita Muscaria* capsules from five different suppliers in five different geographic regions across the world. The dried *Amanita Muscaria* was then extracted using the Company.

The Company has completed an initial assessment of the regulatory requirements that apply to securing the approvals that are required to commence sales of its *Amanita Muscaria*-water-based extract line (being the products that will initially be sold by the Company). The Company has since confirmed that, at present, neither *Amanita Muscaria*, nor muscimol are treated as controlled substances under applicable regulations in Canada or the United States; however, there is no certainty that this exclusion could not be altered by court or governmental action or re-interpretation. If either muscimol or products containing extracts from *Amanita Muscaria* does become controlled substances, the Company may need to seek to adjust its product development efforts to ensure compliance with applicable laws and regulations. Please see "*Risk Factors – Risks Related to the Regulatory Environment*". As such, the Company has decided to develop, register, and market its *Amanita Muscaria*-products as NHPs in Canada and as dietary supplements in the United States.

Given that little scientific work has been completed by others to date to fully characterize the effects of *Amanita Muscaria* on the human body, the Company will be required to conduct certain pre-clinical studies a part of the product development process to ensure ingredient safety and to obtain applicable regulatory approvals. To that end, the Company has engaged the services of KGK Science and Flora Research to assist with completing work related to ingredient safety (being toxicology tests to ensure the FDA's NDI standard of reasonable expectation of safety for human consumption is met), identity testing, specifications and formulation. Each of KGK Science and Flora Research are arm's length parties to the Company, Psyched Subco and their respective officers and directors.

The Company and its advisors have initiated research studies on the potential medicinal and psychical health benefits of *Amanita Muscaria* extract. To date, the Company has identified scientific evidence to support the theory that Muscimol has potential medicinal qualities through the collection and review of over 3,200 scientific papers led by Professor David Nutt.

Specialized Skill and Knowledge

The Company has assembled a team comprised of its incumbent Board and management as well as its Advisory Board, who have expertise in various areas of business and science, that are essential to providing the Company with the support necessary to successfully develop and market mushroom-based products. Additionally, the Company has entered into agreements with service providers that have specialized skills and knowledge.

While none of the members of the management team have direct experience in the functional foods or mushroom-derived products industries, they rely on the expertise and guidance of the Board and the Advisory Board, as it relates to the business of the Company. The Company will continue to build core skills in managing pre-clinical studies, product formulation, manufacturing, supply chain and

commercialization by adding in-house personnel as required.

Jeff Stevens – CEO

Jeffrey Stevens is a seasoned Canadian capital markets executive with experience in raising capital, building and managing public companies. Mr. Stevens has been involved in a number of development-stage companies operating in emerging industries and has an in-depth understanding of the challenges, operational and regulatory nuances that affect these companies.

David Shisel – COO

David Shisel, the Company's COO, has experience in highly regulated industries such as medical cannabis and has previously worked in legal capacities with various licensed producers. Mr. Shisel also has expertise in product development, working with cGMP manufacturers to identify product manufacturing requirements and establishing operations for pharmaceutical companies. Mr. Shisel has worked with a number of companies in the cannabis industry and has an in-depth understanding of the challenges and operational and regulatory nuances that affect these companies. He has also worked as a strategic advisor to companies that operate in the consumer-packaged goods industry and was also involved in sales and R&D efforts. Mr. Shisel's experience will be instrumental in assisting the Company in working with managing and documenting extraction processes, formulation, and packaging of the Company's products, and establishing processes to distribute the products to end consumers.

Keith Li – CFO

Keith Li is a finance professional with over 10 years of corporate accounting and audit experience. He specializes in providing management advisory services, accounting services, and regulatory compliance services to companies in a number of industries. Mr. Li has worked with a number of companies in the cannabis industry and has an in-depth understanding of financial reporting matters that affect companies in highly regulated industries.

Terry Booth – Director

Terry Booth is one of the Company's directors who co-founded Aurora Cannabis Inc. in 2013 when the Canadian federal government created a new regulatory regime for the national medical cannabis system. Mr. Booth brings insight and relationships to the Company, which will be important in establishing future manufacturing operations, as well as securing relationships to market the Company's products.

Michael Nederhoff and Nicholas Kadysh – Directors

Michael Nederhoff and Nicholas Kadysh have been central to the operations of Juul Labs Canada where they were involved with various aspects of the Canadian operation including product launches, sales, government relations, organizational structure, and Profit and Loss responsibility. They bring valuable insight into the consumer-packaged goods industry and understanding of the regulatory environment for the Company's products. Both Mr. Nederhoff and Mr. Kadysh have extensive experience in in the consumer-packaged goods industry and bring a wealth of experience and connections to the Company that will be instrumental to achieving the Company's milestones and objectives.

Chris Hazelton – Director

Chris Hazelton has a wealth of experience in auditing, corporate finance, and corporate governance in various industries such as manufacturing, retail, technology, not-for-profit and merchant banking. Mr.

Hazelton currently serves as the CEO for a leading provider of sustainable infrastructure solutions and services. He has been serving as controller and supervisor for multiple public and private companies since 1998.

Professor David Nutt – Director

David Nutt is a psychiatrist at the Edmond J. Safra Professor of Neuropsychopharmacology in the Division of Brain Science, Dept. of Medicine, Hammersmith Hospital, Imperial College London and is the Chair of the Scientific Advisory Board for COMPASS Pathways. His research area is psychopharmacology – the study of the effects of drugs on the brain, from the perspectives of both how drug treatments in psychiatry and neurology work, and why people use and become addicted to some drugs such as alcohol. To study the effects of drugs in the brain he uses state-of-the-art techniques such as brain imaging with PET and fMRI plus EEG and MEG. This research output has led to over 500 original research papers and a similar number of reviews and books chapters, eight government reports on drugs and 35 books, including one for the general public, Drugs: Without the Hot Air, which won the Transmission Prize in 2014.

Advisory Board

The Advisory Board, comprised of Dr. Dawn DeCunha, Kevin Feeney, Aaron Slater, and Dr. Andrew Kohler, act as scientific advisors who bring valuable insight into the development of the Company's products from a scientific standpoint. Through their practices, they understand the value that mushrooms can bring to the human body. Aaron Slater subsequently joined the Advisory Board on December 8, 2020.

Additional Assets

The Company will also be leveraging the skills and knowledge of its CROs (including KGK Science), CMOs, distributors and branding agency. In addition, in 6-12 months, the Company expects to retain a full-time CMO.

The Company has secured the services of a marketing and web design company to develop the web assets and graphic language of the Company. The Company continues to work with its marketing consultants to finalize the packaging for its initial line of *Amanita Muscaria*-water-based extracts and expects to finalize the packaging upon determining the appropriate labelling requirements in conjunction with its R&D partners.

The Company does not currently the have any registered trademarks or patents. On June 30, 2020 the Company submitted an application with the Canadian Intellectual Property Office to register the trademark "got shrooms?" in connection with the branding and awareness efforts (Application #2037159). The trademark covers, clothing, namely tops, t-shirts, long sleeved t-shirts, hoodies, and hats. Including retail and online store services featuring products containing, derived from or infused with mushrooms, mushroom extracts and mushroom oils. On January 21, 2021, the Company submitted an application with the USPTO to register the trademark "AME-1" in connection with the Company's unique extraction (Application #90476653). The Company will commence filing additional patents and trademarks during quarter one of 2021 surrounding the processes it has developed for the extraction protocol of *Amanita Muscaria*, its unique product and provisional patents regarding the future clinical trials the Company will commence.

The Company will commence filing patents surrounding the processes it has developed for the extraction protocol of *Amanita Muscaria*, its unique product and provisional patents regarding the future clinical trials the company will commence. The Company will also file a trademark for the extract formulation.

Products and Services

The Company is currently a research and development-stage company and has no revenue. The Company's core business is development, commercialization and sale of functional food products derived from mushroom extracts. The products are known as NHPs in Canada and dietary supplements in the United States, and have other similar or equivalent product qualifications in other countries. The Company will seek to commercialize these products only in those jurisdictions where business related to the products may be conducted legally under all applicable laws and regulations and provided all appropriate governmental permits and authorization have been obtained. Please see "*Regulatory Environment*".

The initial product line that the Company is developing will be derived from *Amanita Muscaria* mushrooms. *Amanita Muscaria's* appearance is characterized by a large white-gilled, white-spotted, usually red mushroom, and is one of the most recognizable and widely encountered in popular culture.

Research and Development

Demonstrating product safety at pre-determined levels of dosage is an integral part of the regulatory process to register the Company's products with the FDA and Health Canada. The Company has engaged the services of KGK Science to guide the Company through the dietary supplement and NHP regulatory processes with the FDA and Health Canada, respectively, and to complete the necessary pre-clinical animal toxicology studies and identity characterization to demonstrate the safety of the formulated products. As noted below, although KGK Science believes that pre-clinical studies will be sufficient to obtain the necessary FDA and Health Canada approvals, it is possible that additional testing will be required. KGK Science is a full-service CRO based in London, Ontario that is focused on nutraceutical and cannabinoid industries, providing scientific and regulatory services to its clients. KGK Science has experience in conducting various scientific studies including clinical and pre-clinical studies and has assisted its clients with various regulatory matters relating to product development and securing regulatory approvals for nutraceutical products, including the following: GRAS conclusions, NDIN notifications, master file applications, Product License Applications, FDA citizen petitions, label claims, guidance on regulatory matters, and federally-compliant marketing for health and wellness products.

On April 28, 2020, Psyched Subco entered into the First Research Services Agreement with KGK Science to prepare a preliminary toxicological assessment report to provide Psyched Subco with an initial assessment of known constituents in *Amanita Muscaria*, for the purpose of manufacturing water-based extracts in liquid supplements and other formulations. Subsequent reports to be prepared by KGK Science are geared toward a determination of the permissible regulatory routes to market in Canada and the United States. The preliminary toxicological report was delivered to Psyched Subco on May 18, 2020 and identified no critical flaws with the Company's product development plan, allowing the Company to finalize its specifications and product formulations. In consideration for the First Research Services Agreement, Psyched Subco paid a fee to KGK Science in the amount of $38,520 (inclusive of HST), $30,600 of which was payable on signing of the First Research Services Agreement and the balance of which was payable on delivery of the preliminary toxicological assessment report, all of which have been fully paid.

As a part of the services provided to the Company under the First Research Services Agreement, KGK Science provided initial guidance regarding the applicable broad regulatory requirements that the Company needs to attain with respect to its products. In order to permit the sales of *Amanita Muscaria* water-based extracts in Canada and the United States, the Company's products must be registered as an NHP in Canada and the ingredient must navigate the NDIN pathway as a new dietary ingredient for use in dietary supplements in the United States. In order to secure approval of *Amanita Muscaria* as an NHP in Canada, the Company is required to submit a Product License Application with the NNHPD. In order to secure approval in the United States, the Company must submit an NDIN dossier on identity and safety with the

FDA. The FDA and NNHPD must approve the dossiers to their satisfaction before the sale of products is permitted in Canada and the United States, respectively. Notwithstanding that the Company is seeking approvals for market introduction in the United States and Canada concurrently, the two applications are not conditional on one another.

In terms of formulation, the Company has completed an initial pilot evaluation of various extraction processes suitable for manufacturing and processing *Amanita Muscaria* water-based extracts. In May 2020, the Company purchased an initial supply of dried *Amanita Muscaria* mushroom caps to use in its R&D on the extraction process. Flora Research was retained by the Company to complete this process. Flora Research is a CRO based in the state of Oregon that is focused on authentication of natural plant-derived essential oils in the aromatherapy, flavor and fragrance industries. Flora Research is proficient with using botanical organoleptic authentication techniques to confirm identity of raw materials as well as various phytoforensic chemical fingerprint screening methods used to further confirm raw materials identity. In June 2020, the Company sent Flora Research five different samples of *Amanita Muscaria* caps and suggested five different extraction methods to test. These tests have now been completed and the Company has selected an extraction process that minimizes the levels of ibotenic acid in *Amanita Muscaria*-water-based extract to a safe level for human consumption. Flora Research also confirmed that the selected extraction process is appropriate to utilize on a commercial scale. Psyched Subco paid a one-time fee of US$3,600 to Flora Research for its services. Psyched Subco may continue working with Flora Research to complete its product development efforts as it moves through the pre-clinical studies with KGK Science and collaborates with potential CMOs to develop SOPs for manufacturing the Company's products.

Flora Labs continue to provide lab services to the Company with a unique HPLC analysis method that was specially developed for the Company in order to test for the required unique compounds in the Company's product and raw material.

In May 2020, Psyched Subco began collaborating with the Initial CMO on developing manufacturing methods for the Company's products once development and formulation is completed. The Company has been in communication with representatives of the Initial CMO to determine the manufacturing specifications for the Company's products. The Company has not yet entered into any agreements with the Initial CMO and will make the determination of the appropriate CMO to use once it is closer to the commercial launch of the Company's first products.

On July 13, 2020, Psyched Subco entered into the Second Research Services Agreement with KGK Science to assist Psyched Subco with preparing the NDIN dossier with the FDA and the Product License Application submission to NNHPD. Pursuant to the Second Research Services Agreement, KGK Science will conduct the pre-clinical toxicology studies required to determine a safe daily serving level for the initial *Amanita Muscaria*-water-based extract product line for human consumption. The NDIN pathway represents the pre-market gate for entering the United States dietary supplement marketspace. Pursuant to the terms of the Second Research Services Agreement, Psyched Subco has agreed to pay KGK Science the following fees:

- $42,700 to provide Psyched Subco with the regulatory services required to document the product formulation and development efforts to enable Psyched Subco to submit the Product License Application to NNHPD; and

- US$288,600 to conduct various pre-clinical studies required to determine the safe daily serving level for the initial *Amanita Muscaria*-water-based extract line by conducting a maximum tolerated dose study, a dose-range finding study, and a 90-day sub chronic oral dosing study in rodents. The fee also includes collating analytical, identity, and quality documentation together with the safety studies to enable Psyched Subco to submit the NDIN submission with the FDA and the Product

Licence Application in Canada.

The Second Research Services Agreement was effective as of July 13, 2020 and continues until KGK Science has completed all services contemplated in the Second Research Services Agreement, provided that KGK Science may terminate the agreement by giving 30-day notice to Psyched Subco.

The Company secured the services of KGK Science pursuant to the First Research Services Agreement and commissioned a preliminary toxicological assessment report, which identified no critical flaws with using *Amanita Muscaria* for infusion into the products that the Company is developing. Subsequently, the Company entered into the Second Research Services Agreement with KGK Science to complete the subsequent phase of product development, which includes the following:

- Pre-clinical studies required to determine the dosage of the initial *Amanita Muscaria*-water-based product line by conducting a dose-range finding study in rats and an oral toxicity study in rats;
- Gap Assessment and United States and Canada path-to-market analysis;
- Technical review of ingredient information and preparation of the NDIN submission with the FDA (please see "*Regulatory Environment*"); and
- Master file application and the Product License Application submission with Health Canada (please see "*Regulatory Environment*").

The focus of pre-clinical studies to be completed under the Second Research Services Agreement, prior to the submissions with the FDA and Health Canada, is to conduct a more in-depth assessment and testing of *Amanita Muscaria*-water-based extract to: (1) determine the safety margin for human consumption of various constituents and alkaloids contained in *Amanita Muscaria*, (2) determine ingredient dosage for the Company's products, and (3) assess the permissible label claims and requirements for substantiation. Pre-clinical studies include laboratory evaluation of product chemistry, formulation, and toxicity, as well as animal trials to assess the characteristics and potential safety and efficacy of the product. The conduct of the pre-clinical studies must comply with federal regulations and requirements, including GLPs (please see "*Regulatory Environment*"). The results of pre-clinical studies are submitted to the FDA as part of an NDIN application and to Health Canada as a part of a Product License Application, along with other information, including information about product chemistry, manufacturing and controls, and a proposed pre-clinical trial protocol.

The Company's ability to complete the NDIN submission with the FDA and the Product License Application with NNHPD is dependent on the outcome of the pre-clinical studies being conducted by KGK Science pursuant to the Second Research Services Agreement, insofar as the conclusions of the pre-clinical studies need to demonstrate that the proposed serving level of *Amanita Muscaria* constituents in the water-based extract are safe for human consumption. The planned pre-clinical studies are exclusively animal studies designed, in this case, to demonstrate a reasonable expectation of safety of the new dietary ingredient contained in finished dietary supplement products. These studies involve collecting *in vivo* (animal) experiment data, which can be used to extrapolate safe serving levels for humans. Clinical safety trials involve studies in humans, but at this time it is not anticipated that clinical studies for safety will be required. In order to make a structure/function or health claim on a product in the United States or Canada, one would need to conduct a clinical study for demonstration of statistically significant efficacy for that claimed effect; however, the Company is not proposing to make any such claims. Canada does require such claims in order to sell in the Canadian market, but the Company will be able to provide something as straight forward as an antioxidant claim. It is anticipated that an antioxidant claim would not need a clinical trial and the Company could rely on *in vitro* or *in vivo* data from public literature, although there is no certainty that this

will be the case. Please see "*Risk Factors*" for more information.

The scope of work under the Second Research Services Agreement will cover the necessary pre-clinical studies that need to be completed to enable the submission of a NDIN to the FDA and a Product License Application to NNHPD. Based on the guidance that the Company received from KGK Science, pre-clinical studies will be sufficient to demonstrate the safety of the ingredient for human use. The Company does not anticipate that clinical studies will be required in order to submit the NDIN application to the FDA, as clinical studies are generally only required for products that make efficacy claims, which the Company does not intend to do initially, for products that will be sold in the United States. As NHPs are considered low-risk drugs in Canada, an NPN cannot be obtained without a health claim being made. This may be limited to general health support claims, such as nutrient content claims, which are also permitted to be made for dietary supplements in the United States. Initially, the Company intends to pursue a "source of antioxidants" claim, which may not require clinical evidence for substantiation. There is no assurance that the results from pre-clinical animal studies that KGK Science will complete pursuant to the Second Research Services Agreement will be sufficient to satisfy the requirements to enable the NDIN submission to the FDA or the Product License Application to NNHPD to be approved. It is possible that the FDA or NNHPD could request additional studies, including clinical studies. Furthermore, NNHPD and FDA have sole discretion in Canada and the United States, respectively, to accept or reject the product applications on the basis of toxicity of the raw ingredients, the intended use of the product, available safety data supporting the product, or INDs previously filed by other companies. If further studies are required to be completed in order to obtain FDA or NNHPD approval to demonstrate the safety of the Company's products, the Company may face delays in achieving commercial sales and additional costs required to complete the necessary studies. Please see *"Risk Factors"*.

The Company intends to commence the process of applying for FDA and Health Canada approvals for the Company's product, extracted from *Amanita Muscaria*, upon completing the pre-clinical studies with KGK Science, pursuant to the Second Research Services Agreement. It is anticipated that such studies will be concluded between November to December of 2021. While the studies are underway, the Company will be working with KGK Science to prepare the materials for the NDIN submission to the FDA and the Product License Application to the NNHPD. The Company anticipates that the NDIN and Product License Application submissions will be made between November to December of 2021, immediately upon conclusion of the pre-clinical studies with the up to 210 day waiting period referenced below commencing thereon. Concurrently, the Company will continue its preparation for its product launch to ensure that if and when such approvals are received that it will be in a position to proceed with a commercial launch of its first product immediately upon receiving the regulatory approvals. Prior to achieving commercial sales, in addition to securing the regulatory approvals from the FDA and NNHPD, the Company will also need to enter into definitive agreements with a CMO to establish manufacturing for its products. As noted above, the process of identifying suitable CMOs is ongoing.

On October 27, 2020, the Company had signed another agreement with KGK to conduct neurobehavioral studies. The objective of this study is to evaluate the effect of test compounds in a behavioral test battery including Morris water maze, accelerating rotarod test, balance beam, and forced swim tests.

The Company also retained a consultant based in the state of Washington with expertise in mushroom extraction processes and is working to develop the SOPs suitable for preparing *Amanita Muscaria*-water-based extract products. The Company has determined the appropriate extraction method and will continue to collaborate with the consultant on an as-needed basis while the product development is ongoing.

In addition to completing scientific studies on key ingredients, including *Amanita Muscaria*-water-based extract, the product development process also includes product formulation, which requires the selection of key ingredients to be included in its products. This is typically conducted in-house by management, but the

Company may engage other consultants to assist with formulation and ingredient selection to achieve the desired taste and other attributes. Following the integration, the Company's management will conduct appropriate tests of the formulations to ensure satisfactory flavour profiles so that the formulation can be adjusted, as necessary.

Once the necessary scientific studies are completed, the Company will then work with KGK Science to prepare the submission of the NDIN application with the FDA and Product License Application with Health Canada.

The Company is also collaborating with the Initial CMO to ensure that it has the necessary capabilities to manufacture the product to the desired specifications and is using the SOPs for the extraction process that the Company has selected in collaboration with KGK Science and the consultant situated in the state of Washington. The Company has not entered into any written agreements with the Initial CMO but intends to enter into a definitive contract with the Initial CMO (or an alternative CMO that the Company may select) to extract and incorporate the ingredients into a specially designed extract product and manufacture it to the Company's specifications. Please see "*Production*". The Initial CMO has expertise in developing various food and drink products. CMOs may be subject to various regulations, including but not limited to holding a valid NHP Site License. Once the Company is satisfied with the final product, it expects to commence marketing and sales. The Company will also need to ensure that the product labels are compliant with the regulatory requirements, which will differ by jurisdiction, depending on where the products are sold. Please see "*Regulatory Environment*".

Once the Company believes that the regulatory approval is imminent it will then engage with the Initial CMO (or an alternative CMO that the Company may select) to plan an initial manufacturing batch, the majority of which will be used for customer sampling and initial sales. Additional batches will be produced based on sales demand, and the Company expects the majority of these subsequent batches to be financed using revenue from the initial and subsequent batches (as the Company does not expect to produce additional batches until the prior batch sells out). Nevertheless, an additional cash outlay may be required to roll-out the additional batches given a portion of each batch will be used for sampling and the Company will need to wait 30 to 60 days to receive payment for a portion of its sales.

The Company will, thereafter, focus on developing the tea and capsule product lines according to the stages set out in the table below. The Company believes these timelines are achievable as the majority of the formulation challenges lie in the infusion of *Amanita Muscaria*-water-based extracts into the products. When this challenge is solved for the initial product line, the task of formulating products with slightly different ingredient profiles (which is the key difference between the vitality and the brain/sleep products) is expected to be relatively simple and the Company expects that it can rely on the regulatory groundwork completed through obtaining approvals for the first *Amanita Muscaria*-water-based extract product.

In the future, the Company aims to research, develop, and produce natural products to promote overall physical and/or psychological wellness value from various other types of mushrooms, truffles, and plants, which are permitted by applicable regulations.

The Company does not currently the have any registered trademarks or patents. On June 30, 2020 the Company submitted an application with the Canadian Intellectual Property Office to register the trademark "got shrooms?" in connection with the branding and awareness efforts (Application #2037159). The trademark covers, clothing, namely tops, t-shirts, long sleeved t-shirts, hoodies, and hats. Including retail and online store services featuring products containing, derived from or infused with mushrooms, mushroom extracts and mushroom oils. On January 21, 2021, the Company submitted an application with the USPTO to register the trademark "AME-1" in connection with the Company's unique extraction (Application #90476653). The Company will commence filing additional patents and trademarks during

quarter one of 2021 surrounding the processes it has developed for the extraction protocol of *Amanita Muscaria*, its unique product and provisional patents regarding the future clinical trials the Company will commence.

Product Lines

The Company is currently focused on formulating and developing three main product lines:

Product Line	Description and Characteristics	Stage
Flagship *Amanita Muscaria*-Water-Based Extract Product Line	The *Amanita Muscaria*-water-based extract product line is focused on the diverse range of health benefits that are popularly believed to exist from the components of this mushroom. The Company also intends to develop subsequent SKUs within this product line that may contain a mixture of other functional mushrooms believed to have health benefits, including but not limited to: Lions Mane, Turkey Tail and Reishi. The product is being positioned in a manner similar to functional health products including existing mushroom-based food products.	Formulation of the Company's first product is completed. The current focus is on developing standard operating procedures with all its manufacturing partners as are required by all FDA and Health Canada compliant food and beverage companies. Branding work is in process with a marketing firm (see "*Marketing and Promotion*" below).
***Amanita Muscaria*-Sleep Aid Tea**	The Company plans to subsequently develop a tea derived from *Amanita Muscaria*-water-based extract that is intended to promote ease of sleeping. The Company intends to add additional mushroom ingredients combined with calming flavours (e.g., chamomile) to further enhance the effect.	The Company expects the formulation of the tea line to take less time and research as the Company will rely on the work completed as a part of the *Amanita Muscaria*-water-based extract product line development. KGK Science (or an alternative CRO that the Company may select) will begin work on this product once the Company has launched the commercial sales of the extract product line. Commercial launch of the tea line is expected to occur immediately after product development is completed and will be introduced into the distribution channels that the Company intends to have established at that time and as a result of sales of the extract products.
***Amanita Muscaria* Capsules**	Capsules that intend to promote stress relief and relaxation, assist with sleeping and to support mood have grown in popularity in recent years, and mushrooms are believed to provide many of these health benefits. While mushrooms will remain the "headline" ingredient, the product is also expected to contain other popular ingredients for brain health including traditional medicinal ingredients such as ginseng.	The Company recognizes the benefits and ease of a capsule for micro dosing and is conducting R&D on a formulation of a blend of *Amanita Muscaria*-derived water-based extract with other functional mushroom extracts.

Raw Material Sourcing

The Company sources the inputs for its products, including but not limited to, the dried *Amanita Muscaria* mushroom caps, from various third party suppliers in Europe and North America.

The Company is in discussions with potential suppliers based in the State of Washington and in Eastern Europe who are able to procure dried *Amanita Muscaria* mushrooms and ship them to the CMO selected by the Company. Each of the suppliers and the CMO are required to comply with applicable regulations relating to the possession, processing, and sale of *Amanita Muscaria products*, as well as the import and export regulations relating to NHPs and dietary supplements, as the case may be. Please see "*Regulatory*

Environment".

Demand for mushrooms has traditionally matched supply, resulting in a stable price. However, the growing popularity of mushrooms in the functional foods segment could cause a shortage in mushroom supply and cause the price to significantly increase.

The Company will only aim to buy from suppliers who do not misappropriate their crops from indigenous or protected lands, and who are ethical and trustworthy in all aspects of their business. To that end, the Company will require detailed chain of custody records from its raw material suppliers to ensure compliance with this requirement. The Company wishes to be a friend to nature, a friend to indigenous lands and cultures and a partner for a healthier planet.

Production

The production process involves purchasing dried raw material from international food suppliers and delivering them to the Company's third party CMOs. As the Company relies on third party CMOs, they need to comply with the requirements set out by the applicable regulations in the jurisdictions in which they operate. Please see "*Regulatory Environment*".

The Company is collaborating with the Initial CMO in order to plan its manufacturing efforts upon receipt of requisite regulatory approval for its products from the FDA and Health Canada.

The Initial CMO holds ISO 9001 Quality Management, ISO 22716 Cosmetic cGMP and ISO 17025 Accredited Lab Facility (Testing and Quality Inspections) certifications, which the Company believes meets the quality standards required for its products. The Initial CMO also holds a NHP Site License with NNHPD, which satisfies the regulatory requirements to manufacture the Company's products. Please see "*Regulatory Environment – Canada – Federal*".

While the ISO certifications, other than the NHP Site License, are not required to manufacture the Company's products, the Company believes that working with a CMO that has secured those certifications is one that is required to deliver consistent, globally recognized food safety and quality certification programs based on sound scientific principles, consistently applied across all industry sectors, and is valued by all stakeholders.

As the Company is in the process of finalizing its commercial scale extraction and production protocols, it has not yet entered into a definitive agreement with the CMO and intends to do so once the production parameters are finalized. Please see "*Products and Services*".

While the Company is also evaluating the possibility of potentially working with third party CMOs that are based in the United States, it currently intends to only enter into a definitive agreement with the Initial CMO. If the Company decides to work with a United States-based CMO, it will work to ensure that such CMO is in compliance with the laws and regulations that apply to manufacturing dietary supplements in the United States (federal regulations) and also the applicable States (state regulations).

Marketing and Promotion

To maximize branding efforts, the Company has successfully secured the services of Influence Marketing, a branding and merchandising agency. This firm is not only accustomed to working with major national brands, but also has experience with marketing new product lines. At this time, the Company has not entered into a formal agreement with Influence Marketing and the services being provided have been provided pursuant to a letter of intent at no cost to the Company. Once the Company's products have proceeded

further through the regulatory approval process, the Company intends to enter into a formal agreement with respect to these services. The Company also secured a contract with an Israel-based design agency to complete initial concept design and development of the branding for the initial product, which has now been completed. Under the terms of this agreement, the services were provided over a 30 day period and the Company paid approximately $7,500 for the services.

The Company also expects to build an e-commerce store. The e-commerce store will be developed by an external web development agency. The Company has arranged for an affiliate marketing network and the e-commerce store is being designed to integrate with this network.

The Company has also arranged for social media campaigns. Social media has typically become the main source of advertising for functional food start-ups. The Company has secured several social media handles (e.g. on Twitter) and is also arranging for its social media postings to be re-posted by its retailers as part of the wholesale pricing plans. The Company is endeavoring to buttress its social media campaigns with "blog ambassadors" who will write product reviews, thereby creating further online presence and content for the Company to feed through its social media channels. The Company has already gained interest by certain noted bloggers to write about its products. The Company intends to attend and present in industry conventions and trade shows.

In addition, the Company is using a third party white label supplier for accessories and complementary products such as t-shirts, small tea party kits, stickers, multi-use bags and hats made from natural mushrooms, an LED light with the likeness of the *Amanita Muscaria* mushroom, etc.

Prior to commencing sales in the United States and Canada, other than those listed above (see "*Distribution and Warehousing*"), the Company will review the applicable laws and regulations that apply within those jurisdictions. With respect to online sales, the Company will utilize geofencing techniques for its virtual storefront to ensure that its products are not marketed or advertised in jurisdictions where it has not obtained requisite approvals, or where the regulations prohibit or restrict certain types of advertising and marketing.

Distribution and Warehousing

The Company's products are expected to be distributed in Canada and the United States through brick-and-mortar retail stores and via an online marketplace. As the Company's mushroom-derived products do not contain ingredients that are currently classified as controlled substances and are not regulated as controlled substances, it is expected that the products will be distributed through conventional channels in the food supplement category.

On April 13, 2020, Psyched Subco entered into the Coldhaus LOI, pursuant to which Coldhaus confirmed its interest in distributing the Company's products once the product development is completed and the requisite regulatory approvals are obtained. Coldhaus is a Brampton, Ontario-based premium beer, wine, and spirits distributor, providing logistics solutions to breweries, wineries and distilleries. Coldhaus' service offering is focused on providing a "one stop shop" logistic solutions, such as managing route to market, delivery fleets, warehouse facilities, inventory management, customer delivery, batch tracking on invoice, marketing material delivery, order collections, among others. Pursuant to the Coldhaus LOI, the parties agreed to use their good faith efforts to enter into a definitive agreement that will set out the terms of the exclusive distribution relationship between the parties for a period of five years from the date of signing, unless terminated by either party by 180 days' notice. The definitive agreement will also set out definitive terms of the relationship including the rate schedule, products to be distributed, payment terms and duties of the parties.

Once the Company commences sales of its products, it will seek to work with influencers, as well as natural

product and health bloggers to bring into the public consciousness the physical and psychological health benefits of the Company's products. The Company also intends to develop and build-out temporary pop-up shops in certain targeted locations, where permitted by regulation.

The Company intends to use the following distribution channels:

- Online – The Company plans to employ a similar campaign as other ingredient-driven functional food products. This involves using online affiliate networks that charge on a commission-only (cost-per-action) basis. The Company also intends to sell via its own corporate website and is endeavoring to get listings on major online retail sites. The Company expects to receive cash payments for sales via the affiliates and its own website prior to delivery, and payment within 30 to 60 days of purchases on major online retail sites.

- Retail – In the brick-and-mortar category, the products are expected to be distributed through: (1) health and wellness stores; (2) convenience stores and gas stations; (3) pharmacies (where permitted by regulation); and (4) third party distributors that have capabilities to sell to independent grocers. The Board is composed of members with strong and deep backgrounds in consumer-packaged goods. The Company will benefit from these relationships to establish the initial footprint for distribution agreements and retail placement of products.

Initially, the Company intends to focus its distribution efforts in the Provinces of Ontario, British Columbia, and Quebec in Canada, and in the States of California, Washington and Colorado in the United States. The Company and its distribution partners will be subject to specific applicable laws and regulations relating to the sale of natural health products and dietary supplements in those jurisdictions. Please see "*Regulatory Environment*".

Currently, the Company expects that the Initial CMO will oversee the warehousing function for the manufactured products that are ready to be distributed to brick-and-mortar retailers. At a later date, once a sufficient sales volume is reached, the Company will evaluate establishing its own primary distribution centre in Canada or the United States to facilitate direct sales to retailers. If the Company chooses to establish its own distribution centre, it may become subject to regulations relating to operating a distribution business for NHPs or dietary supplements.

In relation to facilitating distribution through online channels, the Company will seek to secure a fulfillment service provider such as "Fulfillment-by-Amazon" to provide online fulfillment services.

The Company also anticipates working with various third party distributors that specialize in sales of NHPs and dietary supplements in various jurisdictions. Prior to entering into a commercial relationship with third party distributors, the Company will enter into agreements that will define the scope of the services to be provided to the Company and the territory that such distributor will cover, to ensure that the Company's products are only distributed in jurisdictions where permitted by applicable regulations.

Trends, Commitments, Events or Uncertainties

The Company has no history of operations in the health supplement industry. Even if the Company is successful in commencing commercial operations, there is no guarantee that the business model of producing and selling the mushroom-derived products will be a viable business. Significant funds are required to establish operations, distribution channels, hire and retain staff and initiate marketing efforts. There are no current trends in the Company's business that are likely to have an impact on the Company's performance.

Consumer demand for mushroom-based products has seen steady growth over the past decade as consumers have become more aware of their nutritional profile and have sought to incorporate "functional foods" and nootropics[1] in their diets. One of the types of functional foods being incorporated includes various types of mushrooms, such as reishi, cordyceps, chaga and others, which are believed to contain various nutrients and vitamins, and antioxidant properties presenting various health benefits, such as improving antioxidant activity in the body and reducing inflammation. According to Technavio, a London, United Kingdom-based market research firm, the global functional mushrooms market is poised to grow by US$13.88 billion during the period between 2018-2022, progressing at a capitalized annual growth rate of more than 9% during that period[2]. In addition, Food Navigator, a website that provides market leading business information for the food and drink industry, found that year-on-year sales for food products incorporating mushroom extracts have risen between 200-800%, depending on the variety.[3] The global functional mushroom market was estimated at US$5.8 billion in 2018 according to Avinash Desamangalam at Modor Intelligence, a revenue-funded organization that delivers precise data and actionable insights[4].

North American and European eating trends reflect a changing pattern towards health foods. These changes show increased consumer awareness towards organic foods and foods that confer health benefits, as well as nutrition and general health. According to Imbibe Inc., an Illinois-based beverage developer, a number of niche brands are gaining mainstream attention using ingredients with adaptogenic properties[3,5] – non-toxic substances and especially plant extracts that support the body's response to stress as well as promote physiological functions. Accordingly, the Company believes increased demand for mushroom-based products will assist it in completing its business objectives[6].

The Company believes that its mushroom-based products meet or will meet such consumer requirements on the basis that:

- according to statements made by Nashville, Tennessee-based Dr. Josh Axe, certified doctor of natural medicine and clinical nutritionist, mushrooms such as reishi and other adaptogenic herbs have a number of health benefits, including antioxidant properties that allow them to support heart health, immune system health, and more[7]; and

- the Company will require that its CMOs will hold the required compliance certifications including, but not limited to, USDA Organic Certification, Fair Trade Certifications (Canada), Level 2 SQF Certification, HACCP, FSMA and KSA certifications.

There is an increasing culture of self-treatment by micro-dosing natural plant extracts and mushrooms that pose health benefits, both physical and psychological. While the research on the field of micro-dosing plants and mushrooms is still limited, a number of medical professionals have been investigating their potential health benefits.[8]

Growth in the functional mushrooms market is being driven by the potential benefits of consuming mushrooms and products made from mushroom extracts. The promotion of active and healthy lifestyles as

[1] *Nootropics is a colloquial term that refers to drugs, supplements, and other substances that may improve cognitive function, particularly executive functions, memory, creativity, or motivation, in healthy individuals.*
[2] *https://www.technavio.com/report/global-medicinal-mushrooms-market-analysis-share-2018*
[3] https://www.foodnavigator-usa.com/Article/2017/12/15/Adaptogens-are-here-to-stay-but-marketing-them-effectively-will-require-creativity-and-innovation-say-experts
[4] *https://www.mordorintelligence.com/industry-reports/functional-mushrooms-market*
[5] *Adaptogens or adaptogenic substances are used in herbal medicine for the claimed stabilization of physiological processes.*
[6] *https://www.bdc.ca/en/documents/analysis_research/Consumer_Trends_Report_EN.pdf*
[7] *https://draxe.com/nutrition/reishi-mushroom/*
[8] *https://harmreductionjournal.biomedcentral.com/articles/10.1186/s12954-019-0308-4*

well as an increase in vegan populations around the world is anticipated to also boost the growth of the functional mushrooms market in future years.[9] A report by Data Bridge Marketing Research suggests the functional mushroom market is expected to reach US$78.8 billion by 2025, growing at a CAGR of 9.5% during the forecast period of 2018 to 2025.[10]

Please refer to discussions set out in "*Risk Factors*" below.

Cyclicality and Seasonality

The Company does not anticipate results to be impacted by any factors related to seasonality.

Changes to Contracts

The Company does not anticipate that its business will be affected by renegotiation or termination of contracts or sub-contracts during the current financial year. The Company currently relies on per use short term contracts for its supply and distribution arrangements.

The Company is reliant on the services of KGK Science and will later be reliant on the services of the Initial CMO (or another CMO if it decides to engage with another organization), however, the Company does not consider these contracts material as there are many potential partners that the Company can work with and there are no significant intellectual property advantages that the Company believes exists in working with one contractor versus another at the current stage of product development.

Employees

The Company does not currently have any employees. Jeffrey Stevens and David Shisel, as CEO and COO, respectively, are independent contractors of the Company. The CFO, corporate controller, CS, sales support, and business analysts are part-time consultants.

Regulatory Environment

Canada – Federal Regulations

In Canada, the sale of food and drug products is regulated under the Food and Drug Regulations under the *Food and Drugs Act*. Various activities relating to controlled substances under the CDSA are prohibited. As the mushroom-derived products that the Company intends to initially focus on do not contain ingredients that are currently classified as controlled substances and are not regulated as controlled substances, the products may be distributed through conventional channels in the self-care category as NHPs. If either muscimol or products containing extracts from *Amanita Muscaria* do become controlled substances in the future, the Company may need to seek to adjust its product development efforts to ensure compliance with applicable laws and regulations. Please see *"Risk Factors"*.

In Canada, NHPs are a considered to be an inherently low-risk subset of drugs that are specifically regulated under the NHPR by NNHPD. Such products come in various dosage forms such as capsules, tablets, tinctures, powders, and gels, and have various routes of administration including oral, topical, nasal and others. An NHP must have a Product License Application prepared and submitted to obtain an NPN, which

[9] *https://www.businesswire.com/news/home/20181106005421/en/Global-Medicinal-Mushrooms-Market-2018-2022---Health-Promoting*

[10] *Medicinal Mushroom Market Future Outlook to 2026 | Bonduelle Fresh, Costa Pty Ltd, Drinkwater's Mushrooms Limited, Lutece Holdings B.V., Monaghan Mushrooms Ireland, others*

is required prior to sale for all finished products.

Health Canada has implemented a three-class review system to provide a faster path to the market for lower risk products. NNHPD requires all pertinent data associated with the product from active medicinal ingredients to non-medicinal ingredients to be provided, including their source and evidence/attestation of compliance with quality standards, to prove they are safe for consumption as well as the recommended use of the product and supporting evidence.

The Product License Application first undergoes a screening review process before being accepted for review. Applications may be rejected if found to be deficient during this review. Class I applications are with respect to products that are formulations based entirely on a single Health Canada Product Monograph. Class II applications include those that are supported by a combination of more than one compendial ingredient (i.e., an ingredient that fulfills the definition of a Product Monograph or labelling standard). Health Canada's review policy dictate a 60 business day and 90 calendar day review period for Class I and II applications, respectively. In the case of a Class III application, comprised of general, traditional and homeopathic applications requiring full assessment (not captured above in Class I or II), the Product License Application will be accepted into the assessment queue and reviewed for the safety and efficacy requirements if the application contains all the required information and is in the appropriate format. Once all requirements are met, a Product License and NPN will be issued within 210 calendar days from the end of the screening period. During the review process, Health Canada will send an IRN to obtain clarification to the information submitted or to request additional information. If the IRN response is deemed deficient, additional IRNs may be issued or if the applicant does not satisfy all Class III requirements, an application refusal letter will be issued. Licensing can take a matter of days to several years. Since there is currently no Product Monograph that covers *Amanita Muscaria*, the Product License Application that the Company intends to submit to NNHPD in regard to its *Amanita Muscaria* -derived water-based extract product will be classified as a Class III application. Class III Product License Applications require that the submitter provide evidence of the safety, quality, and efficacy of the finished natural health product. Evidence supporting safety may include data derived from animal and/or human studies and may also include evidence of the history of traditional use in humans. Evidence that the product is manufactured according to the NNHPD's standard of cGMP is also required. Lastly, evidence demonstrating the efficacy of the product for its intended use is required. This generally requires the inclusion of data derived from human studies, but as mentioned above, nutritional content claims may be supported by *in vitro* and preclinical animal studies.

The *Amanita Muscaria* contains a number of potentially hallucinogenic constituents: ibotenic acid (2-amino-2-(3-oxo-1,2-oxazol-5-yl) acetic acid), muscimol (also known as agarine or pantherine), muscazone and muscarine (other isoxazoles produced in the mushroom), of which muscimol (3-hydroxy-5-aminomethy-1 isoxazole, an unsaturated cyclic hydroxamic acid, 5-(Aminomethyl)-isoxazol-3-ol) is the most significant because it is responsible for feelings of psychoactive intoxication. Neither of these compounds, synonyms or chemical compositions are listed in the CDSA or the Food and Drug Regulations, and as such are not considered to be controlled substances in Canada. If either muscimol or products containing extracts from *Amanita Muscaria* would become controlled substances in the future, the Company may need to seek to adjust its product development efforts to ensure compliance with applicable laws and regulations. Please see "*Risk Factors – Risks Related to the Regulatory Environment*".

The companies that are in the business of manufacturing NHPs in Canada or importing NHPs into Canada must also hold an NHP Site License issued by NNHPD. In order to obtain an NHP Site License, the manufacturers are required to undergo an application process with the NNHPD, which includes demonstrating evidence of compliance with cGMP. While the Company is not required to hold an NHP Site License, it is required for the CMOs that will manufacture the Company's products. NHPRs also provide that an NHP Site License may be issued to manufacturers located outside of Canada that sell NHPs

in Canada, which requires such manufacturers to comply with NHPR.

The Company must also ensure that the labelling, marketing and selling of its products complies with the Food and Drugs Act and the NHPR, including by ensuring that the Company's products are not packaged or marketed in a manner that is misleading or deceptive to a consumer. There is mandatory information that needs to appear on the Company's packaging as outlined by Health Canada such as ingredients, dosage, delivery method, lot, expiry, safety data, contraindications, and NPN. There are also branding requirements that need to be adhered to.

Additionally, the Company's products are required to comply with the relevant provisions of the CPLA, including the prevention of fraudulent statements and mandatory label information which allows consumers to make informed decisions. Natural Health Product labels must adhere to the NHP labelling regulations and must be bilingual.

Canada – Provincial

In Canada, the Company initially intends to focus its sales and marketing efforts in the Provinces of Ontario, Quebec and British Columbia. There are no specific provincial regulations that apply to the manufacturing, marketing and sale of NHPs as the provincial regulations defer to the rules set out in the NHPR and implemented and administered by the NNHPD, a division of Health Canada. Certain retailers (such as registered pharmacies in certain provinces) may impose restrictions on carrying certain products, including certain types of NHPs, but the Company is not aware of specific restrictions that would prevent the sale of its products in the markets that it is targeting.

United States – Federal

In the United States, various activities relating to controlled substances are regulated by the CSA. By way of background, the CSA establishes five "schedules" into which a substance with abuse potential may be classified. Substances that fall under any one of the five schedules are subject to various requirements and restrictions enforced by the DEA. The most restrictive is Schedule I, which is reserved for those substances having a high potential for abuse that do not have a currently accepted medical use, and that lack accepted safety for use under medical supervision, including heroin, LSD, cannabis, ecstasy, methaqualone and peyote.

Neither the mushroom *Amanita Muscaria*, nor its constituents, including muscimol, appear in any of the Schedules of the CSA and are therefore not considered controlled substances in the United States. As such, it is anticipated that the Company's products that contain *Amanita Muscaria* -derived water-based extracts will be treated as dietary supplements, a category of food in the United States, for regulatory purposes. If either muscimol or products containing extracts from *Amanita Muscaria* become controlled substances in the future, the Company may need to seek to adjust its product development efforts to ensure compliance with applicable laws and regulations. Please see "*Risk Factors – Risks Related to the Regulatory Environment*". The manufacturing, processing, formulation, packaging, labeling and advertising of the Company's products are subject to regulation by a number of federal agencies, including the FDA, FTC, USPHS, USCBP, and at the state levels through governmental bodies that administer the same or similar regulations concerning dietary supplements.

The governing food and drug law in the United States is the FD&C Act. The purpose of the FD&C Act is to forbid the movement in interstate commerce of adulterated and misbranded food, drugs, devices and cosmetics. The FDA is charged with protecting the integrity of the United States food supply, cosmetic products, as well as monitoring the safety and efficacy of drugs, biological products and almost any compound intended for human or animal consumption, among other areas.

DSHEA, an amendment to the federal FD&C Act, established a framework governing the composition, safety, labeling, manufacturing and marketing of dietary supplements in the United States. DSHEA defined the term "dietary supplement" for the first time as well as the types of ingredients that can be considered as "dietary ingredients". According to Section 201(ff)(1) of the FD&C Act, a dietary ingredient may include vitamins, minerals, herbs or other botanicals, amino acids, dietary substances for use by man to supplement the diet by increasing total dietary intake, and concentrates, metabolites, constituents, extracts, or a combination of any of the ingredients listed above. However, under Section 201(ff)(3)(B) of the FD&C Act, a substance may not be used as a dietary ingredient if it includes "an article" that was: first (1) approved as a new drug or (2) approved as an IND for which substantial clinical investigations have been instituted and for which the existence of such investigations has been made public. Please see "*Risk Factors*".

The FDA is generally prohibited from regulating the main ingredients in dietary supplements such as food additives, or as drugs unless product claims trigger drug status. A dietary supplement product is considered a drug if it contains a drug ingredient or if its intended use or claims made for the product suggest that it has the ability to diagnose, treat, prevent, or mitigate disease or a health condition. The DSHEA requires the FDA to regulate dietary supplements to guarantee consumer access to beneficial dietary supplements, allowing only truthful and proven claims.

Generally, under the DSHEA, dietary ingredients marketed in the United States prior to October 15, 1994 are considered "old", grandfathered, or pre-DSHEA dietary ingredients and may be used in dietary supplements without notifying the FDA. "New" dietary ingredients (i.e. dietary ingredients "not marketed in the United States before October 15, 1994") must be the subject of a new dietary ingredient notification submitted to the FDA at least 75 days prior to introduction of the ingredient into interstate commerce, unless the ingredient has been "present in the food supply as an article used for food without being "chemically altered". Any NDIN must provide the FDA with evidence of a "history of use or other evidence of safety" establishing that use of the dietary ingredient "will reasonably be expected to be safe" through conducting pre-clinical and/or clinical safety studies or demonstrate an exemption to the NDIN requirement by showing it is GRAS, which is an industry-recognized standard for food ingredient safety in the United States. As a part of the Company's product development of its initial product lines, the Company will determine whether its products will be classified as dietary supplements containing "new" dietary ingredients in accordance with FDA statutes and final rules. Given its initial research, it expects that certain dietary ingredients will be classified as "new" and thus the products will be subject to applicable regulations in that respect. The work that KGK Science is performing pursuant to the Second Research Services Agreement also includes a gap assessment of the formulation that the Company is developing, as well as a literature search to determine chemistry/analytical and toxicology studies required for identity and safety, respectively, for the NDIN submission. The gap assessment compares the chemistry and safety studies possessed by the Company from public literature or commissioned studies against the necessary requirements needed to file a safety dossier with the FDA or Health Canada and provides the Company with a list of outstanding studies to be conducted.

With respect to labeling, DSHEA permits "statements of nutritional support", which are now called structure function claims, for dietary supplements without FDA pre-approval. The FDA does have a requirement to submit the text of each claim as it appears on labels or in labeling within 30-days of going to market. These are referred to as "30-day structure function notices". Both the FDA and FTC require substantiation of claims, but the FTC is tasked with enforcement over claim substantiation. Structure function claims may describe the role of an ingredient on the structure, function or general well-being of the human body, or the mechanism of action by which a dietary ingredient may affect body structure, function or well-being (but may not state that a dietary supplement will diagnose, mitigate, treat, cure or prevent a disease). This, therefore, severely limits the direct advertising of the healthcare benefits of the Company's products. A company making a statement of nutritional support must possess substantiating evidence for the statement and disclose on the label that the FDA has not reviewed that statement and that

the product is not intended to diagnose, treat, cure or prevent a disease. However, the FDA may determine that a given statement of nutritional support that the Company decides to make is a "disease" or therapeutic drug claim rather than a permissible structure function claim. There can be no assurance that the FDA will accept the evidence of safety for any new dietary ingredient that the Company may decide to use. The FDA's refusal to accept such evidence could result in regulation of such dietary ingredients as food additives, requiring FDA pre-approval based on newly conducted and costly safety testing.

In addition, the DSHEA allows the dissemination of "third party literature", defined as publications such as reprints of scientific articles linking particular dietary ingredients with health benefits. Third-party literature may be used in connection with the sale of dietary supplements to consumers. Such publications may be so used if, among other things, there is no false or misleading information, no particular brand of dietary supplement is promoted, and a balanced view (positive and negative evidence) of available scientific information on the subject matter is presented to consumers. There can be no assurance, however, that all pieces of third party literature that may be disseminated in connection with the Company's products will be determined by the FDA and/or FTC to satisfy each of these requirements, and any such failure could subject the product involved to regulation as a new drug or as a "misbranded" product, causing the Company to incur substantial fines and penalties.

The Company's products or practices may also be subject to regulation by other regulatory agencies, including but not limited to the FTC, the Consumer Products Safety Commission, the USDA, USPHS, USCBP and the Occupational Safety and Health Administration. Advertising of dietary supplement products is subject to regulation by the FTC under the FTCA. The FTCA prohibits unfair methods of competition and unfair or deceptive trade acts or practices in or affecting commerce. Furthermore, the FTCA provides that the dissemination or the causing to be disseminated of any false advertising pertaining to drugs or foods, which would include dietary supplements, is an unfair or deceptive act or practice. Under the FTC's Substantiation Doctrine, an advertiser is required to have a "reasonable basis" including competent and reliable scientific evidence for all objective product claims before the claims are made. Pursuant to this FTC requirement, the Company may be required to have adequate substantiation of all material advertising claims made for the Company's products. Failure to adequately substantiate claims may be considered either deceptive or an unfair practice. The FTC has recently issued a guidance document to assist marketers of dietary supplement products in understanding and complying with the substantiation requirement. The FTC is authorized to use a variety of processes and remedies for enforcement, both administratively and judicially including compulsory process, cease and desist orders, injunctions, and orders for restitution. FTC enforcement can result in orders requiring, among other things, limits on advertising, corrective advertising, consumer redress, divestiture of assets, rescission of contracts and such other relief as may be deemed necessary. State and local authorities can also regulate advertising and labeling for dietary supplements and conventional foods. Please see "*Risk Factors*".

The Company's activities are also regulated by various agencies of the states and localities in which the Company's products will be sold.

As authorized by DSHEA, the FDA adopted separate cGMP final rules specifically for dietary supplements. The cGMP rules for dietary supplements are more rigorous than the cGMP rules for conventional food. These cGMP regulations, which became effective in June 2008, are more detailed than the cGMPs that previously applied to dietary supplements and conventional foods and require, among other things, dietary supplements to be prepared, packaged and held in compliance with specific rules, and require quality controls similar to those required by cGMP regulations for drugs. As a result, the facilities used by any of the Company's CMOs must comply with the applicable regulatory requirements. Failure to comply with applicable cGMP regulations could result in sanctions being imposed on the CMO, and by association the Company, including fines, injunctions, civil penalties, delays, suspensions or withdrawals of approvals, operating restrictions, interruptions in supply, recalls, withdrawals, issuance of safety alerts, and criminal

prosecutions, any of which could have a material adverse impact on the Company's business, financial condition, results of operations, and prospects.

Dietary supplements are also subject to the NLEA, which regulates health claims, ingredient labeling and nutrient content claims characterizing the level of a nutrient in a product. NLEA prohibits the use of any health claim for dietary supplements unless the health claim is supported by significant agreement within the scientific community and is pre-approved by the FDA.

As noted above, in the United States, claims made with respect to dietary supplements may change the regulatory status of the Company's products. For example, in the United States, the FDA could possibly take the position that claims made for some of the Company's products classify those products as new drugs requiring pre-approval by the FDA. The FDA could also place those products within the scope of its OTC drug regulations and require the Company to comply with a published FDA OTC monograph. OTC monographs dictate permissible ingredients, appropriate labeling language, and require the marketer or supplier of the products to register and file annual drug listing information with the FDA.

While the Company does not currently have its own manufacturing operations or immediate plans to establish one, if it chooses to do so in the future, its facility will be subject to regulation by the FDA as a dietary supplement manufacturing facility. However, as a dietary supplement distributor, the Company may be required to also follow cGMP regulations that apply to its specific distribution operations, which are not directly involved in the manufacturing of the products. Additionally, depending whether final manufacturing specifications are set by the Company or by the CMO that will be manufacturing the Company's products, or whether the Company is deemed to be involved in the manufacturing process by virtue of providing direction with respect to the manufacturing process, certain cGMP regulations may become applicable to the Company. Failure to comply with applicable cGMP regulations could result in sanctions being imposed on the Company, including fines, injunctions, civil penalties, delays, suspensions or withdrawals of approvals, operating restrictions, interruptions in supply, recalls, withdrawals, issuance of safety alerts, and criminal prosecutions, any of which could have a material adverse impact on our business, financial condition, results of operations, and prospects.

United States – State-level Regulations

In addition to various federal laws in the United States, the Company's products and activities may also be regulated by various state and local agencies in the States where the Company's products are sold. The regulation of *Amanita Muscaria* and muscimol is limited on the state level, with the exception of Louisiana, which, effective August 8, 2005, made 40 plants illegal when intended for human consumption, including *Amanita Muscaria*, pursuant to Louisiana Act No. 159. The law specifically excludes the "possession, planting, cultivation, growing, or harvesting" of these plants if used "strictly for aesthetic, landscaping, or decorative purposes".[11]

Additionally, the Company will be required to comply with state regulations that apply to manufacturers and distributors of dietary supplements. Initially, the Company intends to focus on sales in the states of California, Colorado, and Washington. The companies that intend to manufacture dietary supplements in these states are required to hold a food processor licence with the respective state authorities. Each of the California Department of Public Health, the Washington State Department of Agriculture and the Colorado Department of Revenue follow the federal regulations concerning dietary supplements prescribed by the FDA, including DSHEA and NLEA. If the Company decides to work with CMOs based in the United States, it will ensure that they hold the requisite food processor licence or any equivalent registrations

[11] *http://legis.la.gov/legis/Law.aspx?d=321523*

required with the relevant government agencies.

Outside Canada and United States

In foreign markets, prior to commencement of operations and prior to making sales, the Company may be required to obtain approval, license, or certification from the country's agency governing health. The approval process can be lengthy and costly and may require reformulation of products or labeling. However, the Company's failure to comply with foreign regulations could result in products being rejected for sale in such country.

Currently, the Company does not have any plans to operate in foreign markets. If the Company choses to establish operations outside of Canada or United States, prior to commencing operations in any given country, the Company will obtain legal advice from counsel with regards to sale or manufacturing of its products.

Foreign Operations

The Company's sale and distribution operations will be conducted in Canada and United States, but some of its raw materials may be sourced from Eastern Europe and will be manufactured and packaged in Canada or the United States, depending on where the Company's CMO is located. As a result, there is a risk that trade restrictions or tariffs imposed may require the Company to engage a new packaging partner and/or find alternate sources of materials.

The Company does not have any other risks and/or dependencies on foreign operations, as *Amanita Muscaria* is a widely occurring mushroom that grows in many countries.

Bankruptcies, receiverships, or similar proceedings against the Company or any of its subsidiaries

The Company has not been involved in any bankruptcies, receiverships, or similar proceedings within the three most recently completed financial years.

Nature and results of any material restructuring transaction of the Company

The Company has not completed any restructuring transactions within the past three most recently completed financial years or the current financial year, apart from the Share Exchange.

Social or environmental policies that are fundamental to the Company's operations

There are no social or environmental policies that are fundamental to the operations of the Company.

Reorganizations

Other than as described in the "*General Development of the Business*" above, there are no other applicable material reorganizations of your company or any of its subsidiaries. Additional details regarding the Transaction can be found in the Company's Listing Statement as filed on SEDAR on October 21, 2020.

INSIDER TRADING POLICY AND CODE OF ETHICS AND BUSINESS CONDUCT

Insider Trading Policy

The Company has adopted an insider trading policy to set forth basic guidelines for trading in the

Company's securities (including, without limitation, its Common Shares) to avoid any situation that might have the potential to damage the Company's reputation or which could constitute a violation of federal or provincial securities law by the Company and its Insiders. Under this policy, Insiders are prohibited from trading in Common Shares and other securities on the basis of such material non-public information until after the information has been disclosed to the public and investors have been given a reasonable amount of time to analyze the information, or during a blackout period. The policy also outlines additional pre-clearance and other trading restrictions and provisions for maintaining the confidentiality of information in certain circumstances.

The obligation not to trade on inside information applies not only to the Insiders, but also to persons who obtain such information from Insiders and use it to their advantage. Thus, liability may be imposed upon the Company, its Insiders and also outsiders who are the source of leaks of material information not yet disclosed to the public and the leaks coincide with purchases or sales of the Company's securities by such insiders, outsiders or by "tippees".

In order to provide a degree of certainty as to when insider trading is permissible, the policy imposes a mandatory blackout period beginning two weeks before the end of each fiscal quarter and lasting until two trading days after the financial results have been disclosed by the Company. Trading black-out periods may also be prescribed from time to time as a result of special circumstances relating to the Company. All directors and officers and employees with knowledge of such special circumstances will be covered by the black-out. The CEO will notify affected persons of any blackout period.

The policy also outlines the Company's reporting obligations for changes in Common Shares owned by Insiders as well as the penalties for violating such policy and applicable laws.

Code of Ethics and Business Conduct

The Company has adopted the Code. The Code sets forth standards designed to reasonably: deter wrongdoing, promote honest and ethical conduct, promote prompt internal reporting of violations of the Code and promote accountability. All personnel are expected to show a duty of loyalty and faithfulness to the Company and to take actions to prevent damage to its interests or reputation. All personnel, in discharging their duties, must comply with applicable laws and regulations, the rules of the stock exchange(s) on which the Common Shares are listed as well as the Company's internal policies.

The Code sets the expectation that personnel (a) learn about laws, rules and regulations that affect what they do at the Company, (b) attend periodic training and seek to keep up on any legal developments, and (c) raise any questions concerning the applicability, existence or interpretation of any law or regulation or conduct with a designated Company officer. The Code prohibits personnel from making or participating in making any payments designed to cause or improperly influence the decisions of an individual, a company or a governmental official to act in a way that gives the Company or its personnel an advantage or soliciting, encouraging or actually receiving any bribe or other payment, contribution, gifts or favor that could influence that individual or another's decision.

The Code encourages personnel to report any actual or suspected fraud to the CFO or the CEO. In order to avoid participation by personnel of any potential financial crime, personnel are prohibited from accepting or marking cash payments of any kind, accepting payments from entities other than the contractual customer, in each case, without obtaining approval from the CEO. The Code mandates a safe work environment and a no tolerance policy towards harassment and violence in the workplace.

The Code outlines the requirements or personnel as it relates to disclosure of Company information, confidentiality and maintaining the integrity of the Company's books and records and intellectual property.

The Code also establishes a whistleblower program which promotes integrity and deters unethical or illegal behaviour and requires that all personnel report unethical or illegal behaviour, including questionable accounting, internal controls or auditing matters.

RISK FACTORS

The Company's business faces numerous risks, including those described below, as well as general economic and business risks that could cause the Company's future results to differ materially from those described in this AIF. The following discussion provides information concerning the material risks and uncertainties that the Company has identified and believe may adversely affect the Company's business, financial condition, and results of operations.

Before an investor decides whether to invest in the Company's securities, the following risks and uncertainties should be considered, together with all the other information included in this AIF and in the Company's other public filings.

There are a number of risks that may have a material and adverse impact on the future operating and financial performance of the Company and could cause its operating and financial performance to differ materially from the estimates described in forward-looking statements related to the Company. These include widespread risks associated with any form of business and specific risks associated with the Company's business. An investment in the Common Shares, as well as the Company's prospects, are speculative due to the competitive nature of its business and the present stage of its operations. Shareholders of the Company may lose their entire investment. The risks described below are not the only risks that the Company faces. Additional risks not currently known to the Company, or that the Company currently deems immaterial, may also impair the Company's business or operations. If any of the following risks occur, the Company's prospects, business, financial condition, or results of operations could be adversely affected. The risks faced by the Company are categorized into three separate categories, listed below, and ranked according to management's assessment of their relative importance within each of the categories.

Risks Related to the Regulatory Environment

Changes in applicable federal, provincial, or state laws and regulations, or the expansion of current laws and regulations, or the enactment of new laws or regulations relating to sale, manufacturing and distribution of mushroom-derived products, could adversely affect the Company's business

While the sale, manufacturing and distribution of *Amanita muscaria* mushrooms are not currently subject to regulation under the CDSA in Canada or under the CSA in the United States, there is no certainty that they will remain unregulated, as future court or governmental action could result in its regulation. If either muscimol or products containing extracts from *Amanita muscaria* become controlled substances, the Company may need to seek to adjust its product development efforts to ensure compliance with applicable laws and regulations, which may result in substantial delays to achieving commercial revenue, changes to the timing of securing the required permits and licenses, and unforeseen costs, which would adversely affect the Company's business.

There is no certainty that in the future the FDA or Health Canada will not regulate the use of muscimol or *Amanita muscaria* extracts and prohibit its use as a dietary ingredient in dietary supplements in the United States or in NHPs in Canada. There is no certainty that muscimol, or other dietary ingredients marketed by the Company, will be considered a grandfathered dietary ingredient under the DSHEA, meet the definition of a dietary ingredient, or will otherwise be permitted for use under the DSHEA. There is no certainty that the FDA will file a NDIN with no objections for muscimol or any other extract from *Amanita muscaria*, or file an NDIN with no objections for any other dietary ingredients the Company seeks to market, and thus

there is a possibility that certain extracts and dietary ingredients of the Company may not be marketed as dietary ingredients in dietary supplements in the United States. A clinical trial on muscimol was commenced on or about June 23, 2000 by the National Institutes of Health Clinical Center, to examine its ability to control seizures in patients with intractable epilepsy. The trial was a Phase I trial with three enrolled subjects and appears to have been terminated prior to completion.[12] Another interventional trial by the same organization intended for subjects with Parkinson's disease was commenced and withdrawn with no enrollment.[13] Under Section 201(ff)(3)(B) of the FD&C Act, a substance may not be used as a dietary ingredient if it includes "an article" that was first (1) approved as a new drug or (2) approved as an IND for which substantial clinical investigations have been instituted and for which the existence of such investigations has been made public. It is possible that an IND has already been filed and/or authorized to study muscimol as a drug and that the FDA could therefore take the position that muscimol is precluded from being an ingredient in dietary supplements. Similarly, there exists the risk that other ingredients or extracts from *Amanita muscaria* that the Company may seek to market in the future may also be precluded from being marketed as dietary ingredients in dietary supplements.

Risk in the Company becoming subject to enforcement actions by various government authorities that would materially impact the Company's business

The Company relies on the supply of muscimol and its extracts, which may be imported from other countries. In the United States, neither *Amanita muscaria* nor muscimol are scheduled under the CSA and are therefore not under the enforcement authority of the DEA. If, in the future, the DEA exerts jurisdiction over *Amanita muscaria* or muscimol products, the Company may become subject to additional licensing requirements, which may require additional capital. There is no assurance that the Company will be able to obtain any such licenses, be eligible to apply for such licenses, or comply with the current or evolving regulatory framework in any jurisdiction where it carries on its business or sells its products, which would adversely affect the Company's business.

If the Company's historical, current or future sales or operations were found to be in violation of such regulations, the Company may be subject to enforcement actions in such jurisdictions including, but not limited to, penalties, including criminal and significant civil monetary penalties, damages, fines, imprisonment, exclusion from participation in government programs, injunctions, recall or seizure of products, total or partial suspension of production, denial or withdrawal of pre-marketing product approvals, private "*qui tam*" actions brought by individual whistleblowers in the name of the government, or refusal to allow the Company to enter into supply contracts, and the curtailment or restructuring of the Company's operations, any of which could adversely affect the Company's ability to operate its business and the results of its operations.

The Company may become subject to additional government regulation and legal uncertainties that could restrict the demand for its services or increase its cost of doing business, thereby adversely affecting its financial results

The activities of the Company are subject to regulation by governmental authorities. Achievement of the Company's business objectives are contingent, in part, upon compliance with regulatory requirements enacted by these governmental authorities and obtaining all regulatory approvals, where necessary, for the sale of its products. The Company cannot predict the time required to secure all appropriate regulatory approvals for its products, or the extent of testing and documentation that may be required by governmental authorities. Any delays in obtaining, or failure to obtain regulatory approvals, would significantly delay the development of markets and products and could have a material adverse effect on the business, results of

[12] *https://clinicaltrials.gov/ct2/show/NCT00005925*
[13] *https://clinicaltrials.gov/ct2/show/NCT00921128*

operations and financial condition of the Company.

The Company's operations are subject to a variety of laws, regulations and guidelines relating to the manufacture, management, transportation, storage and disposal of food and health supplement products including laws and regulations relating to health and safety and the conduct of operations. Changes to such laws, regulations, and guidelines due to matters beyond the control of the Company may cause adverse effects to the Company's operations.

While the impact of the changes are uncertain and are highly dependent on which specific laws, regulations or guidelines are changed and on the outcome of any such court actions, it is not expected that any such changes would have an effect on the Company's operations that is materially different than the effect on similar-sized companies in the same business as the Company.

Local, provincial, state and federal laws and regulations governing muscimol are broad in scope and are subject to evolving interpretations, which could require the Company to incur substantial costs associated with bringing the Company's operations into compliance. In addition, violations of these laws, or allegations of such violations, could disrupt the Company's operations and result in a material adverse effect on its financial performance. It is beyond the Company's scope to predict the nature of any future change to the existing laws, regulations, policies, interpretations or applications, nor can the Company determine what effect such changes, when and if promulgated, could have on the Company's business.

Complying with new and existing government regulations in Canada, the United States, and abroad could increase the Company's costs significantly and adversely affect its financial results

The processing, formulation, manufacturing, packaging, labeling, advertising, distribution and sale of the Company's products are subject to regulation by several Canadian and America federal departments and agencies, including Health Canada, the NNHPD, the FDA, the FTC, the Consumer Products Safety Commission, USPHS, USCBP, the Occupational Safety and Health Administration, as well as various state, local and international laws and agencies of the localities in which the Company's products are sold or marketed. Government regulations may prevent or delay the introduction of, or require the reformulation of, the Company's products. Some agencies could require the Company to remove a particular product from the market, delay or prevent the importation of raw materials required for the manufacture of the Company's products, or otherwise disrupt the Company's marketing efforts. Any such government actions would result in additional costs, including lost revenues from any additional products that the Company might be required to remove from the market, which additional costs could be material. Any such government actions also could lead to liability, substantial costs and reduced growth prospects. Moreover, there can be no assurance that new laws or regulations imposing more stringent regulatory requirements on the dietary supplement industry will not be enacted or issued. In addition, complying with adverse event reporting requirements imposes additional costs on the Company, which costs could become significant in the event more demanding reporting requirements are put into place.

Additional or more stringent regulations of dietary supplements and other products may be considered from time to time. These developments could require reformulation of certain products to meet new standards, recalls or discontinuance of certain products that cannot be reformulated, additional record-keeping requirements, increased documentation of the properties of certain products, additional or different labeling, additional scientific substantiation, adverse event reporting or other new requirements. These developments also could increase the Company's costs significantly.

Should Health Canada and the FDA or any provincial and state or local agencies or regulators amend its guidelines or impose more stringent interpretations of current laws or regulations, the Company may not be able to comply with these new guidelines. As the products manufactured by the Company, through the

CMOs engaged by the Company, will be ingested by consumers, the Company is always subject to the risk that one or more of its products currently not subject to regulatory action may become subject to regulatory action. Such regulations could require the reformation of certain products to meet new standards, market withdrawal or discontinuation of certain products not able to be reformulated, imposition of additional record keeping requirements, expanded documentation regarding the properties of certain products, and expanded or different labeling and/or additional scientific substantiation. Failure to comply with applicable requirements could result in sanctions being imposed on the Company, its contract manufacturing partners, or third party distributors, including but not limited to fines, injunctions, product recalls, seizures and criminal prosecution.

Additionally, Health Canada and/or the FDA may not accept the evidence of safety for any new dietary ingredients that the Company may decide to use and Health Canada and/or the FDA's refusal to accept such evidence could result in the designation of such dietary ingredients as adulterated, until such time as reasonable expectation of safety for the ingredient can be established to the satisfaction of Health Canada or the FDA. There can be no assurance that Health Canada and/or the FDA will not consider particular labeling statements used by the Company to be drug claims rather than acceptable statements of nutritional support, necessitating approval of a costly new drug application, or re-labeling to delete such statements.

As a dietary supplement distributor in the United States and an NHP distributor in Canada, the Company will be required to also follow cGMPs that apply to its specific distribution operations. Failure to comply with applicable cGMP regulations could result in sanctions being imposed on the Company, including fines, injunctions, civil penalties, delays, suspensions or withdrawals of approvals, operating restrictions, interruptions in supply, recalls, withdrawals, issuance of safety alerts, and criminal prosecutions, any of which could have a material adverse impact on the Company's business, financial condition, results of operations, and prospects. The FDA could also make negative cGMP findings public through a warning letter or release of an FDA Form 483 Observation report through the *Freedom of Information Act* request. Such negative publicity would adversely affect the Company's business, financial condition and results of operations.

The Company may become subject to additional laws or regulations or other federal, provincial, state, or foreign regulatory authorities. Laws or regulations that are considered favourable may be repealed, or more stringent interpretations of current laws or regulations may be implemented. Any or all of such requirements could be a burden to the Company and require it to:

- change the way the Company conducts business;
- use expanded or different labeling;
- recall, reformulate or discontinue certain products;
- keep additional records;
- increase the available documentation of the properties of its products; and/or
- increase the scientific proof of product ingredients, safety, and/or usefulness.

Regulatory Approvals and Permits

The Company and its management may be required to obtain and maintain certain permits, licenses and approvals in the jurisdictions where their products are licensed, although the Company does not anticipate such approvals will be necessary. There can be no assurance that the Company will be able to receive and/or maintain the necessary permits, licenses, and approvals. Any material delay or failure to receive these items would delay and/or inhibit the Company's ability to conduct its business and would adversely affect the Company's business, financial condition, and results of operations.

Securities Regulatory Authorities and CSE Policies Regarding Business Activities

The Canadian securities regulatory authorities have not currently provided specific advice regarding issuers involved in the production and distribution of mushroom-derived products, such as the products that the Company intends to manufacture and distribute. As such, the Company believes that a disclosure-based approach remains appropriate for issuers in a business such as that of the Company. There can be no assurance that this heightened scrutiny will not in turn lead to the imposition of certain restrictions on the Company's ability to invest in the United States or any other jurisdiction. Although the CSE has stated that it is supportive of entrepreneurial issuers that operate in a rapidly evolving legal framework provided that such issuers offer appropriate risk disclosure and demonstrate that they are operating in accordance with applicable laws, it is possible that the Company may become subject to increased scrutiny by the securities regulators and/or the CSE as a result of the business, which may have a detrimental effect on the financial results of the Company.

Risks Related to the Business of the Company and Industry in which the Company Operates

Impact of the COVID-19 Pandemic

COVID-19 is an infectious disease caused by severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2). The outbreak of COVID-19 has led governments worldwide to enact emergency measures to combat the spread of the virus. These measures, which include, among other things, the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally, resulting in an economic slowdown. Such events may result in a period of business disruption and in reduced operations, either of which could have a material adverse impact on the Company's profitability, results of operations, financial condition and the market and trading price of the Company's securities. As of the date of this AIF, the duration and the immediate and eventual impact of the COVID-19 pandemic remains unknown. In particular, 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 industry partners. To date, a number of businesses have suspended or scaled back their operations and development as cases of COVID-19 have been confirmed, for precautionary purposes or as governments have declared a state of emergency or taken other actions. In the event that the operations or development of the Company or one or more of the Company's industry partners is suspended or scaled back, or if the Company's supply chains are disrupted, such events may have a material adverse impact on the Company's profitability, results of operations, and financial condition. The breadth of the impact of the COVID-19 pandemic on investors, businesses, the global economy and financial and commodity markets may also have a material adverse impact on the Company's profitability, results of operations and financial conditions, and the market and trading price of the Company's securities.

In addition to the above-noted risks, the Company's business is subject to the additional risk that the COVID-19 pandemic, or public perception of the COVID-19 pandemic, could cause potential consumers of the Company's product offerings to avoid public places, including retailers that carry the Company's products, which could cause temporary or long-term disruptions in market demand for the Company's products and/or the supply and delivery of the Company's products. Furthermore, the COVID-19 pandemic (or similar outbreaks or other public health crises) could lead to employees of the Company's industry partners avoiding their places of employment, which could adversely affect the Company's industry partners' ability to adequately staff and manage their respective businesses, in turn having a material adverse impact on the Company's profitability, results of operations and financial conditions, and the market and trading price of the Company's securities. As the Company relies on third party CMOs and other personnel for its manufacturing and research and development activities, if these third parties are unable to continue operating due to mandatory closures or other effects of the pandemic, it may negatively impact the Company's ability to meet its milestones and may significantly delay development.

The Company has a very limited operating history in an emerging area of business and had negative cash flows from operations in its most recently completed financial year

The Company has a very limited history of operation in the formulation, sales and distribution of mushroom-derived products and associated consumer packaged goods as it is in the early stage of development and is considered a start-up. As such, the Company is subject to many risks common to such enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources and lack of revenues. There can be no assurance that the Company will be successful in achieving a return on Shareholder's investment and the likelihood of success must be considered in light of its early stage of operations.

Because the Company has a limited operating history in an emerging area of business, potential investors should consider and evaluate its operating prospects, considering the risks and uncertainties frequently encountered by early-stage companies in rapidly evolving markets. These risks may include:

- risks that it may not have sufficient capital to achieve its growth strategy;
- risks that it may not develop its product and service offerings in a manner that enables it to be profitable and meet its customers' requirements;
- risks that its growth strategy may not be successful;
- risks that fluctuations in its operating results will be significant relative to its revenues; and
- risks relating to an evolving regulatory regime.

The Company has no history of earnings and there can be no assurance that sufficient revenues will be generated in the near future. The Company expects that losses will fluctuate from quarter to quarter and year to year, and that such fluctuations may be substantial. The Company cannot predict when it will become profitable, if at all. The Company's net losses have had and will continue to have an adverse effect on, among other things, shareholder's equity, total assets and working capital. To the extent that the Company has negative operating cash flows in future periods, it may need to deploy a portion of its existing working capital to fund such negative cash flows. The Company will be required to raise additional funds through the issuance of additional equity securities or through loan financing. There is no assurance that additional capital or other types of financing will be available if needed or that these financings will be on terms at least as favourable to the Company as those previously obtained, or at all. The Company's ability to successfully raise additional capital and maintain liquidity may by impaired by factors outside of its control, such as a shift in consumer attitudes towards certain therapeutic methods or a downturn in the economy.

The Company may not be able to accurately predict its future capital needs and it may not be able to secure additional financing

The Company may need to raise significant additional funds in order to support its growth, develop new or enhanced services and products, respond to competitive pressures, acquire or invest in complementary or competitive businesses or technologies, or take advantage of unanticipated opportunities. The Company anticipates that it may incur substantial research and development expenditures for pre-clinical studies in the future. The Company has no operating revenue being generated from its research and development activities and may have limited ability to expend the capital necessary to undertake or complete future research and development work. When the current funding has been expended, the Company will require, and is planning for, additional funding. If its financial resources are insufficient, it will require additional financing in order to meet its plans for expansion or to complete the development of *Amanita muscaria*-

derived products.

The Company cannot be sure that this additional financing, if needed, will be available on acceptable terms, or at all. Furthermore, any debt financing, if available, may involve restrictive covenants, which may limit its operating flexibility with respect to business matters. If adequate funds are not available on acceptable terms or at all, the Company may be unable to develop or enhance its services and products, take advantage of future opportunities, repay debt obligations as they become due, or respond to competitive pressures, any of which could have a material adverse effect on its business, prospects, financial condition, and results of operations.

Risks Relating to Product Development and Pre-clinical Study Design and Execution

The Company has not begun to market any product or to generate revenues. The Company may be required to spend a significant amount of capital to fund research and development, animal studies and pre-clinical trials. As a result, the Company expects that its operating expenses will increase significantly and, consequently, it will need to generate significant revenues to become profitable. There can be no assurances that the intellectual property of the Company, or the Company's products or technologies that it may acquire, will meet applicable regulatory standards, obtain required regulatory approvals, be capable of being produced in commercial quantities at reasonable costs, or be successfully marketed. The Company may be undertaking additional laboratory, animal studies, and pre-clinical studies with respect to the development of its products, and there can be no assurance that the results from such studies or trials will result in a commercially viable product or will not identify unwanted side effects.

Before obtaining marketing approval from regulatory authorities for the sale of its product candidates, the Company may be required to conduct pre-clinical studies on animals to demonstrate the safety and efficacy of the Company's products. Pre-clinical testing is expensive and difficult to design and implement, can take many years to complete, and has uncertain outcomes. If testing and trials of the Company's products fail to demonstrate safety and efficacy to the satisfaction of regulatory authorities or do not otherwise produce positive results, the Company would incur additional costs or experience delays in completing, or ultimately be unable to complete, the development and commercialization of its products. The Company may be required to demonstrate with substantial evidence through well-controlled clinical trials that its products are safe and effective for use in a diverse population before the Company can seek regulatory approvals for their commercial sale. Negative results from pre-clinical trials may prevent the commercialization of the Company's products.

The outcome of pre-clinical studies may not predict the success of later trials and tests that may be required, and interim results of pre-clinical studies do not necessarily predict final results. Several companies in the industry have suffered significant setbacks due to lack of efficacy or unacceptable safety profiles, notwithstanding promising results in earlier tests and trials. Positive results from pre-clinical studies should not be relied upon as an indication of future commercial success. There is no assurance that the pre-clinical studies the Company may conduct will demonstrate adequate efficacy and safety to result in regulatory approval to market its products in any jurisdiction. Products that the Company is developing may fail for safety or efficacy reasons at any stage during the testing process. If the Company cannot demonstrate the safety and effectiveness of its products through pre-clinical trials, it will need to re-evaluate its strategic plans. Furthermore, the quality and robustness of the results and data of any pre-clinical study the Company conducts will depend upon the selection of a patient population for clinical testing. If the selected population is not representative of the intended population, further clinical testing of product candidates or termination of research and development activities related to the selected population may be required. The Company's ability to commence pre-clinical studies could compromise business prospects and prevent the achievement of revenue.

Furthermore, the Company may be subject to unanticipated costs or delays that would accelerate its need for additional capital or increase the costs of individual clinical trials. If the Company is unable to raise additional capital when required or on acceptable terms, it may have to significantly delay, scale back or discontinue the development and/or commercialization of one or more of its *Amanita muscaria*-derived products.

Furthermore, the exact nature of the studies that various regulatory agencies may require is not known and can be changed at any time by the regulatory agencies, increasing the financing risk and potentially increasing the time to market its products, which could adversely affect the Company business, financial condition or results of operations.

Delays in Projected Development Goals

The Company sets goals for, and makes public statements regarding, the expected timing of the accomplishment of objectives material to its success, the commencement and completion of research and development initiatives and the expected costs to develop its products. The actual timing and costs of these events can vary dramatically due to factors within and beyond the Company's control, such as delays or failures in product tests and trials, issues related to the supply of raw materials, uncertainties inherent in the regulatory approval process, market conditions, and interest by the Company's distribution partners in the Company's products, among other things. The Company may not make regulatory submissions or receive regulatory approvals as planned; its product development and testing initiatives may not be completed; or it may not secure partnerships that are critical to establishing commercial sales. Any failure to achieve one or more of these milestones as planned would have a material adverse effect on the Company's business, financial condition, and results of operations.

The Company's Management Has Limited Experience in the Area of Functional Mushrooms

While the Company's management team has experience in operating development-stage public companies and working with companies in highly regulated industries such as cannabis, this experience does not guarantee that the Company will be successful in developing products in the functional mushroom space or achieve commercial success in selling these products. The Company's management also relies on the expertise and advice of its Board, Advisory Board and other industry domain experts who have experience in consumer package foods, government relations, clinical research, cannabis and dietary supplements industries, however, there is no assurance that such expertise will continue to be available to the Company's management. With no direct experience in the functional mushrooms space and in obtaining regulatory approvals for new food supplement products, management of the Company may not be fully aware of relevant industry trends, which may impact the ability of the Company to make the most prudent decisions and choices regarding the direction of the business. The Company's business, financial condition or results of operations could be adversely affected if the internal infrastructure is inadequate, including if the Company is not able to secure outside consultants or obtain the necessary expertise to achieve certain business objectives.

Reliance on Management and the Advisory Board

The Company will need to expand and effectively manage its managerial, operational, financial, development and other resources in order to successfully pursue its research, development and commercialization efforts of its products. At this stage of its corporate development, the Company has limited the establishment of extensive administrative and operating infrastructure. The success of the Company is currently dependent on the performance of its management team, which also relies on advice and guidance of certain members of the Board and Advisory Board, not all of whom are or will be bound by formal contractual employment agreements. The Company's success depends on its continued ability to

attract, retain and motivate highly qualified people. The loss of the services of these persons would have a material adverse effect on the Company's business and prospects in the short term and could delay or prevent the commercialization of its products, harming the business as a result.

The Company may not be able to attract or retain qualified management and scientific personnel in the future due to the intense competition for qualified personnel with extensive management experience in such fields as formulation, product development, nutritional supplement or natural health product regulations, finance, manufacturing, marketing, law, and investment. If the Company is not able to attract and retain the necessary personnel to accomplish its business objectives, the achievement of its development objectives, its ability to raise additional capital, and its ability to implement its business strategy may be significantly reduced and could have an adverse material effect on the Company and its prospects.

The Company Relies on CMOs over whom it may have Limited Control

The Company has limited manufacturing experience and will rely on CMOs to manufacture its products. The Company will rely on CMOs to manufacture, fill, package, store, and ship products in compliance with Health Canada's and the FDA's cGMP regulations applicable to the Company's products. Health Canada and the FDA ensure the quality of products by carefully monitoring manufacturers' compliance with cGMP regulations. The cGMP regulations contain minimum requirements for the methods, facilities and controls used in manufacturing, processing, and packing of the product. While the Company is collaborating with the Initial CMO that it expects to engage once the product formulation process is completed, there can be no assurances that the Initial CMO will be able to meet the Company's timelines and requirements or that the Company will be able to enter into a definitive agreement with the Initial CMO. If the Company is unable enter into a definitive agreement with the Initial CMO or arrange for alternative third party manufacturing sources on commercially reasonable terms or in a timely manner, the Company may be delayed in rolling out its products. Further, CMOs must operate in compliance with cGMP and failure to do so could result in, among other things, the disruption to product supplies. The Company's dependence upon third parties for the manufacturing of its products may adversely affect the Company's profit margins and its ability to develop and deliver products on a timely and competitive basis.

No Product Revenue

To date, the Company has not generated product revenue. The Company's ability to generate product revenue and ultimately become profitable depends upon its ability, alone or with partners, to successfully develop its products, obtain regulatory approval, and commercialize its products.

No Assurance of Commercial Success

The successful commercialization of the Company's products will depend on many factors, including the Company's ability to establish and maintain working partnerships with industry participants in order to market its products, the Company's ability to supply a sufficient amount of its products to meet market demand, and the number of competitors within each jurisdiction within which the Company may from time to time be engaged. There can be no assurance that the Company or its industry partners will be successful in their respective efforts to develop and implement, or assist in developing and implementing, a commercialization strategy for the Company's products.

Factors Which May Prevent Realization of Growth Targets

The Company is currently in the early development stage. There is a risk that additional resources will be required and milestones will not be achieved on time, on budget, or at all, as they can be adversely affected by a variety of factors, including those discussed elsewhere in these risk factors and the following as it

relates to the Company:

- delays in obtaining, or conditions imposed by, regulatory approvals;
- environmental pollution;
- non-performance by third party contractors;
- increases in materials or labour costs;
- contractor or operator errors;
- labour disputes, disruptions or declines in productivity;
- inability to attract sufficient numbers of qualified workers;
- disruption in the supply of energy and utilities; and
- major incidents and/or catastrophic events such as fires, explosions, earthquakes, or storms.

Management of Growth

The Company may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Company to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its consultant and employee base. The inability of the Company to deal with this growth may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Conflicts of Interest

Certain directors and officers of the Company are also directors, officers, or shareholders of other companies, which may give rise to conflicts of interest from time-to-time. The directors of the Company are required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interest that they may have in any project or opportunity of the Company. If a conflict of interest arises at a meeting of the Board, any director in a conflict is required under the applicable corporate laws to disclose his interest and to abstain from voting on such matter. See "*Conflicts of Interest*".

Potential Delay in Achieving or Failure to Achieve Publicly Announced Milestones

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 pre-clinical studies or other research and development efforts. 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 study, filing of an application to obtain regulatory approval, or announcement of additional clinical trials for a product 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 pre-clinical study or during a research phase, timing of the completion of pre-clinical trials, 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 the Company's business plan, financial condition or operating

results and the trading price of the Common Shares.

Intellectual Property

Failure to obtain or register trademarks used or proposed to be used in the Company's business could require the Company to rebrand, resulting in a material adverse impact on its business. If the Company is unable to register or, if registered, maintain effective patent rights for its product candidates, the Company may not be able to effectively compete in the market. If the Company is not able to protect its proprietary information and know-how, such proprietary information may be used by others to compete against the Company. The Company may not be able to identify infringements of its patents (if and when granted), and, accordingly, the enforcement of its intellectual property rights may be difficult. Once such infringements are identified, enforcement could be costly and time consuming. Third party claims of intellectual property infringement, whether or not reasonable, may prevent or delay the Company's development and commercialization efforts.

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 and 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 patent applications submitted or those that it intends to acquire will be approved 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.

To the extent the Company's intellectual property offers inadequate protection, or is found to be invalid or unenforceable, the Company will be exposed to a greater risk of direct competition. If its intellectual property does not provide adequate protection against the Company's competitors, its competitive position could be adversely affected, as could the Company's business, financial condition and results of operations. 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.

Cyber-Attacks

The Company's operations depend, in part, on how well it protects its information technology systems, networks, equipment and software from damages from a number of threats. Events such as cable cuts, power loss, hacking, computer viruses and theft could result in information system failures, delays and/or increase in capital expenses for the Company. While the Company implements protective measures to reduce the risk of and detect cyber incidents, cyber-attacks are becoming more sophisticated and frequent, and the techniques used in such attacks change rapidly; the development of the Company's business and operating results may be hindered by applicable restrictions on sales and marketing activities imposed by regulatory bodies.

Difficult in Enforcing Judgments and Effecting Service of Process on Directors and Officers

Certain directors and officers of the Company reside outside of Canada. Some or all of the assets of such persons may be located outside of Canada. Therefore, it may not be possible for investors to collect or to

enforce judgments obtained in Canadian courts predicated upon the civil liability provisions of applicable Canadian securities laws against such persons. Moreover, it may not be possible for investors to effect service of process within Canada upon such persons.

The Company Relies on Third Party CROs to Conduct, Supervise, and Monitor Pre-Clinical Studies

The Company relies on various third-parties such as CROs (including KGK Science), CRO-contracted vendors, medical institutions, clinical investigators and contract laboratories, and pre-clinical trial sites to ensure the proper and timely conduct of the pre-clinical studies and other scientific studies, including studies required to determine the dosage of the initial *Amanita muscaria*-derived water-based extract product line. The Company's reliance on CROs for pre-clinical development activities limits the Company's control over these activities. Neither the Company nor its management is involved in developing the policies and procedures of the CROs, but the Company is ultimately responsible for ensuring that each of its studies is conducted in accordance with the applicable protocols and legal, regulatory, and scientific standards.

The CROs that the Company is or will be working with are required to comply with various requirements for the pre-clinical studies, which are enforced by the FDA in the United States and Health Canada in Canada. The CROs are not employees of the Company, and the Company does not control whether they devote sufficient time and resources to the work contracted for by the Company. The CROs may also have relationships with other commercial entities, including the Company's competitors, for whom they may also be conducting pre-clinical trials, clinical trials, or other product development activities, which could harm the Company's competitive position. Additionally, there is a risk of potential unauthorized disclosure or misappropriation of the Company's intellectual property by CROs, which may reduce the Company's future intellectual property advantages and allow its potential competitors to access and exploit the Company's know-how. If the CROs that the Company is working with do not successfully carry out their contractual duties or obligations, or fail to meet expected deadlines, or if the quality or accuracy of the clinical data they obtain is compromised due to the failure to adhere to clinical protocols or regulatory requirements or for any other reason, the Company's product development activities, including the pre-clinical studies that are being conducted pursuant to the Second Research Services Agreement, may be extended, delayed or terminated, and the Company may not be able to obtain regulatory approval for, or successfully commercialize, the products it is developing.

Moreover, the FDA and non-United States regulatory authorities require the Company and its CROs to comply with regulations and standards, commonly referred to as GLPs for conducting, monitoring, recording and reporting the results of pre-clinical studies to ensure that the data and results are scientifically credible and accurate. The Company's reliance on third parties does not relieve it of the above responsibilities and requirements. If the third parties conducting the Company's pre-clinical studies do not perform their contractual duties or obligations, do not meet expected deadlines or need to be replaced, or if the quality or accuracy of the pre-clinical data they obtain is compromised due to the failure to adhere to GLPs or for any other reason, the Company may need to enter into new arrangements with alternative third parties, and its clinical trials may be extended, delayed or terminated. In addition, a failure by third parties to perform their obligations in compliance with GLPs may cause the Company's pre-clinical studies to fail to meet regulatory requirements, which may require the Company to repeat its clinical trials. As a result, the Company's financial results and the commercial prospects for its products would be harmed, resulting in an increase in costs and delays in generating future revenue.

Furthermore, while the Company's management believes that there are many CROs that are qualified to carry out the work that the Company has contracted for under the Second Research Services Agreement, if the relationship with KGK Science is terminated, the Company may not be able to enter into arrangements with alternative CROs or do so on commercially reasonable terms. Switching or adding additional CROs

involves substantial cost and requires management's time and focus. In addition, there is a natural transition period when a new CRO commences work. As a result, delays occur, which can materially impact the Company's ability to meet its desired product development timelines. Although the Company intends to carefully manage its relationships with its CROs, there can be no assurance that the Company will not encounter challenges or delays in the future or that such delays or challenges will not have an adverse impact on the Company's business, financial condition, and prospects.

Research and development work conducted by KGK Science may rely on evaluations in animals, which is controversial and the Company and/or KGK Science may become subject to bans or additional regulations

Development of *Amanita muscaria*-derived products may require animal testing. Although the animal testing will be conducted by KGK Science pursuant to the Second Research Services Agreement, which is subject to GLPs, animal testing in the industry continues to be a subject of controversy and adverse publicity. Some organizations and individuals have sought to ban animal testing or encourage the adoption of additional regulations applicable to animal testing. To the extent that such bans or regulations are imposed, the Company's research and development activities, and by extension the Company's operating results and financial condition, could be adversely impacted. In addition, negative publicity about animal practices by the Company's CROs, and by extension the Company, could harm the Company's reputation among potential customers.

Ability to Introduce and Market New Products

The Company is heavily reliant on the production and distribution of mushroom-derived products and believes that the anticipated market for its potential products will continue to exist and expand. If the Company's products do not achieve sufficient market acceptance, it will be difficult for the Company to achieve profitability. The Company expects that its products will account for substantially all of its revenue for the foreseeable future. If the mushroom or functional foods market declines or the Company's products fail to achieve greater market acceptance once the products are introduced, the Company will not be able to increase its revenues in order to achieve consistent profitability.

Even when product development is successful and regulatory approval has been obtained, the Company's ability to generate significant revenue depends on the acceptance of its products by consumers. The Company cannot be sure that its mushroom-derived products will achieve the expected market acceptance and revenue if and when they obtain the requisite regulatory approvals. Market acceptance of any product depends on a number of factors, including the indication statement and warnings approved by regulatory authorities on the product label, continued demonstration of efficacy and safety in commercial use, the price of the product, the nature of any post-approval risk management plans mandated by regulatory authorities, competition, and marketing and distribution support. Any factors preventing or limiting market acceptance of the Company's products could have a material adverse effect on the Company's business, results of operations, and financial condition.

Because the mushroom-derived products industry is in a nascent stage with uncertain boundaries, there is a lack of information about comparable companies available for potential investors to review in deciding whether to invest in the Company and, few, if any, established companies whose business models the Company can follow or upon whose success the Company can build. There can be no assurance that the Company's estimates are accurate or that the market size for its products is sufficiently large for its business to grow as projected, which may negatively impact its financial results.

The Company may be unable to prevent disclosure of its trade secrets or other confidential information to third parties

The Company intends to rely on trade secret protection and confidentiality agreements to protect its proprietary know-how that is being developed in the course of product development efforts with the CROs and other consultants, which may not be patentable or for which the Company has not taken the steps to protect the intellectual property. The Company requires its key employees, consultants, advisors and any third parties who have access to its proprietary know-how to execute confidentiality agreements, but there is no certainty that all counterparties will agree to enter into confidentiality agreements or that these agreements will not be breached. There is no certainty that the Company's trade secrets and other confidential proprietary information will not be disclosed or that competitors will not otherwise gain access to the Company's trade secrets or independently develop substantially equivalent information and techniques. Failure to prevent disclosure of the Company's intellectual property to third parties or misappropriation by third parties of the Company's confidential proprietary information could enable the Company's competitors to duplicate or surpass the Company's technological achievements. A competitor's discovery of the Company's trade secrets may impair its competitive position and could have a material adverse effect on its business and financial condition.

Reliance on Third Party Distributors

The Company intends to sell its products online directly to end customers and through third party distributors. If third party distributors fail to achieve success in selling the Company's products, the Company's future sales will be adversely affected. The Company's ability to grow its distribution network and attract additional distributors will depend on several factors, many of which are outside of its control. Agreements with third party distributors are typically non-exclusive and permit the distributors to offer competitors' products. If any significant distributor or a substantial number of distributors terminate their relationship with the Company or decide to market its competitors' products over the Company's products, the Company's ability to generate sales growth would be materially adversely affected.

The Company may face intense competition and expects competition to increase in the future, which could prohibit the Company's ability to develop a customer base and generate revenue

The mushroom-derived products industry may become highly competitive in the future. The Company may increasingly compete with numerous other businesses in the industry, many of which may come to possess greater financial and marketing resources than the Company.

Due to the early stage of the industry in which the Company operates, the Company expects to face additional competition from new entrants. If the number of consumers of such products in the Company's target jurisdictions increases, the demand for products will increase and the Company expects that competition will become more intense as current and future competitors begin to offer an increasing number of diversified products. To remain competitive, the Company will require continued high-level investment in research and development, marketing, sales, and client support. The Company may not have sufficient resources to maintain research and development, marketing, sales and client support efforts on a competitive basis, which could materially and adversely affect the business, financial condition, and the results of the Company's operations.

Unfavorable Publicity or Consumer Perception

The Company believes the mushroom-derived products and functional foods industries are highly dependent upon consumer perception regarding the safety, efficacy and quality of the products distributed to such consumers. Consumer perception of the Company's products can be significantly influenced by

scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding consumption of the Company's products. 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 functional mushroom market or any particular product, or be consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that is 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 products and the business, results of operations, financial condition and cash flows of the Company. The Company's dependence upon consumer perception 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 products, and the business, results of operations, financial condition and cash flows of the Company. Such adverse publicity reports or other media attention could arise even if the adverse effects associated with the Company's products resulted from the consumer's failure to consume the products appropriately or as directed. Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of mushroom-derived products in general, or the Company's products specifically, or associating the consumption of mushroom-derived products with illness or other negative effects or events, could have such a material adverse effect. Additionally, consumers may associate the Company's mushroom-derived products with illegal psychoactive mushrooms, which are prohibited substances.

Heightened Scrutiny by Securities Regulatory Authorities

The Company's operations, or any future operations or investments, may become the subject of heightened scrutiny by regulators, stock exchanges, and other authorities in Canada. As a result, the Company may be subject to significant direct and indirect interaction with public officials. There can be no assurance that this heightened scrutiny will not in turn lead to the imposition of certain restrictions on the Company's ability to operate in jurisdictions where it chooses to conduct business.

Product Liability and Operational Risk

As a manufacturer and distributor of products designed to be ingested by humans, the Company 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. In addition, the manufacture and sale of *Amanita Muscaria*-derived products involve the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. Previously unknown adverse reactions resulting from human consumption of the Company's 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 Company's products caused injury or illness, included inadequate instructions for use or included 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 results of the Company's operations and the financial condition of the Company.

Insurance and Uninsured Risks

The Company's business is subject to a number of risks and hazards generally, including adverse environmental conditions, accidents, disputes and changes in the regulatory environment. Such occurrences could result in damage to assets, personal injury or death, environmental damage, delays in operations, monetary losses, and possible legal liability. Although the Company intends to obtain and maintain insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance does not cover all the potential risks associated with its operations. The Company may also be unable to maintain

insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards encountered in the operations of the Company is not generally available on acceptable terms. The Company might also become subject to liability for pollution or other hazards which may not be insured against or which the Company may elect not to insure against because of premium costs or for other reasons. Losses from these events may cause the Company to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

Product Recalls

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 products developed by the Company are recalled due to an alleged product defect or for any other reason, the Company could be required to incur the unexpected expenses relating to the recall and any legal proceedings that might arise in connection with the recall. The Company may lose significant amounts of revenue due to a loss of sales and may not be able to replace that revenue at an acceptable margin or at all. In addition, a product recall may require significant management attention. Although the Company is establishing procedures to test finished products, 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 significant 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 and could have a material adverse effect on the 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. The Company will attempt to manage these factors, but the occurrence of any one or more of these factors could materially and adversely affect the Company's business, financial condition, and results of operations.

Enforcement of Legal Rights

The Company may be deemed as operating in jurisdictions where its products are sold, or where its CMOs operate in. In the event of a dispute arising from the Company's operations, the Company may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdictions of courts in Canada. Similarly, if any of the Company's assets are located outside of Canada (including cash or receivables), investors may have difficulty collecting from the Company any judgments obtained in Canadian courts and predicated on the civil liability provisions of securities laws. The Company may also be hindered or prevented from enforcing its rights with respect to a governmental entity or instrumentality because of the doctrine of sovereign immunity.

Difficult to Forecast

The Company must rely largely on its own market research to forecast sales as detailed forecasts are not generally obtainable from other sources at this early stage of the industry. A failure in the demand for its products to materialize as a result of competition, technological change, market acceptance or other factors could have a material adverse effect on the business, results of operations, and financial condition of the Company.

Dependence and Availability of Inputs

The Company's products are derived from mushrooms. Accordingly, the Company and/or its CMOs must

acquire a large enough supply of mushrooms to be able to produce enough products to meet the demand of its customers. Shortage of available mushrooms for purchase could result in loss of sales and damage to the Company. If the Company and/or its CMOs become unable to acquire commercial quality mushrooms on a timely basis and at commercially reasonable prices, and are unable to find one or more replacement suppliers with the regulatory approvals to produce mushrooms at a substantially equivalent cost, in substantially equivalent volumes and quality, and on a timely basis, the Company will likely be unable to meet customer demand.

Changes in Capital and Operating Budgets

The quantum and timing of capital and operating expenditures may be dependent upon feedback from the Company's product 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, utilize part of its financial resources (including the funds raised as part of the Series A Financing) to participate in additional opportunities that arise and fit within the Company's business objectives in order to create shareholder value.

Success of Products is Dependent on Public Taste

The Company's revenues are substantially dependent on the success of its products, which depends upon, among other matters, pronounced and rapidly changing public tastes; factors which are difficult to predict and over which the Company has little, if any, control. A significant shift in consumer demand away from the Company's products or its failure to expand its current market position will harm its business. Consumer trends change based on a multitude of factors, including nutritional values, a change in consumer preferences, or general economic conditions. Additionally, there is as a growing movement among some consumers to buy local food products in an attempt to reduce the carbon footprint associated with transporting food products from longer distances; this could result in a decrease in the demand for food products and ingredients that the Company imports from the United States or Eastern Europe, as the case may be. These changes could lead to, among other things, reduced demand, and price decreases, which could have a material adverse effect on the Company's business.

Volatile Global Financial and Economic Conditions may Negatively Affect the Company's Operations

Current global financial and economic conditions remain extremely volatile. Access to public and private capital and financing continues to be negatively impacted by many factors as a result of the global financial crisis and global recession. Such factors may impact the Company's ability to obtain debt and equity financing in the future on favourable terms or obtain any financing at all. Additionally, global economic conditions may cause a long-term decrease in asset values. If such global volatility, market turmoil, and the global recession continue, the Company's operations and financial condition could be adversely impacted.

Foreign Exchange Risks

Exchange rate fluctuations may adversely affect the Company's financial position and operational results. The Company's operations will be conducted in Canada and the United States. Also, a significant portion of its expenditures may be in other currencies as it plans to source raw materials from Eastern Europe. The Company is therefore subject to foreign currency fluctuations, which may, from time to time, impact its financial position and results of operations. The depreciation of the Canadian Dollar against other currencies could increase the actual capital and operating costs of the Company's operations and materially adversely affect the results presented in the Company's financial statements.

Litigation

The Company may become party to litigation from time to time in the ordinary course of business which could adversely affect its business. Third parties may claim that the Company has infringed their rights or may challenge the right of the Company to its intellectual property. Any claim, whether or not with merit, could be time consuming to evaluate, result in costly litigation, cause delays in the operations of the Company or the development of its intellectual property, or require the Company to enter into licensing arrangements that may require the payment of a license fee or royalties to the owner of the intellectual property. Such royalty or licensing arrangements, if required, may not be available on terms acceptable to the Company.

Should any litigation in which the Company becomes involved be determined against the Company, such a decision could adversely affect the Company's ability to continue operating as well as the market price for the Common Shares, and could use significant resources. Even if the Company is involved in litigation and the outcome is favorable, litigation can redirect significant resources.

Costs of Operating as a Public Company

As a public company, the Company will incur significant legal, accounting and other expenses. As a public company, the Company is subject to various securities rules and regulations, which impose various requirements on the Company, including the requirement to establish and maintain effective disclosure and financial controls and corporate governance practices. Management and other personnel need to devote a substantial amount of time to these compliance initiatives. Moreover, these rules and regulations increase the Company's legal and financial compliance costs and make some activities more time-consuming and costly.

Risks Relating to Ownership of the Common Shares

Market for Securities

The market price of the Common Shares could be subject to significant fluctuations in response to various factors, many of which are beyond the Company's control. In addition, the stock markets have experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of many companies and that often have been unrelated to the operating performance of such companies. These broad market fluctuations may adversely affect the market price of the Common Shares. There can be no assurance that the holders or purchasers of the Common Shares will be able to resell their shares at prices equal to or greater than their cost. No assurance can be given regarding the liquidity of such public market. If an active market for the Common Shares is not maintained, there may be difficulty selling any Common Shares.

Failure to Maintain Listing

As of the date of this AIF, the Common Shares are listed on the CSE, under the trading symbol "PSYC", on the Frankfurt Stock Exchange, under the trading symbol "5U9", and on the OTCQB, under the trading symbol "PSYCF". The Company must meet continuing listing standards to maintain the listing of the Common Shares on the CSE, the Frankfurt Stock Exchange, and the OTCQB. In the event that the Company fails to comply with such listing standards and the CSE, the Frankfurt Stock Exchange, and/or the OTCQB delists the Common Shares, the Company and its Shareholders could face significant material adverse consequences, including, but not limited to: (i) a limited availability of market quotations for the Common Shares, (ii) reduced liquidity for the Common Shares, (iii) a limited amount of news and analyst coverage of the Company, (iv) a decrease in the Company's ability to issue additional equity securities or obtain

additional equity or debt financing in the future. As a public company, the Company's business is subject to evolving corporate governance and public disclosure requirements under applicable laws, which may from time to time increase both the Company's compliance costs and the risk of non-compliance, all of which could have a material adverse effect on the Company.

Dividends

The Company has no earnings or dividend record and does not anticipate paying any dividends on the Common Shares in the foreseeable future. Dividends paid by the Company would be subject to tax and, potentially, withholdings.

Officers and Directors of the Company Own Significant Shares and Can Exercise Significant Influence

The Company's officers and directors own a substantial number of the outstanding Common Shares, beneficially owning as a group, approximately 13.74% of the outstanding Common Shares on a non-diluted basis. As such, the Company's officers and directors will be able to exert significant influence on matters requiring approval by shareholders, including the election of directors and the approval of any significant corporate transactions. The concentration of ownership may also have the effect of delaying, deterring, or preventing a change in control that could otherwise be beneficial to the Shareholders, and may make some transactions more difficult or impossible to complete without the support of these Shareholders.

Accounting Policies and Internal Controls

The Company prepares its financial reports in accordance with IFRS. In preparation of its financial reports, Management may need to rely upon assumptions, make estimates or use their best judgment in determining the financial condition of the Company. Significant accounting policies are described in more detail in the Company's audited financial statements. In order to have a reasonable level of assurance that financial transactions are properly authorized, assets are safeguarded against unauthorized or improper use, and transactions are properly recorded and reported, the Company continues to assess its internal control systems for financial reporting on an ongoing basis. Although the Company believes its financial reporting and financial statements are prepared with reasonable safeguards to ensure reliability, there may be circumstances where such safeguards may be ineffective.

Inadequate Internal Controls May Result in Reporting Failure

If the Company fails to maintain an effective system of internal controls, the Company might not be able to report its financial results accurately or prevent misstatement, in which case, the Shareholders could lose confidence in its financial reporting, which would harm its business and could negatively impact the value of its shares. While the Company believes that it has sufficient personnel and review procedures to allow it to maintain an effective system of internal controls, there can be no assurance that the Company will always successfully detect misstatements or implement necessary improvements in a timely fashion.

Future Sales of Common Shares by Existing Shareholders

Sales of a large number of Common Shares in the public markets, or the potential for such sales, could decrease the trading price of the Common Shares and could impair the Company's ability to raise capital through future sales of Common Shares.

The Market Price of the Common Shares May be Volatile

Securities markets worldwide experience significant price and volume fluctuations. This market volatility,

as well as the factors listed below, some of which are beyond the Company's control, could affect the market price of the Common Shares:

- quarterly variations in the Company's results of operations and cash flows or the results of operations and cash flows of the Company's competitors;
- the Company's failure to achieve actual operating results that meet or exceed guidance that the Company may have provided due to factors beyond its control, such as currency volatility and trading volumes;
- future announcements concerning the Company or its competitors, including the announcement of acquisitions;
- changes in government regulations or in the status of the Company's regulatory approvals or licensure;
- public perceptions of risks associated with the Company's operations;
- developments in the Company's industry; and
- general economic, market and political conditions and other factors that may be unrelated to the Company's operating performance or the operating performance of its competitors.

Additional Issuances and Dilution

The Company may issue and sell additional securities to finance its operations. The Company cannot predict the size or type of future issuances of its securities or the effect, if any, that future issuances and sales of securities will have on the market price of any of its securities issued and outstanding from time to time. Sales or issuances of substantial amounts of the Company's securities, or the perception that such sales could occur, may adversely affect prevailing market prices for the Company's securities issued and outstanding from time to time. With any additional sale or issuance of the Company's securities, holders will suffer dilution with respect to voting power and may experience dilution in the Company's earnings per share.

The Company has an unlimited number of Common Shares that may be issued by the Board without further action or approval of the Shareholders. While the Board is required to fulfill its fiduciary obligations in connection with the issuance of such shares, the shares may be issued in transactions with which not all Shareholders agree, and the issuance of such shares will cause dilution to the ownership interests of the Shareholders.

Trading of Shares Through an Intermediary

While there is currently no CDS ban on the clearing of securities of issuers involved in the mushroom space, there can be no guarantee that this approach to regulation will continue in the future. If such a ban were to be implemented at a time when the Common Shares are listed on a stock exchange, it would have a material adverse effect on the ability of holders of Common Shares to make and settle trades. In particular, the Common Shares would become highly illiquid until an alternative was implemented, and investors would have no ability to affect a trade of the Common Shares through the facilities of the applicable stock exchange.

DIVIDENDS AND DISTRIBUTIONS

The Company has neither declared nor paid any dividends on its Common Shares since the date of its incorporation. Any payments of dividends on the Common Shares will be made in accordance with the OBCA, and will be dependent upon the financial requirements of the Company to finance future growth, the financial condition of the Company and other factors, which the Board may consider appropriate under the circumstances. It is unlikely that the Company will pay dividends in the immediate or foreseeable future.

DESCRIPTION OF CAPITAL STRUCTURE

Common Shares

The Company's authorized capital consists of an unlimited number of Common Shares without par value. All of the Common Shares are of the same class and, once issued, rank equally as to entitlement to dividends, voting powers and participation in assets upon dissolution or winding up. As at November 30, 2020, 104,512,930 Common Shares were issued and outstanding and as of the date hereof there are 128,430,495 Common Shares issued and outstanding.

To the knowledge of the directors and executive officers of the Company, as of the date hereof, no person or company beneficially owns, or controls or directs, directly or indirectly, voting securities of the Company carrying more than 10% of the voting rights attached to any class of voting securities of the Company.

Voting Rights

The holders of the Common Shares are entitled to vote in person or by proxy at all meetings of the Shareholders and at all such meetings each such holder has one vote for each Common Share held.

Dividend Rights

The holders of Common Shares are entitled to receive dividends if, as and when declared by the Board out of the assets of the Company properly applicable to the payment of dividends in such amount and payable at such time as and at such place in Canada as the Board may from time to time determine.

No Liability for Further Calls or Assessments

All Common Shares are issued as fully paid and non-assessable. As such, Shareholders have no liability in respect of unpaid shares, either in whole or in part.

Rights upon Liquidation

In the event of liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, or other distribution of assets or property of the Company amongst its Shareholders for the purpose of winding up its affairs, Shareholders shall be entitled to receive all property and assets of the Company properly distributable to the Shareholders.

No Pre-emptive Rights

Holders of Common Shares have no pre-emptive or preferential right to purchase any securities of the Company.

Redemption, Retraction and Conversion

The Common Shares are not convertible into shares of any other class or series or be subject to redemption or retraction by the Company or the Shareholders.

Repurchases of Outstanding Common Shares

Under the Company's articles, but subject to the provisions of the OBCA, the Company may, if authorized by the Board, purchase any issued Common Shares in circumstances and on terms determined by the directors and agreed by the holder(s) of such Common Shares. However, the Company may not purchase Common Shares at any time when, immediately following such purchase, it would be unable to pay its debts as they fall due in the ordinary course of business. Subject to the OBCA and applicable securities laws, including issuer bid rules, the Company may, from time to time, with the agreement of a holder, purchase all or part of the holder's Common Shares whether or not the Company has made a similar offer to all or any other of the holders of Common Shares. Unless designated by the Board to be held as "treasury shares", any repurchased Common Shares will be treated as cancelled and such Common Shares will be available for re-issue as determined by the Board.

Other

There are no sinking or purchase fund provisions, no provisions permitting or restricting the issuance of additional securities or any other material restrictions, and there are no provisions which are capable of requiring a security holder to contribute additional capital.

Stock Options

The Company maintains the Stock Option Plan for directors, officers, employees and consultants of the Company and its subsidiaries, which was established on June 30, 2020. As at November 30, 2020, 10,062,000 Stock Options were issued and outstanding and as of the date hereof there are 10,312,000 Stock Options issued and outstanding.

Warrants

As at November 30, 2020, the Company had 2,249,200 Broker Warrants outstanding. 512,000 and 1,737,200 Broker Warrants may be exercised at a price of $0.10 until May 22, 2022 and June 1, 2022, respectively, for one Common Share.

As of the date hereof: (i) the Company has 1,139,000 Broker Warrants outstanding, 512,000 and 1,737,200 Broker Warrants may be exercised at a price of $0.10 until May 22, 2022 and June 1, 2022, respectively, for one Common Share; (ii) 22,395,365 Warrants outstanding, which may be exercised at a price of $0.43, subject to the Warrant Acceleration until February 17, 2024; and (iii) 1,491,000 Underwriters' Warrants outstanding. Each Underwriters' Warrant may be exercised at $0.31 until February 17, 2024, for one Common Share and Warrant.

MARKET FOR SECURITIES

Trading Price and Volume

On October 22, 2020, the Common Shares began trading on the CSE under the trading symbol "PSYC".

Month	Volume	High	Low
February 1 – 19, 2021	19,730,510	$0.75	$0.35
January 2021	20,019,138	$0.49	$0.25
December 2020	30,635,888	$0.44	$0.19
November, 2020	18,644,881	$0.28	$0.10
October 22 – 31, 2020	8,285,440	$0.26	$0.10

Prior Sales

The following table summarizes details of the following securities that are not listed or quoted on a marketplace issued by the Company during the 12-month period between December 1, 2019 and November 30, 2020 and up to the date hereof:

Date	Type of Security Issued	Issuance/Exercise Price per Security	Number of Securities Issued	Expiry Date
February 17, 2021	Warrants	$0.43[(1)]	22,395,365	February 17, 2024
February 17, 2021	Underwriters' Warrants	$0.31	1,491,000	February 17, 2024
December 3, 2020	Stock Option	$0.225	250,000	December 3, 2025
November 24, 2020	Stock Option	$0.185	750,000	November 24, 2025
November 13, 2020	Stock Option	$0.145	500,000	November 13, 2025
October 23, 2020	Stock Option	$0.15	1,500,000	October 23, 2025
July 13, 2020	Stock Option	$0.10	7,312,000	July 13, 2025
June 1, 2020	Broker Warrants	$0.10	1,737,200	June 1, 2022
May 22, 2020	Broker Warrants	$0.10	632,000	May 22, 2022

Note:

(1) Subject to the Warrant Acceleration.

The following table summarizes the issuances of securities of Psyched Subco within the 12 months prior to the date hereof. The Company acquired all issued and outstanding Psyched Subco Shares pursuant to the Share Exchange, whereby the holders of Psyched Subco Shares exchanged their shares for Common Shares on the ratio of 1:1, upon closing of the Share Exchange.

Date	Securities Issued	Aggregate Issue Price before share issuance costs	Issue Price per Psyched Subco Share	Nature of Consideration Received
March 25, 2020	2,970,000 Psyched Subco Shares	$14,850.00	$0.005	Cash
March 25, 2020	15,029,900 Psyched Subco Shares [(1)]	$75,149.50	$0.005	Services

Note:

(1) Out of the 15,029,900 Psyched Subco Shares issued, 2,970,000 Psyched Subco Shares were issued to arm's length parties of both the Company and Psyched Subco, and 12,250,000 Psyched Subco were issued to the following officers and directors of Psyched Subco: Jeffrey Stevens, CEO of Psyched Subco – 4,150,000; S4 Management Group Inc. (a company controlled by Mr. Stevens, CEO of Psyched Subco) – 1,799,900; David Shisel, COO of Psyched Subco – 4,500,000; Michael Nederhoff, director of Psyched Subco – 1,125,000; and Nicholas Kadysh, director of Psyched Subco – 675,000.

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTIONS ON TRANSFER

Escrowed Securities

The table immediately below sets out the number of securities held by the Related Persons of the Company who are parties to the escrow restrictions under the Escrow Agreement:

Designation of Class Held in Escrow	Number of Securities	Percentage of class
Common Shares[(1)(2)(3)(4)]	15,345,000	11.95%

Notes:

(1) As the Company will be classified as an emerging issuer pursuant to NP 46-201, the securities will, in accordance with NP 46-201, be released from escrow in stages over a 36 month period from the completion of the Listing with 10% released immediately upon the Listing and 15% of such escrowed securities released on the 6, 12, 18, 24, 30 and 36 month anniversaries of the date of the Listing.

(2) Common Shares subject to the NP 46-201 escrow will be held by the Escrow Agent and will be released pursuant to the terms set out in the Escrow Agreement.

(3) 12,262,500 Common Shares that are subject to the Escrow Agreement are also subject to the Pooling Agreement, such that if a number of securities is released from escrow they will continue to be subject to the Pooling Agreement if the Pooling Agreement conditions require such, and vice versa.

(4) None of the Related Persons hold Broker Warrants nor Underwriters' Warrants, as such there are no Broker Warrants nor Underwriters' Warrants that are subject to the Escrow Agreement.

Pooled Securities

The table immediately below sets out the number of securities held by certain securityholders of the Company who are parties to the voluntary Pooling Agreement.

Designation of class of securities subject to the Pooling Agreement	Number of Securities	Percentage of class
Common Shares	14,081,374	10.96%

On May 5, 2020, the Company entered into the Pooling Agreement with certain holders of Common Shares, including the subscribers to the Seed Financing and Debt Settlement, as well as certain holders of Common Shares issued to former shareholders of Psyched Subco pursuant to the Share Exchange, whereby these individuals have agreed to certain restrictions on the resale of the Common Shares.

On December 9, 2020, the Company, Pooling Agent and certain holders of Common Shares entered into the Pooling Amendment Agreement.

Originally, the Pooled Shares to be held by the Pooling Agent were to be released on the following basis:

(a) 25% on July 25, 2020 (the release has been completed);

(b) 25% on the earlier of (i) 6 months following the Listing of the Pooled Shares or (ii) the Company providing the Pooling Agent with written notice that the 10 day volume weighted average trading price of the Pooled Shares equals or exceeds an amount which is 2 times the greater of $0.10 per Common Share or the price of any Common Shares offered in a Series A Financing of the Company prior to or after Listing, but in any event no later than March 25, 2021;

(c) 25% on the earlier of (i) 12 months following the Listing, or (ii) the Company providing the Pooling Agent with written notice that the 10 day volume weighted average trading price of the Pooled Shares equals or exceeds an amount which is 2.5 times the greater of $0.10 per Common Share or the price of any Common Shares offered in a Series A Financing of the Company prior to or after Listing, but in any event no later than March 25, 2022; and

(d) 25% on the earlier of (i) 18 months following the Listing or (ii) the Company providing the Pooling Agent with written notice that the 10 day volume weighted average trading price of the Pooled Shares equals or exceeds an amount which is 3 times the greater of $0.10 per Common Share or the price of Common Shares offered in a Series A Financing prior to or after the Listing, but in any event no later than March 25, 2023.

As of December 9, 2020, 50% of the Pooled Shares had been released and pursuant to the Pooling Amendment Agreement, the remaining 50% of the Pooled shares are to be release in 5 equal tranches of 10% every other month, over the next 10 months, beginning on January 31, 2021 and on the last day of each second month thereafter.

DIRECTORS AND OFFICERS

Name, Occupation and Security Holding

As of the date of this AIF, the following table sets out the name, province or state, and country of residence, positions and offices held with the Company, the period during which each director has served as a director and the principal occupations of each of the directors and executive officers. Directors of the Company hold office until the next annual meeting of Shareholders or until their successors are duly elected or appointed.

As of the date of this AIF, the directors and executive officers of the Company as a group beneficially owned or controlled or directed, directly or indirectly, Common Shares representing approximately 13.74% of the outstanding Common Shares on a non-diluted basis.

Name, Province and Country of Residence, Position	Position Since	Number of Common Shares Beneficially Held	Principal Occupation During Past 5 Years

Jeffrey Stevens Scarborough, ON, Canada *Chief Executive Officer and Director*	May 5, 2020	6,200,000[(2)] 4.83%	Mr. Stevens' principal occupations during the past 5 years included officer and director positions with various small-cap and micro-cap Canadian issuers. Mr. Stevens has been a director of Global UAV Technologies Ltd. (CSE:UAV), a technology company that provides products and services in the unmanned aerial vehicles space, from May 2020 to present. Mr. Stevens was previously CEO and Chairman of Graph Blockchain (CSE:GBLC), a blockchain company designing private blockchain solutions for large enterprise and government agencies, from February 2019 to January, 2020. Mr. Stevens was COO and President of Datametrex AI Ltd. (TSXV:DM), an artificial intelligence and machine learning company focused on social data discovery, from October 2016 to April 2020.
David Shisel Tel-Aviv, Israel *Chief Operating Officer*	May 5, 2020	4,500,000 3.50%	Mr. Shisel's principal occupations during the past 5 years includes senior management positions with various companies in the Israeli-based medical cannabis companies with a focus on Israel and Europe, as well as a cannabis-focused legal practice.
Keith Li Markham, ON, Canada *Chief Financial Officer and Corporate Secretary*	January 27, 2020	Nil N/A	Mr. Li's principal occupations during the past 5 years includes CFO positions with various public companies.
Michael Nederhoff [(1)] Saskatoon, SK, Canada *Chairman of the Board*	May 5, 2020	1,975,000 1.54%	Mr. Nederhoff has been the President of Juul Labs Canada, an electronic cigarette company, since August 2018. Mr. Nederhoff has been an owner of Wilro Consulting, an independent agency specializing in sales, marketing, distribution, brand management and new product development for the Canadian marketplace, since July 2015. Mr. Nederhoff was a General Manager of CytoSport Inc., a sports nutrition and functional beverage company, from 2012 to August 2018.
Terry Booth [(1)] Edmonton, AB, Canada *Director*	May 5, 2020	3,762,500[(3)] 2.93%	Mr. Booth was the CEO of Aurora Cannabis Inc., from December 2014 to February 2020, and a director from December 2014 to June 2020. Mr. Booth was a director of Radient Technologies Inc., a commercial manufacturer of cannabis derivatives, formulations, and products, from November 2017 to February 2019. Mr. Booth was a director of Alcanna Inc., the largest alcohol retailer in Canada from March 2018 to May 2019. Mr. Booth has been an Executive Chairman of Binovi Technologies Corp. (formerly Eyecarrot Innovations Corp.), a TSXV-listed company focused on the development and commercialization of visual and neuro-cognitive processing products, since May 2020.
Nicholas Kadysh Toronto, ON, Canada *Director*	May 5, 2020	1,125,000 0.88%	Mr. Kadysh has been the Head of Corporate Affairs of Juul Labs Canada, an electronic cigarette company, since October 2018. Mr. Kadysh was Government Affairs Leader and Senior Counsel, Public Policy of GE Canada, a Canadian manufacturer of electrical products, from March 2017 to October 2018. Mr. Kadysh was Director of Public Affairs for Red Bull Canada, an energy drink company from April 2013 to March 2017.

Chris Hazelton [(1)(4)] Barrie, ON, Canada *Director*	March 5, 2020	90,000 0.07%	Mr. Hazelton has been the CEO of Universal PropTech Inc. (formerly SustainCo Inc.) (TSXV:UPI, a leading provider of sustainable infrastructure solutions and services, since June 2020, prior to which, he was the CFO from September 2014 to June 2020.
David Nutt London, UK *Director*	November 16, 2020	Nil N/A	David Nutt is a psychiatrist at the Edmond J. Safra Professor of Neuropsychopharmacology in the Division of Brain Science, Dept. of Medicine, Hammersmith Hospital, Imperial College London and is the Chair of the Scientific Advisory Board for COMPASS Pathways.

Notes:

(1) Current members of the Audit Committee.
(2) 1,800,000 Common Shares are owned by S4 Management Group Inc., a corporation 100% owned by Mr. Stevens. and 4,150,000 Common Shares are owned by Mr. Stevens personally.
(3) 3,500,000 Common Shares are owned by Lola Ventures Inc., a corporation 100% owned by Mr. Booth.
(4) Mr. Hazelton also acts as the Chair of the Audit Committee.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Cease Trade Orders

Other than as set out below, to the knowledge of the Company, no director is, as at the date of this AIF, or has been, within the 10 years before the date of this AIF, a director, chief executive officer or chief financial officer of any company (including the Company), that:

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

(b) was subject to a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer 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;

Keith Li was a CFO of Beleave Inc., a CSE-listed company, from April 13, 2020 to April 17, 2020 which has been subject to a cease trade order issued by the Ontario Securities Commission on April 17, 2020, for failure to file certain continuous disclosure materials as required by Ontario securities law, as the previously filed financial statements were incomplete and omitted various required disclosures. The cease trade order expired on May 2, 2020, and the securities of Beleave Inc. were reinstated for trading on the CSE on May 4, 2020.

Keith Li has been a CFO of BitRush Corp. since December 19, 2018, which has been subject to a cease trade order issued by the Ontario Securities Commission since December 2, 2016. The Ontario Securities Commission issued a partial revocation order on April 29, 2019, in respect of the cease trade order, pursuant to which BitRush Corp. was permitted to undertake a private placement and complete certain other securities issuances. The cease trade order continues to be in effect.

Mr. Stevens was a director of Greatbanks Resources Ltd. (currently, Goldhills Holding Ltd.) from July 10, 2015 to April 24, 2017, which was subject to a cease trade order by the British Columbia Securities Commission on December 11, 2015, for failure to file the required financial statements and MD&A. The

cease trade order was revoked on March 21, 2016, after the company completed the required filings.

Bankruptcies, Penalties and Sanctions

Other than as set out below, to the knowledge of the Company, no director, executive officer or shareholder:

(a) is, as at the date of this AIF, or has been within the 10 years before the date of the AIF, a director or executive officer of any company (including the 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;

(b) has, within the 10 years before the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become 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, executive officer or shareholder; or

(c) has been subject to:

    i. any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

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

Mr. Nederhoff completed a consumer proposal in October 2019 (that arose in 2017) that was administered by BDO Canada Limited.

Conflicts of Interest

The directors and officers of the Company and its subsidiaries are required by law to act honestly and in good faith with a view to the best interests of the Company and its subsidiaries, as the case may be, and to disclose any interests, which they may have in any project or opportunity of the Company or its subsidiaries. If a conflict of interest arises at a meeting of the Board, any director in a conflict will disclose his or her interest and abstain from voting on such matter. It is expected that all conflicts of interest will be resolved in accordance with the provisions of the OBCA.

To the best of the Company's knowledge, there are no known existing or potential conflicts of interest among the Company and its subsidiaries, and directors, officers or other members of management of the Company or its subsidiaries. Some of the directors and officers serve as directors and officers of other companies, and therefore it is possible that a conflict may arise between their duties to the Company and its subsidiaries and their duties as a director or officer of such other companies. Please see *"Risk Factors*" above.

PROMOTERS

The following table below sets out the Common Shares owned by persons who may be considered

Promoters, as defined in the *Securities Act* (Ontario):

Person or Company Name	Number of Common Shares	% of total issued and outstanding Common Shares
Jeffrey Stevens[(1)]	6,200,000[(1)]	4.83%
David Shisel	4,500,000	3.50%
Total	10,700,000	8.33%

Note:

(1) 1,800,000 Common Shares are owned by S4 Management Group Inc., a corporation 100% owned by Mr. Stevens. and 4,150,000 Common Shares are owned by Mr. Stevens personally.

Other than as disclosed in the Listing Statement, no person who was a Promoter of the Company within the last two years before the date of this AIF:

1. Received, or is expected to receive, anything of value directly or indirectly from the Company or a subsidiary; or

2. Sold, otherwise transferred, or is expected to sell or transfer any asset to the Company or a subsidiary.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

The Company is not, and was not during the most recently completed financial year, or from the end of the most recently completed financial year to the date of this AIF, a party to, nor was any of its property the subject of, any legal proceedings or regulatory actions material to the Company, and no such proceedings or actions are known to be contemplated.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except for the interests of the directors and officers of the Company in the fees that the Company expects to pay them as consideration for their services to the Company pursuant to Stevens Agreement, Shisel Agreement, Nederhoff Agreement and Kadysh Agreement and the interests of Jeffrey Stevens, David Shisel, Michael Nederhoff, Nicholas Kadysh in the Share Exchange Agreement, as shareholders of Psyched Subco, (the terms of which, as well as the amount remuneration received by each of Messrs, Stevens, Shisel, Nederhoff and Kadysh from Psyched Subco are disclosed in *Section 15 – Executive Compensation* of the Listing Statement), the following persons or companies do not have any material interest, direct or indirect, in any transaction within the three years before the date of the AIF, or in any proposed transaction, that has materially affected or will materially affect the Company or Psyched Subco:

(a) any director or executive officer of the Company;

(b) a person or company that is the direct or indirect beneficial owner of, or who exercises control or direction over, more than 10% of the Company's outstanding Common Shares; and

(c) an associate or affiliate of any of the persons or companies referred to in paragraphs (a) or (b).

TRANSFER AGENTS AND REGISTRARS

TSX Trust Company, 100 Adelaide St W #301, Toronto, ON M5H 1S3 is the transfer agent and registrar

for the Common Shares of the Company.

MATERIAL CONTRACTS

Except for contracts made in the ordinary course of business, the following are the material contracts entered into by the Company within two years prior to the date hereof and which are currently in effect:

(a) Share Exchange Agreement. Please see "*General Development of the Business – The Share Exchange*" for details of the Share Exchange Agreement;

(b) Stevens Agreement. Please see "*Section 15 – Executive Compensation*" of the Listing Statement for details of the Stevens Agreement;

(c) Shisel Agreement. Please see "*Section 15 – Executive Compensation*" of the Listing Statement for details of the Shisel Agreement;

(d) Escrow Agreement with Escrow Agent and certain shareholders. Please see "*Section 11.1 – Escrowed Securities*" of the Listing Statement for details;

(e) Pooling Agreement. Please see "*Section 11.2 – Escrowed and Pooled Securities*" of the Listing Statement for details;

(f) Pooling Amendment Agreement. Please see "*Pooled Securities*" for details on the Pooling Amendment Agreement;

(g) First Research Services Agreement. Please see "*General Development of the Business*" for details on the First Research Services Agreement; and

(h) Second Research Services Agreement. Please see "*Description of the Business*" for details on the Second Research Services Agreement.

The Company's material contracts described above are filed under the Company's profile on SEDAR at www.sedar.com.

AUDIT COMMITTEE INFORMATION

Audit Committee Charter

The text of the Audit Committee Charter is attached hereto as Schedule "A".

Composition of the Audit Committee

Name	Independence[(1)]	Financial Literacy[(2)]
Christopher Hazelton[(3)]	Independent	Financially Literate
Terry Booth	Independent	Financially Literate
Michael Nederhoff	Independent	Financially Literate

Notes:

(1) Pursuant to NI 52-110, an audit committee member is independent if he or she has no direct or indirect "material relationship" (as such term is defined in NI 52-110) with the issuer.

(2) Pursuant to NI 52-110, an individual 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.

(3) Mr. Hazelton serves as chair of the Audit Committee.

Relevant Education and Experience

Set out below is a description of the education and experience of each audit committee member that is relevant to the performance of his responsibilities as an audit committee member.

Christopher Hazelton – Mr. Hazelton comes with a wealth of experience in auditing, corporate finance and corporate governance in various industries such as manufacturing, retail, technology, not-for-profit and merchant banking. He currently serves as the CEO of Universal PropTech Inc. (formerly SustainCo Inc.) (TSXV:UPI) for a leading provider of sustainable infrastructure solutions and services. Mr. Hazelton has been serving as controller and supervisor for multiple public and private companies since 1998. Mr. Hazelton is a member of Certified General Accountants Association of Ontario and has a Bachelor of Commerce degree from McMaster University.

Terry Booth – Mr. Booth is the co-founder and former CEO of Aurora Cannabis Inc. Prior to founding Aurora, Mr. Booth had been in the industrial permitting and governmental regulatory sector for over 20 years. Mr. Booth has served as President/CEO of six other highly successful businesses.

Michael Nederhoff – Mr. Nederhoff has over 25 years of experience within the consumer-packaged goods sector and is currently the president of JUUL Labs (Canada). Mr. Nederhoff is a graduate of the University of Saskatchewan and holds a Bachelor of Commerce degree, as well as, a mini MBA from the University of Calgary.

Audit Committee Oversight

At no time since the commencement of the Company's most recently completed financial year was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board.

Reliance on Certain Exemptions

Since the commencement of the Company's most recently completed financial year, and since the commencement of the preceding financial year, the Company has not relied on the exemption in Section 2.4 of NI 52-110 (De Minimis Non-audit Services) or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110.

Pre-Approval Policies and Procedures

The Audit Committee has adopted specific policies and procedures for the engagement of non-audit services as described in Schedule "A" attached hereto.

External Auditor Service Fees

The aggregate fees billed by the Company's external auditors during the financial years ended November 30, 2020 and 2019 were as follows:

Financial Year Ended November 30	Audit Fees[(1)]	Audit-Related Fees[(2)]	Tax Fees[(3)]	All Other Fees[(4)]
2020	$9,339	Nil	$500	Nil
2019	$9,000	Nil	$3,000	Nil

Notes:

(1) "Audit Fees" include fees necessary to perform the annual audit and quarterly reviews of the Company's consolidated financial statements. Audit Fees include fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit Fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.

(2) "Audit-Related Fees" include services that are traditionally performed by the auditor. These audit-related services include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.

(3) "Tax Fees" include fees for all tax services other than those included in "Audit Fees" and "Audit-Related Fees." This category includes fees for tax compliance, tax planning and tax advice. Tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.

(4) "All Other Fees" include all other non-audit services.

Other

The Company is relying on the exemption provided in section 6.1 of NI 52-110 as the Company is a "venture issuer" and is exempt from the requirements of Part 3 (Composition of Audit Committee) and Part 5 (Reporting Obligations) of NI 52-110.

INTERESTS OF EXPERTS

The auditors of the Company, Clearhouse LLP, Chartered Accountants, are independent with respect to the Company, in accordance with the Rules of Professional Conduct of the Chartered Professional Accountants of Ontario.

Neither Clearhouse LLP nor any of their Associates or Affiliates beneficially owns, directly or indirectly, any securities of the Company or any related person of the Company or has received or will receive any direct or indirect interests in the property of the Company or any related person of the Company nor is a director, officer or employee of Clearhouse LLP or any of its Associates or Affiliates expected to be elected, appointed or employed as a director, officer or employee of the Company or any Associate or Affiliate thereof.

ADDITIONAL INFORMATION

Additional information regarding the Company can be found on SEDAR at www.sedar.com.

Additional information regarding the Company including the directors' and officers' remuneration and indebtedness, principal holders of the Company's securities and securities authorized for issuance under equity compensation plans is contained in the Company's management information circular for the security holder's meeting that was held on June 30, 2020. The circular is filed on SEDAR.

Additional financial information is provided in the Company's financial statements and management's discussion and analysis for the November 30, 2020 fiscal year.

SCHEDULE "A" – AUDIT COMMITTEE CHARTER

PSYCHED WELLNESS LTD.

AUDIT COMMITTEE CHARTER

The overall purpose of the audit committee (the "**Committee**") of the board of directors (the "**Board**") of Psyched Wellness Ltd. (the "**Corporation**") will be to carry out the functions associated with an audit committee of an issuer of the size and nature of the Corporation. The purpose of the Committee is to ensure that the Corporation's management has designed and implemented an effective system to review and report on the integrity of the consolidated financial statements, operational and financial risk management sand internal controls of the Corporation. The Committee will also review the Corporation's compliance with regulatory and statutory requirements as they relate to financial statements, taxation matters and disclosure of material facts with respect to such matters. As part of this mandate, the Committee shall take all necessary steps to ensure compliance by the Corporation with all laws and regulatory policies, rules, regulations and instruments pertaining to audit and financial reporting that are applicable to the Corporation from time to time (the "**Applicable Laws**").

COMPOSITION, PROCEDURES AND ORGANIZATION

1. The Committee shall consist of not less than three members of the Board, of whom:

    a. must meet any independence tests; and

    b. must satisfy any financial literacy or other competency standards,

as set out under Applicable Laws, except as may be allowed under any applicable exemptions provided for under Applicable Laws or any exemption orders obtained from applicable regulatory authorities.

2. The Board, at its organizational meeting held in conjunction with each annual general meeting of the shareholders, shall appoint the members of the Committee for the ensuing year. The Board may at any time remove or replace any member of the Committee and may fill any vacancy in the Committee.

3. Unless the Board shall have appointed a chair of the Committee, the members of the Committee shall elect a chair (the "**Chair**") from amongst their number.

4. The secretary of the Corporation shall be the secretary of the Committee, unless otherwise determined by the Committee.

5. The quorum for meetings shall be a majority of the members (the "**Members**") of the Committee, present in person or by telephone or other telecommunication device that permits all persons participating in the meeting to speak and to hear each other.

6. The Committee shall have access to such officers and employees of the Corporation and of the other consolidated subsidiaries of the Corporation, and to the Corporation's external auditors and to such information respecting the Corporation, as the Committee considers to be necessary or advisable in order to perform its duties and responsibilities.

7. Meetings of the Committee shall be conducted as follows:

a. Meetings of the Committee shall be scheduled to take place at regular intervals, and in any event, not less frequently than quarterly and be at such locations as may be requested by the Chair. The Corporation's external auditors or any member of the Committee may request a meeting of the Committee;

b. the Corporation's external auditors shall receive notice of and have the right to attend all meetings of the Committee; and

c. the chief executive officer and the chief financial officer of the Corporation shall be invited to attend all meetings of the Committee, except executive sessions and private sessions with the external auditors. Other management representatives of the Corporation shall be invited to attend as necessary.

8. The internal auditors of the Corporation (if any) and the external auditors of the Corporation shall have a direct line of communication to the Committee through the Chair. The Corporation shall require the external auditors of the Corporation to report directly to the Committee. The internal auditor (if any) shall report directly and solely to the Chair of the Audit Committee.

DUTIES AND RESPONSIBILITIES

9. The overall duties and responsibilities of the Committee shall include:

a. assisting the Board in the discharge of its responsibilities relating to the Corporation's accounting principles, reporting practices and internal controls and approving the Corporation's annual and quarterly consolidated financial statements;

b. establishing and maintaining a direct line of communication with the Corporation's internal (if any) and external auditors and assessing their performance;

c. ensuring that the management of the Corporation has designed, implemented and is maintaining an effective system of internal controls for the Corporation; and

d. reporting regularly to the Board on the fulfilment of the duties and responsibilities of the Committee.

10. The duties and responsibilities of the Committee as they relate to the external auditors shall include:

a. recommending to the Board a firm of external auditors to be engaged by the Corporation;

b. reviewing and approving the fee, scope and timing of the audit and other related services rendered by the external auditors;

c. overseeing the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation, including the resolution of disagreements between management of the Corporation and the external auditor regarding financial reporting;

d. reviewing the audit plan of the external auditors prior to the commencement of the audit;

e. reviewing with the external auditors, upon completion of their audit:

(i) contents of their report;

(ii) scope and quality of the audit work performed;

(iii) adequacy of the Corporation's financial and auditing personnel;

(iv) co-operation received from the Corporation's personnel during the audit;

(v) internal resources used;

(vi) significant transactions outside of the normal business of the Corporation; and

(vii) significant proposed adjustments and recommendations for improving internal accounting controls, accounting principles or management systems.

f. pre-approving all, non-audit services to be provided to the Corporation by the Corporation's external auditor in accordance with Applicable Laws.

11. The Committee shall hold meetings with the external auditors at least once a year without the presence of management of the Corporation prior the approval of the audited annual financial statements of the Corporation and at such other times as determined necessary or appropriate by the Committee.

12. The duties and responsibilities of the Committee as they relate to the Corporation's internal auditors (if any) shall include:

a. periodically reviewing the internal audit function with respect to the organization, staffing and effectiveness of the internal audit department;

b. reviewing and approving the internal audit plan; and

c. reviewing significant internal audit findings and recommendations, and management's response thereto.

13. The duties and responsibilities of the Committee as they relate to the internal control procedures of the Corporation are to:

a. ensure adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements and periodically assess the adequacy of those procedures;

b. review the appropriateness and effectiveness of the Corporation's policies and business practices which impact on the financial integrity of the Corporation, including those relating to internal auditing, insurance, accounting, information services and systems and financial controls, management reporting and risk management;

c. review compliance with any business conduct policy that the Corporation may put in place and periodically review this policy and recommend to the Board changes which the Committee may deem appropriate;

d. review any unresolved issues between management and the external auditors that could affect the financial reporting or internal controls of the Corporation; and

e. periodically review the Corporation's financial and auditing procedures and the extent to which recommendations made by the internal audit staff or by the external auditors have been implemented.

14. The Committee is also charged with the responsibility to:

a. review and approve the Corporation's financial statements (annual and interim) and management's discussion and analysis (annual and interim) as well as the financial sections of prospectuses and other public reports requiring approval by the Board before such documents are publicly disclosed by the Corporation;

b. review regulatory filings and decisions as they relate to the Corporation's consolidated financial statements;

c. review the minutes of any audit committee meeting of associated companies, partnerships or trusts;

d. review with management, the external auditors and if necessary with legal counsel, any litigation, claim or other contingency, including tax assessments that could have a material affect upon the financial position or operating results of the Corporation and the manner in which such matters have been disclosed in the consolidated financial statements;

e. establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters;

f. establish procedures for the confidential, anonymous submission by employees of the Corporation or any other consolidated subsidiary of the Corporation of concerns regarding questionable accounting or auditing matters;

g. review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Corporation; and

h. develop a calendar of activities to be undertaken by the Committee for each ensuing year and to submit the calendar in the appropriate format to the Board following each annual general meeting of shareholders.

15. The Committee has the authority:

a. to engage independent counsel and other advisors as it determines necessary to carry out its duties; and

b. to set and pay the compensation for any advisors employed by the Committee.