Psyched Wellness Ltd.

Management's Discussion and Analysis

For the Year Ended November 30, 2024

The following is the Management's Discussion and Analysis ("MD&A") of the results of operations and financial condition of Psyched Wellness Ltd. ("Psyched Wellness", "we" or the "Company") as at and for the year ended November 30, 2024. This MD&A was written to comply with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. This MD&A should be read in conjunction with the Company's audited consolidated financial statements and related notes for the years ended November 30, 2024 and 2023 (the "2024 Financials"). The 2024 Financials and the financial information contained in this MD&A are prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS"). In the opinion of management, all adjustments considered necessary for a fair presentation have been included. All figures are expressed in Canadian dollars ("$" or "CAD") unless stated otherwise. This MD&A also covers the subsequent period up to March 28, 2024.

Forward-Looking Statements

Certain statements contained in this MD&A and in certain documents incorporated by reference into this MD&A, constitute forward-looking statements, within the meaning of applicable securities laws ("forward-looking statements"). Such statements relate to future events or the Company's future performance. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "potential", "targeting", "intend", "could", "might", "should", "believe", "prospect", "future", "possible", "can", "speculative", "perhaps" and similar expressions.

Forward-looking information and statements included throughout this MD&A include, but are not limited to, statements pertaining to the following:

- the Company's objective to create premium mushroom-derived products that have the potential to become a leading North American brand in the emerging functional food category;
- the Company's regulatory strategy to launch its Amanita Muscaria Extract (AME-1)-derived consumer products in-stores in the United States (the "U.S.") market;
- the Company's plans to, over the next 12 months, sell a line of mushroom-infused functional tinctures designed to: (i) soothe the body, (ii) ease physical distress and (iii) assist sleeping;
- the Company's plan to expand on branding, sales and marketing efforts in the U.S. focusing on select high-end retailers and the direct -to-consumer ("D_2C") market;
- the Company's plan to commence research and development ("R&D") for additional products; and
- the Company's ability to identify joint venture opportunities for white labelling AME-1 with other brands.

Forward-looking information and statements included throughout this MD&A are based on a number of factors and assumptions which have been used to develop such statements and information, but which may prove to be incorrect. including, but not limited to, assumptions about:

- the Company having sufficient funds to meet the application requirements; and
- the Company maintaining a working relationship with its contract manufacturing organization ("CMO") partner.

Although the Company believes that the expectations reflected in those forward-looking statements are reasonable, no assurance can be given that these expectations will prove to be correct. As such, forward-looking statements included in this MD&A and in the documents incorporated by reference into this MD&A should not be unduly relied upon. Further, readers are cautioned that forward-looking statements involve known and unknown risks, uncertainties and other factors (many of which are beyond the Company's ability to predict or control) that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. In particular, the Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth below and elsewhere in this MD&A, which should not be considered exhaustive:

- general economic conditions in Canada and the U.S., including reduced availability of debt and equity financing generally;
- governmental regulation of the industry or industries within which the Company may be engaged in from time to time, including environmental regulations;
- fluctuation in foreign exchange or interest rates;
- inflationary pressures exerted on the economy which may increase prices of the Company's products;
- liabilities inherent in the operations of the Company as a participant in the mushroom-derived functional food product group;
- general business and market conditions which may impact sales of the Company's products;
- the Company's inability to develop third party relationships and engage resources to achieve its business objectives;
- the Company's inability to create premium mushroom-derived products that have the potential to become a leading North American brand in the emerging functional food category;

- the Company's inability to secure a long-term manufacturing agreement to produce AME-1 and Calm.
- the Company's inability to secure sufficient quantities of high quality raw material for its production plans – raw materials sourced for 2025/2026;
- the Company's inability to establish sales channels for the Company's products in the U.S. and explore potential sales channels for Canada, Europe and Asia in 2023;
- the Company's inability to commence R&D for additional products; and
- the Company's inability to identify joint venture opportunities for white labelling the AME-1 with other brands.

Forward-looking statements contained in this MD&A and the documents incorporated by reference into this MD&A speak only as of the date of this MD&A, or as of the date specified in the documents incorporated by reference into this MD&A, as the case may be. The Company does not intend, and does not assume any obligation, to update or revise these forward-looking statements, except as required pursuant to applicable securities laws. The forward-looking statements contained in this MD&A and the documents incorporated by reference herein are expressly qualified by this cautionary statement.

Description of Business

Psyched Wellness is a Canadian-based health supplements company dedicated to the research and distribution of mushroom-derived products and associated consumer packaged goods. The Company's objective is to create premium mushroom-derived products that have the potential to become a leading North American brand in the emerging functional food category.

The Company's common shares are listed on the Canadian Securities Exchange (the "CSE") under the ticker symbol "PSYC." The Company's common shares are also listed in the United States (the "U.S.") on the OTCQB® Venture Market under the ticker symbol "PSYCF," and in Germany on the Frankfurt Stock Exchange under the ticker symbol "5U9". The Company's registered office address is 36 Toronto Street, Suite 701, Toronto, Ontario, M5C 2C5.

Corporate Developments

On March 8, 2024, the Company announced the departure of Matthew Singh, as Chief Commercial Officer ("CCO") of Psyched Wellness effective March 5, 2024.

On April 19, 2024, the Company announced that it had entered into a master services agreement (the "Master Services Agreement") with Zerkalo, LLC, a New York partnership ("Zerkalo"), pursuant to which the Company has engaged Zerkalo for product development, marketing, distribution and supply chain set up for a product derived from AME-1 (the "Product"), in accordance with the terms and conditions of the Master Services Agreement and accompanying statement of work (the "SOW" and together with the Master Services Agreement, the "Transaction Documents") for a period of the greater of: (x) 30 months and (y) the time required to complete any services still outstanding pursuant to the Transaction Documents at the end of the 30-month period.

Pursuant to the terms and conditions of the Transaction Documents, the Company will allocate a budget $2,250,000 USD in cash towards Zerkalo, payable in ten quarterly installments of $225,000 USD to achieve the milestones outlined in the SOW and issue to Zerkalo an aggregate of 35,066,632 advisory warrants (each, an "Advisory Warrant") within 1-day of signing the Transaction Documents. These milestones include, but are not limited to, the creation of a brand/brand identity, product development/formulation, packaging conception and execution, development of marketing material, sales support and merchandising asset development, review and selection of copacker partners and strategy, oversight of pilot and production runs, go-to-market/sales-and-distribution (channel selection, positioning analysis, soft launch with core audience, channel support execution, field sales support strategy and activation, promotional strategy, negotiation and execution), and project management and finance.

On April 30, 2024, the Company issued Zerkalo an aggregate of 35,066,632 Advisory Warrants, exercisable at a price of $0.10 for a period of 60 months from the date of issuance, subject to compliance with the policies of the CSE. 23,377,755 Advisory Warrants shall vest in equal quarterly installments over the span of 10 quarters, and the remaining 11,688,877 Advisory Warrants shall vest only upon completion of the Product's launch.

On April 30, 2024, the Company closed the final tranche (the "Final Tranche") of a non-brokered private placement (the "Offering"). Pursuant to the Final Tranche, the Company issued 48,889,284 units (each a "Unit") at a price of $0.07 per Unit for gross proceeds of $3,422,250 (USD $2,500,000). Each Unit consists of one common share and one warrant (each a "Warrant") exercisable at $0.10 for a period of 60 months from the date of issuance, exercisable on a cashless basis, subject to acceleration and compliance with the policies of the CSE.

In connection with the closing of the Final Tranche, Gotham Green Partners, LLC. ("Gotham") is entitled to designate up to one additional individual to become a member of the Board, replacing one existing member and bringing the total Board representation of Gotham to three members.

On July 17, 2024, the Company announced the appointment of Mr. Kyle Nazareth as its Chief Financial Officer.

On August 6, 2024, the Company announced that it was notified of a supply chain disruption at its sole manufacturing facility in the United States. The facility is operated by a third-party contractor and is used by Psyched Wellness to produce its proprietary extracts AME-1 and Calm. The Company has an existing inventory of products, and consequently the Board and management have determined that online sales will be suspended until such a time that a new contract manufacturer is secured, in order to continue to support its retail sales partners and monthly subscribers. The Company is focused on diligently securing additional co-manufacturers to resume production of AME -1 and Calm as soon as is reasonably possible.

On November 22, 2024, Harrison Aaron, a nominee of Gotham resigned as director of the Company. The Company is pleased to announce that Trevor Mayer has been appointed as a replacement nominee director of Gotham effective November 22, 2024.

Developments subsequent to November 30, 2024

In August 2020, KGK Science ("KGK"), a licensed CRO in Canada, completed a GAP analysis and Path to Market for Psyched Wellness' flagship product as a health supplement. Throughout the fall of 2024 and into 2025, Psyched Wellness engaged various industry and regulatory experts to conduct a comprehensive review of scientific data available in the market since the initial GAP analysis by KGK, as well as the scientific studies completed by the Company. As part of this review, Psyched Wellness is pleased to announce that it will conduct a Genotoxicity Study on its proprietary Amanita Muscaria Extract (AME-1).

The Company is also pleased to announce the successful completion of a production run for AME-1 and Calm. This production run is expected to provide Psyched Wellness with the necessary inventory to fulfill its online and retail orders for Calm and support an immediate supply of extract for the new dietary supplement being developed by Zerkalo. Zerkalo is making significant progress in developing new dietary supplement products using AME-1.

Psyched Wellness continues to work towards securing a long-term manufacturing agreement to meet its growing needs.

On February 5, 2025, the Company issued 750,000 common shares as a result of the exercise of RSUs.

Outlook and Strategy

Psyched Wellness's objective is to create premium mushroom-derived products that have the potential to become a leading North American brand in the emerging functional food category. The Company is exploring the potential of its unique AME-1 formulation and its active compound, muscimol, and intends to maintain sufficient cash to fund operating requirements and its commercial production. Management expects the Company to continue generating revenues in future quarters.

To ensure that the Company has sufficient financial resources in place to carry out its strategy, management has been aggressively promoting and raising Psyched Wellness' profile to the capital markets and within the investment community. The Company's ability to access both public and private capital is dependent upon, among other things, general market conditions and the capital markets generally, market perceptions about the Company and its business operations, and the trading prices of the Company's securities from time to time. When additional capital is required, the Company intends to raise funds through debt or the issuance of equity. Other possible sources include the exercise of stock options and warrants. There can be no assurance that additional funds can be raised upon terms acceptable to the Company, or at all, as funding for early-stage companies remains challenging generally. While the Company has commenced generating revenues, management understands that obtaining new funding is paramount to support its operations in the foreseeable future.

Operations-wise, the Company has the following plans for 2025, where key focus areas include:

- focus on D_2C sales channel and select high-end retailers for the Company's products in the U.S.;
- expand on branding, sales and marketing efforts for the Company's first product (on-going);
- continue our R&D projects for additional products;
- complete R&D for formulations of AME-1 with other active compounds;
- secure a long-term manufacturing agreement;
- identify joint venture opportunities for white labeling the AME-1 with other brands; and
- identify white labeling opportunities for our products with different labels.

Significant Projects

As of the date of this MD&A, the Company is working on several projects which have allowed the Company to generate revenues. The following summarizes a description of such projects, their status, the expenditures made thus far in respect of such projects to date, and how such expenditures relate to anticipated timing and costs to advance the projects to the next stage of the Company's plan for the specific project.

AME-1 additional studies

In April 2021, the Company entered into a Testing and Technical Services Agreement and engaged the National Research Council of Canada to test AME-1 over a two-year period. The study aimed to explore the neuroprotective, anti-inflammatory and antioxidant nature of AME-1 concentrating on gut health and neuroprotection. Preliminary evidence of a neuroprotective role of AME-1 would be a key initial step in the discovery of a new novel health and wellness property of the Amanita Muscaria mushroom.

The Company has currently paused its plans to conduct clinical trials for the purposes of researching structure/function claims of AME-1 (i.e., exploring the role of AME-1 in its ability to promote stress relief, relaxation and assist with restful sleeping), in order to focus its time and resources on *Calm*. The Company is not planning to conduct clinical trials for the purposes of drug development.

Continued research on additional psychedelic plant and fungi

As the Company continues to discover the potential of AME-1, the management team and its Advisory Board will conduct additional research on the many potential mental and physical health issues that AME-1 could benefit from. As muscimol affects the Gaba A receptor, one of the more important receptors in the human brain, it has a unique ability to potentially assist people suffering from various mental and physical health ailments.

Sales channels, branding and marketing efforts

The Company has also been establishing sales channels, branding and marketing efforts to align with the approval of the Self-GRAS dossier in 2022. As a microcap company, management and the Board had pursued establishing a relationship with a CMO to ensure infrastructure is in place for when the Company receives approval to market its products. Given recent supply chain disruptions, the Company is focused on diligently securing additional co-manufacturers to resume production of AME -1 and Calm as soon as is reasonably possible.

In addition, the Company hired an ad agency called DACS Marketing ("DACS") to assist in building the branding and sales channels as this is a new product in the health and wellness category.

Through arrangements with ShipHero and Spacestation, the Company also looks set to fulfill demand on Calm across the U.S.

Unlike Psilocybin, our Amanita Muscaria tinctures with AME-1 are and will be available for sale at traditional retailers and without a prescription.

Psyched Wellness will strategically partner with distributor partners to maximize phased retail coverage, throughout the entire U.S. The supply chain model is designed to grow and scale efficiently as numerical distribution increases.

Regulatory Overview

The Company does not directly engage in any activities that would trigger the need to comply with any federal laws related to psychedelic substances, as Amanita Muscaria mushrooms are not controlled or scheduled under any of the applicable regulations or legislation, including the *Controlled Drugs and Substances Act* (Canada), and the *Controlled Substances Act* (United States). The Company is neither directly nor indirectly involved with illegal selling, production, or distribution of any substances in the jurisdictions in which it operates.

Upon completing pre-clinical studies in 2022, the Company began commercialization of its products. The Company is focused on the U.S market at this present time and will revisit obtaining approvals to commercialize the product in Asia and Europe when it is deemed appropriate from a business perspective. The Company may still submit an application to the FDA for AME-1 as an NDI in the future. In addition, Canada remains a jurisdiction of interest for the Company, but the immediate focus is on the U.S. and countries that will list the product with the same criteria as the U.S. with our Self-GRAS. For more information on the relevant regulatory frameworks which affect the Company's operations in the U.S., please see below.

In the U.S., various activities relating to controlled substances are regulated by the *Controlled Substances Act* (United States). The *Controlled Substances Act* (United States) establishes five "schedules" into which a substance with abuse potential may be classified. Neither the Amanita Muscaria mushroom, nor its constituents, including muscimol, appear in any of the Schedules of the *Controlled Substances Act* (United States) and are therefore not considered controlled substances in the U.S. The Company's proposed products that contain Amanita Muscaria derived water-based extracts would be treated as dietary supplements, a category of food in the U.S., for regulatory purposes.

The governing food and drug law in the U.S. is the *Food, Drug and Cosmetic Act* (United States) (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 tasked with protecting the integrity of the U.S. 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.

The *Dietary Supplement Health and Education Act* (the "DSHEA"), an amendment to the FD&C Act, established a framework governing the composition, safety, labelling, manufacturing and marketing of dietary supplements in the U.S. 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 a vitamin; mineral; herbs or other botanical; amino acid; dietary substance for use by man to supplement the diet by increasing the total dietary intake; and a concentrate, metabolite, constituent, extract, or 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 (i) approved as a new drug or (ii) approved as an IND for which substantial clinical investigations have been instituted and for which the existence of such investigations has been made public. The FDA is generally prohibited from regulating the main ingredients in dietary supplements 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 U.S. 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 U.S. before October 15, 1994") must be the subject of a NDIN 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 "Generally Recognized As Safe" which is an industry-recognized standard for food ingredient safety in the U.S. Accordingly, to commercialize the product in the U.S., the Company would need to either file an NDIN or affirm the ingredient as GRAS, exempting the need for an NDIN. FDA published the final GRAS Rule in August 2016. The GRAS Rule established a voluntary notification pathway under which "any person" can determine that a food substance is GRAS under conditions of its intended use and inform FDA of its determination by filing a GRAS notice, a voluntary process. Companies may submit a voluntary GRAS notice but are not required to notify FDA that a substance is GRAS for its intended use. In this case, companies may self-affirm the GRAS status of an ingredient for a particular intended use without notifying FDA, a pathway recognized by FDA in the preamble to the GRAS Rule and in guidance for industry. FDA does recommend that companies that intend to use a substance in food based on a conclusion of GRAS status, but that do not intend to submit such conclusion to FDA, use the provisions of 21 CFR Part 170, subpart E as guidance. Once GRAS status has been affirmed through a scientific panel of experts, the ingredient is exempt from the requirement to file an NDIN.

The Company's expected products containing the ingredient would be considered "food" and must be labeled as such. Dietary supplements are a category of food under US laws. Within the U.S., this category of products is subject to the federal *Nutrition, Labelling and Education Act* ("NLEA"), and regulations promulgated under the NLEA. The NLEA regulates health claims, ingredient labelling and nutrient content claims characterizing the level of a nutrient in the product. The ingredients used in conventional foods and dietary supplements must either be GRAS as determined by qualified experts in the field for the intended use and purpose to which they are put in foods, be approved as food additives under the regulations, determined to be old dietary ingredients, or NDIs acknowledged by FDA through notification.

The FDA has broad authority to enforce the provisions of the FD&C Act applicable to foods, drugs, dietary supplements, and cosmetics, including powers to issue a public warning letter to a company, to publicize information about illegal or harmful products, to request a recall of products from the market, and to request the U.S. Department of Justice to initiate a seizure action, an injunction action, or a criminal prosecution in the U.S. courts.

The Federal Trade Commission (the "FTC") would be the body to exercise jurisdiction over the advertising of the Company's expected products in the U.S. The FTC has in the past instituted enforcement actions against several dietary supplement and food companies and against manufacturers of dietary supplement products, including for false and misleading advertising, label claims or product promotional claims.

Supply of Amanita Muscaria

The Company currently procures dried Amanita Muscaria mushroom caps from a few suppliers in northern Europe. To the Company's knowledge, all suppliers are fully registered companies in their jurisdiction. Although there are no special laws or regulatory requirements for picking, packing, drying, or shipping dried Amanita Muscaria mushroom caps in and out of the suppliers' jurisdictions, all suppliers must comply with the Company's strict raw material standards for picking, drying, storing and shipping. To the Company's knowledge, the Company's suppliers are all operating under all applicable laws.

Overall Performance

Selected annual information

Selected financial information for the Company's three most recently completed fiscal years ended November 30 are summarized as follows:

	2024	2023	2022
	$	$	$
Sales revenue	623,156	321,096	321,096
Operating expenses	(4,761,383)	(3,597,942)	(3,597,942)
Other income (expenses)	259,730	8,892	8,892
Net loss	(4,259,766)	(3,433,337)	(3,433,337)
Loss per share – basic	(0.018)	(0.021)	(0.021)
Total assets	7,886,613	7,338,325	7,338,325
Total liabilities	449,329	303,564	303,564
Shareholders' equity	7,437,284	7,034,761	7,034,761

Selected quarterly financial results

The Company's selected financial information for the eight most recently completed quarters as at November 30, 2024 are as follows:

	Q4 2024	Q3 2024	Q2 2024	Q1 2024
	$	$	$	$
Sales revenue	74,196	236,553	249,963	62,444
Operating expenses	(821,509)	(1,732,938)	(1,451,304)	(755,632)
Net loss	(650,965)	(1,615,586)	(1,303,799)	(689,416)
Net loss per share – basic	(0.001)	(0.006)	(0.005)	(0.003)
Cash and cash equivalents	6,357,977	6,888,580	7,830,424	5,584,892
Total assets	7,886,613	8,134,651	9,117,140	6,734,906

	Q4 2023	Q3 2023	Q2 2023	Q1 2023
	$	$	$	$
Sales revenue	63,558	93,270	106,731	57,537
Operating expenses	(1,488,134)	(561,740)	(583,413)	(964,655)
Net loss	(1,118,135)	(512,212)	(790,028)	(1,012,962)
Net loss per share – basic	(0.005)	(0.004)	(0.006)	(0.007)
Cash and cash equivalents	6,128,333	6,867,822	830,079	1,692,535
Total assets	7,338,325	8,261,553	2,215,801	2,934,689

Results of operations – Year ended November 30, 2024

During the year ended November 30, 2024, the Company generated total sales revenues of $623,156 (2023 – $321,096) primarily comprised of sales of *Calm*. The Company also recorded cost of goods sold of $381,269 (2023 – $165,383), for a gross profit of $241,887 (2023 –$155,713).

During the year ended November 30, 2024, total operating expenses were $4,763,383, as compared to operating expenses of $3,597,942 in the comparative period, for an increase of $1,163,441. The increase in operating expenses is largely driven by a significant increase in research and development costs of $1,572,727 to $1,655,234 (2023 – $82,507). The increase in research and development costs is largely driven by the Company entering into a Master Services Agreement with Zerkalo, allocating a budget of USD $2,250,000 in cash towards Zerkalo, payable in ten quarterly installments of USD $225,000 to achieve the milestones outlined in the SOW and issue to Zerkalo an aggregate of 35,066,632 advisory warrants. During the year ended November 30, 2024, Zerkalo had a primary objective of developing new dietary supplement products using AME-1 and, as a result, the bulk of expenditures related to the Master Services Agreement were allocated towards research and development costs.

In addition, the Company incurred the following expenses during the year:

- Advertising and promotion expense of $489,492 (2023 – $904,852) – the decrease in advertising and promotion was largely due to the supply chain disruption experienced during the year; management significantly reduced advertising and promotion expenses until the Company secured additional co-manufacturers to resume production of AME -1 and Calm.
- Management salaries and consulting fees of $1,071,003 (2023 – $895,895);
- Stock-based compensation of $612,934 (2023 - $716,407)
- Professional fees of $411,552 (2023 – $417,509);
- Office and general expenses of $463,760 (2023 – $369,074);
- Write-off of intangible assets of $nil (2023 – $114,914);
- Regulatory compliance expenses of $52,008 (2023 – $91,749), and
- Depreciation expense of $5,400 (2023 – $5,035) on machinery and equipment in use.

During the year ended November 30, 2024, the Company also recorded total other income of $259,730 (2023 – other income of $8,892), comprised primarily of investment income from investment in money market funds of $285,572 (2023 - $22,831) and a gain on disposal of properties of $nil (2023 - $29,484). These items were partially offset by property taxes of $1,610 (2023 - $1,986) and a foreign exchange loss of $24,232 (2023 - $41,437).

Based on the above, the net loss for the year ended November 30, 2024 was $4,259,766 (loss of $0.018 per basic and diluted share), as compared to a net loss of $3,433,337 (loss of $0.021 per basic and diluted share) for the prior year.

Cash flows

During the year ended November 30, 2024, net cash used in the Company's operations was $3,104,206, as compared to net cash used in operations of $3,033,378 in the prior year. During the current year, the Company significantly increased its research and development spending and, in accordance with the supply chain disruption, significantly scaled back on advertising and promotion and other cash expenditures. The stability of cash used in operations year over year despite the increase in research and development spending is indicative of management's prudent spending of cash resources.

During the year ended November 30, 2024, the Company raised total gross proceeds of $3,386,093 net of issuance costs from private placements (2023 - $6,641,756 net of issuance costs).

During the year ended November 30, 2024, the Company paid $2,777 towards additions of trademarks. During the year ended November 30, 2023, the Company paid $10,927 for investments of new equipment used in production, incurred $63,394 of additional expenditures related to AME-1, and received gross proceeds of $33,968 from the disposals of certain Legacy Properties.

Results of operations – Fourth Quarter of Fiscal 2024

During the three months ended November 30, 2024 ("Q4 2024"), the Company generated total sales revenues of $74,196 (2023 – $63,558) primarily comprised of sales of *Calm*. The Company also recorded cost of goods sold of $65,736 (2023 – $32,736), for a gross profit of $8,460 (2023 –$30,822).

During Q4 2024, total operating expenses were $821,509, as compared to operating expenses of $1,237,323 in the comparative period, for decrease of $415,814. The decrease in operating expenses is largely driven by management's decision to decrease advertising and promotion (Q4 2024 of $53,237 as compared to Q3 2023 of $510,681) due to the supply chain disruption experienced at the end of the third quarter of Fiscal 2024; management significantly reduced advertising and promotion expenses until the Company secured additional co-manufacturers to resume production of AME -1 and Calm. This decrease is partially offset by an increase in research and development costs of $214,074 to $214,695 (Q4 2023 – $621). The increase in research and development costs is largely driven by the Company entering into a Master Services Agreement with Zerkalo, allocating a budget of USD $2,250,000 in cash towards Zerkalo, payable in ten quarterly installments of USD $225,000 to achieve the milestones outlined in the SOW and issue to Zerkalo an aggregate of 35,066,632 advisory warrants. During the year ended November 30, 2024, Zerkalo

had a primary objective of developing new dietary supplement products using AME-1 and, as a result, the bulk expenditures related to the Master Services Agreement were allocated towards research and development costs.

In addition, the Company incurred the following expenses during Q4 2024:

- Management salaries and consulting fees of $117,500 (Q4 2023 – $225,334);
- Stock-based compensation of $261,344 (Q4 2023 - $287,651)
- Professional fees of $64,669 (Q4 2023 – $66,685);
- Office and general expenses of $104,003 (Q4 2023 – $110,133);
- Regulatory compliance expenses of $4,711 (Q4 2023 – $34,869), and
- Depreciation expense of $1,350 (Q4 2023 – $1,349) on machinery and equipment in use.

During the three months ended November 30, 2024, the Company also recorded total other income of $162,084 (Q4 2023 – other income of $88,366), comprised primarily of investment income from investment in money market funds of $72,375 (Q4 2023 - $22,831) and a gain foreign exchange of $89,651 (2023 - $65,535).

Based on the above, the net loss for the three months ended November 30, 2024 was $650,965 (loss of $0.002 per basic and diluted share), as compared to a net loss of $1,118,135 (loss of $0.007 per basic and diluted share) for the prior comparative quarter.

Cash flows

During Q4 2024, net cash used in the Company's operations was $467,958, as compared to net cash used in operations of $753,557 in the prior year. During the current year, the Company significantly increased its research and development spending and, in accordance with the supply chain disruption, significantly scaled back on advertising and promotion and other cash expenditures. The decrease of cash used in operations between Q4 2024 and Q4 2023 despite the increase in research and development spending is indicative of management's prudent spending of cash resources, and management scaling back discretionary spending during the disruption.

During Q4 2024, the Company paid $2,777 towards additions of trademarks. During Q4 2023, the Company incurred $13,515 of additional expenditures related to AME-1 and received net proceeds of $29,485 from the disposals of certain Legacy Properties.

The Company did not have any financing activities during Q4 2024 and Q4 2023.

Working Capital and Liquidity Outlook

Although the Company has commenced generating sales, it currently has no regular cash flows from operations, and the level of operations is principally a function of availability of capital resources. The primary source of funding has historically been through private placement financing of equity securities and convertible debentures. As the Company was able to raise funds through the issuance of shares in the past, it will likely continue relying on equity financing in order to maintain its working capital requirements. However, there is no guarantee that the Company will be able to successfully complete such financing, as market conditions and business performance may dictate availability and interest.

As at November 30, 2024, the Company had current assets of $7,815,122 (November 30, 2023 – $7,264,210), including cash and cash equivalents of $6,357,977 (November 30, 2023 – $6,128,333) to settle current liabilities of $449,328 (November 30, 2023 – $303,564), for a working capital of $7,365,794 (November 30, 2023 – $6,960,646).

Management is actively monitoring its cash position and managing performance against its forecasts. As of the date of the MD&A, the Company still has access to approximately $5.4 million of funds, including cash and cash equivalents, available at its disposal. Nevertheless, management will remain cautious in its capital management approach, and continue to look for new sources of financing in the next 12 months, to fund its working capital to advance the Company's operations.

Related Party Transactions

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

The remuneration of directors and other members of key management personnel during the years ended November 30, 2024 and 2023 were as follows:

	November 30, 2024	November 30, 2023
	$	$
Management salaries and consulting fees	717,176	676,492
Professional fees	128,000	117,500
Stock-based compensation	547,456	483,379
	1,392,632	1,277,371

On May 1, 2021, Psyched Wellness and the Chief Executive Officer ("CEO") of the Company entered into an executive agreement, whereas the Company agreed to pay an annual base salary of $240,000 for the CEO's services. The CEO may also be eligible to receive an annual bonus at the discretion of the Compensation Committee of up to 50% of his annual base salary, based on criteria set by the Board. Effective September 1, 2023, the CEO's annual salary was adjusted to $276,000. During the year ended November 30, 2024, the Company recorded management salaries of $281,524 (2023 – $269,000) in relation to the CEO's employment compensation. As at November 30, 2024, $7,553 (November 30, 2023 – $34,649) owing to the CEO was included in accounts payable and accrued liabilities. The amount outstanding is unsecured, non-interest bearing and due on demand.

On March 25, 2020, Psyched Wellness and the Chief Operating Officer ("COO") of the Company, entered into a consulting agreement, for a monthly renumeration of $8,000 in consideration for the COO's services. Subsequently, the COO's renumeration had been adjusted to $10,000 per month, which was further adjusted to $16,666 per month effective January 1, 2022. Effective September 1, 2023, the consulting agreement was further amended to pay an annual fee of $230,000 for the COO's services. The COO may be eligible to receive an annual bonus at the discretion of the Compensation Committee of up to 50% of his annual fee, based on criteria set by the Board. During the year ended November 30, 2024, the COO charged fees of $230,000 (2023 – $207,492) for consulting services provided to the Company, which are included in management salaries and consulting fees. As at November 30, 2024, $25,931 (November 30, 2023 – $26,527) owing to the COO was included in accounts payable and accrued liabilities. The amount outstanding is unsecured, non-interest bearing and due on demand.

On December 1, 2021, Psyched Wellness and its former Chief Commercial Officer ("CCO"), entered into an executive agreement, whereas the Company agreed to pay an annual base salary of $200,000 for the CCO's services. During the year ended November 30, 2024, the Company recorded management salaries of $144,337 (2023 – $200,000) in relation to the former CCO's employment compensation. As at November 30, 2024, $nil (2023 – $nil) owing to the former CCO was included in accounts payable and accrued liabilities.

During the year ended November 30, 2024, WilRo Consulting, a Company owned by a director of the Company, charged fees of $61,322 (2023 – $nil), for services provided to Psyched Wellness, which are included in management salaries and consulting fees. As at November 30, 2024, $5,250 (2023 – $nil) owing to the director was included in accounts payable and accrued liabilities.

During the year ended November 30, 2024, Branson Corporate Services Ltd. ("Branson"), where the Chief Financial Officer ("CFO") of the Company is employed, charged fees of $128,000 (2023 – $117,500), for CFO services, as well as other accounting and administrative services, which are included in professional fees. As at November 30, 2024, $13,560 (November 30, 2023 – $9,040) owing to Branson was included in accounts payable and accrued liabilities. The amount outstanding is unsecured, non-interest bearing and due on demand.

Stock-based compensation

During the years ended November 30, 2024 and 2023, the Company had granted certain options and RSUs to various officers and directors. In 2024, total stock-based compensation of $547,456 was recorded in connection with the vesting of these securities (2023 – $483,379).

Other transactions

In connection with the Offering, Gotham Green Fund III, L.P. and Gotham Green Fund III (Q), L.P. (together, "Gotham") participated in the financing and acquired an aggregate of 77,564,999 Units pursuant to Tranche 2A and 48,889,284 Units pursuant to Tranche 2B.

A director of the Company (the "Participating Insider"), who is also a principal of Gotham, participated in the Offering and acquired an aggregate of 3,884,571 Units pursuant to Tranche 2A.

As at November 30, 2024, Gotham, the Participating Insider and affiliates and/or co-investors collectively own 145,877,139 (2023 - 96,987,855) common shares, or approximately 50.6% (2023 - 41.5%) of the Company's outstanding common shares. $nil (2023 - $15,000) incurred in issuance costs owing to Gotham was also included in accounts payable and accrued liabilities. The amount outstanding is unsecured, non-interest bearing and due on demand.

Capital Management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern and to maintain optimal returns to shareholders and benefits for its stakeholders. As the Company has begun commercial operations, management will closely monitor its capital structure and adjusts according to market conditions to meet its objectives given the current outlook of the business and industry in general. The Board does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the management team to sustain the future development of the business.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company's capital management objectives, policies and processes have remained unchanged in the current financial reporting period.

The Company is not subject to any externally imposed capital requirements.

Risk Management

The Company is exposed to various risks as it relates to financial instruments. Management, in conjunction with the Board, mitigates these risks by assessing, monitoring and approving the Company's risk management process. There have not been any changes in the nature of these risks or the process of managing these risks from the previous reporting periods.

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and cash equivalents, and accounts receivable (excluding sales tax recoverable), which expose the Company to credit risk should the borrower default on maturity of the instruments.

Cash and cash equivalents are held at reputable Canadian and U.S. chartered banks and in trust with the Company's legal counsel, which is closely monitored by management. Management believes that the credit risk concentration with respect to cash and cash equivalents is minimal.

The Company's second exposure to credit risk is on receivables. At each reporting period, management assesses the credit risk of its receivables balance. The Company believes it has no significant short-or-long-term credit risk with respect to accounts receivable. Trade receivable has been regularly collected, while sales tax and income tax receivable are due from the government. The Company anticipates full recovery of these amounts, and therefore has not recorded any ECL against these receivables, which are due in less than one year.

Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or related to matters specific to the Company. The Company generates cash flow primarily from its financing activities. The Company endeavors to have sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot be reasonably predicted.

As at November 30, 2024, the Company had a cash and cash equivalents balance of $6,357,977 (November 30, 2023 – $6,128,333) to settle current liabilities of $449,329 (November 30, 2023 – $303,564), and had the following contractual undiscounted obligations:

	Carrying amount	Year 1	Year 2 to 3	Year 4 to 5
	$	$	$	$
Accounts payable and accrued liabilities	449,329	449,329	-	-

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet its liabilities as they come due. Where insufficient liquidity may exist, the Company may pursue various debt and equity instruments for short or long-term financing of its operations.

Management believes there is sufficient capital to meet short-term business obligations, after taking into account cash flow requirements from operations and the Company's cash and cash equivalents position as at November 30, 2024.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As at November 30, 2024, the Company had no financial instruments which are interest-bearing, and had no hedging agreements in place with respect to floating interest rates. Management believes that the interest rate risk concentration with respect to financial instruments is minimal.

Foreign exchange risk

Foreign exchange risk is the risk that the Company will be subject to foreign currency fluctuations in satisfying obligations related to its foreign activities. The Company's operations are based in Canada and the U.S., and will have, from time to time, transactions denominated in foreign currencies, primarily in USD. The Company's primary exposure to foreign exchange risk is that transactions denominated in foreign currency may expose the Company to the risk of exchange rate fluctuations. Based on its current operations, management believes that the foreign exchange risk remains minimal but will continue to monitor the movement of foreign exchange between CAD and USD.

Fair value

Fair value estimates of financial instruments are made at a specific point in time based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

As at November 30, 2024, the Company's financial instruments consisted of cash and cash equivalents, accounts receivable (excluding sales tax recoverable), and accounts payable and accrued liabilities. The fair value of cash and cash equivalents, accounts receivable (excluding sales tax recoverable) and accounts payables and accrued liabilities are approximately equal to their carrying value due to their short-term nature.

The Company classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level I – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – Inputs other than quoted prices included in Level I that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at November 30, 2024, the Company did not have any financial instruments which were carried at fair value (November 30, 2023 – $nil).

Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Company's unaudited condensed interim consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, revenue and expenses. These are described in greater detail in Note 2(e) to the 2024 Financials.

Summary of Significant Accounting Policies

The significant accounting policies used by the Company are described in greater detail in Note 3 to the 2024 Financials.

Off Balance Sheet Arrangements

As at November 30, 2024 and the date of this MD&A, the Company does not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on the results of operations or financial condition of the Company.

Disclosure of Outstanding Share Data as of March 28, 2025

	Authorized	Outstanding
Voting or equity securities issued and outstanding	Unlimited number of common shares	288,816,834 common shares
Securities convertible or exercisable into voting or equity		19,025,000 options outstanding of which 15,775,000 are exercisable to acquire common shares of the Company; 1,000,000 RSUs which are convertible into common shares; and 180,943,771 warrants exercisable to acquire common shares of the Company.

Risk Factors

There are numerous and varied risks, known and unknown, that may prevent the Company from achieving its goals. If any of these risks occur, the Company's business, financial condition or results of operation may be adversely affected. In such cases, the trading price of the Company's common shares could decline, and investors could lose all or part of their investment. The following is a summary of risks that could be applicable to the business of the Company:

Limited operating history

The Company, with a limited operating history, is in the early stage of development and must be considered as a start-up company. 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 revenue. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of its early stage of operations. The Company also has no history of earnings.

Because the Company has a limited operating history in an emerging area of business, investors should consider and evaluate its operating prospects in light of the risks and uncertainties frequently encountered by early-stage companies in rapidly evolving markets, which 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 legal and regulatory regime for the psychedelic industry vary significantly by jurisdiction.

The Company's future growth will depend substantially on its ability to address these, and the other risks described in this section. If it does not successfully address these risks, its business may be significantly harmed.

Additional financing

The Company believes that its raised capital is currently sufficient to meet its presently anticipated working capital and capital expenditure requirements for the near future. This belief is based on its operating plan which, in turn, is based on assumptions, which may prove to be incorrect. In addition, the Company may need to raise significant additional funds sooner to support its growth, respond to competitive pressures, acquire or invest in complementary or competitive businesses or technologies, or take advantage of unanticipated opportunities. If its financial resources are insufficient, it will require additional financing to meet its plans for expansion. 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 additional funds are raised through the issuance of equity securities, the percentage ownership of existing shareholders will be reduced, such shareholders may experience additional dilution in net book value, and such equity securities may have rights, preferences or privileges senior to those of its existing shareholders. 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.

Volatile global financial and economic conditions

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 financing in the future on favorable 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.

The market price of securities is volatile and may not accurately reflect the long-term value of the Company

Securities markets have a high level of price and volume volatility, and the market price of securities of many companies has experienced substantial volatility in the past. This volatility may affect the ability of holders of shares to sell their securities at an advantageous price. Market price fluctuations in the shares may be due to the Company's operating results failing to meet expectations of securities analysts or investors in any period, downward revision in securities analysts' estimates, adverse changes in general market conditions or economic trends, acquisitions, dispositions or other material public announcements by the Company or its competitors, along with a variety of additional factors. These broad market fluctuations may adversely affect the market price of the shares.

Financial markets historically at times experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of companies and that have often been unrelated to the operating performance, underlying asset values or prospects of such companies. Accordingly, the market price of the shares may decline even if the Company's results, underlying asset values or prospects have not changed.

Additionally, these factors, as well as other related factors, may cause decreases in investment values that are deemed to be other than temporary, which may result in impairment losses. There can be no assurance that continuing fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil continue, the Company's operations could be adversely impacted, and the trading price of the common shares may be materially adversely affected.

Changes in applicable federal, provincial, or state laws and regulations, or the expansion of current, 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 *Controlled Drugs and Substances Act* (Canada), and the *Controlled Substances Act* (United States), 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 would be 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, change in 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 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 or a natural health product. There is no certainty that muscimol, or other dietary ingredients marketed by the Company, will be considered a grandfathered dietary ingredient under DSHEA, meet the definition of a dietary ingredient, or would otherwise be permitted for use under the DSHEA. There is no certainty that the FDA would file a NDIN with no objections for muscimol or any other extract from Amanita Muscaria, or file a 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 U.S.

It appears that a clinical trial on muscimol commenced on or about June 23, 2000 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.[1] Another interventional trial intended for subjects with Parkinson's disease was commenced and withdrawn with no enrollment.[2] 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 (i) approved as a new drug or (ii) approved as an Investigational New Drug Application ("INDA") for which substantial clinical investigations have been instituted and for which the existence of such investigations has been made public. Thus, it is possible that an INDA has been filed and/or authorized to study muscimol as a drug and FDA could take the position that muscimol is precluded from being an ingredient in dietary supplements. Similarly, 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.

[1] https://clinicaltrials.gov/ct2/show/NCT00005925
[2] https://clinicaltrials.gov/ct2/show/NCT00921128

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 U.S., neither Amanita Muscaria nor muscimol are scheduled under the *Controlled Substances Act* (United States) and therefore, are not under the enforcement authority of the Drug Enforcement Administration ("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 its results of 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 is 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 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 is 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 regulation, in Canada, the U.S. 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 U.S. federal departments and agencies, including Health Canada, the Natural and Non-Prescription Health Product Directorate, the FDA, the FTC, the Consumer Products Safety Commission, the U.S. Public Health Service, the U.S. Customs and Border Protection, 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, 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 import of raw materials 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 could also increase the Company's costs significantly.

Should Health Canada and/or 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 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 that currently are 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, 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 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. It is also possible that such agencies could allege false statements were submitted to it if structure/function claim notifications were either non-existent or so lacking in scientific support as to be plainly false.

As a dietary supplement distributor in the U.S. and a natural health product 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. The laws or regulations which are considered favorable 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 in which it operates. There can be no assurance that the Company and its management will be able to obtain and/or maintain the necessary permits, licenses and approvals. Any regulatory authority with jurisdiction could also impose certain restrictions on the Company's ability to operate in the relevant jurisdiction. Any material delay or failure to receive these items, or onerous regulatory restrictions 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 has 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 that a disclosure-based approach remains appropriate for issuers of 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 U.S. or any other jurisdiction. The CSE has stated that it is supportive of entrepreneurial issuers that operate in a rapidly evolving legal framework provided that the 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.

Anti-money laundering laws and regulations

The Company is subject to a variety of laws and regulations domestically and in the U.S. that involve money laundering, financial recordkeeping and proceeds of crime. In the event that any of the Company's operations, or any proceeds thereof, any dividends or distributions therefrom, or any profits or revenues accruing from such operations were found to be in violation of money laundering legislation or otherwise, such transactions may be viewed as proceeds of crime under one or more of the statutes noted above or any other applicable legislation. This could restrict or otherwise jeopardize the ability of the Company to declare or pay dividends, or to effect other distributions. Furthermore, while there are no current intentions to declare or pay dividends on the common shares of the Company in the foreseeable future, in the event that a determination was made that the Company's proceeds from operations (or any future operations or investments in the U.S.) could reasonably be shown to constitute proceeds of crime, the Company may decide or be required to suspend declaring or paying dividends without advance notice and for an indefinite period of time.

Risks relating to product development and pre-clinical study design and execution

The Company has begun to market products and to generate revenue. However, the Company may be required to spend a significant amount of capital to fund R&D, 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 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 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 in 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. A number of 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 that it may conduct will demonstrate adequate efficacy and safety to result in regulatory approval to market any of its products in any jurisdiction. Products that the Company is developing may fail for safety or efficacy reasons at any stage of the testing process. If the Company cannot demonstrate safety and effectiveness of its products through pre-clinical clinical, 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 R&D activities related to the selected indication may be required. The Company's ability to commence pre-clinical studies or the choice of product development path could compromise business prospects and prevent the achievement of revenue.

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 that the Company faces, which could adversely affect the Company's 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 R&D 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 raw materials supply, 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 our 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 selling these products. The Company's management also relies on 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 obtaining regulatory approvals for new food supplement products, management 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 source the necessary expertise to achieve certain business objectives.

Reliance on management and 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 development and commercialization efforts of its products. 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, and the business may be harmed 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 pharmaceutical 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 a material adverse effect on the Company and its prospects.

Reliance on third-party suppliers, manufacturers, distributors and contractors

Due to the uncertain regulatory landscape for regulating mushroom-infused products in Canada and the U.S., the Company's third-party suppliers, manufacturers, distributors, and contractors may elect, at any time, to decline or withdraw services necessary for the Company's operations. The loss of these suppliers, manufacturers, distributors, and contractors may have a material adverse effect on the Company's business and operational results.

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 for manufacturing, filling, packaging, storing, and shipping of product in compliance with the 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 timetable 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 definitive agreement with the Initial CMO or to 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 of 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 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.

Risks associated with increasing competition

There is the potential that the Company will face intense competition from other companies, some of which can be expected to have longer operating histories and more financial resources and manufacturing and marketing experience the Company. Increased competition by larger and better financed competitors could materially and adversely affect the business, financial condition, and results of operations of the Company.

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 and other resources than the Company. Such business is often affected by changes in consumer tastes and discretionary spending patterns, national and regional economic conditions, demographic trends, consumer confidence in the economy, traffic patterns, local competitive factors, cost and availability of raw material and labor, and governmental regulations. Any change in these factors could materially and adversely affect the Company's operations.

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 consumers of such products in the 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 a continued high level of investment in R&D, marketing, sales and client support. The Company may not have sufficient resources to maintain R&D, marketing, sales and client support efforts on a competitive basis which could materially and adversely affect the business, financial condition and results of operations of the Company.

The success of new and existing products and services is uncertain

The Company expects to commit significant resources and capital to develop and market existing and new products, services and enhancements. These products and services are relatively untested, and the Company cannot provide any assurance that it will achieve market acceptance for these products and services, or other new products and services that it may offer in the future. Moreover, these and other new products and services may face significant competition with new and existing competitors. In addition, new products, services and enhancements may pose a variety of technical challenges and require the Company to attract additional qualified employees. The failure to successfully develop and market these new products, services or enhancements could seriously harm the Company's business, financial condition and results of operations. Moreover, if the Company fails to accurately project demand for our new or existing products, it mayencounter problems of overproduction or underproduction which would materially and adversely affect its business, financial condition and results of operations, as well as damage our reputation and brand.

Negative publicity or consumer perception may affect the success of our business

The success of the psychedelic industry may be significantly influenced by the public's perception of mushroom-infused products, which could be controversial topics, and there is no guarantee that future scientific research, publicity, regulations, medical opinion, and public opinion relating to psychedelics will be favorable. The psychedelic industry is an early-stage business that is constantly evolving with no guarantee of viability. The market for mushroom-infused products is uncertain, and any adverse or negative publicity, scientific research, limiting regulations, medical opinion and public opinion (whether or not accurate or with merit) relating to the consumption of mushroom-infused products, whether in Canada, the U.S. or elsewhere, may have a material adverse effect on our operational results, consumer base and financial results. Among other things, such a shift in public opinion could cause jurisdictions to abandon initiatives, thereby limiting the number of new jurisdictions into which the Company could identify potential acquisition opportunities.

Liability for activity of employees, contractors and consultants

The Company could be liable for fraudulent or illegal activity by its employees, contractors and consultants resulting in significant financial losses to claims or regulatory enforcement actions against the Company. Failure to comply with relevant laws could result in fines, suspension of licenses and civil or criminal action being taken against the Company. Consequently, the Company is subject certain risks, including the risk that employees, contractors and consultants may inadvertently fail to follow the law or purposefully neglect to follow the law, either of which could result in material adverse effects to the financial condition of the Company.

Factors which may prevent realization of growth targets

The Company is currently in the early development stage. There is a risk that the additional resources will be needed, 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 some that are discussed elsewhere in these risk factors and the following as it relates to the Company:

- delays in obtaining, or conditions imposed by, regulatory approvals.
- facility design errors.
- environmental pollution.
- non-performance by third party contractors.
- increases in materials or labor costs.
- breakdown, aging or failure of equipment or processes.
- contractor or operator errors.
- labor 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 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.

Constraints on marketing products

The development of the Company's business and operating results may be hindered by applicable restrictions on sales and marketing activities imposed by government regulatory bodies. The regulatory environment in Canada, the U.S. or other jurisdictions may limit the Company's ability to compete for market share in a manner similar to other industries. If the Company is unable to effectively market its products and compete for market share, or if the costs of compliance with government legislation and regulation cannot be absorbed through increased selling prices for its products, the Company's revenues and operating results could be adversely affected.

Operating risk and insurance coverage

The Company's insurance coverage is intended to address all material risks to which it is exposed and is adequate and customary in its current state of operations. However, such insurance is subject to coverage limits and exclusions and may not be available for the risks and hazards to which the Company is exposed. In addition, no assurance can be given that such insurance will be adequate to cover the Company's liabilities or will be generally available in the future or, if available, that premiums will be commercially justifiable. If the Company were to incur substantial liability and such damages were not covered by insurance or were in excess of policy limits, or if the Company were to incur such liability at a time when it is not able to obtain liability insurance, its business, results of operations and financial condition could be materially adversely affected.

Uninsurable risks

The business is subject to several risks that could result in damage to or destruction of properties or facilities or cause personal injury or death, environmental damage, delays in production and monetary losses and possible legal liability. It is not always possible to fully insure against such risks, and the Company may decide not to take out insurance against such risks as a result of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the securities of the Company. The Company does not currently have any insurance policies covering its properties or the operation of its business and any liabilities that may arise as a result any of the above noted risks may cause a material adverse effect on the financial condition of the Company.

Enforcement of proprietary rights

The Company may be unable to adequately protect or enforce its proprietary rights. Its continuing success will likely depend, in part, on its ability to protect internally developed or acquired, intellectual property and maintain the proprietary nature of its technology through a combination of licenses and other intellectual property arrangements, without infringing the proprietary rights of third parties. The Company cannot prove assurance that its intellectual property owned by the Company will be held valid at the foreign government level if challenged, or that other parties will not claim rights in or ownership of its proprietary rights.

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. The 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 the market acceptance of the Company's products could have a material adverse effect on our 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 about whether to invest in the Company and, few, if any, established companies whose business model the Company can follow or upon whose success the Company can build. There can be no assurance that the Company's estimates are accurate or that the market size is sufficiently large for its business to grow as projected, which may negatively impact its financial results.

New, well-capitalized entrants may develop large-scale operations

Currently, the psychedelic industry is generally comprised of small to medium-sized entities. However, the risk exists that large conglomerates and companies could purchase or assume control of a larger number of psychedelic ventures. These potential competitors may have longer operating histories, significantly greater financial, technological, engineering, manufacturing, marketing, and distribution resources, and be larger and better capitalized. Larger competitors could establish price setting and cost controls which would effectively eliminate many of the small to medium-sized entities who currently make up the bulk of the participants in psychedelic industry. While the approach of most state laws and regulations might deter this trend, the industry remains nascent and as indicated above this trend is being observed, so the future competitive landscape in the industry remains largely unknown.

The Company's business and strategic plans are subject to all business risks associated with new business enterprises, including the absence of any significant operating history upon which to evaluate an investment. The likelihood of the Company's success must be considered in light of the problems, expenses, difficulties, complications and delays frequently encountered in connection with the formation of a new business, the development of new strategy and the competitive environment in which the Company operates. It is possible that the Company will incur losses in the future. There is no guarantee that the Company will be profitable.

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.

Internal controls

Effective internal controls are necessary for the Company to provide reliable financial reports and to help prevent fraud. Although the Company will undertake a number of procedures and will implement a number of safeguards, in each case, in order to help ensure the reliability of its financial reports, including those imposed on the Company under Canadian securities law, the Company cannot be certain that such measures will ensure that the Company will maintain adequate control over financial processes and reporting. Failure to implement the required new or improved controls, or difficulties encountered in their implementation, could harm the Company's results of operations or cause it to fail to meet its reporting obligations. If the Company or its auditors discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in the Company's financial statements and materially adversely affect the trading price of the Company's common shares.

Dividends

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

Limited market for securities

There can be no assurance that an active and liquid market for the Company's shares will develop or be maintained, and an investor may find it difficult to resell any securities of the Company.

Disruption of business

Conditions or events including, but not limited to, those listed below could disrupt the Company's operations, increase operating expenses, resulting in delayed performance of contractual obligations or require additional expenditures to be incurred: (i) extraordinary weather conditions or natural disasters such as hurricanes, tornadoes, floods, fires, extreme heat, earthquakes, etc.; (ii) a local, regional, national or international outbreak of a contagious disease, including the COVID-19 coronavirus, Middle East Respiratory Syndrome, Severe Acute Respiratory Syndrome, H1N1 influenza virus, avian flu, or any other similar illness could result in a general or acute decline in economic activity (see also, "Public Health Crises, including COVID-19"); (iii) political instability, social and labor unrest, war or terrorism; or (iv) interruptions in the availability of basic commercial and social services and infrastructure including power and water shortages, and shipping and freight forwarding services including via air, sea, rail and road.

Public health crises

The Company's business, operations and financial condition could be materially adversely affected by the outbreak of epidemics or pandemics or other health crises beyond our control, including the outbreak of COVID-19. Such public health crises can result in volatility and disruptions in the supply and demand for various products and services, global supply chains and financial markets, as well as declining trade and market sentiment and reduced mobility of people, all of which could affect interest rates, credit ratings, credit risk and inflation. The risks to the Company of such public health crises also include risks to employee health and safety and a slowdown or temporary suspension of operations in geographic locations impacted by an outbreak.

Disclosure of Internal Controls over Financial Reporting

Management has established processes to provide them sufficient knowledge to support representations that they have exercised reasonable diligence that (i) the consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the consolidated financial statements; and (ii) the consolidated financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented.

In contrast to non-venture issuers, this MD&A does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"). In particular, management is not making any representations relating to the establishment and maintenance of: controls and procedures designed to provide reasonable assurance that information required to be disclosed by the Company in its filings or other reports or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Investors should be aware that inherent limitations on the ability of management of the Company to design and implement on a cost-effective basis DC&P and ICFR may result in additional risks to the quality, reliability, transparency and timeliness of filings and other reports provided under securities legislation.

Management's Responsibility for Financial Information

Management is responsible for all information contained in this report. The Company's unaudited condensed interim consolidated financial statements have been prepared in accordance with IFRS and include amounts based on management's informed judgments and estimates. The financial and operating information included in this report is consistent with that contained in the 2023 Financials in all material aspects.

The Audit Committee has reviewed the 2024 Financials and this MD&A with management. The Board of the Company has approved the 2024 Financials and this MD&A on the recommendation of the Audit Committee.

March 28, 2025

Jeffrey Stevens

Chief Executive Officer