

CARDINAL CAPITAL PARTNERS INC.

**NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS TO BE
HELD ON JANUARY 6, 2021**

AND

MANAGEMENT INFORMATION CIRCULAR

DATED DECEMBER 8, 2020

Neither the Canadian Securities Exchange nor its Market Regulator (as that term is defined in the policies of the Canadian Securities Exchange) accepts responsibility for the adequacy or accuracy of the MindHealth Transaction as described in this Information Circular.

CARDINAL CAPITAL PARTNERS INC.

NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

TAKE NOTICE THAT an annual and special meeting (the “**Meeting**”) of the shareholders of Cardinal Capital Partners Inc. (the “**Corporation**” or “**Cardinal**”) will be held virtually on January 6, 2021 at 10:00 a.m.

Shareholders are encouraged to participate in the Meeting and will find important information along with detailed instructions about how to participate in the virtual meeting in the accompanying management information circular and on the Cardinal Capital Partners Inc. *Virtual(AGM) Information Sheet* distributed along with this Notice.

To attend the Meeting:

- Registered shareholders must visit www.agmconnect.com/cardinal2021 and check-in using the *AGM Connect Voter ID* and *Meeting Access Code*. Please contact AGM Connect via 1.416.222.4202 or cardinal2021@agmconnect.com for more information.
- Non-registered shareholders should refer to the instructions in the accompanying management information circular for information on how to vote their shares, appoint a proxy and/or attend the virtual meeting. Please contact AGM Connect via 1.416.222.4202 or cardinal2021@agmconnect.com for more information.

The online platform is fully supported across browsers and devices running the most updated version of applicable software plugins. Please ensure that you have a reliable internet connection with which to access and participate in the Meeting. The Meeting will begin promptly at 10 a.m. (Toronto time) on January 6, 2021. Online check-in will open one-hour prior, at 9a.m. (Toronto time). Please allow ample time for online check-in procedures.

By attending the Meeting via www.agmconnect.com/cardinal2021, shareholders will be able to participate in the Meeting via audio and video and Registered Shareholders or duly Appointed Proxyholders will be able to submit questions and vote. The board of directors of the Corporation (the “**Board**”) believes that hosting the Meeting virtually will minimize the health risk that may be associated with large gatherings, while enabling increased shareholder attendance and encouraging more active shareholder engagement and participation at the Meeting.

The Meeting will be held for the following purposes:

1. to receive the audited financial statements of the Corporation for the financial year ended December 31, 2019 and the accompanying report of the auditors thereon;
2. to re-appoint the auditor of the Corporation for the ensuing year and to authorize the directors of the Corporation to fix the auditors' remuneration, as more fully described in the management information circular dated December 8, 2020 (the “**Information Circular**”) accompanying this notice of Meeting;
3. to set the number of directors of the Corporation at four (4);
4. to elect the directors of the Corporation that will hold office until the next general meeting of the Corporation or completion of the Corporation's proposed amalgamation with MindHealth Biomed Corp. (“**MindHealth**”) (the “**MindHealth Transaction**”);
5. to consider, and if deemed advisable, to pass with or without variation, a special resolution to authorize the board of directors of the Corporation to set the number of directors from time to time within the minimum and maximum number of directors set forth in the articles of the Corporation, in accordance with Subsection 125(3) of the *Business Corporations Act* (Ontario), as more particularly described in the accompanying Information Circular;
6. to consider and, if deemed appropriate, to pass, with or without variation, a special resolution approving the consolidation of the issued and outstanding common shares in the capital of the Corporation on a basis of

one (1) post-consolidation common share for every 19.24 pre-consolidation common shares, as more fully described in the Information Circular;

7. to consider and, if thought fit, to pass, with or without variation, an ordinary resolution (the “**MindHealth Transaction Resolution**”) to approve the reverse take-over of the Corporation by three-cornered amalgamation (the “**Amalgamation**”) pursuant to a business combination agreement dated September 11, 2020, among the Corporation, 1264216 B.C. Ltd. (“**Cardinal Subco**”) and MindHealth (the “**Definitive Agreement**”), upon the completion of which the business of the Corporation will become the business of MindHealth (the “**MindHealth Transaction**”). Pursuant to the Definitive Agreement, MindHealth and Cardinal Subco will effect the Amalgamation whereby Cardinal Subco will amalgamate with MindHealth under the laws of British Columbia to form an amalgamated entity (“**Amalco**”) and, among other things, each MindHealth shareholder will receive 1.0649 post-consolidation common share of the Corporation in exchange for each MindHealth Share (as defined in the Information Circular) held by such holder, all as more fully set forth in the accompanying Information Circular;
8. to consider and, if deemed appropriate, to pass, with or without variation, a special resolution approving the change of the name of the Corporation to “Psyence Group Inc.” or such other name as selected by the board of directors of the Corporation; and
9. to transact such other business as may be properly brought before the Meeting or any postponement or adjournment thereof.

Information relating to the items above is set forth in the Information Circular.

Only shareholders of record as of November 30, 2020 are entitled to notice of the Meeting and to vote at the Meeting and at any adjournment or postponement thereof.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained in this Information Circular contains “forward-looking statements.” that are based on assumptions as of the date of this Information Circular. These statements reflect management’s current estimates, beliefs, intentions and expectations. They are not guarantees of future performance. The Corporation cautions that all forward-looking statements are inherently uncertain, and that actual performance may be affected by a number of material factors, many of which are beyond the Corporation’s control, including among others: that the Corporation will obtain all necessary shareholder and regulatory approvals for the Amalgamation and the MindHealth Transaction; that the Corporation will be able to complete the Amalgamation and the MindHealth Transaction as expected. Forward-looking statements regarding MindHealth include, but are not limited to, statements with respect to management's expectations regarding the future growth, results of operations, performance and business prospects of the Resulting Issuer, and relate to, without limitation:

- the Resulting Issuer's research and development plans, business model, strategic objectives and growth strategy;
- the Resulting Issuer 's future growth plans;
- anticipated trends and challenges in the Resulting Issuer's business and the markets in which it operates;
- the future demand for psilocybin and psilocybin mushroom products from time to time produced, supplied, or distributed by the Resulting Issuer;
- the Company's expectations regarding regulatory requirements and developments in the jurisdictions in which it operates;
- the approval of regulatory bodies of psychedelic substances including psilocybin for the treatment of various health conditions;
- controlled substances laws;
- the Company’s ability to obtain renewals of licenses and regulatory authorizations for its business operations;
- the Company's estimate of the size of the potential markets for its products;
- the Resulting Issuer’s ability to conduct research and studies into psilocybin usage as part of the Resulting Issuer’s current and future business plans;

- the Resulting Issuer may not develop its product and service offerings in a manner that enables it to be profitable and meet its customers' requirements;
- the acceptance in the medical community of psilocybin as a treatment for depression and palliative oncology;
- risks that its growth strategy may not be successful;
- risks that fluctuations in its operating results will be significant relative to its revenues;
- risks relating to an evolving regulatory regime related to psilocybin and psychedelic products;
- the continuation of the Resulting Issuer as a going concern;
- the Resulting Issuer's intellectual property;
- the Resulting Issuer's plans for the expansion its Lesotho-based production and processing facility;
- the growth of competition from other companies in the industry;
- statements relating to the business and future activities of the Resulting Issuer after obtaining regulatory approval to list its shares on the CSE;
- the Resulting Issuer's current and future capital requirements and the need for additional financing;
- the Resulting Issuer's expectations regarding revenue generation;
- the Resulting Issuer's ability to hire and retain key employees and technical experts;
- the Resulting Issuer's actual financial position and results of operations may differ materially from the expectations of the Resulting Issuer's management;
- the Resulting Issuer's expectations regarding the sufficiency of its cash for funding non-development related expenditures and future cash balances; and
- the Resulting Issuer's expectations regarding increases in research and development costs and general and administrative expenses.

Investors should be cautioned that all forward-looking statements are inherently subject to a variety of risks and uncertainties which could cause actual events or results to differ materially from those reflected in the forward-looking statements, including, without limitation: that the Corporation may be unable to obtain all necessary shareholder and regulatory approvals for the MindHealth Transaction as and when expected or at all; that the MindHealth Transaction may not be completed as expected or at all. Accordingly, actual and future events, conditions and results may differ materially from the estimates, beliefs, intentions and expectations expressed or implied in the forward-looking information. Except as required under applicable securities legislation, the Corporation undertakes no obligation to publicly update or revise forward-looking information.

COVID-19 UPDATE

As of the date of this notice, the Corporation intends to proceed with the Meeting but limit in-person attendance in light of public health directives and recommendations relating to the ongoing coronavirus (“**COVID-19**”) pandemic and efforts to reduce its spread, including restrictions on in-person gatherings of any size, which continue to be strongly discouraged, and physical distancing requirements, and overarching concern for the wellbeing of shareholders, directors, their families and others. At a minimum, only registered shareholders or their duly appointed proxyholders will be permitted to attend the Meeting. The Corporation reserves the right, however, to take any such additional precautionary measures in relation to the Meeting as it considers necessary or advisable in response to further COVID-19 related public health developments, which could include changing the location of the Meeting, hosting the Meeting by means of remote communication only, placing further restrictions on in-person attendance, or postponing or adjourning the Meeting. Any such changes to the Meeting location, date or format will be announced by way of news release, and a copy thereof (if any) will be filed under the Corporation's issuer profile on SEDAR at www.sedar.com.

Please monitor any such news release for updates, and check for the most current information prior to the Meeting date. The Corporation does not intend to prepare or mail supplementary meeting materials in the event of changes to the Meeting location, date or format. To mitigate health and safety risks, the Corporation strongly discourages shareholders from attempting physical attendance at the Meeting, accommodation for which cannot be guaranteed at this time, and asks that all shareholders instead vote by proxy in advance of the Meeting.

IMPORTANT

It is desirable that as many Common Shares as possible be represented at the Meeting. If you do not expect to attend the Meeting and would like your Common Shares represented, please complete the enclosed instrument of proxy and return it as soon as possible in the envelope provided for that purpose. To be valid, all instruments of proxy must be deposited at the office of the Registrar and Transfer Agent of the Corporation, TSX Trust Company, 200 University Avenue, Suite 300 Toronto, Ontario, M5H 4H1, not later than forty-eight (48) hours, excluding Saturdays, Sundays and holidays, prior to the time of the Meeting or any postponement or adjournment thereof. Late instruments of proxy may be accepted or rejected by the Chairman of the Meeting in his discretion and the Chairman is under no obligation to accept or reject any particular late instruments of proxy.

DATED at Toronto, Ontario this 8th day of December, 2020.

By Order of the Board of Directors of Cardinal Capital Partners Inc.

(signed) "*Chris Carmichael*"

Chris Carmichael

Director and Chief Financial Officer

CARDINAL CAPITAL PARTNERS INC.

MANAGEMENT INFORMATION CIRCULAR

SOLICITATION OF PROXIES

This management information circular (this “Information Circular”) is provided in connection with the solicitation of proxies by management of Cardinal Capital Partners Inc. (the “Corporation”) for use at the Annual and Special Meeting (the “Meeting”) of the holders (“Shareholders”) of common shares (“Common Shares”) in the capital of the Corporation. The Meeting will be held virtually on **January 6, 2021** at 10:00 a.m. or at such other time or place to which the Meeting may be adjourned, for the purposes set forth in the notice of annual and special meeting accompanying this Information Circular (the “**Notice**”).

Shareholders are encouraged to participate in the Meeting and will find important information along with detailed instructions about how to participate in the virtual meeting in the accompanying management information circular and on the Cardinal Capital Partners Inc. *Virtual(AGM) Information Sheet* distributed along with the Notice.

To attend the Meeting:

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By attending the Meeting via www.agmconnect.com/cardinal2021, shareholders will be able to participate in the Meeting via audio and video and Registered Shareholders or duly Appointed Proxyholders will be able to submit questions and vote. The board of directors of the Corporation (the “**Board**”) believes that hosting the Meeting virtually will minimize the health risk that may be associated with large gatherings, while enabling increased shareholder attendance and encouraging more active shareholder engagement and participation at the Meeting.

Although it is expected that the solicitation of proxies will be primarily by mail, proxies may also be solicited personally or by telephone, facsimile or other means of electronic communication. In accordance with National Instrument 54-101 - *Communication with Beneficial Owners of Securities of a Reporting Issuer* (“**NI 54-101**”), arrangements have been made with brokerage houses and other intermediaries, clearing agencies, custodians, nominees and fiduciaries to forward solicitation materials to the beneficial owners of the Common Shares held of record by such persons and the Corporation may reimburse such persons for reasonable fees and disbursements incurred by them in doing so. The costs thereof will be borne by the Corporation.

These securityholder materials are being sent to both registered and non-registered owners of the securities. If you are a non-registered owner, and the Corporation or its agent has sent these materials directly to you, your name and address and information about your holdings or securities, have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding on your behalf.

Accompanying this Information Circular (and filed with applicable securities regulatory authorities) is a form of proxy for use at the Meeting (“**Instrument of Proxy**”). Each Shareholder who is entitled to attend at Shareholders' meetings

is encouraged to participate in the Meeting and Shareholders are urged to vote on matters to be considered in person or by proxy.

Unless otherwise stated, the information contained in this Information Circular is given as of December 8, 2020 (the “**Effective Date**”).

Unless otherwise stated, all references to numbers of Common Shares and other securities are pre-consolidation numbers (that is, prior to giving effect to the proposed consolidation of the Common Shares on a basis of one (1) post-consolidation common share for every 19.24 pre-consolidation Common Shares to be considered at the Meeting).

All time references in this Information Circular are references to Toronto time.

APPOINTMENT AND REVOCATION OF PROXIES

Appointment of a Proxy

Those Shareholders who wish to be represented at the Meeting by proxy must complete and deliver a proper form of proxy to TSX Trust Company (the “Transfer Agent”) either in person, or by mail or courier, to 200 University Avenue, Suite 300, Toronto, Ontario M5H 4H1, by fax at (416) 595-9593 or via the internet at www.voteproxonline.com.

The persons named as proxyholders in the Instrument of Proxy accompanying this Information Circular are directors or officers of the Corporation, or persons designated by management of the Corporation, and are representatives of the Corporation's management for the Meeting. A Shareholder who wishes to appoint some other person (who need not be a Shareholder) to attend and act for him, her or it and on his, her or its behalf at the Meeting other than the management nominee designated in the Instrument of Proxy may do so by either: (i) crossing out the names of the management nominees AND legibly printing the other person's name in the blank space provided in the accompanying Instrument of Proxy; or (ii) completing another valid form of proxy. In either case, the completed form of proxy must be delivered to the Transfer Agent, at the place and within the time specified herein for the deposit of proxies. A Shareholder who appoints a proxy who is someone other than the management representatives named in the Instrument of Proxy should notify the nominee of the appointment, obtain the nominee's consent to act as proxy, and provide instructions on how the Common Shares are to be voted. The nominee should bring personal identification to the Meeting. In any case, the form of proxy should be dated and executed by the Shareholder or an attorney authorized in writing, with proof of such authorization attached (where an attorney executed the proxy form).

In order to validly appoint a proxy, Instruments of Proxy must be received by the Transfer Agent (the address is stated above or in the Instrument of Proxy) at least 48 hours, excluding Saturdays, Sundays and holidays, prior to the Meeting or any adjournment or postponement thereof. After such time, the Chairman of the Meeting may accept or reject a form of proxy delivered to him in his discretion but is under no obligation to accept or reject any particular late form of proxy.

Revoking a Proxy

A Shareholder who has validly given a proxy may revoke it for any matter upon which a vote has not already been cast by the proxyholder appointed therein. In addition to revocation in any other manner permitted by law, a proxy may be revoked with an instrument in writing signed and delivered to either the registered office of the Corporation or the Transfer Agent, 200 University Avenue, Suite 300, Toronto, Ontario, M5H 4H1, at any time up to and including the last business day preceding the date of the Meeting, or any postponement or adjournment thereof at which the proxy is to be used, or deposited with the Chairman of such Meeting on the day of the Meeting, or any postponement or adjournment thereof. The document used to revoke a proxy must be in writing and completed and signed by the Shareholder or his or her attorney authorized in writing or, if the Shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized.

Also, a Shareholder who has given a proxy may attend the Meeting in person (or where the Shareholder is a corporation, its authorized representative may attend), revoke the proxy (by indicating such intention to the Chairman before the proxy is exercised) and vote in person (or withhold from voting).

Signature on Proxies

The form of proxy must be executed by the Shareholder or his or her duly appointed attorney authorized in writing or, if the Shareholder is a corporation, by a duly authorized officer whose title must be indicated. A form of proxy signed by a person acting as attorney or in some other representative capacity should indicate that person's capacity (following his signature) and should be accompanied by the appropriate instrument evidencing qualification and authority to act (unless such instrument has been previously filed with the Corporation).

Voting of Proxies

Each Shareholder may instruct his, her or its proxy how to vote his, her or its Common Shares by completing the blanks on the Instrument of Proxy.

The Common Shares represented by the enclosed Instrument of Proxy will be voted or withheld from voting on any motion, by ballot or otherwise, in accordance with any indicated instructions. If a Shareholder specifies a choice with respect to any matter to be acted upon, the Common Shares will be voted accordingly. In the absence of such direction, such Common Shares will be voted IN FAVOUR OF PASSING THE RESOLUTIONS DESCRIBED IN THE INSTRUMENT OF PROXY AND BELOW. If any amendment or variation to the matters identified in the Notice is proposed at the Meeting or any adjournment or postponement thereof, or if any other matters properly come before the Meeting or any adjournment or postponement thereof, the accompanying Instrument of Proxy confers discretionary authority to vote on such amendments or variations or such other matters according to the best judgment of the appointed proxyholder. Unless otherwise stated, the Common Shares represented by a valid Instrument of Proxy will be voted in favour of the election of nominees set forth in this Information Circular except where a vacancy among such nominees occurs prior to the Meeting, in which case, such Common Shares may be voted in favour of another nominee in the proxyholder's discretion. As at the Effective Date, management of the Corporation knows of no such amendments or variations or other matters to come before the Meeting.

Advice to Beneficial Shareholders

The information set forth in this section is of importance to many Shareholders, as a substantial number of Shareholders do not hold Common Shares in their own name. Shareholders who hold their Common Shares through brokers, intermediaries, trustees or other persons, or who otherwise do not hold their Common Shares in their own name (referred to in this Information Circular as "Beneficial Shareholders") should note that only proxies deposited by Shareholders who are registered shareholders (that is, shareholders whose names appear on the records maintained by the registrar and transfer agent for the Common Shares as registered holders of Common Shares) will be recognized and acted upon at the Meeting. If Common Shares are listed in an account statement provided to a Beneficial Shareholder by a broker, those Common Shares will, in all likelihood, not be registered in the Shareholder's name. Such Common Shares will more likely be registered under the name of the Shareholder's broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration name for CDS Clearing and Depository Services Inc., which acts as nominee for many Canadian brokerage firms). Common Shares held by brokers (or their agents or nominees) on behalf of a broker's client can only be voted at the direction of the Beneficial Shareholder. Without specific instructions, brokers (or their agents and nominees) are prohibited from voting shares for the broker's clients. Subject to the following discussion in relation to NOBOs (as defined below), the Corporation does not know for whose benefit the shares of the Corporation registered in the name of CDS & Co., a broker or another nominee, are held.

There are two categories of Beneficial Shareholders for the purposes of applicable securities regulatory policy in relation to the mechanism of dissemination to Beneficial Shareholders of proxy-related materials and other securityholder materials and the request for voting instructions from such Beneficial Shareholders. Non-objecting beneficial owners ("**NOBOs**") are Beneficial Shareholders who have advised their intermediary (such as brokers or other nominees) that they do not object to their intermediary disclosing ownership information to the Corporation,

consisting of their name, address, e-mail address, securities holdings and preferred language of communication. **Securities legislation restricts the use of that information to matters strictly relating to the affairs of the Corporation.** Objecting beneficial owners (“OBOs”) are Beneficial Shareholders who have advised their intermediary that they object to their intermediary disclosing such ownership information to the Corporation.

In accordance with the requirements of NI 54-101, the Corporation is sending the Notice of Meeting, this Circular, and a voting instruction form or a form of proxy, as applicable (collectively, the “**Meeting Materials**”), directly to NOBOs and indirectly through intermediaries to OBOs. NI 54-101 permits the Corporation, in its discretion, to obtain a list of its NOBOs from intermediaries and use such NOBO list for the purpose of distributing the Meeting Materials directly to, and seeking voting instructions directly from, such NOBOs. As a result, the Corporation is entitled to deliver Meeting Materials to Beneficial Shareholders in two manners: (a) directly to NOBOs and indirectly through intermediaries to OBOs; or (b) indirectly to all Beneficial Shareholders through intermediaries. In accordance with the requirements of NI 54-101, the Corporation is sending the Meeting Materials directly to NOBOs and indirectly through intermediaries to OBOs. The Corporation will pay the fees and expenses of intermediaries for their services in delivering Meeting Materials to OBOs in accordance with NI 54-101.

The Corporation has used a NOBO list to send the Meeting Materials directly to NOBOs whose names appear on that list. If the Transfer Agent has sent these materials directly to a NOBO, such NOBO's name and address and information about its holdings of Common Shares have been obtained from the intermediary holding such shares on the NOBO's behalf in accordance with applicable securities regulatory requirements. As a result, any NOBO of the Corporation can expect to receive a voting instruction form from the Transfer Agent. NOBOs should complete and return the voting instruction form to the Transfer Agent in the envelope provided. In addition, Internet voting is available. Instructions in respect of the procedure for Internet voting can be found in the voting instruction form. The Transfer Agent will tabulate the results of voting instruction forms received from NOBOs and will provide appropriate instructions at the Meeting with respect to the shares represented by such voting instruction forms.

Applicable securities regulatory policy requires intermediaries, on receipt of Meeting Materials that seek voting instructions from Beneficial Shareholders indirectly, to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings on Form 54-101F7 – *Request for Voting Instructions Made by Intermediaries* (“**Form 54-101F7**”). Every intermediary/broker has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting or any adjournment(s) or postponement(s) thereof. Often, the form of proxy supplied to a Beneficial Shareholder by its broker is identical to the form of proxy provided to registered shareholders; however, its purpose is limited to instructing the registered shareholder how to vote on behalf of the Beneficial Shareholder. Beneficial Shareholders who wish to appear in person and vote at the Meeting should be appointed as their own representatives at the Meeting in accordance with the directions of their intermediaries and Form 54-101F7. Beneficial Shareholders can also write the name of someone else whom they wish to attend at the Meeting and vote on their behalf. Unless prohibited by law, the person whose name is written in the space provided in Form 54-101F7 will have full authority to present matters to the Meeting and vote on all matters that are presented at the Meeting, even if those matters are not set out in Form 54-101F7 or this Information Circular. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. (“**Broadridge**”). Broadridge typically mails a voting instruction form in lieu of the form of proxy. Beneficial Shareholders are requested to complete and return the voting instruction form to Broadridge by mail or facsimile. Broadridge will then provide aggregate voting instructions to the Transfer Agent, which tabulates the results and provides appropriate instructions respecting the voting of shares to be represented at the Meeting or any adjournment or postponement thereof. By choosing to send the Meeting Materials to NOBOs directly, the Corporation (and not the intermediary holding Common Shares on your behalf) has assumed responsibility for: (i) delivering these materials to you; and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions.

All references to Shareholders in this Information Circular and the accompanying Instrument of Proxy and Notice are to registered Shareholders unless specifically stated otherwise.

REVERSE TAKE-OVER OF THE CORPORATION BY MINDHEALTH

MindHealth entered into a business combination agreement dated September 11, 2020, among the Corporation, 1264216 B.C. Ltd. (“**Cardinal Subco**”) and MindHealth (the “**Definitive Agreement**”), whereby the Corporation will acquire MindHealth by way of a three cornered amalgamation, in which MindHealth will amalgamate with Cardinal Subco (the “**Amalgamation**”) and form one corporation under the name of “MindHealth Biomed British Columbia Ltd.” (“**Amalco**”) under the provisions of the BCBCA. Upon the completion of which the business of the Corporation will become the business of MindHealth (the “**MindHealth Transaction**”)

As a result of the Amalgamation, shareholders of MindHealth (the “**MindHealth Shareholders**”) will receive shares in the capital of the Corporation in consideration for all the issued and outstanding MindHealth common shares (the “**MindHealth Shares**”). Amalco will continue as one corporation under the BCBCA, resulting in MindHealth Shares and Cardinal Subco shares being cancelled and replaced by Amalco shares (on the basis of one Cardinal Subco share and one MindHealth Share for each Amalco share, respectively) and all the property of each of Subco and MindHealth continuing on as to the property of Amalco.

Pursuant to the MindHealth Transaction, Cardinal will issue to MindHealth Shareholders 19.24 pre-consolidation Cardinal shares (each, a “**Consideration Share**” and collectively, the “**Consideration Shares**”) in exchange for each issued and outstanding MindHealth shares. Upon completion of the transaction, the former MindHealth Shareholders will hold approximately 95.2% of the common shares of Cardinal, (the “**Resulting Issuer**”, being Cardinal as constituted following the Name Change, as defined herein) (the “**Resulting Issuer Shares**”) and the pre-MindHealth Transaction shareholders of Cardinal will hold approximately 4.8% of the Resulting Issuer Shares, in each case on a non-diluted basis.

At closing of the MindHealth Transaction (the “**Closing**”), Cardinal will expressly assume the provisions of each of the outstanding warrants held by MindHealth warrant holders (the “**MindHealth Warrants**”), and holders of MindHealth Warrants shall be entitled to receive Resulting Issuer Shares in lieu of MindHealth Shares upon the exercise of the MindHealth Warrants.

The Corporation has applied to list the common shares of the Resulting Issuer on the Canadian Securities Exchange (the “**CSE**”) upon the completion of the MindHealth Transaction. Listing will be subject to completion of the Amalgamation and satisfying all of the requirements of the CSE.

Certain of the Consideration Shares will be subject to escrow pursuant to an escrow agreement between the Resulting Issuer and certain principals of the Resulting Issuer.

In connection with the MindHealth Transaction, the Corporation has entered into a finder’s fee agreement between the Corporation and a finder (the “**Finder**”), providing for the issuance to the Finder of an aggregate of 1,999,995 Resulting Issuer Shares (the “**Finder Fee Shares**”) at \$0.30 per share. The Finder Fee Shares will be issued upon the completion of the Transaction for the finder’s role in sourcing and advising on the Transaction. The shares issued to the Finders will be subject to a hold period of four (4) months and one (1) day from their date of issuance.

Upon the completion of the MindHealth Transaction in accordance with the terms of Definitive Agreement, the Resulting Issuer will carry on the business of producing and selling psilocybin mushroom products, and other related psychedelic businesses (for example, the establishment of clinics and conducting clinical research within international legal markets), subject to all applicable laws. See **Schedule “C”** for information about MindHealth and the Resulting Issuer, **Schedule “D”** for MindHealth’s financial statements, **Schedule “E”** for MindHealth’s Management Discussion and Analysis, and **Schedule “F”** for the pro forma financial statements of the Resulting Issuer.

SHAREHOLDER APPROVAL OF THE MINDHEALTH TRANSACTION IS NOT REQUIRED BY CORPORATE OR SECURITIES LAW. However, shareholder approval of the MindHealth Transaction is required as a condition of listing the Resulting Issuer shares on the CSE, which listing is a condition of closing the MindHealth Transaction. Though the resolution to approve the Transaction is non-binding on the Board, should the resolution fail, the completion of the Transaction would be unlikely.

Full details regarding MindHealth and the MindHealth Transaction will be disclosed by the Corporation in a listing statement (the “**Listing Statement**”) to be prepared and filed under the policies of the CSE. The Listing Statement

will be posted on SEDAR at www.sedar.com prior to completion of the MindHealth Transaction and prior to listing on the CSE. Management of the Corporation will endeavour to post the Listing Statement on SEDAR as quickly as possible; however, the posting thereof and the detailed press release to be issued by the Corporation in conjunction therewith may not occur until on or about the date of the Meeting or thereafter. Shareholders are urged to review the press releases issued by the Corporation on August 11, 2020 and September 11, 2020 announcing the proposed MindHealth Transaction and the Listing Statement of the Corporation if, as and when filed on SEDAR as it contains important disclosure regarding the Resulting Issuer and the MindHealth Transaction.

The following summary of the Definitive Agreement is qualified in its entirety by the text of the Definitive Agreement, a copy of which will be attached to the Listing Statement and which will also be filed by the Corporation with Canadian securities regulatory authorities and is available at www.sedar.com. Capitalized terms not otherwise defined herein have the meanings given to them in the Definitive Agreement.

Representations, Warranties and Covenants

The Definitive Agreement contains customary representations and warranties made by each of the parties in respect of the respective assets, liabilities, financial position, business and operations of the Corporation, Cardinal Subco and MindHealth. Both the Corporation and MindHealth also provided covenants in favour of each other in the Definitive Agreement which govern the conduct of the operations and affairs of each respective party prior to the date of closing of the MindHealth Transaction (the “**MindHealth Transaction Closing Date**”).

Conditions to the Proposed Reverse Takeover Transaction

The Definitive Agreement contains certain conditions to the obligations of Cardinal and MindHealth to complete the proposed reverse takeover transaction. Unless all of such conditions are satisfied or waived by the party or parties for whose benefit such conditions exist, the proposed reverse takeover transaction will not be completed. The following is a summary of the significant conditions contained in the Definitive Agreement:

1. approval of the Shareholders of the Corporation for the matters to be considered at the Meeting;
2. the completion of the non-brokered private placement of 25,922,997 MindHealth Common Shares at a price of \$0.25 per MindHealth Common Share for aggregate gross proceeds of up to \$6,480,749.25;
3. the dissolution by the Corporation of Eco Logic Solutions Inc. prior to the completion of the MindHealth Transaction;
4. MindHealth shall have obtained directors’ and officer’s liability insurance on terms and conditions and in amounts commercially reasonable in the circumstances, with insurers acceptable to MindHealth;
5. the amalgamation between MindHealth and Cardinal Subco becoming effective on or before March 31, 2021 or such other date as agreed to by the Corporation and MindHealth, acting reasonably;
6. each of the Corporation, Cardinal Subco and MindHealth having obtained all consents, approvals and authorizations, regulatory or otherwise, including any third party approvals and consents, required or necessary to be obtained in connection with the MindHealth Transaction;
7. the CSE shall have conditionally approved the listing of the Resulting Issuer Shares issuable pursuant to the MindHealth Transaction and upon exercise of any securities of the Resulting Issuer convertible or exercisable into Resulting Issuer Shares (“**Resulting Issuer Convertible Securities**”), subject to the CSE’s usual conditions; and
8. there shall not be in force any order or decree restraining or enjoining the consummation of the transactions in connection with and including the MindHealth Transaction.

Management of the Corporation believes that all material consents, rulings, approvals and assurances required for the completion of the MindHealth Transaction will be obtained prior to the MindHealth Transaction Closing Date in the normal course upon application therefore, however, there can be no assurance that all of the conditions to the MindHealth Transaction will be fulfilled prior to the anticipated MindHealth Transaction Closing Date. The fulfilment of certain of the conditions may be waived by the parties to the Definitive Agreement.

The aforementioned is only a summary of the Definitive Agreement. Readers are encouraged to refer to the Definitive Agreement, a copy of which will be attached to the Listing Statement and which has also been filed by the Corporation with the Canadian securities regulatory authorities and is available at www.sedar.com.

Subject to receipt of all approvals, including from the CSE, the MindHealth Transaction is scheduled to close in early 2021 or such other date as may be agreed to in writing by the Corporation and MindHealth. Certain of the resolutions sought to be passed by the Shareholders at the Meeting will be conditions to the completion of the MindHealth Transaction. Failure to pass these resolutions could impede or prevent the completion of the MindHealth Transaction.

VOTING SHARES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

Shareholders of record as of November 30, 2020 (the “**Record Date**”) are entitled to receive notice and attend and vote at the Meeting. As at the Record Date, the Corporation had 32,066,579 issued and outstanding Common Shares. These Common Shares are the only voting shares of the Corporation which are issued and outstanding as of the Record Date. Each Common Share entitles the holder to one (1) vote in respect of any matter that may come before the Meeting.

To the knowledge of the directors and officers of the Corporation, as at the Effective Date, no person or corporation beneficially owns, directly or indirectly, or exercises control or direction over, more than 10% of the issued and outstanding Common Shares other than:

Name	Type of Ownership	Number of Common Shares Owned or Controlled at the Effective Date ⁽¹⁾	Percent of Outstanding Common Shares
Chris Carmichael	Direct and Beneficial	4,862,633	15.16%

Notes:

- As at the Record Date, there were 32,066,579 Common Shares issued and outstanding.

INDEBTEDNESS OF DIRECTORS AND OFFICERS

No directors or officers of the Corporation, nor any proposed nominee for election as a director of the Corporation, nor any associate or affiliate of any one of them, is or was indebted, directly or indirectly, to the Corporation or its subsidiaries at any time since the beginning of the financial period ended December 31, 2019.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Except as disclosed in this Information Circular, no director or officer of the Corporation, nor any proposed nominee for election as a director of the Corporation, nor any other insider of the Corporation, nor any associate or affiliate of any one of them, has or has had, at any time since the beginning of the financial period ended December 31, 2019, any material interest, direct or indirect, in any transaction or proposed transaction that has materially affected or would materially affect the Corporation, except as disclosed in this Information Circular.

INTEREST OF DIRECTORS AND OFFICERS IN MATTERS TO BE ACTED UPON

Except as disclosed in this Information Circular, no director or senior officer of the Corporation, nor any proposed nominee for election as a director of the Corporation, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted on at the Meeting.

STATEMENT OF EXECUTIVE COMPENSATION

The following disclosure of compensation earned by certain executive officers and directors of the Corporation in connection with their office or employment with the Corporation is made in accordance with the requirements of National Instrument 51-102 - *Continuous Disclosure Obligations*. Disclosure is required to be made in relation to “Named Executive Officers”, being those individuals who:

- (a) during any part of the most recently completed financial year, served as chief executive officer, including an individual performing functions similar to a chief executive officer;
- (b) during any part of the most recently completed financial year, served as chief financial officer, including an individual performing functions similar to a chief financial officer;
- (c) in respect of the company and its subsidiaries, the most highly compensated executive officer other than the individuals identified in (a) and (b) at the end of the most recently completed financial year whose total compensation was more than \$150,000 for the financial year; and
- (d) each individual who would be a named executive officer under paragraph (c) but for the fact that the individual was not an executive officer of the company, and was not acting in a similar capacity, at the end of that financial year.

Based on the foregoing, Mr. Ryan Roebuck, Chief Executive Officer and a director of the Corporation, and Mr. Chris Carmichael, Chief Financial Officer and a director of the Corporation, are the Corporation's only Named Executive Officers during the fiscal year-ended December 31, 2019.

The following table (presented in accordance with National Instrument Form 51-102F6V – *Statement of Executive Compensation – Venture Issuers*) sets forth all annual and long term compensation for services paid to or earned by each NEO and director for the two (2) most recently completed financial years ended December 31, 2019 and 2018.

Table of Compensation

Name and position	Year	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Value of stock options granted (\$)	Value of stock options exercised (\$)	Total compensation (\$)
Ryan Roebuck ⁽¹⁾ Chief Executive Officer and Director	2019 2018	nil nil	nil nil	nil nil	N/A N/A	nil nil	nil nil	nil nil	nil nil
Chris Carmichael ⁽²⁾ Chief Financial Officer and director	2019 2018	nil nil	nil nil	nil nil	N/A N/A	nil nil	nil nil	nil nil	nil nil
Steven Low Director	2019 2018	nil nil	nil nil	nil nil	N/A N/A	nil nil	nil nil	nil nil	nil nil

Notes:

1. During the fiscal years ended December 31, 2019 and 2018, Mr. Roebuck served as Chief Executive Officer and a director of the Corporation.
2. During the fiscal years ended December 31, 2019 and 2018, Mr. Carmichael served as Chief Financial Officer and a director of the Corporation.

Compensation Discussion and Analysis

As at the date of this Information Circular, since the beginning of the financial year ended December 31, 2019, the Corporation has not paid compensation of any kind to the Corporation's directors and officers.

There were no incentive stock options exercised by any Named Executive Officer or director during the most recently completed fiscal year, ending December 31, 2019.

Following the completion of the MindHealth Transaction by the Corporation, it is anticipated that the Resulting Issuer will pay compensation to its directors and officers in accordance with industry standards.

Financial Instruments

The Corporation has not implemented any policies which restrict its executive officers and directors from purchasing financial instruments, including prepaid variable forward contracts, equity swaps, collars, or units of exchange funds that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the executive officer or director.

Share Based and Non-Equity Incentive Plan Compensation

The Corporation has not, since the beginning of the financial year ended December 31, 2019, granted any share-based awards nor has it provided any awards pursuant to a non-equity incentive plan.

The following table sets forth all compensation securities granted or currently issued to each NEO and directors by the Corporation as of the financial year ended December 31, 2019, for services provided or to be provided, directly or indirectly, to the Corporation:

Exercise of Compensation Securities by Directors and NEOs

Name and position	Type of compensation security	Number of compensation securities, number of underlying securities, and percentage of class	Date of issue or grant	Issue, conversion or exercise price (\$)	Closing price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at year end (\$)	Expiry Date
Ryan Roebuck ⁽¹⁾ Chief Executive Officer and Director	Stock Options	500,000 (16.67%)	November 28, 2018	\$0.01	\$0.01	\$0.01	November 28, 2023
Chris Carmichael ⁽²⁾ Chief Financial Officer and director	Stock Options	1,000,000 (33.33%)	November 28, 2018	\$0.01	\$0.01	\$0.01	November 28, 2023
Steven Low ⁽³⁾ Director	Stock Options	1,000,000 (33.33%)	November 28, 2018	\$0.01	\$0.01	\$0.01	November 28, 2023
Amir Mousavi ⁽⁴⁾	Stock Options	500,000 (16.67%)	November 28, 2018	\$0.01	\$0.01	\$0.01	November 28, 2023

Notes:

1. Mr. Roebuck holds options to purchase an aggregate total of 500,000 Common Shares, exercisable at a price of \$0.01 per share expiring November 28, 2023.
2. Mr. Carmichael holds options to purchase an aggregate total of 1,000,000 Common Shares, exercisable at a price of \$0.01 per share expiring November 28, 2023.
3. Mr. Low holds options to purchase an aggregate total of 500,000 Common Shares, exercisable at a price of \$0.01 per share expiring November 28, 2023.
4. Mr. Moussavi holds options to purchase an aggregate total of 500,000 Common Shares, exercisable at a price of \$0.01 per share expiring November 28, 2023.

Stock Option Plan

In 2008, the Corporation established a 10% rolling stock option plan (the “Plan”), to encourage common share ownership in the Corporation by directors, officers, employees and consultants of the Corporation and its subsidiaries or affiliates. The aggregate number of shares of the Corporation reserved for issuance and which may be issued and sold under the Plan, or any other stock option plans of the Corporation, shall not exceed ten percent (10%) of the total number of issued and outstanding shares (calculated on a non-diluted basis) from time to time. The total number of shares which maybe reserved for issuance to any one individual under the Plan within any one year period shall not exceed 5% of the outstanding issue.

Any shares subject to an option which for any reason are cancelled or terminated prior to exercise will be available for a subsequent grant under the Plan. The option price for any common shares cannot be less than the price permitted by any stock exchange on which the common shares are then listed or other regulating body having jurisdiction. Options granted under the Plan may be exercised during a period of time fixed by board of directors up to the maximum period permitted by any stock exchange on which the common shares are then listed or other regulatory authority having authority, subject to earlier termination upon the termination of the optionee's employment, upon the optionee ceasing to be an employee, senior officer, director or consultant of the Corporation or any of its subsidiaries or affiliates, as applicable, or upon the optionee retiring, becoming permanently disabled or deceased.

The options are non-transferable. The Plan contains provisions for adjustment in the number of shares issuable thereunder in the event of a subdivision, consolidation, reclassification or change of the common shares, a merger or

other relevant changes in the Corporation's capitalization. The board of directors may from time to time amend or revise the terms of the Plan or may terminate the Plan at any time.

Compensation Governance

The policies and practices adopted by the board of directors to determine the compensation of the Corporation's executive officers and directors is described under "Statement of Executive Compensation and Related Matters — Compensation Discussion and Analysis". The Corporation has not established a compensation committee and does not intend to do so before the completion of the MindHealth Transaction.

Benefit, Contribution, Pension, Retirement, Deferred Compensation and Actuarial Plans

The Corporation currently has no defined benefit, defined contribution, pension, retirement, deferred compensation or actuarial plans for its Named Executive Officers or directors of the Corporation.

Compensation of Named Executive Officers

The Named Executive Officers for the Corporation, Ryan Roebuck, Chief Executive Officer, and Chris Carmichael, Chief Financial Officer of the Corporation. As at the date hereof, since the beginning of the financial year ended December 31, 2019, the Named Executive Officers have not received any salary, share-based awards, non-equity incentive plan compensation, pension value or other compensation. The Named Executive Officers are also directors of the Corporation; however, they have not received any compensation in their capacity as directors of the Corporation.

Termination of Employment, Change in Responsibilities and Employment Contracts

Other than as provided for at common law, there is no contract, agreement, plan or arrangement that provides for payments to the Named Executive Officers at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change in control of the Corporation or a change in the Named Executive Officers' responsibilities.

Compensation of Directors

No compensation (including, without limitation, option-based awards and share-based awards) have been paid to the Corporation's directors since the beginning of the financial year ended December 31, 2018.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets forth the number of Common Shares to be issued upon exercise of outstanding options ("Options") issued pursuant to compensation plans under which equity securities of the Corporation are authorized

for issuance, the weighted average exercise price of such outstanding Options and the number of Common Shares remaining available for future issuance under such compensation plans as at December 31, 2019.

Plan Category	Number of securities to be issued upon exercise of outstanding Options	Weighted-average exercise price of outstanding Options	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in the first column)
Equity compensation plans approved by security holders	3,000,000	N/A	206,657
Equity compensation plans not approved by security holders	Nil	N/A	Nil
Total	3,000,000	N/A	206,657

MANAGEMENT CONTRACTS

No management functions of the Corporation are to any substantial degree performed by any other person or company other than by the directors or executive officers of the Corporation.

AUDITOR

The auditor of the Corporation is MNP LLP, located at 50 Burnhamthorpe Road West, Mississauga, ON, L5B3C2. MNP LLP has served as the Corporation's auditor since October 22, 2009.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

Corporate Governance Disclosure

The information required to be disclosed by National Policy 58-101 *Disclosure of Corporate Governance Practices* is attached to this Information Circular as **Schedule "A"**.

Meeting of the Board of Directors and Committees

Most matters requiring approval of the board of directors of the Corporation were approved by written resolutions signed by all members of the board of directors, with detailed information being circulated to all members of the board of directors beforehand. Any member of the board of directors may request a formal meeting of the board of directors in the event that such director considers the subject matter of a particular resolution requires full board of directors' discussion.

The Audit Committee

The Corporation has established an Audit Committee and is relying on the exemption for venture issuers set out in section 6.1 of National Instrument 52-110 – Audit Committees. The Audit Committee assists the board of directors in its oversight of: (i) the integrity of the financial reporting of the Corporation; (ii) the independence and performance of the Corporation's external auditors; and (iii) the Corporation's compliance with legal and regulatory requirements. Other information required to be disclosed by Form 52-110F2 is attached to this Information Circular as **Schedule "B"**.

MATTERS TO BE CONSIDERED AT THE MEETING

To the knowledge of the board of directors, the only matters to be brought before the Meeting are set forth in the accompanying Notice of Meeting. These matters are described in more detail under the headings below.

1. Financial Statements

The audited financial statements of the Corporation and the auditor's report thereon to be received by the Shareholders at the Meeting are as at and for the financial year ended December 31, 2019. The audited annual financial statements for the year ended December 31, 2019 are being mailed to the Shareholders with this Information Circular. The annual financial statements are also available under the Corporation's profile on SEDAR at www.sedar.com.

2. Appointment of Auditor

At the Meeting, the Shareholders are required to appoint the auditor of the Corporation. The board of directors proposes to re-appoint MNP LLP, as the Corporation's auditor, to hold office until the next annual meeting of shareholders and to authorize the directors to determine their remuneration. In order to be effective, the resolution to reappoint MNP LLP as the Corporation's auditors and to authorize the Board of Directors to fix their remuneration must be approved by a majority of votes cast by Shareholders attending the Meeting themselves or represented by proxy at the Meeting.

Management recommends that Shareholders vote FOR the adoption of the ordinary resolution approving the appointment of the auditors of the Corporation.

PROXIES RECEIVED IN FAVOUR OF MANAGEMENT WILL BE VOTED FOR THE APPROVAL OF THE ABOVE ORDINARY RESOLUTION UNLESS A SHAREHOLDER HAS SPECIFIED IN THE PROXY THAT THE COMMON SHARES ARE TO BE VOTED AGAINST SUCH ORDINARY RESOLUTION.

3. Election of Directors

At the Meeting, Shareholders approval will be sought by way of an ordinary resolution to fix the number of directors of the Corporation at four (4). Shareholders are also required to elect the directors of the Corporation to hold office until their successors directors are elected or appointed. If elected, each such director (the "**Current Nominees**") will be elected to hold office effective until the earlier of: (a) the next annual general meeting of the Corporation; (b) the completion of the MindHealth Transaction; or (c) his successor is duly elected or appointed in accordance with the *Business Corporations Act* (Ontario) ("**OBCA**") and the By-laws of the Corporation, unless his office is vacated earlier.

Voting for the election of the below named directors comprising the Current Nominees will be conducted on an individual, and not slate basis. Shareholders can vote for all of the proposed directors set forth herein, vote for some of them and withhold for others, or withhold for all of them. **It is the intention of the management designees, if named as proxy, to vote FOR the election of said persons to the board of directors.**

It is condition of closing of the MindHealth Transaction that the Current Nominees will sequentially resign as directors and officers of the Corporation and appoint five (5) individuals nominated by MindHealth to serve as directors of the Resulting Issuer to serve from the effective time of the MindHealth Transaction (the "**Change of Board Time**") until the close of the next annual meeting of Shareholders of the Corporation or until their successors are elected or appointed (the "**New Nominees**").

At the time of the Meeting, the MindHealth Transaction will not yet have been completed and there can be no assurance at that time that it will be completed.

The persons designated as proxyholders in the accompanying Instrument of Proxy (absent contrary directions) intend to vote to set the number of directors of the Corporation and to vote for the election of the directors as set forth above and therein. Shareholders can vote for all of the proposed directors set forth herein, vote for some of

them and withhold for others, or withhold for all of them. The Corporation does not contemplate that any of such nominees will be unable to serve as directors; however, if for any reason any of the proposed nominees do not stand for election or are unable to serve as such, **proxies held by the persons designated as proxyholders in the accompanying Instrument of Proxy will be voted for another nominee in their discretion unless the Shareholder has specified in his or her form of proxy that his or her Common Shares are to be withheld from voting in the election of directors.** Each director elected as a Current Nominee director will hold office from the close of the Meeting until the earlier of: (i) the next annual meeting of Shareholders or until their successors are elected or appointed; or (ii) until the Change of Board Time, as the case may be; and (iii) each director elected as a New Nominee director will hold office from the Change of Board Time until the next annual meeting of Shareholders or until their successors are elected or appointed, all as the case may be, unless his office is earlier vacated in accordance with the Articles of the Corporation or the provisions of the OBCA.

See below for detailed information concerning the Current Nominees and the New Nominees.

Current Nominees

The following sets forth the name of each of the persons proposed to be nominated for election as a director of the Corporation as part of the Current Nominees, all positions and offices in the Corporation presently held by such nominees, the nominees' municipality and country of residence, principal occupation at the present time and during the preceding five (5) years, the period during which the respective nominees have served as directors, and the number and percentage of Common Shares beneficially owned by the nominees, directly or indirectly, or over which control or direction is exercised, as of the Effective Date.

Name, Current Position(s) with the Corporation and Municipality of Residence	Date First Appointed to the Board	Position and Office	Present Principal Occupation(s) if Different from Office Held	Shares of the Corporation Beneficially Owned, Controlled or Directed ⁽¹⁾
Ryan Roebuck Toronto, Ontario	October 19, 2018	Chief Executive Officer and Director	Mr. Roebuck is the principal of RR One Ltd., a private investment company and has been since August 2011 to the present.	3,174,534
Chris Carmichael Toronto, Ontario	August 23, 2013	Chief Financial Officer and Director	Mr. Carmichael is the President of CRIS Inc., a firm providing CFO and corporate secretarial services to Canadian companies.	4,753,000
Steven Low Dartmouth, Nova Scotia	October 19, 2018	Director	Mr. Low is the CEO of Boom Capital Markets, an investor relations and capital markets advisory firm.	Nil
Blanchart Arun Toronto, Ontario	N/A	Director	Mr. Arun is an associate lawyer with Garfinkle Biderman LLP.	Nil

Notes:

1. The information as to shares beneficially owned, directly or indirectly, not being within the knowledge of the Corporation, has been furnished by the respective directors individually.

Cease Trade Orders, Bankruptcies and Penalties

Except as disclosed below, none of the proposed directors are, as at the date hereof, or has been, within ten (10) years prior to the date hereof, a director, chief executive officer or chief financial officer of any company (including the Corporation) that: (i) while that person was acting in that capacity was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than thirty (30) consecutive days; (ii) was subject to a cease trade order or similar order or any order that denied the relevant company access to an exemption under securities legislation, that was in effect for a period of more than thirty (30) consecutive days that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer; or (iii) while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to the bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

None of the proposed directors has, within the ten (10) years prior to the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold his assets.

None of the proposed directors is, as at the date hereof, or has been subject to: (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (b) any other penalties or sanctions imposed by a court or regulatory body that would be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

New Nominees

The following table sets forth the name of each of the persons proposed to be nominated for appointment as a director of the Corporation as part of the New Nominees, all positions and offices in the Corporation presently held by such nominees, the nominees' municipality and country of residence, principal occupation within the five (5) preceding years, the period during which the nominees have served as directors, and the number and percentage of Common Shares beneficially owned by the nominees, directly or indirectly, or over which control or direction is exercised.

Name of Place of Residence	Positions with the Corporation and Date First Appointed to the Board	Principal Occupation	Number and Percentage of Common Shares Beneficially Owned or Controlled ⁽¹⁾
Amza Ali, Toronto, Ontario, Canada	N/A	Advisor, Psyence Therapeutics Corp.	Nil
Jody Aufrichtig, Cape Town, Republic of South Africa	N/A	Director, MindHealth Biomed Corp.	Nil
Gavin Basserabie Clovelly, New South Wales, Australia	N/A	Director, MindHealth Biomed Corp.	Nil
Ryan Roebuck, Toronto, Ontario, Canada	Chief Executive Officer and Director, October 19, 2018	Principal, RR One Ltd.	3,174,534
Marvin Singer, Toronto, Ontario, Canada	N/A	Self-Employed Consultant	Nil

Notes:

- Information concerning shares of the Resulting Issuer to be beneficially owned or controlled, directly or indirectly, on completion of the MindHealth Transaction, will be set out in the Listing Statement.

Biographical information regarding the New Nominees is set out in Schedule "C" hereto.

4. Approval of Special Resolution Authorizing the Board to Fix the Number of Directors

Pursuant to Section 125(3) of the OBCA, if the articles of a corporation provide for a minimum and maximum number of directors, the directors may, if the shareholders have previously by special resolution so authorized, determine the size of the board of directors from time to time. In addition, Section 124(2) of the OBCA also provides that where a special resolution empowers directors to determine the size of the board of directors in accordance with Section 125(3) of the OBCA, the directors may appoint one or more directors between annual meetings to hold office for a term expiring not later than the close of the next annual meeting of shareholders, provided that the total number of directors so set may not exceed one and one-third ($\frac{1}{3}$) of the number of directors elected at the previous annual meeting of shareholders.

From time to time, the Board may identify an individual who could make valuable contributions to the Corporation as a director. Following the Meeting, the Board wishes to have the ability to invite such an individual to join the Board between shareholders' meetings, without the need to create a vacancy, as this may restrict the Corporation's ability to enhance the Board at the earliest opportunity.

By adopting the proposed special resolution set forth below, it will be possible to more quickly take advantage of opportunities to augment the Board. At the same time, given the limitation on the number of directors who can be added between meetings and the expiry of the term of such directors at the next annual meeting, Shareholders maintain their control over the composition of the Board.

At the Meeting, the Shareholders will be asked to consider, and if deemed advisable, to pass, a special resolution authorizing the board to determine the number of directors on the Board from time to time within the minimum and maximum number set in the articles of the Corporation, by resolution of directors, subject to the limits set out in the OBCA (the "**Board Size Resolution**").

The text of the Board Size Resolution to be submitted to Shareholders at the Meeting is set forth below:

"BE IT HEREBY RESOLVED as a special resolution of the Corporation that:

- (a) the directors of the Corporation are empowered and authorized to determine the number of directors of the Corporation, from time to time, within the minimum and maximum numbers set out in the articles of the Corporation, by a resolution of the directors, subject to the limitations set out in the Business Corporations Act (Ontario); and
- (b) any one director or officer of the Corporation is hereby authorized, instructed and empowered, acting for, in the name of, and on behalf of the Corporation, to do or to cause all such other acts and things in the opinion of such director or officer of the Corporation as may be necessary or desirable in order to fulfill the intent of this foregoing resolution."

The Board has reviewed the Board Size Resolution and concluded that it is fair and reasonable to the Shareholders and in the best interests of the Corporation.

Management recommends that Shareholders vote FOR the adoption of the special resolution approving the Board Size Resolution.

PROXIES RECEIVED IN FAVOUR OF MANAGEMENT WILL BE VOTED FOR THE APPROVAL OF THE ABOVE BOARD SIZE RESOLUTION UNLESS A SHAREHOLDER HAS SPECIFIED IN THE PROXY THAT THE COMMON SHARES ARE TO BE VOTED AGAINST THE BOARD SIZE RESOLUTION.

5. Consolidation of Common Shares

Reasons for Consolidation

In connection with the MindHealth Transaction, the Corporation intends to issue Common Shares as consideration to the shareholders of MindHealth. In order to align the value of the Common Shares to the price per Common Share at which the MindHealth Transaction will be completed, the Corporation proposes that immediately prior to the completion of the MindHealth Transaction the Corporation's issued and outstanding share capital be consolidated on a basis of one (1) post-consolidation Common Share for every 19.24 pre-consolidation Common Shares (the "Consolidation").

Effect of Consolidation

If approved and implemented, the Consolidation will occur simultaneously for all of the Corporation's issued and outstanding Common Shares and will occur prior to the completion of the MindHealth Transaction. The Consolidation ratio will be the same for all such Common Shares and will affect all holders of Common Shares uniformly and will not affect any Shareholder's percentage ownership interest in the Corporation, except to the extent that the Consolidation would otherwise result in any shareholder owning a fractional Common Share. In the event a Shareholder would be entitled to receive a fractional Common Share after the Consolidation, each fractional Common Share that is less than half ($\frac{1}{2}$) of a Common Share will be rounded down to the next highest whole number and each fractional Common Share that is at least half ($\frac{1}{2}$) of a Common Share will be rounded up to the next highest whole number of Common Shares.

As the Corporation currently has an unlimited number of Common Shares authorized for issuance, the Consolidation will not have any effect on the number of Common Shares that remain available for future issuance. If the Consolidation is effected, the exercise or conversion price and the number of Common Shares issuable under outstanding incentive stock options will be proportionately adjusted. As at the Effective Date, the Corporation has 32,066,579 pre-Consolidation Common Shares issued and outstanding. Upon completion of the Consolidation, the number of post-Consolidation Common Shares issued and outstanding, without giving effect to the MindHealth Transaction, will be approximately 1,666,662 post-Consolidation Common Shares (on a non-diluted basis).

No Dissent Rights

Under the OBCA, Shareholders do not have dissent and appraisal rights with respect to the proposed Share Consolidation.

Vote Required

Shareholders will be asked to consider and, if thought appropriate, to pass, with or without variation, a special resolution authorizing the board of directors, in its sole discretion, to effect the Consolidation. To be effective, the resolution in respect of the Consolidation must be approved by the affirmative vote of not less than two-thirds ($\frac{2}{3}$) of the votes cast by the holders of Common Shares present in person or represented by proxy at the Meeting. The Consolidation is required in order to complete the MindHealth Transaction and if approved will be given effect prior to completion of the MindHealth Transaction. If the holders of Common Shares do not approve the special resolution, the MindHealth Transaction may not proceed. Management Recommends that **Shareholders vote FOR this special resolution.**

The complete text of the special resolution which management intends to place before the Meeting authorizing the Consolidation is as follows:

"BE IT HEREBY RESOLVED as a special resolution of the Corporation that:

- (1) the Consolidation of the Common Shares of the Corporation on a basis of one (1) post-consolidation Common Share for every 19.24 pre-consolidation Common Shares is hereby approved;
- (2) no fractional Common Shares shall be issued in connection with the Consolidation and, in the event a Shareholder would otherwise be entitled to receive a fractional Common Share

in connection with the Consolidation, the number of Common Shares to be received by such Shareholder shall be rounded down to the next lowest whole number if that fractional Common Share is less than half (½) of a Common Share and will be rounded up to the next highest whole number of Common Shares if that fractional Common Share is at least half (½) of a Common Share;

- (3) any one (1) director or any one officer be and is hereby authorized and directed to execute on behalf of the Corporation, and to deliver and to cause to be delivered all such documents, agreements and instruments and to do and to cause to be done all such other acts or things as he shall determine to be necessary or desirable to carry out the intent of this special resolution; and
- (4) notwithstanding approval of the Shareholders of the Corporation as herein provided, the board of directors may, in its sole discretion, revoke this resolution before it is acted upon without further approval of the Shareholders of the Corporation”,

(the “**Consolidation Resolution**”).

If the approval of Shareholders is received, the Consolidation will be effected at a time determined by the board of directors of the Corporation; notwithstanding if the approvals are received, the Corporation may determine not to proceed with the Consolidation at the discretion of the board (including in the event the MindHealth Transaction is terminated).

Management recommends that Shareholders vote FOR the adoption of the special resolution approving the Consolidation.

PROXIES RECEIVED IN FAVOUR OF MANAGEMENT WILL BE VOTED FOR THE APPROVAL OF THE ABOVE CONSOLIDATION RESOLUTION UNLESS A SHAREHOLDER HAS SPECIFIED IN THE PROXY THAT THE COMMON SHARES ARE TO BE VOTED AGAINST THE CONSOLIDATION RESOLUTION.

6. MindHealth Amalgamation

Pursuant to the terms of the MindHealth Transaction, at the Meeting, the Shareholders will be asked to consider and, if deemed appropriate, approve and adopt an ordinary resolution authorizing the reverse take-over of the Corporation by MindHealth by a three-cornered amalgamation under the laws of the Province of British Columbia pursuant to the Definitive Agreement, upon the completion of which the business of MindHealth will become the business of the Corporation. The text of the resolution, which will be submitted to Shareholders at the Meeting, is set forth below:

“**BE IT RESOLVED** as an ordinary resolution of the shareholders of the Corporation that:

1. The three-cornered amalgamation transaction (the “**Transaction**”) among the Corporation, MindHealth Biomed Corp. (“**MindHealth**”) and 1264216 B.C. Ltd., a wholly-owned subsidiary of the Corporation (“**Cardinal Subco**”), as described in the management information circular of the Corporation dated December 8, 2020 (the “**Circular**”) (as the Transaction may be modified, supplemented or amended), is hereby authorized, approved and adopted;
2. The amalgamation agreement (the “**Amalgamation Agreement**”) among the Corporation, MindHealth, and Cardinal Subco dated _____, 2021, the actions of the directors of the Corporation in approving the Transaction, and the actions of the officers of the Corporation in executing and delivering the Amalgamation Agreement and any amendments thereto, are hereby ratified and approved;
3. notwithstanding that this resolution has been passed (and the Transaction adopted) by the shareholders of the Corporation, the directors of the Corporation are hereby authorized and empowered, without further notice:

- a. to amend the Amalgamation Agreement or the Transaction to the extent permitted by the Amalgamation Agreement; or
 - b. subject to the terms of the Amalgamation Agreement, not to proceed with the Amalgamation;
4. Any one (1) director or officer of the Corporation be and is hereby authorized for and on behalf of the Corporation to execute and deliver all documents and instruments and to do all things necessary or desirable to give effect to this resolution, the Transaction and matters authorized hereby, such determination to be conclusively evidenced by the execution and delivery of any such documents or instruments and the taking of such actions; and
5. Notwithstanding that this resolution has been passed by the shareholders of the Corporation, the board of directors of the Corporation is authorized, in its sole discretion, to determine not to proceed with the Transaction, including the Amalgamation, without further approval of the shareholders at any time prior to the effective date of the Amalgamation.”

Management recommends that Shareholders vote FOR the adoption of the ordinary resolution approving the MindHealth Transaction Resolution.

PROXIES RECEIVED IN FAVOUR OF MANAGEMENT WILL BE VOTED FOR THE APPROVAL OF THE ABOVE MINDHEALTH TRANSACTION RESOLUTION UNLESS A SHAREHOLDER HAS SPECIFIED IN THE PROXY THAT THE COMMON SHARES ARE TO BE VOTED AGAINST THE MINDHEALTH TRANSACTION RESOLUTION.

7. Approval of Name Change

Pursuant to the terms of the MindHealth Transaction, at the Meeting, the Shareholders will be asked to consider and, if deemed appropriate, approve and adopt a special resolution authorizing the board of directors of the Corporation to amend the articles of incorporation of the Corporation to effect the change of name of the Corporation to “Psyence Group Inc.” or any such other name as the board of directors of the Corporation or the regulatory authority under the OBCA may approve (the “**Name Change**”). The text of the special resolution, which will be submitted to Shareholders at the Meeting, is set forth below:

“BE IT HEREBY RESOLVED as a special resolution of the Corporation that:

- (1) The articles of incorporation of the Corporation be amended to change the name of the Corporation to “Psyence Group Inc.” or if this name is not accepted by regulatory authorities, to such other name as may be selected by the board of directors of MindHealth, in its sole discretion, and accepted by such regulatory authorities (the “**Name Change**”);
- (2) The board of directors of the Corporation be and is hereby authorized to set the effective date of such Name Change and such effective date shall be the date shown in the certificate of amendment issued by the Director appointed under the *Business Corporations Act* (Ontario) or such other date indicated in the Articles of Amendment provided that, in any event, such date shall be prior to the next annual general meeting of the shareholders of the Corporation;
- (3) Any one (1) director or officer of the Corporation be, and he/she is hereby authorized and directed, for and on behalf of the Corporation, to execute and deliver all the documents and instruments and perform all other acts that this director or this officer may deem necessary or desirable, for the purpose of giving full effect to the terms of this resolution, his/her signature to said documents or the performance of such acts being the evidence of the present decision; and
- (4) Notwithstanding that this special resolution has been duly passed by the shareholders of the Corporation, the directors of the Corporation be, and are hereby authorized and empowered to

determine to revoke this resolution at any time prior to the issue of a certificate of amendment giving effect to the Name Change and to determine not to proceed with the Name Change without further approval of the shareholders of the Corporation.”

(the “**Name Change Resolution**”).

If the approval of Shareholders is received, the Name Change will be effected at a time determined by the board of directors of the Corporation; notwithstanding if the approvals are received, the Corporation may determine not to proceed with the Name Change at the discretion of the board (including in the event the MindHealth Transaction is terminated).

Management recommends that Shareholders vote FOR the adoption of the special resolution approving the Name Change.

PROXIES RECEIVED IN FAVOUR OF MANAGEMENT WILL BE VOTED FOR THE APPROVAL OF THE NAME CHANGE RESOLUTION UNLESS A SHAREHOLDER HAS SPECIFIED IN THE PROXY THAT THE COMMON SHARES ARE TO BE VOTED AGAINST SUCH SPECIAL RESOLUTION.

RELIANCE

The information concerning MindHealth contained in this Information Circular has been provided by MindHealth. Although the Corporation has no knowledge that would indicate that any of such information is untrue or incomplete, the Corporation does not assume any responsibility for the accuracy or completeness of such information or the failure by MindHealth to disclose events which may have occurred or may affect the completeness or accuracy of such information but which are unknown to the Corporation.

ADDITIONAL INFORMATION

Additional Information relating to the Corporation is available on the SEDAR website at www.sedar.com.

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DIRECTOR APPROVAL

The contents of this Information Circular and the sending thereof to the Shareholders of the Corporation have been approved by the board of directors of the Corporation.

December 8, 2020

(signed) "Chris Carmichael"

Chris Carmichael
Director and Chief Financial Officer

SCHEDULE "A"

FORM 58-101F2 CORPORATE GOVERNANCE DISCLOSURE

Pursuant to National Instrument 58-101 *Disclosure of Corporate Governance Practices*, the Corporation is required and hereby discloses its corporate governance practices as follows:

ITEM 1 - Board of Directors

The Board of Directors (the "**Board**") of the Corporation facilitates its exercise of independent supervision over the Corporation's management through frequent discussions with management and regular meetings of the Board.

Steven Low is an "independent" director of the Corporation in that he is free from any interest and any business or other relationship which could or could reasonably be perceived to, materially interfere with his ability to act with the best interests of the Corporation, other than the interests and relationships arising from shareholdings. Ryan Roebuck (Chief Executive Officer) and Chris Carmichael (Chief Financial Officer) are senior officers of the Corporation and are therefore not independent.

ITEM 2 - Directorships

The current directors of the Corporation are also currently directors of the following other reporting issuers:

Name of Director, Officer or Promoter	Name of Reporting Issuer	Name of Exchange or Market ⁽¹⁾	Position	Term From – To
Ryan Roebuck	Apolo III Acquisition Corp.	TSXV	Director	January 2018 – Present
	Epsilon Energy Ltd.	TSX	Director	July 2013 – Present
Chris Carmichael	Bucephalus Capital Corp.	CSE	CFO	April 30, 2020 – Present
Steven Low	N/A	N/A	N/A	N/A

ITEM 3 - Orientation and Continuing Education

While the Corporation does not have formal orientation and training programs, new directors are provided with access to publicly filed documents of the Corporation, technical reports, internal financial information, the Corporation's Corporate Governance Policies and management and technical experts and consultants.

ITEM 4 - Ethical Business Conduct

The Board has found that the fiduciary duties placed on individual directors by the Corporation's governing corporate legislation and the common law and the restrictions placed by applicable corporate legislation on an individual director's participation in decisions of the Board in which the director has an interest have been sufficient to ensure that the Board operates independently of management and in the best interests of the Corporation.

Under corporate legislation, a director is required to act honestly and in good faith with a view to the best interests of the Corporation and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances, and disclose to the board the nature and extent of any interest of the director in any material

contract or material transaction, whether made or proposed, if the director is a party to the contract or transaction, is a director or officer (or an individual acting in a similar capacity) of a party to the contract or transaction or has a material interest in a party to the contract or transaction.

ITEM 5 - Nomination of Directors

The Board is responsible for identifying individuals qualified to become new directors and recommending to the Board new director nominees for the next annual meeting of shareholders. New nominees must have a track record in general business management, special expertise in an area of strategic interest to the Corporation, the ability to devote the time required, show support for the Corporation's mission and strategic objectives, and a willingness to serve.

ITEM 6 - Compensation

At present, no compensation is paid to the directors of the Corporation in their capacity as directors. The directors do not currently have a compensation committee. If and when the Corporation's stage of development warrants same and when required, the Board will determine appropriate compensation for the directors and executive officers of the Corporation. The process by which appropriate compensation will be determined is through periodic and annual reports on the Corporation's overall compensation.

ITEM 7 - Other Board Committees

The Audit Committee assists the Board in its oversight of: (i) the integrity of the financing reporting of the Corporation; (ii) the independence and performance of the Corporation's external auditors; and (iii) the Corporation's compliance with legal and regulatory requirements. The members of the Audit Committee are Steven Low, Chris Carmichael, and Ryan Roebuck. The Corporation is relying on the exemption for venture issuers set out in section 6.1 of National Instrument 52-110 – Audit Committees.

ITEM 8 - Assessments

The Board monitors the adequacy of information given to directors, communication between the board and management and the strategic direction and processes of the Board and Committees.

SCHEDULE "B"

FORM 52-110F2 AUDIT COMMITTEE DISCLOSURE

1. The Audit Committee's Charter

The Corporation has not adopted an audit committee charter.

2. Composition of the Audit Committee

The Audit Committee (the "**Committee**") is made up of three members who are financially literate. The current members of the Committee are Chris Carmichael, Ryan Roebuck and Steven Low. Steven Low being the sole independent member of the Committee.

"**Independent**" and "**financially literate**" have the meaning used in *National Instrument 52-110* ("**NI 52-110**") of the Canadian Securities Administrators.

3. Relevant Education and Experience

Name	Independent of the Corporation	Financially Literate	Relevant Education and Experience
Ryan Roebuck	No	Yes	Mr. Roebuck is the principal of RR One Ltd., a private investment company and has been since August 2011 to the present.
Chris Carmichael	No	Yes	Mr. Carmichael is the President of CRIS Inc., a firm providing CFO and corporate secretarial services to Canadian companies.
Steven Low	Yes	Yes	Mr. Low is the CEO of Boom Capital Markets, an investor relations and capital markets advisory firm.

4. Audit Committee Oversight

At no time since the commencement of the Corporation's most recently completed financial year was a recommendation of the Committee to nominate or compensate an external auditor not adopted by the Board of Directors (the "**Board**").

5. Reliance on Certain Exemptions

Since the effective date of NI 52-110, the Corporation has not relied on the exemptions contained in sections 2.4 or 8 of NI 52-110. Section 2.4 provides an exemption from the requirement that the Audit Committee must pre-approve all non-audit services to be provided by the auditor, where the total amount of fees related to the non-audit services are not expected to exceed five percent (5%) of the total fees payable to the auditor in the fiscal year in which the non-audit services were provided. Section 8 permits a company to apply to a securities regulatory authority for an exemption from the requirements of NI 52-110, in whole or in part.

6. Pre-Approval Policies and Procedures

Formal policies and procedures for the engagement of non-audit services have yet to be formulated and adopted. Subject to the requirements of NI 52-110, the engagement of non-audit services is considered by the Board, and where applicable by the Audit Committee, on a case by case basis.

7. External Auditor Service Fees (By Category)

The Corporation appointed MNP LLP as its auditor for the year ended December 31, 2019. The aggregate fees charged to the Corporation by the external auditors, MNP LLP, for the year-ended December 31, 2019 are as follows:

	FYE 2019	FYE 2018
AUDIT FEES FOR THE YEAR ENDED	\$12,901	\$12,901
AUDIT RELATED FEES	NIL	NIL
TAX FEES	\$1,813	\$1,813
OTHER FEES	NIL	NIL
TOTAL FEES	\$14,714	\$14,714

The term “*Audit Fees*” means the aggregate fees billed by the Corporation's external auditor for services provided in auditing the Corporation's annual financial statements for the subject year.

The term “*Audit-Related Fees*” means the aggregate fees billed for assurance and related services by the Corporation's external auditor that are reasonably related to the performance of the audit or review of the Corporation's financial statements for the subject year and are not reported under “Audit Fees”.

The term “*Tax Fees*” means the aggregate fees billed for professional services rendered by the Corporation's external auditor for tax compliance, tax advice, and tax planning for the subject year.

The term “*All Other Fees*” means the aggregate fees billed for products and services provided by the Corporation's external auditor for the subject year, other than the services reported under the categories of “Audit-Related Fees”, “Tax Fees” and “All Other Fees”.

8. Exemption

The Corporation is relying on the exemption provided by section 6.1 of NI 52-110 which provides that the Corporation, as a venture issuer, is not required to comply with Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations) of NI 52-110.

SCHEDULE “C”
ADDITIONAL INFORMATION CONCERNING MINDHEALTH AND THE RESULTING ISSUER

Information contained in this Schedule is forward looking in nature and assumes the completion of the MindHealth Transaction. See “*Cautionary Statement Regarding Forward-Looking Statements*”.

Overview of the MindHealth Transaction

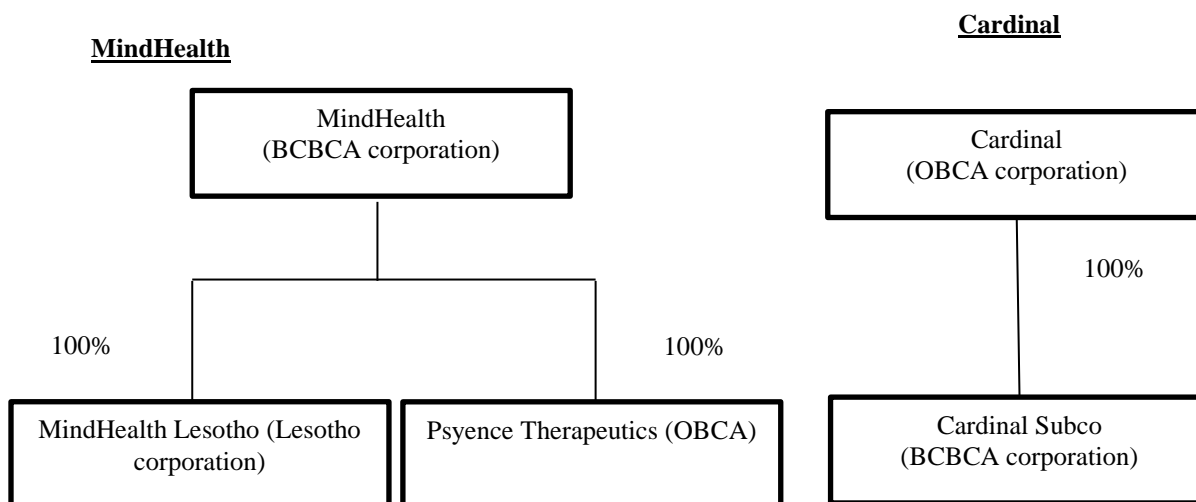
MindHealth entered into the Definitive Agreement dated September 11, 2020 with the Corporation and Cardinal Subco, a wholly-owned subsidiary of the Corporation, whereby the Corporation will acquire MindHealth by way of a three cornered amalgamation, in which MindHealth will amalgamate with Cardinal Subco and form one corporation under the name of “Psyence Corp.” under the provisions of the BCBCA. As a result of the Amalgamation, MindHealth Shareholders will receive shares in the capital of the Corporation in consideration for all the issued and outstanding MindHealth Shares. Amalco will continue as one corporation under the BCBCA, resulting in MindHealth Shares and Cardinal Subco shares being cancelled and replaced by Amalco shares (on the basis of one Cardinal Subco share and one MindHealth Share for each Amalco share, respectively) and all the property of each of Subco and MindHealth continuing on as to the property of Amalco.

Pursuant to the MindHealth Transaction, Cardinal will issue to MindHealth Shareholders 19.24 Consideration Shares in exchange for each issued and outstanding MindHealth shares. Upon completion of the transaction, the former MindHealth Shareholders will hold approximately 95.2% of the Resulting Issuer Shares and the pre-MindHealth Transaction shareholders of Cardinal will hold approximately 4.8% of the Resulting Issuer Shares, in each case on a non-diluted basis.

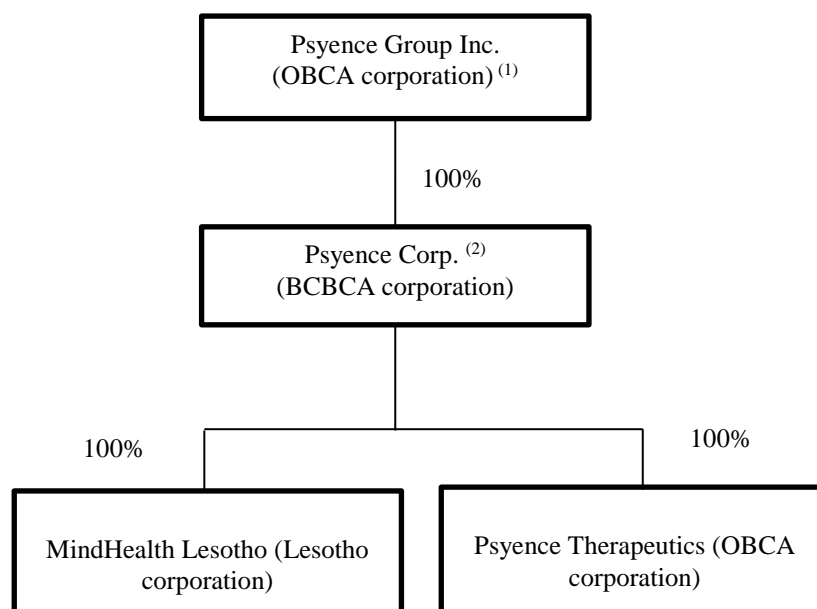
Upon the Closing, Cardinal will expressly assume the provisions of each of the outstanding MindHealth Warrants held, and holders of MindHealth Warrants shall be entitled to receive Resulting Issuer Shares in lieu of MindHealth Shares upon the exercise of the MindHealth Warrants.

Corporate Structure

Immediately prior to the Transaction, the corporate structure of each of MindHealth and Cardinal were as follows:



MindHealth held 100% of the issued and outstanding shares of each of MindHealth Lesotho and Psyence Therapeutics. Cardinal held 100% of the issued and outstanding shares of Cardinal Subco. On the closing of the MindHealth Transaction, the Resulting Issuer’s corporate structure will be as follows:



Notes:

⁽¹⁾ Formerly Cardinal Capital Partners Inc.

⁽²⁾ Psyence Corp. is the company that resulted from the amalgamation of MindHealth and Cardinal Subco.

Information Concerning MindHealth

Narrative Description of the Business of MindHealth

MindHealth is a life science biotechnology platform providing science forward natural products for psychedelic therapy, experience and wellness. MindHealth was incorporated under the BC *Business Corporations Act* on May 21, 2020 and it has two wholly-owned subsidiaries, Mind Health (Pty) Ltd. (“**MindHealth Lesotho**”) and Psyence Therapeutics Corp. (“**Psyence Therapeutics**”). The full corporate name of MindHealth is “MindHealth Biomed Corp.”. MindHealth’s registered office is located at 200 Bay Street, Suite 210, Toronto, Ontario, Canada, M5J 2J1.

Psyence Therapeutics is a platform for business and innovation in psychedelic therapy, experience, wellness and the development and commercialization of related technologies and products. MindHealth Lesotho is an entity operating in Lesotho that is licensed to import, cultivate, manufacture and export psilocybin mushrooms.

MindHealth’s founder, Jody Aufrichtig, created one of the first licensed cannabis cultivation and export businesses in Africa, the erstwhile DaddyCann Lesotho (Pty) Ltd, now operating as Highlands Pure Lesotho. This was subsequently sold to Canopy Growth Corporation (NYSE: CGC / TSX: WEED), the largest listed cannabis entity in the world at the time, on May 30, 2018 to form Canopy Growth Africa. MindHealth is led by the same team of executives who previously lead Canopy Growth Africa and have a proven track record of execution and creation of shareholder value in Southern Africa and internationally. The team worked closely with the Lesotho Ministry of Health to assist with international regulations and compliance such as those of the International Narcotics Control Board (INCB).

MindHealth Lesotho

Prior to incorporation of MindHealth Lesotho, significant research and development took place by the MindHealth founders, including numerous engagements with officials in the Lesotho Ministry of Health and research into markets, strains, grow protocol and potential products. During 2018, the MindHealth founders identified psilocybin as an emerging opportunity.

MindHealth Lesotho incorporated under the laws of the Kingdom of Lesotho on March 13, 2020 with the intention of capitalizing on significantly lower costs of production in Africa to distribute and supply internationally certified medical grade psilocybin mushroom products to legal export markets, and to differentiate itself through best of class cultivation, processing, distribution, brand and retail services.

MindHealth Lesotho was granted a license in May 2020 by the Government of Lesotho to cultivate, produce and export psilocybin mushrooms. This license enabled MindHealth to begin building a business network and the operational, corporate and governance structures required to deliver on its mission.

Psyence Therapeutics

Psyence Therapeutics was incorporated under the OBCA with the name “Psyence Therapeutics Corp.” on April 29, 2020. Psyence Therapeutics was created to be a platform for business and innovation in psychedelic therapy, experience, wellness and the development and commercialization of related technologies and products. Through research and development, Psyence Therapeutics is developing proprietary formulations, dosage regimes and treatment protocols based on standardized and well characterized derivatives of naturally occurring psychedelic compounds with an initial focus on oncological palliative care and depression.

On December 4, 2020 MindHealth, Psyence Therapeutics and the shareholders of Psyence Therapeutics executed a definitive agreement for the purchase by MindHealth of all of the securities of Psyence Therapeutics in exchange for securities of MindHealth. MindHealth will complete the acquisition of Psyence Therapeutics in December 2020 by issuing approximately 18,000,000 MindHealth Shares, warrants to purchase 1,857,867 MindHealth Shares, and stock options to purchase 1,916,981 MindHealth Shares in exchange for all of the outstanding shares, warrants and options of Psyence Therapeutics. As a consequence of this transaction, Psyence Therapeutics became a wholly-owned subsidiary of MindHealth.

MindHealth’s acquisition of Psyence Therapeutics created a vertically integrated international biotechnology platform for business and innovation in psychedelic therapy, experience, wellness, and the development and commercialization of related technologies and products, focused on research, sales and distribution. It brings together Psyence Therapeutics’ clinical network, research expertise and programs with MindHealth’s proficiency in providing high quality certified psilocybin mushrooms or forms thereof cultivated to international standards. Furthermore, it enables exploration and expansion on the psilocybin mushroom market from a research and commercial perspective. MindHealth aims to ensure that the psilocybin mushroom products it produces become the leading products in the global psilocybin mushroom market.

MindHealth Private Placement

Between June 30, 2020 and December 4, 2020, MindHealth completed various tranches of a private placement offering raising aggregate gross proceeds of \$6,480,749.25 from the sale of 25,922,997 MindHealth Shares at a price of \$0.25 per MindHealth Share

MindHealth Directors

Currently, the directors of MindHealth are Jody Aufrichtig and Gavin Basserabie. Biographical information about these two individuals are described further below under the section entitled *Directors and Officers*.

DESCRIPTION OF SECURITIES

MindHealth is authorized to issue an unlimited number of common shares and preferred shares. MindHealth currently has 67,922,998 common shares issued and outstanding and nil preferred shares issued and outstanding.

PRIOR SALES

MindHealth

The prior sales of securities of MindHealth over the past twelve (12) months are listed in the following table:

Date Issued	Number and Type	Issue or Exercise Price per Share	Nature of Consideration
May 21, 2020	1 common share	\$0.01	Allotment
May 22, 2020	24,000,000 common shares	\$0.15	Share exchange
June 30 2020	6,340,000 common shares	\$0.25	Private Placement
August 31 2020	12,826,884 common shares	\$0.25	Private Placement
December 4, 2020	6,756,113 common shares	\$0.25	Private Placement

Legal Proceedings

There are no legal proceedings material to MindHealth to which MindHealth or a subsidiary of MindHealth is a party or of which any of their respective property is the subject matter, nor are any such proceedings known to MindHealth to be contemplated.

Auditor

The auditor of MindHealth is MNP LLP, located at 50 Burnhamthorpe Road West, Mississauga, ON, L5B3C2. MNP LLP has served as MindHealth's auditor since May 21, 2020.

Transfer Agent

Odyssey Trust Company, through its offices located at Suite 301, 100 Adelaide Street West, Toronto, Ontario, is the transfer agent and registrar for the common shares.

OVERVIEW AND DESCRIPTION OF THE RESULTING ISSUER'S BUSINESS

Upon completion of the MindHealth Transaction, Cardinal Capital Partners Inc. will become the Resulting Issuer and the Resulting Issuer's business shall continue to be the business of MindHealth. MindHealth's business is the development of proprietary formulations based on standardized derivatives of naturally occurring psychedelic compounds with a primary research focus on palliative oncology and depression. It will initially focus on psilocybin and intends to expand into other psychedelic treatments that are derived from nature, which can be improved, validated, and made safe by science.

It is anticipated that the full corporate name of the Resulting Issuer will be "Psyence Group Inc." The Resulting Issuer's head office will be 200 Bay Street, Suite 2010, Toronto, Ontario, Canada, M5J 2J1.

The Resulting Issuer will collect and aggregate data over the next 12 months leveraging relationships with third party treatment providers to inform its derisked drug development product pipeline. It further intends to develop a series of proprietary therapy and treatment protocols for specific medical indications and therapeutic environments.

With the founders of Psyence Therapeutics, the Resulting Issuer has a world-renowned multi-disciplinary team. The Resulting Issuer will be focussing the next 12 months on the following 3 business objectives. Currently, MindHealth has begun work toward these objectives and upon the completion of the MindHealth Transaction, the Resulting Issuer shall continue pursuing these objectives.

- cultivation and production;
- observational studies;
- product development.

Cultivation and production

MindHealth has currently identified the demand for high-quality certified psilocybin mushroom products for the medical research industry as well as for clinics in regions where they are allowed to operate, prescribe and use psilocybin. The Resulting Issuer, intends to cultivate psilocybin mushrooms through MindHealth Lesotho which is fully-licensed in Lesotho to import, export, cultivate and manufacture psilocybin and psilocybin mushroom products.

The cultivation activities at the facility will include growing, drying, milling and packaging. The facility is being constructed in two phases, as follows:

- **Phase 1:** A small-scale commercial unit that has been built to International Organization for Standardization (“ISO”) 22000 for Food Safety Management Systems and will be operational in November 2020.
- **Phase 2:** A large-scale commercial unit is currently in the design, costing and tender phase. Construction is planned to commence as market demands dictate the supply of product required and this is currently not expected to occur within the next 12 months.

The facility layout is designed to allow for rapid expansion via further phases of construction with minimum interference to operations so as to be able to quickly scale to supply new markets as they emerge.

MindHealth maintains a focus on regulatory compliance and high-quality production systems. MindHealth is developing its Quality Management Systems (“QMS”) in alignment with the highest quality European standards and with pharmaceutical quality assurance oversight from its in-house team of professionals.

The facility is designed to conform with the Pharmaceutical Inspection Convention and Pharmaceutical Co-operation Scheme (PIC/S) classification for pharmaceutical processing by having a positively pressurized growing and processing environment with high-efficiency particulate air (“HEPA”). This is done to align with ISO in terms of particle counts and air quality that is achieved by using specialized air cascade and high-efficiency particulate air filters to reduce risk to the environment.

The facility and processes will be assessed to ensure all risks are appropriately mitigated in the process to provide a raw material that can be used for further processing into herbal medicine or pharmaceutical products. Staff will comply with the highest standards of aseptic techniques and Good Manufacturing Practice (“GMP”) as per the site specific QMS. This is achieved by adhering to all gowning and sanitization schedules while ensuring all processes are monitored and documented to ensure that everything remains within established specifications.

The Resulting Issuer’s business will require specialized knowledge and technical skill around mycology, construction, project management, quality assurance, and distribution of products through various channels and across countries. Aside from the Resulting Issuer’s proposed directors and officers, MindHealth currently has qualified and experienced specialists under the management service agreement with Highlands Ventures. The Resulting Issuer will also have contracts with consultants who provide specialized knowledge and technical skill in the following areas of expertise: financial accounting and reporting, mycology, quality assurance, legal and commercial.

Observational studies

The Resulting Issuer will conduct a series of observational (prospective and retrospective) studies amongst specific patient cohorts.

These studies are designed to provide support for the Resulting Issuer's wellness and medical product pipeline. Although observational trials are designed not to control the research environment, the Resulting Issuer will collect this type of data to provide early signals on therapeutic conditions and to de-risk its product performance in more standardized clinical trials (i.e. phase 2/3 randomized controlled trials) in the future. The Resulting Issuer's observational studies will be conducted by an experienced neuropsychiatrist on its team and involves the use of standardized and validated survey tools in order to measure the safety, efficacy and improvement of quality of life endpoints.

Psilocybin therapy and retreat participants are presented with the list of validated survey questions at important stages in their psychedelic assisted therapy. The areas of clinical interest to MindHealth with significant numbers of retreat participants include post-traumatic stress disorder ("PTSD"), anxiety, depression and addiction. The Resulting Issuer will collect, aggregate, and analyse clinic and retreat datasets to assist in the development and optimization of formulations that target these indications and potentially provide insights into other potential conditions that may benefit from psychedelic therapies.

MindHealth Lesotho is exploring opportunities to establish a medically supervised and curated clinic for the use of psilocybin mushroom products in treating anxiety and depressive disorders. This is expected to be a first for the African region. Observational studies will also be performed at the medically-supervised and curated clinic in Lesotho once it is established with the required permissions of the Lesotho regulator.

This project is being led by a qualified medical team and a special projects manager based in Lesotho. This project will only proceed if the required permissions are granted by the Lesotho regulator.

The Lesotho clinic will further provide the Resulting Issuer with the ability to perform research on a slow release product using the psilocybin mushrooms cultivated at its facility in Lesotho.

Product Development

Leveraging outsourced product formulation and contract research partners and guided by the accretive Psyence expertise and resources, the Resulting Issuer will focus on optimizing proprietary formulations customized to specific medical and therapeutic indications. These proprietary formulations will then be brought forward to clinical validation through its derisked drug and product development pipeline as prioritized by the Resulting Issuer.

Once the formulations and indications have been identified based on the observational findings, and working in collaboration with the Resulting Issuer's contract research organization partners, the required patient cohorts will be recruited through third parties to engage in phase 1 (safety) and phase 2 (safety and efficacy) clinical studies.

Slow release product

The Resulting Issuer will be developing a proprietary slow release product which it expects to be completed by the end of 2021. The Resulting Issuer will be collaborating with product development experts and GMP approved contract manufacturers to finalise the formulation after which it intends to commence with clinical observational studies to establish and bioavailability (i.e. the extent and rate at which the active drug or metabolite enters systemic circulation) of this product.

Currently, MindHealth has identified a demand for standardised and certified raw material for researchers looking into the benefits and efficacy of psilocybin globally. MindHealth intends to develop products to service this research market and produce them in its cultivation facility in Lesotho.

Trends, Commitments, Events or Uncertainties

Market Size and Opportunity

MindHealth believes that there is presently a sizeable legal market for psychedelic products and, further, believes that there is a promising prospect for a strong, legal psychedelic industry to emerge globally. In particular, MindHealth

believes that over time, the psychedelic (and consumer perceptions thereof) will change toward better awareness and acceptance similar to that which took place in the cannabis industry. Although the legal market for psychedelic products is presently limited, globally, and in some jurisdictions it is still in its early stages, MindHealth believes that the recent trends of deregulation and legalization of recreational cannabis across the globe will provide jurisdictions with the impetus to shift their focus to psychedelics, and, in time, give way to the emergence of numerous and sizable opportunities for market participants, including the Resulting Issuer. MindHealth also believes that the market for psilocybin mushrooms will continue to grow and believes that it will result in a source of revenue for the Resulting Issuer.

In addition to the above, MindHealth is optimistic about the future of psychedelics, in general. The most significant trends and uncertainties which the Resulting Issuer's management expects could impact its business and financial condition are (i) the changing legal and regulatory regime of countries which regulates the use of psilocybin mushrooms for research, medical and clinical trial purposes as well as related products; (ii) the extent to which the COVID-19 pandemic impacts future business locally and internationally and (iii) growing changes in consumer attitudes to natural, alternative sources to currently available drugs.

Business objectives and milestones

The Resulting Issuer will aim to achieve the following business objectives.

Business Objectives	Time Period ⁽¹⁾	Estimated Expenditure
<ul style="list-style-type: none"> • Cultivation and production • Phase 1 completion • Sourcing of spores • Hiring of mycologist and microbiologist • Commencing of cultivation • First harvest • First export 	<ul style="list-style-type: none"> Q4 2020 Q4 2020 Q4 2020 Q4 2020 Q1 2021 Q3 2021 	\$376,000
<ul style="list-style-type: none"> • Observational studies • Data collection from 3rd party retreat patient cohorts • Observational studies at Lesotho clinic 	<ul style="list-style-type: none"> Q1 2021 Q3 2021 	\$565,000
<ul style="list-style-type: none"> • Product development • Formulation development • Hire product development specialist • Engage consultants to develop slow-release product • Commence clinical observational studies 	<ul style="list-style-type: none"> Q1 2021 Q1 2021 Q1 2021 Q2 2021 	\$946,000
Total		\$1,887,000

Note:

1. Based on calendar year-end

Total available funds

MindHealth has working capital as at September 30, 2020 of \$4,026,661 (unaudited).

Principal purpose of Total Available Funds

The table below shows the principal purposes for which part of the available funds of \$4,026,661 are expected to be utilised over the next 12 months. As at September 30, 2020, it is estimated that after giving effect to the proposed expenditures over the next 12 months, MindHealth will have \$2,150,689 in available funds.

Principal purposes	Estimated amount
Working capital available as at September 30, 2020	4,026,661
Private placement	1,689,029
Cost attributable to business objectives	(1,887,000)
Other capital expenditure	(76,000)
General and administrative expenses	(1,072,000)
Professional and consulting fees	(530,000)
Excess funds available after 12 months	2,150,689

Accordingly, management believes that not only is MindHealth adequately funded to achieve its business objectives over the next 12 months, it estimates it will have approximately \$2,150,689 of excess funds available after doing so.

Employees

MindHealth and its subsidiaries currently have 4 full-time staff, and 13 people are retained as independent contractors of either MindHealth or its subsidiaries. The Chief Finance Officer and Chief Operating Officer of MindHealth are independent contractors who are contracted on a full time basis to MindHealth. Other key independent contractors who provide a majority of their time to MindHealth are a qualified commercial lawyer with international emerging market experience, a qualified pharmacist responsible for quality assurance and regulatory compliance, a strategy and product development specialist and a general manager with commercial experiences.

In the ordinary course of business, MindHealth outsources all operational aspects of its business to third party contractors including accounting and administrative services, cultivation, quality management, facility management, legal services, business development, compliance, project management and execution. All third-party contractors are thoroughly assessed and interviewed before contracting with them to ensure they have the necessary skills and experience required.

Competitive conditions in the principal markets and geographic areas

MindHealth Lesotho is the holder of a federally issued license which permits MindHealth to cultivate psilocybin, produce, manufacture and export psilocybin or forms thereof as an active pharmaceutical ingredient and export psilocybin, in all forms, to medicinal and pharmaceutical companies.

MindHealth Lesotho holds a 10-year (renewable) lease to conduct its psilocybin cultivation activities and processing facility on a 5,700 m² site secured within a cultivation and processing hub which is currently being audited for Good Agricultural Practise (GAP) and GMP accreditation.

A competitive advantage of operating in Lesotho is that it has enabling legislation (namely the Drugs of Abuse Act, 2008) where controlled substances are concerned. Authority and discretion have been delegated to the Ministry of Health to evaluate the scientific and medical merits of activities involving controlled substances. Accordingly, the Minister of Health has the power to promulgate regulations governing all aspects of cultivation, production, manufacture, storage and distribution of controlled substances.

These enabling provisions allow the Minister of Health (Lesotho) to recognize that the use of psychotropic substances, such as psilocybin, for medical and scientific purposes is necessary and beneficial and that their availability for such purposes should not be unduly restricted. This is in stark contrast to other jurisdictions around the world where psilocybin has either been classified as a substance bearing no medicinal or therapeutic value or has been unjustly and immorally criminalized to the point that it is so tightly controlled that access thereto is near impossible.

Business and Operating Environment

The following section is prepared with regard for OSC Staff Notice 51-720 – Issuer Guide for Companies Operating in Emerging Markets.

The Resulting Issuer's Lesotho operating subsidiary, MindHealth Lesotho, will be subject to the corporate law of Lesotho and is therefore subject to its legal framework.

No restrictions or conditions have been imposed by the government of Lesotho and its regulatory authorities on the ability of MindHealth Lesotho to operate its business, other than the conditions set out in the MindHealth Lesotho licence.

MindHealth, via the management services agreement with Highlands Ventures, has a local Lesotho presence to manage Lesotho government and regulatory authorities. This includes a Country Manager and a Government Liaison Officer who travel to Lesotho from neighbouring South Africa regularly. Mind Health Lesotho has also engaged two local law firms, Webber Newdigate Attorneys and M.T. Khiba Legal Practice, to assist with local matters.

The Resulting Issuer will engage professional advisors (legal, financial, and technical) with the relevant expertise to provide assistance in the political, legal and cultural realities of Lesotho and the impact they may have on the Resulting Issuer's business or operations on an as-needed basis. Additionally, the Resulting Issuer's management team has a long and successful history of doing business in Lesotho and Southern Africa. The Resulting Issuer's management team has experience engaging with local communities and chiefs as well as a working knowledge of the country's local legal, regulatory and political landscape. The management team's technical division is well acquainted with the country's natural terrain as well as its climactic and infrastructure related challenges. Furthermore, the Resulting Issuer's CEO, CFO and the contracted commercial lawyer all have experience engaging with various government officials in Lesotho, ranging from the Minister of Health to the Central Bank of Lesotho and the Lesotho Revenue Authority.

The Resulting Issuer has two bank accounts in Lesotho with FNB Lesotho. FNB Lesotho Limited is a subsidiary of FNB, division of FirstRand Bank Limited. FNB Lesotho and FirstRand Bank Limited are licenced financial service providers with the Central Bank of Lesotho and Reserve Bank of South Africa respectively. The Resulting Issuer uses these bank accounts to receive funds and settled payments within Lesotho and South Africa. See also the Section entitled Risk Factors - Exchange Controls, Currency Fluctuations and Credit Risks.

Language and Cultural Differences

The primary language of business in Lesotho is English, with Sesotho as a secondary language, and occasionally Afrikaans. All employees and consultants of the Resulting Issuer and its subsidiaries speak English fluently. The Resulting Issuer has personnel available to communicate in Sesotho and Afrikaans. All business records and documents will be prepared in English or translated from Sesotho or Afrikaans into English. The directors and officers travel to Lesotho monthly while consultants more directly involved in operational matters travel to Lesotho every two weeks.

The directors and officers of the Resulting Issuer are also experienced in doing business in Southern Africa and able to draw on the expertise of lawyers, auditors, and other professional experts who are based in South Africa, as needed.

The Resulting Issuer currently leases all its land in Lesotho. Under Lesotho's legal system and customs, leasing rights are respected and there are no laws which will arbitrarily interfere with leasing rights.

It is anticipated that the Resulting Issuer's Canadian board members and management will visit the Resulting Issuer's operations in Lesotho as often as is necessary. It is expected that the Resulting Issuer's Southern Africa resident directors and officers will visit Canada as often as is necessary. Current COVID-19 travel restrictions have limited recent travel between Canada and Southern Africa.

The Resulting Issuer's books and records are kept in Canada and Lesotho and both countries accounting bodies apply IFRS. The Resulting Issuer employs an outside chartered accountant to assist it in preparing its financial statements. The outside accountant is based in Canada, is fluent in English and is familiar with both IFRS and Generally Accepted Accounting Principles (GAAP) of Canada and disclosure requirements. The Group CFO is a qualified chartered accountant and has oversight and reviews the Resulting Issuer's book and records in Canada and Lesotho. Directors have full access to the Group CFO and outside accountant as well as accounting records of both the Resulting Issuer and MindHealth.

The fact that significant corporate assets are located in Lesotho may hinder an investor's ability to exercise or enforce statutory rights and remedies under Canadian securities laws. Lesotho courts will recognize and enforce foreign judgments in certain circumstances.

Corporate Structure

The Resulting Issuer will have a typical corporate structure with a Canadian parent and wholly-owned domestic and foreign subsidiaries. The Resulting Issuer may in the future simplify the corporate structure. The Resulting Issuer does not use special purpose entities or unusual business structures. The structure does not limit the Resulting Issuer's abilities to oversee and monitor Lesotho operations.

Jody Aufrechtig, the Resulting Issuer's CEO, is in constant communication with the management of MindHealth and Psyence and provides timely updates to the board of directors of the Resulting Issuer.

There are no additional risks associated with the Resulting Issuer's structure resulting from the fact that the Resulting Issuer's business operations are based in Lesotho.

Related Parties

There is no formal policy regarding related party transactions in place for MindHealth, but each of the proposed board members of the Resulting Issuer have been made aware of their fiduciary duties and the requirements of Multilateral Instrument 61-101 Protection of Minority Security Holders in Special Transactions ("MI 61-101"). Each board member is aware that he or she must disclose his or her interest in the transaction to the other board members and abstain from voting on the resolution approving the transaction.

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

The Resulting Issuer will scrutinize such transactions to determine whether related parties have a direct or indirect interest in those transactions.

Risk Management and Disclosure

The Resulting Issuer conducts business in Lesotho which has experienced high levels of business corruption. Transparency International ranks Lesotho 85th out of 198 countries in the 2019 Corruption Perceptions Index. The Resulting Issuer and its personnel are required to comply with applicable anti-bribery laws, including the Canadian Corruption of Foreign Public Officials Act, as well as local laws in all areas in which the Resulting Issuer does

business. These, among other things, include laws in respect of the monitoring of financial transactions and provide a framework for the prevention and prosecution of corruption offences, including various restrictions and safeguards. However, there can be no guarantee that these laws will be effective in identifying and preventing money laundering and corruption.

While the Resulting Issuer does not anticipate dealing with banking restrictions, there is a risk that banking institutions in countries where the Resulting Issuer operates will not accept payments related to the psilocybin mushroom industry.

Lesotho's government and regulatory bodies contain broad powers and authority to issue, alter, or revoke licenses and permits which are vital to the Resulting Issuer's business operations in the country. The power to revoke or suspend such licenses and permits can only be exercised on certain prescribed grounds and provided that it is deemed necessary and reasonable to prevent the risk of unlawful diversion. Such powers can therefore not be exercised arbitrarily. There is also a corresponding lack of well-established and independent processes to appeal regulatory or government actions that are unfavourable to the Resulting Issuer's business operations. Therefore, the Resulting Issuer's operations are subject to risks associated with obtaining and maintaining licenses and permits from appropriate governmental authorities.

The Resulting Issuer may be adversely affected by the fluctuations in currency exchange rates and high inflation to the extent that the Resulting Issuer conducts business transactions involving South African Rand or Lesotho Loti. The currency risks associated with the local currency include the possibility of the government imposing exchange controls or limits to the availability of hard currency and other such banking restrictions.

The Resulting Issuer's board of directors will regularly assess risks and will update its disclosure records when new material risks emerge.

Internal Controls

The finance and management team have experience working for internationally listed companies, and the Resulting Issuer will use this experience to design and implement internal controls and procedures.

Once an item is identified for purchase, a vendor engagement form is completed if it is a new vendor. This form captures all the necessary vendor details such as tax registration numbers, Resulting Issuer name and address and bank details. Bank details on the vendor form and those captured in the online banking system are agreed to a bank stamped confirmation letter from the vendor's bank to ensure these details are accurately and complete. The CFO approves all bank account detail additions and changes in the banking system after review of the above documentation. This control ensures no payments are made to fraudulent or incorrectly captured bank accounts.

A purchase order request document is then completed and authorized via a three level authorization matrix. Once authorized, a purchase order is raised and issued to the vendor. Once the goods or services are delivered and the site delivery note signed off, a payment certificate is completed and signed off by the manager and managing director. Payments are released by the CFO after review of the documentation above.

No cheques are used due to the high risk of fraud with this method of payment. Bank reconciliations are performed weekly and reviewed by the CFO and CEO.

The Resulting Issuer believes that operating in Lesotho does not result in risks in maintaining internal controls. The design, implementation and maintenance of internal controls ensure the Resulting Issuer's financial statements accurately represent the recording of transactions and fairly present the consolidated financial statements in accordance with International Financial Reporting Standards.

Oversight of external auditor

MindHealth Lesotho has appointed PKF Lesotho as its external auditor. PKF Lesotho has a strong presence in Lesotho and was specifically selected due to their full membership of PKF International and experience in auditing companies

that operate in a controlled substances environment. PKF International is a global network of accountancy firms that operates in 150 countries across 5 regions and has offices in Canada.

PKF Lesotho has experience in the accounting and tax rules of the Lesotho and has dealt with the audit of companies that have parent entities in Canada. PKF is responsible for the MindHealth Lesotho Resulting Issuer audit as well as any audit work or procedures required of it to be performed in Lesotho by MNP LLP, the Resulting Issuer's external auditors.

The *Lesotho Companies Act of 2011* requires Lesotho incorporated companies to prepare financial statements in accordance with the accounting standards prescribed by the Lesotho Institute of Accountants ("LIA"). In 2005, the LIA Council adopted IFRS and IFRS for small and medium-sized enterprises (SMEs) as issued by the International Accounting Standards Board (IASB). This Council decision requires automatic adoption of all new and revised IFRS.

The Group CFO is responsible for the managing the relationship with PKF.

The most recent set of audited financial statements for MindHealth Lesotho was for the three month period ending May 31, 2020.

Enforcement of Legal Rights

A foreign judgment is not directly enforceable in Lesotho, however foreign judgments may be placed before a court in Lesotho for it to be recognised domestically and thereafter enforced in Lesotho as a judgement of the High Court of Lesotho.

Foreign judgments can be enforced domestically by making use of the common law or in terms of the Reciprocal Enforcement of Judgments Proclamation No. 2 of 1922. In terms of this Act, judgments obtained in the High Courts of England, Ireland, or Scotland can be enforced by use of the Proclamation. The proclamation has been extended to include Botswana, Swaziland, Zimbabwe, Zambia, Tanzania, Malawi, Kenya, New Zealand, Australia, and Uganda.

Foreign awards are dealt with in terms of the New York Convention of 1958.

Attempts to bring civil actions in Lesotho may be confronted with a number of issues including jurisdictional issues if the subject matter of the complaint took place outside of Lesotho, and costs to bringing such actions, including retaining local counsel, language barriers, and obtaining certified translations of documents. The costs of bringing an action in Lesotho may make it prohibitive for investors in Canada.

Enforcement of Legal Rights

The Resulting Issuer is incorporated under the laws of the Province of Ontario. The Resulting Issuer's business operations are primarily located in Lesotho. The Resulting Issuer's registered office is in Canada and its head office is in Lesotho. All of the Resulting Issuer's assets are located outside of Canada. The majority of the Resulting Issuer's directors and officers reside within Canada but a substantial portion of their assets are located outside of Canada. As a result, shareholders may not be able to effect service of process within Canada upon certain of the Resulting Issuer's directors or officers or to enforce against certain of the Resulting Issuer's directors or officers in Canadian courts predicated on Canadian securities laws. Likewise, it may also be difficult for a shareholder to enforce judgments obtained against these persons in courts located in jurisdictions outside of Canada, in Canadian courts. It may also be difficult for a shareholder to bring an original action in a Lesotho or other foreign court predicated upon the civil liability provisions of Canadian securities laws against the Issuer or these persons.

Judgments of Canadian courts based upon the civil liability provisions of Canadian securities law may be enforceable against the Issuer in Lesotho.

Selected Consolidated Financial Information

The following tables set forth selected financial information with respect to MindHealth unaudited financial statements for the period from incorporation on May 21, 2020 to October 31, 2020 and has been prepared as at December 4,

2020. The selected financial information has been derived, except where indicated from the unaudited financial statements for the period of incorporation on May 21, 2020 to August 31, 2020. The following should be read in conjunction with the said financial statements.

Selected Consolidated Financial Information

	Period from incorporation on May 21, 2020 to October 31, 2020 (Unaudited) (\$)
Statement of Loss	
Total revenue	Nil
Expenses	(631,008)
Other income	(6,693)
Net loss	(624,316)
Statement of Financial Position	
Current assets	5,617,027
Non-current assets	4,801,712
Total Assets	10,418,739
Current liabilities	225,702
Non-current liabilities	53,506
Total Liabilities	279,208
Shareholders' Equity	10,139,531
Total Liabilities and Shareholders' Equity	10,418,739

No cash dividends were declared for the period ending October 31, 2020.

Dividends

The Resulting Issuer will retain its earnings, if any, to finance the growth and development of its business and does not expect to pay dividends or to make any other distributions in the near future. There are no restrictions that could prevent the Resulting Issuer from paying dividends and the board of directors will review the dividend policy from time to time after considering financing requirements, financial conditions and other factors considered to be relevant.

Foreign GAAP

The consolidated financial statements of the Company have been prepared in accordance with IFRS issued by the International Accounting Standards Board and Interpretations of the International Financial Reporting Interpretations Committee.

DESCRIPTION OF SECURITIES

PRIOR SALES

On the date of the MindHealth Transaction, the Resulting Issuer will have issued the following securities over the past twelve (12) months:

Number and Type	Issue or Exercise Price per Share	Nature of Consideration
1,999,995 Company Shares ⁽¹⁾	\$0.30	Finder's Fee
76,003,941 Company Shares ⁽¹⁾	\$0.30	Issued to MindHealth shareholders under the Definitive Agreement

Each Resulting Issuer Share entitles the holder thereof to one (1) vote at meetings of Resulting Issuer shareholders. The holders of Resulting Issuer Shares are entitled to receive dividends if, as and when declared by the Resulting Issuer's board of directors. In the event of liquidation, dissolution or winding-up of the Resulting Issuer, the holders of the Resulting Issuer Shares are entitled to share rateably in any distribution of the property or assets of the Resulting Issuer.

There are no pre-emptive rights, no conversion or exchange rights, no redemption, retraction, purchase for cancellation or surrender provisions. There are no sinking or purchase fund provisions, no provisions permitting or restricting the issuance of additional securities or any other material restrictions, and there are no provisions, which are capable of requiring a security holder to contribute additional capital.

CONSOLIDATED CAPITALIZATION

The following table sets forth the capitalization of the Resulting Issuer after giving effect to the MindHealth Transaction based on the pro forma financial statements of the Resulting Issuer attached as Schedule E hereto:

Security	Amount Authorized	Amount Outstanding After Giving Effect to the MindHealth Transaction
Resulting Issuer Shares	Unlimited	76,003,937
Resulting Issuer Options	10% of Company Shares ⁽¹⁾	7,600,394
Resulting Issuer Warrants	N/A	6,744,493

Note:

(1) The number of stock options that the Resulting Issuer may grant will be limited by the terms of the Resulting Issuer Option Plan (as defined herein) and policies of the CSE.

Options to Purchase Securities

The Resulting Issuer expects to have the following outstanding stock options:

Category	Number of Options	Exercise Price per Company Share	Expiry Date
Current executive officers and all current	2,457,780	\$0.30	Three years after the day of listing

and past directors of the Company			
Past executive officers and all current and past directors of the Company	129,937	\$0.19	November 28, 2023
All other employees of the Company	325,000	N/A	N/A
All consultants of the Company	4,687,677	\$0.30	Three years after the day of listing
All previous employees of the Company	Nil	N/A	N/A
Any other person	Nil	N/A	N/A

All of the Resulting Issuer Options were granted pursuant to the Resulting Issuer's Stock Option Plan, which is the successor to the Cardinal stock option plan originally adopted in 2008. The purpose of the Company Stock Option Plan is to encourage common share ownership in the Resulting Issuer by directors, officers, employees and consultants of the Resulting Issuer and its subsidiaries or affiliates. The aggregate number of shares of the Resulting Issuer reserved for issuance and which may be issued and sold under the Resulting Issuer Option Plan, or any other stock option plans of the Resulting Issuer, shall not exceed ten percent (10%) of the total number of issued and outstanding shares (calculated on a non-diluted basis) from time to time. The total number of shares which may be reserved for issuance to any one individual under the Resulting Issuer Option Plan within any one year period shall not exceed 5% of the outstanding issue.

Any shares subject to an option which for any reason are cancelled or terminated prior to exercise will be available for a subsequent grant under the Resulting Issuer Option Plan. The option price for any common shares cannot be less than the price permitted by any stock exchange on which the common shares are then listed or other regulating body having jurisdiction. Options granted under the Resulting Issuer Option Plan may be exercised during a period of time fixed by the board of directors up to the maximum period permitted by any stock exchange on which the common shares are then listed or other regulatory authority having authority, subject to earlier termination upon the termination of the optionee's employment, upon the optionee ceasing to be an employee, senior officer, director or consultant of the Resulting Issuer or any of its subsidiaries or affiliates, as applicable, or upon the optionee retiring, becoming permanently disabled or deceased.

The options are non-transferable. The Resulting Issuer Option Plan contains provisions for adjustment in the number of shares issuable thereunder in the event of a subdivision, consolidation, reclassification or change of the common shares, a merger or other relevant changes in the Resulting Issuer's capitalization. The board of directors may from time to time amend or revise the terms of the Resulting Issuer Option Plan or may terminate the Resulting Issuer Option Plan at any time.

PRINCIPAL SHAREHOLDERS

To the knowledge of the directors and senior officers of the Resulting Issuer, upon completion of the Transaction, no person or company beneficially owned, directly or indirectly, or exercised control or direction over, Resulting Issuer Shares carrying more than 10% of the voting rights attached to all outstanding Resulting Issuer Shares.

Directors and Officers

The table below lists the name and municipality of residence of each proposed director and executive officer of the Resulting Issuer and indicates their respective positions and offices held with the Resulting Issuer and their respective principal occupations within the five (5) preceding years and the number and percentage of common shares owned, directly or indirectly, or over which control or direction is exercised as of the date hereof.

Name and Municipality of Residence	Position with the Company	Date Elected/ Appointed	Principal Occupation and Positions Held During the last 5 years	Number of the Company Common Shares Owned, Beneficially Held or Controlled	% of Class Held or Controlled
Amza Ali (Toronto, Canada)	Director	Proposed	Avicanna Inc – Chief Medical Officer. – January 2018 - Present (2 year 9 months) – Ontario, Canada University of the West Indies - Senior Lecturer and Head of Research in the Neurosciences – September 2016 – Present (4 years 1 month) – Kingston, Jamaica Yale School of Medicine- Visiting Professor, Department of Neurology -January 2016 - December 2017 (2 years) – New Haven, US University of the West Indies - Senior Associate Lecturer in Neurology – June 2014 to present (5 years 4 months) - University of the West Indies	2,533,456	3.333%
Jody Aufrichtig (Cape Town, South Africa)	Director, President and Chief Executive Officer	Proposed	MindHealth Biomed - CEO May 2020 - Present (5 months) -British Columbia, Canada Highlands Investments Africa (Pty) Limited - CEO - May 2020 - Present (5 months) - Cape Town, Western Cape, South Africa Canopy Growth Africa – Managing Director – Africa -May 2018 - May 2020 (2 years 1 month) - Cape Town, Western Cape, South Africa Daddy Cann (Pty) Ltd - CEO - August 2017 - May 2018 (10 months) - Lesotho Indigo Properties – Co founder – 2000 -Present	1,629,434	2.144%
Gavin Basserabie (Clovelly, New South Wales, Australia)	Director	Proposed	MindHealth Biomed -Director Strategic Development May 2020 - Present (5 months) -British Columbia, Canada Highlands Investments Africa (Pty) Limited - Investor and Strategic Advisor - May 2020 - Present (5	1,985,539	2.612%

Name and Municipality of Residence	Position with the Company	Date Elected/ Appointed	Principal Occupation and Positions Held During the last 5 years	Number of the Company Common Shares Owned, Beneficially Held or Controlled	% of Class Held or Controlled
Warwick Corden-Lloyd (Cape Town, South Africa)	Chief Finance Officer	Proposed	months) - Cape Town, Western Cape, South Africa ConfidenceClub.com - Co Founder - January 2018 - Present (2 years 9 months) - Sydney, Australia Daddy's Deals - Co Founder - January 2011 - Present (9 years 9 months) - South Africa Canopy Growth Africa - Chief Financial Officer – Africa -May 2018 - May 2020 (2 years 1 month) - Cape Town, Western Cape, South Africa Daddy Cann (Pty) Ltd - Head International and Corporate Finance - August 2017 - May 2018 (10 months) - Lesotho	144,093	0.190%
Ryan Roebuck (Toronto, Canada)	Director	Proposed	RR One Ltd – Principal – August 2011 – present – 9 years 3 months – Ontario, Canada	-	-
Marvin Singer (Toronto, Canada)	Director	Proposed	Self-employed – Consultant, Corporate Director and Investor- January 2020 – present (10 months) - Ontario, Canada Norton Rose Fulbright Canada LLP– Senior Partner- September 2005 – January 2020 (14 years 5 months)	212,998	0.280%

Term of Directors

Each director has served as such as indicated above, under the heading "Date Elected / Appointed", and will serve as director until his successor is elected or appointed.

Securities Held by Directors and Officers as a Group

The number of voting securities of the Company which are beneficially owned, directly or indirectly, or over which control or direction is exercised by all directors and executive officers of the Resulting Issuer is expected to be an aggregate of 6,927,762 common shares or 9.115% of the issued and outstanding securities of the Resulting Issuer on a non-diluted basis, or 14.163% on a fully-diluted basis.

Committees of the Board of Directors

The proposed Board of the Resulting Issuer will have two committees, namely the Audit and Compensation Committee.

The Audit Committee will be comprised of Gavin Basserabie, Jody Aufrichtig, and Marvin Singer, the majority of whom are considered to be independent within the meaning of NI 52-110. The Company is a Venture Issuer as defined in National Instrument 51-102 and relies on the exemption for Venture Issuers to the requirements in National Instrument 52-110 for composition of the Audit Committee and certain reporting requirements. Each Audit Committee member is financially literate as defined in NI 52-110.

The Compensation Committee will be comprised of Gavin Basserabie, Marvin Singer and Jody Aufrichtig, the majority of which are considered to be independent within the meaning of NI 52-110.

Cease Trade Orders and Bankruptcies

It is not expected that any director or officer of the Resulting Issuer and shareholder will hold a sufficient number of securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, is, or within ten (10) years before the date hereof has been, a director or officer of any other company that, while that person was acting in that capacity:

1. was the subject of a cease trade or similar order, or an order that denied the other company access to any exemptions under Ontario securities law, for a period of more than thirty (30) consecutive days;
2. was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than thirty (30) consecutive days;
3. became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
4. within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Penalties and Sanctions

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

1. been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities' regulatory authority; or
2. been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision.

Personal Bankruptcies

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

Conflicts of Interest

There are no existing or potential material conflicts of interest between the Resulting Issuer or any of its subsidiaries and the directors and officers of the Resulting Issuer or its subsidiaries.

Certain directors and/or officers serve as directors and/or officers of other companies or have significant shareholdings in other companies. Any conflicts of interest will be subject to and governed by the law applicable to directors and officers conflicts of interest, including the procedures prescribed by the OBCA. The OBCA requires that directors and officers of the Resulting Issuer, who are also directors or officers of a party which enters into a material contract with the Resulting Issuer or otherwise have a material interest in a material contract entered into by the Resulting Issuer, must disclose their interest and, in certain instances, refrain from voting on any resolution of the Resulting Issuer's directors to approve the contract.

Management

Brief descriptions of the biographies for all of the proposed officers and directors of the Resulting Issuer are set out below. Unless otherwise stated, each of the below-named directors and officers has held the principal occupation or employment indicated for the past five (5) years.

Jody Aufrichtig, Proposed Director, President and Chief Executive Officer, Age 47

Jody Aufrichtig is a chartered accountant and experienced entrepreneur with extensive experience in emerging markets. Mr. Aufrichtig is the founder of MindHealth and a multiple award-winning business builder who has created substantial shareholder value in cannabis, commercial and residential property, private equity, tourism, leisure and other industries.

Prior to founding MindHealth, he was the Managing Director of Canopy Growth Africa (a wholly owned subsidiary of Canopy Growth Limited (NYSE: CGC / TSX: WEED). from May 2018 until he led a management buyout of the African operations in April 2020. Mr. Aufrichtig founded Daddy Cann Lesotho (Pty) Limited in July 2017 and was granted a license by the Ministry of Health to cultivate, manufacture, supply, hold, import, export and transport cannabis. Daddy Cann Lesotho (Pty) Limited was subsequently acquired by Canopy Growth Corp. in May 2018. Mr. Aufrichtig co-founded Indigo Properties in 2000 and the business is focussed on commercial and residential property, tourism and leisure.

Mr. Aufrichtig holds a Bachelor of Accounting and a Bachelor of Accounting Honours from the University of Cape Town, South Africa and is registered with the South African Institute of Chartered Accountants.

Amza Ali, Proposed Director, Age 59

Dr Ali is a medical practitioner specialised in Internal Medicine, Neurology, Epilepsy and Clinical Neurophysiology with 35 years of clinical experience.

Dr Ali obtained his medical undergraduate degree (MBBS) from the University of the West Indies (UWI) with subsequent postgraduate training and accreditation in Internal Medicine at UWI as well as in the United Kingdom. He subsequently trained and certified in Neurology at the National Hospital for Neurology and Neurosurgery, Queen Square, London with research training in Neuroimmunology at the Clinical Research Centre in Harrow, England. He then trained in Epilepsy and Advanced Clinical Neurophysiology at Columbia University Medical Center in New York and is certified by the American Board of Clinical Neurophysiology. His deep commitment to advancing the intersection of the fields of Medicine and Business then led him to obtaining a Masters in Business Administration at

the Rotman School of Management, University of Toronto and then to obtain an MSc in Business Research Methodology at the Henley Business School, University of Reading, UK to better develop research strategies at this intersection.

Dr Ali serves as a Consultant Neurologist in Kingston, Jamaica and since 2016 has headed research in the Neurosciences at UWI-SODECO (UWI-Solutions for Developing Countries). In 2017 he joined Avicanna Inc, a medical and scientific company focused on exploring cannabis as a medicine, initially on its Scientific Advisory Board and in 2018 served as Director of Neurology before assuming, in 2019, the position of Chief Medical Officer in this publicly traded company. Since then he has led all of the company's preclinical and clinical research activities in Canada and internationally. This foundation in basic science and clinical medicine has led to many international awards for his work, including the Swebelius Award from Yale University for his work in epilepsy as well as from the Royal College of Physicians of London for Excellence in Clinical Care and in 2019, the Global Ambassador Award for Epilepsy by the International League Against Epilepsy.

Marvin Singer, Proposed Director, Age 69

Marvin Singer has been a consultant to private and public companies since January 2020, after retiring from practising corporate and securities law for 40 years, most recently as a Senior Partner in the international law firm of Norton Rose Fulbright Canada LLP (2005-2019). Mr. Singer has extensive experience in equity and debt financings, governance, mergers and acquisitions. He has worked on many international business ventures, including throughout Africa and South America. During his career, Mr. Singer has advised boards of directors of public issuers on governance and other corporate matters. He is currently a director of Osino Resources Corp. Mr. Singer received a Bachelor of Laws degree from Osgoode Hall Law School, Toronto, Canada in 1976.

Gavin Basserabie, Proposed Director, Age 50

Mr. Gavin Basserabie is a chartered accountant and company director based in Sydney, Australia. He has over 20 years experience in founding and supporting fast growing early stage businesses including numerous successful exits. Mr. Basserabie was previously the Chief Financial Officer and then Strategic Director for Canopy Growth Africa (a wholly owned subsidiary of Canopy Growth Limited (NYSE: CGC / TSX: WEED). While at Canopy Growth Africa, Mr. Basserabie was responsible for the transformation of a privately owned company to a subsidiary of Canopy Growth and became the Chief Financial Officer for Canopy Growth's African operations.

Mr. Basserabie is a founding Director of ConfidenceClub Pty Ltd, the leading exclusively direct to consumer brand of adult incontinence products for the disability and senior home care markets in Australia. Mr. Basserabie has strategic and advisory roles in a range of companies including IT, health care, leisure and medicinal cannabis.

Mr. Basserabie holds a Bachelor of Commerce degree from the University of Witwatersrand in Johannesburg, South Africa and is has been a member of the Chartered Accountants Institute of Australia and New Zealand.

Ryan Roebuck, Proposed Director, Age 35

Mr. Roebuck is currently the principal of RR One Ltd. (RR1), a private investment firm located in Toronto and has extensive public listed company experience. Mr. Roebuck has prior experience working in venture capital and as a top rated equity research analyst. Mr. Roebuck was formerly a founding member of the board of directors of Pharmacan Capital which later changed its name to the Cronos Group Inc. (TSX: CRON) and currently a member of the board of directors of Epsilon Energy Ltd. (TSX: EPS).

Warwick Corden-Lloyd, Proposed Chief Financial Officer, Age 41

Warwick Corden-Lloyd is a Chartered Accountant and Certified Project Manager. He has over 17 years' experience working in public accounting, consulting and listed financial services companies in the UK, US and South Africa. Mr. Corden-Lloyd has listed company financial and regulatory reporting experience in emerging markets.

Mr. Corden-Lloyd was previously the Vice President of Operations and Finance at Canopy Growth Africa, (a wholly owned subsidiary of Canopy Growth Limited (NYSE: CGC / TSX: WEED)). Whilst at Canopy Growth Africa, he oversaw the Finance, Legal, Supply Chain, Human Resources, Quality Assurance and Regulatory, Project Management and Country Manager divisions. Prior to that he was at Capitec Bank, South Africa's largest customer retail bank, where he was responsible for managing the financial reporting, budgeting and financial accounting for the bank.

Mr. Corden-Lloyd holds a Bachelor of Accounting from the University of Stellenbosch, South Africa, a Bachelor of Accounting Honours from the University of Natal, South Africa and is registered with the South African Institute of Chartered Accountants.

Base Salary

Base salaries and discretionary bonuses primarily reward recent performance and incentive stock options encourage NEOs to continue to deliver results over a longer period of time and serve as a retention tool.

The base salary of each executive officer is determined by the Company Board based on an assessment by the board of directors of the Resulting Issuer of his or her sustained performance, consideration of competitive compensation, the level of responsibility and experience of the individual, the relative importance of the position to the Resulting Issuer, and the professional qualifications of the individual. A final determination is made by the board of directors of the Resulting Issuer in its sole discretion and its knowledge of the industry and geographic location in which the Resulting Issuer operates.

The NEOs' performances and salaries are to be reviewed periodically to ensure that they properly reflect a balance of market conditions, the levels of responsibilities and accountability of each individual, their unique experience, skills and capability and level of sustained performance. Increases in salary are to be evaluated on an individual basis and are performance based. The amount and award of bonuses to key executives and senior management is discretionary, depending on, among other factors, the financial performance of the Company and the position of a participant.

Option Based Awards

The purpose of the rolling stock option plan currently in place for Cardinal (the "**Resulting Issuer Option Plan**") is to assist the Resulting Issuer in attracting, retaining and motivating directors, officer, employees, and consultants of the Company and its subsidiaries and to closely align the personal interests of such service providers with the interests of the Resulting Issuer and its shareholders.

The Resulting Issuer Option Plan provides that a maximum of 10% of the Company Shares issued and outstanding from time to time may be issued under the Resulting Issuer Option Plan. The Resulting Issuer Option Plan is administered by the board of directors of the Resulting Issuer.

Termination and Change of Control Benefits

As of the date of this Circular, the Resulting Issuer does not have any employment agreements nor any compensatory plans or arrangements with respect to the NEOs that results, or will result, in the payment of amounts or benefits due to the resignation, retirement or any other termination of employment of such NEO's employment or engagement with the Resulting Issuer, a change of control of the Resulting Issuer, or a change in the NEO's responsibilities following a change of control.

Incentive & Pension Plan Awards

Except for the Resulting Issuer Option Plan, the Resulting Issuer does not have any equity-based incentive plans, or any deferred compensation plan or pension plan that provides for payments or benefits at, following, or in connection with the retirement of its NEOs.

Indebtedness of Directors and Executive Officers

No individual who is or at any time since the beginning of the most recently completed financial year of the Resulting Issuer was, a director or officer of the Resulting Issuer, was proposed as a nominee for election as a director of the Resulting Issuer, or any associate of any such director, executive officer or nominee:

1. is, at any time since the beginning of the most recently completed financial year of Cardinal has been, indebted to the Resulting Issuer or any of its subsidiaries; or
2. is, or at any time since the beginning of the most recently completed financial year has been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or undertaking provided by the Resulting Issuer or any of its subsidiaries.

Escrowed Securities

The Resulting Issuer will have 8,681,885 Resulting Issuer Shares held in escrow.

The Resulting Issuer Shares held in escrow are subject to release in accordance with the following timeline:

Release Dates	Percentage of Total Escrowed Securities to be Released
Date that common shares commence trading on the CSE (the " Listing Date ")	10% of the escrowed securities
6 months after the Listing Date	16.6% of the remaining escrow securities
12 months after the Listing Date	20% of the remaining escrowed securities
18 months after the Listing Date	25% of the remaining escrowed securities
24 months after the Listing Date	33% of the remaining escrowed securities
30 months after the Listing Date	50% of the remaining escrowed securities
36 months after the Listing Date	the remaining escrowed securities

Risk Factors

The directors consider the following risks and other factors to be the most significant for potential investors in the Resulting Issuer, but the risks listed do not necessarily compromise all those associated with an investment in the Resulting Issuer and are not set out in any particular order of priority. Additional risks and uncertainties not currently known to the directors may also have an adverse effect on the Resulting Issuer's business. If any of the following risks actually occur, the Resulting Issuer's business, financial condition, capital resources, results or future operations could be materially adversely affected. In such a case, the price of the Resulting Issuer Shares could decline and investors may lose all or part of their investment.

An investment in the Resulting Issuer is subject to various risks and should be considered highly speculative.

Prior to making an investment decision, investors should consider the investment risks set forth below which are in addition to the usual risks associated with an investment in a business at an early stage of development. The directors of the Resulting Issuer consider the risks set forth below to be the most significant, but do not consider them to be all of the risks associated with an investment in securities of the Resulting Issuer. If any of these risks materialize into actual events or circumstances or other possible additional risks and uncertainties of which the directors are currently unaware or which they consider not to be material in connection with the Resulting Issuer's business, actually occur, the Resulting Issuer's assets, liabilities, financial condition, results of operations (including future results of operations), business and business prospects, are likely to be materially and adversely affected. In such circumstances, the price of the Resulting Issuer's securities could decline and investors may lose all or part of their investment.

No operating history

While the Resulting Issuer was incorporated in February 1986, it ceased carrying on active business since September 30, 2009 and has only with the completion of the MindHealth Transaction commenced business operations in the supply of branded naturally derived medicinal grade psilocybin mushroom products. The Resulting Issuer is therefore subject to many of the risks common to early-stage enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial, and other resources and lack of revenues. The Resulting Issuer has no history in the psilocybin mushroom cultivation industry and no history of operations or earnings.

The Resulting Issuer is therefore subject to many of the risks common to entering a new area of investment, including under-capitalization, limitations with respect to personnel, financial, and other resources and lack of revenues. There is no assurance that the Resulting Issuer will be successful in achieving a return on its investment and the likelihood of success must be considered in light of the Resulting Issuer's lack of experience in this industry.

Because the Resulting Issuer has limited operating history in an emerging area of business, potential 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.

These risks may include:

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

The Resulting Issuer's 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.

Uncertainty about the Resulting Issuer's ability to continue as a going concern

The Resulting Issuer's ability to continue as a going concern will be dependent upon its ability in the future to grow its revenue and achieve profitable operations and, in the meantime, to obtain the necessary financing to meet its obligations and repay its liabilities when they become due. External financing, predominantly by the issuance of equity and debt, will be sought to finance the operations of the Resulting Issuer; however, there can be no certainty that such funds will be available at terms acceptable to the Resulting Issuer, or at all. These conditions indicate the existence of material uncertainties that may cast significant doubt about the Resulting Issuer's ability to continue as a going concern. See also "Cautionary Statement Regarding Forward-Looking Information".

The Resulting Issuer's actual financial position and results of operations may differ materially from the expectations of the Resulting Issuer's management

The Resulting Issuer's actual financial position and results of operations may differ materially from management's expectations. As a result, the Resulting Issuer's revenue, net income and cash flow may differ materially from the Resulting Issuer's internally projected revenue, net income and cash flow. The process for estimating the Resulting Issuer's revenue, net income and cash flow requires the use of judgement in determining the appropriate assumptions and estimates. These estimates and assumptions may be revised as additional information becomes available and as additional analyses are performed. In addition, the assumptions used in planning may not prove to be accurate, and other factors may affect the Resulting Issuer's financial condition or results of operations.

Initial lack of business diversification

Because the Resulting Issuer will be initially focused on observational studies, product development and cultivation and production using psilocybin mushrooms, the prospects for the Resulting Issuer's success will be dependent upon

the future performance and market acceptance of the Resulting Issuer's intended facilities, products, processes and services. Unlike certain entities that have the resources to develop and explore numerous product lines, operating in multiple industries or multiple areas of a single industry, the Resulting Issuer does not anticipate having the ability to immediately diversify or benefit from the possible spreading of risks or offsetting of losses. Again, the prospects for the Resulting Issuer's success may become dependent upon the development or market acceptance of a very limited number of facilities, products, processes or services.

Regulatory compliance risks

The Resulting Issuer operates in the Kingdom of Lesotho pursuant to licenses and authorizations granted by Lesotho governmental authorities. Consequently, certain activities conducted by the Resulting Issuer are permissible under the Lesotho regulatory regime while they are not permissible under the Canadian regime. In the past, Canadian courts and regulatory authorities have taken the view that it is not contrary to Canadian federal or provincial law for a person to be engaged in, or for an entity to hold interests in affiliates (being that are engaged in, certain regulated activities where such activities may be regulated differently than in the home jurisdictions and have enforced extra-territorial laws even where such laws (or regulatory regimes applicable to certain activities or industries) differ from those in the Canadian jurisdiction. There still remains a risk that Canadian courts or applicable Canadian or other governmental authorities may take a contrary view with respect to the business of the Resulting Issuer and view the Resulting Issuer as having violated their local laws, despite the Resulting Issuer having obtained all applicable Lesotho licenses or authorizations and despite the fact that the Resulting Issuer does not carry on business in Canada. Therefore, there is a risk that civil and criminal proceedings, including class actions, could be initiated against the Resulting Issuer. Such potential proceedings could involve substantial litigation expense, penalties, fines, seizure of assets, injunctions or other restrictions being imposed upon the Resulting Issuer or its business partners, while diverting the attention of key executives. Such proceedings could have a material adverse effect on the Resulting Issuer's business, revenues, operating results and financial condition as well as an impact upon the Resulting Issuer's reputation.

Change in laws, regulations and guidelines

The cultivation, processing, manufacturing, packaging, labeling, advertising and distribution of the Resulting Issuer's planned products is subject to regulation by one or more governmental authorities, and various agencies of the federal, provincial, state and localities in which the Resulting Issuer's products are sold. These government authorities may attempt to regulate any of its products that fall within their jurisdiction. Such governmental authorities may not accept the evidence of safety for any ingredients that the Resulting Issuer may want to market, may determine that a particular product or product ingredient presents an unacceptable health risk and may determine that a particular statement of nutritional support that the Resulting Issuer wants to use is an unacceptable claim. Such a determination would prevent the Resulting Issuer from marketing particular products or using certain statements of nutritional support on its products. The Resulting Issuer also may be unable to disseminate third-party literature that supports its products if the third-party literature fails to satisfy certain requirements. In addition, government authorities could require the Resulting Issuer to remove a particular product from the market. Any recall or removal would result in additional costs to the Resulting Issuer, including lost revenues from any products that it is required to remove from the market, any of which could be material. Any such product recalls or removals could lead to liability, substantial costs and reduced growth prospects, all of which could be material. See also "Cautionary Statement Regarding Forward-Looking Information".

Reliance on licenses and authorizations

The Resulting Issuer's ability to grow, process, store and sell psilocybin mushroom and psilocybin mushroom products in the Kingdom of Lesotho is dependent on the Resulting Issuer's ability to sustain or obtain the necessary licenses and authorizations by certain government authorities in the Kingdom of Lesotho, including, but not limited to, its current licence. The licenses and authorizations are subject to ongoing compliance and reporting requirements, and the ability of the Resulting Issuer to obtain, sustain or renew any such licenses and authorizations on acceptable terms is subject to changes in regulations and policies and to the discretion of the applicable authorities or other governmental agencies in foreign jurisdictions. Failure to comply with the requirements of the licenses or authorizations or any failure to maintain the licenses or authorizations would have a material adverse impact on the business, financial condition and operating results of the Resulting Issuer. Although the Resulting Issuer believes that

it will meet the requirements to obtain, sustain or renew the necessary licenses and authorizations, there can be no guarantee that the applicable authorities will issue or renew these licenses or authorizations (as the case may be). Should the authorities fail to issue or renew the necessary licenses or authorizations, the Resulting Issuer may be curtailed or prohibited from the production or distribution of psilocybin mushrooms or from proceeding with the development of its operations as currently proposed and the business, financial condition and results of the operation of the Resulting Issuer may be materially adversely affected.

Health Canada regulations

If the Resulting Issuer decides to conduct any future research in Canada into products that involve ingredients that are controlled under Controlled Drugs and Substances Act (“CDSA”) (including certain psychedelics such as psilocybin) will require a research license or Section 56 exemption from Health Canada with similar controlled substance authorizations required from a federal competent authority in other jurisdictions. There is no assurance that such exemption would be granted, and if it were not to be granted, it might prevent the Resulting Issuer from handling and researching such products in Canada without collaborating with a licensed partner.

Consequences of Violations of Laws and Regulations

In Canada, certain active ingredients such as psilocybin are classified as controlled substances and are listed on Schedule III of the CDSA. As such, possession and use of these substances is prohibited unless approved. The governmental authorities in Canada may allow for exemptions to parties to allow possession of controlled substances for scientific purposes. Further, a dealer’s license can be obtained under the Food and Drugs Regulations allowing for the transport, manufacturing, processing and sale of products containing a controlled substance like psilocybin in certain circumstances. Programs relating to controlled substances are strict and penalties for contravention of these laws could result in significant fines, penalties, administrative sanctions, convictions or settlements arising from civil proceedings initiated by either government entities in the jurisdictions in which the Resulting Issuer may in the future operate, or private citizens or criminal charges. Currently, the Resulting Issuer has no plans to sell psilocybin mushroom products in Canada or to conduct research with respect to psilocybin in Canada. Were those plans to change, there is no guarantee that the Resulting Issuer would be able to obtain an exemption under the CDSA or a dealer’s licence under the Food and Drugs Regulation, which would prevent the Resulting Issuer from being able to handle or research those substances in Canada without collaborating with a licensed partner. The Resulting Issuer will apply for an exemption under the CDSA or a dealer’s licence under the Food and Drugs Regulation if the Resulting Issuer decides to offer its psilocybin products or conduct research in Canada. The Resulting Issuer does not intend to apply for the above within the next 12 months. During this process, the Resulting Issuer will seek advice from experts in Canadian food and drugs regulation.

The Expansion of the Use of Psychedelics in the Medical Industry may Require New Clinical Research

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

Production facility and processing facility

The Resulting Issuer may incur expenditures toward the improvement and maintenance of its production and processing facility in Lesotho. Adverse changes to the Resulting Issuer’s leased premises in Lesotho including, but

not limited to, amendments to the lease, environmental and climate change, and restrictions to expansion could have a materially adverse effect on the operations of the Resulting Issuer.

Competition from other companies

An increase in the companies competing in this industry could limit the ability of the Resulting Issuer to expand its operations. Current and new competitors may have better capitalization, a longer operating history, more expertise and be able to develop higher quality equipment or products at the same or a lower cost. The Resulting Issuer cannot provide assurances that it will be able to compete successfully against current and future competitors. Competitive pressures faced by the Resulting Issuer could have a material adverse effect on its business, operating results and financial condition.

Unfavourable publicity or consumer perception

The Resulting Issuer believes the naturally derived medicinal-grade psilocybin mushroom industry is highly dependent upon consumer perception regarding the safety, efficacy and quality of psilocybin mushroom distributed to such consumers. Consumer perception of the Resulting Issuer's products may be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of naturally derived, medicinal-grade psilocybin mushroom products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favourable to the naturally derived medicinal-grade psilocybin mushroom market or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favourable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for the Resulting Issuer's products and the business, results of operations, financial condition and cash flows of the Resulting Issuer. The Resulting Issuer's dependence upon consumer perceptions means that adverse scientific research reports, findings, regulatory proceedings, litigation, media attention or other publicity, whether or not accurate or with merit, could have a material adverse effect on the Resulting Issuer, the demand for the Resulting Issuer's products, and the Resulting Issuer's business, results of operations, financial condition and cash flows. Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of naturally derived medicinal-grade psilocybin mushroom in general, or the Resulting Issuer's products specifically, or associating the consumption of naturally derived medicinal-grade psilocybin mushroom's negative effects or events, could have such a material adverse effect. Such adverse publicity reports or other media attention could arise even if the adverse effects associated with such products resulted from consumers' failure to consume such products appropriately or as directed.

Development of the business of the Resulting Issuer

The development of the business of the Resulting Issuer and its ability to execute on its expansion opportunities described herein will depend, in part, upon the amount of additional financing available. Failure to obtain sufficient financing may result in delaying, scaling back, eliminating or indefinitely postponing expansion opportunities and the business of the Resulting Issuer's current or future operations. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be acceptable to the Resulting Issuer. In addition, there can be no assurance that future financing can be obtained without substantial dilution to existing shareholders.

There is no assurance that the Resulting Issuer will become profitable or pay dividends

There is no assurance as to whether the Resulting Issuer will become profitable or pay dividends. The Resulting Issuer has incurred and anticipates that it will continue to incur substantial expenses relating to the development and initial operations of its business. The payment and amount of any future dividends will depend upon, among other things, the Resulting Issuer's results of operations, cash flow, financial condition and operating and capital requirements. There is no assurance that future dividends will be paid, and, if dividends are paid, there is no assurance with respect to the amount of any such dividends.

The Resulting Issuer expects to incur significant ongoing costs and obligations related to its investment in infrastructure, growth, regulatory compliance and operations

The Resulting Issuer expects to incur significant ongoing costs and obligations related to its investment in developing its business and the products, which could have a material adverse impact on the Resulting Issuer's results of operations, financial condition and cash flows. In addition, future changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to the Resulting Issuer's operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of the Resulting Issuer. The Resulting Issuer's efforts to grow its business may be costlier than the Resulting Issuer expected, and the Resulting Issuer may not be able to increase its revenue enough to offset its higher operating expenses. The Resulting Issuer may incur significant losses in the future for a number of reasons, including the other risks described in this listing statement, and unforeseen expenses, difficulties, complications and delays, and other unknown events. If the Resulting Issuer is unable to achieve and sustain profitability, the market price of the Resulting Issuer Shares may significantly decrease.

The Resulting Issuer may become subject to litigation

The Resulting Issuer's participation in the medical-grade psilocybin mushroom industry may lead to litigation, formal or informal complaints, enforcement actions and inquiries by third parties, other companies or various governmental authorities against the Resulting Issuer. Litigation, complaints and enforcement actions involving the Resulting Issuer could consume considerable amounts of financial and other corporate resources, which could have an adverse effect on the Resulting Issuer's future cash flows, earnings, results of operations and financial condition. See also "Cautionary Statement Regarding Forward-Looking Information".

The Resulting Issuer may be forced to litigate to defend its intellectual property rights, or to defend against claims by third-parties against the Resulting Issuer relating to intellectual property rights

The Resulting Issuer may be forced to litigate to enforce or defend its intellectual property rights, to protect its trade secrets or to determine the validity and scope of other parties' proprietary rights. Any such litigation could be very costly and could distract its management from focusing on operating the Resulting Issuer's business. The existence or outcome of any such litigation could harm the Resulting Issuer's business. Further, because the content of much of the Resulting Issuer's intellectual property concerns medical-grade psilocybin mushroom and other activities that are not legal in some state jurisdictions or under federal law, the Resulting Issuer may face additional difficulties in defending its intellectual property rights. See also "Cautionary Statement Regarding Forward-Looking Information".

Negative results from clinical trials

From time to time, studies or clinical trials on medical-grade psilocybin mushroom products may be conducted by academics or others, including government agencies. The publication of negative results of studies or clinical trials related to the Resulting Issuer's proposed products or the therapeutic areas in which the Resulting Issuer's proposed products will compete could have a material adverse effect on the Resulting Issuer's sales. See also "Cautionary Statement Regarding Forward-Looking Information".

Insurance coverage

The Resulting Issuer's business is subject to a number of risks and hazards generally, including adverse environmental conditions, accidents, product liability and changes in the regulatory environment. Such occurrences could result in damage to assets, personal injury or death, environmental damage, delays in operations, monetary losses and possible legal liability. Although the Resulting Issuer maintains insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance does not cover all the potential risks associated with its operations. The Resulting Issuer may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards encountered in the operations of the Resulting Issuer is not generally available on acceptable terms. The Resulting Issuer might also become subject to liability for pollution or other hazards which may not be insured against or which the Resulting Issuer may elect not to insure

against because of premium costs or other reasons. Losses from these events may cause the Resulting Issuer to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

Ability to establish and maintain bank accounts

While the Resulting Issuer does not anticipate dealing with banking restrictions, there is a risk that banking institutions in countries where the Resulting Issuer operates will not accept payments related to the psilocybin mushroom industry. Such risks could increase costs for the Resulting Issuer. The Resulting Issuer's inability to manage such risks may adversely affect the Resulting Issuer's operations and financial performance.

Product liability

The Resulting Issuer intends to produce products designed to be ingested by humans, and will therefore face a risk of exposure to product liability claims, regulatory action and litigation if its products are alleged to have caused bodily harm or injury. In addition, the sale of consumable products involve the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. Adverse reactions resulting from human consumption of medical-grade psilocybin mushroom products alone or in combination with other medications or substances could occur. The Resulting Issuer could therefore be subject to various product liability claims, including, among others, that its products caused injury or illness, include inadequate instructions for use or include inadequate warnings concerning health risks, possible side effects or interactions with other substances. A product liability claim or regulatory action against the Resulting Issuer could result in increased costs, could adversely affect the Resulting Issuer and could have a material adverse effect on its results of operations and financial conditions.

If the Resulting Issuer is unable to attract and retain key personnel, it may not be able to compete effectively

The Resulting Issuer will depend upon its ability to attract and retain key management, including the Resulting Issuer's directors, officers and technical experts. The Resulting Issuer will attempt to enhance its management and technical expertise by continuing to recruit qualified individuals who possess desired skills and experience in certain targeted areas. The Resulting Issuer's inability to retain employees and attract and retain sufficient additional employees or engineering and technical support resources could have a material adverse effect on the Resulting Issuer's business, results of operations, sales, cash flow or financial condition. Shortages in qualified personnel or the loss of key personnel could adversely affect the financial condition of the Resulting Issuer or results of operations of the business and could limit the Resulting Issuer's ability to develop and market its medical-grade psilocybin mushroom products. The loss of any of the Resulting Issuer's senior management or key employees could materially adversely affect the Resulting Issuer's ability to execute the Resulting Issuer's business plan and strategy, and the Resulting Issuer may not be able to find adequate replacements on a timely basis, or at all. The Resulting Issuer does not maintain key person life insurance policies on any of the Resulting Issuer's employees.

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

As the psilocybin mushroom industry is in an early 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 Resulting Issuer and, few, if any, established companies whose business model the Resulting Issuer can follow or upon whose success the Resulting Issuer can build. Accordingly, investors will have to rely on their own estimates in deciding about whether to invest in the Resulting Issuer. There can be no assurance that the Resulting Issuer's estimates are accurate or that the market size is sufficiently large for its business to grow as projected, which may negatively impact its financial results. The Resulting Issuer regularly follows market research.

The continued development of the Resulting Issuer and its business will require additional financing.

The failure to raise such capital could result in the delay or indefinite postponement of current business objectives or the Resulting Issuer going out of business. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favourable to the Resulting Issuer.

If additional funds are raised through issuances of equity or convertible debt securities, existing shareholders could suffer significant dilution, and any new equity securities issued could have rights, preferences and privileges superior to those of holders of Resulting Issuer Shares.

The Resulting Issuer's articles permit the issuance of an unlimited number of Resulting Issuer Shares, and shareholders will have no pre-emptive rights in connection with such further issuance. The directors of the Resulting Issuer have discretion to determine the price and the terms of issue of further issuances. Moreover, additional Resulting Issuer Shares will be issued by the Resulting Issuer on the exercise of options under the Resulting Issuer Option Plan and upon the exercise of the Resulting Issuer's outstanding Resulting Issuer Warrants. In addition, from time to time, the Resulting Issuer may enter into transactions to acquire assets or shares of other companies. These transactions may be financed wholly or partially with debt, which may temporarily increase the Resulting Issuer's debt levels above industry standards. Any debt financing secured in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which may make it more difficult for the Resulting Issuer to obtain additional capital and to pursue business opportunities, including potential acquisitions.

If an investor purchases Resulting Issuer Shares in an offering, it will experience substantial and immediate dilution, because the price that such investor will pay will be substantially greater than the net tangible book value per share of the Resulting Issuer Shares that it acquires. This dilution is due in large part to the fact that the Resulting Issuer's earlier investors will have paid substantially less than a public offering price when they purchased their shares of the Resulting Issuer's capital stock.

Reliance on a single jurisdiction

To date, the Resulting Issuer's activities and resources have been primarily focused in Lesotho. The Resulting Issuer expects to continue the focus on expansion opportunities into other jurisdictions. Adverse changes or developments within Lesotho could have a material and adverse effect on the Resulting Issuer's ability to continue its business, financial condition and prospects. Additionally, any material or adverse change in jurisdictions in which the Resulting Issuer will do business may affect the Resulting Issuer's ability to continue producing medical-grade psilocybin mushroom products, its business, financial condition and prospects.

Tax issues

There may be income tax consequences in relation to the Resulting Issuer Shares, which will vary according to the circumstances of each investor. Prospective investors should seek independent advice from their own tax and legal advisers.

No guarantee on the use of available funds by the Resulting Issuer

The Resulting Issuer cannot specify with certainty the particular uses of its available funds. Management has broad discretion in the application of its available funds. Accordingly, shareholders of the Resulting Issuer Shares will have to rely upon the judgment of management with respect to the use of available funds, with only limited information concerning management's specific intentions. The Resulting Issuer's management may spend a portion or all of the available funds in ways that the Resulting Issuer's shareholders might not desire, that might not yield a favourable return and that might not increase the value of a shareholder's investment. The failure by management to apply these funds effectively could harm the Resulting Issuer's business. Pending use of such funds, the Resulting Issuer might invest available funds in a manner that does not produce income or that loses value.

Currency fluctuations

Recent events in the global financial markets have been coupled with increased volatility in the currency markets. Fluctuations in the exchange rate between the Canadian dollar, the Lesotho Loti, and the South African Rand may have a material adverse effect on the Resulting Issuer's business, financial condition and operating results. The Resulting Issuer may, in the future, establish a program to hedge a portion of its foreign currency exposure with the objective of minimizing the impact of adverse foreign currency exchange movements. However, even if the Resulting

Issuer develops a hedging program, there can be no assurance that it will effectively mitigate currency risks. See also “Cautionary Statement Regarding Forward-Looking Information”.

Environmental, health and safety laws

The Resulting Issuer is subject to environmental, health and safety laws and regulations in each jurisdiction in which the Resulting Issuer operates. Such regulations govern, among other things, emissions of pollutants into the air, wastewater discharges, waste disposal, the investigation and remediation of soil and groundwater contamination, and the health and safety of the Resulting Issuer’s employees. The Resulting Issuer may be required to obtain environmental permits from governmental authorities for certain of its current or proposed operations. The Resulting Issuer may not have been, nor may it be able to be at all times, in full compliance with such laws, regulations and permits. If the Resulting Issuer violates or fails to comply with these laws, regulations or permits, the Resulting Issuer could be fined or otherwise sanctioned by regulators. As with other companies engaged in similar activities or that own or operate real property, the Resulting Issuer faces inherent risks of environmental liability at its current and historical operational sites. Certain environmental laws impose strict and, in certain circumstances, joint and several liability on current or previous owners or operators of real property for the cost of the investigation, removal or remediation of hazardous substances as well as liability for related damages to natural resources. In addition, the Resulting Issuer may discover new facts or conditions that may change its expectations or be faced with changes in environmental laws or their enforcement that would increase its liabilities. Furthermore, its costs of complying with current and future environmental and health and safety laws, or the Resulting Issuer’s liabilities arising from past or future releases of, or exposure to, regulated materials, may have a material adverse effect on its business, financial condition and results of operations. See also “Cautionary Statement Regarding Forward-Looking Information”.

Management of growth

The Resulting Issuer may be subject to growth-related risks, including capacity constraints and pressure on its internal systems and controls. The ability of the Resulting Issuer 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 Resulting Issuer to deal with this growth may have a material adverse effect on the Resulting Issuer’s business, financial condition, results of operations and prospects.

Commercialization and Marketing of Products

The Resulting Issuer is reliant on third-party consultants to assist in its investigating the process of developing and commercializing its psilocybin mushroom products. No assurance can be given that the results of these investigations will determine that manufacturing and distribution of its products will be feasible or commercially viable. A failure to obtain satisfactory results on these investigations could have a material adverse effect on the Resulting Issuer’s business and may adversely affect the Resulting Issuer’s ability to begin earning revenue.

Inability to protect intellectual property

The Resulting Issuer expects to rely upon intangible and intellectual property such as copyrights, trade secrets, unpatented proprietary know-how and continuing innovation to protect the development of its business. There can be no assurances that the steps taken by the Resulting Issuer to protect its intangible property and intellectual property will be adequate. To the extent that this property is infringed on, revenue could be negatively affected, and the Resulting Issuer may have to litigate to enforce its intangible property rights, which could result in substantial costs and divert management’s attention and other resources.

Inability to innovate

In the area of innovation, the Resulting Issuer must be able to develop new products that appeal to its customers. This depends, in part, on the technological and creative skills of its personnel and on its ability to protect its intellectual property rights.

Personnel

The Resulting Issuer has a small management team and the loss of any key individual could affect the Resulting Issuer's business. Additionally, the Resulting Issuer will be required to secure other personnel to facilitate its marketing and product development initiatives. Any inability to secure and/or retain appropriate personnel may have a materially adverse impact on the business and operations of the Resulting Issuer.

Limited market for securities

The Resulting Issuer Shares are expected to be listed on the CSE, however, there can be no assurance that an active and liquid market for the Resulting Issuer Shares will develop or be maintained.

Additional risks related to doing business internationally

International markets will be a focus for expansion and revenue growth for the Resulting Issuer. Several factors, including legal and regulatory compliance and weakened economic conditions in any of the international jurisdictions in which the Resulting Issuer expects to do business or have projects, could adversely affect such expansion and growth. Additionally, the Resulting Issuer's entry into new international jurisdictions requires management attention and financial resources that would otherwise be spent on other parts of the business. Some of the countries in which the Resulting Issuer expects to sell products are to some degree subject to political, economic, and/or social instability. International business operations expose the Resulting Issuer to risks and expenses inherent in operating or selling products in foreign jurisdictions, and developing and emerging markets in particular, where these risks may be heightened. In addition to the risks mentioned elsewhere, these risks and expenses could have a material adverse effect on the Resulting Issuer's business, results of operations or financial condition and include without limitation:

- adverse currency rate fluctuations;
- risks associated with complying with laws and regulations in the countries in which the Resulting Issuer expects to sell products, and requirements to apply for and obtain licenses, permits or other approvals and the delays associated with obtaining such licenses, permits or other approvals;
- multiple, changing and often inconsistent enforcement of laws, rules and regulations;
- risks associated with reliance on international agents and representatives, including the possible failure of such agents and representatives to appropriately understand, represent and effectively market the Resulting Issuer's products;
- the imposition of additional foreign governmental controls or regulations, new or enhanced trade restrictions or non-tariff barriers to trade, or restrictions on the activities of foreign agents, representatives and distributors;
- increases in taxes, tariffs, customs and duties, or costs associated with compliance with import and export licensing and other compliance requirements;
- the imposition of restrictions on trade, currency conversion or the transfer of funds or limitations;
- the imposition of Canadian and/or other international sanctions against a country, company, person or entity with whom the Resulting Issuer does business that would restrict or prohibit the Resulting Issuer's ability to carry out its operations in Lesotho;
- the Resulting Issuer's continued business with the sanctioned country, company, person or entity;
- downward pricing pressure on the Resulting Issuer's products in the international markets, due to competitive factors or otherwise;
- laws and business practices favouring local companies;
- political, social or economic unrest or instability, including without limitation military conflicts and acts of terrorism, military repression, war or civil war, social and labour unrest, organized crime, hostage-taking and violent crime;
- expropriation and nationalization and/or renegotiation or nullification of necessary licenses, approvals, permits and contracts;

- greater risk on credit terms, longer payment cycles and difficulties in enforcing agreements and collecting receivables through certain foreign legal systems;
- difficulties in enforcing or defending intellectual property rights; and
- the effect of disruptions caused by severe weather, natural disasters, outbreak of disease or other events that make travel to a particular region less attractive or more difficult.

Governments in certain foreign jurisdictions intervene in their economies, sometimes frequently, and occasionally make significant changes in policies and regulations. Operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on doing business, price controls, export controls, currency remittance, importation of product and supplies, income and other taxes, royalties, the repatriation of profits, expropriation of property, foreign investment, maintenance of concessions, licenses, approvals and permits, environmental matters, land use, land claims of local people, water use and workplace safety. Furthermore, some of the Resulting Issuer's operations and sales are conducted in parts of the world that experience illegal sales practices or corruption or are operated under legal systems susceptible to undue influences to some degree. Although the Resulting Issuer has policies and procedures in place that are designed to promote legal and regulatory compliance, the employees, business partners and consultants of the Resulting Issuer could take actions that violate applicable anticorruption laws or regulations. Violations of these laws, or allegations of such violations, could result in loss, reduction or expropriation and/or have a material adverse effect on the Resulting Issuer's business, results of operations or financial condition. The Resulting Issuer's international efforts may not produce desired levels of sales. If and when the Resulting Issuer enters into new markets in the future, it may experience different competitive conditions and/or different customer requirements. As a result, the Resulting Issuer may be less successful than expected in expanding sales in its current and targeted international markets. Sales into new international markets may take longer to ramp up and reach expected sales and profit levels, or may never do so, thereby affecting the Resulting Issuer's overall growth and profitability. To build brand awareness in these new markets, the Resulting Issuer may need to make greater investments in legal compliance, advertising and promotional activity than originally planned, which could negatively impact the expected profitability of sales in those markets. These or one or more of the other factors listed above may harm the Resulting Issuer's business, results of operations or financial condition. See also "Cautionary Statement Regarding Forward-Looking Information".

The Resulting Issuer will continue to monitor developments and policies in the emerging markets in which it will operate and assess the impact thereof to its operations, however such developments cannot be accurately predicted and could have an adverse effect on the Resulting Issuer's operations or profitability.

The ongoing COVID-19 pandemic

The current global uncertainty with respect to the spread of COVID-19 and its effect on the Canadian economy and the larger global economy, may have negative effects on the Resulting Issuer. While the precise impact of COVID-19 on the Resulting Issuer's ability to develop its business and its products remains unknown, the rapid spread of COVID-19 around the world and the declaration of a global pandemic by the World Health Organization may result in future workforce shortages and additional sanitary measures, further international border closures that restrict or materially slow the ability of the Resulting Issuer or its competitors to purchase psilocybin mushrooms or packaging, restrictions on shipping, both within Canada and internationally, restrictions on the ability of the Resulting Issuer to gain financing through the financial markets, and any changes to the Resulting Issuer's regulatory framework may increase competition for the mushrooms and packaging used by the Resulting Issuer or affect the Resulting Issuer's ability to deliver its products to customers – each which could materially affect the business and financial condition of the Resulting Issuer. See "Cautionary Statement Regarding Forward-Looking Information".

Foreign Operations

LESOTHO – COUNTRY RISK FACTORS

Language

The primary language of business in Lesotho is English, with Sesotho as a secondary language, and occasionally Afrikaans. All employees and consultants of the Resulting Issuer and its subsidiaries speak English fluently. The Resulting Issuer has personnel available to communicate in Sesotho and Afrikaans. All business records and documents will be prepared in English or translated from Sesotho or Afrikaans into English.

Exchange Controls, Currency Fluctuations and Credit Risks

Credit risk is the risk of financial loss to the Resulting Issuer if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Resulting Issuer may be adversely affected by the fluctuations in currency exchange rates and high inflation to the extent that the Resulting Issuer conducts business transactions involving South African Rand or Lesotho Loti. The currency risks associated with the local currency include the possibility of the government imposing exchange controls or limits to the availability of hard currency and other such banking restrictions. Similarly, to the extent that the Resulting Issuer will become involved in financial transactions with local counterparties, the Resulting Issuer may be exposed to credit risk on cash and cash equivalents denominated in South African Rand or Lesotho Loti. Any such instability in currency or creditworthiness of local counterparties may have a material adverse impact on the Resulting Issuer. The Resulting Issuer will mitigate the currency risk by keeping excess funds in US Dollars.

Lesotho has adopted exchange controls governed by the Exchange Control Order No.175 of 1987, subject to Exchange Control Regulations of 1989. Authorised Dealers in Lesotho are the commercial banks mandated to enforce exchange controls. Lesotho companies may approach Authorised Dealers to obtain approval to avail of inward foreign loans and foreign trade finance facilities from any non-resident. Similarly, Lesotho companies may access trade finance, long-term loans and working capital loans in foreign currency by approaching an Authorised Dealer in this regard. Lesotho is part of the Common Monetary Area ("CMA"), together with Namibia, South Africa and Swaziland (eSwatini). There are no foreign exchange restrictions between banks of the CMA member countries in respect of cross-border transactions amongst themselves.

Foreign Exchange Risk and Liquidity

Liquidity risk is the risk that the Resulting Issuer will not be able to meet its financial obligations as they fall due. The Resulting Issuer's approach to managing liquidity is to ensure it will always have sufficient liquidity to meet its liabilities when due, under both normal and distressed conditions, without incurring unacceptable losses or risking damage to the Resulting Issuer's reputation. The Resulting Issuer's revenue streams are dependent on the overall macro-economic environment. Current and future conditions in the domestic and global economies remain uncertain. Accordingly, adverse developments in the macroeconomic environment could substantially reduce the funds spent on the products and services offered by the Resulting Issuer.

Taxation Risks

Lesotho's tax legislation and practice is in a state of continuous development and therefore is subject to varying interpretations and changes. Such interpretations of or changes in tax law may not be aligned with the Resulting Issuer's business interests. It is possible that the Resulting Issuer's ongoing operations in Lesotho may be subject to review by Lesotho's tax authorities or be affected by changes in tax legislation or interpretation. If a party has any objection to a tax assessment granted by the Lesotho Revenue Authority ("LRA"), that party may appeal the tax assessment to the Commissioner General's Appeal's Committee and the Revenue Appeals Tribunal.

Regulatory Authority

Lesotho's government and regulatory bodies wield broad powers and authority to issue, alter, or revoke licenses and permits which are vital to the Resulting Issuer's business operations in the country. There is also a corresponding lack of well-established and independent processes to appeal regulatory or government actions that are unfavourable to the Resulting Issuer's business operations. Therefore, the Resulting Issuer's operations are subject to risks associated with obtaining and maintaining licenses and permits from appropriate governmental authorities. The Ministry of Health has established a Narcotics Bureau which could support and assist in the issuance of licences and permits. There is no assurance that such licenses and permits can be obtained, renewed or re-registered, as applicable, or that delays will

not occur in obtaining all necessary licenses and permits or renewals of such licenses and permits. Any failure to obtain or maintain the necessary licenses and permits will have a material adverse impact on the Resulting Issuer and its business, assets, financial condition, results of operations and prospects.

Licensing regime

Licensing in respect of psilocybin is governed by the Drugs of Abuse Act, 2008. Under this Act, power is delegated to the Minister of Health to exercise his discretion in promulgating regulations governing, controlling, limiting, authorizing the import into Lesotho, export from Lesotho, production, packaging, sending, transportation, delivery, sale, provision, administration, possession or obtaining of or other dealing in psilocybin. This concentration of power in one office and one Ministry is inherently risky as any deterioration in relations with the Minister of Health or the Ministry may have a material adverse impact on the Resulting Issuer and its business. As stated above, the Ministry of Health has established a Narcotics Bureau which could support and assist in the issuance of licences and permits.

Access to an Independent Judiciary

In the normal course of the Resulting Issuer's operations, it may become involved in, named as a party to, or be the subject of various legal proceedings. Lesotho's legal system is based on UK common law and Roman-Dutch law. The Constitution provides for an independent judicial system and protects civil liberties such as freedom of speech, freedom of association, freedom of the press, freedom of assembly and freedom of religion. That being said, the Lesotho judicial system is not impervious to external social, economic, and political forces which create difficulty in predicting outcomes regarding legal matters. Judicial decisions may therefore be subject to popular or government influence which creates difficulty in predicting outcomes regarding legal matters and may result in the Resulting Issuer being disadvantaged in the context of dispute resolution whether in a litigation proceeding or regulatory proceedings involving tax, contractual, environmental, land rights, personal injuries, or such other disputes.

To mitigate exposure to or dependence on the domestic legal system, contracting parties usually consent by agreement to mediation, arbitration or other alternative dispute resolution mechanisms and are contractually free to elect the governing law, location and composition of the mediators and arbitrators. Arbitration in Lesotho is regulated by the Arbitration Act of 1980; however, Lesotho has also acceded to the New York Convention of 1958, without any reservations. To further mitigate commercial risks, Lesotho established a Commercial Court to improve capacity in resolving commercial cases in 2010 and as a signatory of the International Centre for Settlement of Investment Disputes, Lesotho also accepts ad hoc arbitration.

Crime and Business Corruption Risk

The Resulting Issuer will conduct business in Lesotho which has experienced high levels of business corruption. Transparency International ranks Lesotho 85th out of 198 countries in the 2019 Corruption Perceptions Index. The Resulting Issuer and its personnel are required to comply with applicable anti-bribery laws, including the *Canadian Corruption of Foreign Public Officials Act*, as well as local laws in all areas in which the Resulting Issuer does business. These, among other things, include laws in respect of the monitoring of financial transactions and provide a framework for the prevention and prosecution of corruption offences, including various restrictions and safeguards. However, there can be no guarantee that these laws will be effective in identifying and preventing money laundering and corruption. The failure of some of the governments where the Resulting Issuer does business to fight corruption or the perceived risk of corruption could have adverse effects on the local economies. Any allegations of corruption or evidence of money laundering in those countries could adversely affect ability of those countries to attract foreign investment and thus have adverse effects on its economy which in turn could have adverse effects on the Resulting Issuer's business, results of operations, financial condition and prospects. Moreover, findings against the Resulting Issuer, the directors, the officers or the employees of the Resulting Issuer, could result in criminal or civil penalties, including substantial monetary fines, against the Resulting Issuer, the directors, the officers or the employees of the Resulting Issuer. Any government investigations or other allegations against the Resulting Issuer, the directors, the officers or the employees of the Resulting Issuer, or finding of involvement in corruption or other illegal activity by such persons, could significantly damage the Resulting Issuer's reputation and its ability to do business.

Differences Between the Canadian Law and Applicable Provisions of the Local Laws

The rights and responsibilities of the shareholders of the Resulting Issuer are governed by Canadian law by virtue of its incorporation under the laws of the Province of Ontario. To the extent that there may be exposure to the legal jurisdiction of Lesotho, the rights of shareholders are generally respected in these jurisdictions. A significant number of directors and officers of the Resulting Issuer may be based in non-Canadian jurisdictions and most of the Resulting Issuer's operational assets will be located in Lesotho. Therefore, a judgement obtained in a foreign court against the Resulting Issuer for civil penalties may not be enforceable in Canada. Depending the nature of the dispute, it may be possible that a Canadian court may order the enforcement of a foreign judgement in Canada; or, alternately, a court in Lesotho may recognize a Canadian court judgement in their local jurisdiction.

Enforceability of foreign judgements

A foreign judgment is not directly enforceable in Lesotho, however foreign judgments may be placed before a court in Lesotho for it to be recognised domestically and thereafter enforced in Lesotho as a judgement of the High Court of Lesotho.

Foreign judgments can be enforced domestically by making use of the common law or in terms of the Reciprocal Enforcement of Judgments Proclamation No. 2 of 1922. In terms of this Act, judgments obtained in the High Courts of England, Ireland, or Scotland can be enforced by use of the Proclamation. The proclamation has been extended to include Botswana, Swaziland, Zimbabwe, Zambia, Tanzania, Malawi, Kenya New Zealand, Australia, and Uganda.

Foreign awards are dealt with in terms of the New York Convention (referred to above). The High Court of Lesotho has competent jurisdiction in respect of foreign awards. Furthermore, an application for recognition and enforcement would require a court order to declare such an award enforceable. The Resulting Issuer cannot guarantee that a judgement in Canada will be enforced in Lesotho.

Geographic location

Lesotho is a landlocked country within the border of South Africa and is therefore reliant on South Africa for the shipment of goods in and out of the country. Lesotho is party to the Protocol on Trade in the South African Development Community Region and United Nations Conference on Transit Trade of Land-Locked Countries. The underlying principles of these international agreements of economic co-operation mitigate such trade risk as South Africa has pledged its commitment to helping Lesotho facilitate trade in the SADC region and internationally. South Africa has committed, in order to promote fully the economic development of land-locked countries such as Lesotho, free and unrestricted transit, in such a manner that Lesotho shall have free access to regional and international trade in all circumstances and for every type of good.

In the case of MindHealth Lesotho and its operations, the import, export and general trade regarding psilocybin is regulated by the Ministry of Health under clear and enabling legislation and in accordance with a well established import/export practice, which has been successfully implemented within the cannabis industry.

Auditors, Transfer Agents and Registrars

Auditor

The auditor of the Resulting Issuer will be MNP LLP, located at 50 Burnhamthorpe Road West, Mississauga, ON, L5B3C2. MNP LLP has served as the Resulting Issuer's auditor since October 22, 2009.

Transfer Agent

Odyssey Trust Company, through its offices located at Suite 301, 100 Adelaide Street West, Toronto, Ontario, will be the transfer agent and registrar for the common shares.

SCHEDULE "D"
MINDHEALTH FINANCIAL STATEMENTS

See attached.

MindHealth Biomed Corp.
Consolidated Financial Statements
Period from May 21, 2020 (date of incorporation)
to October 31, 2020

Expressed in Canadian Dollars

To the Shareholders of MindHealth Biomed Corp.:

Opinion

We have audited the consolidated financial statements of MindHealth Biomed Corp. and its subsidiary (the "Company"), which comprise the consolidated statement of financial position as at October 31, 2020, and the consolidated statements of net loss and comprehensive loss, changes in shareholders' equity and cash flows for the period from May 21, 2020 (date of incorporation) to October 31, 2020, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at October 31, 2020, and its consolidated financial performance and its consolidated cash flows for the period from May 21, 2020 to October 31, 2020 in accordance with International Financial Reporting Standards.

Basis for Opinion

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

Other Information

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

Toronto, Ontario
December 4 2020

MNP LLP

Chartered Professional Accountants
Licensed Public Accountants

MindHealth Biomed Corp.
Consolidated Statement of Financial Position
(Expressed in Canadian Dollars)

	Note	October 31, 2020
ASSETS		
Current assets		
Cash and cash equivalents	5	\$ 3,792,258
Other receivables		60,140
Prepays		47,181
Total current assets		3,899,579
Non-current assets		
Capital assets	6	258,089
Total non-current assets		258,089
TOTAL ASSETS		\$ 4,157,668
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	7	\$ 113,386
Due to related parties	12	68,881
Current portion of lease liabilities	11	2,112
Total current liabilities		184,379
Non-current liabilities		
Lease liabilities	11	53,506
Total non-current liabilities		53,506
TOTAL LIABILITIES		237,885
SHAREHOLDERS' EQUITY		
Share capital	8	4,438,218
Shares to be issued	8	12,500
Foreign currency translation reserve		6,693
Deficit		(537,628)
TOTAL SHAREHOLDERS' EQUITY		3,919,783
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$ 4,157,668

Commitments (Note 13)

Subsequent events (Note 16)

Approved on behalf of the Board.

Jody Aufrichtig (signed)

Chief Executive Officer & Director

Gavin Basserabie (signed)

Director

The accompanying notes are an integral part of the consolidated financial statements.

MindHealth Biomed Corp.
Consolidated Statement of Net Loss and Comprehensive Loss
For the period from May 21, 2020 (date of incorporation) to October 31, 2020
(Expressed in Canadian Dollars)

	Note	For the period from May 21, 2020 (date of incorporation) to October 31, 2020
Expenses		
Research & development		\$ 5,116
General and administrative		17,351
Professional fees and consulting fees	12	510,670
Depreciation	6	1,756
		<u>534,893</u>
Loss before other income (expenses)		(534,893)
Other income (expenses)		
Accretion expense	11	(565)
Foreign exchange loss		(2,170)
NET LOSS		(537,628)
Other comprehensive income (loss)		
Foreign exchange gain on translation		6,693
COMPREHENSIVE LOSS		\$ (530,935)
Loss per share - basic and diluted	15	(0.02)
Weighted average number of outstanding shares - basic and diluted		33,496,506

The accompanying notes are an integral part of the consolidated financial statements.

MindHealth Biomed Corp.
Consolidated Statement of Changes in Shareholders' Equity
For the period from May 21, 2020 (date of incorporation) to October 31, 2020
(Expressed in Canadian Dollars)

	Note	Number of shares	Share capital	Shares to be issued	Foreign currency translation reserve	Deficit	Total shareholders' equity
			\$	\$	\$	\$	\$
Founder's share	8	1	-	-	-	-	-
Acquisition of MindHealth (Pty) Ltd.	9	24,000,000	390	-	-	-	390
Shares issued	8	19,166,884	4,791,721	-	-	-	4,791,721
Share issuance costs	8	-	(353,893)	-	-	-	(353,893)
Shares to be issued	8	-	-	12,500	-	-	12,500
Other comprehensive income (loss)		-	-	-	6,693	-	6,693
Net loss		-	-	-	-	(537,628)	(537,628)
Balance, October 31, 2020		43,166,885	\$ 4,438,218	\$ 12,500	\$ 6,693	\$ (537,628)	\$ 3,919,783

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The accompanying notes are an integral part of the consolidated financial statements.

MindHealth Biomed Corp.
Consolidated Statement of Cash Flows
For the period from May 21, 2020 (date of incorporation) to October 31, 2020
(Expressed in Canadian Dollars)

	Note	May 21, 2020 (date of incorporation) to October 31, 2020
Net loss		\$ (537,628)
Non-cash adjustments:		
Depreciation of capital assets	6	1,756
Foreign exchange		6,772
Accretion expense	11	565
Changes in non-cash working capital:		
Other receivables		(59,750)
Prepays and deposits		(47,181)
Accounts payable and accrued liabilities		113,386
Cash provided (used) by operating activities		(522,080)
Additions to capital assets	6	(203,445)
Cash provided (used) by investing activities		(203,445)
Repayment of lease obligations	11	(1,426)
Proceeds from share issuance	8	4,791,721
Share issuance costs	8	(353,893)
Proceeds from shares to be issued	8	12,500
Due to related party		68,881
Cash provided (used) by financing activities		4,517,783
Change in cash		3,792,258
Cash, beginning of period		-
Cash and cash equivalents, end of period		\$ 3,792,258

The accompanying notes are an integral part of the consolidated financial statements.

MindHealth Biomed Corp.

Notes to the Consolidated Financial Statements

For the period from May 21, 2020 (date of incorporation) to October 31, 2020

(Expressed in Canadian Dollars)

1. Nature of operations

MindHealth Biomed Corp. (“MHBC”) was incorporated on May 21, 2020 under the provisions of the Business Corporations Act (British Columbia). The principal activities of MHBC and its subsidiary (together the “Company”) are the cultivation, processing, and export of medical grade psilocybin mushrooms products. MHBC is domiciled in Ontario, Canada and its head office is located at 2010-200 Bay Street, Toronto, Ontario.

MHBC acquired all of the issued and outstanding share capital of its sole subsidiary, Mind Health (Pty) Ltd., in exchange for the issuance of common shares in the capital of MHBC on May 22, 2020. The transaction was accounted for as a common control transaction (Note 9).

On September 11, 2020, MHBC entered into a binding definitive agreement with Cardinal (the “Definitive Agreement”) to complete a business combination transaction per the letter of intent dated August 11, 2020. Under the terms of the Definitive Agreement, the reverse takeover (the “Reverse Takeover”) will be completed by way of a three-cornered amalgamation among Cardinal, MHBC, and 1264216 B.C. Ltd., a wholly owned subsidiary of Cardinal, incorporated for the purposes of completing the Reverse Takeover under the Business Corporations Act (British Columbia). Prior to the completion of the Reverse Takeover, Cardinal intends to consolidate its issued and outstanding common shares on the basis of one post-consolidation Cardinal Share for every 19.24 pre-consolidation Cardinal Shares (the “Consolidation”). The shareholders of the issued and outstanding common shares of MHBC will receive 1.0649 common shares of Cardinal (the “Resulting Issuer”, after giving effect to the Reverse Takeover) for each MHBC Share held if the Consolidation is completed prior to the closing of the Reverse Takeover. If the Consolidation is not completed prior to the closing of the Reverse Takeover, 20.4904 Resulting Issuer Shares will be issued for each MHBC share held.

During the period, there was a global outbreak of COVID-19 (“Coronavirus”), which has had a significant impact on businesses through the restrictions put in place by the Canadian governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the Coronavirus outbreak may have on the Company as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus. While the extent of the impact is unknown, the Company does not anticipate that this outbreak will impact its business or financial condition.

2. Basis of presentation

Statement of compliance

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

MindHealth Biomed Corp.
Notes to the Consolidated Financial Statements
For the period from May 21, 2020 (date of incorporation) to October 31, 2020
(Expressed in Canadian Dollars)

The consolidated financial statements were authorized for issue on December 4, 2020 by the directors of the Company.

Basis of measurement

These consolidated financial statements have been prepared on an accrual basis, are based on historical costs and are presented in Canadian dollars, unless otherwise noted.

Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, which is also MHBC's functional currency. The functional currency of MHBC's sole subsidiary, Mind Health (Pty) Ltd., is the Lesotho Loti ("LSL").

3. Significant accounting policies

Basis of consolidation

These consolidated financial statements incorporate the accounts of MHBC and its subsidiary. A subsidiary is an entity controlled by MHBC and results are consolidated into the financial results of the Company from the effective date of control up to the effective date of loss of control.

Control exists when an investor is exposed, or has rights, to variable returns from the involvement with the investee and has liability to affect those returns through its power over the investee. Where the Company's interest is less than 100%, the Company recognizes non-controlling interests.

The sole subsidiary of MHBC that has been consolidated is as follows:

Name of Entity	Place of Incorporation	% Ownership	Accounting Method
Mind Health (Pty) Ltd.	Lesotho	100%	Consolidation

Inter-company balances are eliminated on consolidation.

Common control transactions

A business combination involving entities under common control is a business combination in which all of the combining entities are ultimately controlled by the same parties, both before and after the business combination, and control is not transitory. Business combinations involving entities under common control are outside the scope of IFRS 3 Business Combinations. IFRS provides no guidance on the accounting for these types of transactions. As a result, the Company was required to develop an accounting policy. The three most common methods utilized are the acquisition method, the predecessor values since inception method, and the predecessor values from the date of transaction method. The Company determined that the predecessor values since inception method to account for common control transactions is the most appropriate. This method requires the consolidated financial statements to be prepared using the predecessor carrying values without an adjustment to fair value. The consideration given is measured based on the aggregate carrying value of the assets and liabilities acquired. Transaction costs associated with common control transactions are recognized as an expense in the period.

Loss per share

Basic loss per share is computed by dividing net loss attributable to common shareholders by the weighted average number of shares outstanding in the period. Diluted loss per share is calculated by the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to purchase common shares at the average market price during the period. The Company did not issue any convertible securities during the period from May 21, 2020 (date of incorporation) to October 31, 2020.

IFRS 9 - Financial instruments

The Company recognizes a financial asset or a financial liability when, and only when, it becomes a party to the contractual provisions of the instrument. Such financial assets or financial liabilities are initially recognized at fair value plus or minus transaction costs that are directly attributable to the acquisition or issue of financial instruments that are not classified as fair value through profit or loss.

The classification and measurement approach for financial assets reflect the business model in which assets are managed and their cash flow characteristics. Financial assets are classified and measured based on these categories: amortized cost, fair value through other comprehensive income (“FVOCI”) and fair value through profit and loss (“FVTPL”). Financial assets are not reclassified subsequent to their initial recognition unless the Company identifies changes in its business model in managing financial assets.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as FVTPL:

- The financial asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to measure the investment at FVOCI whereby changes in the investment’s fair value (realized and unrealized) will be recognized permanently in OCI with no reclassification to profit or loss. The election is made on an investment-by-investment basis.

A financial asset shall be measured at FVTPL unless it is measured at amortized cost or at FVOCI.

Financial liabilities are classified and measured based on two categories - amortized cost or FVTPL:

Amortized cost

Financial liabilities are classified as measured at amortized cost unless they fall into one of the following categories: financial liabilities at FVTPL, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition, financial guarantee contracts, commitments to provide a loan at a below-market interest rate, or contingent consideration recognized by an acquirer in a business combination.

FVTPL

Financial liabilities are classified as FVTPL if they fall into one of the five exemptions detailed above.

MindHealth Biomed Corp.
Notes to the Consolidated Financial Statements
For the period from May 21, 2020 (date of incorporation) to October 31, 2020
(Expressed in Canadian Dollars)

Classification and measurement of the financial instruments is as follows:

<u>Financial instrument</u>	<u>Classification</u>
Cash	Amortized cost
Other receivables (excluding HST and VAT)	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Due to related parties	Amortized cost

Under IFRS 9, the Company applies a forward-looking expected credit loss (“ECL”) model, at each balance sheet date, to financial assets measured at amortized cost or those measured at FVOCI, except for investments in equity instruments.

The three-stage approach to recognizing ECL under IFRS 9 is intended to reflect the increase in credit risk of a financial instrument and are:

- Stage 1 is comprised of all financial instruments that have not had a significant increase in credit risk since initial recognition or that have low credit risk at the reporting date. The Company recognizes an impairment loss for those financial instruments at an amount equal to the twelve-month expected credit loss following the balance sheet date.
- Stage 2 is comprised of all financial instruments that have had a significant increase in credit risk since initial recognition but that do not have objective evidence of a credit loss event. The Company recognizes an impairment loss for those financial instruments at an amount equal to the lifetime expected credit losses.
- Stage 3 is comprised of all financial instruments that have objective evidence of impairment at the reporting date. The Company recognizes an impairment loss for those financial instruments at an amount equal to the lifetime expected credit losses.

Impairment losses are recorded in the consolidated statement of net loss and comprehensive loss with the carrying amount of the financial assets reduced through the use of impairment allowance accounts.

The Company reverses impairment losses on financial assets carried at amortized cost when the decrease in impairment can be objectively related to an event occurring after the impairment loss was initially recognized.

Foreign currency translation

The consolidated financial statements are presented in Canadian Dollars which is MHBC’s functional currency. The functional currency of all other entities of the Company is the Lesotho Loti.

In each individual entity, a foreign currency transaction is initially recorded in the functional currency of the entity, by applying the exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period, monetary assets and liabilities of the Company which are denominated in foreign currencies are translated at the year-end exchange rate. Non-monetary assets and liabilities are translated at rates in effect at the date the assets were acquired, and liabilities incurred.

MindHealth Biomed Corp.

Notes to the Consolidated Financial Statements

For the period from May 21, 2020 (date of incorporation) to October 31, 2020

(Expressed in Canadian Dollars)

The resulting exchange gains or losses arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition, are included in profit or loss in the period in which they arise.

For the purpose of presenting these consolidated financial statements, the assets and liabilities of the subsidiary are translated into Canadian Dollars at the exchange rates prevailing at the end of the reporting period. Income and expenses are translated at the average rates for the period. Exchange differences arising are recognized in foreign currency translation reserve.

Income taxes

Income taxes are comprised of current and deferred balances and are recognized in income except to the extent that the taxes relate to a business combination, or to items recognized directly in equity or in comprehensive loss. Current and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or different period, to other comprehensive income.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustments to income tax payable in respect of previous years. Current income taxes are determined using tax rates and laws that have been enacted or substantively enacted by the year-end date.

Deferred income taxes are calculated by measuring the temporary differences arising between the tax basis of an asset or liability and its carrying value. Deferred income tax assets or liabilities are calculated using enacted or substantively enacted income tax rates expected to apply in the period in which the temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the statement of loss and comprehensive loss in the period that substantive enactment occurs.

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

Share capital

Financial instruments issued by MHBC are classified as shareholders' equity only to the extent that they do not meet the definition of a financial asset or financial liability. MHBC's common shares are classified as equity instruments.

Incremental costs directly attributable to the issuance of new shares are recognized as a deduction from shareholders' equity.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker ("CODM"). The CODM is responsible for allocating resources and assessing

MindHealth Biomed Corp.
Notes to the Consolidated Financial Statements
For the period from May 21, 2020 (date of incorporation) to October 31, 2020
(Expressed in Canadian Dollars)

performance of the operating segments. Management has determined that the Company has only one operating segment.

Capital assets

Capital assets are recognized as an asset when:

- it is probable that an associated future economic benefit will flow to the Company; and
- the cost can be measured reliably

Capital assets are measured at cost less accumulated depreciation and impairment losses. Cost includes costs incurred initially to acquire or construct a capital asset and costs incurred subsequently to add to, replace part of or service it. If a replacement cost is recognized in the carrying amount of a capital asset, the carrying amount of the replaced part is derecognized.

Capital assets are depreciated on a straight-line basis over their expected useful lives to their estimated residual value. Their useful lives have been assessed as follows:

Asset	Method	Rate
Computer equipment	Straight-line	20 months
Right-of-use assets	Straight-line	Over lease term – 19 years
Buildings	Straight-line	10 years
Equipment	Straight-line	3 years
Furniture & fixtures	Straight-line	3 years
Bulk infrastructure	Straight-line	10 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

The gain or loss arising from the derecognition of a capital asset is included in profit or loss when the item is derecognized. The gain or loss arising from the derecognition of a capital asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

All costs that have been capitalized related to buildings have not been depreciated as they are not yet available-for-use.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and, when applicable, short-term, highly liquid deposits which are either cashable or with original maturities of less than three months at the date of their acquisition.

Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be

individuals or entities. A transaction is considered to be a related party transaction when there is transfer of resources or obligations between related parties.

Impairment of non-financial assets

The carrying amount of the Company's non-financial assets (which include capital assets) is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the consolidated statement of net loss and comprehensive loss.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed to profit or loss if there is an indication that the impairment loss no longer exists and there has been a change in the estimates used to determine the recoverable amount. Any reversal of impairment cannot increase the carrying value of the asset to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

IFRS 16 - Leases

The Company assesses whether a contract is or contains a lease, at inception of a contract. The Company recognizes a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low values assets. For these leases, the Company recognizes the leases as an operating expense on a straight-line basis over the term of the lease.

The Company presents right-of-use assets in "Capital assets" and lease liabilities in "Lease liabilities" in the consolidated statement of financial position.

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. The incremental borrowing rate is defined as the rate of interest that the Company would have to pay to borrow, over a similar term and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

MindHealth Biomed Corp.

Notes to the Consolidated Financial Statements

For the period from May 21, 2020 (date of incorporation) to October 31, 2020

(Expressed in Canadian Dollars)

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise of purchase options, if the lessee is reasonably certain to exercise the options;
- and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used)
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate

Right-of-use assets

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under IAS 37. The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The Company applies IAS 36 Impairment of Assets to determine whether a right-of-use asset is impaired.

MindHealth Biomed Corp.

Notes to the Consolidated Financial Statements

For the period from May 21, 2020 (date of incorporation) to October 31, 2020

(Expressed in Canadian Dollars)

4. Critical accounting estimates and judgements

The preparation of consolidated financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions concerning the future. Actual results may differ from these estimates. The Company's management reviews these estimates, judgments, and assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted prospectively in the period in which the estimates are revised. The following are deemed to be critical accounting policies by management for the period from May 21, 2020 (date of incorporation) to October 31, 2020 as these require a high level of subjectivity and judgement and could have a material impact on MHBC's consolidated financial statements.

Common control transaction

During the acquisition of Mind Health (Pty) Ltd., judgement was initially required to determine if the acquisition represented a business combination or an asset purchase. Management also used judgement to determine that since MHBC and Mind Health (Pty) Ltd. were controlled by the same parties before and after the transaction, the business combination is considered a common control business combination. Thus, acquired net assets were recorded at their predecessor carrying values rather than at fair value.

Term and incremental borrowing rate of lease

The calculation of lease liabilities and associated interest expense is dependent on estimates of how many lease renewal options will be exercised, as well as the determination of the Company's incremental borrowing rate. These are determined through the exercise of judgment and are dependent upon estimates that take into account factors such as economic and market conditions, operational plans and anticipated changes in laws.

Deferred tax assets

Deferred tax assets, including those arising from un-utilized tax losses, require management to assess the likelihood that the Company will generate sufficient taxable earnings in future periods in order to utilize recognized deferred tax assets. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions in future periods. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the reporting date could be impacted.

Going concern

These consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Management routinely plans future activities including forecasting future cash flows and forming judgements collectively with directors of the Company.

5. Cash and cash equivalents

Cash and cash equivalents include the following amounts:

- an amount of \$5,000 CAD and \$55,000 USD held in trust by a brokerage firm as security for foreign currency exchanges
- an amount of \$3,714,905 unrestricted cash held with chartered banks

6. Capital assets

	Computer equipment	Buildings	Right-of-use assets	Production Equipment	Furniture	Bulk Infrastructure	Total
	\$	\$	\$	\$	\$	\$	\$
Cost:							
Additions	1,711	179,617	56,460	4,019	2,595	15,503	259,905
At October 31, 2020	1,711	179,617	56,460	4,019	2,595	15,503	259,905
Depreciation:							
Charge for the period	211	146	1,197	133	69	-	1,756
At October 31, 2020	211	146	1,197	133	69	-	1,756
Foreign exchange differences	(1)	(52)		(1)	(1)	(5)	(60)
Carrying amount:							
At October 31, 2020	1,499	179,419	55,263	3,885	2,525	15,498	258,089

7. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities include the following amounts:

	October 31, 2020
	\$
Trade payables	27,179
Accrued liabilities	86,207
Total	113,386

8. Share capital

Authorized share capital

Unlimited number of voting common shares without par value.

MindHealth Biomed Corp.
Notes to the Consolidated Financial Statements
For the period from May 21, 2020 (date of incorporation) to October 31, 2020
(Expressed in Canadian Dollars)

Issued and outstanding

	Common Shares	
	Number	Amount (\$)
Issuance of shares on incorporation (May 21, 2020)	1	-
Issuance of shares on purchase of Mind Health (Pty) Ltd.	24,000,000	390
Issuance of shares in private placements	19,166,884	4,791,721
Share issuance costs		(353,893)
Balance as at October 31, 2020	43,166,885	4,438,218

Common shares

On May 21, 2020, the Company issued 1 common share on incorporation for \$0.01

On May 22, 2020, the Company issued 24,000,000 common shares in connection with the share exchange agreement with Mind Health (Pty) Ltd. (Note 9).

On June 30, 2020, the Company issued 6,340,000 common shares with a subscription price of \$0.25 per share for gross proceeds of \$1,585,000.

On August 31, 2020, the Company issued 12,826,884 common shares with a subscription price of \$0.25 per share for gross proceeds of \$3,206,721.

In relation to the issuances of shares above, the Company incurred share issuance costs of \$353,893 paid in cash for the period from May 21, 2020 (date of incorporation) to October 31, 2020.

In October 2020, \$12,500 was received by the Company in relation to a private placement which was still underway as of October 31, 2020. This amount has been recorded as shares to be issued in shareholders' equity section of the consolidated statement of financial position.

9. Acquisition

Acquisition of Mind Health (Pty) Ltd.

On May 22, 2020, MHBC entered into a share exchange agreement to issue 24,000,000 common shares to acquire all the issued and outstanding shares of Mind Health (Pty) Ltd. from its previous shareholders. The acquisition was considered to be a business combination between entities under common control. As a result, assets acquired were recorded at their predecessor carrying values rather than at fair value. The issuance of 24,000,000 shares has been measured based on the net assets acquired through Mind Health (Pty) Ltd. being \$390 (5,000 LSL).

10. Segmented information

For the period from May 21, 2020 (date of incorporation) to October 31, 2020, management determined that the Company operated only in one segment: cultivation, production, and export of medical grade psilocybin mushrooms and products.

The following is an analysis of non-current assets by geographical location:

MindHealth Biomed Corp.
Notes to the Consolidated Financial Statements
For the period from May 21, 2020 (date of incorporation) to October 31, 2020
(Expressed in Canadian Dollars)

Asset location	October 31, 2020
Canada	-
Lesotho	\$ 258,089
Non-current segment assets	\$ 258,089

11. Leases

The Company has a lease for land that was entered into with a related party. The lease is reflected on the consolidated statement of financial position as a right-of-use asset and a lease liability. The land will be used to erect manufacturing and processing facilities. The initial term of the lease is nine years beginning June 1, 2020 and ending May 21, 2029. Thereafter, the Company has the option to renew the lease for a further ten-year period for a maximum of five times total. The incremental borrowing rate and term length used in the calculation of the right-of-use asset and discounted lease liability amounts are 2.5% and 19 years, respectively.

Lease liabilities

The continuity of lease liability is as follows:

	Lease liability (\$)
Balance, May 21, 2020	-
Additions	56,460
Accretion expense	565
Lease payments	(1,426)
Foreign exchange	19
Balance, October 31, 2020	55,618
Less: current portion	2,112
Non-current portion of lease liability	53,506

The following table presents the future undiscounted payments associated with the sole lease liability as of October 31, 2020 for the next five years and thereafter:

2021	\$ 3,424
2022	3,424
2023	3,424
2024	3,444
2025	3,493
Thereafter	53,824
	\$ 71,033

MindHealth Biomed Corp.

Notes to the Consolidated Financial Statements

For the period from May 21, 2020 (date of incorporation) to October 31, 2020

(Expressed in Canadian Dollars)

12. Transactions with related parties

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's executive officers and Board of Director members.

All related party transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. All amounts either due from or due to related parties other than specifically disclosed are non-interest bearing, unsecured and have no fixed terms of repayments.

The Company incurred the following transactions with related parties during the period from May 21, 2020 (incorporation date) to October 31, 2020:

Transaction type	Related party transactions	Balance receivable (payable) as at October 31, 2020
Consulting fees - key management personnel	\$ 34,419	\$ -
Management fees	207,100	-
Accounting fees	46,796	-
Working capital advances	-	(68,881)
Total	\$ 288,315	\$ (68,881)

13. Commitments

For the period from May 21, 2020 (date of incorporation) to October 31, 2020, the Company was committed to an advisory agreement, whereby the Company is required to pay the consultant in the amount of \$243,395 in cash and issue \$243,395 in warrants at an exercise price of \$0.30 per warrant. Such warrants have not yet been issued as at October 31, 2020.

Subsequent to the period-end, the Company is required to pay an additional \$134,492 in cash and issue \$134,492 in warrants at an exercise price of \$0.30 per warrant. Following the additional payments, the aforementioned advisory agreement has been terminated.

14. Financial instruments and financial risk management

In the normal course of business, the Company is exposed to a variety of financial risks: credit risk, liquidity risk, foreign exchange risk and interest rate risk. These financial risks are subject to normal credit standards, financial controls, risk management as well as monitoring. MHBC's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

Credit risk

Credit risk arises from cash held with banks and other receivables. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counterparty credit risk is to prevent losses on financial assets. The Company minimizes the credit risk of cash by depositing with only reputable financial institutions. The Company also assesses the credit quality of counterparties, taking into account their financial position, past experience and other factors.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

As at October 31, 2020, the Company's financial liabilities consist of account payable, accrued liabilities and amounts due to related parties which all have contractual maturity dates within one year.

The Company manages liquidity risk through an ongoing review of future commitments and cash balances available. Historically, the Company's main source of funding has been the issuance of shares for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity or debt funding.

Based on the Company's working capital position at October 31, 2020, management regards liquidity risk to be low.

Foreign exchange risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency.

The Company operates internationally and is exposed to foreign exchange risk from the Lesotho Loti. Foreign exchange risk arises from transactions as well as recognized financial assets and liabilities denominated in foreign currencies.

As at October 31, 2020, the Company is exposed to currency risk through the following financial assets and liabilities denominated in Lesotho Loti:

	October 31, 2020
	LSL
Cash	855,571
Other receivables & prepaids	5,502
Accounts payable and other liabilities	336,848
Due to related parties	841,397

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has no significant interest-bearing assets or liabilities and therefore its income and operating cash flows are substantially independent of changes in market interest rates.

Capital management

The Company's objectives when managing its capital are to safeguard its ability to continue as a going concern, to meet its capital expenditures for its continued operations, and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. The Company manages its capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new shares, issue new debt, or acquire or dispose of assets. The Company is not subject to externally imposed capital requirements.

MindHealth Biomed Corp.
Notes to the Consolidated Financial Statements
For the period from May 21, 2020 (date of incorporation) to October 31, 2020
(Expressed in Canadian Dollars)

Management reviews its capital management approach on an ongoing basis. The Company considers its shareholders' equity balance as capital.

15. Earnings (loss) per share

The calculation of earnings (loss) per share for the period from May 21, 2020 (date of incorporation) to October 31, 2020 was based on the net loss of \$(537,628) and a weighted average number of common shares outstanding of 33,496,506 calculated as follows:

	For the period May 21, 2020 (date of incorporation) to October 31, 2020	
Basic and diluted loss per share:		
Net loss		(537,628)
Average number of common shares outstanding		33,496,506
Loss per share - basic and diluted	\$	(0.02)

16. Income taxes

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

Net income (loss) before recovery of income taxes	\$ (537,628)
Expected income tax (recovery) expense	\$ (142,470)
Difference in foreign tax rates	7,860
Non-deductible expenses	31,860
Share issuance cost booked through equity	(93,780)
Change in tax benefits not recognized	<u>196,530</u>
Income tax (recovery) expense	\$ -

Deferred tax

The following table summarizes the components of deferred tax:

Deferred tax assets	5,520
Lease liability	
Deferred tax liabilities	
ROU asset	(5,520)
Net deferred tax asset	\$ -

MindHealth Biomed Corp.
Notes to the Consolidated Financial Statements
For the period from May 21, 2020 (date of incorporation) to October 31, 2020
(Expressed in Canadian Dollars)

Unrecognized deferred tax asset

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

Property, plant and equipment	580
Share issuance costs - 20(1)(e)	328,300
Non-capital losses carried forward - Canada	395,370
Non-capital losses carried forward - Lesotho	46,740
Lease liability	400
	<u>\$ 771,390</u>

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

Share issuance and financing costs will be fully amortized in 2025.

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

<u>Expiry</u>	<u>Amount</u>
2040	395,370
<u>TOTAL \$</u>	<u>395,370</u>

The Company's Lesotho non-capital income tax losses show as follows and can be carried forward indefinitely.

<u>Expiry</u>	<u>Amount</u>
No expiry	46,740
<u>TOTAL \$</u>	<u>46,740</u>

17. Subsequent events

On December 2, 2020, MHBC entered into an agreement to acquire 100% of the interest in Psyence Therapeutics Corp. ("Psyence") by issuing 18,000,000 MHBC shares, 1,800,000 MHBC options and 1,777,777 MHBC warrants in exchange for the outstanding 22,700,000 Psyence shares, contingent 2,270,000 Psyence options and contingent 2,200,000 Psyence warrants pursuant to the terms of a share exchange agreement.

On December 4, 2020, MHBC completed a private placement of 6,756,113 common shares for gross proceeds of \$1,689,028 at \$0.25 per share.

SCHEDULE "E"
MINDHEALTH MANAGEMENT DISCUSSION AND ANALYSIS

See attached.

MINDHEALTH BIOMED CORP.
MANAGEMENT DISCUSSION AND ANALYSIS
For the period ended
October 31, 2020

This Management's Discussion and Analysis ("MD&A") of MindHealth Biomed Corp. (the "Company"), prepared as of December [•], 2020, should be read in conjunction with the financial statements and the notes thereto for the period ended October 31, 2020 which were prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts are expressed in Canadian dollars unless otherwise indicated.

Forward-Looking Statements

Certain statements contained in this MD&A may constitute forward-looking statements. These 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", "predict", "propose", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Company believes that the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this MD&A should not be unduly relied upon by investors as actual results may vary. These statements speak only as of the date of this MD&A and are expressly qualified, in their entirety, by this cautionary statement. The Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of various risk factors.

This MD&A may contain "forward-looking statements" which reflect the Company's current expectations regarding future results of operations, performance and achievements of the Company. The Company has tried, wherever possible, to identify these forward-looking statements by, among other things, using words such as "anticipate," "believe," "estimate," "expect" and similar expressions. The statements reflect the current beliefs of the management of the Company and are based on currently available information. Accordingly, these statements are subject to known and unknown risks, uncertainties and other factors, which could cause the actual results, performance, or achievements of the Company to differ materially from those expressed in, or implied by, these statements.

The Company undertakes no obligation to publicly update or review the forward-looking statements whether as a result of new information, future events or otherwise.

Historical results of operations and trends that may be inferred from the following discussions and analysis may not necessarily indicate future results from operations.

DESCRIPTION OF BUSINESS

MindHealth Biomed Corp. (the “**Company**”) was incorporated under the *Business Corporations Act* (British Columbia) on May 21, 2020. It has a wholly-owned subsidiary, Mind Health (Pty) Ltd. (“**MindHealth Lesotho**”), a corporation incorporated under the laws of the Kingdom of Lesotho on March 13, 2020.

MindHealth is a life sciences biotechnology company providing science forward natural products for psychedelic therapy, experience and wellness. The mission of the Company is to become the leading supplier of branded naturally derived medicinal-grade psilocybin mushroom products to the global legal psychedelic research, medical and nutraceutical industries. MindHealth intends to capitalize on significantly lower cost production in Africa to distribute and supply internationally certified medical grade psilocybin mushroom products to legal export markets, to differentiate itself through best of class cultivation, processing, distribution, brand and retail services. MindHealth currently possesses a cultivation, processing and export license for psilocybin mushrooms in Lesotho, in Southern Africa. MindHealth is led by members of the executive team who previously lead Canopy Growth Africa. Canopy Growth Africa was the African operating entity of Canopy Growth Corporation, a Canadian cannabis company listed on the Toronto Stock Exchange and the Nasdaq Global Select Market.

The Company’s registered office is located at 800-885 West Georgia Street, Vancouver, British Columbia, V6C 3H1.

SELECTED FINANCIAL INFORMATION

The following is a summary of the Company’s financial results:

	Period from incorporation on May 21, 2020 to October 31, 2020 (Unaudited) (\$)
Statement of Loss	
Total revenue	Nil
Expenses	(534,893)
Other expense	(2,735)
Net loss	(537,628)
Loss per share - basic and diluted	(0.02) ⁽¹⁾

Note:

- (1) Based on the weighted average of 33,496,506 common shares issued and outstanding for the period ended October 31, 2020.

Statement of Financial Position	As at
--	--------------

	October 31, 2020 (Unaudited) (\$)
Current assets	3,899,579
Non-current assets	258,089
Total Assets	4,157,668
Current liabilities	184,379
Non-current liabilities	53,506
Total Liabilities	237,885
Shareholders' Equity	3,919,783
Total Liabilities and Shareholders' Equity	4,157,668

No cash dividends were declared for the period ending October 31, 2020.

RESULTS OF OPERATIONS

Period from the date of incorporation on May 21, 2020 to October 31, 2020

The Company reported no revenues during the period from the date of incorporation on March 21, 2020 to October 31, 2020, while the net loss for the period was \$537,628.

Professional fees and consulting fees for the period totalled \$510,670. Of this amount, \$207,100 and \$34,419 relates to a management service agreement with a related party and consulting fees with key management personnel, respectively.

General and administrative expenses of \$17,351 were incurred mainly due to IT, recruitment, filing and training costs.

The depreciation charge for the period was \$1,756 in total. Of this amount, \$1,197 was charged for right-of-use assets and \$559 in aggregate was charged for computer equipment, buildings, production equipment and furniture.

The accretion expense of \$565 relates to the interest expense on the right-of-use asset for the sub-lease agreement mentioned below.

Foreign exchange loss of \$2,170 arose from the exchange of transactions in Lesotho Loti and US Dollars. The functional currency Mind Health Lesotho is the Loti and the symbol used is "LSL". For the purpose of presenting these consolidated financial statements, the assets and liabilities of this subsidiary are translated into Canadian Dollars at the exchange rates prevailing at the end of the reporting period. Income and expenses are translated at the average rates for the period. The exchange differences of \$6,693 were recognized in other comprehensive income and accumulated in equity.

Mind Health Lesotho entered into a sub-lease agreement with Highlands Pure Lesotho, a related party, for a portion of land situated at a cultivation site in Kolojane in the Berea District of Lesotho. In addition to the leased portion of land, Mind Health Lesotho shall be

entitled to use the essential infrastructure and related services available at the cultivation site. The monthly rental, sewerage and drainage is LSL 3,485 per month. The initial term of the lease is approximately nine years commencing 1 June, 2020 and ending May 21, 2029. Thereafter, the Company has the option to renew the lease for a further ten-year period for a maximum of five times total. The lease is reflected on the consolidated statement of financial position as a right-of-use asset and a lease liability of \$55,263 and \$55,618 respectively.

With possession of a license to import, cultivate, produce, manufacture and export psilocybin mushrooms in Lesotho, Southern Africa, Mind Health Lesotho has paid \$200,850 for buildings, a laboratory, bulk infrastructure and production equipment as it commenced the build-out of a fully integrated cultivation, processing and product manufacturing facility to international standards at its licensed facility on the sub-let portion of land mentioned above. Phase 1 of the facility is expected to be completed by the end of the current year. Construction of Phase 2 is planned to commence as market demands dictate the supply of product required. No external factors such as commodity prices, land use or political or environment issues have impacted the project to date. Project costs linked to commodity prices and foreign currency are not expected to have a significant effect on future prices of the facility.

During the period from the date of incorporation on May 21, 2020 to October 31, 2020, the Company completed the following equity financings:

- (i) On May 21, 2020, the Company issued 1 common share on incorporation for \$0.01;
- (ii) On May 22, 2020, the Company entered into a share exchange agreement to issue 24,000,000 common shares to acquire all the issued and outstanding shares of Mind Health Lesotho from its previous shareholders. The acquisition was considered to be a business combination between entities under common control. As a result, assets acquired were recorded at their predecessor carrying values rather than at fair value. The issuance of 24,000,000 shares has been measured based on the net assets acquired through Mind Health Lesotho being \$390 (5,000 LSL).
- (iii) On June 30, 2020, the Company issued 6,340,000 common shares with a subscription price of \$0.25 per share for gross proceeds of \$1,585,000.
- (iv) On August 31, 2020, the Company issued 12,826,884 common shares with a subscription price of \$0.25 per share for gross proceeds of \$3,206,721.

In relation to the issuances of shares above, the Company incurred share issuance costs of \$353,893 paid in cash for the period from May 21, 2020 (date of incorporation) to October 31, 2020.

In October 2020, \$12,500 was received by the Company in relation to a private placement which was still underway as of October 31, 2020. This amount has been recorded as shares to be issued in shareholders' equity section of the consolidated statement of financial position.

Total Common Shares issued and outstanding as at October 31, 2020 was 43,166,885 for net proceeds of \$4,438,218, including issuance costs of \$353,893.

LIQUIDITY AND CAPITAL RESOURCES

As at October 31, 2020, the Company had a working capital surplus of \$3,715,200 comprised of cash of \$3,792,258, other receivables of \$60,140 and prepaids of \$47,181 less accounts payable and accrued liabilities of \$113,386, due to related parties of \$68,881 and the current portion of lease liabilities of \$2,112.

Accounts payable and accrued liabilities have contractual maturity dates within one year, lease liabilities which have contractual maturity dates spanning 9 years, and an amount owing to a related party has a contractual maturity date within one year.

There are no provisions in debt, lease or other arrangements that could trigger an additional funding requirement or early payment nor are there circumstances that could impair the Company's ability to undertake transactions considered essential to operations.

On December 4, 2020 the Company completed a private placement of \$1,689,029 of common shares as \$0.25 per share.

The Company estimates that the funds required to carry out its business objectives during the twelve months from the submission of this listing statement is \$3,548,219. This consists of \$176,000 of spend on capital assets and \$3,372,219 spend on operating expenditure. After consideration of the working capital surplus as at October 31, 2020, the private placement closed on December 4, 2020 and the capital required to carry out the business objectives for the following twelve months, the Company anticipates it will have \$2,294,510 surplus working capital available. The Company anticipates incurring capital expenditure of \$100,000 and \$76,000 on the facility at Kolojane in the Berea District of Lesotho and a medically supervised and curated clinic in Lesotho respectively within the next 12 months.

Although the Company does not expect to generate revenues from operations in the near future, it has sufficient surplus working capital and therefore does not currently expect to rely upon the issuing of equity securities for additional funding for the short term.

The Company manages liquidity risk through an ongoing review of future commitments and cash balances available. Historically, the Company's main source of funding has been the issuance of shares for cash, primarily through private placements. The Company's access to future financing is always uncertain and there can be no assurance of continued access to significant equity or debt funding. Based on the Company's working capital position as at October 31, 2020, management regards liquidity risk to be low.

There are no legal or practical restrictions on the ability of MindHealth Lesotho to transfer funds to the Company, provided Lesotho exchange control requirements are met.

There are no legal or practical restrictions on the ability of MindHealth Lesotho to transfer funds to the Company.

OFF BALANCE SHEET ARRANGEMENTS

The Company has not had any off-balance sheet arrangements from the date of its incorporation to the date of this MD&A.

RELATED PARTY TRANSACTIONS

The Company incurred the following transactions with related parties during the period from May 21, 2020 (incorporation date) to October 31, 2020:

Transaction type	Related party transactions	Balance receivable (payable) as at October 31, 2020
Consulting fees - key management personnel	\$ 34 419	\$ -
Management fees	207 100	-
Accounting fees	46 796	-
Working capital advances	-	(68 881)
Total	\$ 288 315	\$ (68 881)

Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The consulting fees of \$34,419 quoted above are in relation to services provided by a Company executive.

Management fees of \$207,100 relate to a management service agreement with a related party, Highlands Ventures (Pty) Ltd. Jody Aufrichtig, director and CEO the Company, is a director of Highlands Ventures (Pty) Ltd. In terms of the management service agreement, Highlands Ventures (Pty) Ltd manages the design, construction, erection, commissioning, operation and maintenance of the psilocybin cultivation facility as well as the sale of psilocybin mushrooms for a period of 3 years. Highlands Ventures (Pty) Ltd further provides administrative services such financial administration and control, compliance management and business development and strategy.

Accounting fees and prepaid expenses of \$46,796 and \$6,750 respectively were paid to a related party during the period under review.

Amounts of \$55,595 and \$13,286 were due to related parties, Highlands Pure Lesotho (Pty) Ltd and Highlands Ventures (Pty) Ltd respectively as at October 31,2020. These amounts are non-interest bearing, unsecured and were repaid in October 2020 (maturity date). Jody Aufrichtig is a director of both these companies.

Changes in Accounting Policies

IFRS 16 Leases

IFRS 16 *Leases* applies to annual reporting periods beginning on or after 1 January 2019 and replaces IAS 17 *Leases*. IFRS 16 eliminates the classification of leases for lessees as either operating or finance leases, as was required by IAS 17, and introduces a single lessee accounting model, where a right-of-use asset together with a lease liability for the future payments is recognised for all leases with a term of more than 12 months, unless the underlying asset is of low value.

The Company has a lease for a portion of land that was entered into with a related party, Highlands Pure Lesotho (Pty) Ltd. The lease is reflected on the consolidated statement of financial position as a right-of-use asset and a lease liability. The land will be used to erect manufacturing and processing facilities. The initial term of the lease is nine years beginning June 1, 2020 and ending May 21, 2029. Thereafter, the Company has the option to renew the lease for a further ten year period for a maximum of five times total. The incremental borrowing rate and term length used in the calculation of the right-of-use asset and discounted lease liability amounts are 2.5% and 19 years, respectively.

Lease liabilities

The continuity of lease liability is as follows:

	Lease liability (\$)
Balance, May 21, 2020	-
Additions	56 460
Accretion expense	565
Lease payments	(1 426)
Foreign exchange	19
Balance, October 31, 2020	55 618
Less: current portion	2 112
Non-current portion of lease liability	53 506

The following table presents the future undiscounted payments associated with the sole lease liability as of October 31, 2020 for the next five years and thereafter:

2021	\$ 3 424
2022	3 424
2023	3 424
2024	3 444
2025	3 493
Thereafter	53 824
	\$ 71 033

Financial Instruments and Other Instruments

The Company's financial instruments consist of cash, other receivables, prepaids, accounts payable and accrued liabilities and amounts due to related parties. These financial instruments arise in the normal course of business and are classified and measured at amortized cost.

Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The Company does not partake in hedging activities.

The fair values of these financial instruments approximate their carrying values. As required by IFRS 9 *Financial Instruments*, the Company applies a forward-looking expected credit loss ("ECL") model, at each balance sheet date, to financial assets measured at amortized cost to determine whether the asset is impaired. As at October 31, 2020, no such impairment was required.

In the normal course of business, the Company is exposed to a variety of financial risks: credit risk, liquidity risk, foreign exchange risk and interest rate risk. These financial risks are subject to normal credit standards, financial controls, risk management as well as monitoring. The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

Credit risk

Credit risk arises from cash held with banks and other receivables. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counterparty credit risk is to prevent losses on financial assets. The Company minimizes the credit risk of cash by depositing with only reputable financial institutions. The Company also assesses the credit quality of counterparties, taking into account their financial position, past experience and other factors.

Cash consists of bank balances and an amount held in trust by a brokerage firm as security for foreign currency exchanges. Other receivables mainly consists of federal sales tax credits.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

As at October 31, 2020, the Company's financial liabilities consist of account payable, accrued liabilities and an amount due to a related party which all have contractual maturity dates within one year.

The Company manages liquidity risk through an ongoing review of future commitments and cash balances available. Historically, the Company's main source of funding has been the issuance of shares for cash, primarily through private placements. The

Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity or debt funding.

Based on the Company's working capital position at October 31, 2020, management regards liquidity risk to be low.

Foreign exchange risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency.

The Company operates internationally and is exposed to foreign exchange risk from the Lesotho Loti. Foreign exchange risk arises from transactions as well as recognized financial assets and liabilities denominated in foreign currencies.

As at October 31, 2020, the Company is exposed to currency risk through the following financial assets and liabilities denominated in Lesotho Loti:

	October 31, 2020
	LSL
Cash	855 571
Other receivables & prepaids	5 502
Accounts payable and other liabilities	336 848
Due to related parties	841 397

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has no significant interest-bearing assets or liabilities and therefore its income and operating cash flows are substantially independent of changes in market interest rates. Management therefore regards liquidity risk to be low.

Capital management

The Company's objectives when managing its capital are to safeguard its ability to continue as a going concern, to meet its capital expenditures for its continued operations, and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. The Company manages its capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new shares, issue new debt, or acquire or dispose of assets. The Company is not subject to externally imposed capital requirements.

Management reviews its capital management approach on an ongoing basis. The Company considers its shareholders' equity balance as capital.

SCHEDULE "F"
PRO FORMA FINANCIAL STATEMENTS OF THE RESULTING ISSUER

See attached.

Cardinal Capital Partners Inc.
Pro Forma Consolidated Financial Statements
As at October 31, 2020
(Unaudited – In Canadian Dollars unless otherwise specified)

Cardinal Capital Partners Inc.
Pro Forma Consolidated Statement of Financial Position
October 31, 2020

Unaudited - in Canadian Dollars unless otherwise specified

	MindHealth Biomed Corp.	Cardinal Capital Partners Inc.	Psyence Therapeutics Corp.	Notes	Adjustments	Notes	Acquisition Formula	Resulting Issuer, October 31, 2020
ASSETS								
CURRENT								
Cash	3,792,258	115,651		3(c)	1,689,028			5,596,937
Other receivables	2,682	-	227					2,909
Prepaid expenses	47,181	-		3(a)	(30,000)			17,181
	<u>3,842,121</u>	<u>115,651</u>	<u>227</u>		<u>1,659,028</u>		<u>-</u>	<u>5,617,027</u>
NON-CURRENT								
Capital assets	258,089	-						258,089
Goodwill and other intangible assets						3(d)	5,107,979	5,107,979
TOTAL ASSETS	<u>4,100,210</u>	<u>115,651</u>	<u>227</u>		<u>1,659,028</u>		<u>5,107,979</u>	<u>10,983,095</u>
LIABILITIES								
CURRENT								
Accounts payable and accrued liabilities	55,928	54,930	34,500					145,359
Current portion of lease liabilities	2,112							2,112
Due to related party	68,881		9,350					78,231
Deposit	-	30,000		3(a)	(30,000)			-
	<u>126,921</u>	<u>84,930</u>	<u>43,850</u>		<u>(30,000)</u>		<u>-</u>	<u>225,702</u>
NON-CURRENT								
Lease liabilities	53,506	-						53,506
TOTAL LIABILITIES	<u>180,427</u>	<u>84,930</u>	<u>43,850</u>		<u>(30,000)</u>		<u>-</u>	<u>279,208</u>

SHAREHOLDERS' EQUITY

Share capital	4,438,218	8,328,310	227	3(c)	1,689,028	3(b)	(8,328,537)	
Fair value of Cardinal shares						3(b)	860,726	
Issuance of shares to acquire Psyence						3(d)	4,500,000	
Warrants reserve - Psyence & MindHealth								11,487,972
Shares to be issued	12,500							12,500
Contributed surplus		15,391,132				3(b)	(15,391,132)	-
Stock options reserve								
Cardinal Options						3(b)	24,000	
Psyence Options							317,260	
MindHealth Options								341,260
Warrants reserve								
Psyence Warrants						3(d)	247,096	
MindHealth Warrants				3(e)	920,239			1,167,335
Foreign currency translation reserve	6,693	-	-					6,693
Accumulated deficit	(537,628)	(23,688,721)	(43,850)	3(e)	(920,239)	3(b)	23,688,721	
							43,850	
						3(b)	(854,006)	(2,311,872)
TOTAL SHAREHOLDERS' EQUITY	3,919,783	30,720	(43,623)		1,689,028		5,107,979	10,703,887
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	4,100,210	115,651	227		1,659,028		5,107,979	10,983,095

Cardinal Capital Partners Inc.

Notes to the Pro Forma Consolidated Financial Statements

October 31, 2020

(Unaudited – In Canadian Dollars unless otherwise specified)

1. Basis of presentation

The accompanying unaudited pro forma consolidated statement of financial position of Cardinal Capital Partners Inc. (“Cardinal” or “the Company”) has been prepared by management to reflect the amalgamation of MindHealth Biomed Corp. (“MindHealth”) and 1264216 B.C. Ltd. (“Acquisitionco”) by way of a “three-cornered amalgamation” (the “Transaction”) with Cardinal after giving effect to the proposed transaction as described in Notes 2 and 3.

The unaudited pro forma consolidated statement of financial position has been prepared for inclusion in the Filing Statement of the Company in relation to the Transaction mentioned above. Completion of the Transaction is subject to customary closing conditions, including all necessary approvals and consents and all applicable Canadian Securities Exchange approvals. In the opinion of the Company’s management, the unaudited pro forma consolidated statement of financial position includes all adjustments necessary for fair value presentation of the transaction contemplated in the Agreement.

In connection with the Transaction, Cardinal intends to continue its domicile in the Province of Ontario.

2. Pro forma assumptions

The unaudited pro forma consolidated statement of financial position is prepared as if the transaction described below occurred on October 31, 2020.

The Transaction is subject to the satisfaction of all closing conditions and receipt of regulatory and shareholder approvals.

On October 20, 2020, MindHealth entered into a non-binding agreement with Psyence Therapeutics Corp. (“Psyence”). MindHealth intends to acquire 100% of the outstanding securities of Psyence in exchange for MindHealth Securities at a rate of exchange equal to a Share Exchange Ratio agreed upon by all parties. This acquisition is anticipated to occur prior to the date of the Transaction described in these unaudited proforma financial statements. Consequently, the unaudited pro forma statement of financial position of Psyence is included in the unaudited pro forma consolidated statement of financial position of the Company.

The unaudited pro forma consolidated statement of financial position of Cardinal should be read in conjunction with the October 31, 2020 unaudited financial statements of MindHealth, the October 31, 2020 unaudited financial statements of Psyence, and the unaudited September 30, 2020 interim financial statements of Cardinal.

The unaudited pro forma consolidated statement of financial position of the Company has been compiled from and includes:

- a) the unaudited interim statement of financial position of MindHealth as at October 31, 2020
- b) the unaudited interim statement of financial position of Cardinal as at September 30, 2020
- c) the unaudited interim statement of financial position of Psyence as at October 31, 2020

For presentation purposes, the Transaction is assumed to have occurred at October 31, 2020. The unaudited pro forma consolidated statement of financial position is not intended to reflect the financial position of the Company which would have actually resulted had the proposed Transaction been effected on the date indicated. Actual amounts recorded upon consummation of the Agreement will differ from those recorded in the unaudited pro forma consolidated statement of financial position. No adjustments have been made to reflect the additional costs or cost savings that could result from the combination of the operations of Cardinal and MindHealth.

Principal terms of the transaction

The Transaction will involve the amalgamation of MindHealth with Acquisitionco, a wholly-owned subsidiary of the Company. Pursuant to the Amalgamation Agreement, the Company will issue Resulting Issuer Shares in exchange for the delivery of the MindHealth Shares. The aggregate number of Resulting Issuer Shares to be issued in exchange for the issued and outstanding MindHealth Shares shall be determined by multiplying the relevant number of MindHealth Shares issued and outstanding at the time of Closing by the Share Exchange Ratio.

There are currently 43,166,885 MindHealth Shares issued and outstanding as at October 31, 2020.

There are currently 32,066,579 Cardinal Shares and 3,000,000 Cardinal Options issued and outstanding as at October 31, 2020.

The Company and MindHealth have entered into a Business Combination Agreement dated September 11, 2020. Pursuant to the terms of the Agreement, the Company intends to issue an aggregate of 45,972,281 Resulting Issuer Shares to the former shareholders of MindHealth in exchange for all of the issued and outstanding MindHealth Shares at an exchange ratio of 1.06499 Resulting Issuer Shares for each MindHealth Share. Also pursuant to the terms of the agreement, the Company intends to issue 1,666,662 Resulting Issuer Shares to the former shareholders of Cardinal in exchange for all of the issued and outstanding Cardinal Shares at an exchange ratio of 1 Resulting Issuer Share for every 19.24 Cardinal Shares. In addition, 1,999,995 Resulting Issuer Shares were issued to certain eligible finders of Cardinal. Therefore, an aggregate of 3,666,657 Resulting Issuer Shares are to be issued in relation to the Transaction.

The Cardinal Options outstanding immediately before the Transaction occurs shall continue in effect unamended, except to the extent that their terms will be adjusted to reflect the Amalgamation, and following completion of the Transaction, the Cardinal Options will remain in effect until the earlier of: (i) their expiry in accordance with the Cardinal Stock Option Plan; and (ii) the original expiry date of such Cardinal Options.

3. Pro forma adjustments

a) On August 27, 2020, MindHealth issued payment of \$30,000 to Cardinal as an expense advance for legal fees related to the Transaction. This payment has been eliminated in the pro forma consolidated statement of financial position for consolidation purposes.

b) Since the Company's operations do not constitute a business, the Transaction has been accounted for in accordance with IFRS 2 – *Share-based Payment*, which results in the following:

- MindHealth is deemed to be the acquirer and the Company is deemed to be the acquiree for accounting purposes;
- The assets and liabilities of the Company are included in the unaudited pro forma consolidated statement of financial position and are presented at their fair value, which is deemed to be equal to their carrying value;
- The pre-acquisition equity of the Company will be eliminated upon consolidation. This includes its share capital of \$8,328,310, contributed surplus of \$15,391,132, and accumulated deficit of \$23,688,721;
- The purchase price is recorded as the cost to acquire the share capital at the fair value at the time of the transaction. The excess of the amount paid over the fair value of the assets is charged to listing expense. Accordingly, share capital increased by \$860,726. The fair value of the Cardinal Options has been calculated at \$24,000 (see Note 5).

The assets and liabilities of MindHealth are included in the unaudited pro forma condensed consolidated statement of financial position at their historic value.

The net assets of the Company are included at fair value, assumed to be equal to their carrying value at October 31, 2020.

c) \$1,689,028.25 of share capital has been included in the unaudited pro forma condensed consolidated statement of financial position related to a concurrent financing by MindHealth that is expected to close before the effective date of the Transaction. This represents 6,756,113 common shares expected to be issued at a share price of \$0.25. This amount is an estimate and is subject to change before the effective date of the Transaction (see Note 4).

d) On October 20, 2020, MindHealth entered into a non-binding agreement with Psyence. The agreement proposes for MindHealth to purchase 100% of the issued and outstanding shares of Psyence, in exchange for the issuance of 18,000,000 common shares of MindHealth. The effective exchange ratio is 1 MindHealth share for every 1.2611 Psyence Shares. This would result in 19,169,813 Resulting Issuer Shares issued to Psyence, with an implied purchase price of \$4,500,000. In addition, 2,270,000 Psyence Options and 2,200,000 Psyence Warrants are reserved for issuance prior to the closing of Psyence's acquisition by MindHealth. These Psyence Options and Psyence Warrants will be converted into MindHealth Options and MindHealth Warrants at the same ratio of 1.2611. This will result in 1,800,000 MindHealth Options and 1,744,493 MindHealth Warrants at a fair value of \$317,260 and \$247,096, respectively (see Note 5 and Note 6). One third of these 1,800,000 MindHealth Options vest 6 months from the date of issuance, one third vest 12 months from the date of issuance, and the last third vest 30 months from the date of issuance. The 1,744,493 MindHealth Warrants vest immediately upon issuance.

The transaction has been accounted for as a business combination in accordance with IFRS 3 Business Combinations. The resulting difference between the purchase price consideration of Psyence and its net assets acquired has been allocated to goodwill and other intangible assets.

e) 5,190,181 MindHealth Options and 6,511,549 MindHealth Warrants are proposed to be issued prior to the closing of the Transaction. This will result in 5,527,488 Resulting Issuer Options and 6,934,731 Resulting Issuer Warrants at a fair value of \$914,799 and \$920,239, respectively (see Note 5 and Note 6). One third of these 5,527,488 Resulting Issuer Options vest 6 months from the date of issuance, one third

vest 12 months from the date of issuance, and the last third vest 30 months from the date of issuance. The 6,934,731 Resulting Issuer Warrants vest immediately upon issuance.

4. Pro forma share capital, October 31, 2020

Pro Forma Number of Common Shares

	<u>Shares</u>	<u>Amount (\$)</u>
MindHealth Shares as at October 31, 2020	43,166,885	4,438,218
Share exchange @ 1.06499 Resulting Issuer Shares for each MindHealth Share	45,972,281	4,438,218
MindHealth concurrent financing	6,756,113	1,689,028
Share exchange @ 1.06499 Resulting Issuer Shares for each MindHealth Share	7,195,190	1,689,028
Share exchange @ 1 Resulting Issuer Share for every 19.24 Cardinal Shares	3,666,657	860,726
Share exchange @ 1 MindHealth Share for every 1.2611 Psyence Shares; and 1.0649 Resulting Issuer Shares for each MindHealth Share	19,169,813	4,500,000
Pro forma balance of common shares outstanding	<u>76,003,941</u>	<u>11,487,972</u>

5. Stock options

	<u>Number of Options</u>	<u>Amount (\$)</u>
Cardinal Options converted into Resulting Issuer Options at October 31, 2020	155,925	24,000
Psyence Options converted into Resulting Issuer Options at October 31, 2020	1,916,981	317,260
MindHealth Options converted into Resulting Issuer Options at October 31, 2020	5,527,488	914,799
	<u>7,600,394</u>	<u>1,256,059</u>

Cardinal has 3,000,000 options outstanding as at October 31, 2020. The fair value of the Options has been estimated using the Black-Scholes pricing model with the following assumptions: (i) expected dividend yield of 0%; (ii) expected volatility of 100%; (iii) risk-free interest rate of 0.25%; (iv) share price of \$0.23; (v) exercise price of \$0.19; (vi) forfeiture rate of nil; and (vii) expected life of 37 months. The expected volatility is based on the trading prices of comparable companies. The options vest immediately after the effective date of the Transaction.

2,270,000 Psyence Options will be issued prior to the closing of Psyence's acquisition by MindHealth, with an assumed date of October 31, 2020. The fair value of the Options has been estimated using the Black-Scholes pricing model with the following assumptions: (i) expected dividend yield of 0%; (ii)

expected volatility of 100%; (iii) risk-free interest rate of 0.25%; (iv) share price of \$0.235; (v) exercise price of \$0.30; (vi) forfeiture rate of nil; and (vii) expected life of 60 months. The expected volatility is based on the trading prices of comparable companies. 1/3 of the options vest 6 months after the effective date of the Transaction, 1/3 of the options vest 12 months after the effective date of the Transaction, and 1/3 of the options vest 30 months after the effective date of the Transaction.

5,190,181 MindHealth Options will be issued prior to the effective date of the Transaction, with an assumed date of October 31, 2020. The fair value of the Options has been estimated using the Black-Scholes pricing model with the following assumptions: (i) expected dividend yield of 0%; (ii) expected volatility of 100%; (iii) risk-free interest rate of 0.25%; (iv) share price of \$0.235; (v) exercise price of \$0.30; (vi) forfeiture rate of nil; and (vii) expected life of 60 months. The expected volatility is based on the trading prices of comparable companies. 1/3 of the options vest 6 months after the effective date of the Transaction, 1/3 of the options vest 12 months after the effective date of the Transaction, and 1/3 of the options vest 30 months after the effective date of the Transaction.

6. Warrants

	<u>Number of Warrants</u>	<u>Amount (\$)</u>
Psyence Warrants converted into Resulting Issuer Warrants at October 31, 2020	1,857,867	247,096
MindHealth Warrants converted into Resulting Issuer Warrants at October 31, 2020	6,934,731	920,239
	<u>8,792,598</u>	<u>1,167,335</u>

2,200,000 Psyence Warrants will be issued prior to the closing of Psyence's acquisition by MindHealth, with an assumed date of October 31, 2020. The fair value of the Warrants has been estimated using the Black-Scholes pricing model with the following assumptions: (i) expected dividend yield of 0%; (ii) expected volatility of 100%; (iii) risk-free interest rate of 0.25%; (iv) share price of \$0.235; (v) exercise price of \$0.30; (vi) forfeiture rate of nil; and (vii) expected life of 36 months. The expected volatility is based on the trading prices of comparable companies. All of the Psyence Warrants will vest immediately upon issuance.

6,511,549 MindHealth Warrants will be issued prior to the closing of the Transaction, with an assumed date of October 31, 2020. The fair value of the Warrants has been estimated using the Black-Scholes pricing model with the following assumptions: (i) expected dividend yield of 0%; (ii) expected volatility of 100%; (iii) risk-free interest rate of 0.25%; (iv) share price of \$0.235; (v) exercise price of \$0.30; (vi) forfeiture rate of nil; and (vii) expected life of 36 months. The expected volatility is based on the trading prices of comparable companies. All of the MindHealth Warrants will vest immediately upon issuance.

7. Transaction listing expense

Total purchase price of Cardinal is as follows:

Resulting Issuer Shares, Cardinal	3,666,657
Price per share based on concurrent financing	\$ 0.235
Cost of acquisition, share issuance	860,726
Fair value of stock options issued (see Note 5)	24,000
Total consideration	884,726
Fair value of net assets including cash	30,720
Excess paid over net assets - listing expense	<u>854,006</u>

Fair value net asset calculation of Cardinal:

Assets	115,651
Liabilities	(84,931)
	<u>30,720</u>

8. Income tax

The effective consolidated pro forma tax rate is expected to approximate 26.5%.