ANNUAL INFORMATION FORM
For the Year Ended December 31, 2021

August 5, 2022

NOVA MENTIS LIFE SCIENCE CORP.

TABLE OF CONTENTS

FORWARD LOOKING STATEMENTS

This annual information form ("AIF" or "Annual Information Form") of Nova Mentis Life Science Corp. ("Nova" or the "Company") contains "forward-looking statements" or "forward-looking information" within the meaning of applicable Canadian securities legislation (collectively, "forward-looking statements"), based on current expectations, estimates, forecasts, projections, beliefs and assumptions made by management of the Company including about the industry in which it operates. Forward-looking statements are not guarantees of future performance and involve assumptions and risks and uncertainties that are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed, implied or forecast in such forward-looking statements. The Company does not intend, and disclaims any obligation, to update any forward-looking statements after it files this Annual Information Form, whether as a result of new information, future events or otherwise, except as required by applicable securities laws. Forward-looking statements are made as of the date of this Annual Information Form.

In some cases, forward-looking statements can be identified by words or phrases such as "may", "might", "will", "expect", "anticipate", "estimate", "intend", "plan", "indicate", "seek", "believe", "predict" or "likely", or the negative of these terms, or other similar expressions (or variations of such words or phrases). The Company has based these forward-looking statements on its current expectations and projections about future events and financial trends that it believes might affect its financial condition, results of operations, business strategy and financial needs. These forward-looking statements include, among other things, statements relating to:

- the Company's expectations regarding its revenue, expenses and operations;
- the Company's anticipated cash needs and its needs for additional financing;
- the Company's intention to grow the business and operations;
- expectations with respect to future production costs and capacity;
- the grant and impact of any licence or supplemental licence to conduct activities with psychopharmacological products or any amendments thereof;
- the Company's competitive position and the regulatory environment in which the Company operates;
- the Company's expectation that available funds will be sufficient to cover its expenses over the next 12 months;
- the Company's expected business objectives and milestones, including costs of the foregoing, for the next 12 months;
- the Company's ability to obtain additional funds through the sale of equity or debt commitments;
- the timing, progress and timely completion of various stages of the regulatory approval process;
- projections for development plans and progress of products and technologies, including with respect to timely and successful completion of studies and trials and availability of results from such studies and trials;
- expectations regarding product safety and efficacy;
- expectations regarding acceptance of products and technologies by the market;
- expectations about clinical and regulatory milestones being achieved; and
- the intentions of the board of directors of the Company (the "Board") with respect to executive compensation and corporate governance plans.

Certain of the forward-looking statements and other information contained in this Annual Information Form concerning our industry and the markets in which we will operate, including our general expectations and market position, market opportunities and market share, are based on estimates prepared by the Company using data from publicly available governmental sources, as well as from market research and industry analyses, and on assumptions based on data and knowledge of this industry which the Company believes to be reasonable. While the Company is not aware of any

misstatement regarding any industry or government data presented herein, it is noted that the psychopharmacological industry involves risks and uncertainties that are subject to change based on various factors and the Company has not independently verified such third-party information.

Forward-looking statements are based on certain assumptions and analyses made by the Company in light of the experience and perception of historical trends, current conditions and expected future developments and other factors it believes are appropriate and are subject to risks and uncertainties. In making the forward-looking statements included in this Annual Information Form, the Company has made various material assumptions, including but not limited to: (i) obtaining the necessary regulatory approvals; (ii) that regulatory requirements will be maintained; (iii) general business, economic and political conditions; (iv) the Company's ability to successfully execute its plans and intentions; (v) the availability of financing on reasonable terms; (vi) the Company's ability to attract and retain skilled staff; (vii) market competition; (viii) the products and technology offered by the Company's competitors; (ix) that good relationships with service providers and other third parties will be established and maintained; (x) continued growth of the psychopharmacological industry; and (xi) positive public opinion with respect to the psychopharmacological industry. Although the Company believes that the assumptions underlying these statements are reasonable, they may prove to be incorrect, and the Company cannot assure that actual results will be consistent with these forward-looking statements. Further, the aforementioned assumptions may be affected by the negative disruptive effect of the COVID-19 (as defined below) pandemic, which has resulted in a widespread health crisis that has already affected the economies and financial markets of many countries around the world. The international response to the spread of COVID-19 has led to significant restrictions on travel; temporary business closures; quarantines; global stock market and financial market volatility; a general reduction in consumer activity; operating, supply chain and project development delays and disruptions; and declining trade and market sentiment, all of which have and could further affect commodity prices, interest rates, credit ratings and credit risk. The continuing and additional business interruptions, expenses and delays relating to COVID-19, could have a material adverse impact on the Company's operations, financial condition and the market for its securities; however, as at the date of this Annual Information Form, such cannot be reasonably estimated.

Whether actual results, performance or achievements will conform to the Company's expectations and predictions is subject to a number of known and unknown risks, uncertainties, assumptions and other factors. Such factors include, among others, general business, economic, competitive, political and social uncertainties; lack of brand awareness; dependence on consumer taste; reliance on third party suppliers and third-party distributors; limited operating history of the Company; market fluctuations; potential product liability claims and retention of key personnel, as well as those factors discussed in the section titled "*Risk Factors*."

Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

These forward-looking statements are based on the beliefs of the Company's management as well as on assumptions, which such management believes to be reasonable based on information currently available at the time such statements were made. Although the Company believes its expectations are based upon reasonable assumptions and have attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended.

Investors are cautioned not to put undue reliance on forward-looking statements. The forward looking-statements contained herein are made as of the date of this AIF and, accordingly, are subject to change after such date. The Company disclaims any intent or obligation to update publicly or otherwise revise any forward-looking statements or the foregoing list of assumptions or factors, whether as a result of new information, future events or otherwise, except in accordance with applicable securities laws. Investors are urged to read the Company's public filings with Canadian securities regulatory agencies, which can be viewed online under the Company's profile on SEDAR at www.sedar.com.

INTRODUCTION

This AIF provides information about the Company and its subsidiaries. It has been prepared in accordance with Canadian securities laws and describes the Company's business, the risks the Company faces, and other matters concerning the Company.

This AIF is dated as of July 29, 2022. Unless otherwise indicated, all information in this AIF is as of December 31, 2021.

Except where otherwise indicated, all references to currency in this AIF are to Canadian Dollars ("$").

Certain Other Information

Certain information in this AIF is obtained from third party sources, including public sources, and there can be no assurance as to the accuracy or completeness of such information. Although believed to be reliable, management of the Company has not independently verified any of the data from third party sources unless otherwise stated.

CORPORATE STRUCTURE

Name, Address and Incorporation

Nova Mentis Life Science Corp. (the “Company” or “Nova”) was originally incorporated under the Business Corporations Act (British Columbia) on October 27, 2004 as “Weststar Resources Corp.” On October 21, 2016, the Company completed a change of business and changed its name to “Liberty Leaf Holdings Ltd.” On June 26, 2020, the Company changed its name to “Nova Mentis Life Science Corp.” Further details regarding Nova’s evolution from incorporation to the present time is outlined below under “Background”.

The head office and registered address of the Company is located at 700 – 838 West Hastings Street, Vancouver, British Columbia, Canada, V6C 0A6.

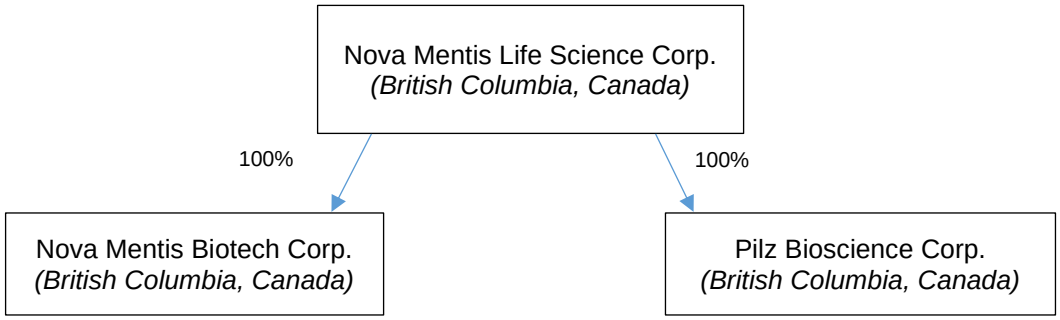
The Company’s common shares are listed on the Canadian Securities Exchange (the “CSE” or the “Exchange**”**) and commenced trading on June 26, 2020 under the stock symbol “NOVA”. On January 16, 2017, the Company listed its common shares on the Frankfurt Stock Exchange (the “FSE”) and currently trades on the FSE under the stock symbol “HN3Q”. Effective April 17, 2017, the Company listed and commenced trading its shares on the New York-based OTCQB Venture Market (the “OTCQB”) under the stock symbol “NMLSF”.

Unless otherwise noted or inconsistent with the context, references to Nova or the Company in this AIF are references to Nova Life Science Corp. and its subsidiaries, Nova Mentis Biotech Corp. (“Nova Mentis Biotech”) and Pilz Bioscience Corp. (“Pilz”).

Please refer to https://www.novamentis.ca/ for additional information.

Intercorporate Relationships

The following diagram illustrates the intercorporate relationships among Nova and its subsidiaries, as well as the jurisdiction of incorporation of each entity.



DESCRIPTION OF THE BUSINESS

Overview

Nova is a Canadian-based biotechnology company and global leader in developing diagnostics and psilocybin-based therapeutics for neuroinflammatory disorders. Nova's mission is to diagnose and treat debilitating chronic conditions that have unmet medical needs, such as autism spectrum disorder (ASD) and fragile X syndrome (FXS). Nova's goal is to create transformative medicines to potentially improve related neuroinflammatory mental health disorders, such as ADHD, Parkinson's disease, PTSD as well as depression.

Nova's core scientific focus is on chronic neuroinflammatory conditions, which fall under three broadly defined categories: neurodevelopmental, neurometabolic, and neurodegenerative. To ensure commercial success, Nova has assembled a strong core team and multiple international research collaborations, which leverage expertise in drug discovery and development, including proprietary active pharmaceutical ingredient (API) drug manufacturing, preclinical model systems, clinical regulatory testing, and final chemistry, manufacturing, and controls (CMC) drug formulation for clinical application. Nova's science team has subject-matter expertise in autism, neural injury, genome research, metabolic analysis, microbiotic profiling, and computational analytics. Nova's commercialization team members have robust knowledge of world-wide regulatory affairs, experience in devising commercialization strategy, and financing such initiatives.

Research and Drug Development Program

Nova is conducting research and development of psilocybin-based therapeutics that aim to address unmet medical needs by leveraging the Company's proprietary psilocybin compounds, novel formulation approaches and innovative drug delivery systems. The Company has chosen a classic biotech drug development pathway involving careful planning and execution of chemistry, manufacturing and preclinical proof of efficacy studies.

Nova is a data-driven company and has completed four studies using well-established ASD preclinical rat models in the laboratory of Dr. Viviana Trezza at Roma Tre University in Rome, Italy. These studies produced data suggesting psilocybin treatment is non-toxic and beneficial in reducing behavioural indicators of social anxiety and improving object recognition. The recently completed preclinical microdose study of repeat low doses of our psilocybin drug (NM-1001) – every other day for 2 weeks,

showed clinical responses that greatly exceeded the company's expectations and may have opened the door to a safe and effective treatment of ASD and FXS.

Nova is the first biotech company to achieve orphan drug designation in both the United States and European Union for the use of psilocybin in the treatment of FXS and has manufactured a large supply of >98% pure psilocybin for clinical studies and commercialization following drug approval.

The Company is establishing FDA Real World Evidence (RWE) to prove drug efficacy by using novel mRNA technology and measurement of serotonin levels to monitor pre- and post-treatment response. By utilizing statistically objective diagnostic tools, Nova can measure psychedelic drug response and confirm clinical benefits, instead of relying on behavioural methods alone.

The Company has laid the necessary groundwork in 2022 to submit applications to the regulatory agencies in the U.S., Canada, and Europe for phase 2A clinical studies of psilocybin therapy for FXS.

Additionally, Nova is currently enrolling participants in a North American autism observational study (NCT04869930) to measure genetic neuroinflammatory biomarkers and the neurotransmitter serotonin in an attempt to further understand the development and progression of ASD and FXS, and associated behavioural symptoms. This research will study the neuroinflammatory mRNA genetic profile contained within cheek cells from ASD and FXS patients, as well as measure serotonin levels in patient saliva. The research objective is to develop a genetic neuroinflammatory and serotonin data bank that will help establish a "Diagnostic Index" – an objective set of tools that helps to differentiate subtypes of ASD, as well as FXS, and to develop more accurate methods of diagnosis and treatment.

Collected data will be analyzed using customized machine learning algorithms and used to guide design of upcoming clinical trials that will test the efficacy of psilocybin-based therapeutics in ASD and FXS. Patients enrolled in this observational study will have a high priority position to be enrolled in planned ASD an FXS psilocybin microdose clinical trials in Canada and the United States.

Background

Nova began as a mineral exploration company, originally incorporated under the name Weststar Resources Corp. on October 27, 2004 in the province of British Columbia, Canada. In September 2006, the Company completed its initial public offering on the TSX Venture Exchange ("TSX-V") and the Company's common shares were listed for trading on September 22, 2006.

On October 21, 2016, the Company completed a transition to the cannabis industry through the acquisition of North Road Ventures Ltd., changed its name to Liberty Leaf Holdings Ltd., and began trading under the symbol "LIB".

In early 2020, Nova Management made a strategic decision to change direction and exit the cannabis industry in favour of the psychedelic medicine market. Due to the saturation of existing players in the cannabis space, Nova management determined that higher growth potential could be reached via a move to the emerging psychedelic therapeutics market. Since then, Nova has been systematically divesting itself of cannabis-related assets and operations in order to focus solely on the biotechnology and life sciences sector through its study of psilocybin therapies.

Nova Mentis Biotech Corp.

On June 26, 2020, the Company completed a share purchase agreement with Nova Mentis Biotech Corp. ("NM Biotech") – a biotechnology company focused on investigating anti-inflammatory effects of psilocybin in underexplored neurometabolic indications, such as obesity and diabetes. In conjunction with this transaction, the Company was renamed Nova Mentis Life Science Corp.

Pursuant to the agreement, the Company acquired all of the issued and outstanding shares in the capital of NM Biotech in exchange for 28,750,002 common shares in the capital of the Company.

NM Biotech was founded in 2018 by Dr. Aylia Mohammadi, an accomplished scientist and specialist in inflammatory bowel disease. She established the research program at NM Biotech, focusing on the potential application of psilocybin for the treatment of obesity and diabetes. Dr. Mohammadi led NM Biotech until her resignation in July 2020. On September 17, 2020, the company appointed Ms. Jacqueline McConnell to its Board of Directors and as Chief Operating Officer ("COO"). Ms. McConnell has over twenty years of experience working for Apotex Inc., one of Canada's largest pharmaceutical companies. In her role as COO, Ms. McConnell has assumed responsibility for, among other things, managing the integration and acting as a liaison to Nova's business segments, such as psilocybin-focused Nova Mentis Biotech Corp. Further, in utilizing her background in the biotechnology and pharmaceutical industries, she will spearhead corporate development efforts and new business initiatives within this realm.

Pilz Bioscience Corp.

On November 30, 2020, Nova further confirmed its commitment to the psychedelic medicine market through completion of an agreement with Pilz Bioscience Corp. ("Pilz"), pursuant to which the Company acquired all of the issued and outstanding shares in the capital of Pilz in exchange for 50,006,332 common shares in the capital of the Company (the "Transaction"). These 50,006,332 common shares were valued at $0.264 resulting in an increase to share capital of $13,189,764.

The Transaction was effected by way of a "three-cornered" amalgamation, in which: (a) the Company formed a subsidiary which amalgamated with Pilz to form an amalgamated company ("Amalco"); (b) all issued and outstanding shares of Pilz were then exchanged for common shares of the Company on a 1:1 basis; and (c) Amalco became a wholly-owned subsidiary of the Company and was renamed Pilz Bioscience Corp.

Of the shares exchanged, 12,250,000 were subject to a voluntary pooling agreement whereas certain former Pilz shareholders had agreed to resale restrictions on the shares of the Company received: 20% were released upon closing of the Transaction, a further 40% were released three months following closing, and the remaining 40% were released six months following closing. In connection with the Transaction, the Company issued 250,000 common shares with a fair value of $77,500 in the capital of the Company to Dr. Marvin S. Hausman, MD who was appointed as Chairman of Nova's Scientific Advisory Board.

With the acquisition of Pilz Bioscience Corp. ("Pilz"), Nova expanded its target indications into neurodevelopmental conditions, including autism spectrum disorder (ASD) and fragile X syndrome (FXS). The Company intends to leverage a unique systems-level scientific approach that integrates inflammation, the oral-gut-brain axis, and behaviour. Pilz aims to lead the global effort in design of effective and comprehensive diagnostic and monitoring programs and first-in-class psilocybin-based therapeutics.

The Pilz acquisition also brought in a top-level team of subject-matter experts and industry veterans in drug discovery and development, including proprietary drug manufacturing, preclinical model systems, and clinical testing. They have robust knowledge of world-wide regulatory affairs, experience in devising commercialization strategy, and financing such initiatives. Nova's science team has subject-matter expertise in autism, neural injury, genome research, metabolic analysis, microbiotic profiling, and computational analytics.

Following are brief biographies of selected Pilz members of the team (see also "Directors and Officers – Directors and Management Biographies").

Dr. Marvin S. Hausman, MD. Dr. Hausman is an Immunologist and Board-Certified Urological Surgeon with more than 40 years of drug research and development experience with various pharmaceutical companies, including Bristol-Myers International, Mead-Johnson Pharmaceutical Co., E.R. Squibb, Medco Research, and Axonyx. He was a co-founder of Medco Research Inc., an NYSE-listed clinical research organization and biotechnology company specializing in adenosine products that was subsequently acquired by King Pharmaceuticals. Dr. Hausman was also a co-founder of Axonyx, and served in various capacities, including President, CEO, and Chairman until the company merged into NASDAQ-listed Torrey Pines Therapeutics Inc. in 2006. Dr. Hausman is currently Chairman of the Board of Directors and Chief Science and Technology Officer of Entia Biosciences Inc. Dr. Hausman has done residencies in General Surgery at Mt. Sinai Hospital in New York, and in Urological Surgery at UCLA Medical Center. He received his medical degree from New York University School of Medicine. He is on the Alumni Board of Governors of NYU Grossman School of Medicine. At Nova, Dr. Hausman is leading research efforts in the neurodevelopmental and neurodegenerative space.

Dr. Julia Perederiy, an established scientist and business strategist leading development of Nova's scientific strategy, regulatory filings, and market positioning efforts.

Dr. Viviana Trezza, Head of Pharmacology, Roma Tre University, Rome, Italy investigating molecular mechanisms of functional and dysfunctional socio-emotional behavior and novel pharmacological targets.

Dr. Kyle Ambert, currently Director of Data Science at Nike, Inc. with extensive experience in machine learning, artificial intelligence, and applied analytics.

The goal of the Advisory Board is to investigate the brain mechanisms underlying functional and dysfunctional socio-emotional behavior, especially in ASD.

Research collaborations established by Pilz Bioscience Corp. prior to acquisition by Nova have boosted growth and drug development efforts.

In June 2020, Pilz initiated a research collaboration with Dr. Viviana Trezza, Head of Pharmacology, Roma Tre University, Rome, Italy. Over the last 24 months, this collaboration has produced compelling psilocybin efficacy data in validated rat models of autism spectrum disorder and fragile X syndrome, including discovery of psilocybin's anxiolytic properties and its ability to modify pathobiological behavior. Nova has also established clinical dosage parameters at both macro- and microdose levels.

In July 2020, Pilz Bioscience Corp. entered into a research agreement with NIS Labs, which investigated cellular uptake of psilocybin and psilocin in human red blood cells. The study demonstrated cellular bioavailability of the compounds, as well as antioxidant capacity and a protective effect of psilocybin and psilocin against solvent-induced cell lysis and death.

In October 2020, Pilz entered into an API manufacturing agreement with a well-known US-based drug manufacturer with expertise in the production of active pharmaceutical ingredients (API). Pursuant to this agreement, the company has manufactured non-GMP psilocybin with >98% purity, as well as psilocin and two other tryptamine derivatives – baeocystin and aeruginascin. Nova has received US DEA approval to ship psilocybin (a schedule 1 drug) to Italy for research studies, as approved by the Italian Ministry of Health. These compounds were used in Nova's preclinical research.

In September 2020, Pilz entered into a master services agreement with Thermo Fisher Scientific, (Vienna, Austria), which has produced strong data on the anti-inflammatory capacity of psilocybin, as measured by an assessment of cytokines and chemokines in blood samples.

In July 2020, Pilz entered into a master services agreement with Microbiome Insights (Univ. of British Columbia, Canada), which has demonstrated the ability of psilocybin treatment to cause microbial population shifts in the gut.

In June 2020, Pilz established a working relationship with Comac Medical (Sophia, Bulgaria), a clinical trials partner and Nova's European representative. As a result of this collaboration, Nova was able to secure Orphan Drug Designation for psilocybin in fragile X syndrome from the European Medicines Agency (EMA) in October 2021. Comac will also assist Nova with upcoming Phase 2A clinical trials in Europe.

BIOTECHNOLOGY RESEARCH AND DEVELOPMENT

Principal Business Activities

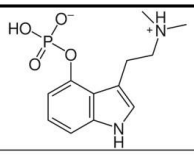
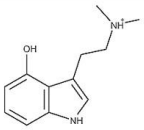
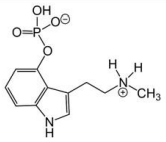
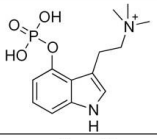
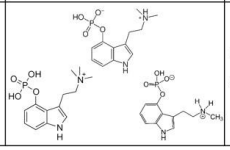
Nova's unique integrated systems clinical approach to drug development will be utilizing statistically objective diagnostic tools to measure psychedelic drug response, instead of relying on behavioural methods alone.

Focusing on chronic neuroinflammatory conditions with high unmet medical needs, including autism spectrum disorder (ASD) and fragile X syndrome (FXS), the Company will evaluate the correlation between neuroinflammatory genetic biomarkers, serotonin levels and behavioural data in an effort to uncover novel and meaningful ways to diagnose and treat these conditions.

The Company is developing a robust, diversified psychedelic drug pipeline that focuses on the physiologic therapeutic response of serotonin receptors in the brain and the human peripheral organs.

Nova has established a unique PDMO (partnership development and manufacturing organization) with a well-known US-based drug manufacturer with expertise in the production of active pharmaceutical ingredients (API). The Company's proprietary drug portfolio includes patentable manufacturing technology to produce non GMP and cGMP psilocybin with greater than 98% purity, in addition to the manufacturing of two other psychedelic compounds: baeocystin and aeruginascin, which will allow the creation of unique formulations with potential therapeutic applications.

Nova's Drug Portfolio Pipeline

PROJECT	COMPOUND	TARGET	PRECLINICAL	CLINICAL PHASE I (HUMAN)	CLINICAL PHASE II (HUMAN)
NM-1001 Psilocybin		Genetic and non-genetic ASD & FXS			
NM-1014 Psilocin		Genetic and non-genetic ASD			
NM-1019 Baeocystin		Genetic and non-genetic ASD			
NM-1020 aeruginascin		Genetic and non-genetic ASD			
NM-1021 Entourage Formulation: psilocybin, baeocystin and aeruginascin		Genetic and non-genetic ASD			

Approximately 1 in 7,000 males and 1 in 11,000 females are affected with FXS, which is associated with a range of developmental problems including learning disabilities, cognitive impairments, mood instability, compulsive disorders, and sensory hypersensitivity. Over 90% of affected children also present with developmental delay and an estimated 46% of males and 16% of females with FXS have a co-morbid ASD. Even without an ASD diagnosis, many children with FXS exhibit symptoms commonly associated with ASD such as poor eye contact, shyness, and hand-flapping.

Psilocybin is proposed as a novel, first-in-class treatment for FXS. Already being investigated for disorders like depression, anxiety, and addiction, psilocybin and other entheogenic medicines are increasingly viewed as breakthrough therapies that can help a patient gain a more holistic perspective of their condition. Beyond the promising cognitive benefits, however, psilocybin also has peripheral effects, including the capacity for curbing inflammation and modulating microbiota. Given the high prevalence of GI disorders in FXS, psilocybin and other tryptamine derivatives may offer additional benefit in the gut.

Nova's psilocybin formulation (NM-1001) was evaluated in four preclinical rat models of autism in the laboratory of Dr. Viviana Trezza, Rome, Italy, and demonstrated psilocybin proof of efficacy and safety. The data also showed the therapeutic potential of oral microdose psilocybin in treating cognitive dysfunction in a genetic animal model of ASD that is also a model of FXS. The fact that oral dosing was more robust than injectable dosing suggests that intestinal cells and/or the microbiome may play a metabolic role in increasing the therapeutic efficacy of psilocybin.

By utilizing state-of-the-art diagnostic and therapeutic technology, mRNA inflammatory genetic markers, serotonin levels in salivary exosomes, and deep learning artificial intelligence, Nova is developing a

unique paradigm to assist in our psychedelic drug development program. By penetrating the genetic language underlying the development of neurodegenerative diseases, we can assess therapeutic responses and open the door for the development of breakthrough products in psychedelic medicine. The clinical biomarker data generated with this genetic paradigm can be used to support the potential benefits of a psychedelic drug product IND application with the U.S. FDA, Health Canada, and the European Medicines Agency (EMA). Nova's objective is to become a leader in psilocybin-based therapeutics and complementary diagnostics for neuroinflammatory disorders to meet an ever-expanding global market for the treatment of these conditions.

The U.S. Centers for Disease Control and Prevention reported that approximately 1 in 44 children in the U.S. is diagnosed with ASD, according to 2018 data, and the global market size for ASD therapeutics is forecasted to be valued at 4.6 billion U.S. dollars by 2026.

Health economists at UC Davis have projected the total costs of caring for people with ASD in the U.S. if effective interventions and preventive treatments for the condition are not identified and widely available. Forecasts for ASD-related medical, nonmedical and productivity losses are $268 billion for 2015 and $461 billion for 2025. The researchers noted that these estimates are conservative and, if ASD prevalence continues to increase as it has in recent years, the costs could reach $1 trillion by 2025.

Research and Drug Development Milestones

In March 2021, Nova received Institutional Review Board (IRB) approval in the US for its non-interventional (observational) clinical study in autism spectrum disorder and fragile X syndrome. In June 2021, Nova received IRB approval for the same study in Canada, expanding the patient population to North America. The observational study: Establishing a Diagnostic and Therapeutic Index in Autism Spectrum Disorder (ASD) and Fragile X Syndrome (FXS) (NCT04869930 on clinicaltrials.gov) – aims to recruit at least 300 participants across the U.S and Canada (200+ patients and 100+ neurotypical controls) to assess neuroinflammatory genetic biomarkers, serotonin levels in salivary exosomes, and immune response, as all of these systems are likely to play a role in the complex developmental disorders, such as ASD and FXS.

In September 2021, Nova announced the expansion of its psilocybin research and development program to target obesity and diabetes. Nova recently finished four successful preclinical psilocybin treatments of rats with symptoms of ASD. Besides amelioration of anxiety and cognition issues in the ASD rats, as compared to controls, without significant psychedelic side effects, Nova's collaborative partners uncovered additional significant findings regarding inflammatory cytokines and chemokines, including their response to certain psilocybin dosing. These exciting unsuspected findings strongly suggest that Nova's proprietary psilocybin formulation NM-1001 has potential application to treatment of obesity, as well as diabetes related to obesity – "diabesity."

In October 2021, Nova received the orphan drug designation from the European Medicines Agency (EMA) for its propriety psilocybin drug for the treatment of FXS. The EMA is a decentralized agency of the European Union ("EU") responsible for the scientific evaluation, supervision and safety monitoring of medicines in the EU. Orphan designation is a status assigned to a medicine intended for use against a rare condition. Medicines that have been granted an orphan designation receive the following benefits:

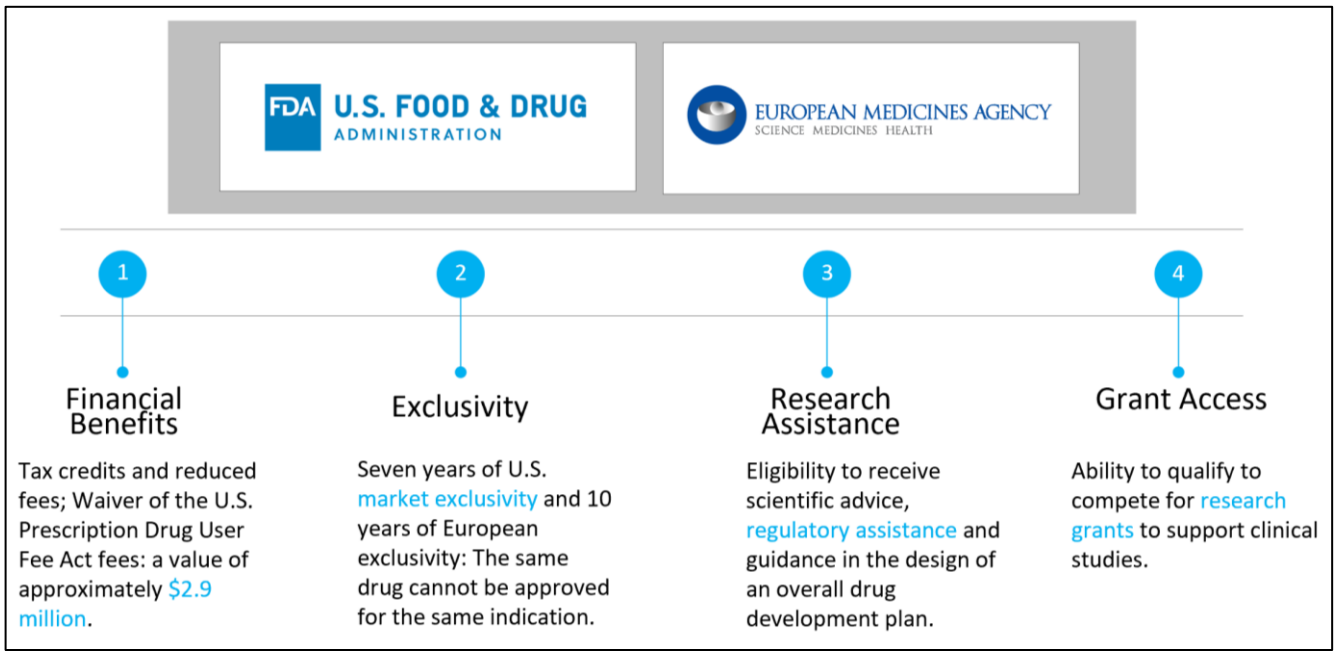
- Ten years of market exclusivity: once approved, Nova's proprietary formulation is protected from competition with similar medicines in similar indications.
- Reduced fees for protocol assistance and other regulatory activities.
- Access to grants from the European Commission and other sources.
- Scientific advice and administrative and procedural assistance.

- Access to a centralized marketing authorization with a single application.

Orphan Drug designation of Nova's proprietary psilocybin formulation in Europe is a significant milestone on the pathway to drug approval. Obtaining this designation has the potential to rapidly advance the Company's clinical program in Europe with the goal of approval of psilocybin in the treatment of FXS.

In October 2021, the U.S. Food and Drug Administration (FDA) approved the Company's proprietary psilocybin drug Orphan Drug Application to treat patients with fragile X syndrome (FXS). Medicines that have been granted an orphan designation from the FDA receive benefits, including but not limited to:

- Seven years of market exclusivity: FDA cannot approve the same drug for the same indication.
- 25% federal tax credit for expenses incurred in conducting clinical research within the United States.
- Waiver of Prescription Drug User Fee Act (PDUFA) fees: a value of approximately $2.9 million.
- Ability to qualify to compete for research grants from the Office of Orphan Products Development (OOPD) to support clinical studies.
- Eligibility to receive regulatory assistance and guidance from the FDA in the design of an overall drug development plan.



In October 2021, Nova enrolled the first patients into its observational clinical trial in autism spectrum disorder and fragile X syndrome. As part of the study, Nova is developing a clinical biologic marker program to help with diagnostics and treatment monitoring in these complex conditions, as well as to draw parallels between molecular and behavioral changes – an approach that will be essential to uncover the full clinical capacity of psychedelic medicines in these and other chronic neuroinflammatory disorders.

Also in October 2021, Nova announced that it had signed a Letter of Intent ("LOI") with Mycrodose Therapeutics ("Mycrodose"), a US pharmaceutical company focused on developing advanced drug delivery systems for use with psychedelic compounds, to co-develop patented products to treat neuroinflammatory disorders, such as FXS and ASD. The Joint Venture ("NewCo") will accelerate the

research and development of psilocybin-based therapeutics by utilizing Mycrodose Therapeutics' patented, advanced drug delivery systems with Nova's proprietary psilocybin drug to treat patients with neuroinflammatory conditions, including FXS, the most common inherited cause of ASD.

In January 2022, Nova formed a tactical partnership with KGK Science Inc., which is a wholly owned subsidiary of Wellbeing Digital Sciences Inc. to develop its psychedelic psilocybin drug portfolio in Canada. Both companies plan to jointly submit a clinical trial application to Health Canada for a Phase 2A clinical study evaluating psilocybin microdose therapy for fragile X syndrome.

In March 2022, Nova consummated a contract with the Toronto Institute of Pharmaceutical Technology (TIPT®) to formulate and manufacture psilocybin microdose capsules for its upcoming Canadian Phase 2A FXS clinical study.

In June 2022, Nova announced that it has signed a research agreement with the University of Central Florida (UCF) Research Foundation to develop a saliva serotonin assay. Dr. Kiminobu Sugaya, a Professor and Head of Neuroscience in the Burnett School of Biomedical Science at UCF, will measure serotonin levels in the saliva samples collected as part of the recently launched Nova autism spectrum disorder (ASD) observational study.

Intellectual Properties

The Company relies on the trade secrets and proprietary knowledge comprising the Intellectual Property.

In July 2021, the Company announced that it had filed a U.S. provisional patent application for a proprietary manufacturing process for the production of psilocybin and tryptamine analogues, baeocystin, and aeruginascin. Nova owns the rights to the process and the Drug Master File (DMF).

In November 2021, Nova announced it filed a genetic neuroinflammatory disease patent which describes a diagnostic/therapeutic combination of mRNA molecules that encode proteins involved in the development of neurogenerative diseases, including fragile X syndrome (FXS) and autism spectrum disorders (ASD).

In June 2022, Nova announced it filed provisional patent applications to protect data it obtained during its psilocybin preclinical studies and provide protection for the Company’s therapeutic paradigm for treating neuroinflammatory disorders with psilocybin and psilocybin-based tryptamine derivatives.

Directors and Management Biographies

The following are brief biographies of the executive officers and directors of Nova:

William Rascan – President & CEO, Director

Mr. Rascan brings +30 years’ experience in the investment brokerage and capital markets industry. During his tenure with the Company, Mr. Rascan oversaw all aspects of the business which included a fundamental change of business from the mining industry into the cannabis sector, successfully shepherding its Health Canada cultivation and processing licence, and growing the company to a more than $100mm market cap.

Jacqueline McConnell – COO, Director

Ms. McConnell has over twenty years of experience working for Apotex Inc., one of Canada's largest pharmaceutical companies. She provides critical business strategy input at a senior leadership level to support an organization's ability to achieve local and global growth and corporate sustainability. Ms. McConnell has proven experience developing and implementing programs and systems. Her key contributions include building and leading numerous successful teams to support efficient management of capital and operating activity across budget management, scheduling, quality, safety, and regulatory compliance.

Steven Feldman – Director

Mr. Feldman has more than 25 years' experience in the capital markets. Notably, Mr. Feldman was part of the original management team of SouthGobi Resources that evolved from a $20 million market cap explorer to a $2 Billion+ market cap coal producer with senior listings on the Toronto and Hong Kong Stock Exchanges. Currently, Mr. Feldman is a social media and business consultant. Additionally, Mr. Feldman has over six years' experience in Investment Counsel and has completed the Canadian Securities Course (CSC), Canadian Options Course (OLC) and the Professional Financial Planner Course (PFPC).

Dr. Stephen Glazer – Chief Science Officer, Director

Dr. Glazer began practicing medicine in Toronto, Ontario, Canada at North York Branson Hospital in 1994, and since then has been practicing as a board-certified specialist in Internal Medicine and Intensive Care Medicine in Ontario. He has become specialized in pre-operative risk assessment, has worked in the areas of cardiology and diabetes, and is recognized as a specialist in sleep medicine. He is a national leader and specialist in bariatrics, the branch of medicine that deals with the study and treatment of people living with obesity. In 2010, Dr. Glazer became the Medical Director for Bariatrics at Humber River Hospital in Toronto. He sits on the board for the Ontario Bariatric Network, as well as on multiple committees. He is also the President of the Canadian Association of Bariatric Physicians and Surgeons.

Rebecca Hudson – CFO (from December 2021)

Ms. Hudson is a Chartered Professional Accountant (CPA, CA) with over 23 years' experience in accounting & financial reporting, corporate finance, risk management, financial audit, and corporate governance, serving a range of industries, including mining and exploration, oil and gas, cannabis, manufacturing and retail, and not-for-profit. Ms. Hudson has served as CFO, and consulted for, a number of publicly-listed resource companies with projects in North and South America and across Europe. Ms. Hudson is fluent in English and Spanish, and holds a Bachelor's Degree and a Masters of Accounting from the University of Waterloo. Ms. Hudson is a strategic, senior financial leader with a proven record in building financial operations and developing talent in growth-focused organizations. Adaptable and decisive, with experience in executing financing and M&A transactions, Ms. Hudson is recognized for her ability to cultivate cross-functional partnerships to deliver financial results.

Kelly Pladson – Corporate Secretary

Ms. Pladson has provided corporate governance and regulatory compliance services to many TSX Venture and CSE listed companies since 2009. She works closely with the company's CEO and legal counsel in maintaining corporate records, managing the day-to-day operations of the Company and ensuring that Nova's filings with the securities commissions and exchanges are accurately filed and in

accordance with their deadlines. Prior to 2009, Ms. Pladson was an investment advisor's assistant for two years.

Dr. Marvin S. Hausman, MD – Chairman of Scientific Advisory Board

Dr. Hausman is an Immunologist and Board-Certified Urological Surgeon with more than 40 years of drug research and development experience with various pharmaceutical companies, including Bristol-Myers International, Mead-Johnson Pharmaceutical Co., E.R. Squibb, Medco Research, and Axonyx. He was a co-founder of Medco Research Inc., an NYSE-listed clinical research organization and biotechnology company specializing in adenosine products that was subsequently acquired by King Pharmaceuticals. Dr. Hausman was also a co-founder of Axonyx, and served in various capacities, including President, CEO, and Chairman until the company merged into NASDAQ-listed Torrey Pines Therapeutics Inc. in 2006. Dr. Hausman is currently Chairman of the Board of Directors and Chief Science and Technology Officer of Entia Biosciences Inc. Dr. Hausman has done residencies in General Surgery at Mt. Sinai Hospital in New York, and in Urological Surgery at UCLA Medical Center. He received his medical degree from New York University School of Medicine. He is on the Alumni Board of Governors of NYU Grossman School of Medicine. At Nova, Dr. Hausman is leading research efforts in the neurodevelopmental and neurodegenerative space.

Kyle Ambert, PhD – Scientific Advisory Board / Data Scientist

Dr. Ambert is currently Director of Data Science at Nike, Inc. and has extensive experience in data analytics, machine learning, artificial intelligence and applied analytics. His previous experience includes postings with the National Library of Medicine and Intel Corp. Dr. Ambert holds a PhD in Biomedical Informatics from Oregon Health & Science University.

Dr. Julia Perederiy – Scientific Advisory Board / Lead Scientist

Specializing in early-stage technologies and data-driven corporate strategy, Dr. Julia Perederiy holds scientific and commercialization expertise along the full spectrum of biological innovation, from single-cell analytics to systems-level therapeutics. An established academic scientist, Julia is an author of multiple peer-reviewed publications, including highly regarded research on the neurogenetics of autism. In the private sector, Julia is an experienced entrepreneur and management consultant, helping biotechnology companies with business planning, market entry strategy, and fundraising. Dr. Perederiy holds Bachelor's degrees in Neurobiology and Psychology from the University of California, Berkeley, a Master's Degree in Technology Entrepreneurship from the University of Portland, and a PhD in Neuroscience from Oregon Health & Science University.

John Molinaro – Scientific Advisory Board

John Molinaro is a Board-Certified Behaviour Analyst (BCBA) with a Master's degree in Applied Behaviour Analysis, as well as a Bachelor's degree in Psychology. For more than 13 years, Mr. Molinaro has dedicated his life to supporting children, youth and adults challenged with physical and cognitive disabilities.

Since 2015, Mr. Molinaro shifted his efforts primarily towards the autism community and started the Colours of the Spectrum ABA autism clinic in 2018. Mr. Molinaro and his team have supported hundreds of children and families with varying severities of autism through one-on-one behaviour therapy and parent coaching.

Mr. Molinaro continues to be a passionate advocator for the research and use of cannabis and classical psychedelics in the field of mental health. As his passion continues to grow, Mr. Molinaro hopes to one day soon bring the science of psychedelic medicine into the realm of autism intervention.

Gary R. Harlem – Scientific Advisory Board

Gary R. Harlem is the founder and CEO of Altucell Biotech, a cellular engineering and biotech company focused on fulfilling a large "unmet need" in cell, molecular and regenerative therapy for treatment of diabetes and other autoimmune and neurodegenerative diseases. He is an accomplished entrepreneur focused on the health and wellness sector, launching several companies in the nutritional supplement and health food markets. Mr. Harlem has a degree in Education from Dowling College in New York and began his career as a special education teacher. He became interested in exploring novel treatment strategies for autoimmune diseases when his son was diagnosed with Type 1 diabetes at the age of 10.

Dr. Viviana Trezza – Scientific Advisor

Faculty at Roma Tre University in Rome, Italy, Dr. Viviana Trezza investigates the brain mechanisms underlying functional and dysfunctional socio-emotional behavior, with the long-term goal of identifying novel pharmacological targets for neuropsychiatric and neurodevelopmental disorders characterized by aberrant socio-emotional processing. A special emphasis in her studies is also placed on the role of the endocannabinoid system in the regulation of emotions and cognition through development.

GENERAL DEVELOPMENT OF THE BUSINESS

Developments during the Financial Year ended December 31, 2021

During the year ended December 31, 2021, Nova entered into a rescission agreement, detailed in “Loan Receivable”, and on March 31, 2021 750,000 escrow shares were cancelled by the Company, and on April 21, 2021, 500,000 common shares were returned to treasury as a result of the rescission agreement.

On June 10, 2021, the Company issued 1,513,306 common shares in settlement of debt to a consultant. These shares were valued at $0.08 to settle $121,064 in debt to the consultant.

On August 24, 2021, the Company issued 101,904 common shares in settlement of debt to a Nova director. These shares were valued at $0.105 to settle $10,700 in debt to the Director.

Results of Operations 2021

During the year ended December 31, 2021, the Company reported a net loss of $2,684,619 compared to a net loss for the year ended December 31, 2020 of $25,232,690 (See “Restatement”), and a net loss for the year ended December 31, 2019 of $1,398,087.

The Company’s 2021 net loss, and comparisons to 2020 and 2019, included expenditures as follows:

- Accounting, legal and audit fees of $144,089 (2020 - $99,921; 2019 - $131,296) remained relatively consistent, year-over-year;
- Consulting fees of $892,380 (2020 - $268,161; 2019 - $370,118) increased in 2021 due to more consultants engaged for work as a result of the Nova Biotech and Pilz acquisitions;
- Management fees of $198,000 (2020 - $205,500; 2019 - $188,000) were paid to the Chief Executive Officer (“CEO”), the Chief Financial Officer (“CFO”), and remained fairly consistent with the prior years;
- Office and general of $349,980 (2020 - $59,968; 2019 - $112,167) increased in 2021 due to the timing of expenditures and significant prepaid amounts from 2020 that were expensed during 2021;

- Share-based payments of $348,441 (2020 - $894,087; 2019 - $266,210) pertained to share options granted to directors, officers and consultants of the Company. In 2021, 3,575,000 options were granted (2020 – 6,225,000; 2019 – 5,500,000);
- Shareholder communications and investor relations of $46,971 (2020 - $189,044; 2019 - $63,345) were significantly higher in 2020 due to the Nova Biotech and Pilz acquisitions;
- Transfer agent and filing fees of $89,149 (2020 - $31,323; 2019 - $62,846) increased from 2020 due to greater listing fees and timing of expenditures in 2021;
- R&D costs of $860,074 (2020 - $48,405; 2019 - $nil) pertained to biotechnology research and development costs related to the Company's ongoing observational study, development and production of cGMP psilocybin, among other R&D activities. 2020 R&D expenses reflect approximately one month of R&D activity which the Company began to incur from the date of the Pilz acquisition;
- Gain on short term investments of $24,353 (2020 – loss of $25,870; 2019 – loss of $27,725) pertained to an increase in the value of FUEL shares in 2021.
- Recovery of expenses of $nil (2020 – $19,427; 2019 - $nil)) pertained to a recovery of costs in 2020 for amounts that were expensed in the 2019 fiscal year;
- Consideration paid in excess of net assets acquired from Nova Biotech in 2020 of $6,268,583 pertained to the difference of the fair value of consideration paid less the net assets acquired in the acquisition of Nova Mentis Biotech Corp. in 2020;
- Consideration paid in excess of net assets acquired from Pilz in 2020 of $11,493,395 pertained to the difference of the fair value of consideration paid less the net assets acquired in the acquisition of Pilz in 2020; and
- Impairment of investment in Just Kush of $nil (2020 - $5,666,889 (See "Restatement"); 2019 - Equity loss from associate of $93,958) pertained to the Company determining that it no longer had significant influence over Just Kush in addition to a rescission agreement signed on March 19, 2021 (See also, "Loan Receivable"). The 2019 amount pertained to the Company's share of the loss recorded by Just Kush in 2019 when it still had significant influence over Just Kush.

RESTATEMENT

During the year ended December 31, 2021, the Company became aware of errors in discounting the Loan Receivable from Just Kush and the purchase allocation in the acquisition of Pilz Bioscience Corp. resulting in a restatement of the previously issued consolidated financial statements for the year ended December 31, 2020. The errors caused an overstatement of the loan receivable from Just Kush of $1,595,626, an overstatement of prepaid assets of $450,000, an overstatement of share capital of $61,924 and an understatement of net loss and comprehensive loss of $1,983,702.

The following tables outline the effect of the changes made to the consolidated financial statements originally filed.

Impact on the consolidated statement of financial position as at December 31, 2021:

	Previously Reported	Change	Restated
	$	$	$
Prepaid assets	867,821	(450,000)	417,821
Loan receivable from Just Kush	2,037,839	(1,595,626)	442,213
Total Assets	**5,092,105**	**(2,045,627)**	**3,046,478**
Share capital	48,298,316	(61,924)	48,236,392
Deficit	(50,930,456)	(1,983,702)	(52,914,158)
Total shareholders' equity	4,709,142	(2,045,626)	2,663,516
Total liabilities and shareholders' equity	**5,092,105**	**(2,045,626)**	**3,046,478**

Impact on the consolidated statement of loss and comprehensive loss for the year ended December 31, 2020:

	Previously Reported	Change	Restated
	$	$	$
Impairment of investment in Just Kush	(4,071,263)	(1,595,626)	(5,666,889)
Consideration paid in excess of net assets acquired from Pilz	(11,105,319)	(388,076)	(11,493,395)
Net Loss and Comprehensive Loss for the Year	**(23,248,988)**	**(1,983,702)**	**(25,232,690)**
Loss and Comprehensive Loss Per Share, Basic and Diluted	**(0.45)**	**(0.04)**	**(0.49)**

All adjustments affected only non-cash items; therefore, there was no impact to cash provided by operating activities and also no impact to cash used in investing activities or cash provided by financing activities. The restatement had no impact on the consolidated statement of financial position as at January 1, 2020.

Developments during the Financial Year ended December 31, 2020

During the year ended December 31, 2020, the Company determined that it no longer had significant influence over Just Kush and determined that the net realizable value of any such investment is the value of the loan receivable. Accordingly, the Company incurred an impairment loss on the investment of $5,666,889 in accordance with level 3 of the fair value hierarchy and classified its investment in Just Kush as FVTPL. See “Restatement” and “Loan Receivable” above for additional details.

Acquisition of Nova Mentis Biotech Corp.

On June 26, 2020, the Company completed a share purchase agreement with Nova Mentis Biotech Corp. (“Nova Biotech”), pursuant to which the Company acquired all of the issued and outstanding shares in the capital of Nova Biotech in exchange for 28,750,002 common shares in the capital of the Company.

Nova Biotech is a research and development driven company that is focused on investigating the anti-inflammatory effects of psilocybin in underexplored metabolic indications such as obesity and diabetes.

The transaction is accounted for in accordance with guidance provided in IFRS 2 *Share-Based Payment* (“IFRS 2”) and IFRS 3 *Business Combination* (“IFRS 3”). As Nova Biotech did not qualify as a business according to the definition in IFRS 3, the acquisition does not constitute a business combination; rather, it is treated as an asset acquisition. The consideration paid was allocated to the net assets and liabilities acquired with the excess included in net loss as consideration paid in excess of net assets acquired.

Fair value of consideration – 28,750,002 common shares at $0.26	$	7,475,000
Transaction costs		8,181
		7,483,181
Net Assets Acquired:		
Cash	$	1,247,500
Amounts receivable		1,608
Accounts payable and accrued liabilities		(34,510)
		1,214,598
Consideration paid in excess of net assets acquired	**$**	**6,268,583**

Acquisition of Pilz Bioscience Corp.

On November 30, 2020, the Company completed an agreement with Pilz Bioscience Corp. ("Pilz"), pursuant to which the Company acquired all of the issued and outstanding shares in the capital of Pilz in exchange for 50,006,332 common shares in the capital of the Company (the "Transaction").

The Transaction was effected by way of a "three-cornered" amalgamation, in which: (a) The Company formed a subsidiary which amalgamated with Pilz to form an amalgamated company ("Amalco"); (b) all issued and outstanding shares of Pilz were then exchanged for common shares of the Company on a 1:1 basis; and (c) Amalco became a wholly-owned subsidiary of the Company and was renamed Pilz Bioscience Corp.

Of the shares exchanged, 12,250,000 are subject to a voluntary pooling agreement whereas certain former Pilz shareholders have agreed to resale restrictions on the shares of the Company received: 20% were released upon closing of the Transaction, a further 40% were released three months following closing, and the remaining 40% were released six months following closing.

Pilz Bioscience Corp. ("Pilz") is a biotechnology company developing medicinal psychedelics for neuroinflammatory conditions with a significant cognitive component and high unmet therapeutic needs.

The Transaction is accounted for in accordance with guidance provided in IFRS 2 and IFRS 3. As Pilz did not qualify as a business according to the definition in IFRS 3, the acquisition does not constitute a business combination; rather, it is treated as an asset acquisition. The consideration paid was allocated to the net assets and liabilities acquired with the excess included in net loss as consideration paid in excess of net assets acquired.

Fair value of consideration – 50,006,332 common shares at $0.265	$	13,189,764
Transaction costs – Cash		7,331
Transaction costs – Common shares		77,500
		13,336,509
Net Assets Acquired:		
Cash	$	1,373,87
Prepaid expenses		429,825
Accounts payable and accrued liabilities		(22,500)
		2,231,190
Consideration paid in excess of net assets acquired	**$**	**11,493,395**

Developments during the Financial Year ended December 31, 2019

During the year ended December 31, 2019, the Company issued 1,250,000 common shares of the Company for gross proceeds of $150,000 on the exercise of 1,250,000 stock options.

As of December 31, 2019, Nova management and Just Kush were renegotiating the terms of the original share purchase agreement, and at that time no additional shares have been issued by either party. As such, the Company's investment in associate was 34.5% equity interest as at December 31, 2019.

In relation to this transaction, the Company paid a finder's fee of 1,000,000 common shares, which were valued at $420,000 and compensation shares of 1,000,000 common shares, which were valued at $420,000. The Company had determined it had significant influence over Just Kush and accounted for its investment using the equity method. The following is a summary of the investment in associate:

	2019 $	2018 $
Shares issued	4,350,000	4,350,000
Cash consideration	150,000	150,000
Advances	1,378,418	964,839
Equity loss from associate	(203,737)	(109,779)
Investment in associate	5,674,681	5,355,060

Summarized financial information for Just Kush is as follows:

	2019 $	2018 $
Current assets	26,839	112,227
Non-current assets	1,146,381	937,821
Current liabilities	71,185	59,291
Non-current liabilities	2,009,886	1,626,257
Net loss	272,341	318,200

On April 1, 2019 Just Kush received from the Cannabis Licensing Division of Health Canada, its Confirmation of Readiness Notice in regards to its application for Standard Cultivation, Standard Processing, and Sale for Medical Purposes Licenses under the *Cannabis Act* and Regulations.

On December 13, 2019, Just Kush was issued Standard Cultivation, Standard Processing, and Sale for Medical Purposes Licences from Health Canada under the *Cannabis Act* and Regulations in respect to the company's state-of-the-art cannabis cultivation facility situated on 13 acres in the Okanagan Valley, B.C.

On June 20, 2018, the Company purchased 666,667 common shares of BLOX (CSE: Blox) at $0.075 per share. The investment was made pursuant to the terms of an agreement signed December 9, 2017, where the Company agreed to purchase a minimum of $50,000 in shares of BLOX for investment purposes, when BLOX undertook its next equity financing. The investment is marked to market each reporting period and the gain or loss is reflected in gain on short term investments. Common shares of BLOX underwent a three for one stock split on June 28, 2018. Pursuant to a news release dated September 9, 2019, BLOX completed a change of business and received final approval from the Canadian Securities Exchange of a name change to Sire Bioscience Inc. ("SIRE"), and commenced trading on the CSE under the symbol "SIRE" on September 11, 2019. The Company's 2,000,001 BLOX shares were converted to 2,000,001 SIRE shares pursuant to the news release. During the year ended December 31, 2019 the Company sold 43,000 SIRE shares for $3,350 in proceeds. As at December 31, 2019, these 1,957,000 shares were valued at $0.025 per share for a market value of $48,925 (December 31, 2018 - $80,000), with a corresponding loss recognized during the period of $27,725.

On April 8, 2019 the Company launched its Signature Cannabis Retail Ltd. ("Signature") e-commerce website offering cannabis accessories to consumers. Revenues for the year ended December 31, 2019 were $7,192. Revenues for the year ended December 31, 2020 were $11,472. Nova did not report any revenues from Signature during the year ended December 31, 2021. During the year ended December

31, 2021, the Company determined that it no longer intended to operate in the cannabis industry and ceased operations of Signature. In January 2022, Signature was dissolved.

At December 31, 2019, the Company had cash of $87,005 and working capital of $555,250.

SUMMARY OF QUARTERLY FINANCIAL RESULTS

The following are the results for the eight quarterly periods in 2021 and 2020:

For the periods ended:	December 31, 2021	September 30, 2021	June 30, 2021	March 31, 2021
	$	$	$	$
Net loss for the period	(243,608)	(1,403,148)	(420,964)	(616,899)
Net loss per common share[1]	(0.00)	(0.01)	(0.00)	(0.01)

For the periods ended:	December 31, 2020 (Restated)	September 30, 2020	June 30, 2020	March 31, 2020
	$	$	$	$
Total revenues	1,526	1,317	1,687	6,942
Net loss for the period	(18,068,992)	(554,498)	(6,425,416)	(183,784)
Net loss per common share[1]	(0.28)	(0.01)	(0.19)	(0.01)

[1] Basic and diluted

SELECTED ANNUAL INFORMATION

	December 31, 2021	December 31, 2020 (Restated)	December 31, 2019
	$	$	$
Total revenues	-	11,472	7,192
Net loss	2,684,619	25,232,690	1,398,087
Net loss per share[1]	0.02	0.49	0.04
Total assets	881,158	3,046,478	6,584,935
Total liabilities	422,056	382,962	325,070

[1] Basic and diluted

Subsequent to December 31, 2021

a) On January 11, 2022, the Company granted 2,350,000 Restricted Share Units ("RSUs") to directors, officers, and consultants of the Company. The RSUs expire 24 months from the date of grant. The RSUs are governed by the Company's RSU Plan, which was approved by the Company's shareholders on December 22, 2020.

   The total fair value of the RSUs on the date of grant was $141,000, which is based on the market price of the Company's shares on the date of grant. RSUs granted to directors and officers vested immediately, while RSUs granted to certain consultants of the Company will vest at 50% on July 11, 2022, and 50% on January 11, 2023.

b) On January 13, 2022, the Company entered into a debt settlement agreement pursuant to which the Company has agreed to issue 1,056,583 common shares (each, a “Share”), at a deemed price of $0.06 per Share, to settle indebtedness of $63,395 (the "Transaction”). All Shares issued pursuant to the Transaction are subject to a statutory four-month and one-day hold period from the date of issue.

c) On March 15, 2022, the Company announced the closing of a non-brokered private placement through the issuance of 29,670,000 units at $0.05 per unit for total gross proceeds of $1,483,500 (the “Placement”). Each unit is comprised of one common share of the capital of the Company and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share at a price of $0.075 for a period of 18 months from the date of issue. The common shares are subject to a statutory 4-month hold period. Insiders and parties related to the Company subscribed for 2,550,000 units for gross proceeds of $127,500.

   The Company applied the fair value method using the Black-Scholes pricing model in accounting for warrants issued with the following weighted-average assumptions: risk-free interest rate of 1.77%; expected dividend yield of zero; expected share price volatility of 125%; and expected life of 1.5 years. The Company used historical volatility to estimate the volatility of the share price. The fair value assigned to these warrants was $475,784.

d) On March 22, 2022, the Company engaged certain consultants to provide marketing, social media, and investor relations services. Consideration paid totaled $207,660 and the services will be provided over terms ranging from three to four months. In connection with these contracts, the Company has granted 1,250,000 options. The options have an exercise price of $0.08 and expire one year from the date of grant.

e) Subsequent to December 31, 2021, 700,000 options expired unexercised.

f) On May 11, 2022, the Board of Directors granted 200,000 options to a consultant of the Company. The options have an exercise price of $0.085 and expire 2 years from the date of grant.

LIQUIDITY AND CAPITAL RESOURCES

At December 31, 2021, the Company had cash and cash equivalents and short-term investments of $218,733 (2020 - $2,140,578; 2019 - $847,416) to meet contractual financial liabilities of $422,056 (2020 - $382,962; 2019 - $325,070). Nova had a working capital deficit of $94,285 as at December 31, 2021 (2020 – working capital of $2,198,189; 2019 – working capital of $555,250).

To address working capital requirements for 2021, the Company has maintained cost control measures to minimize its general and administrative expenses where possible. See General and Financing for a summary of capital transactions.

For fiscal 2021, the Company will require additional financing to address capital and operating expenditures in its Nova Biotech and Pilz interests, pay general and administrative expenses and to seek out additional opportunities in the biotechnology industry to create shareholder value.

Loan Receivable

On December 6, 2017, the Company signed an agreement to acquire shares of Just Kush Enterprises Ltd. (“Just Kush”), a private British Columbia company with an in-process ACMPR license.

Pursuant to the agreement, the Company has advanced payment to Just Kush and the amount pertains to the build out expenditures incurred at the Just Kush facility to further Just Kush’s ACMPR application.

These amounts have been paid by the Company and are owed to the Company by Just Kush. During the year ended December 31, 2020, the Company advanced $434,421 to Just Kush.

Due to deteriorating market conditions in the cannabis industry and a general disagreement between the stakeholders involved regarding terms of the original purchase agreement and whether the Company had an obligation to contribute capital to Just Kush, the Company entered into a rescission agreement dated March 19, 2021 with Just Kush such that the original purchase agreement is null and void.

Concurrent with the rescission agreement, the Company entered into a loan agreement whereby Just Kush has agreed to repay a principal sum of $2,037,839 representing advances made by the Company to Just Kush in addition to the cash consideration of the original purchase agreement. Terms of the loan are as follows:

Just Kush shall repay the principal amount on or before March 30, 2027 in monthly installments commencing on March 30, 2022, of the greater of $15,000 or 10% of the borrower's gross revenue for the immediately preceding calendar month. The loan does not accrue interest. As of the date of filing this AIF, the Company had not received its first monthly installment against the loan receivable. On May 1, 2022, Nova entered into a forbearance agreement with Just Kush to waive its rights to enforce the rescission agreement with respect to Just Kush's default, and to grant Just Kush the right to delay the repayment of the loan for a period of three months, until August 1, 2022. Under the forbearance agreement, Just Kush may request, in writing, additional three-month extensions together with an extension fee of $40,000 for each extension to be added to its indebtedness to Nova. As of the date of filing this AIF, Nova had not received Just Kush's written request to extend the forbearance period.

In the event that on or before March 30, 2026, the borrower has repaid an aggregate of $800,000 of the principle, the Company shall forgive the remaining balance on the loan to Just Kush.

During the year ended December 31, 2020, the Company determined that it no longer had significant influence over Just Kush effective March 19, 2021 and determined that the net realizable value of any such investment is the value of the loan receivable. Management assessed that Just Kush reaching $800,000 in aggregate repayments by March 26, 2026 was unlikely and therefore determined the fair value of the loan based on the principal sum of $2,037,839 repayable on or before March 30, 2027. Management applied an effective interest rate of 29% in calculating the present value of the loan. Accordingly, the Company incurred an impairment loss on the investment of $5,666,889 in accordance with level 3 of the fair value hierarchy and classified its investment in Just Kush as FVTPL.

In accordance with the rescission agreement, shares involved in the original purchase agreement were returned to capital: 750,000 escrow shares were returned to capital on March 31, 2021, and 500,000 shares were returned to capital on April 21, 2021.

Continuity of the loan receivable from Just Kush as of December 31, 2021 is as follows

	$
Balance, December 31, 2019	-
Additions	442,213
Balance, December 31, 2020	442,213
Accretion	93,058
Loan receivable	**535,271**

Facilities

The Company has no facilities.

Economic Dependence

The Company is presently not economically dependent on any customers or suppliers. In the long-term, the Company's business will be dependent on development of psilocybin into a therapy, medication, or treatment.

Cycles

The Company believes that the market for psychoactive compounds will not suffer from cyclical or seasonal sales variances.

Foreign Operations

The Company does not have any foreign operations, however, and several key researchers and scientists working with Nova are based in the United States of America, while others critical to research and development are based in Italy.

Environmental Protection

The Company's future laboratory operations will be subject to environmental protection laws and regulations that prescribe methods for storing and disposing of chemicals and controlled compounds, as the operations will involve spores, silica gels, dried mushroom powder, solvents for extraction and chromatographic separations in solvent systems which present potential and low-grade hazard to human health. Prior to commencing its laboratory operations, the Company will establish internal policies to comply with all such environmental laws and regulations.

Bankruptcy and Similar Procedures

The Company has not been involved in any bankruptcy, receivership or similar proceedings or any voluntary bankruptcy, receivership or similar proceedings since incorporation or completed during or proposed for the current financial year.

REGULATORY OVERVIEW

The Company's business involves the use of psychoactive compounds or materials that contain psychoactive compounds, namely the transportation, testing, storage and sale of such compounds and products, and as such, will be subject to various regulatory authorities.

Certain psychoactive compounds, such as psilocybin, are considered controlled substances under the CDSA. Specifically, Psilocin (3–[2–(dimethylamino)ethyl]–4–hydroxyindole) and any salt thereof and Psilocybin (3–[2–(dimethylamino)ethyl]–4–phosphoryloxyindole) and any salt thereof, are listed under Schedule III of the CDSA. The possession, sale or distribution of controlled substances is prohibited unless specifically permitted by the government. Penalties for contravention of the CDSA related to Schedule I substances are the most punitive, with Schedule II being less punitive than Schedule I, Schedule III being less punitive than Schedule I and II and so forth. A party may seek government approval for a Section 56 Exemption to allow for the possession, transport or production of a controlled substance for medical or scientific purposes.

Products that contain a controlled substance such as psilocybin cannot be made, transported or sold without proper authorization from the government. A party can apply for Dealer's Licence under the *Food and Drug Regulations* (Part J) which would permit a party to perform authorized activities in relation to a restricted drug. In order to qualify for Dealer's Licence, a party must meet all regulatory requirements mandated by the regulations including having compliant facilities, compliant materials and staff that meet the qualifications under the regulations of a senior person in charge and a qualified person in charge. Assuming compliance with all relevant laws (the CDSA*, Food and Drugs Regulations*) and subject to any restrictions placed on the licence by Health Canada, an entity with a Dealer's Licence may produce, assemble, sell, provide, transport, send, deliver, import or export a restricted drug (as listed in Part J in the *Food and Drugs Regulations* – which includes psilocybin and psilocin) (see s. J.01.009 (1) of the *Food and Drug Regulations*).

NHPs are regulated by Health Canada under the *Natural Health Products Regulations*. Under these regulations an NHP can include an extract or isolate of a substance from an organism such as a fungus if the primary molecular structure of the extract or isolate is identical to that which it had prior to its extraction or isolation. In order to manufacture an NHP in Canada a party must obtain a site licence in accordance with Part 2 of the *Natural Health Products Regulations*. In order to sell an NHP in Canada, a party must obtain a product licence in accordance with Part 1 of the *Natural Health Products Regulations*. Once approved the regulations require detailed record keeping and recall protocols in the event of adverse events.

Drug products in Canada are regulated by Health Canada under the *Food and Drugs Act* and *Food and Drugs Regulations*. Health Canada regulates, among other things, research and development activities and the testing, approval, manufacture, quality control, safety, effectiveness, labeling, storage, record keeping, advertising and promotion of any product candidates or commercial products.

For a drug product to be approved in Canada, it must provide sufficient evidence of safety, efficacy and chemical quality based on preclinical investigation and Phase I, II, and III clinical trials using approved and compliant manufacturing and clinical sites. Upon satisfying Health Canada regulatory requirements, a Notice of Compliance will be issued, and a Drug Identification Number will be assigned to that product. The regulatory approval process is generally lengthy and expensive, with no guarantee of a positive result. Once approved, Health Canada continues to monitor the product and licence holders have obligations related to reporting to Health Canada, record keeping and ensuring continued safety and efficacy of the product.

Regulatory Overview of Importation of Psilocybin-Containing Mushrooms into Canada
To import a controlled substance, namely psilocybin, a person is required to hold a Dealer's Licence pursuant to Part J, sections J.01.009 to J.01.016, of the Food and Drugs Regulations. After obtaining a Dealer's Licence, for each shipment imported into Canada, a licence holder must also apply for an Import Permit pursuant to Part J, sections J.01.038 to J.01.047 of the Food and Drugs Regulations.

RISK FACTORS

An investment in the Company involves a high degree of risk and should be considered speculative. An investment in the Company should only be undertaken by those persons who can afford the total loss of their investment. Readers should carefully consider the risks and uncertainties described below, as well as other information contained in this Annual Information Form. The risks and uncertainties below are not the only ones the Company faces. Additional risks and uncertainties not presently known to the Company or that the Company believes to be immaterial may also adversely affect the Company's business. If any of the following risks occur, the Company's business, financial condition and results of operations could be seriously harmed and you could lose all or part of your investment.

Negative cash flows and going concern

The Company has a negative operating cash flow for the period ended December 31, 2020. There is no assurance that sufficient revenues will be generated in the near future. To the extent that the Company has negative operating cash flow in future periods, it may need to allocate a portion of its cash reserves to fund such negative cash flow. The Company will also be required to raise additional funds through the issuance of equity or debt securities. There can be no assurance that the Company will be able to do so on terms that are reasonable or acceptable, or at all, nor that the Company will ever be able to generate a positive cash flow from its operations, that additional capital or other types of financing will be available when needed or that these financings will be on terms favourable to the Company.

The Company's financial position and results of operations may differ materially from expectations

The Company's actual financial position and results of operations may differ materially from management's expectations. As a result, the Company's revenue, net income and cash flow may differ materially from the Company's projected revenue, net income and cash flow. The process for estimating the Company's revenue, net income and cash flow requires the use of judgment 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 Company's financial condition or results of operations.

The Company expects to incur future losses and may never become profitable

The Company has incurred losses since incorporation and expects an operating loss for the year ending December 31, 2021. The Company believes that operating losses will continue as it is planning to incur significant costs associated with the research, development and market of its future products. The Company's net losses have had and will continue to have an adverse effect on, among other things, shareholders' equity, total assets and working capital. The Company expects that losses will fluctuate from quarter to quarter and year to year, and that such fluctuations may be substantial. The Company cannot predict when it will become profitable, if at all. The Company's ability to generate revenue will depend, in part, upon its ability, alone or with partners, to successfully develop its product/compound candidates, conduct successful scientific and clinical testing programs as required to support applications for regulatory approval, obtain regulatory approval, and commercialize products, including any of its current product/compound candidates, or other product/compound candidates that it may develop, or acquire in the future.

The Company expects to incur significant ongoing costs and obligations

As a research and development company, the Company expects to spend substantial funds on the research, development and testing of products. In addition, the Company expects to incur significant ongoing costs and obligations related to its investment in infrastructure and growth and for regulatory compliance, which could have a material adverse impact on the Company's results of operations, financial condition and cash flows. For the foreseeable future, the Company will have to fund all of its operations and development expenditures from cash on hand, equity financings, through collaborations with other biotechnology or pharmaceutical companies or through financings from other sources. The Company will also require significant additional funds if it expands the scope current plans for research and development or if it were to acquire any other assets and advance their development. It is possible that future financing will not be available or, if available, may not be on favourable terms. The availability of financing will be affected by the achievement of the Company's corporate goals, the results of scientific and clinical research, the ability to obtain regulatory approvals and the state of the capital markets generally.

If adequate funding is not available, the Company may be required to delay, reduce or eliminate one or more of its research and development programs, or obtain funds through corporate partners or others

who may require the Company to relinquish significant rights to its products or compounds or obtain funds on less favourable terms than the Company would otherwise accept. To the extent that external sources of capital become limited or unavailable or available on onerous terms, the Company's intangible assets and its ability to continue its clinical development plans may become impaired, and the Company's assets, liabilities, business, financial condition and results of operations may be materially or adversely affected.

In addition, future changes in regulations, changes in legal status of products, more vigorous enforcement thereof or other unanticipated events could require extensive changes to the Company's operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of the Company. Efforts to grow the business may be costlier than the Company expects, and the Company may not be able to generate enough revenue to offset higher operating expenses. The Company may incur significant losses in the future for several reasons, including the other risks described in this Annual Information Form, and unforeseen expenses, difficulties, complications and delays, and other unknown events.

Failure to realize anticipated benefits of the acquisition of acquired businesses

Achieving the benefits of the acquisition of acquired businesses, depends in part on successfully integrating such businesses in a timely and efficient manner. This integration requires the dedication of substantial management effort, time and resources, which may divert management's focus and resources from other strategic opportunities. The integration process may result in the loss of key individuals and service providers and the disruption of ongoing business and consultant relationships that may adversely affect the Company's ability to achieve the anticipated benefits of the acquisition.

Potential undisclosed liabilities associated with the acquisition of acquired businesses

In connection with the acquisition of both Nova and PILZ, there may be liabilities that the Company failed to discover or were unable to quantify in its due diligence which was conducted prior to the acquisition of Nova and PILZ and the Company may not be indemnified for some or all of these liabilities. The Company has been audited as at and for the year ended Dec 2021, and management is not aware of any unrecorded liabilities as of the date of this AIF

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

The Company operates its business in a relatively new industry and market. In addition to being subject to general business risks, the Company must continue to build brand awareness in this industry and market through significant investments in its strategy, its production capacity, quality assurance and compliance with regulations. In addition, there is no assurance that the industry and market will continue to exist and grow as currently estimated or anticipated or function and evolve in the manner consistent with management's expectations and assumptions. Any event or circumstance that adversely affects the psychedelic industry and market could have a material adverse effect on the Company's business, financial conditions and results of operations.

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

The Company's prospects depend on the success of its products/compounds

The Company can make no assurance that its research and development programs will result in regulatory approval or commercially viable products/compounds. To achieve profitable operations, the Company, alone or with others, must successfully develop, gain regulatory approval for, and market its future products/compounds.

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

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

The Company can make no assurance that any future studies, if undertaken, will yield favorable results

Many companies in the pharmaceutical and biotechnology industries have suffered significant setbacks in later-stage clinical trials after achieving positive results in early-stage development, and the Company cannot be certain that it will not face similar setbacks. These setbacks have been caused by, among other things, preclinical findings made while clinical trials were underway or safety or efficacy observations made in clinical trials, including previously unreported adverse events. Moreover, preclinical and clinical data are often susceptible to varying interpretations and analyses, and many companies that believed their product/compound candidates performed satisfactorily in preclinical studies and clinical trials nonetheless failed to obtain Health Canada approval. If the Company (or a third party conducting clinical trials) fails to produce positive results in its future clinical trials its programs, the development timeline and regulatory approval and commercialization prospects for the Company's product/compound candidates, and, correspondingly, its business and financial prospects, would be materially adversely affected.

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

The Company may rely on third parties to conduct preclinical development activities and will rely on third parties to conduct clinical development activities. Preclinical activities include in vivo studies providing access to specific disease models, pharmacology and toxicology studies, and assay development. Clinical development activities include trial design, regulatory submissions, clinical patient recruitment, clinical trial monitoring, clinical data management and analysis, safety monitoring and project management. If there is any dispute or disruption in its relationship with third parties, or if it is unable to provide quality services in a timely manner and at a feasible cost, the Company's active

development programs will face delays. Further, if any of these third parties fails to perform as the Company expects or if their work fails to meet regulatory requirements, the Company's testing could be delayed, cancelled or rendered ineffective.

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

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

There can be no assurances that CMOs, if and when contracted by the Company, will be able to meet the Company's timetable and requirements.

If the Company is unable to arrange for alternative third-party manufacturing sources on commercially reasonable terms or in a timely manner, the Company may be delayed in the development of its product/compound candidates. Further, CMOs must operate in compliance with cGMP and failure to do so could result in, among other things, the disruption of product supplies. The Company's dependence upon third parties for the manufacture of its products/compounds may adversely affect its profit margins and its ability to develop and deliver products on a timely and competitive basis.

The Company will require commercial scale and quality manufactured product to be available for pivotal or registration clinical trials

In order to commercialize some of its product/compounds, the Company will need to manufacture commercial quality drug supply for use in registration clinical trials. Most, if not all, of the clinical material used in phase 3/pivotal/registration studies must be derived from the defined commercial process including scale, manufacturing site, process controls and batch size. If the Company has not scaled up and validated the commercial production of its product/compound prior to the commencement of pivotal clinical trials, it may have to employ a bridging strategy during the trial to demonstrate equivalency of early-stage material to commercial drug product, or potentially delay the initiation or completion of the trial until drug supply is available. The manufacturing of commercial quality drug product has long lead times, is very expensive and requires significant efforts including, but not limited to, scale-up of production to anticipated commercial scale, process characterization and validation, analytical method validation, identification of critical process parameters and product quality attributes, and multiple process performance and validation runs. If the Company does not have commercial drug supply available when needed for pivotal clinical trials, the Company's regulatory and commercial progress may be delayed, and it may incur increased product development costs. This may have a material adverse effect on the Company's business, financial condition and prospects, and may delay marketing of the products/compounds.

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

Prior to obtaining marketing approval from regulatory authorities for the sale of the Company's product/compound candidates, the Company will be required to conduct, or will rely on third parties to conduct, preclinical studies in animals and extensive clinical trials in humans to demonstrate the safety and efficacy of the product/compound candidates. Clinical testing is expensive and difficult to design and implement, can take many years to complete and has uncertain outcomes. The outcome of preclinical studies and early clinical trials may not predict the success of later clinical trials, and interim results of a clinical trial do not necessarily predict final results. A number of companies in the

pharmaceutical, NHP and biotechnology industries have suffered significant setbacks in advanced clinical trials due to lack of efficacy or unacceptable safety profiles, notwithstanding promising results in earlier trials.

The Company does not know whether the clinical trials it may conduct will demonstrate adequate efficacy and safety to result in regulatory approval to market any of its product/compound candidates in any jurisdiction. A product/compound candidate may fail for safety or efficacy reasons at any stage of the testing process. A major risk the Company faces is the possibility that none of its product/compound candidates will successfully gain market approval from Health Canada, the FDA or other regulatory authorities, resulting in the Company being unable to derive any commercial revenue from them after investing significant amounts of capital in their development.

There could be delays in clinical testing

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

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

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

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

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

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

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

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

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

Research in Canada and internationally regarding the medical benefits, viability, safety, efficacy, addictiveness, dosing and social acceptance of psychedelic and psychoactive products derived from psilocybin remains in early stages. There have been relatively few clinical trials on the benefits of such products. Although the Company believes that the articles, reports and studies support its beliefs regarding the medical benefits, viability, safety, efficacy, dosing and social acceptance of psychedelic and psychoactive products derived from 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 Annual Information Form 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 Company's products/compounds with the potential to lead to a material adverse effect on the Company's business, financial condition and results of operations.

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

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

The Company may be subject to product recalls for product defects self-imposed or imposed by regulators

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

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

Product Liability Insurance

The Company's business could expose it to potential product liability, recalls and other liability risks that are inherent in the sale of drug and food products. The Company can provide no assurance that such potential claims will not be asserted against it. A successful liability claim, or series of claims, brought against the Company could have a material adverse effect on its business, financial condition and results of operations.

The Company has yet to obtain product liability insurance coverage. The Company cannot provide any assurances that any product liability insurance that is obtained at a later date will provide adequate coverage against potential liabilities. Claims or losses in excess of any product liability coverage that

may be obtained by the Company could have a material adverse effect on its business, financial condition, and results of operations.

Furthermore, the successful assertion of one or more large claims against the Company that exceeds its available insurance coverage, or changes in its insurance policies, including premium increases or the imposition of large deductible or co-insurance requirements, could have an adverse effect on its business, financial condition and results of operations.

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

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

Regulatory approval processes are lengthy, expensive and inherently unpredictable

The Company's development and commercialization activities and product/compound candidates will be significantly regulated by a number of governmental entities, including the FDA, Health Canada, and comparable authorities in other countries. Regulatory approvals are required prior to each clinical trial and the Company (or a third party conducting a clinical trial) may fail to obtain the necessary approvals to commence or continue clinical testing. The Company must comply with regulations concerning the manufacture, testing, safety, effectiveness, labeling, documentation, advertising, and sale of products/compounds and product/compound candidates and ultimately must obtain regulatory approval before it can commercialize a product/compound candidate. Further, if the active ingredient or raw material contains a controlled substance, additional licences are required to possess these ingredients and materials both to test and conduct preclinical and clinical trials and to sell such products/compounds.

The time required to obtain approval by such regulatory authorities is unpredictable but typically takes many years following the commencement of preclinical studies and clinical trials. Any analysis of data from clinical activities the Company performs is subject to confirmation and interpretation by regulatory authorities, which could delay, limit or prevent regulatory approval. Even if the Company believes results from clinical trials are favorable to support the marketing of its product/compound candidates, Health Canada, the FDA or other regulatory authorities may disagree. In addition, approval policies, regulations, or the type and amount of clinical data necessary to gain approval may change during the course of a product/compound candidate's clinical development and may vary among jurisdictions. The Company has not yet obtained regulatory approval to possess any raw materials, as required, or for any product/compound candidate and it is possible that no such regulatory approval will ever be obtained.

The Company could fail to receive regulatory approval for its product/compound candidates for many reasons, including, but not limited to:

- failure to obtain approval to possess required raw materials that are controlled substances for scientific testing or for sale and distribution;
- disagreement with the design or implementation of its clinical trials;

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

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

Government Regulation

The possession of, ability to test, processing, manufacturing, packaging, labeling, advertising and distribution of the Company's products/compounds will be subject to regulation by one or more federal agencies, and various agencies of the provinces and localities in which our products are intended to be sold. These government regulatory agencies may attempt to regulate any of our products/compounds that fall within their jurisdiction. Such regulatory agencies may not accept the evidence of safety for any new ingredients that the Company may want to market, may determine that a particular product/compound or product/compound ingredient presents an unacceptable health risk and may determine that a particular statement of nutritional support that we want to use is an unacceptable claim. Such a determination would prevent the Company from marketing particular products/compounds or using certain statements of nutritional support on its products/compounds. The Company also may be unable to disseminate third-party literature that supports its products/compounds if the third-party literature fails to satisfy certain requirements.

In addition, a government regulatory agency could require the Company to remove a particular product/compound from the market. Any future recall or removal would result in additional costs to the Company, including lost revenues from any products/compounds that we are 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.

Constraints on marketing products

The development of the Company's business and operating results may be hindered by applicable restrictions on sales and marketing activities imposed by government regulatory bodies. If the Company is unable to effectively market its products/compounds, or if the costs of compliance with government legislation and regulation cannot be absorbed through increased selling prices for its products/compounds, the Company's sales and operating results could be adversely affected.

Violations of laws and regulations could result in repercussions

In Canada, certain active ingredients such as psilocybin and psilocin 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 regulatory authorities in Canada will allow for exemptions to parties to allow possession of controlled substances for scientific purposes. Further, a Dealer's Licence 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 or psilocin. However, 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 Company operates, or private citizens or criminal charges. The loss of these necessary licences and permits could have an adverse effect on the Company's operations.

While the Company will be focused on programs using psychedelic inspired compounds, the Company will not have any direct or indirect involvement with the illegal selling, production or distribution of any substances in the jurisdictions in which it operates and does not intend to have any such involvement. However, a violation of any laws in the jurisdictions in which it operates 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 Company operates, or private citizens or criminal charges.

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

From time to time, the Company may announce the timing of certain events it expects to occur, such as the anticipated timing of results from its clinical trials. These statements are forward-looking and are based on the best estimates of management at the time relating to the occurrence of such events. However, the actual timing of such events may differ from what has been publicly disclosed. The timing of events such as initiation or completion of a clinical trial, filing of an application to obtain regulatory approval, or announcement of additional clinical trials for a product/compound candidate may ultimately vary from what is publicly disclosed. These variations in timing may occur as a result of different events, including the nature of the results obtained during a clinical trial or during a research phase, timing of the completion of clinical trials, problems with a CMO or any other event having the effect of delaying the publicly announced timeline. The Company undertakes no obligation to update or revise any forward-looking information or statements, whether as a result of new information, future events or otherwise, except as otherwise required by law. Any variation in the timing of previously announced milestones could have a material adverse effect on its business plan, financial condition or operating results and the trading price of Common Shares.

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

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

Many of the Company's competitors have substantially greater financial, technical and human resources than the Company does and have significantly greater experience than the Company in conducting preclinical testing and human clinical trials of product/compound candidates, scaling up manufacturing operations and obtaining regulatory approvals of products/compounds. Accordingly, the Company's

competitors may succeed in obtaining regulatory approval for products more rapidly than the Company does. The Company's ability to compete successfully will largely depend on:

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

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

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

The Company may face growth-related risks

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

The Company intends to expand the distribution of its products and materials internationally

As a result, it may become further subject to the laws and regulations of (as well as international treaties among) the foreign jurisdictions in which it operates or imports or exports products or materials. Failure

by the Company to comply with the current or evolving regulatory framework in any jurisdiction could have a material adverse effect on the Company's business, financial condition and results of operations.

There is the possibility that any such international jurisdiction could determine that the Company is not compliant with applicable local regulations. If the Company's sales or operations are found to be in violation of such international regulations, the Company may be subject to enforcement actions in such jurisdictions including, but not limited to civil and criminal penalties, damages, fines, the curtailment or restructuring of the Company's operations or asset seizures and the denial of regulatory applications.

There has been an increasing movement in certain foreign markets to increase the regulation of natural health products, which will impose additional restrictions or requirements. In addition, there has been increased regulatory scrutiny of nutritional supplements and marketing claims under existing and new regulations. Such anticipated regulatory and standards changes may introduce some risk and harm the Company's operations if its products or advertising activities are found to violate existing or new regulations or if the Company is not able to affect necessary changes to its products in a timely and efficient manner to respond to new regulations.

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

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

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

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

If the Company loses its licences from third-party owners, it may be unable to continue a substantial part of its business

The Company may enter into licences in the future to access additional third-party intellectual property. If the Company fails to pay annual maintenance fees, development and sales milestones, or it is determined that the Company does not use commercially reasonable efforts to commercialize licenced products, the Company could lose its licences which could have a material adverse effect on its business and financial condition.

The Company may require additional third-party licences to effectively develop and manufacture its key products and is currently unable to predict the availability or cost of such licences

A substantial number of patents have already been issued to other NHP, biotechnology and pharmaceutical companies. To the extent that valid third-party patent rights cover the Company's products or services, the Company or its strategic collaborators would be required to seek licences from the holders of these patents in order to manufacture, use or sell these products and services, and payments under them would reduce the Company's profits from these products and services. The Company is currently unable to predict the extent to which it may wish or be required to acquire rights under such patents, the availability and cost of acquiring such rights, and whether a licence to such patents will be available on acceptable terms or at all. There may be patents in Canada, the United States or in foreign countries or patents issued in the future that are unavailable to licence on acceptable terms. The Company's inability to obtain such licences may hinder or eliminate its ability to manufacture and market its products/compounds.

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

As is the case with other NHP, biotechnology and pharmaceutical companies, the Company's success is heavily dependent on intellectual property rights, particularly patents. Obtaining and enforcing patents in the biopharmaceutical industry involves technological and legal complexity, and obtaining and enforcing biopharmaceutical patents is costly, time consuming and inherently uncertain. The Supreme Court of Canada and the U.S. Supreme Court has ruled on several patent cases in recent years, either narrowing the scope of patent protection available in certain circumstances or weakening the rights of patent owners in certain situations. In addition to increasing uncertainty with regard to the Company and its licensors' or collaborators' ability to obtain patents in the future, this combination of events has created uncertainty with respect to the value of patents, once obtained. Depending on decisions by the Canadian House of Representatives, the Federal Court of Canada, the Canadian Intellectual Property Office, U.S. Congress, the federal courts, and the U.S. Patent and Trademark Office and international treaties entered into by these nations, the laws and regulations governing patents could change in unpredictable ways that would weaken the Company and its licensors' or collaborators' ability to obtain patents or to enforce patents and patents the Company and its licensors or collaborators may obtain in the future.

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

The Company's success will depend in part on its ability to operate without infringing the proprietary rights of third parties.

The psychopharmacological industry is characterized by extensive patent litigation. Other parties may have, or obtain in the future, patents and allege that the use of its technologies infringes these patent claims or that the Company is employing its proprietary technology without authorization. In addition,

third parties may challenge or infringe upon its existing or future patents. Proceedings involving its patents or patent applications or those of others could result in adverse decisions regarding:

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

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

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

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

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

Because the Company is likely to rely on third parties to develop its products/compounds, it will be required to share trade secrets and other confidential information with them. The Company will seek to protect its proprietary technology in part by entering into confidentiality or non-disclosure agreements and, if applicable, material transfer agreements, collaborative research agreements, consulting agreements or other similar agreements with its collaborators, advisors, employees and consultants prior to beginning research or disclosing proprietary information. These agreements will typically restrict the ability of its collaborators, advisors, employees and consultants to publish data potentially relating to its trade secrets and confidential information. The Company's academic and clinical collaborators will typically have rights to publish data, provided that the Company is notified in advance and may delay publication for a specified time in order to secure is intellectual property rights arising from the collaboration. In other cases, publication rights will be controlled exclusively by the Company, although in some cases the Company may share these rights with other parties. The Company may also conduct joint research and development programs which may require the Company to share trade secrets and confidential information under the terms of research and development collaborations or similar agreements. Despite efforts to protect its trade secrets and confidential information, the Company's competitors may discover its trade secrets or confidential information, either through breach of these agreements, independent development or publication of information including its trade secrets or confidential information in cases where the Company does not have proprietary or otherwise protected rights at the time of publication.

A competitor's discovery of the Company's trade secrets or confidential information may impair its competitive position and could have a material adverse effect on its business and financial condition.

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

The Company's success depends upon its ability to attract and retain key management, including the Company's and subsidiary's senior officers, technical experts and sales personnel. The Company 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 Company's inability to retain employees and attract and retain sufficient additional employees or scientific, engineering and technical support resources could have a material adverse effect on the Company'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 Company, results of operations of the business and could limit the Company's ability to develop and market its products. The loss of any of the Company's senior management or key employees could materially adversely affect the Company's ability to execute our business plan and strategy, and the Company may not be able to find adequate replacements on a timely basis, or at all. The Company does not maintain key person life insurance policies on any of our employees.

The Company also depends on its scientific and clinical collaborators and advisors, all of whom have outside commitments that may limit their availability to the Company. In addition, the Company believes that its future success will depend in large part upon its ability to attract and retain highly skilled scientific, managerial, medical, manufacturing, clinical and regulatory personnel, particularly as the Company expands its activities and seeks regulatory approvals for clinical trials. The Company may enter into agreements with scientific and clinical collaborators and advisors, key opinion leaders and academic partners in the ordinary course of its business. The Company may also enter into agreements with physicians and institutions who will recruit patients into clinical trials on in the ordinary course of business. Notwithstanding these arrangements, the Company will face significant competition for these types of personnel from other companies, research and academic institutions, government entities and other organizations. The Company cannot predict its success in hiring or retaining the personnel it requires for continued growth.

The loss of the services of any of the Company's executive officers or other key personnel could potentially harm its business, operating results or financial condition.

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

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

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

The Company is exposed to the risk that its employees, independent contractors and consultants may engage in fraudulent or other illegal activity. Misconduct by these parties could include intentional, reckless and/or negligent conduct or disclosure of unauthorized activities to the Company that violates: (i) government regulations; (ii) manufacturing standards; (iii) federal and provincial healthcare fraud and abuse laws and regulations; or (iv) laws that require the true, complete and accurate reporting of financial information or data. It is not always possible for the Company to identify and deter misconduct by its employees and other third parties, and the precautions taken by the Company to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting the Company from governmental investigations or other actions or lawsuits stemming from a failure to be in compliance with such laws or regulations. If any such actions are instituted against the Company, and it is not successful in defending itself or asserting its rights, those actions could have a

significant impact on our business, including the imposition of civil, criminal and administrative penalties, damages, monetary fines, contractual damages, reputational harm, diminished profits and future earnings, and curtailment of the Company's operations, any of which could have a material adverse effect on the Company's business, financial condition and results of operations.

Reliance on information technology systems and risk of cyberattacks

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

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

The Company's officers and directors may be engaged in a range of business activities resulting in potential conflicts of interest

The Company may be subject to various potential conflicts of interest because some of its officers and directors may be engaged in a range of business activities. In addition, the Company's executive officers and directors may devote time to their outside business interests, so long as such activities do not materially or adversely interfere with their duties to the Company. In some cases, the Company's executive officers and directors may have fiduciary obligations associated with these business interests that interfere with their ability to devote time to the Company's business and affairs and that could adversely affect the Company's operations. These business interests could require significant time and attention of the Company's executive officers and directors.

In addition, the Company may also become involved in other transactions which conflict with the interests of its directors and the officers who may from time-to-time deal with persons, firms, institutions or companies with which the Company may be dealing, or which may be seeking investments similar to those desired by it. The interests of these persons could conflict with those of the Company. In addition, from time to time, these persons may be competing with the Company for available investment opportunities. Conflicts of interest, if any, will be subject to the procedures and remedies provided under applicable laws. In particular, if such a conflict of interest arises at a meeting of the Company's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In accordance with applicable laws, the directors of the Company are required to act honestly, in good faith and in the best interests of the Company.

The Company's officers and directors control a percentage of the Company's issued and outstanding Common Shares and such officers and directors may have the ability to significantly influence matters affecting the Company and its business

The officers and directors of the Company own approximately 1.8% of the issued and outstanding Common Shares. The Company's shareholders nominate and elect the Board, which generally has the ability to control the acquisition or disposition of the Company's assets, and the future issuance of its Common Shares or other securities. Accordingly, for any matters with respect to which a majority vote of the Common Shares may be required by law, the Company's directors and officers may have the ability to control such matters. Because the directors and officers control a substantial portion of such Common Shares, investors may find it difficult or impossible to replace the Company's directors if they disagree with the way the Company's business is being operated.

Need for additional financing and issuance of additional securities

The Company's future capital requirements depend on many factors, including its ability to market products successfully, cash flows from operations, locating and retaining talent, and competing market developments. The Company's business model requires spending money (primarily on, licensing, advertising and marketing) in order to generate revenue.

Based on the Company's current financial situation, the Company may have difficulty continuing its operations at the current level, or at all, if it does not raise additional financing in the near future

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

The Company continues to sell shares for cash to fund operations, capital expansion, mergers and acquisitions that will dilute the current shareholders

There is no guarantee that the Company will be able to achieve its business objectives. The continued development of the Company will require additional financing. The failure to raise such capital could result in the delay or indefinite postponement of current business objectives or the Company 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 Company.

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 Common Shares. The Company's articles permit the issuance of an unlimited number of Common Shares, and shareholders will have no preemptive rights in connection with such further issuance. The directors of the Company have discretion to determine the price and the terms of issue of further issuances. Moreover, additional Common Shares will be issued by the Company on the exercise of incentive awards granted under the Company's Restricted Share Unit Plan and upon the exercise of outstanding warrants. In addition, from time to time, the Company may enter into transactions to acquire assets or the shares of other companies.

These transactions may be financed wholly or partially with debt, which may temporarily increase the Company'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 Company to obtain additional capital and to pursue business

opportunities, including potential acquisitions. The Company may require additional financing to fund its operations to the point where it is generating positive cash flows. Negative cash flows may restrict the Company's ability to pursue its business objectives.

Discretion and Uncertainty of Use of Available Funds

The failure by the Company to apply available funds effectively could have a material adverse effect on the Company's business, including the Company's ability to achieve its stated business objectives. In addition, the Company may use the funds in ways that an investor may not consider desirable.

If the Company has a material weakness in its internal controls over financial reporting, investors could lose confidence in the reliability of the Company's financial statements, which could result in a decrease in the value of its securities

One or more material weaknesses in the Company's internal controls over financial reporting could occur or be identified in the future. In addition, because of inherent limitations, internal controls over financial reporting may not prevent or detect misstatements, and any projections of any evaluation of effectiveness of internal controls to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with our policies or procedures may deteriorate. If we fail to maintain the adequacy of our internal controls, including any failure or difficulty in implementing required new or improved controls, our business and results of operations could be harmed, we may not be able to provide reasonable assurance as to our financial results or meet our reporting obligations and there could be a material adverse effect on the price of our securities.

Novel Coronavirus (COVID-19)

The outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. *Global equity markets have experienced significant volatility and weakness.*

Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operating subsidiaries in future periods. However, depending on the length and severity of the pandemic, COVID-19 could interrupt the Company's operations; increase operating expenses; cause delayed performance of contractual obligations; cause delays relating to approval from the FDA, Health Canada or equivalent organizations in other countries; cause delays in research activities; impair the Company's ability to raise funds depending on the effect of COVID-19 on capital markets; adversely affect the Company's supply partners, contractors, customers and/or transportation carries; and cause fluctuations in the price and demand for the Company's products.

In particular, as of the date of this AIF, the full extent of the effects of the COVID-19 pandemic are unknown. The continued spread of COVID-19 and the measures taken by the governments of countries affected could disrupt the Company's plan of distribution and use of available funds and the timelines, business objectives or disclosed milestones related thereto, and thus, adversely impact the Company's business, financial condition, results of operations and prospects. In addition, there can be no assurance that the Company will not lose members of its workforce (e.g., employees or consultants) or see its workforce man-hours reduced or incur increased medical costs as a result of these health risks.

The Company will actively assess and respond where possible to the potential impact of the COVID-19 pandemic. It is difficult to predict how the COVID-19 pandemic may affect the Company's business in the future, including the effect it may have (positive or negative; long or short term) on the price of, and demand for, NHPs and other products. It is possible that the COVID-19 virus could have a material adverse effect on the Company's business, financial condition, results of operations and prospects as well as the market for its securities and/or its ability to obtain financing.

The extent to which the COVID-19 pandemic impacts the Company's results will depend on future developments that are highly uncertain and cannot be predicted, including new information that may emerge concerning the severity of the virus, the duration of the outbreak and the actions to contain its impact.

Market Price of Common Shares and Volatility

The Common Shares currently trade on the CSE and the Frankfurt Stock Exchange, and the New York-based OTCQB Venture Market. Securities of small-cap companies have experienced substantial volatility in the past, often based on factors unrelated to the companies' financial performance or prospects. These factors include macroeconomic developments in North America and globally and market perceptions of the attractiveness of particular industries. Factors unrelated to our performance that may affect the price of the Common Shares include the following: the extent of analytical coverage available to investors concerning our business may be limited if investment banks with research capabilities do not follow the Company; lessening in trading volume and general market interest in the Common Shares may affect an investor's ability to trade significant numbers of Common Shares; the size of our public float may limit the ability of some institutions to invest in Common Shares; and a substantial decline in the price of the Common Shares that persists for a significant period of time could cause the Common Shares, if listed on an exchange, to be delisted from such exchange, further reducing market liquidity.

As a result of any of these factors, the market price of the Common Shares at any given point in time may not accurately reflect our long-term value. Securities class action litigation often has been brought against companies following periods of volatility in the market price of their securities. We may in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert management's attention and resources.
The market price of the Common Shares is affected by many other variables which are not directly related to our success and are, therefore, not within our control. These include other developments that affect the breadth of the public market for the Common Shares, the release or expiration of lock-up, escrow or other transfer restrictions on the Common Shares, and the attractiveness of alternative investments. The effect of these and other factors on the market price of the Common Shares is expected to make the Common Share price volatile in the future, which may result in losses to investors.

The Company may not pay dividends

We intend to retain earnings, if any, to finance the growth and development of our business and do not intend to pay cash dividends on the Common Shares in the foreseeable future. The payment of future cash dividends, if any, will be reviewed periodically by the Board and will depend upon, among other things, conditions then existing including earnings, financial condition and capital requirements, restrictions in financing agreements, business opportunities and conditions and other factors.

The Company will be subject to additional regulatory burden resulting from its public listing on the CSE We are working with our legal, accounting and financial advisors to identify those areas in which changes should be made to our financial management control systems to manage our obligations as a public company. These areas include corporate governance, corporate controls, disclosure controls

and procedures and financial reporting and accounting systems. We have made, and will continue to make, changes in these and other areas, including our internal controls over financial reporting.

However, we cannot assure purchasers of Common Shares that these and other measures that we might take will be sufficient to allow us to satisfy our obligations as a public company on a timely basis. In addition, compliance with reporting and other requirements applicable to public companies will create additional costs for us and will require the time and attention of management. We cannot predict the amount of the additional costs that we might incur, the timing of such costs or the impact that management's attention to these matters will have on our business.

Transactions Engaged in by Nova's Largest Shareholders, Directors, and/or Officers

Our officers, directors, and principal shareholders (greater than 10% shareholders) collectively control approximately 1.8% of the issued and outstanding Common Shares. Subsequent sales of Nova's Common Shares by these shareholders could have the effect of lowering the market price of the Company's Common Shares. The perceived risk associated with the possible sale of a large number of Common Shares by these shareholders, or the adoption of significant short positions by hedge funds or other significant investors, could cause some of our shareholders to sell their Common Shares, thus causing the market price of our Common Shares to decline. In addition, actual or anticipated downward pressure on our stock price due to actual or anticipated sales of Common Shares by our directors or officers could cause other institutions or individuals to engage in short sales of the Common Shares, which may further cause the market price of our Common Shares to decline.

From time to time our directors and executive officers may sell Common Shares on the open market. These sales will be publicly disclosed in filings made with securities regulators. In the future, our directors and executive officers may sell a significant number of Common Shares for a variety of reasons unrelated to the performance of our business. Our shareholders may perceive these sales as a reflection on management's view of the business and result in some shareholders selling their Common Shares. These sales could cause the market price of our Common Shares to drop.

Forward-looking statements may prove to be inaccurate

The forward-looking information and statements included in this Annual Information Form relating to, among other things, the Company's future results, performance, achievements, prospects, targets, plans, objectives, goals, milestones, intentions or opportunities or the markets in which we operate is based on opinions, assumptions and estimates made by the Company's management in light of its experience and perception of historical trends, current conditions and expected future developments, as well as other factors that the Company believes are appropriate and reasonable in the circumstances. However, there can be no assurance that such estimates and assumptions will prove to be correct. The Company's actual results in the future may vary significantly from the historical and estimated results and those variations may be material. We make no representation that its actual results in the future will be the same, in whole or in part, as those included in this Annual Information Form.

DIVIDENDS AND DISTRIBUTIONS

The Company has not paid any dividends on its Common Shares since incorporation and currently intends to retain future earnings, if any, to finance further business development. The declaration of dividends on Common Shares would be based on earnings, capital requirements, operating and financial condition and a number of other factors that the Board considers to be appropriate. There are no restrictions on the ability of Nova to pay dividends in the future.

DESCRIPTION OF CAPITAL STRUCTURE

Common Shares

The Company's authorized capital stock consists of an unlimited number of Common Shares, of which 142,229,660 Common Shares are issued and outstanding as of the date of this AIF. All of the issued Common Shares rank equally as to voting rights, participation and a distribution of Nova's assets on liquidation, dissolution or winding-up and the entitlement to dividends. Holders of Common Shares are entitled to receive notice of, attend and vote at all meetings of shareholders of Nova. Each Common Share carries one vote at such meetings. Holders of Common Shares are entitled to dividends if and when declared by the Board and, upon liquidation, to receive such portion of the assets of Nova as may be distributable to such holders. There are currently no other series or class of shares which rank senior, in priority to, or pari passu with the Common Shares. The Common Shares do not carry any pre-emptive, subscription, redemption or conversion rights, nor do they contain any sinking or purchase fund provisions.

Outstanding Shares

The following table sets forth information concerning the outstanding securities of the Company:

	July 29, 2022	**December 31, 2021**	**December 31, 2020**	**December 31, 2019**
Common shares	142,229,660	111,503,077	111,137,867	32,131,533
Warrants	29,670,000	-	-	672,086
Restricted Share Units	2,250,000	-	-	-
Stock Options	9,225,000	8,475,000	6,800,000	2,387,500
Fully Diluted Shares	183,374,660	119,978,077	117,937,867	35,191,119

Warrants

Warrant transactions and the number of warrants outstanding as of December 31, 2021 are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
Outstanding, December 31, 2019	672,086	$ 2.40
Expired	(672,086)	2.40
Outstanding, December 31, 2020 and 2021	-	-

Options

The Company has adopted a share option plan pursuant to which the Board of Directors of the Company may, from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees and consultants of the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares at the time of grant and the options are exercisable for a period not to exceed 10 years from the date of grant. The number of common shares reserved for issuance to any individual director or officer will not exceed 5% of the issued and outstanding common shares and the number of common shares reserved for issuance to all technical consultants will not exceed 2% of the issued and outstanding common shares. Options may be exercised within 90 days following cessation of the optionee's position with the Company, provided that if the cessation of office, directorship, employment or consulting arrangement was by reason of death, the option may be

exercised within a maximum period of one year after such death, subject to the expiry date of such option.

Options granted to directors, employees and consultants vest immediately. Options granted to consultants engaged in investor relations activities will vest in stages over a minimum period of 12 months with no more than one-quarter of the options vesting in any three-month period.

Share option transactions and the number of share options outstanding and exercisable as of December 31, 2021 are summarized as follows:

	Number of Options	Weighted Average Exercise Price $
Balance at December 31, 2019	**2,387,500**	**1.23**
Granted	6,225,000	0.21
Expired	(1,812,500)	1.49
Balance at December 31, 2020	**6,800,000**	**0.23**
Granted	3,575,000	0.12
Expired	(1,900,000)	0.27
Balance at December 31, 2021	**8,475,000**	**$ 0.17**

Restricted Share Units

On January 11, 2022, the Company granted 2,350,000 Restricted Share Units ("RSUs") to directors, officers, and consultants of the Company. The RSUs expire 24 months from the date of grant. The RSUs are governed by the Company's RSU Plan, which was approved by the Company's shareholders on December 22, 2020.

The total fair value of the RSUs on the date of grant was $141,000, which is based on the market price of the Company's shares on the date of grant. RSUs granted to directors and officers vested immediately, while RSUs granted to certain consultants of the Company will vest at 50% on July 11, 2022, and 50% on January 11, 2023. The RSUs were valued at $125,250.

During the year ended December 31, 2021

During the year ended December 31, 2021, Nova granted 3,575,000 options to directors, officers, and consultants of the Company for a total fair value of $348,441. The Company applied the fair value method using the Black-Scholes option pricing model in accounting for its share options granted with the following weighted-average assumptions: risk-free interest rate of 0.65%; expected dividend yield of zero; expected share price volatility of 154%; and expected life of 3.71 years. The Company used historical volatility to estimate the volatility of the share price. The weighted average grant date fair value of each option was $0.10. Another 1,900,000 options expired unexercised or were forfeited. As of December 31, 2021, the weighted average exercise price of options outstanding was $0.17.

During the year ended December 31, 2020

The Company applied the fair value method using the Black-Scholes option pricing model in accounting for its share options granted with the following weighted-average assumptions: risk-free interest rate of 0.24%; expected dividend yield of zero; expected share price volatility of 170%; and expected life of

1.82 years. The Company used historical volatility to estimate the volatility of the share price. The weighted average grant date fair value of each option was $0.14. Accordingly, $894,087 was recognized as share-based payment expense during the year ended December 31, 2020.

The following share options were outstanding and exercisable at December 31, 2021:

Expiry Dates	Exercise Price $	Weighted Average Remaining Life (yrs)	Number of Options Outstanding	Number of Options Exercisable
September 17, 2022	0.20	0.71	2,500,000	2,500,000
November 6, 2022	0.20	0.85	1,800,000	1,800,000
December 1, 2022	0.265	0.92	200,000	200,000
December 11, 2022	0.30	0.95	200,000	200,000
February 10, 2023	0.235	1.11	100,000	100,000
March 8, 2023	0.20	1.18	25,000	25,000
July 14, 2023	0.12	1.53	1,200,000	1,200,000
August 17, 2023	0.14	1.63	100,000	100,000
December 17, 2023	0.29	1.96	200,000	200,000
October 22, 2024	0.09	2.81	250,000	250,000
July 14, 2026	0.12	4.54	1,900,000	1,900,000
	0.17	**1.83**	**8,475,000**	**8,475,000**

The following share options were outstanding and exercisable at December 31, 2020:

Expiry Dates	Exercise Price $	Weighted Average Remaining Life (yrs)	Number of Options Outstanding	Number of Options Exercisable
July 12, 2021	0.42	0.53	575,000	575,000
November 6, 2021	0.20	0.85	1,200,000	1,200,000
November 13, 2021	0.22	0.87	13,000	13,000
December 1, 2021	0.265	0.92	112,000	112,000
September 17, 2022	0.20	1.71	2,500,000	2,500,000
November 6, 2022	0.20	1.85	1,800,000	1,800,000
December 1, 2022	0.265	1.92	200,000	200,000
December 11, 2022	0.30	1.95	200,000	200,000
December 17, 2023	029	2.96	200,000	200,000
	0.23	**1.53**	**6,800,000**	**6,800,000**

MARKET FOR SECURITIES

The Company’s Common Shares are currently trading on the CSE under the name “Nova Mentis Life Science Corp.” under the stock symbol “NOVA”.

The Company's Common Shares commenced trading in Germany on the Frankfurt Stock Exchange (“FSE”) on January 16, 2017 and currently trades on the FSE under the stock symbol "HN3Q”. The Company also listed and commenced trading its shares on March 10, 2021 on the New York-based OTCQB Venture Market (“OTCQB”) under the stock symbol NMLSF.

Trading Price and Volume

The following table sets forth trading information for the Common Shares on the CSE on a monthly basis since January 1, 2020.

Month	Price Range High C$	Price Range Low C$	CSE Monthly Trading Volume
January 2020	$ 0.24	$ 0.18	809,795
February 2020	$ 0.20	$ 0.14	407,935
March 2020	$ 0.16	$ 0.08	802,148
April 2020	$ 0.12	$ 0.08	1,407,413
May 2020	$ 0.20	$ 0.12	1,088,177
June 2020	$ 0.32	$ 0.18	3,676,012
July 2020	$ 0.26	$ 0.12	2,035,504
August 2020	$ 0.22	$ 0.11	5,300,266
September 2020	$ 0.23	$ 0.14	1,971,800
October 2020	$ 0.22	$ 0.15	3,686,856
November 2020	$ 0.30	$ 0.18	5,259,785
December 2020	$ 0.44	$ 0.19	13,242,899
January 2021	$ 0.31	$ 0.20	15,924,261
February 2021	$ 0.29	$ 0.19	21,108,472
March 2021	$ 0.21	$ 0.12	9,842,497
April 2021	$ 0.15	$ 0.11	3,214,701
May 2021	$ 0.13	$ 0.09	4,644,194
June 2021	$ 0.10	$ 0.07	14,326,473
July 2021	$ 0.16	$ 0.09	8,782,653
August 2021	$ 0.15	$ 0.09	4,863,435
September 2021	$ 0.13	$ 0.09	3,089,730
October 2021	$ 0.12	$ 0.08	3,379,838
November 2021	$ 0.16	$ 0.08	5,500,813
December 2021	$ 0.08	$ 0.05	2,209,449
January 2022	$ 0.07	$ 0.05	1,356,448
February 2022	$ 0.08	$ 0.05	5,241,193
March 2022	$ 0.12	$ 0.06	4,492,252
April 2022	$ 0.11	$ 0.08	5,447,216
May 2022	$ 0.10	$ 0.08	1,976,074

During the years ended December 31, 2021 and 2020, and up to the date of this AIF, the Company issued the following securities which are not listed or quoted on a marketplace:

Date of Issue	Security	Aggregate number Issued	Issue / Exercise Price
September 17, 2020	options	2,500,000	$ 0.20
November 6, 2020	options	3,000,000	$ 0.20
November 13, 2020	options	13,000	$ 0.22
December 1, 2020	options	312,000	$ 0.265
December 11, 2020	options	200,000	$ 0.30

Date of Issue	Security	Aggregate number Issued	Issue / Exercise Price
December 17, 2020	options	200,000	$ 0.29
February 10, 2021	options	100,000	$ 0.235
March 8, 2021	options	25,000	$ 0.20
July 14, 2021	options	3,100,000	$ 0.12
August 17, 2021	options	100,000	$ 0.14
October 22, 2021	options	250,000	$ 0.09
January 11, 2022	RSUs	2,350,000	N/A[(1)]
March 14, 2022	options	1,250,000	$0.08
May 11, 2022	options	200,000	$0.085

[(1)] Settled in cash or shares, at the option of the Company, at the time of redemption

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

As of the date of this AIF, there are no securities of the Company that are held in escrow or are subject to a contractual restriction on transfer.

PRINCIPAL SHAREHOLDERS

To the knowledge of the Company's directors and senior officers, as of the date of this AIF, no persons or corporations beneficially own, directly or indirectly, or exercise control or direction over, Common Shares carrying more than 10% of the voting rights attached to all outstanding Common Shares of the Company.

DIRECTORS AND OFFICERS

The following table sets out the names and province or state of residence of the directors of Nova, their present position(s) and offices with Nova, their principal occupations during the last five years, their respective dates of appointment, and respective security holdings.

Name, Jurisdiction of Residence and Position Held with the Company	Principal Occupation During the Past Five Years[(1)]	Director Since	Number of Shares Owned[(2)]
William Rascan[(3)] British Columbia, Canada *President, CEO and Director*	Chief Executive Officer, President and Director of the Company.	May 16, 2012	1,506,375
Steven Feldman[(3)] British Columbia, Canada *Director*	Social Media Strategist and Consultant	May 16, 2012	586,904
Jacqueline McConnell[(3)] Ontario, Canada *Director, COO*	Engineering Services Manager; Business Strategy and Operations Consultant; Chief Operating Officer and Director	September 17, 2020	Nil
Dr. Stephen Glazer Ontario, Canada *Director*	Physician	July 14, 2021	Nil

NOTES:

(1) This information as to principal occupation, not being within the knowledge of the Company, has been furnished by the respective directors individually.
(2) Information obtained from insider reports available at www.sedi.ca as of the date of the Information Circular.
(3) Member of the Audit Committee.

All directors of Nova have been elected or appointed to serve until the next annual meeting of shareholders of Nova, subject to earlier resignation or removal. As at the date of this AIF, Nova directors and executive officers beneficially owned, or controlled or directed, directly or indirectly, an aggregate of 1,295,779 Common Shares of Nova, representing approximately 1.1% of the issued and outstanding Common Shares.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

To the knowledge of management, except as disclosed herein, no director or executive officer of Nova is, as at the date of this AIF, or was, within the 10 years before the date of this AIF, a director, chief executive officer or chief financial officer or any company (including Nova), that was the subject of a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer, or after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

To the knowledge of management, except as disclosed herein, no director or executive officer of Nova, or shareholder holding a sufficient number of securities of Nova to affect materially the control of Nova, is, as of the date of this AIF, or has been within the 10 years before the date of this AIF, a director or executive officer of any company (including Nova) that, while the person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

To the knowledge of management, except as disclosed herein, no director or executive officer of Nova, or shareholder holding a sufficient number of securities of Nova to affect materially the control of Nova, is, as of the date of this AIF, or has been within the 10 years before the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

To the knowledge of management, except as disclosed herein, no director or executive officer of Nova, or shareholder holding a sufficient number of securities to affect materially the control of Nova, has been subject to 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 has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Conflicts of Interest

To the best of Nova's knowledge, information and belief, and other than disclosed herein, there are no known existing or potential conflicts of interest among Nova and its directors, officers or other members of management as a result of their outside business interests except that certain of Nova's directors

and officers serve as directors and officers of other companies, and therefore it is possible that a conflict may arise between their duties to Nova and their duties as a director or officer of such other companies. As required by law, each of the directors of Nova is required to act honestly, in good faith and in the best interests of Nova. In the event of a conflict of interest, Nova will follow the requirements and procedures of applicable corporate and securities legislation and applicable exchange policies, including the relevant provisions of the Business Corporations Act (British Columbia).

Audit Committee

The primary function of the audit committee of the Board (the "Audit Committee") is to assist the Board in fulfilling its financial reporting and controls responsibilities to the shareholders of NOVA. In accordance with National Instrument 52-110 – Audit Committees (" NI 52-110"), information with respect to the Audit Committee is contained below. The full text of the Audit Committee Charter, as passed unanimously by the Board, is attached to this AIF as Schedule "A".

Composition of the Audit Committee

The Audit Committee is composed of Mr. Will Rascan (Chair), Mr. Steven Feldman, and Ms. Jacquie McConnell. All three members are independent directors and all Audit Committee members are financially literate within the meaning of NI 52-110.

Relevant Education and Experience

Name of Audit Committee Member	Independent(1)	Financially Literate(1)	Relevant Education and Experience
William Rascan	No	Yes	Has been an executive officer and director of several reporting issuers and is familiar with the corporate requirements and financial reporting obligations of applicable stock exchanges and provincial securities laws.
Steven Feldman	Yes	Yes	Has provided consulting services to several reporting issuers with respect to corporate governance, corporate advisory services and business advisory services.
Jacqueline McConnell	Yes	Yes	Has provided senior financial and operational leadership services to Canada’s largest manufacturer of generic pharmaceuticals. Responsible for monitoring and auditing of cost and operational compliance performance and accountability.

(1) As that term is defined in NI 52-110.

Mandate and responsibilities of the Audit Committee

The Audit Committee's mandate and responsibilities include: (i) reviewing and recommending for approval to the Board the financial statements, accounting policies that affect the statements, annual management's discussion and analysis and associated press releases; (ii) being satisfied that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements and periodically assessing those

procedures; (iii) establishing and maintaining compliant procedures regarding accounting, internal accounting controls, or auditing matters and the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters; (iv) overseeing the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing such other audit, review or attest services for the Company, including the resolution of disagreements between management and the external auditor regarding financial reporting; (v) preapproving all non-audit services to be provided to the Company or its subsidiary entities by the external auditor; (vi) reviewing and monitoring the processes in place to identify and manage the principal risks that could impact the financial reporting of the Company; and (vii) reviewing and approving the Company's hiring policies regarding partners, employees, and former partners and employees of the present and former external auditor of the Company.

The Audit Committee is to meet at least quarterly to review financial statements and management's discussion and analysis and to meet with the Company's external auditors at least once a year.

Audit Committee Oversight

At no time since the date of incorporation on October 27, 2004 was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board.

Reliance on Certain Exemptions

At no time since the date of incorporation of the Company has the Company relied on the exemption in section 2.4 of NI 52-110 (De Minimis Non-audit Services), or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110. The Company is relying on the exemptions provided for "venture issuers" in section 6.1 of NI 52-110 with respect to Part 3 – Composition of the Audit Committee and Part 5 – Reporting Obligations.

Pre-Approval Policies and Procedures for Non-Audit Services

The Audit Committee is required to approve the engagement of the Company's external auditors in respect of non-audit services.

External Auditor Service Fees

The Audit Committee has reviewed the nature and amount of the non-audit services provided by Smythe LLP to ensure auditor independence. The following table sets out the aggregate fees billed by Smythe LLP for the last two fiscal years to the date of this AIF for each category of fees described:

Fiscal Year End	Auditor	Audit Fees[(1)]	Audit-Related Fees	Tax Fees
2019	Smythe LLP	$ 29,000	nil	nil
2020	Smythe LLP	$ 34,420	nil	nil
2021	Smythe LLP	$ 40,000[(5)]	nil	nil

(1) Audit Fees include fees necessary to perform the annual audit and quarterly reviews of NOVA's financial statements. Audit Fees include fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit Fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.
(2) Audit-Related Fees include services that are traditionally performed by the auditor. These audit-related services include review of quarterly financial statements, employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.
(3) Tax Fees include fees for all tax services other than those included in "Audit Fees" and "Audit-Related Fees". This category includes fees for tax compliance, tax planning and tax advice. Tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.
(4) All Other Fees include all other non-audit services.

(5) As of the date of this AIF, this figure is an estimate. The Company has not yet received a quote or an invoice for audit fees for the 2021 fiscal year end but believes this figure is reasonable.

EXECUTIVE COMPENSATION

The following information regarding executive compensation is presented in accordance with National Instrument Form 51-102F6 – Statement of Executive Compensation and sets forth compensation for each of the named executive officers and directors of the Company.

Compensation of Named Executive Officers

Securities legislation requires the disclosure of the compensation received by each Named Executive Officer of the Company. "Named Executive Officer" is defined by securities legislation to mean: (i) the CEO; (ii) the CFO; (iii) each of the three most highly compensated executive officers of the Company, including any of its subsidiaries, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually more than $150,000 for that financial year; and (iv) each individual who would be a "Named Executive Officer" under paragraph (iii) but for the fact that the individual was neither an executive officer of the Company or its subsidiaries, nor acting in similar capacity, at the end of the most recently completed financial year. As of the date of the AIF, the Company has the following Named Executive Officers (collectively, the " Named Executive Officers" or " NEOs"):

- William Rascan, Chief Executive Officer of the Company; and
- Jamie Robinson, former Chief Financial Officer of the Company
- Rebecca Hudson, current Chief Financial Officer of the Company [(8)].

Director and Named Executive Officer Compensation, Excluding Compensation Securities

The following table sets forth information with respect to the compensation of each Named Executive Officer and directors of the Company during its most recently completed financial year:

Table of compensation excluding compensation securities

Name and position	Year	Salary, consulting fee, retainer or commission ($)	Bonus ($)	Committee or meeting fees ($)	Value of Perquisites ($)	Value of all other compensation ($)	Total compensation ($)
William Rascan[(1)] *President, CEO & Director*	2021	150,000	Nil	Nil	Nil	Nil	150,000
	2020	150,000	5,000	Nil	Nil	Nil	155,000
	2019	150,000	Nil	Nil	Nil	Nil	150,000
Jamie Robinson[(2)] *CFO*	2021	48,000	Nil	Nil	Nil	Nil	48,000
	2020	48,000	2,500	Nil	Nil	Nil	50,500
	2019	38,000	Nil	Nil	Nil	9,575[(3)]	47,575
Steven Feldman *Director*	2021	Nil	Nil	Nil	Nil	40,500[(4)]	40,500
	2020	Nil	5,000	Nil	Nil	48,000[(4)]	53,000
	2019	Nil	Nil	Nil	Nil	48,000[(4)]	48,000
Jacqueline McConnell[(5)] *COO, Director*	2021	108,000	Nil	Nil	Nil	Nil	108,000
	2020	24,000	5,000	Nil	Nil	Nil	29,000
	2019	N/A	N/A	N/A	N/A	N/A	N/A
Aylia Mohammadi[(6)] *Former Director*	2021	N/A	N/A	N/A	N/A	N/A	N/A
	2020	36,000	Nil	Nil	Nil	Nil	36,000
	2019	N/A	N/A	N/A	N/A	N/A	N/A
Doug Macdonell[(7)] *Former Director*	2021	N/A	N/A	N/A	N/A	N/A	N/A
	2020	8,750	Nil	Nil	Nil	Nil	8,750
	2019	27,500	Nil	Nil	Nil	Nil	27,500

Notes:
(1) The Company pays consulting fees to Sunshrine Capital Corp, a company controlled by Mr. Rascan, pursuant to an agreement dated March 21, 2017, as amended December 13, 2017. For details, see "Employment, Consulting and Management Agreements".
(2) Mr. Robinson provided consulting services to the Company pursuant to an agreement dated September 1, 2017, as amended May 31, 2019 until December 31, 2021.
(3) Paid to Mr. Robinson for accounting fees.
(4) Paid to 1147689 B.C. Ltd, a company controlled by Mr. Feldman, for shareholder communications.
(5) Ms. McConnell was appointed a director on September 17, 2020. The Company pays consulting fees to Best Process Consulting, a company controlled by Ms. McConnell pursuant to an agreement dated September 10, 2020, as amended November 17, 2021.
(6) Ms. Mohammadi was appointed a director on July 2, 2020 and resigned on September 17, 2020. Ms. Mohammadi provided consulting services to the Company pursuant to an agreement dated July 1, 2020.
(7) Mr. Macdonell resigned as a director on June 8, 2020. Mr. Macdonell provided consulting services to the Company pursuant to an agreement dated November 24, 2017, as amended July 23, 2018. (8) Ms. Hudson was appointed as CFO of the Company on December 31, 2021.

Stock Options and Other Compensation Securities

The following table discloses all compensation securities the Company has granted or issued to each Named Executive Officer and directors of the Company during its most recently completed financial year:

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[(1)] ($)	Closing price of security or underlying security on date of grant[(1)] ($)	Closing price of security or underlying security at year end[(1)] ($)	Expiry date
William Rascan *President, CEO & Director*	Stock Option Stock Option	800,000 500,000	Sept 17, 2020 July 14, 2021	0.20 0.12	0.17 0.115	0.055	Sept 17, 2022 July 14, 2026
Jamie Robinson *CFO*	Stock Option Stock Option	250,000 200,000	Sept 17, 2020 July 14, 2021	0.20 0.12	0.17 0.115	0.055	Sept 17, 2022 July 14, 2023
Steven Feldman *Director*	Stock Option Stock Option	600,000 200,000	Sept 17, 2020 July 14, 2021	0.20 0.12	0.17 0.115	0.055	Sept 17, 2022 July 14, 2026
Jacqueline McConnell *COO, Director*	Stock Option Stock Option	500,000 500,000	Sept 17, 2020 July 14, 2021	0.20 0.12	0.17 0.115	0.055	Sept 17, 2022 July 14, 2026

(1) Closing share price as of December 31, 2021

Stock Option Plans and Other Incentive Plans

The following summary of certain provisions of the Restricted Share Unit Plan does not purport to be complete and is subject in its entirety to the detailed provisions of the Restricted Share Unit Plan, a copy of which will be filed on SEDAR and will be available without charge from the Company after such time. The Restricted Share Unit Plan provides for the grant to eligible directors and employees (including officers) of Options and RSUs.

Option Grants

The Restricted Share Unit Plan authorizes the Board to grant Options ("Award"). The number of Common Shares, the exercise price per Common Share, the vesting period and any other terms and conditions of Options granted from time to time pursuant to the Restricted Share Unit Plan, are determined by the Board at the time of the grant, subject to the defined parameters of the Restricted Share Unit Plan. The date of grant for the Options shall be the date that such grant was approved by the Board.

Exercise Price

The exercise price of any Option cannot be less than the closing market price of the Common Shares on (a) the trading day prior to the date of grant of the Award; and (b) the date of grant of the Award (the "Fair Market Value").

Exercise Period, Blackout Periods and Vesting

An Option may be exercised during the "Exercise Period", which means the period during which a particular Option may be exercised and is the period from and including the Grant Date through to and including the Expiry Time on the Expiry Date provided. However, no Option can be exercised unless and until all necessary Regulatory Approvals have been obtained.

"Black-Out Period" means a restriction imposed by the Company on all or any of its directors, officers, employees, insiders or persons in a special relationship whereby they are to refrain from trading in the Company's securities until the restriction has been lifted by the Company.

"Vesting" means that a portion of the Option granted to the Option Holder which is available to be exercised by the Option Holder at any time, and from time to time, depending on vesting conditions attached to the Option at the time of grant and at the sole discretion of the Board of Directors.

Cashless Exercise Rights

The Company does not currently facilitate cashless exercises.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY INCENTIVE PLANS

The Restricted Share Unit Plan (the "RSU Plan") and the Option Plan (the "Equity Incentive Plans") of the Company reserve a number of Common Shares equal to 10% of the then outstanding Common Shares from time to time for issue pursuant to equity incentives contemplated by the Equity Incentive Plans which are approved annually by the Company's shareholders at its annual general meetings of shareholders.

As of the date of this AIF, there are 2,350,000 RSUs authorized for issuance under the RSU Plan and 9,225,000 Options authorized for issuance under the Option Plan. This represents a total of 8.14% of the Company's issued and outstanding Common Shares.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

As of the date hereof, other than indebtedness that has been entirely repaid on or before the date of this AIF or "routine indebtedness" as defined in Form 51-102F5 of National Instrument 51-102 – *Continuous Disclosure Obligations* none of:

(a) the individuals who are, or at any time since the incorporation of the Company were, a director or executive officer of the Company;
(b) the proposed nominees for election as a director of the Company; or
(c) any associates of the foregoing persons,

is, or at any time since the incorporation of the Company has been, indebted to the Company or any subsidiary of the Company, or is a person whose indebtedness to another entity is, or at any time since the incorporation of the Company has been, the subject of a guarantee support agreement, letter of credit or other similar arrangement or understanding provided by the Company or any subsidiary of the Company.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

The Company is not aware of any material legal proceedings involving the Company nor are any such proceedings known by the Company to be contemplated.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except as disclosed elsewhere in this AIF, no (a) director or executive officer, (b) person or company that beneficially owns, controls or directs, directly or indirectly, more than 10% of the Common Shares, nor (c) associate or affiliate of any of the persons or companies referred to in (a) or (b) has, or has had since the incorporation of the Company, any material interest, direct or indirect, in any transaction that has materially affected or is reasonably expected to materially affect the Company or any of its subsidiaries.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar of Nova's Common Shares is Olympia Trust Company at its principal offices in Calgary, Alberta.

INTERESTS OF EXPERTS

The independent auditors of Nova are Smythe LLP. Smythe LLP was reappointed as the independent auditors of Nova on December 22, 2021 at the Company's last held Annual General Meeting of Shareholders. Smythe LLP has informed Nova that it is independent with respect to Nova within the meaning of the Code of Professional Conduct of the Chartered Professional Accountants of British Columbia.

ADDITIONAL INFORMATION

Additional financial information about Nova can be found in Nova's audited annual consolidated financial statements and management's discussion and analysis for the year ended December 31, 2021, and for the three months ended March 31, 2022, which have been filed on SEDAR at www.sedar.com. Additional information relating to Nova, including press releases and other notices, may be found on SEDAR at www.sedar.com.

SCHEDULE "A" – AUDIT COMMITTEE CHARTER

1.0 Purpose of the Committee

1.1 The purpose of the Audit Committee is to assist the Board in its oversight of the integrity of the Company's financial statements and other relevant public disclosures, the Company's compliance with legal and regulatory requirements relating to financial reporting, the external auditors' qualifications and independence and the performance of the internal audit function and the external auditors.

2.0 Members of the Audit Committee

2.1 At least one Member must be "financially literate" as defined under MI 52-110, having sufficient accounting or related financial management expertise to read and understand a set of financial statements, including the related notes, that present a breadth and level of complexity of the accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

2.2 The Audit Committee shall consist of no less than three Directors.

2.3 At least one Member of the Audit Committee shall be "independent" as defined under MI 52-110, while the Company is in the developmental stage of its business.

3.0 Relationship with External Auditors

3.1 The external auditors are the independent representatives of the shareholders, but the external auditors are also accountable to the Board of Directors and the Audit Committee.

3.2 The external auditors must be able to complete their audit procedures and reviews with professional independence, free from any undue interference from the management or directors.

3.3 The Audit Committee must direct and ensure that the management fully co-operates with the external auditors in the course of carrying out their professional duties.

3.4 The Audit Committee will have direct communications access at all times with the external auditors.

4.0 Non-Audit Services

4.1 The external auditors are prohibited from providing any non-audit services to the Company, without the express written consent of the Audit Committee. In determining whether the external auditors will be granted permission to provide non-audit services to the Company, the Audit Committee must consider that the benefits to the Company from the provision of such services, outweighs the risk of any compromise to or loss of the independence of the external auditors in carrying out their auditing mandate.

4.2 Notwithstanding section 4.1, the external auditors are prohibited at all times from carrying out any of the following services, while they are appointed the external auditors of the Company:

(i) acting as an agent of the Company for the sale of all or substantially all of the undertaking of the Company; and

(ii) performing any non-audit consulting work for any director or senior officer of the Company in

their personal capacity, but not as a director, officer or insider of any other entity not associated or related to the Company.

5.0 Appointment of Auditors

5.1 The external auditors will be appointed each year by the shareholders of the Company at the annual general meeting of the shareholders.

5.2 The Audit Committee will nominate the external auditors for appointment, such nomination to be approved by the Board of Directors.

6.0 Evaluation of Auditors

6.1 The Audit Committee will review the performance of the external auditors on at least an annual basis, and notify the Board and the external auditors in writing of any concerns in regards to the performance of the external auditors, or the accounting or auditing methods, procedures, standards, or principles applied by the external auditors, or any other accounting or auditing issues which come to the attention of the Audit Committee.

7.0 Remuneration of the Auditors

7.1 The remuneration of the external auditors will be determined by the Board of Directors, upon the annual authorization of the shareholders at each general meeting of the shareholders.

7.2 The remuneration of the external auditors will be determined based on the time required to complete the audit and preparation of the audited financial statements, and the difficulty of the audit and performance of the standard auditing procedures under generally accepted auditing standards and generally accepted accounting principles of Canada.

8.0 Termination of the Auditors

8.1 The Audit Committee has the power to terminate the services of the external auditors, with or without the approval of the Board of Directors, acting reasonably.

9.0 Funding of Auditing and Consulting Services

9.1 Auditing expenses will be funded by the Company. The auditors must not perform any other consulting services for the Company, which could impair or interfere with their role as the independent auditors of the Company.

10.0 Role and Responsibilities of the Internal Auditor

10.1 At this time, due to the Company’s size and limited financial resources, the Chief Financial Officer of the Company shall be responsible for implementing internal controls and performing the role as the internal auditor to ensure that suchcontrols are adequate.

11.0 Oversight of Internal Controls

11.1 The Audit Committee will have the oversight responsibility for ensuring that the internal controls are implemented and monitored, andthat suchinternal controls areeffective.

12.0 Continuous Disclosure Requirements

12.1 At this time, due to the Company's size and limited financial resources, the Chief Financial Officer of the Company is responsible for ensuring that the Company's continuous reporting requirements are met and in compliance with applicable regulatory requirements.

13.0 Other Auditing Matters

13.1 The Audit Committee may meet with the external auditors independently of the management of the Company at any time, acting reasonably.

13.2 The Auditors are authorized and directed to respond to all enquiries from the Audit Committee in a thorough and timely fashion, without reporting these enquiries or actions to the Board of Directors or the management of the Company.

14.0 Annual Review

14.1 The Audit Committee Charter will be reviewed annually by the Board of Directors and the Audit Committee to assess the adequacy of this Charter.

15.0 Independent Advisers

15.1 The Audit Committee shall have the power to retain legal, accounting or other advisors to assist the Committee.