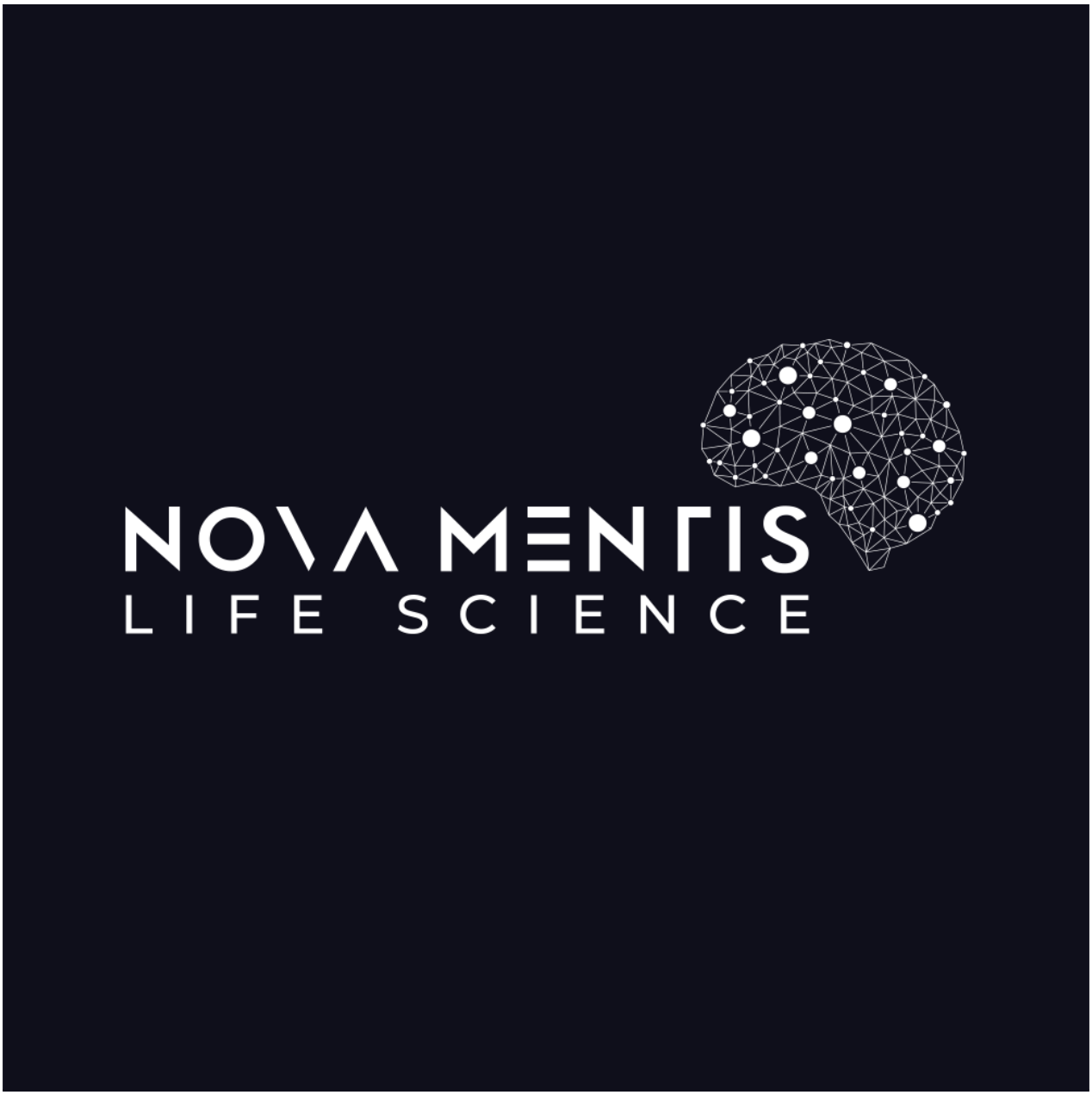

Management's Discussion and Analysis

Three and Six Months Ended
June 30, 2024 and 2023

1.0 INTRODUCTION

The following discussion and analysis are a review of the operations, current financial position and outlook for Nova Mentis Life Science Corp. ("Nova" or the "Company") for the three and six months ended June 30, 2024 and 2023, and related notes, including other pertinent events subsequent to that date up to and including August 27, 2024. The following information should be read in conjunction with the Company's Condensed Interim Consolidated Financial Statements for the three and six months ended June 30, 2024 and 2023, and related notes (the "Interim Financial Statements"), and the Audited Annual Consolidated Financial Statements for the years ended December 31, 2023 and 2022, and related notes (the "Annual Financial Statements"), which are filed on the SEDAR website: www.sedarplus.com.

The Company prepares its consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). All dollar figures included herein and in the following discussion and analysis are quoted in Canadian dollars unless otherwise noted.

The financial information in this Management's Discussion and Analysis ("MD&A") is derived from the Company's Interim Financial Statements. This MD&A may contain forward looking statements based on assumptions and judgments of management regarding events or results that may prove to be inaccurate as a result of risk factors beyond its control. Actual results may differ materially from the expected results. For additional information on Forward-looking Information, please refer to the related section at the end of this MD&A.

2.0 DESCRIPTION OF BUSINESS AND ACTIVITY

The Company was incorporated on October 27, 2004 in the province of British Columbia, based in Vancouver, 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 again changed its business and name to "Nova Mentis Life Science Corp." The Company's shares trade on the Canadian Securities Exchange (the "CSE") under the name "Nova Mentis Life Science Corp." and stock symbol "NOVA". Nova also trades on the Frankfurt Stock Exchange ("FSE") under the symbol "HN3Q", and on the New York-based OTCQB Venture Market ("OTCQB") under the stock symbol "NMLSF".

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

Nova is a Canadian-based biotechnology company and a global leader in developing diagnostics and psilocybin-based therapeutics for neuroinflammatory disorders. 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 Fragile X Syndrome ("FXS"). The goal is to diagnose and treat debilitating chronic conditions that have unmet medical needs, such as autism spectrum disorder ("ASD") and FXS.

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

3.0 HIGHLIGHTS

TECHNICAL

- During the period ended June 30, 2024, Nova filed applications to renew its US-based patents related to diagnosing, monitoring, and treating neurological diseases with psychoactive tryptamine derivatives.

CORPORATE

- On August 27, 2024, Nova announced that it had entered into an intellectual property conveyance agreement with Ludwig Enterprises Inc. ("Ludwig", OTCPK:LUDG) in exchange for the settlement of $336,601 (US$245,712) in debt and 750,000 shares of Ludwig. Ludwig shall pay a royalty ranging from 2.5% to 5% on all revenue derived from commercialization of the property for a period of 10 years (See *Intellectual Property Conveyance Agreement* for more details);
- On May 11, 2024, 200,000 options expired, unexercised. The options had a weighted average exercise price of $0.085;
- During the six-month period ended June 30, 2024, the Company settled 1,000,000 RSUs through the issuance of 1,000,000 common shares in the capital of the Company. An additional 150,000 RSUs were deemed to have been settled, and 850,000 RSUs were forfeited;
- On March 21, 2024, Nova entered into a convertible loan agreement with a director of the Company for a total of $60,000 at 14% interest for a period of twelve months from the date of signing. Either Nova or the lender may elect to convert the Loan to common shares in the capital of Nova at a conversion price in accordance with the policies of the CSE (See *"Liquidity and Capital Resources");*
- On February 23, 2024, the Company announced the appointment of Steve Loutskou to the Board of Directors (see, section 5.1 – *Corporate Developments);*
- On January 3, 2024, Nova announced the appointment of Dr. Georg Hochwimmer to the Board of Directors (see, section 5.1 – *Corporate Developments)*.

4.0 OUTLOOK & FUTURE CATALYSTS

- Execute Phase IIA clinical trial to test the efficacy of psilocybin on patients diagnosed with FXS;
- Submit Phase IIA psilocybin fragile X syndrome INDs to the U.S. FDA, and European Medicines Agency (EMA);
- Preparation of psilocybin manufacturing process file in support of Phase IIA IND filings with U.S. FDA, Health Canada and EMA;
- Consummate ongoing pharmaceutical industry partnerships to promote psychedelic drug development and commercialization in the U.S., Canada and Europe;
- Potential sales of NOVA cGMP manufactured drug to doctors and clinics exploring use of psilocybin under Health Canada's recently enacted Special Access Programme (SAP) to restricted drugs for psychedelic therapy.
- In lieu of entering into the intellectual property conveyance agreement with Ludwig, Nova's Board of Directors is actively seeking suitable business opportunities that create shareholder value in line with the Company's Life Sciences industry listing.

5.0 OVERALL PERFORMANCE

INTELLECTUAL PROPERTY CONVEYANCE AGREEMENT

On August 27, 2024, Nova announced that it had entered into an intellectual property conveyance agreement (the "Agreement") with Ludwig Enterprises Inc. ("Ludwig") and Dr. Marvin S. Hausman ("Hausman"), CEO of Ludwig, pursuant to which the Company shall assign to Ludwig all of its intellectual property and patent of the mRNA Neuro Panel and Serotonin Assay, along with any and all data accumulated testing these assays (the "Property").

Under the terms of the Agreement, in consideration of the assignment of the Property, Hausman shall forgive the Company on a total of $336,601 (US$245,712) in debt owed to Hausman pursuant to consulting services provided to the Company and Ludwig shall issue to the Company 750,000 restricted shares in the capital of Ludwig at closing. In addition, for a period of 10 years from the date of the Agreement, Ludwig shall pay the Company a 2.5% royalty on all revenue derived from commercialization of the Property up to the amount of $336,601 (US$245,712) and 5% on any revenue over this amount.

BIOTECHNOLOGY RESEARCH AND DEVELOPMENT ("R&D")

Nova's core scientific focus has been 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 drug manufacturing, preclinical model systems, and clinical testing. 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.

During 2021 and 2022, Nova invested significantly in R&D in order to manufacture 50.9 grams of pharmaceutical grade, cGMP synthetic psilocybin drug. Most of the Company's product is currently in storage with the Toronto Institute of Pharmaceutical Technology ("TIPT"), a company licensed to possess the drug. Nova has had proprietary cGMP synthetic psilocybin 1.5 mg microdose capsules manufactured, and these capsules will be used in the Phase IIA clinical trial on human patients. KGK Science Inc., the Clinical Research Organization ("CRO") commissioned by the Company to carry out the clinical trial, holds 260 such capsules for use in the trial.

Nova's preclinical research results, which were published in an international science journal, showed that a low microdose formulation of the Company's psilocybin drug significantly modulated behavioural and cognitive defects in a genetic model of FXS.

Nova's novel mRNA technology has the potential to assess the neuroinflammatory condition of a patient on initial evaluation and ability to monitor drug treatment response. This genomic technology opens the door for the development of breakthrough products in psychedelic medicine. The Company believes this technology can be used by the pharmaceutical industry to evaluate the efficacy of drugs in the treatment of chronic inflammatory disorders of the central nervous system. Using buccal swab samples that are easily collected from patients, SwabAi has developed a proprietary diagnostic panel that examines a 52-mRNA microarray output using machine learning AI to uncover inflammatory gene patterns associated with specific neuroinflammatory conditions. Currently, in the evaluation and treatment of various neurological diseases and psychological disorders, efficacy measurements are

largely dependent on patient and professional observer feedback through standardized and accepted questionnaires that have a biased component.

Nova's goal in utilizing its mRNA biomarker panel technology is to assess the physiological changes that may be occurring in a patient throughout the course of treatment. This information will provide practitioners with an additional layer of objective data points from which to base drug dosages as well as response to treatment. This technology has far-reaching implications and merits over and above its utilization in the Company's current Health Canada approved Phase IIA fragile X syndrome clinical studies. SwabAi plans to assess potential synergistic corporate development opportunities with companies in the neuroscience arena.

KGK Science Inc. ("KGK"), a wholly-owned subsidiary of Wellbeing Digital Sciences Inc. (NEO: MEDI) (OTC: KONEF) (FRA: SQ2), through the terms of its research services agreement (the "Agreement") with Nova, will conduct the Company's Phase IIA clinical trial to test the efficacy of psilocybin on patients diagnosed with FXS. This trial is the first human research investigating the potential of a microdose of psilocybin to improve behavioural and cognitive symptoms associated with FXS. The results of the 10-person, open-label study will be used to support NOVA's drug development program under FDA Orphan Drug designation, which was received in late 2021. In April 2023, Nova began recruiting participants for this study. Under the Agreement with NOVA, KGK will perform research services, including the development of the clinical trial protocol, regulatory and ethics submissions, conduct of the trial, data management and validation, statistical analysis and drafting of the final report (the "Services"). The clinical trial is planned to be conducted at KGK's dedicated research facility in London, Ontario, Canada. The Company will use pharmaceutical grade cGMP synthetic psilocybin 1.5 mg microdose capsules in the study, production of which was completed for research purposes by Nova in 2022. Efforts to recruit patients for this study are ongoing.

5.1 CORPORATE DEVELOPMENTS

On August 27, 2024, alongside the Company's announcement of the Agreement with Ludwig, provided a corporate update. Regarding the Company's Health Canada Phase 2a clinical trial "An Open-Label Investigation of the Effects of Sub-Perceptual Repeat Dosing of Psilocybin on the Behavioural and Cognitive Symptoms of Fragile X Syndrome in Adult Patients" – the recruitment portion of the trial has proven to be very challenging. Together with its' CRO partner KGK Science, over 20 individuals have been vetted for enrollment but unfortunately none have met the stringent requirements for enrollment.

Coupled with the challenges the psychedelic sector has and is going through, NOVA's Board is actively seeking suitable business opportunities that create shareholder value and compliment the Company's Life Sciences industry listing on the CSE.

On February 23, 2024, the Company announced the appointment of Steve Loutskou to the Board of Directors. Mr. Loutskou, has over 20 years' experience as an entrepreneur. From the initiation of early-stage start-ups, to steering them through mature commercialization phases, he has demonstrated exceptional skills in navigating the intricate landscape of financing. With two decades of experience in business management, operations, and financing, Mr. Loutskou has garnered a wealth of experiences spanning various industry sectors. His strategic vision and financial acumen have both accelerated start-ups to success and also attracted substantial investment. It is anticipated that Mr. Loutskou will assist in developing strategies for Nova aimed at elevating its business operations.

In January 2024, Nova appointed Dr. Georg Hochwimmer to its Board of Directors. Dr. Hochwimmer is Chief Analyst at General Research, GmbH, a leading Munich-based securities research and analysis firm. Dr. Hochwimmer is a

noted business consultant and academic responsible for aiding in the development of several highly profitable companies throughout Europe. He serves as the CEO of supraMAT Technologies AG, which is a business incubator for German technology companies. He founded leading German technical start-ups, such as NGP Polymers, SmartDyelivery and Trophosys. He is also a managing director of Microdrop Technologies, which is a globally leading 3D micro-printing company. Dr. Hochwimmer has earned advanced degrees in chemistry and mechanical engineering.

5.2 RESULTS OF OPERATIONS

SUMMARY OF QUARTERLY FINANCIAL RESULTS

The following are selected financial results for the eight most recent quarterly periods:

For the periods ended:	**June 30, 2024**	**March 31, 2024**	**December 31, 2023**	**September 30, 2023**
Working capital	**(1,055,788)**	(905,787)	(821,986)	(613,161)
Net loss for the period	**(90,578)**	(144,379)	(209,560)	(184,064)
Net loss per common share[1]	**(0.01)**	(0.01)	(0.01)	(0.01)

For the periods ended:	June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022
Working capital	(429,833)	(127,775)	27,020	258,762
Net loss for the period	(302,793)	(528,005)	(1,069,225)	(402,938)
Net loss per common share[1]	(0.01)	(0.01)	(0.01)	(0.01)

[1] Basic and diluted

For the three months ended June 30, 2024 and 2023

During the three months ended June 30, 2024, the Company reported a net loss of $90,578 compared to a loss for the three months ended June 30, 2023 of $302,793. The Company's net loss included expenditures as follows:

- During the three-month period ended June 30, 2024, the Company received cash of $174 in relation to a loan receivable (June 30, 2023 - $nil)(see *Loan Receivable from Just Kush* below*);*
- Accounting, legal and audit fees totaled $13,888 during the three months ended June 30, 2024 (June 30, 2023 - $5,731). Aside from routine audit fees, the current period expense also relates to maintenance of existing patents compared to prior period expenses which are largely due to legal work required to file and obtain patents;
- Consulting fees during Q2/2024 of $12,000 decreased by $172,445 compared to the Q2/2023 expenditure of $184,445, mainly due to reducing the number of consultants engaged by the Company in order to conserve resources;
- Management fees of $55,500 (Q2/2023 - $55,500) were paid to the Chief Executive Officer ("CEO"), and Chief Financial Officer ("CFO"), are in line with the prior year period;
- Office and general of $2,167 in Q2/2024 reflects routine general office expenditures. Q2/2023 expenditures of $10,558 related to IT and website maintenance, and general office expenses;
- There were no options or RSUs granted during Q2/2024 or Q2/2023, and therefore, no share-based payments were recorded in Q2/2024 or Q2/2023;

- Shareholder communications and investor relations in Q2/2024 of $nil (Q2/2023 - $1,915) decreased over the prior year period which related to news releases and public company costs;
- Transfer agent and filing fees of $6,620 (Q2/2023 - $5,647) are mainly in line with prior year comparative period and relate to routine exchange fees and filing costs; and
- R&D costs of $nil incurred in Q2/2024 versus $38,262 realized in Q2/2023 pertained to biotechnology research and development costs. In the prior year comparative period, the Company incurred costs related to its ongoing observational study, and development and production of its cGMP psilocybin.

For the six months ended June 30, 2024 and 2023

During the six months ended June 30, 2024, the Company reported a net loss of $234,957 compared to a loss for the six months ended June 30, 2023 of $830,798. The Company's net loss included expenditures as follows:

- During the six-month period ended June 30, 2024, the Company received cash of $1,357 in relation to a loan receivable (June 30, 2023 - $nil)(see *Loan Receivable from Just Kush* below*);*
- Accounting, legal and audit fees totaled $16,943 during the six months ended June 30, 2024 (June 30, 2023 - $12,642). Aside from routine audit fees, the current period expense also relates to maintenance of existing patents compared to prior period expenses which are largely due to legal work required to file and obtain patents;
- Consulting fees during the first half of 2024 of $84,770 decreased by $225,952 compared to the 2023 comparative period expenditure of $310,722, mainly due to reducing the number of consultants engaged by the Company in order to conserve resources;
- Management fees of $111,000 (2023 - $111,000) were paid to the Chief Executive Officer ("CEO"), and Chief Financial Officer ("CFO"), are in line with the prior year period;
- Office and general of $6,850 during the six months ended June 30, 2024 reflects routine general office expenditures. In the 2023 six-month period, expenditures of $17,899 related to IT and website maintenance, and general office expenses;
- There were no options or RSUs granted during the six months ended 2024, and therefore, no share-based payments were recorded during the 2024 period. Comparatively, during the 2023 reporting period, the expenditure of $273,375 relates to the vesting of RSUs which were granted in January 2023;
- Shareholder communications and investor relations during the six months ended June 30, 2024 of $3,981 (2023 - $23,724) decreased $19,743 over the prior year period. A director of the Company who had been providing advisory services resigned in January 2023. Current period costs are attributed to news releases and public company costs;
- Transfer agent and filing fees in the current six-month period of $11,116 (2023 - $9,512) are mainly in line with prior year comparative period and relate to routine exchange fees and filing costs; and
- R&D costs of $500 incurred in the first half of 2024 versus $70,456 realized in the 2023 period pertained to biotechnology research and development costs. Current period costs related to minor consulting fees related to the Company's ongoing clinical trial. In the prior year comparative period, the Company incurred costs related to its ongoing observational study, and development and production of its cGMP psilocybin.

LOAN RECEIVABLE FROM JUST KUSH

On December 6, 2017, the Company signed an agreement to acquire shares of Just Kush Enterprises Ltd. ("Just Kush", or the "borrower"), a private British Columbia company with an ACMPR license.

Pursuant to the agreement, the Company had advanced amounts to Just Kush to assist them in building out a facility to carry out operations under its ACMPR license.

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. In accordance with the rescission agreement, shares involved in the original purchase agreement were returned to capital, and Just Kush had was required to repay a principal sum of $2,037,839 representing advances made by the Company to Just Kush under the original purchase agreement.

Just Kush had agreed 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. Just Kush failed to commence repayment of the loan. 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, and they 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. On each of July 31, 2022 and October 31, 2022, Just Kush submitted a written request to extend repayment of the loan to November 1, 2022, and February 1, 2023, respectively. Extension fees of $80,000 were added to the principal of the loan included on the Statements of Financial Position as at December 31, 2022.

At December 31, 2021, the fair value of the loan based on the principal sum of $2,117,839, and using an effective interest rate of 29%, was $535,271. The Company was recognizing accretion on the loan receivable during fiscal 2022, however, at December 31, 2022, management believed that the future recoverability of the loan was uncertain. As such, during the year ended December 31, 2022, Nova recorded an impairment loss of $764,776 on the fair value of the loan.

In June 2023, Nova signed an amended and restated loan agreement which stipulated that Just Kush would make payments against the loan based on their monthly gross sales and a sliding scale of tiered repayment rates. During the period ended June 30, 2024, the Company received $1,357 (June 30, 2023 - $nil) with respect to repayment of the loan.

As at June 30, 2024, the total amount owing to Nova from Just Kush, including principal and accrued interest, was $2,363,276.

LIQUIDITY AND CAPITAL RESOURCES

At June 30, 2024, the Company had cash and cash equivalents of $12,060 (December 31, 2023 - $8,088) to meet contractual financial liabilities of $1,071,908 (December 31, 2023 - $841,662). Nova had working capital deficit of $1,055,788 as at June 30, 2024 (December 31, 2023 –$821,986).

To address working capital requirements for 2024, the Company has maintained cost control measures to minimize its general and administrative expenses where possible.

For fiscal 2024 and beyond, the Company may require additional financing to address capital and operating expenditures to fund ongoing R&D, pay general and administrative expenses, and to seek out additional opportunities in the biotechnology industry to create shareholder value.

On May 11, 2024, 200,000 options expired, unexercised. The options had a weighted average exercise price of $0.085.

On January 11, 2024, the Company settled 1,000,000 RSUs through the issuance of 1,000,000 common shares in the capital of the Company. An additional 150,000 RSUs were deemed to have been settled, and 850,000 RSUs were forfeited.

On March 21, 2024 (the "Effective Date"), Nova entered into a convertible loan agreement (the "Loan") with a director of the Company (the "Lender") for a total of $60,000 at 14% interest for a period of twelve months from the date of signing. At any time after the Effective Date, either Nova or the Lender may elect, at their exclusive direction, to convert the Loan, plus any accrued and unpaid interest, to common shares in the capital of Nova. The conversion price of the shares will be in accordance with the policies of the CSE. Proceeds of the Loan will be used to satisfy immediate working capital needs of the Company.

OUTSTANDING SHARES

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

	August 27, 2024	June 30, 2024	December 31, 2023
Common Shares	148,318,660	148,318,660	147,168,660
Warrants	1,369,500	1,369,500	1,369,500
Share Options	6,450,000	6,450,000	6,650,000
Restricted Share Units	3,200,000	3,200,000	5,200,000
Fully Diluted Shares	**159,338,160**	**159,338,160**	**160,388,160**

RELATED PARTY TRANSACTIONS

Related parties as defined by IAS 24 - *Related Party Disclosures* include members of the Board of Directors, key management personnel, and any companies controlled by these individuals. Key management personnel include those persons having authority and responsibility for planning, directing, and controlling activities of the Company being directors and executive management, comprising of the Chief Executive Officer and the Chief Financial Officer.

The transactions noted below are in the normal course of business and are approved by the Board of Directors in adherence to conflict-of-interest laws and regulations.
These amounts of key management compensation and other related party transactions are included in the amounts shown on the consolidated statements of loss and comprehensive loss for the three and six months ended June 30, 2024 and 2023:

	Three months		Six months	
For the periods ended June 30,	**2024**	2023	**2024**	2023
Consulting fees	**3,000**	42,000	**6,000**	87,000
Management fees	**55,500**	55,500	**111,000**	111,000
Share-based payments	**-**	-	**-**	197,550

As at June 30, 2024, accounts payable and accrued liabilities included $405,465 (December 31, 2023 - $454,797) due to officers and directors or companies controlled by current or former officers and directors. The amounts due are non-interest-bearing, unsecured, and without stated terms of repayment.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has not entered into any off-balance sheet arrangements.

PROPOSED TRANSACTIONS

The Company has not entered into any proposed transactions.

ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET EFFECTIVE

For details of the accounting policies applied in preparation of the Annual Financial Statements, and the Company's Future Accounting Standards, including accounting standards not yet adopted, new accounting standards adopted, and accounting standards amended but not yet effective, please refer to Note 3 of the Company's Annual Financial Statements for the years ended December 31, 2023 and 2022.

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these Annual Financial Statements requires management to make estimates and judgments that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates, which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and may affect both the period of revision and future periods.

The key areas of judgment applied in the preparation of the consolidated financial statements that could result in a material adjustment to the carrying amounts of assets and liabilities is as follows:

- Research and development expenditures

Costs to develop products that will be sold are capitalized to the extent that the criteria for recognition as intangible assets in IAS 38 Intangible Assets are met. Those criteria require that the product is technically, and economically feasible, which management assessed based on the attributes of the development project, perceived user needs, industry trends and expected future economic conditions. Management considers these factors in aggregate and applies significant judgment to determine whether the product is feasible. The Company has not capitalized any product development costs as at June 30, 2024 and December 31, 2023.

- Going concern

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenses, meet its liabilities for the ensuing year, and to fund planned and contractual exploration programs, involves significant judgment based on historical experience and other factors including expectation of future events that are believed to be reasonable under the circumstances.

- Determination of control in business acquisitions

The determination of the acquirer in business acquisitions is subject to judgment and requires the Company to determine which party obtains control of the combining entities. Management applies judgment in determining

control by assessing the following three factors: whether the Company has power; whether the Company has exposure or rights to variable returns; and whether the Company has the ability to use its power to affect the amount of its returns. In exercising this judgment, management reviewed the representation on the Board of Directors and key management personnel, the party that initiated the transaction, and each of the entities' activities.

The assessment of whether an acquisition constitutes a business is also subject to judgment and requires the Company to review whether the acquired entity contains all three elements of a business, including inputs, processes and the ability to create output. Management has had to apply judgments relating to acquisitions with respect to whether the acquisition was a business combination or an asset acquisition.

The key estimates applied in the preparation of the consolidated annual financial statements that could result in a material adjustment to the carrying amounts of assets and liabilities are as follows:

- The inputs used in assessing the recoverability of deferred tax assets

The Company estimates the expected manner and timing of the realization or settlement of the carrying value of its assets and liabilities and applies the tax rates that are enacted or substantively enacted on the estimated dates of realization or settlement.

- Assumptions used as inputs to calculate share-based payments

The value of share-based payments is subject to the limitations of the Black-Scholes option pricing model that incorporates market data and involves uncertainty in estimates used by management in the assumptions. Because the Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share prices, changes in subjective input assumptions can materially affect the fair value estimate.

- Fair value of equity issuances for non-cash consideration.

In instances where the fair value of assets received, or services rendered cannot be reliably measured management estimates the fair value of common shares issued as non-cash consideration by reference to the closing trading price of its shares in active markets. In instances where common shares issued are subject to internally imposed hold periods, management applies a discount to the value of the shares.

Actual results could differ from those estimates. Key judgments and estimates made by management with respect to those areas noted previously have been disclosed in the notes to the consolidated financial statements, as appropriate.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

In connection with Exemption Orders issued in November 2007 by each of the securities commissions across Canada, the CEO and CFO of the Company will file a Venture Issuer Basic Certificate with respect to the financial information contained in the condensed interim financial statements and the audited annual financial statements and respective accompanying MD&A.

In contrast to the certificate under National Instrument ("NI") 52-109 (Certification of Disclosure in Issuer's Annual and Interim Filings), the Venture Issuer Basic Certification includes a 'Note to Reader' stating that the CEO and CFO do not make any representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financing reporting, as defined in NI 52-109.

RISKS AND UNCERTAINTIES

The Company believes that the following risks and uncertainties may materially affect its success.

Regulatory Risks

As a Company in the psychedelic drug industry, the activities of the Company are subject to regulation by governmental authorities in Canada. Achievement of the Company's business objectives are contingent, in part, upon compliance with regulatory requirements enacted by these governmental authorities and obtaining all regulatory approvals, where necessary. In all cases, plans moving forward and all opportunities are subject to all necessary governmental and municipal approvals being granted. This applies to both the Company and any companies in which it has investments. The Company cannot predict the time required to secure all appropriate regulatory approvals, or the extent of testing and documentation that may be required by governmental authorities. Any delays in obtaining, or failure to obtain regulatory approvals could have a material adverse effect on the Company's business, results of operations and financial condition.

Change in Laws, Regulations and Guidelines

The Company's business is subject to particular laws, regulations, and guidelines. The Company intends to comply with all laws and regulations, but there is no guarantee that the governing laws and regulations will not change which will be outside of the Company's control.

Substantial Capital Requirements and Liquidity

Substantial additional funds for the establishment of the Company's current and planned operations will be required. No assurances can be given that the Company will be able to raise the additional funding that may be required for such activities, should such funding not be fully generated from operations. Various factors will have an impact on the amount of additional capital that may be required. To meet such funding requirements, the Company may be required to undertake additional equity financing, which would be dilutive to shareholders. Debt financing, if available, may also involve restrictions on financing and operating activities. There is no assurance that additional financing will be available on terms acceptable to the Company or at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations or anticipated expansion, and pursue only those plans that can be funded through cash flows generated from its existing operations, which at this time are insignificant.

Financing Risks and Dilution to Shareholders

The Company will have limited financial resources, limited operations and limited revenues. Also, any other investment opportunities pursued by the Company may require additional financing. There can be no assurance that the Company will be able to obtain adequate financing in the future or that such financing will be available on favorable terms or at all. It is likely such additional capital will be raised through the issuance of additional equity, which will result in dilution to the Company's shareholders.

Competition

There is competition within the biotechnology industry for investments and products considered to have commercial potential. The Company will compete with other biotechnology companies, many of which have greater financial, technical and other resources than the Company, for, among other things, research and development of biotechnology products, as well as for the recruitment and retention of qualified employees and other personnel.

Reliance on Management and Dependence on Key Personnel

The success of the Company will be largely dependent upon on the performance of the directors and officers and the ability to attract and retain key personnel. The loss of the services of these persons may have a material adverse effect on the Company's business and prospects. The Company will compete with numerous other companies for the recruitment and retention of qualified employees and contractors. There is no assurance that the Company can maintain the service of its directors and officers or other qualified personnel required to operate its business. Failure to do so could have a material adverse effect on the Company and its prospects.

Conflicts of Interest

Certain of the directors and officers of the Company will be engaged in, and will continue to engage in, other business activities on their own behalf and on behalf of other companies and, as a result of these and other activities, such directors and officers of the Company may become subject to conflicts of interest. The British Columbia Business Corporations Act ("BCBCA") provides that in the event that a director has a material interest in a contract or proposed contract or agreement that is material to the issuer, the director must disclose his interest in such contract or agreement and refrain from voting on any matter in respect of such contract or agreement, subject to and in accordance with the BCBCA. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the BCBCA.

Uninsurable Risks

The Company may become subject to liability for risks against which it cannot insure. The payment of any such liabilities would reduce the funds available for the Company's usual business activities. Payment of liabilities for which the Company does not carry insurance may have a material adverse effect on the Company's financial position and operations.

Litigation

The Company and/or its directors may be subject to a variety of civil or other legal proceedings, with or without merit.

FORWARD-LOOKING INFORMATION

This MD&A contains forward-looking statements. Forward-looking statements are projections of events, revenues, income, future economic performance or management's plans and objectives for future operations. In some cases, you can identify forward-looking statements by the use of terminology such as "may", "should", "expects", "plans", "anticipates", "believes", "estimates", "predicts", "potential" or "continue" or the negative of these terms or other comparable terminology. Examples of forward-looking statements made in this MD&A include statements about the Company's business plans; the costs and timing of its developments; its future investments and allocation of capital resources; requirements for additional capital. These statements are only predictions and involve known and unknown risks, uncertainties and other factors, including: general economic and business conditions, fluctuations in prices and demand for psilocybin and related products; our lack of operating history; conclusions or economic evaluations; changes in project parameters as plans continue to be refined; failure of plant, equipment or processes to operate as anticipated; regulatory and legal issues; or other risks of the psychedelic drug industry; delays in obtaining government approvals or financing or incompletion of development activities, any of which may cause our or our industry's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements.

While these forward-looking statements and any assumptions upon which they are based are made in good faith and reflect our current judgment regarding the direction of the Company's business, actual results will almost always vary, sometimes materially, from any estimates, predictions, projections, assumptions or other future performance suggested herein. Except as required by applicable law, including the securities laws of the Canada, the Company does not intend to update any of the forward-looking statements to conform these statements to actual results.

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

Detailed listings of general and administrative expenses are provided in the Interim Financial Statements of the Company for the periods ended June 30, 2024 and 2023.

OFFICERS AND DIRECTORS

Certain directors of the Company are also directors, officers and/or shareholders of other companies. Such associations may give rise to conflicts of interest from time to time. The directors of the Company are required to act in good faith with a view to the best interests of the Company and to disclose any interest which they may have in any project opportunity of the Company. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict will disclose his/her interest and abstain from voting in the matter(s). In determining whether or not the Company will participate in any project or opportunity, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at the time.

Current directors and officers of the Company are as follows:

William Rascan, CEO, President, and Director
Derek Ivany, Director
Dr. Georg Hochwimmer, Director
Steve Loutskou, Director
Rebecca Hudson, CFO
Kelly Pladson, Corporate Secretary

OTHER REQUIREMENTS

Additional disclosure of the Company's material documents, information circular, material change reports, new release, and other information can be obtained on SEDAR at www.sedar.com.