NOTICE OF MEETING

AND

MANAGEMENT PROXY CIRCULAR

FOR THE

ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

TO BE HELD AT 10:00 A.M. TORONTO TIME ON MAY 1, 2023

March 15, 2023

IN LIGHT OF THE RAPIDLY EVOLVING NEWS, GUIDELINES AND REQUIREMENTS RELATED TO COVID-19, THE CORPORATION WILL BE STRICTLY RESTRICTING PHYSICAL ACCESS TO THE MEETING TO REGISTERED SHAREHOLDERS AND FORMALLY APPOINTED PROXYHOLDERS, AND WILL NOT BE PERMITTING ANY OTHERS (INCLUDING BENEFICIAL SHAREHOLDERS THAT HOLD THEIR SHARES THROUGH A BROKER OR OTHER INTERMEDIARY) TO ATTEND.

HIGH FUSION INC.
LETTER TO SHAREHOLDERS

March 15, 2023

Dear Shareholders:

You are invited to attend the annual and special meeting ("**Meeting**") of the shareholders ("**High Fusion Shareholders**") of High Fusion Inc. ("**High Fusion**" or the "**Corporation**") to be held on May 1, 2023, at the hour of 10:00 a.m. (Eastern time), at Suite 2905, 77 King Street West, Toronto, Ontario, M5K 1H1.

At the Meeting, High Fusion Shareholders will be asked, to consider and, if thought fit, to pass, with or without variation, among other things:

i) to receive the consolidated financial statements of High Fusion for its fiscal years ended July 31, 2022 and 2021 and reports of the auditor thereon, and related MD&A;

ii) the election of the directors of High Fusion for the ensuing year;

iii) the reappointment of BF Borgers CPA PC, Certified Public Accountants, as auditors for High Fusion for the ensuing year;

iv) the change of the name of High Fusion to "Vertical Peak Holdings Inc." or such other name as the directors of High Fusion may determine (the "**Name Change Resolution**");

v) assuming that the Name Change Resolution is approved, the continuance (the "**Continuance**") of High Fusion from a corporation existing under the *Canada Business Corporations Act* to a corporation existing under the BCBCA (as defined below) (the "**Continuance Resolution**"); and

vi) assuming that the Continuance Resolution is approved, a special resolution to approve a statutory plan of arrangement (the "**Plan of Arrangement**") under sections 288 to 299 of the *Business Corporations Act* (British Columbia) (the "**BCBCA**"), which involves, among other things, (i) an amendment to the capital structure of High Fusion and (ii) the distribution of a portion of the common shares ("**Neural Shares**") in the capital of Neural Therapeutics Inc. ("**Neural**"), an entity of which High Fusion currently owns approximately 45.6% of the outstanding Neural Shares, to the holders of the Corporation's subordinate voting shares ("**High Fusion SVS**") and multiple voting shares ("**High Fusion MVS**") on a pro-rata basis, based on the number of votes held by each of the holders of High Fusion SVS and High Fusion MVS, all as more particularly described in the accompanying information circular (the "**Circular**").

It is expected that upon completion of the Plan of Arrangement, Neural will become an unlisted reporting issuer. It is expected that the Plan of Arrangement will provide the following advantages to High Fusion Shareholders:

a. The Plan of Arrangement is anticipated to result in separate reporting issuers, each focused on their respective businesses, each of which will provide a platform for transactions that the directors wish to target;

b. Given that High Fusion's principal business focus is cannabis in the United States and Neural's principal business focus is psychedelic drug development, the Plan of Arrangement would enable each of the parties to better pursue its own specific business strategies without being subject to financial or other constraints of the businesses of the other party, whilst providing new and existing shareholders with optionality as to investment strategy and risk profile;

c. The Plan of Arrangement would allow High Fusion Shareholders to realize value from High Fusion's acquisition of Neural in 2020 (then PSC). High Fusion Shareholders would retain their current ownership interest in High Fusion and would receive their Neural Shares without having to contribute any additional capital and for no additional consideration to High Fusion Shareholders. As such, High Fusion Shareholders, through their ownership of Neural Shares, would continue to participate in the opportunities associated with the Neural's business plan, while retaining their ownership in High Fusion;

d. Each of High Fusion and Neural will be better able to focus on a specific industry and geographic location, allowing such entities to be more readily understood by investors and better positioned to raise capital;

e. High Fusion's interest in its United States cannabis business will not be affected or diluted by the proposed Plan of Arrangement, and the Plan of Arrangement will allow High Fusion to focus on its United States cannabis business with no further funding obligations to fund Neural's business;

f. The Plan of Arrangement will result in Neural becoming an unlisted reporting issuer, which is anticipated to benefit the High Fusion Shareholders as a result of Neural:

   i. having the ability to effect acquisitions by way of public (although not listed) share issuances;

   ii. being able to complete financings with investors that are interested in Neural's business but would otherwise not acquire securities of High Fusion;

   iii. no longer being subjected to reporting requirements set out in *CSA Staff Notice 51-352 (Revised) – Issuers With U.S. Marijuana-Related Activities*;

g. The Plan of Arrangement must be approved by at least 66 2/3% of the votes cast in respect of the Arrangement Resolution by the High Fusion Shareholders present in person or represented by proxy at the Meeting on the basis of one vote per High Fusion SVS (or ten votes per High Fusion MVS), as well as a simple majority of the votes cast by High Fusion Shareholders excluding any other persons required to be excluded in accordance with MI 61-101. The Plan of Arrangement must also be approved by the court order, which court will consider the fairness of the Plan of Arrangement to High Fusion Shareholders. See section titled "*Particulars of Matters to be Acted Upon – Approval of the Arrangement*" in the Circular.

The board of directors of High Fusion has determined that the Plan of Arrangement is fair and is in the best interests of High Fusion and its securityholders and recommends that shareholders vote in favour of the special resolution approving the Plan of Arrangement. The Circular provides a full description of the Plan of Arrangement and includes certain additional information to assist you in considering how to vote in respect of the Plan of Arrangement. You are encouraged to consider carefully all of the information in the Circular, including the documents incorporated by reference therein. If you require assistance, you should contact your financial, legal, tax or other professional advisor.

Your vote is important regardless of the number of High Fusion SVS or High Fusion MVS that you own. If you are a registered shareholder of High Fusion, we encourage you to complete, sign, date and return the enclosed form of proxy by not later than 10:00 a.m. (Eastern time) on April 27, 2023, or, if the Meeting is adjourned, not later than 48 hours, excluding Saturdays, Sundays and holidays, preceding the time of such adjourned Meeting, to ensure that your securities are voted at the meeting in accordance with your instructions, whether or not you are able to attend in person. If you hold your securities through a broker or other intermediary, you should follow the instructions provided by your broker or other intermediary to vote your securities.

If you are a registered shareholder of High Fusion, we also encourage you to complete and return the enclosed letter of transmittal ("**Letter of Transmittal**") together with the certificate(s), if any, representing your High Fusion SVS or High Fusion MVS and any other required documents and instruments, to the depositary, Odyssey Trust Company, in accordance with the instructions set out in the Letter of Transmittal so that if the Plan of Arrangement is completed, new subordinate voting shares and/or multiple voting shares, as applicable, of High Fusion and Neural common shares can be issued or distributed to you after the Plan of Arrangement becomes effective. The Letter of Transmittal contains other procedural information related to the Plan of Arrangement and should be reviewed carefully. If you hold your High Fusion SVS or High Fusion MVS through a broker or other intermediary, please contact that broker or other intermediary for instructions and assistance with receiving new subordinate voting shares and/or multiple voting shares, as applicable, of High Fusion and Neural common shares in exchange for your old High Fusion SVS and/or High Fusion MVS. Assuming that all conditions to the completion of the Plan of Arrangement are satisfied, it is anticipated that the Plan of Arrangement will become effective on or before May 31, 2023.

On behalf of High Fusion, we would like to thank all shareholders for their ongoing support.

Yours very truly,

/s/ "Adam Szweras"

Adam Szweras

High Fusion Inc., Chairman of the Board

HIGH FUSION INC.
Suite 2905, 77 King Street West, Toronto, Ontario, M5K 1H1
Telephone: 416-840-3798 Fax: 416-765-0029
www.high-fusion.com

NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN THAT the annual and special meeting (the "**Meeting**") of shareholders (the "**Shareholders**") of High Fusion Inc. ("**High Fusion**" or the "**Corporation**") will be held at 77 King Street West, Suite 2905, Toronto Ontario on May 1, 2023, at 10:00 a.m. (Toronto time), for the following purposes:

(1) to receive the consolidated financial statements of High Fusion for its fiscal years ended July 31, 2022 and 2021 and reports of the auditor thereon, and related MD&A;

(2) to elect the directors of High Fusion for the ensuing year;

(3) to appoint BF Borgers CPA PC, Certified Public Accountants as the auditor of High Fusion for the ensuing year and to authorize the directors to fix the auditor's remuneration;

(4) to consider and, if thought fit, and conditional upon and effective as of the completion of the Name Change, to pass, with or without variation, a special resolution ("**Continuance Resolution**"), the full text of which is set forth as Schedule "E", to authorize and approve the continuation of the Corporation ("**Continuance**") from a company incorporated under the federal laws of Canada to a corporation continued under the laws of British Columbia, including the adoption of new articles and notice of articles, which articles will effect an amendment of the existing articles of High Fusion;

(5) to consider and, if thought fit, approve a special resolution (the "**Name Change Resolution**"), substantially in the form set out in Schedule "D" of the Circular, authorizing an amendment to the articles of the Corporation to change the name of the Corporation to "Vertical Peak Holdings Inc." or such other name as is acceptable to the Corporation and the Canadian Securities Exchange ("**Name Change**");

(6) to consider and, if thought fit, to pass, with or without variation, a special resolution, the full text of which is set forth as Schedule "A" to the Circular that will be provided in connection with the Meeting (the "**Circular**") to approve a statutory plan of arrangement under sections 288 to 299 of the Business Corporations Act (*British Columbia*), which involves, among other things, (i) an amendment to the capital structure of High Fusion and (ii) the distribution of common shares in the capital of Neural to the current holders of Corporation's subordinate voting shares ("**High Fusion SVS**") and High Fusion multiple voting shares ("**High Fusion MVS**") on a pro-rata basis, based on the number of votes held by each of the High Fusion SVS and High Fusion MVS holders, all as more particularly described in the Circular; and

(7) to transact such other business as may properly come before the Meeting or any adjournment thereof.

Notice-and-Access

This year, as described in the notice and access notification mailed to Shareholders of High Fusion, High Fusion has decided to deliver the Meeting materials to Shareholders by posting the Meeting materials on the following website: www.high-fusion.com (the "**Website**"). The use of this alternative means of delivery is more environmentally friendly as it will help reduce paper use and it will also reduce High Fusion's printing and mailing costs. The Meeting materials will be available on the Website as of the day of mailing which is currently scheduled for March 31, 2023, and will remain on the Website for one full year thereafter. The Meeting materials will also be available on SEDAR at www.sedar.com. Shareholders should review the Meeting materials before voting.

No Shareholders will receive paper copies of the Meeting materials unless they specifically request paper copies. Instead, all Shareholders will receive a notice and access notification which will contain information on how to obtain electronic and paper copies of the Meeting materials in advance of the Meeting. If you wish to receive a paper copy of the Meeting

materials or have questions about notice-and-access, please call Odyssey Trust Company ("**Odyssey**"), toll free at 1-888-290-1175 or online via www.odysseycontact.com. In order to receive a paper copy in time to vote before the Meeting, your request should be received by April 10, 2023.

A Shareholder may attend the Meeting in person or may be represented by proxy. Shareholders who are unable to attend the Meeting or any adjournment or postponement thereof in person are requested to date, sign and return the accompanying form of proxy for use at the Meeting or any adjournment or postponement thereof. To be effective, the enclosed proxy must be mailed so as to reach or be deposited at the office of the registrar and transfer agent of High Fusion, Odyssey by mail at: Odyssey Trust Company, 702, 67 Yonge Street, Toronto, ON, M5E 1J8, by fax to 1-888-290-1175 or email to proxy@odysseytrust.com, not later than 48 hours, excluding Saturdays, Sundays and holidays, prior to the time of the Meeting or any adjournment thereof. Late instruments of proxy may be accepted or rejected by the Chairman of the Meeting in his discretion and the Chairman is under no obligation to accept or reject any particular late instruments of proxy.

To vote by internet, have your form of proxy available when you access the website of Odyssey at https://login.odysseytrust.com/pxlogin. You will be prompted to enter your control number which is located on the proxy. You may also appoint a person other than the persons designated on this form of proxy by following the instructions provided on the website.

While as of the date of this Notice, High Fusion intends to hold the Meeting in a physical face-to-face format, High Fusion is continuously monitoring the current COVID-19 outbreak. In light of the rapidly evolving news, guidelines and requirements related to COVID-19, High Fusion asks that, in considering whether to attend the Meeting in person, Shareholders and proxyholders follow, among other things, the instructions of the Public Health Agency of Canada and any applicable additional provincial and local instructions, guidelines and requirements. **All Shareholders are strongly encouraged to vote prior to the Meeting by any of the means described in the Circular, the form of proxy or other materials provided by an intermediary.**

High Fusion reserves the right to take any additional precautionary measures it deems appropriate in relation to the Meeting in response to further developments in respect of the COVID-19 outbreak. Changes to the Meeting date and/or means of holding the Meeting may be announced by way of press release. High Fusion does not intend to prepare or mail an amended Notice and/or Circular in the event of changes to the Meeting date or format.

As provided in the *Canada Business Corporations Act*, the directors have fixed a record date of March 20, 2023. Accordingly, persons who are registered as Shareholders on the books of High Fusion at the close of business on March 20, 2023, are entitled to this Notice and to vote at the Meeting.

If you are a non-registered shareholder and receive these materials through your broker or another intermediary, please complete and return the materials in accordance with the instructions provided to you by your broker or intermediary.

DATED at Toronto, Ontario this 15th day of March, 2023.

BY ORDER OF THE BOARD OF DIRECTORS

/s/ "Adam Szweras"

Name: Adam Szweras
Title: Chairman of the Board

CAUTIONARY STATEMENTS REGARDING U.S. CANNABIS OPERATIONS

High Fusion Inc. ("High Fusion") currently does, and is expected to continue to, derive its revenues from the cannabis industry in certain states in the United States, which industry is illegal under federal law in the United States. High Fusion has Material Ancillary Involvement (as such term is described in the Staff Notice 51-352 (Revised) – *Issuers with U.S. Marijuana-Related Activities*) in medical and adult-use cannabis industry in the State of California. See section titled "*Schedule T – Information Concerning High Fusion - Issuers with U.S. Cannabis-Related Assets*" of this Circular.

Marijuana is currently illegal under United States federal law. The federal government of the United States regulates drugs through the Controlled Substances Act (the ''U.S. CSA''), which places controlled substances on one of five schedules. Currently, marijuana is classified as a Schedule I controlled substance. This means it has a high potential for abuse and currently has no accepted medical use in treatment in the United States. Schedule I substances are subject to production quotas imposed by the United States Drug Enforcement Agency ("DEA"). Thus, the federal government of the United States has specifically reserved the right to enforce federal law in regards to the sale and disbursement of medical or adult-use marijuana even if such sale and disbursement is sanctioned by state law.

Over half of the states in the United States have enacted legislation to regulate the sale and use of medical cannabis without limits on tetrahydrocannabinol (''THC''), while other states have regulated the sale and use of medical cannabis with strict limits on the levels of THC. Notwithstanding the permissive regulatory environment of medical cannabis at the state level, cannabis continues to be categorized as a controlled substance under U.S. CSA in the United States and as such, is in violation of federal law in the United States. Despite the current state of the federal law and the U.S. CSA, certain states have legalized the recreational use of cannabis, including the State of Colorado and the State of California, where High Fusion has or may be deemed to have a direct or material ancillary involvement in the U.S. cannabis industry. The Supremacy Clause of the United States Constitution establishes that the United States Constitution and federal laws made pursuant to it are paramount and in case of conflict between federal and state law, the federal law shall apply.

On January 4, 2018, former United States' Attorney General Jeff Sessions issued a memorandum to United States Attorneys which rescinded previous guidance from the United States Department of Justice specific to marijuana enforcement in the United States, including the Cole Memorandum (as defined herein). With the Cole Memorandum rescinded, United States' federal prosecutors have been given discretion in determining whether to prosecute marijuana related violations of United States federal law, including in jurisdictions in which the production, distribution and use of marijuana is permitted under state law.

There is no guarantee that state laws legalizing and regulating the sale and use of marijuana will not be repealed or overturned, or that local governmental authorities will not limit the applicability of state laws within their respective jurisdictions. Unless and until the United States Congress amends the CSA with respect to medical and/or adult-use marijuana (and as to the timing or scope of any such potential amendments there can be no assurance), there is a risk that federal authorities may enforce current federal law. If the federal government begins to enforce federal laws relating to marijuana in states where the cultivation, processing, sale and use; or if such laws are repealed could impact High Fusion and its business, results of operation, financial condition, and prospects in a materially adverse way. See section titled "*Schedule T – Information Concerning High Fusion - Risk Factors*" for additional information on such risk.

Notwithstanding the paramountcy of federal law in the United States, enforcement of such laws may be limited by other means or circumstances, which are further described in this document. See section titled "*Schedule T – Information Concerning High Fusion - Issuers with U.S. Cannabis-Related Assets - Enforcement of United States Federal Laws and United States Enforcement Proceedings*" for additional information on such risk. Unless and until the United States Congress amends the U.S. CSA with respect to cannabis (and as to the timing or scope of any such potential amendments there can be no assurance), there is a significant risk that federal authorities may enforce current federal law, which may adversely affect the current and future operations of High Fusion in the United States. As such, there are a number of significant risks associated with High Fusion's existing and future operations in the United States, and such operations may become the subject of heightened scrutiny by regulators, stock exchanges and other authorities in Canada. As a result, High Fusion may be subject to significant direct and indirect interaction with public officials. There can be no assurance that this heightened scrutiny will not in turn lead to the

imposition of certain restrictions on High Fusion's ability to operate in the United States or any other jurisdiction. See section titled "*Schedule T – Information Concerning High Fusion - Risk Factors*" for additional information on such risk.

In light of the political and regulatory uncertainty surrounding the treatment of marijuana-related activities in the United States, including the rescission of the Cole Memorandum discussed above, on February 8, 2018, the Canadian Securities Administrators published Staff Notice 51-352 setting out Canadian Securities Administrator's disclosure expectations for certain risks facing issuers with Cannabis-related activities in the United States. Staff-Notice 51-352 confirms that a disclosure-based approach remains appropriate for issuers with cannabis-related activities in the United States and includes additional disclosure expectations that apply to all issuers with cannabis-related activities in the United States.

For the reasons set forth above, High Fusion's existing interests and operations in the United States cannabis market may become the subject of heightened scrutiny by regulators, stock exchanges, clearing agencies and other authorities in Canada. There are a number of significant risks associated with the business of High Fusion. See section titled "*Schedule T – Information Concerning High Fusion - Issuers with U.S. Cannabis-Related Assets*" and "*Schedule T – Information Concerning High Fusion - Risk Factors*" of this Circular.

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HIGH FUSION INC.
Suite 2905, 77 King Street West, Toronto, Ontario, M5K 1H1
Telephone: 416-840-3798 Fax: 416-765-0029
www.high-fusion.com

MANAGEMENT PROXY CIRCULAR

As at March 15, 2023 ***(unless otherwise indicated)***

This Management Proxy Circular (the "Circular") is furnished in connection with the solicitation of proxies by management of High Fusion Inc. ("High Fusion") for use at the annual and special meeting (the "Meeting") of the holders ("SVS Holders") of subordinate voting shares in the capital of High Fusion ("High Fusion SVS") and holders ("MVS Holders" and together with the SVS Holders, referred to herein as "High Fusion Shareholders") of multiple voting shares in the capital of High Fusion ("High Fusion MVS" and together with the High Fusion SVS, the "High Fusion Shares") to be held on May 1, 2023, at the time, place and for the purposes set forth in the accompanying Notice of the Meeting.

COVID-19 PANDEMIC

In light of ongoing concerns related to the COVID-19 pandemic High Fusion is encouraging High Fusion Shareholders and guests not to attend the Meeting in person. Instead, High Fusion Shareholders are encouraged to vote on the matters before the Meeting by proxy, and to participate in the Meeting by teleconference, as follows:

Tel: 1-855-799-0222
Access Code: 0854411

High Fusion Shareholders will not be able to vote over the conference line but will be able to ask questions of management at the conclusion of the Meeting. Should the prevailing advice from provincial authorities require or recommend any additional change(s) to the Meeting, updates will be posted on High Fusion's website and/or by press release.

NOTICE-AND-ACCESS

High Fusion has elected to use the notice-and-access procedure ("**Notice-and-Access**") under National Instrument 51-102 – *Continuous Disclosure Obligations* ("**NI 51-102**") and National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* ("**NI 54-101**") for the delivery of the Meeting materials ("**Meeting Materials**") to all High Fusion Shareholders for the Meeting.

Under the provisions of Notice-and-Access, all High Fusion Shareholders will receive a Notice-and-Access Notice ("**Notice**") containing information on how they can access the Meeting Materials electronically (instead of receiving a printed copy) or, alternatively, how they can receive a printed copy of those Meeting Materials. High Fusion Shareholders will also receive a proxy or a voting instruction form enabling them to vote at the Meeting. The Meeting Materials will be posted on High Fusion's website at: www.high-fusion.com as of March 20, 2023, and will remain on the website for one (1) year thereafter.

The Meeting Materials will also be available under High Fusion's SEDAR profile at www.sedar.com as of March 20, 2023. The use of Notice-and-Access is an environmentally friendly and cost-effective way to distribute the materials for the Meeting because it reduces printing, paper and postage.

High Fusion has also elected to use procedures known as "stratification" in relation to its use of the Notice-and-Access provisions. Stratification occurs when High Fusion while using the Notice-and-Access, provides a paper copy of the Notice of and Circular to some High Fusion Shareholders. In relation to the Meeting, certain Registered Shareholders and Beneficial Shareholders that have previously requested to receive paper materials will receive a paper copy of each of the Notice of the Meeting, this Circular, form of proxy and the financial statements of High Fusion, whereas all other High Fusion

Shareholders will receive only a notification regarding the use of the Notice-and-Access Provisions and a voting instruction form. High Fusion Shareholders are reminded to review this Circular before voting.

High Fusion Shareholders with questions about the Notice-and-Access provisions can call High Fusion's transfer agent, Odyssey, at 1-888-290-1175.

Registered and beneficial shareholders may obtain paper copies by calling Odyssey at 1-888-290-1175, or online via www.odysseycontact.com.

A request for paper copies (which are required in advance of the Meeting) should be sent so that they are received by Odyssey by April 10, 2023 in order to allow sufficient time for High Fusion Shareholders to receive their paper copies and to return (a) their form of proxy; or (b) their voting instruction form to their Intermediaries by the deadline for submitting their proxy or voting instruction form, as applicable.

SOLICITATION OF PROXIES

The cost of solicitation by or on behalf of management will be borne by High Fusion. High Fusion may reimburse brokers, custodians, nominees and other fiduciaries for their reasonable charges and expenses incurred in forwarding the proxy material to beneficial owners of High Fusion Shares. It is expected that such solicitation will be primarily by mail. In addition to solicitation by mail, certain officers, directors and employees of High Fusion may solicit proxies by telephone or personally. These persons will receive no compensation for such solicitation other than their regular salaries.

Although it is expected that the solicitation of proxies will be primarily by mail, proxies may also be solicited personally or by telephone, facsimile or other proxy solicitation services. In accordance with NI 54-101, arrangements have been made with brokerage houses and clearing agencies, custodians, nominees, fiduciaries or other intermediaries to the Meeting Materials to the beneficial owners of the High Fusion Shares held of record by such parties. High Fusion may reimburse such parties for reasonable fees and disbursements incurred by them in doing so. The costs of the solicitation of proxies will be borne by High Fusion. High Fusion may also retain, and pay a fee to, one or more professional proxy solicitation firms to solicit proxies from the High Fusion Shareholders in favour of the matters set forth in the Notice.

APPOINTMENT OF PROXY HOLDERS AND REVOCATION OF PROXIES

The High Fusion Shares represented by the accompanying form of proxy (if the same is properly executed in favour of Adam Szweras, Chairman or failing him, John Durfy, Chief Executive Officer, collectively the management nominees, and is received at the offices of Odyssey Trust Company ("**Odyssey**") not later than 10:00 a.m. (Toronto time) April 27, 2023, or, if the Meeting is adjourned, not later than 48 hours, excluding Saturdays, Sundays and holidays, preceding the time of such adjourned Meeting) will be voted at the Meeting, and where a choice is specified in respect of any matter to be acted upon, will be voted in accordance with the specifications made. **In the absence of such a specification, such High Fusion Shares will be voted in favour of such matter. The form of proxy sets out specific instructions for completing and returning the proxy in order to be properly counted at the Meeting.**

The accompanying form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the annexed notice of Meeting, and with respect to other matters which may properly come before the Meeting. At the date hereof, management of High Fusion knows of no such amendments, variations or other matters.

Each High Fusion Shareholder has the right to appoint a person other than the persons named in the accompanying form of proxy, who need not be a High Fusion Shareholder, to attend and act for him or her and on his or her behalf at the Meeting. Any High Fusion Shareholder wishing to exercise such right may do so by inserting in the blank space provided in the accompanying form of proxy the name of the person whom such High Fusion Shareholder wishes to appoint as proxy and by duly depositing such proxy, or by duly completing and depositing another proper form of proxy.

A High Fusion Shareholder who has given a proxy may revoke it at any time insofar as it has not been exercised. A proxy may be revoked, as to any matter on which a vote shall not already have been cast pursuant to the authority conferred by

such proxy, by instrument in writing executed by the High Fusion Shareholder or by his or her attorney authorized in writing or, if the High Fusion Shareholder is a body corporate, by an officer or attorney thereof duly authorized, and deposited with High Fusion c/o Odyssey at the address set out in the proxy, at any time up to and including the close of business on April 27, 2023, or thereafter with the Chairman of the Meeting on the day of the Meeting or any adjournment thereof, and upon either of such deposits the proxy is revoked. A proxy may also be revoked in any other manner permitted by law.

EXERCISE OF DISCRETION BY PROXIES

The High Fusion Shares represented by proxies in favour of management nominees will be voted or withheld from voting in accordance with the instructions of the Registered Shareholder on any ballot that may be called for and, if a Registered Shareholder specifies a choice with respect to any matter to be acted upon at the Meeting, the High Fusion Shares represented by the proxy shall be voted accordingly. Where no choice is specified, the proxy will confer discretionary authority and will be voted for the election of directors, for the appointment of auditors and the authorization of the directors to fix their remuneration and for each item of special business, as stated elsewhere in this Circular.

The enclosed form of proxy also confers discretionary authority upon the persons named therein to vote with respect to any amendments or variations to the matters identified in the Notice and with respect to other matters which may properly come before the Meeting in such manner as such nominee in his judgment may determine. At the time of printing this Circular, the management of High Fusion knows of no such amendments, variations or other matters to come before the Meeting.

REGISTERED SHAREHOLDERS

A holder of High Fusion SVS or High Fusion MVS who appears on the records maintained by High Fusion or its registrar and transfer agent as a registered holder of High Fusion SVS or High Fusion MVS (each a "**Registered Shareholder**") may vote in person at the Meeting or may appoint another person to represent such Registered Shareholder as proxy and to vote their High Fusion Shares of such Registered Shareholder at the Meeting. In order to appoint another person as proxy, a Registered Shareholder must complete, execute and deliver the form of proxy accompanying this Circular, or another proper form of proxy, in the manner specified in the Notice.

Registered Shareholders are asked to return their proxy forms using one of the following methods by 10:00 a.m. (Toronto time) on April 27, 2023 (the "**proxy cut-off time**") or, if the Meeting is adjourned, not later than 48 hours, excluding Saturdays, Sundays and holidays, preceding the time of such adjourned Meeting:

Odyssey Trust Company:	702, 67 Yonge Street, Toronto, ON, M5E 1J8
BY INTERNET:	https://login.odysseytrust.com/pxlogin

To vote by internet, have your form of proxy available when you access the website of Odyssey at https://login.odysseytrust.com/pxlogin. You will be prompted to enter your control number which is located on the proxy. You may also appoint a person other than the persons designated on this form of proxy by following the instructions provided on the website.

You may also vote by telephone by calling 1-888-290-1175 (toll-free in Canada and the United States) and following the instructions. You will be prompted to enter your control number which is located on the proxy. Please note that you cannot appoint anyone other than the directors and officers named on your proxy form as your proxyholder if you vote by telephone.

BENEFICIAL SHAREHOLDERS

The information set forth in this section is of significant importance to many High Fusion Shareholders as a substantial number of the High Fusion Shareholders do not hold High Fusion Shares in their own names. A High Fusion Shareholder is a non-registered shareholder (referred to in this Circular as "**Beneficial Shareholders**") if: (i) an intermediary (such as a bank, trust company, securities dealer or broker, trustee or administrator of a registered retirement savings plan, registered retirement income fund, deferred profit sharing plan, registered education savings plan, registered disability savings plan or tax-free savings account), or (ii) a clearing agency (such as CDS Clearing and Depository Services

Inc.), of which the intermediary is a participant (in each case, an "**Intermediary**"), holds High Fusion Shares on behalf of the High Fusion Shareholder.

Distribution of Meeting Materials to Beneficial Holders

In accordance with NI 54-101, High Fusion is distributing copies of a voting instruction form in lieu of a proxy provided by High Fusion, to Intermediaries for distribution to Beneficial Shareholders and such Intermediaries are to forward a voting instruction form in lieu of a proxy provided by High Fusion, to each Beneficial Shareholder (unless the Beneficial Shareholder has declined to receive such materials). Applicable regulatory policy requires Intermediaries to seek voting instructions from Beneficial Shareholders in advance of Shareholders' meetings. Every Intermediary has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Shareholders in order to ensure that their High Fusion Shares are voted at the Meeting. Often the form of proxy supplied to a Beneficial Shareholder by its Intermediary is identical to the form of proxy provided to Registered Shareholders. However, its purpose is limited to instructing the Registered Shareholders how to vote on behalf of the Beneficial Shareholder.

Intermediaries often use a service company (such as Broadridge Financial Solutions Inc. ("**Broadridge**"), to permit the Beneficial Shareholders to direct the voting of the High Fusion Shares held by the Intermediary on behalf of the Beneficial Shareholder. High Fusion is paying Broadridge to deliver, on behalf of the Intermediaries, a copy of a voting instruction form in lieu of a proxy provided by High Fusion, to each "non-objecting beneficial owner" ("**NOBO**") and each "objecting beneficial owner" ("**OBO**") (as those terms are defined in NI 54-101). Broadridge mails those forms to the Beneficial Shareholders and asks Beneficial Shareholders to return the forms to Broadridge. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of High Fusion Shares to be represented at the Meeting. A Beneficial Shareholder cannot use the voting instruction form to vote shares directly at the Meeting. The voting instruction form must be returned to Broadridge well in advance of the Meeting in order to have the High Fusion Shares voted.

Since High Fusion does not have access to the names of its Beneficial Shareholders, if a Beneficial Shareholder attends the Meeting, High Fusion will have no record of the Beneficial Shareholder's shareholdings or of its entitlement to vote unless the Beneficial Shareholder's nominee has appointed the Beneficial Shareholder as proxyholder. Therefore, a Beneficial Shareholder who wishes to vote by attending the Meeting must insert its own name in the space provided on the voting instruction form sent to the Beneficial Shareholder by its nominee, and sign and return the voting instruction form by following the signing and returning instructions provided by its nominee. By doing so, the Beneficial Shareholder will be instructing its nominee to appoint the Beneficial Shareholder as proxyholder. The Beneficial Shareholder should not otherwise complete the voting instruction form as its vote will be taken at the Meeting.

Subject to the provisions of NI 54-101, issuers may request and obtain a list of their NOBOs from Intermediaries directly or via their transfer agent and may obtain and use the NOBO list for the distribution of proxy-related materials to such NOBOs. If you are a NOBO and High Fusion or its agent has sent the Meeting Materials directly to you, your name, address and information about your holdings of High Fusion Shares have been obtained in accordance with applicable securities regulatory requirements from the Intermediary holding the High Fusion Shares on your behalf.

High Fusion's OBOs can expect to be contacted by their Intermediary. High Fusion does not intend to pay for Intermediaries to deliver the Meeting Materials to OBOs and it is the responsibility of such Intermediaries to ensure delivery of the Meeting Materials to their OBOs.

Voting by Beneficial Holders

The High Fusion Shares held by Beneficial Holders can only be voted or withheld from voting at the direction of the Beneficial Holder. Without specific instructions, Intermediaries or clearing agencies are prohibited from voting High Fusion Shares on behalf of Beneficial Holders. Therefore, each Beneficial Holder should ensure that voting instructions are communicated to the appropriate person well in advance of the Meeting. The various Intermediaries have their own mailing procedures and provide their own return instructions to Beneficial Holders, which should be carefully followed by Beneficial Holders in order to ensure that their High Fusion Shares are voted at the Meeting.

Beneficial Holders will receive either a voting instruction form or, less frequently, a form of proxy. The purpose of these forms is to permit Beneficial Holders to direct the voting of the High Fusion Shares they beneficially own. Beneficial Holders should follow the procedures set out below, depending on which type of form they receive.

Voting Instruction Form. In most cases, a Beneficial Holder will receive, as part of the Meeting Materials, a voting instruction form (a "**VIF**"). If the Beneficial Holder does not wish to attend and vote at the Meeting in person (or have another person attend and vote on the Beneficial Holder's behalf), the VIF must be completed, signed and returned in accordance with the directions on the form.

or,

Form of Proxy. Less frequently, a Beneficial Holder will receive, as part of the Meeting Materials, a form of proxy that has already been signed by the Intermediary (typically by a facsimile, stamped signature) which is restricted as to the number of High Fusion Shares beneficially owned by the Beneficial Holder but which is otherwise not completed. If the Beneficial Holder does not wish to attend and vote at the Meeting in person (or have another person attend and vote on the Beneficial Holder's behalf), the Beneficial Holder must complete and sign the form of proxy and deliver it in accordance with the directions on the form.

Voting by Beneficial Holders at the Meeting

Although a Beneficial Holder may not be recognized directly at the Meeting for the purposes of voting High Fusion Shares registered in the name of an Intermediary or a clearing agency, a Beneficial Holder may attend the Meeting as proxyholder for the Registered Shareholder who holds High Fusion Shares beneficially owned by such Beneficial Holder and vote such High Fusion Shares as a proxyholder. A Beneficial Holder who wishes to attend the Meeting and to vote their High Fusion Shares as proxyholder for the Registered Shareholder who holds High Fusion Shares beneficially owned by such Beneficial Holder, should (a) if they received a VIF, follow the directions indicated on the VIF; or (b) if they received a form of proxy strike out the names of the persons named in the form of proxy and insert the Beneficial Holder's or its nominee's name in the blank space provided. Beneficial Holders should carefully follow the instructions of their Intermediaries, including those instructions regarding when and where the VIF or the form of proxy is to be delivered.

All references to shareholders in the Meeting Materials are to Registered Shareholders as set forth on the list of registered shareholders of High Fusion as maintained by Odyssey, unless specifically stated otherwise.

INFORMATION CONCERNING FORWARD-LOOKING STATEMENTS

Statements contained in this Circular that are not historical facts are forward-looking statements within the meaning of Canadian securities legislation and under the United States Private Securities Litigation Reform Act of 1995 that involve risks and uncertainties. Forward-looking statements include, but are not limited to, statements with respect to: (i) the completion and the effective date (the "**Effective Date**") of the statutory plan of arrangement (the "**Plan of Arrangement**"); (ii) the date of the hearing for the order made after application to the Supreme Court of British Columbia (the "**Court**") pursuant to section 288 of the *Business Corporations Act* (British Columbia) (the "**BCBCA**") approving the Plan of Arrangement (the "**Final Order**"); (iii) the timing for delivery of share certificates representing the securities being issued in exchange for the High Fusion SVS and High Fusion MVS; (iv) the anticipated benefits of the Plan of Arrangement; (v) certain business and financial information disclosed about High Fusion; and (vi) certain business and financial information disclosed about Neural Therapeutics Inc. ("**Neural**").

In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "scheduled", "estimates", "intends", "objectives", "potential", "possible", "believes" or variations of such words and phrases or stating that certain actions, events or results "may", "could", "would", "might" or "will be taken", or "occur". These forward- looking statements and forward-looking information are based, in part, on assumptions and factors that may change, thus causing actual results or achievements to differ materially from those expressed or implied by the forward-looking statements or forward- looking information. Such assumptions and factors include the approval of the special resolution of the holders of High Fusion Shares, to approve the Plan of Arrangement (the "**Arrangement Resolution**"); the approval of the Plan of Arrangement by the Court, and the receipt of the required governmental and

regulatory approvals and consents. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of High Fusion and Neural, post-Plan of Arrangement, to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Factors that could cause actual results to differ materially from those set forth in the forward-looking statements and forward-looking information include, but are not limited, risks related to the limited operating history and history of no earnings of High Fusion and Neural; competition from other companies in the industries in which Neural operates; changes to government regulations regulating industries in which Neural operates; changes to securities legislation; dependence on key personnel; conflicts of interest of directors and officers of High Fusion and Neural; general economic conditions, local economic conditions, interest rates; availability of equity and debt financing to fund operations; lack of a liquid market for the securities of High Fusion and Neural; operational risks; conclusions or economic evaluations; delays in obtaining governmental approvals; and other risks factors described from time to time in the documents filed by High Fusion with applicable securities regulators, including in this Circular under the heading "*Risk Factors*".

Although High Fusion and Neural have attempted to identify important factors that could affect High Fusion and Neural and may cause actual actions, events or results to differ materially from those described in forward-looking statements or forward-looking information, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements and information. Accordingly, readers should not place undue reliance on forward-looking statements or forward-looking information. The forward-looking statements and forward-looking information in this Circular are made based on management's beliefs, estimates and opinions on the date the statements are made and High Fusion and Neural do not undertake any obligation to publicly update forward-looking statements and forward-looking information contained herein to reflect events or circumstances after the date hereof, except as required by law. Certain historical and forward-looking information contained or incorporated by reference in this Circular has been provided by, or derived from information provided by, certain persons other than High Fusion. Although High Fusion does not have any knowledge that would indicate that any such information is untrue or incomplete, High Fusion assumes no responsibility for the accuracy and completeness of such information or the failure by such other persons to disclose events which may have occurred or may affect the completeness or accuracy of such information but which is unknown to High Fusion.

NOTE TO UNITED STATES SHAREHOLDERS

THE PLAN OF ARRANGEMENT AND THE SECURITIES DISTRIBUTABLE IN CONNECTION WITH THE PLAN OF ARRANGEMENT HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION ("SEC") OR SECURITIES REGULATORY AUTHORITIES IN ANY STATE, NOR HAS THE SEC OR THE SECURITIES REGULATORY AUTHORITIES OF ANY STATE OF THE UNITED STATES PASSED ON THE ADEQUACY OR ACCURACY OF THIS CIRCULAR OR THE ADEQUACY OR ACCURACY OF THE PLAN OF ARRANGEMENT. ANY REPRESENTATION TO THE TO THE CONTRARY IS A CRIMINAL OFFENCE.

Neural Shares, High Fusion New SVS and High Fusion New MVS (each as defined herein) (together the "**Arrangement Consideration Shares**"), being the securities to be distributed under the Plan of Arrangement to High Fusion Shareholders in the United States ("**U.S. Shareholders**") have not been registered under the United States Securities Act of 1933 (the "**U.S. Securities Act**"), and are being issued in reliance on the Section 3(a)(10) Exemption. The Section 3(a)(10) Exemption exempts the issuance of any securities issued in exchange for one or more bona fide outstanding securities from the general requirement of registration where the terms and conditions of the issuance and exchange of such securities have been approved by a court of competent jurisdiction that is expressly authorized by law to grant such approval, after a hearing upon the fairness of the terms and conditions of such issuance and exchange at which all persons to whom it is proposed to issue the securities have the right to appear and receive timely and adequate notice thereof. The Court is authorized to conduct a hearing at which the fairness of the terms and conditions of the Plan of Arrangement will be considered. The Court issued the Interim Order on March 17, 2023 and, subject to the approval of the Plan of Arrangement by High Fusion Shareholders, a hearing on the Plan of Arrangement will be held on, or about, May 3, 2023 at 10:00 a.m. (Pacific Standard Time) at the Supreme Court of British Columbia, at 800 Smithe Street, Vancouver, British Columbia, V6Z 2E1. All High Fusion Shareholders, including the U.S. Shareholders, are entitled to appear and be heard at this hearing. The Final Order will, if granted after the Court considers the substantive and procedural fairness of the Plan of Arrangement to the High

Fusion Shareholders, including the U.S. Shareholders, constitute a basis for the exemption from the registration requirements of the U.S. Securities Act provided by the Section 3(a)(10) Exemption with respect to the Arrangement Consideration Shares to be distributed to High Fusion Shareholders, including the U.S. Shareholders, pursuant to the Plan of Arrangement. Prior to the hearing on the Final Order, the Court will be informed of this effect of the Final Order, as further described under the heading "*Securities Laws Considerations – U.S. Securities Laws*".

The solicitation of proxies is being made and the transactions contemplated herein is undertaken by a Canadian issuer in accordance with Canadian corporate and securities laws and is not subject to the proxy requirements of section 14(a) of the United States Securities Exchange Act of 1934, as amended (the "**U.S. Exchange Act**"), based on exemptions from the proxy solicitation rules for "foreign private issuers" (as such term is defined in Rule 3b-4 under the U.S. Exchange Act). Accordingly, this Circular has been prepared in accordance with the applicable disclosure requirements in Canada, and the solicitations and transactions contemplated in this Circular are made in the United States for securities of a Canadian issuer in accordance with Canadian corporate and securities laws. U.S. Shareholders should be aware that such requirements are different than those of the United States applicable to registration statements under the U.S. Securities Act and to proxy statements under the U.S. Exchange Act.

Information in this Circular or in the documents incorporated by reference herein concerning the assets and operations of High Fusion and Neural has been prepared in accordance with Canadian standards under applicable Canadian securities laws, which differ in material respects from the requirements of U.S. securities laws applicable to U.S. companies subject to the reporting and disclosure requirements of the SEC.

Certain financial statements and information included or incorporated by reference herein have been prepared in accordance with international financial reporting standards as issued by the International Accounting Standards Board ("**IFRS**"), and are subject to auditing and auditor independence standards in Canada, and thus may not be comparable to financial statements of United States companies prepared in accordance with United States generally accepted accounting principles and auditor independence standards.

U.S. Shareholders should be aware that the transactions described herein may have tax consequences to the U.S. Shareholders who are resident in, or citizens of, the Unites States and such consequences are not described in this Circular or the materials provided to the U.S. Shareholders. U.S. Shareholders who are resident in, or citizens of, the Unites States are advised to consult their own tax advisors to determine the particular United States tax consequences to them of the Plan of Arrangement in light of their particular situation, as well as any tax consequences that may arise under the laws of any other relevant foreign, state, local or other taxing jurisdiction.

The enforcement by investors of civil liabilities under the United States securities laws may be affected adversely by the fact that High Fusion and Neural are organized under the laws of jurisdictions outside the United States, that most, if not all, of their respective officers and directors are residents of countries other than the United States, that the experts named in this Circular are residents of countries other than the United States, and that all or a substantial portion of the assets of High Fusion and Neural and such other persons may be located outside the United States. As a result, it may be difficult or impossible for U.S. Shareholders to effect service of process within the United States upon High Fusion, Neural, their respective officers or directors or the experts named herein, or to realize against them upon judgments of courts of the United States predicated upon civil liabilities under the federal securities laws of the United States or "blue sky" laws of any state within the United States. In addition, U.S. Shareholders should not assume that the courts of Canada: (a) would enforce judgments of United States courts obtained in actions against such persons predicated upon civil liabilities under the federal securities laws of the United States or "blue sky" laws of any state within the United States; or (b) would enforce, in original actions, liabilities against such persons predicated upon civil liabilities under the federal securities laws of the United States or "blue sky" laws of any state within the United States.

No broker, dealer, salesperson or other person has been authorized to give any information or make any representation other than those contained in this Circular and, if given or made, such information or representation must not be relied upon as having been authorized by High Fusion.

REPORTING CURRENCIES AND ACCOUNTING PRINCIPLES

The historical financial statements of Neural contained in this Circular are reported in Canadian dollars and have been prepared in accordance with IFRS. All references to dollar amount in this Circular are to Canadian dollars unless stated otherwise or the context otherwise requires.

INTERESTS OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON

No person who has been a director or executive officer of High Fusion, nor any associate or affiliate of the foregoing persons, at any time since the commencement of High Fusion's last completed financial year and no associate or affiliate of the foregoing persons has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in matters to be acted upon at the Meeting.

VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

The board of directors (the "**Board**") of High Fusion has fixed March 20, 2023 as the record date (the "**Record Date**") for determining persons entitled to receive notice and to vote at the Meeting and any adjournment(s) thereof. Only those Shareholders who are recorded as such holders as at the close of business on the Record Date may attend the Meeting or vote at the Meeting by completing, signing and delivering a form of proxy in the manner and subject to the provisions described above and have their respective securities voted at the Meeting.

The authorized voting securities of High Fusion consist of an unlimited number of High Fusion SVS and an unlimited number of High Fusion MVS. As at the Record Date, there are 179,166,481 High Fusion SVS issued and outstanding, each carrying the right to one (1) vote at the Meeting per High Fusion SVS. As at the Record Date, there are 14,294,891 High Fusion MVS issued and outstanding, each carrying the right to ten (10) votes at the Meeting per High Fusion MVS. High Fusion SVS are listed for trading on the Canadian Securities Exchange (the "**CSE**") since March 23, 2015, and High Fusion MVS are not listed or quoted on any exchange.

High Fusion SVS are considered 'restricted securities' as such term is defined in NI 51-102. The following is a summary of the rights, privileges, restrictions, and conditions attached to the High Fusion SVS:

Holders of High Fusion SVS are entitled to notice of and to attend and vote at any meeting of the shareholders of High Fusion, except a meeting of which only holders of another class or series of shares of High Fusion will have the right to vote. At each such meeting, holders of High Fusion SVS will be entitled to one vote in respect of each High Fusion SVS held.

As long as any High Fusion SVS remain outstanding, High Fusion will not, without the consent of the holders of the High Fusion SVS by separate special resolution, alter or amend the articles of High Fusion if the result of such alteration or amendment would (i) prejudice or interfere with any right or special right attached to the High Fusion SVS or (ii) affect the rights or special rights of the holders of High Fusion SVS or High Fusion MVS or on a per share basis.

Holders of High Fusion SVS will be entitled to receive as and when declared by the Board, dividends in cash or property of High Fusion. No dividend will be declared on the High Fusion SVS unless High Fusion simultaneously declares an equivalent dividend on the High Fusion MVS in an amount per High Fusion MVS equal to the amount of the dividend declared per High Fusion SVS, multiplied by 10.

The Board may declare a stock dividend payable in High Fusion SVS on the High Fusion SVS, but only if the Board simultaneously declares a stock dividend payable in: (i) High Fusion MVS on the High Fusion MVS, in a number of shares per High Fusion MVS equal to the number of High Fusion SVS declared as a dividend per High Fusion SVS; or (ii) High Fusion SVS on the High Fusion MVS, in a number of shares per High Fusion MVS (or a fraction thereof) equal to the number of High Fusion SVS declared as a dividend per High Fusion SVS, multiplied by 10.

The Board may declare a stock dividend payable in High Fusion MVS on the High Fusion SVS, but only if the directors simultaneously declare a stock dividend payable in High Fusion MVS on the High Fusion MVS, in a number of shares per High Fusion MVS equal to the number of High Fusion MVS declared as a dividend per High Fusion SVS, multiplied by 10.

Holders of fractional High Fusion SVS are entitled to receive any dividend declared on the High Fusion SVS in an amount equal to the dividend per High Fusion SVS multiplied by the fraction thereof held by such holder.

In the event of the liquidation, dissolution or winding-up of High Fusion, whether voluntary or involuntary, or in the event of any other distribution of assets of High Fusion among its shareholders for the purpose of winding up its affairs, the holders of High Fusion SVS will, subject to the prior rights of the holders of any shares of High Fusion ranking in priority to the High Fusion SVS, be entitled to participate rateably along with all the holders of High Fusion MVS, with the amount of such distribution per High Fusion SVS equal to the amount of such distribution per High Fusion MVS divided by 10. Each fraction of a High Fusion SVS will be entitled to the amount calculated by multiplying such fraction by the amount payable per whole High Fusion SVS.

No subdivision or consolidation of the High Fusion SVS will occur unless, simultaneously, the High Fusion MVS are subdivided or consolidated using the same divisor or multiplier.

If an offer is made to purchase High Fusion MVS, and such offer is required pursuant to applicable securities legislation or the rules of any stock exchange on which the High Fusion MVS or the High Fusion SVS which may be obtained upon conversion of the High Fusion MVS may then be listed, to be made to all or substantially all of the holders of High Fusion MVS in a province or territory of Canada to which the requirement applies (such offer to purchase, an "**Offer**") and not made to the holders of High Fusion SVS for consideration per High Fusion SVS equal to or greater than $1/10^{th}$ (10%) of the consideration offered per High Fusion MVS, then each High Fusion SVS will become convertible at the option of the holder into High Fusion MVS on the basis of ten (10) High Fusion SVS for one (1) High Fusion MVS, at any time while the Offer is in effect until one day after the time prescribed by applicable securities legislation or stock exchange rules for the offeror to take up and pay for such shares as are to be acquired pursuant to the Offer (the "**High Fusion SVS Conversion Right**").

The High Fusion SVS Conversion Right may only be exercised for the purpose of depositing the High Fusion MVS acquired upon conversion under such Offer, and for no other reason. If the High Fusion SVS Conversion Right is exercised, High Fusion will procure, and shall be deemed to have been irrevocably authorized by the holder so exercising the High Fusion SVS Conversion Right to procure, that the transfer agent for the High Fusion SVS will deposit under such Offer the High Fusion MVS acquired upon conversion, on behalf of the holder.

If High Fusion MVS issued upon such conversion and deposited under such Offer are withdrawn by such holder, or such Offer is abandoned, withdrawn or terminated by the offeror, or such Offer expires without the offeror taking up and paying for such High Fusion MVS, such High Fusion MVS and any fractions thereof issued will automatically, without further action on the part of the holder thereof, be reconverted into High Fusion SVS on the basis of ten (10) High Fusion SVS for each one (1) High Fusion MVS, and the resulting issuer will procure that the transfer agent for the High Fusion SVS will send to such holder a direct registration statement(s) or certificate(s) representing the High Fusion SVS acquired upon such reconversion. If the offeror under such Offer takes up and pays for the High Fusion MVS acquired upon exercise of the High Fusion SVS Conversion Right, the resulting issuer will procure that the transfer agent for the High Fusion SVS will deliver to the holders of such High Fusion MVS the consideration paid for such High Fusion MVS by such Offeror.

To the knowledge of High Fusion's directors and officers, and based on existing information as of the date hereof, no person or company, upon completion of the Plan of Arrangement will beneficially own or control or direct, directly or indirectly, voting securities of High Fusion carrying 10% or more of the voting rights attached to any class of voting securities of High Fusion, except Mr. Adam Szweras, Chairman of the Board, who holds a total of 20,605,037 High Fusion SVS, representing approximately 11.5% of the issued and outstanding High Fusion SVS and approximately 6.4% of the votes attached to the issued and outstanding High Fusion Shares, and OutCo Labs Inc., which holds a total of 1,895,397 High Fusion MVS, representing approximately 13.3% of the issued and outstanding High Fusion MVS and approximately 5.9% of the votes attached to the issued and outstanding High Fusion Shares.

QUORUM AND VOTES NECESSARY TO PASS RESOLUTIONS

The quorum for the transaction of business at the Meeting consists of person(s) present and holding or representing by proxy not less than five percent (5%) of the total number of issued High Fusion Shares having voting rights at the Meeting.

An affirmative vote of 66 2/3% of the votes cast in person or by proxy at the Meeting is required to pass the special resolutions described herein. In addition, the Arrangement Resolution must be approved by a majority of the votes cast in person or by proxy thereon at the Meeting, excluding the votes of persons whose votes must be excluded in accordance with MI 61-101. A simple majority of affirmative votes cast at the Meeting is required to pass the ordinary resolutions described herein. If there are more nominees for election as directors than there are vacancies to fill, those nominees receiving the greatest number of votes will be elected or appointed, as the case may be, until all such vacancies have been filled.

PRESENTATION OF FINANCIAL STATEMENTS AND PRO FORMA FINANCIAL INFORMATION

The annual financial statements of High Fusion for the financial years ended July 31, 2022 and 2021, together with the auditor's reports thereto and the related MD&A, all of which may be obtained from SEDAR at www.sedar.com, will be presented to High Fusion Shareholders at the Meeting.

The unaudited pro forma financial information of High Fusion included in this Circular as Schedule "G" gives effect to the Plan of Arrangement and certain related adjustments described in the notes accompanying such financial information. The unaudited pro forma statement of financial position of High Fusion as at October 31, 2022 gives effect to the Plan of Arrangement as if it had closed on October 31, 2022. The unaudited pro forma financial information should be read together with the other financial information contained in or incorporated by reference in this Circular.

The unaudited pro forma financial information is presented for illustrative purposes only and does not necessarily reflect what High Fusion's financial condition and results of operations following implementation of the Plan of Arrangement would have been had the Plan of Arrangement occurred on the dates indicated. It also may not be useful in predicting the future financial condition and results of the operations of High Fusion following implementation of the Plan of Arrangement. The actual financial position and results of operations of High Fusion following implementation of the Plan of Arrangement may differ significantly from the pro forma amounts reflected in the unaudited pro forma financial information due to a variety of factors.

DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in the Circular from documents filed with the various securities commissions or similar regulatory authorities in British Columbia, Alberta, Ontario and Quebec. Copies of the documents incorporated herein by reference may be obtained on request without charge from High Fusion at Suite 2905, 77 King Street West, Toronto, Ontario, M5K 1H1 (telephone: (416) 840-3798) and are also available electronically under High Fusion's profile on SEDAR at www.sedar.com.

The following documents filed by High Fusion with the securities regulatory authorities in British Columbia, Alberta, Ontario and Quebec are specifically incorporated by reference into, and form an integral part of, this Circular:

1. the audited financial statements of High Fusion as at, and for the financial years ended, July 31, 2022 and 2021, together with the auditors' report thereon and the notes thereto;

2. MD&A of High Fusion for the financial years ended July 31, 2022 and 2021;

3. the unaudited condensed interim consolidated financial statements of High Fusion for the three months ended October 31, 2022 and 2021, together with the notes thereto;

4. MD&A of High Fusion for the three months ended October 31, 2022 and 2021; and

5. Form 51-102F4 - Business Acquisition Report in respect of the OutCo Acquisition (as hereinafter defined) dated December 1, 2021.

Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purposes of this Circular to the extent that a statement contained in this Circular or in any subsequently filed document that also is or is deemed to be incorporated by reference herein modifies, replaces or supersedes such statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Circular. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of such a modifying or superseding statement shall not be deemed an admission for any purpose that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made.

INFORMATION CONTAINED IN THIS CIRCULAR

The information contained in this Circular is given as at March 15, 2023, unless otherwise noted.

No person has been authorized to give any information or to make any representation in connection with the Plan of Arrangement and other matters described herein other than those contained in this Circular and, if given or made, any such information or representation should be considered not to have been authorized by High Fusion.

This Circular does not constitute the solicitation of an offer to purchase any securities or the solicitation of a proxy by any person in any jurisdiction in which such solicitation is not authorized or in which the person making such solicitation is not qualified to do so or to any person to whom it is unlawful to make such solicitation.

Information contained in this Circular should not be construed as legal, tax or financial advice and shareholders are urged to consult their own professional advisers in connection therewith.

Descriptions in the body of this Circular of the terms of the amended and restated arrangement agreement dated February 24, 2023 ("**Arrangement Agreement**") and the Plan of Arrangement are merely summaries of the terms of those documents. Shareholders should refer to the full text of the Arrangement Agreement and the Plan of Arrangement for complete details of those documents. The full text of the Arrangement Agreement is attached to this Circular as Schedule "B" and the Plan of Arrangement is attached as Schedule "A" to the Arrangement Agreement.

CURRENCY

Unless otherwise indicated herein, references to "$", "Cdn$", "CAD" or "Canadian dollars" are to Canadian dollars, and references to "US$", "USD" or "U.S. dollars" are to United States dollars.

GLOSSARY OF TERMS

In this Circular, the following capitalized words and terms shall have the following meanings:

"**2020-1 Debentures**" means secured convertible debentures of High Fusion issued in March 2020, representing principal balance of $852,000, which were repaid in March 2023 in connection with the Pueblo Property Sale;

"**2020-2 Debentures**" means secured convertible debentures of High Fusion issued in March 2020, representing principal balance of $272,000, which were repaid in March 2023 in connection with the Pueblo Property Sale;

"**2021 High Pita Debentures**" means unsecured convertible debentures of High Fusion, with an aggregate principal value of $186,700, which mature on March 22, 2024, bearing semi-annual interest at 12%, convertible into High Fusion SVS at a conversion price of $1.00 per High Fusion SVS;

"**Affiliate**" means an associate as defined in the Securities Act;

"**Agreement**" or "**Arrangement Agreement**" means the amended and restated arrangement agreement dated effective February 24, 2023 between High Fusion and Neural, a copy of which is attached as Schedule "B" to this Circular, and any amendment(s) or variation(s) thereto;

"**AIF**" means annual information form prepared pursuant to Part 6 of NI 51-102;

"**API**" means active pharmaceutical ingredient;

"**Arrangement**" or "**Plan of Arrangement**" means the plan of arrangement attached as Schedule "A" to the Arrangement Agreement, which is attached as Schedule "B" hereto, as amended or varied from time to time in accordance with the terms thereof and the terms of the Arrangement Agreement or at the discretion of the Court in the Final Order;

"**Arrangement Consideration Shares**" means the securities issued or distributed, as the case may be, pursuant to the Plan of Arrangement, being High Fusion New SVS, High Fusion New MVS and Neural Shares;

"**Arrangement Dissent Share**" means each High Fusion SVS or High Fusion MVS in respect of which a registered High Fusion Shareholder has exercised BCBCA Dissent Rights in respect of the Plan of Arrangement and for which the registered High Fusion Shareholder is ultimately entitled to be paid fair market value;

"**Arrangement Dissenting Shareholder**" means a registered High Fusion Shareholder that has duly exercised BCBCA Dissent Rights in respect of the Plan of Arrangement and has not withdrawn or been deemed to have withdrawn such exercise of BCBCA Dissent Rights but only in respect of the High Fusion SVS or High Fusion MVS, in respect of which dissent rights are validly exercised by such registered High Fusion Shareholder;

"**Arrangement Resolution**" means the special resolution of the High Fusion Shareholders in respect of the Plan of Arrangement to be considered at the Meeting, substantially in the form of Schedule "A" hereto;

"**Articles of Incorporation**" means the articles of incorporation of High Fusion, as from time to time amended or restated;

"**ASC Debenture**" means the unsecured convertible debenture of High Fusion, which matures on September 7, 2024, bearing semi-annual interest at 12%, convertible into High Fusion SVS at a conversion price of $0.36 per High Fusion SVS;

"**Associate**" means an associate as defined in the Securities Act;

"**Audit Committee**" means the Audit Committee of the Board;

"**August 2018 Debentures**" means convertible debentures issued by High Fusion, as amended on August 4, 2022 and February 22, 2023, which mature on August 4, 2024, bearing semi-annual interest at 24%, convertible into High Fusion SVS at a conversion price of $0.06 per High Fusion SVS, subject to adjustment;

"**August 2019 Debentures**" means the secured convertible debentures issued in August 2019 issue representing principal balance of $1,807,000 plus interest of $20,941, which were converted into High Fusion SVS at a revised conversion price of $0.06 per High Fusion SVS, resulting in the issuance of, pursuant to such conversion of, 30,465,690 High Fusion SVS;

"**Authorities**" means any: (i) multinational, federal, provincial, state, municipal, local or foreign governmental or public department, court, or commission, domestic or foreign; (ii) subdivision or authority of any of the foregoing; or (iii) quasi-governmental or self- regulatory organization exercising any regulatory, expropriation or taxing authority under or for the account of its members or any of the above;

"**BCBCA**" means the *Business Corporations Act* (British Columbia) and the regulations made thereunder, as promulgated or amended from time to time;

"**BCBCA Dissent Procedures**" means the procedures to be taken by a registered High Fusion Shareholder in exercising BCBCA Dissent Rights;

"**BCBCA Dissent Rights**" means the rights of a registered High Fusion Shareholder to dissent in respect of the Plan of Arrangement in accordance with sections 237 to 247 of the BCBCA, as the same may be modified by the Interim Order or the Final Order, as more particularly described under the heading "*Rights of Dissenting Shareholders*";

"**BCC**" means California Bureau of Cannabis Control;

"**Beneficial Shareholders**" means those High Fusion Shareholders who do not hold their High Fusion Shares in their own name;

"**Board**" means the duly appointed board of directors of High Fusion or Neural, as applicable;

"**Business Day**" means a day, other than a Saturday, Sunday or statutory holiday, when banks are generally open in the City of Toronto, Ontario for the transaction of banking business;

"**By-laws**" means general by-law No. 1 of High Fusion and all other by-laws of High Fusion from time to time in force and effect;

"**Cactus Knize**" means Cactus Knize, a company which holds a SERFOR permit located in Lima, Peru;

"**Calyx**" has the meaning ascribed to it under the heading "*Schedule T – Information Concerning High Fusion Inc.*";

"**Calyx Sale**" has the meaning ascribed to it under the heading "*Schedule T – Information Concerning High Fusion Inc.*";

"**Campbell Agreement**" means the employment contract signed between Neural and Ian Campbell, dated September 16, 2021;

"**Canada-U.S. Tax Convention**" means the Canada-United States Tax Convention (1980), as amended;

"**Cannabis-Infused Products**" has the meaning ascribed to it under the heading "*Schedule T – Information Concerning High Fusion Inc.*";

"**Cayetano Agreement**" means the service agreement between Cayetano University and Neural dated August 4, 2022, pursuant to which Cayetano University has agreed to assist Neural with completing work related to ingredient safety (being toxicology tests to ensure the FDA's NDI standard of reasonable expectation of safety for human consumption is met), identity testing and specifications;

"**Cayetano University**" means Cayetano Heredia University, a private non-profit university located in Lima, Peru;

"**CBCA**" means the *Canada Business Corporations Act* and the regulations made thereunder, as promulgated or amended from time to time;

"**CBP**" means United States Customs and Border Protection, federal border control organization, charged with regulating and facilitating international trade, collecting import duties, as well as enforcing United States regulations, including trade, customs and immigration;

"**CDFA**" means the California Department of Food and Agriculture CalCannabis Cultivation Licensing;

"**CDPH**" means the California Department of Public Health's Manufactured Cannabis Safety Branch;

"**CDS**" means CDS Clearing and Depository Services Inc. and its successors in interest;

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

"**CEO**" means an individual who acted as CEO of High Fusion, or acted in a similar capacity, for any part of the most recently completed financial year;

"**CFO**" means an individual who acted as CFO of High Fusion, or acted in a similar capacity, for any part of the most recently completed financial year;

"**cGMP**" means current Good Manufacturing Practice as set forth in FDCA, as amended, and includes all rules and regulations promulgated by the FDA thereunder;

"**CGS**" means Caribbean Gold Standard Laboratory, an analytical service laboratory in SVG operating to test the quality of cannabis and other products;

"**CGS Agreement**" means a letter of intent between Neural and CGS, dated January 4, 2023, pursuant to which, CGS will assist Neural with cacti extraction and chemical analysis on SVG, which will include providing a detailed a certificate of analysis;

"**CGS License**" means the SVG Research License issued to CGS by the SVGBS which permits it to handle psychedelic substances for research purposes;

"**Change of Control**" means any change in the registered holdings and/or beneficial ownership of the outstanding High Fusion Shares which results in any Person or group of Persons acting in concert, being in a position to exercise control of High Fusion; or the entering into of a merger, acquisition, amalgamation, arrangement or other reorganization by High Fusion or High Fusion with another unrelated corporation;

"**Circular**" means this management information circular containing among other things, disclosure in respect of the Plan of Arrangement and prospectus level disclosure in respect of Neural following completion of the Plan of Arrangement, together with all appendices, distributed by High Fusion to the High Fusion Shareholders in connection with the Meeting and filed with such Authorities in Canada as are required by the Arrangement Agreement, or otherwise as required by applicable Laws;

"**CITES**" means the Convention on International Trade in Endangered Species of Wild Fauna and Flora, also known as the Washington Convention;

"**CK MOU**" means the service agreement between Neural and Cactus Knize, dated April 21, 2022, pursuant to which, Cactus Knize has agreed to harvest and supply Neural with the plant materials;

"**CMO**" means the contract manufacturing organization;

"**Code**" means the United States Internal Revenue Code of 1986, as amended;

"**Cole Memo**" means the 2013 United States Department of Justice Memorandum drafted by former Deputy Attorney General James Michael Cole;

"**Compensation and Nominating Committee**" means the Audit Committee of the High Fusion Board;

"**Consideration**" has the meaning attributed to it under the heading "*Summary – The Plan of Arrangement – Summary and Effect of the Arrangement*";

"**Continuance**" has the meaning ascribed to it under the heading "*Particulars of the Matters to be Acted Upon – Continuation into British Columbia and Adoption of New Constating Documents*";

"**Continuance Dissent Rights**" has the meaning ascribed to it under the heading "*Particulars of the Matters to be Acted Upon – Continuation into British Columbia and Adoption of New Constating Documents*";

"**Continuance Dissenting Shareholder**" has the meaning ascribed to it under the heading "*Particulars of the Matters to be Acted Upon – Continuation into British Columbia and Adoption of New Constating Documents*";

"**Continuance Resolution**" has the meaning ascribed to it under the heading "*Particulars of the Matters to be Acted Upon – Continuation into British Columbia and Adoption of New Constating Documents*";

"**Court**" means the Supreme Court of British Columbia;

"**CRA**" means Canada Revenue Agency;

"**CRO**" means contract research organization;

"**CSA**" means the Canadian Securities Administrators;

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

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

"**DCC**" means California Department of Cannabis Control, department charged with licensing, inspecting and providing regulatory oversight over all cannabis businesses in California, which was formed as a result of amalgamation of CDPH's Manufactured Cannabis Safety Branch, CDFA's CalCannabis Cultivation Licensing and the BCC on July 21, 2021;

"**Depositary**" means Odyssey Trust Company or such other person that may be appointed by High Fusion for the purpose of receiving deposits of certificates formerly representing High Fusion Shares;

"**DEA**" means U.S. Drug Enforcement Agency;

"**dietary supplement**" has the meaning ascribed to it in the DSHEA;

"**DIGEMID**" means the Directorate General of Drug Supplies and Drugs, a technical and regulatory institution located in Peru;

"**Director**" means the director appointed under Section 260 of the CBCA;

"**Directors' Compensation Settlement**" has the meaning ascribed to it under the heading "*Schedule T – Information Concerning High Fusion Inc.*";

"**DOJ**" means the United States Department of Justice;

"**DPSP**" means a trust governed by a deferred profit sharing plan;

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

"**Durfy Agreement**" means the employment agreement between High Fusion and Mr. Durfy dated March 2, 2020, as amended on February 27, 2023, pursuant to which John Durfy agreed to provide services as the Chief Executive Officer to High Fusion;

"**Durfy-Neural Agreement**" means the consulting agreement between Neural and Mr. Durfy dated November 1, 2022, pursuant to which John Durfy agreed to provide services as the Chairman to Neural;

"**DW27**" means Downwind 27 Inc., a California non-profit mutual benefit corporation, the License Operator which operates El Cajone Facility under the DCC issued license;

"**DW27 MSA**" means management services agreement dated January 1, 2017, between OutCo and DW27, which was assumed by NH LLC in connection with the OutCo Acquisition;

"**East Hill**" means East Hill Wellness Inc., a California non-profit cooperative corporation, the Licensed Operator which operates a portion of the Willits Property under the CFDA-issued cannabis cultivation license;

"**East Hill Note**" means a non-interest-bearing note held by East Hill Financial Inc. due January 1, 2022, secured against the Willits Property with the face value of US$2,650,000 that was assumed by High Fusion as a part of the OutCo Acquisition;

"**East Hill Wellness MSA**" means a management services agreement dated June 8, 2021 between East Hill and OutCo, which was assumed by NH LLC as a part of the OutCo Acquisition, which was subsequently terminated by NH LLC on March 22, 2022;

"***Echinopsis***" is a large genus of cacti native to South America;

"**Effective Date**" means the first Business Day after the date upon which the Parties have confirmed in writing (such confirmation not to be unreasonably withheld or delayed) that all conditions to the completion of the Plan of Arrangement have been satisfied or waived in accordance with the Arrangement Agreement and all documents and instruments required under the Arrangement Agreement, the Plan of Arrangement and the Final Order have been delivered;

"**Effective Time**" means 12:01 a.m. Vancouver time, on the Effective Date;

"**El Cajon County License**" means cannabis facility operations certificate #MMJ-002 issued to DW27 by the County of San Diego Sherriff's Department to operate an adult recreational, medical cannabis retailer, cultivation, extraction, manufacturer and distributor business at the El Cajon Facility;

"**El Cajon Facility**" means facility located at 8157 Wing Avenue, El Cajon, in the County of San Diego, California leased by NH LLC pursuant to the lease agreement assumed by NH LLC pursuant to the OutCo Acquisition;

"**El Cajon Lease**" means that certain lease agreement between DW 27 and Wing Crossen LLC dated as of April 17, 2014, pursuant to which DW27 has agreed to lease the El Cajon Facility and entitling DW27 to operate a medical cannabis distributor, level 1 manufacturer, retailer, and cultivator (under 10,000 sq ft) business at the El Cajon Facility pursuant to the El Cajon Licenses;

"**El Cajon Licenses**" means licenses held by DW27 to operate a cannabis distributor, level 1 manufacturer, retailer, and cultivator (under 10,000 sq ft) business at the El Cajon Facility, including the El Cajon State License and El Cajon County License;

"**El Cajon State License**" means provisional adult-use and medicinal microbusiness license number C12-0000091-LIC issued to DW27 by the DCC to operate a medical cannabis distributor, level 1 manufacturer, retailer, and cultivator (under 10,000 sq ft) business at the El Cajon Facility;

"**Escondido County License**" means medical marijuana collective operations certificate #MMJ-007 issued to SDI by the County of San Diego Sherriff's Department to operate a medicinal retail store at Escondido Premises;

"**Escondido Lease**" means that a certain lease agreement dated as of January 1, 2018 and as amended by that certain lease amendment and extension agreement, dated December 1, 2020, pursuant to which SDI has agreed to lease the Escondido Premises, and entitling SDI to operate a medical marijuana store pursuant to the Escondido Licenses;

"**Escondido Licenses**" means licenses held by SDI to operate a medical and adult use cannabis retail store at the Escondido Premises, including the Escondido State License and Escondido County License;

"**Escondido Premises**" means medicinal and adult-use retail store located at 8530 Nelson Way N, Escondido, CA 92026 leased by NH LLC pursuant to the lease agreement assumed by NH LLC pursuant to the OutCo Acquisition;

"**Escondido State License**" means provisional adult-use and medical storefront retailer license number C10-0000052-LIC issued to SDI by the DCC to operate a medicinal retail store at Escondido Premises;

"**Escrow Agent**" means Odyssey Trust Company having an office at 702, 67 Yonge Street, Toronto, ON, M5E 1J8, which has agreed to act as an escrow agent to administer the Escrow Agreement;

"**Escrow Agreement**" means the escrow agreement entered into by High Fusion, the Escrow Agent and certain securityholders of Neural in connection with the resale restrictions set out in NP 46-201;

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

"**FDCA**" means the *Food, Drug, and Cosmetic Act* (United States);

"**Final Order**" means the final order of the Court pursuant to Section 291 of the BCBCA, after being informed of the intention to rely upon the exemption from registration pursuant to the Section 3(a)(10) Exemption in connection with the issuance of Arrangement Consideration Shares to U.S. Shareholders, approving the Plan of Arrangement as such order may be amended by the Court (with the consent of the Parties, acting reasonably) at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended (with the consent of the Parties, acting reasonably) on appeal;

"**First Loan Facility**" means a secured loan advanced by a group of lenders to High Fusion in the principal amount of US$472,500, amended on March 15, 2023 whereby the principal balance has been amended to US$626,725 and the repayment term extended to various dates in 2024;

"**FMICA**" means FMI Capital Advisory Inc., private Toronto-based merchant and investment banking group focused on corporate finance advisory;

"**FMICA Agreement**" means the financial advisory agreement between Neural and FMICA dated December 17, 2021, pursuant to which FMICA acts as an exclusive financial advisor to Neural;

"**Folium Agreement**" means the service agreement between Neural and Folium Labs, dated October 11, 2022, pursuant to which Neural and Folium Labs agreed to work together to co-develop, commercialize and distribute products intended to

help patients with depressive disorders, post-traumatic stress disorders, panic and anxiety disorders, and other affective disorders;

"**Folium Labs**" means Folium Labs Inc., a Canadian nutraceutical company developing innovative cannabinoid-based and CBD/THC-free formulations as natural alternatives to existing medications to address a wide array of medical conditions and consumer needs;

"**Form 51-102F4**" means a Business Acquisition Report filed pursuant to a significant acquisition as required under Part 8 of NI 51-102;

"**Form 58-101F2**" means Form 58-101F2 – Corporate Governance Disclosure (Venture Issuers);

"**FPI**" means "foreign private issuer" as determined in accordance with Rule 3b-4 under the U.S. Exchange Act;

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

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

"**Gainor Debentures**" means unsecured convertible debentures of High Fusion, which mature on August 31, 2023, bearing semi-annual interest at 10%, convertible into High Fusion SVS at a conversion price of $0.36 per High Fusion SVS;

"**GAP**" means Good Agricultural Practices;

"**GCP**" means the standards for clinical trials for pharmaceuticals, as set forth in the guidelines of The International Council for Harmonisation of Technical Requirements for Pharmaceuticals for Human Use and applicable regulations promulgated thereunder;

"**GLP**" means all applicable Good Laboratory Practice standards, including the applicable FDA regulations and guidelines for good laboratory practice, as promulgated by the FDA;

"**Going Public Transaction**" (a) a listing of Neural Shares on a recognized stock exchange in Canada, which may or may not be accompanied by an initial public offering in Canada of Neural Shares; or (b) (i) a transaction which provides holders of Neural Shares with comparable liquidity for their Neural Shares that such holders would receive in the event the transaction in (a) above occurs, whether by means of a reverse take-over, merger, amalgamation, arrangement, take-over bid, insider bid, reorganization, joint venture, sale of all or substantially all assets, exchange of assets or similar transaction or other combination with a private or public corporation; and (ii) obtaining a listing of the Neural Shares (or securities of a resulting issuer) on a recognized stock exchange in Canada;

"**Governance Guidelines**" has the meaning ascribed to it under the heading "*Report on Corporate Governance*";

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

"**Green Therapeutics**" has the meaning ascribed to it under the heading "*Schedule T – Information Concerning High Fusion Inc.*";

"**Green Therapeutics Agreement**" has the meaning ascribed to it under the heading "*Schedule T – Information Concerning High Fusion Inc.*";

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

"**High Fusion**" means High Fusion Inc., formerly Nutritional High International Inc., a company incorporated pursuant to the laws of Canada;

"**High Fusion MVS**" means the multiple voting shares of High Fusion;

"**High Fusion New MVS**" means the Class B Multiple Voting Shares in the authorized share structure of High Fusion, to be created pursuant to the Plan of Arrangement whose identifying name will be changed to "Multiple Voting Shares" pursuant to the Plan of Arrangement;

"**High Fusion New SVS**" means the Class B Subordinate Voting Shares in the authorized share structure of High Fusion, created pursuant to the Plan of Arrangement whose identifying name will be changed to "Subordinate Voting Shares" pursuant to the Plan of Arrangement;

"**High Fusion Pro Forma Financials**" means unaudited pro forma financial statements of High Fusion Inc. as at October 31, 2022 included in this Circular as Schedule "G" hereto;

"**High Fusion SVS**" means the subordinate voting shares of High Fusion;

"**High Fusion Shareholders**" means collectively the holders of High Fusion MVS and High Fusion SVS, at the applicable time;

"**High Fusion Shares**" means collectively High Fusion SVS and High Fusion MVS, when used in plural form; "**High Fusion Share**" means either a High Fusion SVS or High Fusion MVS, when a statement that applies to a particular circumstance without making a distinction between the two, when used in a singular form;

"**High Fusion Warrant**" means subordinate voting share purchase warrants to purchase High Fusion SVS;

"**Holder**" has the meaning ascribed to it under the heading "*Principal Canadian Federal Income Tax Considerations*";

"**IFRS**" means International Financial Reporting Standards as issued by the International Accounting Standards Board;

"**IND**" means Investigational New Drug Application, as defined in the FDCA filed with the FDA;

"**Insiders**" means an associate as defined in the *Securities Act* (Ontario);

"**Interim Order**" means the order made after application to the Court pursuant to Section 291 of the BCBCA, after being informed of the intention to rely upon the exemption from registration pursuant to the Section 3(a)(10) Exemption thereunder in connection with the issuance of the Arrangement Consideration Shares to the U.S. Shareholders, providing for, among other things, the calling and holding of the Meeting, as such order may be amended, supplemented or varied by the Court (with the consent of the Parties, acting reasonably);

"**Intermediaries**" refers to brokers, investment firms, clearing houses and similar entities that own securities on behalf of Beneficial Shareholders;

"**IP Development Agreement**" means service and assignment agreements dated September 6, 2022 pursuant to which certain arms length parties agreed to transfer to Neural the intellectual property relating to the extraction technology used for extraction of mescaline from various cacti, and plant material in general;

"**IRB**" means an Investigational Review Board or Ethics Committee (or similar body in a given country);

"**IRS**" means the United States Internal Revenue Service;

"**Kruzo**" means Kruzo LLC, a wholly owned subsidiary of Neural;

"**Kruzo Agreements**" means the assignment of membership interest agreements between Neural and certain holders of membership interest of Kruzo dated June 2, 2020, whereby Neural has agreed to purchase 100% of the membership interests in Kruzo;

"**La Pine Facility**" has the meaning ascribed to it under the heading "*Schedule T – Information Concerning High Fusion Inc."*;

"**Laws**" means all laws, by-laws, statutes, rules, regulations, principles of law, orders, ordinances, protocols, codes, guidelines, policies, notices, directions and judgments or other requirements and the terms and conditions of any grant of approval, permission, authority or license of any Authority, to the extent each of the foregoing have the force of law, and the term "applicable" with respect to such laws and in a context that refers to one or more Parties, means such laws as are applicable to such Party or its business, undertaking, property or securities and emanate from a Person having jurisdiction over the Party or Parties or its or their business, undertaking, property or securities;

"**Letter of Transmittal**" means the Letter of Transmittal enclosed with the Circular sent in connection with the Meeting pursuant to which, among other things, registered High Fusion Shareholders are required to deliver certificates representing High Fusion Shares in order to receive Arrangement Consideration Shares to which they are entitled;

"**Licensed Operators**" means a business or an individual which holds a valid cannabis license under applicable regulation in the respective U.S. State;

"**Loan Note**" has the meaning ascribed to it under the heading "*Schedule T – Information Concerning High Fusion Inc."*;

"**Management Designees**" means the directors and officers named as proxyholders in the Proxy;

"**Marijuana Code**" means, collectively, Sections 14 and 16 of Article XVIII of the Colorado Constitution, the Colorado Marijuana Code, §§ 44-10-101, et seq., C.R.S., as the same may be supplemented or amended from time to time, together with the regulations promulgated thereunder, and all applicable local Laws and regulations thereto promulgated by a Governmental Authority;

"**MD&A**" means Management Discussion and Analysis;

"**MDMA**" means 3,4-methylenedioxy-methamphetamine, a psychoactive drug commonly known as ecstasy;

"**MED**" means Marijuana Enforcement Division of the Department of Revenue of the State of Colorado, department tasked with licensing and regulating the medical and retail marijuana industries in the State of Colorado;

"**Meeting**" means the annual and special meeting of High Fusion Shareholders to be held on May 1, 2023 for the purpose of voting on the matters set out in the Notice dated March 15, 2023, including the Arrangement Resolution, and all other matters that may properly come before the meeting and any adjournment or postponement thereof;

"**Mescaline**" (3,4,5-trimethoxyphenethylamine) is a naturally occurring psychedelic protoalkaloid of the substituted phenethylamine class, known for its hallucinogenic effects;

"**METRC**" means Marijuana Enforcement Tracking Reporting & Compliance, a compliance system that is used by various U.S. States which regulate cannabis for medical or adult use, including the State of Colorado and State of California;

"**MI 61-101**" means Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*;

"**MJ Direct**" means MJ Direct Inc., a private company incorporated pursuant to the laws of the State of California which operates a cannabis marketplace focused on providing on-demand cannabis delivery services across in the State of California;

"**MJD Licensing Agreement**" means the licensing agreement dated February 22, 2023 between High Fusion and MJ Direct Inc. pursuant to which, MJ Direct agreed to license to High Fusion the rights for the exclusive use of software and intellectual property of MJ Direct's business;

"**MMP License**" means Medical Marijuana Products Manufacturer License issued by the MED;

"**MVS Conversion Factor**" means SVS Conversion Factor multiplied by ten (10);

"**Myant**" means Myant Inc., an industrial internet of things textile manufacturer that is focused on development and commercialization of performance and medically approved monitoring garments located in Toronto, Canada;

"**Myant Agreement**" means the service agreement between Neural and Myant, dated February 2, 2023, pursuant to which, Myant has agreed to work with Neural in utilizing Myant's wearable technologies in Neural clinical and observational studies;

"**Name Change**" has the meaning ascribed to it under the heading "*Particulars of the Matters to be Acted Upon – Approval of Name Change*";

"**Name Change Resolution**" has the meaning ascribed to it under the heading "*Particulars of the Matters to be Acted Upon – Approval of Name Change*";

"**NASDAQ**" means National Association of Securities Dealers Automated Quotation System;

"**NDA**" means new drug application, which is submitted to the FDA;

"**NDI**" means new dietary ingredient;

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

"**NEO**" or "**Named Executive Officer**" means each of the following individuals: (i) a CEO; (ii) a CFO; (iii) each of the three most highly compensated executive officers of High Fusion or Neural, 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 C$150,000, for that financial year; and (iv) each individual who would be an NEO under paragraph (iii) but for the fact that the individual was neither an executive officer of High Fusion or Neural, nor acting in a similar capacity, at the end of that financial year;

"**Neural**" means Neural Therapeutics Inc., a company incorporated under the laws of the Province of Ontario;

"**Neural Audit Committee**" means the audit committee of the Neural board of directors that will be appointed following the completion of the Plan of Arrangement;

"**Neural Broker Warrant**" means warrants issued in connection with the Seed Financing to purchase Neural Shares at an exercise price of $0.075 per Neural Share for a period ending earlier of: i) 36 months from issuance; and ii) 24 months from the time Neural completes a Going Public Transaction;

"**Neural Compensation and Nominating Committee**" means the compensation and nominating committee of the Neural board of directors that will be appointed following the completion of the Plan of Arrangement;

"**Neural Financials and MD&A**" means audited financial statements and MD&A of Neural for the years ended July 31, 2022, 2021 and 2020 included in this Circular as Schedule "H" and Schedule "I" hereto and unaudited financial statements and MD&A of Neural for the three months ended October 31, 2022 and 2021 included in this Circular as Schedule "J" and "K";

"**Neural HF Warrants**" means the common share purchase warrant to be issued to High Fusion in connection with the Plan of Arrangement, each exercisable into one Neural Share at a price of $1.00 per Neural Share for a period ending 36 months from the Effective Date;

"**Neural Meeting**" means the annual and special meeting of Neural Shareholders held on January 6, 2023 at which, the Neural Shareholders approved, among other things, (i) the election of directors, (ii) the reappointment of auditors, (iii) a consolidation of Neural Shares; (iv) the adoption of the Neural Option Plan; and (v) the adoption of the Neural RSU Plan;

"**Neural Option**" means a stock option of Neural issued pursuant to the Neural Option Plan;

"**Neural Option Plan**" means the Neural stock option plan approved by Neural Shareholders at the Neural Meeting;

"**Neural RSU**" means a restricted share unit of Neural granted pursuant to the Neural RSU Plan;

"**Neural RSU Plan**" means the restricted share unit compensation plan of Neural approved by Neural Shareholders at the Neural Meeting;

"**Neural Seed Units**" means units comprised of one Neural Share and one-half of one Neural Warrant issued pursuant to the Seed Financing;

"**Neural Seed Broker Warrant**" means warrants issued in connection with the Seed Financing to purchase Neural Shares at an exercise price of $0.075 per Neural Share for a period ending earlier of: i) 36 months from issuance; and ii) 24 months from the time Neural completes a Going Public Transaction;

"**Neural Seed Warrant**" means a common share purchase warrants to purchase Neural Shares at an exercise price of $0.10 per Neural Share for a period ending on the earlier of: i) 36 months from issuance; and ii) 24 months from the time the Neural completes a Going Public Transaction;

"**Neural Shareholders**" means holders of Neural Shares;

"**Neural Shares**" means the common shares in the capital of Neural;

"**New Articles**" means the articles substantially in the form attached as Schedule "F" hereto, which will be adopted pursuant to the BCBCA and take effect upon the Continuance becoming effective;

"**NH LLC**" means Nutritional High LLC, a wholly-owned subsidiary of High Fusion which is a party to agreements entered into in connection with the OutCo Acquisition, including East Hill Wellness MSA, DW27 MSA and SDI MSA, among others;

"**NHOL**" means Nutritional High (Oregon) LLC, 100% owned subsidiary of High Fusion which formerly held a processor license issued by the Oregon Liquor Control Commission;

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

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

"**NI 45-102**" means National Instrument 45-102 – *Resale of Securities*;

"**NI 45-106**" means National Instrument 45-106 – *Prospectus Exemptions;*

"**NI 51-102**" means National Instrument 51-102 – *Continuous Disclosure Obligations*;

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

"**NI 54-101**" means National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer*;

"**NI 58-101**" means National Instrument 58-101 – *Disclosure of Corporate Governance Practices*;

"**NI 62-104**" means National Instrument 62-104 – *Take-Over Bids and Issuer Bids*;

"**NIAI**" means National Institute of Agricultural Innovation or *Instituto Nacional de Innovación Agraria*, a public research centre under the umbrella of the Peru Ministry of Agriculture and Irrigation, responsible for design and implementation of the Peruvian strategy of agrarian innovation;

"**NIAI Regulations**" means rules and regulations of conducting agricultural research and development activities in Peru promulgated by the NIAI in a form of administrative directives, administrative resolutions, resolutions of administration, resolutions of the board of directors, general management resolutions, resolutions of the general secretariat, resolutions of executive unit, board resolutions, management resolutions and chief resolutions, among others;

"**NIH**" means Peru National Institute of Health or *Instituto Nacional de Salud* the regulatory authority that is a part of the Ministry of Health of Peru that is responsible for clinical trial approvals, oversight, and inspections in Peru;

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

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

"**NOBO**" means a non-objecting Beneficial Shareholder;

"**Non-Resident Holder**" has the meaning ascribed to it under the heading "*Principal Canadian Federal Income Tax Considerations*";

"**Non-U.S. Holder**" has the meaning ascribed to it under the heading "*Principal Canadian Federal Income Tax Considerations*";

"**Notice**" means the notice of meeting accompanying this Circular;

"**Notice of Dissent**" means the notice of dissent contemplated by section 242 of the BCBCA;

"**Notice of Hearing**" means the notice of hearing for the Final Order, as attached as Schedule "Q";

"**Notice of Intention**" has the meaning ascribed to it under the heading "*Particulars of the Matters to be Acted Upon – Approval of Arrangement Resolution*";

"**NP 46-201**" means National Policy 46-201 – *Escrow For Initial Public Offerings*;

"**NP 58-201**" means National Policy 58-201 – *Corporate Governance Guidelines*;

"**OBCA**" means the *Business Corporations Act* (Ontario) and the regulations made thereunder, as promulgated or amended from time to time;

"**Odyssey**" means Odyssey Trust Company;

"**Option**" means a stock option of High Fusion issued pursuant to the Option Plan;

"**Option Plan**" means the stock option plan of High Fusion approved by High Fusion Shareholders at the September 29, 2021 meeting;

"**OSC**" means the Ontario Securities Commission;

"**OSC Staff Notice 51-720**" means OSC Staff Notice 51-720 Issuer Guide for Companies Operating in Emerging Markets;

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

"**OTC Pink**" means the over-the-counter, pink open market operated by OTC Markets Group Inc.;

"**OutCo**" means OutCo Labs Inc. a private company incorporated pursuant to the laws of the State of California that sold its assets to High Fusion pursuant to the OutCo Acquisition;

"**OutCo Acquisition**" means the acquisition of OutCo on August 31, 2021 by High Fusion through the purchase of substantially all the assets of OutCo including, control and management of all licenced entities, intellectual property, equipment, land, and leasehold improvements;

"**OutCo Acquisition Agreement**" means the asset acquisition agreement dated June 18, 2021, pursuant to which OutCo and High Fusion agreed to consummate the OutCo Acquisition;

"**Outside Date**" means May 31, 2023, or such other later date as may be agreed to in writing by the Parties;

"**Palo Verde**" has the meaning ascribed to it under the heading "*Schedule T – Information Concerning High Fusion Inc.*";

"**Pasa Verde**" has the meaning ascribed to it under the heading "*Schedule T – Information Concerning High Fusion Inc.*";

"**Parties**" means High Fusion and Neural and "**Party**" means any one of them;

"**PCT**" means Patent Cooperation Treaty, an international agreement which facilitates the filing of patent applications across the member countries;

"**Person**" means an individual, partnership, limited partnership, joint venture, syndicate, sole proprietorship, company or corporation with or without share capital, unincorporated association, trust, trustee, executor, administrator or other legal personal representative, regulatory body or agency, government or governmental agency, authority or entity however designated or constituted;

"**Peyote**" means all parts of the plant presently classified botanically as *Lophophora Williamsii Lemaire*, whether growing or not; the seeds thereof; any extract from any part of such plant; and every compound, manufacture, salt, derivative, mixture, or preparation of such plant, its seeds, or extracts;

"**PFIC**" means a "passive foreign investment company" under Section 1297 of the Code;

"**Pharmaceutical Establishment Regulations**" means rules and regulations of conducting pharmaceutical research and development activities and approval of new drugs in Peru promulgated by the NIH in a form of laws, supreme decrees, ministerial resolutions, directorial resolutions and supreme resolutions among others;

"**Plan Holder**" has the meaning ascribed to it under the heading "*Principal Canadian Federal Income Tax Considerations*";

"**Proposed Amendments**" has the meaning ascribed to it under the heading "*Principal Canadian Federal Income Tax Considerations*";

"**Provisional Application**" means the United States Provisional Application 63/401,352, which occurred on August 26, 2022 in connection with the IP Development Agreement;

"**Proxy**" means the form of proxy accompanying the Circular;

"**PSC**" means Psychedelic Science Corp., the predecessor to Neural;

"**PSC Acquisition**" means the acquisition of all issued and outstanding shares in Neural by High Fusion pursuant to the Share Exchange Agreement, which closed on August 17, 2020;

"**PSC Consolidation**" means the consolidation of all issued and outstanding shares of Neural on January 28, 2022, on a 1 Neural Share for each 5.831 Neural Shares basis issued and outstanding prior to consolidation, which resulted in 23,583,334 Neural Shares issued and outstanding on a post-consolidation basis;

"**PUC**" means "paid-up capital" as defined in subsection 89(1) of the Tax Act;

"**Pueblo Property**" has meaning ascribed to it under the heading "*Schedule T – Information Concerning High Fusion Inc."*;

"**Pueblo Property Sale**" has the meaning ascribed to it under the heading "*Schedule T – Information Concerning High Fusion Inc."*;

"**QEF**" means a "qualified electing fund";

"**RDSP**" means a trust governed by a registered disability savings plan;

"**Registered Plans**" means a RRSP, RRIF, DPSP, RESP, RDSP or TFSA;

"**Registered Shareholder**" means a registered holder of High Fusion SVS or High Fusion MVS as recorded in the shareholder register of High Fusion maintained by Odyssey;

"**Regulation 14A**" means Regulation 14A under the U.S. Exchange Act, as may be amended from time to time;

"**Regulation S**" means Regulation S promulgated under the U.S. Securities Act;

"**Reporting Issuer**" has the meaning ascribed to it in the Securities Act;

"**Reporting Jurisdictions**" means British Columbia, Alberta, Quebec and Ontario;

"**RESP**" means a trust governed by a registered education savings plan;

"**Resident Holder**" has the meaning ascribed to it under the heading "*Principal Canadian Federal Income Tax Considerations*";

"**Restricted Share Rules**" has the meaning ascribed to it under the heading "*Particulars of the Matters to be Acted Upon – Approval of Arrangement Resolution*";

"**Round Down Provision**" has the meaning ascribed to it under the heading "*Summary – The Plan of Arrangement – Summary and Effect of the Arrangement*";

"**RMP License**" means Retail Marijuana Products Manufacturer License issued by the MED;

"**RRIF**" means a trust governed by a registered retirement income fund;

"**RRSP**" means a trust governed by a registered retirement savings fund;

"**RSU**" means the restricted share unit of High Fusion granted pursuant to the RSU Plan;

"**RSU Plan**" means the restricted share unit compensation plan of High Fusion approved by High Fusion Shareholders at an annual and special meeting of High Fusion Shareholders on September 29, 2021;

"**Rule 144**" means Rule 144 promulgated by the SEC pursuant to the U.S. Securities Act, or any similar rule or regulation hereafter adopted by the SEC having substantially the same effect as such Rule;

"**Rule 144A**" means Rule 144A promulgated by the SEC pursuant to the U.S. Securities Act, or any similar rule or regulation hereafter adopted by the SEC having substantially the same effect as such Rule;

"**Rule 405**" means Rule 405 promulgated by the SEC pursuant to the U.S. Securities Act, or any similar rule or regulation hereafter adopted by the SEC having substantially the same effect as such Rule;

"**Sacramento Facility**" has the meaning ascribed to it under the heading "*Schedule T – Information Concerning High Fusion Inc.*";

"**San Pedro**" means the San Pedro Cactus plant;

"**Scientific Impact and Advisory Board**" means the Scientific Impact and Advisory Board of Neural described in Schedule "U" – Information Concerning Neural in the section titled "*General Description of Neural's Business - Specialized Skill and Knowledge"*;

"**SDI**" means San Diego Natural Inc., a California non-profit mutual benefit corporation, the License Operator which operates Escondido Premises under the DCC issued medical and adult use cannabis retailer license;

"**SDI MSA**" means management services agreement dated January 1, 2018 between OutCo and SDI, which was assumed by NH LLC in connection with the OutCo Acquisition;

"**SEC**" means the United States Securities and Exchange Commission;

"**Second Loan Facility**" means a secured loan advanced by a group of lenders to High Fusion in the principal amount of US$400,000 bearing an interest of 26%, payable the earlier of June 13, 2023 or an asset sale by High Fusion;

"**Section 3(a)(10) Exemption**" means the exemption from registration requirements of the U.S. Securities Act provided under section 3(a)(10) thereof;

"**Securities Act**" means the Securities Act (Ontario);

"**Securities Legislation**" means the Securities Act and the equivalent law in the other applicable provinces and territories of Canada, and the published policies, instruments, rules, judgments, orders and decisions of any Authority administering those statutes;

"**SEDAR**" means the System for Electronic Document Analysis and Retrieval of the Canadian Securities Administrators;

"**Seed Financing**" means the non-brokered private placement offering of Neural Seed Units, at a price of $0.075 per Neural Seed Unit;

"**SERFOR**" means the National Service for Forest and Wildlife or Servicio Nacional Forestal y de Fauna Silvestre, a specialized Peruvian technical governmental agency, dependent on the Ministry of Agriculture, which is in charge of regulating forest and wildlife matters and proposing policies, strategies, plans and other instruments to promote the sustainable use of forest and wildlife resources;

"**SERFOR Application**" means the application jointly submitted by Cayetano University, Cactus Knize, and Neural on August 30, 2022 to permit collection and analysis of certain flora of cacti in Peru for the purpose of conducting certain research and development studies pursuant to Cayetano Agreement;

"**Series A Financing**" means the non-brokered private placement offering of Series A Units to be completed following the completion of the Plan of Arrangement, at a price of per Series A Unit to be determined commensurate with at the market conditions at the time;

"**Series A Neural Warrant**" means a share purchase warrant exercisable into one Neural Share at an exercise price that is a 20% premium to the price at which Series A Units are issued, exercisable for a period of 24 months from the time of issuance;

"**Series A Unit**" means a unit comprised of one Neural Share and one-half of one Series A Neural Warrant;

"**Sessions Memorandum**" means the memorandum issued on January 4, 2018 by U.S. Attorney General Jeff Sessions rescinding the Cole Memorandum;

"**Share Exchange**" has the meaning ascribed to it under the heading "*Summary – The Plan of Arrangement – Summary and Effect of the Arrangement*";

"**Share Exchange Agreement**" means the share exchange agreement dated August 6, 2020, pursuant to which High Fusion agreed to acquire a 100% interest in Neural;

"**SOPs**" means standard operating procedures;

"**Staff Notice 51-352**" means Staff Notice 51-352 (Revised) – *Issuers with U.S. Marijuana-Related Activities* published by the CSA on February 8, 2018;

"**Subsidiary PFIC**" has the meaning ascribed to it under the heading "*Certain United States Federal Income Tax Considerations*";

"**SVG**" means Saint Vincent and the Grenadines;

"**SVG ASP**" means analytical service provider license issued by the SVG MCA to operate a laboratory that is authorised or licensed under the SVG MCIA to provide analytical services and conduct research in relation to medicinal cannabis and may include a research license, which permits such licensee to develop research programmes and conduct studies for the purpose of improving or further developing obligations of a cannabis for medicinal or scientific purposes;

"**SVG MCA**" means Medicinal Cannabis Authority of SVG, a government agency which oversees the medicinal cannabis industry in SVG;

"**SVG MCIA**" means *Medicinal Cannabis Industry Act, 2018* (Saint Vincent and the Grenadines), which has established, among other things SVG MCA;

"**SVG MOU**" means a memorandum of understanding signed in October 2020 between the Government of Saint Vincent and the Grenadines and certain companies expressing interest in the medical use of several psychoactive compounds;

"**SVG Research License**" means a "*Medicinal Industry Development Licence*" issued by the SVGBS under the SVG Standards Act that firms are required to hold in SVG which permits it to handle psychedelic substances for research purposes;

"**SVG Standards Act**" means Standards Act No. 70 of 1992, amended by Act No. 28 of 2001, the statute of SVG pursuant to which, SVGBS was established;

"**SVGBS**" means the St. Vincent and the Grenadines Bureau of Standard located in Kingstown, Saint Vincent and the Grenadines, which currently operates under the aegis of Agriculture, Forestry, Fisheries, Rural Transformation, Industry & Labour;

"**SVS Conversion Factor**" means the number derived from the following formula:

A = B ÷ [C + (D x 10)]

Where:

A = SVS Conversion Factor;

B = 4,716,667, being the number of Neural Shares to be distributed;

C = number of High Fusion SVS issued and outstanding immediately prior to the Effective Time; and

D = number of High Fusion MVS issued and outstanding immediately prior to the Effective Time.

"**Take-Over Bid**" means an offer to acquire outstanding voting securities or equity securities of a class made to one or more Persons, any of whom is in the local jurisdiction or whose last address as shown on the books of the offeree issuer is in the local jurisdiction, where the securities subject to the offer to acquire, together with the offeror's securities, constitute in the aggregate 20% or more of the outstanding securities of that class of securities at the date of the offer to acquire but does not include an offer to acquire if the offer to acquire is a step in an amalgamation, merger, reorganization or arrangement that requires approval in a vote of security holders;

"**Tax Act**" means the *Income Tax Act* (Canada) and the regulations thereunder, all as amended from time to time;

"**TCJA**" means the U.S. Tax Cuts and Jobs Act;

"**TFSA**" means a trust governed by a tax-free savings account;

"**Transfer Agent**" means Odyssey Trust Company, or such other trust company or transfer agent as may be designated by High Fusion;

"**Treasury Regulations**" means the United States Treasury Regulations promulgated under the Code;

"**TSX**" means Toronto Stock Exchange;

"**U.S. Exchange Act**" means the United States Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder as may be amended or replaced, from time to time;

"**U.S. Holder**" means a beneficial owner of High Fusion Shares (either High Fusion SVS or High Fusion MVS) participating in the Plan of Arrangement or exercising BCBCA Dissent Rights that is for U.S. federal income tax purposes: (a) an individual who is a citizen or resident of the U.S.; (b) a corporation (or other entity taxable as a corporation for U.S. federal income tax purposes) organized under the laws of the U.S., any state thereof or the District of Columbia; (c) an estate whose income is subject to U.S. federal income taxation regardless of the source of such income; (d) a trust that (i) is subject to the primary supervision of a court within the U.S. and the control of one or more U.S. Persons for all substantial decisions or (ii) has a valid election in effect under applicable Treasury Regulations to be treated as a U.S. person; or (e) a partnership, limited liability company or other entity classified as a partnership for U.S. tax purposes that is created or organized in or under the laws of the United States or any state in the U.S., including the District of Columbia;

"**U.S. Person**" means a U.S. Person as defined in Rule 902(k) of Regulation S;

"**U.S. Securities Act**" means the United States Securities Act of 1933, as may be amended, and the rules and regulations promulgated thereunder as may be amended or replaced, from time to time;

"**U.S. Securities Laws**" means all applicable United States securities laws, including, without limitation, the U.S. Securities Act, the U.S. Exchange Act and the rules and regulations promulgated thereunder;

"**U.S. Shareholders**" means the High Fusion Shareholders in the United States;

"**UNiTE**" means Unite Communications Corporation;

"**United States**" or "**U.S.**" means the United States of America, its territories and possessions, any State of the United States and the District of Columbia;

"**USDA**" means the United States Department of Agriculture;

"**USFWS**" means the U.S. Fish and Wildlife Service;

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

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

"**Vienna Convention**" means the United Nations Convention against the Illicit Traffic in Narcotic Drugs and Psychotropic Substances which was signed at Vienna on 20th December 1988;

"**VIF**" means a voting instruction form;

"**Willits Property**" means a property located at 2500 East Hill Road, Willits, California a part of which is licensed to cultivate and harvest cannabis by East Hill, which was acquired by High Fusion as a part of the OutCo Acquisition together with the assumption of East Hill Note;

"**Wilson Agreement**" means the employment agreement dated August 1, 2020, as amended on February 27, 2023, between High Fusion and Robert Wilson, pursuant to which Mr. Wilson agreed to provide services as Chief Financial Officer to High Fusion; and

"**Wilson-Neural Agreement**" means the employment agreement dated August 1, 2020 between High Fusion and the holding company that is controlled by Robert Wilson, pursuant to which Mr. Wilson agreed to provide services as Chief Financial Officer to High Fusion.

SUMMARY

The following is a summary of the principal features of the Plan of Arrangement and certain other matters and should be read together with the more detailed information, schedules, and financial data and statements contained elsewhere in this Circular. This summary is qualified in its entirety by the more detailed information appearing or referred to elsewhere in this Circular.

The Meeting

Date, Time and Place of Meeting

The Meeting will be held on May 1, 2023, at 10:00 a.m. (Eastern time) at 77 King Street West, Suite 2905, Toronto, Ontario M5K 1H1.

The Record Date

High Fusion Shareholders of record at the close of business (Eastern time) on March 20, 2023, will be entitled to receive notice of and vote at the Meeting, or any adjournment or postponement thereof.

Purpose of the Meeting

This Circular is furnished in connection with the solicitation of proxies by management of High Fusion for use at the Meeting. At the Meeting, High Fusion Shareholders will be asked to approve by way of special resolution, the Plan of Arrangement, among other things, as set out in the Notice to High Fusion Shareholders accompanying this Circular.

Summary of the Plan of Arrangement, the Parties and their Businesses

Purpose

High Fusion was initially established to take advantage of the rapidly evolving cannabis industry in the United States, following the legalization in certain jurisdictions for adult use in 2014, with a specific focus on cannabis-infused products and extracts. High Fusion has been focused on manufacturing branded products in the cannabis industry, with a specific focus on edibles and oil extracts for medical and adult recreational use in the United States, where such activities are permitted and regulated by the applicable state law. High Fusion's corporate strategy is focused on identifying, acquiring and/or developing high-value products, and brands of Cannabis-Infused Products for sale by High Fusion where it has secured the required licensing, or for use by the Licensed Operators.

Neural is a drug discovery/development company focused on developing products and conducting research with psychoactive plants. The first being San Pedro a cactus containing mescaline, a naturally occurring hallucinogen that is found in certain psychoactive plants. Neural is working to identify where plant-based traditional-medicine has proven to be effective and capitalize on the development of pharmaceutical and nutraceutical path to market that is compliant with applicable regulations. Neural's registered office and corporate headquarters are in Canada, but Neural may conduct its research and development effort, including, cultivation, extraction, processing, product manufacturing, pre-clinical and clinical trials, in jurisdictions outside of Canada, United States, Peru and United Kingdom. Any partners that Neural works with will hold all necessary permits and licenses to operate in the jurisdictions where they are located.

Given the differences between Neural and High Fusion respective focus and business models, the companies determined that it would be advantageous to all parties that Neural and High Fusion conduct their respective businesses as separate reporting issuers, each focused on their respective businesses. The Board, in consultation with its legal advisors, determined that it did not require a fairness opinion to reach the conclusion that the Plan of Arrangement is inherently fair to High Fusion Shareholders since (i) the Plan of Arrangement will not impact the High Fusion Shareholders' proportionate ownership in High Fusion; (ii) the High Fusion Shareholders will continue to hold an interest in Neural through both the ownership of Neural Shares as a result of the Plan of Arrangement and through their shareholdings of High Fusion (which

will retain an ownership interest in Neural); and (iii) the ascribed value at which the Plan of Arrangement will be completed is the same price per Neural Share at which Neural completed its Seed Financing in August 2022. The Board also considered the time and costs involved in obtaining a fairness opinion and determined that doing so would not be proportionate to the circumstances of the Plan of Arrangement. In evaluating the Plan of Arrangement, the Board considered a number of factors, including those set out below under the headings "*Reasons for the Plan of Arrangement*" and "*Recommendation of the Board*" and received advice from its legal and financial advisors.

After considering the business development progress of Neural since the date of the PSC Acquisition, as well as the inherent differences in the business models of each of High Fusion and Neural, on November 3, 2022, the Board approved the execution and delivery of the Arrangement Agreement by High Fusion, along with all agreements contemplated thereby, and authorized the making of a recommendation that High Fusion Shareholders vote in favour of the Arrangement Resolution. The Arrangement Agreement was amended and restated on February 24, 2023 to provide for completion of the Plan of Arrangement under the provisions of the BCBCA, among other things.

Pursuant to the Plan of Arrangement, the High Fusion Shareholders will receive Arrangement Consideration Shares in proportion to their shareholdings in High Fusion, on the basis of the votes held by the respective High Fusion Shareholder. There will be no effective change in High Fusion Shareholders' existing interests in High Fusion. See section titled "*The Plan of Arrangement – Steps of the Plan of Arrangement*" for additional information.

Reasons for the Plan of Arrangement and Recommendation of the Board

After careful consideration, the Board unanimously determined that the Plan of Arrangement is fair and in the best interests of High Fusion and the High Fusion Shareholders. Accordingly, the Board unanimously recommends that the High Fusion Shareholders vote for the Arrangement Resolution.

The Board believes the Plan of Arrangement is in the best interests of High Fusion for the following reasons:

a. The Plan of Arrangement is anticipated to result in separate and well-focused entities, each of which will provide a platform for transactions that the directors wish to target;

b. Given that High Fusion's principal business focus is cannabis in the United States and Neural's principal business focus is psychedelic drug development, the Plan of Arrangement would enable each of the parties to better pursue its own specific business strategies without being subject to financial or other constraints of the businesses of the other party, whilst providing new and existing shareholders with optionality as to investment strategy and risk profile;

c. The Plan of Arrangement would allow High Fusion Shareholders to realize value from High Fusion's acquisition of Neural in 2020 (then PSC). High Fusion Shareholders would retain their current ownership interest in High Fusion and would receive their Neural Shares without having to contribute any additional capital and for no additional consideration to High Fusion Shareholders. As such, High Fusion Shareholders, through their ownership of Neural Shares, would continue to participate in the opportunities associated with the Neural's business plan, while retaining their ownership in High Fusion;

d. Each of High Fusion and Neural will be better able to focus on a specific industry and geographic location, allowing such entities to be more readily understood by investors and better positioned to raise capital;

e. High Fusion's interest in its United States cannabis business will not be affected or diluted by the Plan of Arrangement, and the Plan of Arrangement will allow High Fusion to focus on its United States cannabis business with no further funding obligations to fund Neural's business;

f. The Plan of Arrangement will result in Neural becoming an unlisted reporting issuer, which is anticipated to benefit the High Fusion Shareholders as a result of Neural:

    i. having the ability to effect acquisitions by way of public (although not listed) share issuances;

ii. being able to complete financings with investors that are interested in Neural's business but would otherwise not acquire securities of High Fusion;

i. no longer being subjected to reporting requirements set out in *CSA Staff Notice 51-352 (Revised) - Issuers With U.S. Marijuana-Related Activities*;

g. The Plan of Arrangement must be approved by at least 66 2/3% of the votes cast in respect of the Arrangement Resolution by the High Fusion Shareholders present in person or represented by proxy at the Meeting on the basis of one vote per High Fusion SVS (or ten votes per High Fusion MVS), as well as a simple majority of the votes cast by High Fusion Shareholders excluding any persons required to be excluded in accordance with MI 61-101. The Plan of Arrangement must also be approved by the Court, which will consider the fairness of the Plan of Arrangement to High Fusion Shareholders.

In the course of its deliberations, the Board also identified and considered a variety of risks and potentially negative factors, including, but not limited to, the risks set out under the heading "*The Plan of Arrangement – Risk Factors*".

The foregoing discussion summarizes the material information and factors considered by the Board in their consideration of the Plan of Arrangement. The Board collectively reached its unanimous decision with respect to the Plan of Arrangement in light of the factors described above and other factors that each member of the Board felt were appropriate. In view of the wide variety of factors and the quality and amount of information considered, the Board did not find it useful or practicable to, and did not make specific assessments of, quantify, rank or otherwise assign relative weights to, the specific factors considered in reaching its determination. Individual members of the Board may have given different weight to different factors.

Summary and Effect of the Plan of Arrangement

Pursuant to the Plan of Arrangement, the following steps will be deemed to occur in the following order:

a. Each Arrangement Dissent Share shall be repurchased by High Fusion for cancellation in consideration for a debt-claim against High Fusion to be paid the fair value of such Arrangement Dissent Share in accordance with the Plan of Arrangement and such Arrangement Dissent Share shall thereupon be cancelled;

b. The articles and notice of articles of High Fusion will be amended to provide that the authorized share structure of High Fusion shall be reorganized and altered by:

i. changing the identifying name of the issued and unissued High Fusion SVS from "Subordinate Voting Shares" to "Class A Subordinate Voting Shares" and amending the rights, privileges, restrictions and conditions attaching to those shares to require High Fusion to provide a notice of time and place of any meeting of shareholders to be sent at least 22 days and not more than 60 days to shareholders thereof;

ii. changing the identifying name of the issued and unissued High Fusion MVS from "Multiple Voting Shares" to "Class A Multiple Voting Shares" and amending the rights, privileges, restrictions and conditions attaching to those shares to require High Fusion to provide a notice of time and place of any meeting of shareholders to be sent at least 22 days and not more than 60 days to shareholders thereof;

iii. creating a new class of shares without par value, with no maximum number and with the identifying name "Class B Subordinate Voting Shares" having the rights, privileges, restrictions and conditions identical to High Fusion SVS, as more particularly described in the articles of High Fusion, prior to the amendments described in paragraph (b)(i) above (the "**High Fusion New SVS**"); and

iv. creating a new class of shares without par value, with no maximum number and with the identifying name "Class B Multiple Voting Shares" having the rights, privileges, restrictions and conditions identical to High Fusion MVS, as more particularly described in the articles of High Fusion, prior to the amendments described in paragraph (b)(ii) above (the "**High Fusion New MVS**").

c. High Fusion shall reorganize its capital within the meaning of Section 86 of the Tax Act such that each High Fusion Shareholder (for the avoidance of doubt, excluding any High Fusion Shares surrendered and cancelled in accordance

with the BCBCA Dissent Procedures) shall dispose of all of the High Fusion Shareholder's securities to High Fusion and in consideration and exchange therefor ("**Consideration**"), High Fusion shall:

i. with respect to the holders of High Fusion SVS:

   a. issue that number of High Fusion New SVS as is equal to the number of High Fusion SVS previously held by each such holder;

   b. distribute a number of Neural Shares equal to the product of the number of High Fusion New SVS held multiplied by the SVS Conversion Factor, in accordance with the provisions of Article 4 of the Plan of Arrangement as of the Effective Date;

ii. with respect to the holders of High Fusion MVS:

   a. issue that number of High Fusion New MVS as is equal to the number of High Fusion MVS previously held by each such holder;

   b. distribute a number of Neural Shares equal to the product of the number of High Fusion New MVS held multiplied by the MVS Conversion Factor, in accordance with the provisions of Article 4 of the Plan of Arrangement as of the Effective Date;

(collectively, the "**Share Exchange**"), and, in connection with the Share Exchange:

a. the name of each High Fusion Shareholder shall be removed from the central securities register for the High Fusion SVS and High Fusion MVS and added to the central securities register for the High Fusion New SVS and High Fusion New MVS, respectively, and Neural Shares as the holder of the number of High Fusion New SVS, High Fusion New MVS and Neural Shares, respectively, received pursuant to the Share Exchange;

b. all issued and outstanding High Fusion SVS and High Fusion MVS shall be cancelled and the capital in respect of such securities shall be reduced to nil;

c. the number of Neural Shares previously held by High Fusion and distributed pursuant to the Share Exchange shall be removed from Neural's register of holders of Neural Shares; and

d. The authorized share structure of High Fusion shall be reorganized and altered by:

i. eliminating the High Fusion SVS from the authorized share structure of High Fusion;

ii. eliminating the High Fusion MVS from the authorized share structure of High Fusion;

iii. changing the identifying name of the issued and unissued High Fusion New SVS from "Class B Subordinate Voting Shares" to "Subordinate Voting Shares"; and

iv. changing the identifying name of the issued and unissued High Fusion New MVS from "Class B Multiple Voting Shares" to "Multiple Voting Shares".

No fractional Neural Shares shall be distributed by High Fusion to High Fusion Shareholders on the Share Exchange. If High Fusion would otherwise be required to distribute to High Fusion Shareholder an aggregate number of Neural Shares that is not a round number, then the number of Neural Shares, distributable to that High Fusion Shareholder shall be rounded down to the next lesser whole number (the "**Round Down Provision**") and that High Fusion Shareholder shall not receive any compensation in respect thereof. In calculating such fractional interests, all High Fusion SVS and all High Fusion MVS registered in the name of or beneficially held by such High Fusion Shareholder or their nominee shall be aggregated. Notwithstanding the foregoing, if the Round Down Provision would otherwise result in the number of Neural Shares distributable to a particular High Fusion Shareholder being rounded down from one to nil, then the Round Down Provision shall not apply and High Fusion shall distribute one Neural Share, to that High Fusion Shareholder.

High Fusion and Neural, as the case may be, will be entitled to deduct and withhold from any Consideration otherwise payable to any High Fusion Shareholder under the Plan of Arrangement (including any payment to High Fusion Shareholders exercising BCBCA Dissent Rights) such amounts as High Fusion or Neural are permitted or required to deduct and withhold with respect to such payment under the Tax Act and the rules and regulations promulgated thereunder, or any provision of any provincial, state, local or foreign tax Law as counsel may advise is permitted or required to be so deducted and withheld by High Fusion or Neural, as the case may be. High Fusion, Neural, the Transfer Agent or the duly appointed party on behalf of thereof, shall be entitled to dispose of such number of Neural Shares as is necessary to satisfy the withholdings contemplated herein.

See section titled "*The Plan of Arrangement*" for additional information. A copy of the Plan of Arrangement is attached as Schedule "A" to the Arrangement Agreement, which is attached hereto as Schedule "B".

Recommendation

The Board unanimously recommends that the High Fusion Shareholders vote FOR the Arrangement Resolution. **See section titled "*The Plan of Arrangement – Reasons for the Plan of Arrangement and Recommendation of the Board*".**

Conditions to the Plan of Arrangement

Completion of the Plan of Arrangement is subject to a number of specified conditions being met, or mutually waived in writing, as of the Effective Time, including:

a. the Interim Order shall have been granted in form and substance satisfactory to High Fusion and Neural, acting reasonably, and such order shall not have been set aside or modified in a manner unacceptable to any of the Parties, acting reasonably, on appeal or otherwise;

b. the Plan of Arrangement and the Arrangement Agreement shall have been approved by the directors and, if required, the Neural Shareholders to the extent required by, and in accordance with applicable Laws and the constating documents of Neural;

c. the Arrangement Resolution, with or without amendment, shall have been approved by the required number of votes cast by High Fusion Shareholders at the Meeting, in accordance with the Interim Order and, subject to the Interim Order, the constating documents of High Fusion, applicable Laws and the requirements of any applicable regulatory authorities;

d. the Name Change and the Continuance, with or without amendment, shall have been approved by the required number of votes cast by High Fusion Shareholders at the Meeting, in accordance with the constating documents of High Fusion, applicable Laws and the requirements of any applicable regulatory authorities;

e. the Court shall have determined that the terms and conditions of the Plan of Arrangement are procedurally and substantively fair to the High Fusion Shareholders and the Final Order shall have been granted in form and substance satisfactory to High Fusion, and shall not have been set aside or modified in a manner unacceptable to High Fusion, on appeal or otherwise;

f. the Neural Shares to be issued in the United States pursuant to the Plan of Arrangement shall be issued in accordance with and exempt from registration requirements under applicable exemptions from registration under the U.S. Securities Act;

g. all material governmental, court, regulatory, third party and other approvals, consents, expiry of waiting periods, waivers, permits, exemptions, orders and agreements and all amendments and modifications to, and terminations of, agreements, indentures and arrangements considered by High Fusion to be necessary or desirable for the Plan of Arrangement to become effective shall have been obtained or received on terms that are satisfactory to High Fusion;

h. no action will have been instituted and be continuing on the Effective Date for an injunction to restrain, a declaratory judgment in respect of, or damages on account of or relating to the Plan of Arrangement and there will not be in force

any order or decree restraining or enjoining the consummation of the transactions contemplated by the Plan of Arrangement Agreement and no cease trading or similar order with respect to any securities of any of the parties will have been issued and remain outstanding;

i. none of the consents, orders, rulings, approvals or assurances required for the implementation of the Plan of Arrangement will contain terms or conditions or require undertakings or security deemed unsatisfactory or unacceptable by High Fusion;

j. no Laws, regulation or policy shall have been proposed, enacted, promulgated or applied which interferes or is inconsistent with the completion of the Plan of Arrangement, including any material change to the Tax Act and other relevant income tax Laws of Canada or the Province of Ontario, which would have a material adverse effect upon High Fusion Shareholders if the Plan of Arrangement is completed as set out in the Arrangement Agreement;

k. no material fact or circumstance, including the fair market value of the Neural Shares, shall have changed in a manner which would have a material adverse effect upon High Fusion or the High Fusion Shareholders if the Plan of Arrangement is completed;

l. the issuance of the securities under the Plan of Arrangement shall be exempt from registration under the U.S. Securities Act pursuant to the Section 3(a)(10) Exemption;

m. the issuance of the securities under the Plan of Arrangement shall be exempt from prospectus requirements under Securities Legislation pursuant to the Section 2.11 of NI 45-106;

n. the Parties shall take the steps necessary to satisfy the requirements for Neural to become a Reporting Issuer following the completion of the Plan of Arrangement;

o. holders of High Fusion Shares representing no more than 5% of votes attaching to the High Fusion Shares, in the aggregate, shall have exercised their BCBCA Dissent Rights; and

p. the Arrangement Agreement shall not have been terminated.

The obligation of each of High Fusion and Neural to complete the transactions contemplated by the Arrangement Agreement, is further subject to the condition, which may be waived by such Party, that each and every one of the covenants of the other Party to be performed on or before the Effective Date pursuant to the terms of the Arrangement Agreement shall have been performed by such Party and that, except as affected by the transactions contemplated by the Arrangement Agreement, the representations and warranties of the other Party shall be true and correct in all material respects on the Effective Date (except for representations and warranties made as of the specified date, the accuracy of which shall be determined as at that specified date), with the same effect as if such representations and warranties had been made at, and as of, such time.

The Arrangement Agreement provides that it may be terminated in certain circumstances before the Effective Date notwithstanding approval of the Plan of Arrangement by the High Fusion Shareholders and the Court.

The Parties

High Fusion, a CBCA incorporated company, has been approved for listing on March 23, 2015 by the CSE and is focused on developing, manufacturing, and distributing products and recognized brands in the marijuana and marijuana-infused products industries, including edibles and oil extractions for nutritional, medical, and adult recreation use in the United States. High Fusion works exclusively through licensed facilities in jurisdictions where such activity is permitted and regulated by US state law. See section titled "*Schedule T - Information Concerning High Fusion*" attached to this Circular. Following the Continuance, High Fusion will continue as a company organized under the BCBCA. Upon completion of the Plan of Arrangement, High Fusion will continue to hold all of its assets focused in the U.S. cannabis space while continuing to hold an interest in Neural (approximately 33.6% of Neural immediately following completion of the Plan of Arrangement).

Neural is an ethnobotanical drug-discovery and development company focused on developing products and conducting research with psychoactive plants. Neural is working to identify where plant-based traditional-medicine has proven to be effective and capitalize on the development of pharmaceutical and nutraceutical path to market that is compliant with applicable regulations. See section titled "*Schedule U - Information Concerning Neural*" attached to this Circular for disclosure about Neural on a post-Arrangement basis. Upon completion of the Plan of Arrangement, Neural will continue to advance its efforts on research and development of psychoactive plants, with a focus on developing products to target pharmaceutical and nutraceutical markets.

Rights of Dissent

Registered Shareholders have the right to dissent with respect to the proposed Plan of Arrangement and to be paid the fair value of their High Fusion Shares upon strict compliance with the provisions of the Interim Order and applicable Laws. See section titled "*Rights of Dissenting Shareholders*". It is a condition of the Plan of Arrangement that BCBCA Dissent Rights shall not have been exercised in the aggregate by holders of more than 5% of votes attaching to the High Fusion Shares, in the aggregate.

Entitlement to and Delivery of Arrangement Consideration Shares

High Fusion Shares

Accompanying this Circular is the Letter of Transmittal containing instructions to each Registered Shareholder who has not exercised their BCBCA Dissent Rights, with respect to the deposit of the completed Letter of Transmittal and certificates for High Fusion Shares, if any, for use in exchanging their High Fusion SVS for High Fusion New SVS and Neural Shares, and High Fusion MVS for High Fusion New MVS and Neural Shares to which such High Fusion Shareholder is entitled under the Plan of Arrangement. Additional copies of the Letter of Transmittal are also available upon request from the Depositary.

Should the Plan of Arrangement not be completed, any deposited High Fusion Shares will be returned to the depositing High Fusion Shareholder at High Fusion's expense upon written notice to the Depositary from High Fusion by returning the deposited High Fusion Shares (and any other relevant documents) by first class insured mail in the name of and to the address specified by the High Fusion Shareholder in the Letter of Transmittal or, if such name and address is not so specified, in such name and to such address as shown on the register maintained by High Fusion's registrar and transfer agent.

Prior to the sixth (6^{th}) anniversary of the Effective Date, all registered High Fusion Shareholders must submit a completed Letter of Transmittal with all required documentation to the Depositary to receive Arrangement Consideration Shares.

Income Tax Considerations

Summary of Principal Canadian Federal Income Tax Considerations

A summary of the principal Canadian federal income tax considerations in respect of the Arrangement Agreement is included under the heading "*Principal Canadian Federal Income Tax Considerations*" and the following is qualified in its entirety thereby.

The Share Exchange may be a taxable transaction for High Fusion Shareholders. Although High Fusion does not expect that any Holder (as defined below under the heading "*Principal Canadian Federal Income Tax Considerations*") will receive or be deemed to receive a taxable dividend on the Share Exchange, each Holder will realize a capital gain (or capital loss) equal to the amount, if any, by which the fair market value of the Neural Shares received by the Holder on the Share Exchange exceeds (or is exceeded by) the "adjusted cost base" (as defined in the Tax Act) of the Holder's High Fusion Shares immediately before the Share Exchange and the Holder's reasonable costs of disposition.

A more detailed summary of these matters is included under the heading "*Principal Canadian Federal Income Tax Considerations*". Holders of High Fusion Shares should consult their own tax advisors about the applicable

Canadian federal, provincial, local and foreign tax consequences of the Plan of Arrangement.

Certain U.S. Federal Income Tax Considerations

High Fusion Shareholders should consult their own tax advisors about the applicable U.S. federal, state and local tax consequences of the Plan of Arrangement. A summary of certain U.S. federal income tax considerations of the Arrangement is included under the heading "*Certain United States Federal Income Tax Considerations*" in this Circular.

Court Approval and Effective Date

The Plan of Arrangement requires approval by the Court under Section 291 of the BCBCA. Prior to the mailing of the Circular, High Fusion obtained the Interim Order on March 17, 2023 which provides for the calling and holding of the Meeting, the BCBCA Dissent Rights and other procedural matters. A copy of the Interim Order is attached as Schedule "P" to this Circular. Subject to the approval of the Arrangement Resolution by the High Fusion Shareholders at the Meeting, excluding the votes of persons whose votes must be excluded in accordance with MI 61-101, the hearing in respect of the Final Order is currently scheduled to take place on, or about May 3, 2023.

At the hearing, the Court will consider, among other things, the substantive and procedural fairness of the terms and conditions of the Plan of Arrangement to those to whom securities will be distributed. The Court may approve the Plan of Arrangement in any manner the Court may direct, subject to compliance with such terms and conditions, if any, as the Court deems fit. Prior to the hearing on the Final Order, the Court will be informed that the Final Order will also constitute the basis for the Section 3(a)(10) Exemption with respect to Arrangement Consideration Shares to be distributed pursuant to the Plan of Arrangement. It is presently contemplated that the Effective Date will be on or before May 31, 2023, being the Outside Date. See section titled "*The Plan of Arrangement – Court Approval of the Plan of Arrangement and Effective Date*".

Neural Shares Are Not Listed

There is currently no market through which the Neural Shares and High Fusion MVS may be sold and High Fusion Shareholders may not be able to resell such securities. This may affect the value of the Arrangement Consideration Shares in the secondary market, the transparency and availability of values, the liquidity of the securities, and the extent of issuer regulation.

Securities Laws Information for Securityholders

The following disclosure is provided as general information only. Each High Fusion Shareholder should consult his, her or its own professional advisors to determine the conditions and restrictions applicable to trades in the High Fusion Shares and Arrangement Consideration Shares.

The issuance and distribution of Arrangement Consideration Shares pursuant to the Plan of Arrangement will constitute a distribution of securities, which is exempt from the prospectus requirements of Canadian securities legislation. The Arrangement Consideration Shares distributed pursuant to the Plan of Arrangement may be resold in each of the provinces and territories of Canada, provided the holder is not a "control person" as defined in the applicable legislation, no unusual effort is made to prepare the market or create a demand for those securities and no extraordinary commission or consideration is paid in respect of that sale. Each High Fusion Shareholder and Neural Shareholder is urged to consult its own professional advisors to determine the conditions and restrictions applicable to trades in such securities.

See section titled "*Canadian Securities Law Consideration*" in this Circular for a summary of Securities Legislation applicable to the Plan of Arrangement.

See section titled "*United States Securities Law Consideration*" in this Circular for a summary of U.S. Securities Laws applicable to the Plan of Arrangement.

Upon completion of the Plan of Arrangement, Neural will be a reporting issuer in British Columbia, Alberta and Quebec.

High Fusion Selected Financial Information

The following table sets out selected financial information for the periods indicated, which is qualified by the more complete information contained in the audited consolidated financial statements of High Fusion for the years ended July 31, 2022, 2021 and 2020, and unaudited consolidated financial statements of High Fusion for three months ended October 31, 2022 as filed on SEDAR at www.sedar.com.

	Three Months ended October 31, 2022	Year Ended July 31,		
		2022	2021	2020
Net Loss	$2,126,422	$19,203,282	$1,849,618	$22,088,621
Comprehensive Loss	$1,818,290	$19,213,626	$643,575	$21,922,661
Basic and Diluted loss per share	$0.015	$0.219	$0.041	$1.341
Current Assets	$4,190,654	$4,647,741	$1,713,508	$3,101,291
Total Assets	$12,357,918	$12,626,195	$7,279,397	$6,681,656
Total Liabilities	$20,847,652	$19,028,607	$13,442,017	$28,581,059
Shareholders' Deficiency	$8,489,734	$6,402,412	$6,162,620	$21,899,656

Neural Selected Financial Information

The following table sets out selected financial information for the periods indicated, which is qualified by the more complete information contained in the audited consolidated financial statements of Neural for the years ended July 31, 2022, 2021 and 2020, appended as Schedule "H" to this Circular, and unaudited consolidated financial statements of Neural for three months ended October 31, 2022, appended as Schedule "J".

	Three Months ended October 31, 2022	Year Ended July 31,		
		2022	2021	2020
Net Loss and Comprehensive Loss	$378,409	$1,818,455	$389,788	$186,362
Basic and Diluted loss per share	$0.01	$0.05	$0.02	$0.01
Current Assets and Total Assets	$270,901	$454,570	$1,229,467	$1,349,237
Total Liabilities	$506,624	$464,036	$270,018	Nil
Shareholders' Equity (Deficit)	($235,723)	($9,466)	$959,449	$1,349,237

Selected Pro Forma Financial Information

The following table sets out selected pro forma financial information in respect of High Fusion as at October 31, 2022, as if the Plan of Arrangement had been completed as of October 31, 2022 and should be considered in conjunction with the more complete information contained in the pro forma balance sheet of High Fusion appended as Schedule "G" to this Circular.

	As at October 31, 2022
Current Assets	$5,175,593
Total Assets	$13,342,857
Total Liabilities	$20,477,028
Shareholders' Equity (Deficit)	$(7,134,171)

Pro Forma Share Capitalization

Assuming an issued capital of High Fusion of 179,166,481 High Fusion SVS and 14,294,891 High Fusion MVS, approximately 0.014642786 Neural Shares (representing the SVS Conversion Factor as of the date hereof) will be distributed to each holder of one (1) High Fusion SVS, and 0.14642786 Neural Shares (representing the MVS Conversion Factor as of the date hereof) will be distributed to each holder of one (1) High Fusion MVS. As such, immediately after to the completion of the Plan of Arrangement, and giving effect to the Share Exchange there will be approximately:

a. 179,166,481 High Fusion New SVS;
b. 14,294,891 High Fusion New MVS;
c. 39,469,320 Neural Shares;

issued and outstanding following completion of the Plan of Arrangement, of which 2,623,496 will be held by the holders of High Fusion New SVS and 2,093,170 will be owned by the holders of High Fusion New MVS. Following completion of the Plan of Arrangement, High Fusion will hold 13,266,667 Neural Shares representing approximately 33.6% of Neural Shares issued and outstanding (without giving effect to the Directors' Compensation Settlement, which would result in the number of Neural Shares owned by High Fusion to decrease by 2,853,333 Neural Shares to 10,413,334, representing 26.4% of Neural Shares issued and outstanding) and be issued 2,000,000 Neural HF Warrants on or prior to the Effective Date.

In the event that the number of issued and outstanding High Fusion SVS or High Fusion MVS changes between the date of this Circular and the Effective Time, each of the SVS Conversion Factor and MVS Conversion Factor, referred to in the Plan of Arrangement will be adjusted in accordance with the provisions set out in the Plan of Arrangement immediately prior to the Effective Time.

In the event that the number of issued and outstanding Neural Shares or the number of Neural Shares owned by High Fusion changes between the date of this Circular and the Effective Time (as a result of the transactions, which include but not limited to incompletion of the transfers pursuant to the Directors' Compensation Settlement), no adjustment will be made to the SVS Conversion Factor and MVS Conversion Factor prior to the Effective Time.

Risk Factors

The securities of High Fusion and Neural should be considered highly speculative investments and the transactions contemplated herein should be considered of a high-risk nature. High Fusion Shareholders should carefully consider all of the information disclosed in this Circular prior to voting on the matters being put before them at the Meeting.

There are risks associated with the Plan of Arrangement that should be considered by High Fusion Shareholders, including but not limited to: (i) the Arrangement Consideration Shares may be subject to resale restrictions; (ii) the price of High Fusion Shares may fluctuate; (iii) the proposed Plan of Arrangement may not be approved; (iv) the Parties will incur costs relating to the Plan of Arrangement; (v) the Arrangement Agreement may be terminated in certain circumstances; (vi) there is currently no market for the High Fusion MVS and Neural Shares; (vii) deemed taxable dividend on the Share Exchange; (viii) the Arrangement Consideration Shares may not be qualified investments for Registered Plans; and (ix) unforeseen tax consequences;

There are risks associated with the businesses of High Fusion and Neural that should be considered by High Fusion Shareholders, including but not limited to: (i) risks associated with the need for additional capital by High Fusion and Neural, through financings, and in particular, the risk that such funds may not be raised (including, Neural's financial resources may not be sufficient to fund Neural's operations and/or enable it to obtain a stock exchange listing); (ii) risks related to the regulatory environment in the jurisdictions in which Neural operates or is deemed to operate; (iii) reliance on management; (iv) the potential for conflicts of interest; and (v) other risks associated with either High Fusion or Neural as described in greater detail elsewhere in this Circular.

High Fusion Shareholders should carefully review the risk factors set forth under the heading "*Risk Factors*", the risk factors relating to High Fusion set forth under the heading "*Schedule T - Information Concerning High Fusion*", the risks relating to Neural set forth under the heading "*Schedule U - Information Concerning Neural*" and the risk factors set forth under the sub-headings "*Forward-Looking Statements*".

PARTICULARS OF MATTERS TO BE ACTED UPON

To the knowledge of the Board, the matters to be brought before the Meeting are those matters set forth in the accompanying Notice.

A. FINANCIAL STATEMENTS AND AUDITOR'S REPORT

The audited financial statements of High Fusion for the years ended July 31, 2022 and 2021 will be placed before the Meeting and are available under High Fusion's SEDAR profile at www.sedar.com. No formal action will be taken at the Meeting to approve the annual financial statements.

B. ELECTION OF DIRECTORS

High Fusion's articles provide that the number of directors of High Fusion will be a minimum of three (3) and a maximum of ten (10). Pursuant to the CBCA and High Fusion's By-laws, the Board has determined that there will be seven (7) persons elected to the Board at the Meeting. Unless a director's office is earlier vacated in accordance with the provisions of the CBCA, each elected director will hold office until the conclusion of the next annual meeting of High Fusion Shareholders, or if no director is then elected, until a successor is elected.

The following table sets out the names of management's seven (7) nominees for election as directors (the "**Proposed Directors**"), all major offices and positions with High Fusion and any of its significant affiliates each now holds, each nominee's principal occupation, business or employment (for the five (5) preceding years), the period of time during which each has been a director of High Fusion and that number of High Fusion Shares beneficially owned by each, directly or indirectly, or over which each exercised control or direction, as at the date of this Circular.

Name and Residence of Proposed Directors	Principal Occupation and Present Offices Held	Director Since	Number Beneficially Owned, or Controlled or Directed, Directly or Indirectly		Percentage of Total Votes Attached to High Fusion Shares[7]
			High Fusion SVS	High Fusion MVS	
Adam K. Szweras [1][2] Chairman of the Board and Corporate Secretary *Ontario, Canada*	Fogler, Rubinoff LLP (Counsel since 2019; Partner from February 2006 through 2018). Chairman of Foundation Markets Inc. and FMI Capital Advisory Inc. since 2005.	July 7, 2014	20,605,037	Nil	6.4%
Billy A. Morrison Director and Chief Technology Officer *California, USA*	Chief Technology Officer of High Fusion since June 11, 2018. Horticulture and extraction consultant.	June 11, 2015	100,875	Nil	0.03%
John Durfy Director and CEO *Ontario, Canada*	Chief Executive Officer of High Fusion since February 28, 2020. Director of Cannabis Growth Opportunity Corporation from January 2018 to October 2019. From 2016 to 2018, Mr. Durfy was the COO of Sphere Investment Management Inc.	May 28, 2020	8,959,079[6]	Nil	2.78%
Rachel Wright[1][2][3] [4] Director *California, USA*	Managing Partner of AB FinWright LLP from January 2020 to present. Director of Abraham Finberg & Associates Inc. from April 2017 to Present. President of Wright Accounting Services, Inc. from 2008 to Present. Financial Controller of Optic Arts by Luminii from January 2015 to April 2020.	June 20, 2022	Nil	Nil	Nil
Austin Birch[2] Director *California, USA*	Chief Operating Officer of OutCo from 2014 to 2019, and Chief Development Officer of OutCo from 2019 until the OutCo Acquisition, and subsequently of	January 17, 2023	Nil	1,038,188 [5]	3.22%

Name and Residence of Proposed Directors	Principal Occupation and Present Offices Held	Director Since	Number Beneficially Owned, or Controlled or Directed, Directly or Indirectly		Percentage of Total Votes Attached to High Fusion Shares[7]
			High Fusion SVS	High Fusion MVS	
	NH LLC following the OutCo Acquisition.				
Ross Mitgang[1] Proposed Director *Ontario, Canada*	Office and Sales Administrator of Linedata from January 2017 to January 2018. Accounting Administrator of Skyservice Business Aviation Inc. between March 2018 to May 2018. Accounting Clerk at Giannone Petricone Associates Inc. from July 2018 to August 2018. Various positions at Plaza Capital Inc. from November 2018 and presently Controller. CEO and CFO of Eagle I Capital Corporation from May 2021 to present.	January 31, 2023	Nil	Nil	Nil
Bill Gillespie Proposed Director *California, USA*	President of SMG Sales Inc. from February 1987 to present. Chief Business Officer of Social Impact Health Group from February 2020 to present. Real Estate Specialist at Keller Williams Realty, Inc. from December 2013 to present.	N/A Proposed Director	Nil	Nil	Nil

Notes:

(1) Member of the Audit Committee.

(2) Member of the Compensation and Nominating Committee.

(3) Considered independent under provisions of NI 58-101.

(4) Chairperson of the Audit Committee.

(5) 61,032 High Fusion MVS are held by Austin Birch in his personal capacity and 977,156 High Fusion MVS are held by Birch-Hall Family Trust., a private trust in which Mr. Birch is a co-trustee.

(6) 70,336 High Fusion SVS are held by John Durfy in his personal capacity and 8,888,743 High Fusion SVS are held by Humber Capital Advisors Inc., a private company 100% owned by John Durfy.

(7) Assuming that all High Fusion MVS are converted into High Fusion SVS on a ratio of ten (10) High Fusion SVS in exchange for each one (1) High Fusion MVS.

Proxies received in favour of management will be voted for the election of the above-named nominees, unless the shareholder has specified in the proxy that his or her shares are to be withheld from voting in respect thereof. Management has no reason to believe that any of the nominees will be unable to serve as a director but, if a nominee is for any reason unavailable to serve as a director, proxies in favour of management will be voted in favour of the remaining nominees and may be voted for a substitute nominee unless the shareholder has specified in the proxy that his or her shares are to be withheld from voting in respect of the election of directors.

Director Biographies

John Durfy, Director, and Chief Executive Officer

Mr. Durfy currently serves as the Chief Executive Officer of High Fusion. Previously, Mr. Durfy was a board member of Cannabis Growth Opportunity Corp., the Chief Operating Officer of Sphere Investment Management Inc. (where he was responsible for the operational and strategic management of the firm), and the Chief Investment Officer for a hedge fund (where he oversaw all portfolio management activities and personnel, including investment strategy, trading and risk management). He also served as a Managing Director of Global Equities for the Ontario Municipal Employees Retirement System ("**OMERS**") from 2008 to 2011. Prior to OMERS, he was a Senior Portfolio Manager with the Canada Pension

Plan Investment Board and a Vice President and Portfolio Manager with MFS McLean Budden. Mr. Durfy graduated from the MBA program at the DeGroote School of Business at McMaster University in 1988 and received a Bachelor of Commerce degree from Memorial University of Newfoundland in 1986. Mr. Durfy formerly held the following professional designations: CFA between 1996 and 2020 and CPA and CMA between 1991 and 2020.

Adam Szweras, Director, Chairman of the Board and Corporate Secretary

Mr. Szweras is Chairman of Foundation Markets Inc. and FMICA, a Toronto-based merchant and investment banking group, and also practices law with Fogler, Rubinoff LLP as a member of the firm's Securities Law Group. He acted as Chief Executive Officer of High Fusion from June 2019 to February 2020. Mr. Szweras' law practice focuses on financings and going public transactions, and in his banking practice he works closely to build, invest in, and develop emerging businesses. Mr. Szweras has a particular expertise with cross border mid-market transactions and often acts as a strategic advisor to his clients. He works with public and private companies active in cannabis markets in Canada and the U.S. as well as companies with businesses in energy transmission, oil and gas and alternative energy, technology, and food producers. Mr. Szweras has experience in representing clients in Canada and the U.S. as well as South America, China and South Asia. Mr. Szweras served on the board of directors of numerous public companies including Water Ways Technologies Inc., The Tinley Beverage Company, Universal Proptech Inc. (formerly SustainCo Inc.), Harborside Inc., Quinsam Capital Corporation, and other entities involved in cannabis and other industries. Presently, Mr. Szweras sits on the board of directors of Aurora Cannabis Inc. He was called to the Ontario Bar in 1996 and has authored numerous papers and articles relating to Canadian and foreign securities and corporate law.

Billy A. Morrison, Director & Chief Technology Officer

Mr. Morrison started his career in the cannabis sector by co-founding the Union Collective in California in 2006, which quickly became a successful medical cannabis collective in the Silicon Valley and west Los Angeles. Three years later, he founded Capstone Analytical LLC, which was one of the first chromatography cannabis testing facilities in the Bay Area. In 2011, Mr. Morrison was appointed as a Chief Technology Officer of Temez Extracts, where he pivoted from closed loop extraction methods (that had the potential of leaving trace amounts of analytical grade N-Butane) and further leveraged sub/super critical, refined CO2 extraction. At Temez Extracts, he spearheaded a partnership with Dragon Vape to become the second largest producer of refined cannabis distillate in prefilled e-cigarettes in California. Mr. Morrison has been consulting on "deep water culture" and greenhouse cannabis cultivation facilities since 2009. Mr. Morrison was appointed Chief Technology Officer of Peloton Pharmaceuticals, a Canadian cannabis license applicant, (now owned and operated by Aurora Cannabis Inc. in 2012). He was responsible for designing, developing and deploying nearly autonomous grow system focused on producing pharmaceutical grade cannabis at the lowest cost of goods sold. Mr. Morrison also holds multiple patents and pioneered water conserving technology in agriculture and co-invented the "dab stick." Mr. Morrison holds an MBA in International Business from University of The Incarnate Word and BBA in Business Administration from the University of Texas.

Austin Birch, Director

Mr. Birch has been employed as a Chief Development Officer of NH LLC, a wholly owned subsidiary of High Fusion, since the closing of the OutCo Acquisition. Mr. Birch is a founder of OutCo in 2014 and acted as a Chief Operating Officer of OutCo until 2019 when he transitioned to the Chief Development Officer for OutCo and, subsequently, NH LLC. During his tenure at OutCo, Mr. Birch was responsible for all the design, development, and execution of expansion of OutCo's indoor and outdoor projects that included a 100,000 square foot greenhouse, 15,000 square foot indoor facility and 70-acre improvements to the outdoor cultivation facility. Prior to his involvement with OutCo, between 2009 and 2013, Mr. Birch was a co-manager of RECON International Group, which handled nearly $100 million of construction contracts annually in the Hemland Province of Afghanistan.

Ross Mitgang, Director

Mr. Mitgang has worked as an operations manager for a non-profit company, as an admin in the fintech world and has held several junior accounting positions. He currently serves as a Controller at Plaza Capital heading up the accounting and operations departments. Mr. Mitgang has served various public companies in a variety of officer and director capacities including: Director of PsyTechGlobal Inc., a private psychedelics company from November 2019 to April 2021; CEO, President and Director of Pegmatite One Lithium and Gold Corp. (formerly, Madi Minerals Ltd.) from December 2022 to

present; director of Empatho Holdings Inc. (formerly, Shane Resources Ltd.) from December 2019 to December 2021 and CEO, CFO and Director of Eagle 1 Capital Corp. from May 2021 to Present. Mr. Mitgang earned a Bachelor or Arts Degree in History from the Queens College of City University of New York in 2014 and holds a graduate certificate in accounting from York University, which he obtained in 2019.

Bill Gillespie, Proposed Director

Mr. Gillespie is an entrepreneur who has an extensive track record as a brand builder with expertise in developing business partnerships and driving innovation to achieve profitability. In the past, Mr. Gillespie served as a CEO for several successful business ventures including Social Impact Health Group, Orange Toxicology Labs, Endurance Aesthetics and Consultant Lab Services. Mr. Gillespie launched his entrepreneurial journey as a sales group owner for several top consumer electronics brands and built a manufacturer's rep group in the Western US, where he led the scaling one of the top sales representative firms in the United States for Toshiba America, Western Digital, Mitsubishi and Ricoh. Mr. Gillespie has served as a President of SMG Sales Inc., a California-based company focused on representing electronics manufacturers in the placement of a variety of products and services in a variety of industries, including clinical laboratory, senior care, general medicine and COVID-19 pandemic solutions. Mr. Gillespie has served as commercial real estate specialist at a Mission Viejo branch of Keller Williams Realty, Inc. since December 2013.

Rachel Wright, Director

Ms. Wright is the founder of AB FinWright, LLP, a CPA firm in California serving primarily cannabis industry clients across the U.S., where she served as a managing partner since April 2017. Rachel has extensive experience in oversight of financial reporting and tax for vertically integrated, multistate, and cross-border cannabis and their affiliated companies. She has worked with many companies in the industry to advise on tax and financial matters. Ms. Wright regularly writes for publications such as Bloomberg Tax, the Cannabis Industry Journal, Marijuana Venture, and the LA Daily Journal. Since April 2017 to present, Ms. Wright has served as a director of Abraham Finberg & Associates Inc., a full-service tax, accounting and business consulting firm located in Los Angeles, CA. Since 2008, Ms. Wright has served as a President of Wright Accounting Services, Inc., an accounting firm that provides fractional CFO, controller, accounting, tax, advisory, and QuickBooks services to small and mid-sized manufacturing companies in Los Angeles County, located in Rolling Hills Estates, CA. From January 2015 to April 2020, Ms. Wright served as a Financial Controller of Optic Arts, a company owned by Luminii. Ms. Wright holds a CPA designation, has earned two certificates in taxation-related disciplines in 2022 as well as a Master of Science in Taxation in 2017 from the Golden Gate University.

Corporate Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Corporate Cease Trade Orders

Except as disclosed herein, to the best of the knowledge of High Fusion and based upon information provided to it by each of the Proposed Directors for election to the Board, no Proposed Director of High Fusion is, as at the date hereof, or has been, within 10 years before the date hereof, a director, chief executive officer or chief financial officer of any company (including High Fusion) that:

(i) was subject to 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 Proposed Director was acting in the capacity as director, chief executive officer or chief financial officer; or

(ii) was subject to 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 after the Proposed Director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Adam Szweras was appointed as a director for Harborside Inc. ("**Harborside**") in May of 2019. On June 8, 2020 Harborside was issued a cease trade order for: (a) its refiling of certain historical financial statements of FLRish, Inc. for the fiscal years ended December 31, 2017 and 2018 and the interim period ended March 31, 2019, the financial statements and related

MD&A for the interim periods ended June 30, 2019 and September 30, 2019 (due primarily to changes in the application of accounting treatments related to certain transactions by its reverse takeover acquirer, FLRish, Inc.); and (b) Harborside's failure to meet a deadline to file audited financial statements for the fiscal year ended December 31, 2019 and corresponding MD&A. The cease trade order was subsequently lifted on August 31, 2020.

High Fusion became subject to a cease trade order on December 3, 2021, issued by the OSC due to High Fusion not filing its annual financial statements for the year ended July 31, 2021 in accordance with NI 51-102 ("**FFCTO**"). The financial statements were subsequently filed and the cease trade order was revoked effective December 15, 2021. Subsequently, on December 31, 2021, the OSC granted High Fusion a management cease trade order ("**MCTO**") in respect of the delayed filing of its financial statements for the three-month period ended October 31, 2021, due to the complexity associated with consolidating the purchase of the assets and business of OutCo which High Fusion completed on August 31, 2021. The financial statements were filed, and the MCTO was revoked effective January 21, 2022. For the duration of the each of FFCTO and MCTO, the following Proposed Directors were directors of High Fusion: Adam Szweras, Billy Morrison and John Durfy.

Bankruptcies and Other Proceedings

No Proposed Director of High Fusion is, as at the date hereof, or has been within 10 years prior to the date hereof, a director or executive officer of any company (including High Fusion) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

No Proposed Director of High Fusion has, within the 10 years prior to the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the Proposed Director.

Penalties and Sanctions

No Proposed Director of High Fusion has been subject to:

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

(ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important in deciding whether to vote for a Proposed Director.

C. APPOINTMENT OF AUDITORS AND FIXING THE REMUNERATION

Unless authority to vote is withheld, the persons named in the accompanying form of proxy intend to vote for the appointment of BF Borgers CPA PC, Certified Public Accountants as the auditor of High Fusion, to hold office until the next annual meeting of the shareholders, and to authorize the directors to fix the auditor's remuneration.

BF Borgers CPA PC, Certified Public Accountants was first appointed as auditor of High Fusion on July 14, 2022. Prior to BF Borgers CPA PC, Certified Public Accountants, Harbourside CPA LLP was auditor of High Fusion. In accordance with the provisions of NI 51-102, attached to this Circular as Schedule "L", is the requisite reporting package, including the notice of High Fusion to Harbourside CPA LLP and BF Borgers CPA PC, Certified Public Accountants stating that there are no reportable events and the letters of each of Harbourside CPA LLP and BF Borgers CPA PC, Certified Public Accountants to the OSC, Authorité des Marchés Financiers, British Columbia Securities Commission and Alberta Securities Commission.

UNLESS THE SHAREHOLDER DIRECTS THAT HIS, HER OR ITS HIGH FUSION SHARES ARE TO BE WITHHELD FROM VOTING IN CONNECTION WITH THE CONFIRMATION AND APPOINTMENT OF THE AUDITORS, THE PERSONS NAMED IN THE ENCLOSED FORM OF PROXY INTEND TO VOTE FOR THE APPOINTMENT OF BF BORGERS CPA PC, CERTIFIED PUBLIC ACCOUNTANTS AS THE AUDITORS

OF HIGH FUSION UNTIL THE NEXT ANNUAL MEETING OF SHAREHOLDERS AND TO AUTHORIZE THE DIRECTORS TO FIX THEIR REMUNERATION.

Shareholders will be asked to approve the resolution appointing the auditors and authorizing the directors to fix their remuneration. To be approved, the resolution must be passed by a majority of the votes cast by the holders of High Fusion Shares at the Meeting. Management recommends a vote FOR in respect of the resolution approving the appointment of the auditor and authorizing the directors to fix the auditor's remuneration.

D. APPROVAL OF NAME CHANGE

High Fusion Shareholders will be asked to consider, and if thought appropriate, approve, with or without variation, the special resolution (the "**Name Change Resolution**") set forth in Schedule "D" to this Circular authorizing the change of the name of High Fusion to "Vertical Peak Holdings Inc." or to such other name as is acceptable to High Fusion and the CSE (the "**Name Change**"). The Name Change is expected to be implemented prior to the Continuance and the Plan of Arrangement. The Board and management of High Fusion are of the view that the name "Vertical Peak Holdings Inc." will more accurately reflect the proposed business of High Fusion following completion of the Plan of Arrangement. The Name Change is subject to CSE approval.

The Name Change Resolution must be approved by at least two-thirds of votes cast by High Fusion Shareholders present in person or voting by proxy at the Meeting in order for it to be adopted. **The Board and management of High Fusion recommend that High Fusion Shareholders vote FOR the Name Change Resolution.**

The persons named in the form of proxy which accompanies this Circular intend to vote FOR the Name Change Resolution unless the shareholder has specified in the form of proxy that the High Fusion Shares represented by such form of proxy are to be voted against the Name Change Resolution.

E. CONTINUATION INTO BRITISH COLUMBIA AND ADOPTION OF NEW CONSTATING DOCUMENTS

General

High Fusion is currently governed by the CBCA. The Board proposes to continue (the "**Continuance**") High Fusion from Canada under the CBCA, to British Columbia under the BCBCA. Management of High Fusion has determined and believes that it is in its best interest and will be more efficient and cost effective for High Fusion to be governed by the laws of British Columbia and is asking High Fusion Shareholders to approve the Continuance Resolution because of the greater flexibility in corporate administrative matters and corporate structure generally afforded by the BCBCA. In particular, the BCBCA, unlike the CBCA, does not require that at least 25% of the directors be ordinarily resident in Canada, and High Fusion may require the flexibility to recruit directors who can contribute to its growth and development, wherever such person may reside. Continuance under the BCBCA will also provide additional flexibility with the Arrangement as the BCBCA does not have the solvency limitation set out in the CBCA for arrangement transactions.

Continuance Process

In order to continue as a company under the BCBCA, the following principal steps must be taken:

- High Fusion must obtain the approval of its shareholders to the Continuance Resolution by way of a special resolution to be passed by not less than two-thirds (66 2/3%) of the votes cast at the Meeting in person or by proxy;
- High Fusion must make written application to the Director under the CBCA for consent to continue under the BCBCA, such written application to establish to the satisfaction of the Director that the proposed Continuance will not adversely affect High Fusion's creditors or shareholders;
- Once the Continuance Resolution is passed and High Fusion has obtained the consent of the Director under the CBCA, High Fusion must file a Continuance Application and the consent of the Director under the CBCA, along with the prescribed documents under the BCBCA, with the Registrar of Companies under the BCBCA to obtain a Certificate of Continuation;

- On the date shown on the Certificate of Continuation issued by the British Columbia Registrar of Companies, High Fusion will become a company registered under the laws of the Province of British Columbia as if it had been incorporated under the laws of the Province of British Columbia; and
- High Fusion must then file a copy of the Certificate of Continuation with the Director under the CBCA and receive a Certificate of Discontinuance under the CBCA.

The foregoing does not purport to be a comprehensive statement of the steps needed to continue High Fusion to British Columbia, rather, it is a broad outline of the steps involved. A comparison of the CBCA and BCBCA is attached as Schedule "C".

Notwithstanding the Continuance of High Fusion from the laws of Canada to the laws of British Columbia, the BCBCA provides that any existing cause of action, claim or liability to prosecution is unaffected; and a legal proceeding being prosecuted or pending by or against High Fusion before the Continuance may be prosecuted by or its prosecution may be continued, as the case may be, by or against High Fusion.

Holders of High Fusion SVS and High Fusion MVS have the right to dissent to the Continuance under section 190 of the CBCA. However, if High Fusion anticipates any substantial cost to it as a result of the exercise of dissent rights, it may decide not to proceed with the Continuance.

The Continuance will affect certain of the rights of High Fusion Shareholders as they currently exist under the CBCA. The Continuance, if approved, will effect a change in the legal domicile of High Fusion as of the effective date and time thereof and will affect certain of the rights of shareholders as they currently exist under the CBCA and the current Articles of Incorporation and By-laws of High Fusion. Management to High Fusion is of the view that the BCBCA will provide to High Fusion Shareholders substantively the same rights as are available to High Fusion Shareholders under the CBCA, including rights of dissent and appraisal and rights to bring derivative actions and oppression actions, and is consistent with corporate legislation in most other Canadian jurisdictions and that shareholders will not be adversely affected by the Continuance. **High Fusion Shareholders should consult their legal advisors regarding implications of the Continuance which may be of particular importance to them.**

Notice Of Articles and New Form of Articles

The Continuance will involve the issuance of a Notice of Articles and will require the adoption by High Fusion of the New Articles pursuant to the BCBCA, the form of which is attached to this Circular as Schedule "F" and will be presented at the Meeting. Upon the Continuance of High Fusion to British Columbia becoming effective, the Notice of Articles and the New Articles will replace the existing Articles of Incorporation and the By-laws.

Under the BCBCA, a company is permitted in its articles to set out the type of approval required for certain corporate changes. Under the BCBCA, a company's articles will stipulate the requisite resolution, which may include a directors' resolution, to, among other things, make alterations to the company's authorized share structure, the subdivision or consolidation of its shares and to alter the notice of articles in order to change its name. By contrast, under the CBCA, fundamental changes that would require an amendment to the articles, such as subdivisions and consolidations, and name changes, are required to be approved by way of a special resolution of shareholders.

As a result, as permitted under the BCBCA, High Fusion's management and the Board are proposing that the New Articles provide for the following matters to require approval by way of a directors' resolution or by shareholders' resolution, in each case determined by the directors (recognizing that regulatory authorities may require shareholder approval in certain cases in any event):

(a) create one or more classes or series of shares or, if none of the shares of a class or series of shares are allotted or issued, eliminate that class or series of shares;

(b) increase, reduce or eliminate the maximum number of shares that the Company is authorized to issue out of any class or series of shares, or establish a maximum number of shares that the Company is authorized to issue out of any class or series for which no maximum is established;

(c) alter the identifying name of any of its shares;

(d) if the Company is authorized to issue shares of a class of shares with par value:

(i) decrease the par value of those shares; or

(ii) if none of the shares of that class of shares are allotted or issued, increase the par value of those shares;

(e) change all or any of its unissued, or fully paid issued, shares with par value into shares without par value or any of its unissued shares without par value into shares with par value;

(f) otherwise alter its shares or authorized share structure when require or permitted to do so by the BCBCA; or

(h) authorize an alteration of its Notice of Articles in order to change its name or adopt or change any translation of that name.

Any such change would continue to be subject to the applicable securities laws and the rules and policies of applicable stock exchanges (which may require shareholder approval in certain cases).

Additionally, currently the minimum and maximum number of directors of High Fusion are set forth in the Articles as being from three (3) to ten (10). In the proposed New Articles of the Company, the minimum number of directors is set as being three (3) and there is no maximum number set.

Continuance Resolution

Accordingly, the High Fusion Shareholders are being asked to pass a special resolution (the "**Continuance Resolution**"), the text of which is set out below, subject to regulatory approval, authorizing the Continuance and the adoption of the New Articles under the provisions of the BCBCA.

Subject to the approval of the Continuance Resolution, it is anticipated that High Fusion will immediately adjourn the Meeting and proceed to file the continuation application with the registrar under the BCBCA in order to complete the Continuance. Upon the completion of the Continuance and the receipt of the certificate of continuation, High Fusion will reconvene the Meeting in order to consider the other matters set out in the Notice, including the proposed approval of the Plan of Arrangement.

Upon the Continuance under the BCBCA becoming effective, High Fusion will become a corporation to which the BCBCA applies as if it had been incorporated under the BCBCA, and the CBCA will cease to apply to High Fusion. Upon the Continuance becoming effective, High Fusion Shareholders will continue to hold one (1) High Fusion SVS for each one High Fusion SVS currently held, and one (1) High Fusion MVS for each one High Fusion MVS currently held. The principal attributes of the High Fusion SVS and High Fusion MVS after the Continuance will be identical to the corresponding High Fusion Shares prior to the Continuance other than differences in shareholders' rights under the CBCA and the BCBCA, a summary of which is provided below and other than the differences between the current Articles of Incorporation and New Articles described herein.

The directors and officers of High Fusion immediately following the Continuance (after giving effect to the director elections proposed at the Meeting) will be identical to the directors and officers of High Fusion immediately prior to the Continuance. As of the effective date of the Continuance, the election, duties, resignations and removal of High Fusion's directors and officers shall be governed by the BCBCA, and the proposed New Articles, as approved by the High Fusion Shareholders and adopted by the Board of High Fusion.

In the event that shareholder approval to the Continuance Resolution is not given, High Fusion will continue to be governed by the provisions of the CBCA.

Shareholders' Rights of Dissent in Respect of the Continuance Resolution

Section 190 of the CBCA provides registered shareholders of a corporation with the right to dissent from certain resolutions that effect extraordinary corporate transactions or fundamental corporate changes, including the Continuance. Any registered shareholder who dissents from the Continuance Resolution in compliance with section 190 of the CBCA (each, a "**Continuance Dissenting Shareholder**"), will be entitled to be paid the fair value of High Fusion Shares held by such Continuance Dissenting Shareholder determined as of the close of business on the day before the day the Continuance Resolution is adopted.

Section 190 of the CBCA provides that a shareholder may only make a claim under that section with respect to all of the shares of a class held by the shareholder on behalf of any one beneficial owner and registered in the shareholder's name. One consequence of this provision is that only a registered shareholder may exercise the dissent rights in respect of High Fusion Shares that are registered in that shareholder's name ("**Continuance Dissent Rights**").

Beneficial Shareholders who wish to dissent should be aware that only Registered Shareholders are entitled to exercise Continuance Dissent Rights. Accordingly, a Beneficial Shareholder desiring to exercise Continuance Dissent Rights must make arrangements for the High Fusion Shares beneficially owned by such High Fusion Shareholder to be registered in his, her or its name prior to the time the Notice of Dissent is required to be received or, alternatively, make arrangements for the Registered Shareholder to exercise Continuance Dissent Rights on the Beneficial Shareholder's behalf.

A Registered Shareholder wishing to dissent must send a written Notice of dissent contemplated by Section 242 of the BCBCA which must be received by High Fusion, in the manner set out below, not later than 10:00 am (Vancouver time) on April 26, 2023 (or on the business day that is two business days immediately preceding any adjourned or postponed Meeting). All Notices of Dissent should be delivered by mail or hand delivery to High Fusion at:

Whitelaw Twining Law Corporation
200 Granville St, Suite 2400
Vancouver, British Columbia V6C 1S4,
Attention: Robert K. Fischer

The filing of a Notice of Dissent does not deprive a registered shareholder of the right to vote at the Meeting. However, the CBCA provides, in effect, that a registered shareholder who has submitted a Notice of Dissent and who votes for the Continuance Resolution will no longer be considered a Continuance Dissenting Shareholder with respect to that class of shares voted for the Continuance Resolution. A vote against the Continuance Resolution, an abstention, or the execution of a proxy to vote against the Continuance Resolution, does not constitute a Notice of Dissent.

High Fusion is required, within ten (10) days after High Fusion Shareholders adopt the Continuance Resolution, to notify each Continuance Dissenting Shareholder that the Continuance Resolution has been adopted. Such notice is not required to be sent to any High Fusion Shareholder who voted for the Continuance Resolution or who has withdrawn its dissent notice.

A Continuance Dissenting Shareholder who has not withdrawn its dissent notice prior to the Meeting must then, within twenty (20) days after receipt of notice that the Continuance Resolution has been adopted, or if the dissenting holder does not receive such notice, within twenty (20) days after learning that the Continuance Resolution has been adopted, send to High Fusion a written notice containing its name and address, the number of High Fusion Shares in respect of which he or she dissents, and a demand for payment of the fair value of such High Fusion Shares. Within thirty (30) days after sending the demand for payment, the Continuance Dissenting Shareholder must send to High Fusion or its transfer agent certificates representing High Fusion Shares in respect of which he or she dissents. Odyssey will endorse on share certificates received from a Continuance Dissenting Shareholder a notice that the holder is a Continuance Dissenting Shareholder and will forthwith return the share certificates to the Continuance Dissenting Shareholder. A Continuance Dissenting Shareholder who fails to make a demand for payment in the time required or to send certificates representing dissenting High Fusion Shares has no right to make a claim under section 190 of the CBCA.

Under section 190 of the CBCA, a Continuance Dissenting Shareholder ceases to have any rights as a shareholder in respect of its dissenting High Fusion Shares other than the right to be paid the fair value of the dissenting High Fusion Shares unless (i) the dissenting holder withdraws its Dissent Notice before High Fusion makes an offer to pay, (ii) High Fusion fails to make an offer to pay in accordance with subsection 190(12) of the CBCA and the Continuance Dissenting Shareholder withdraws the demand for payment, or (iii) the directors of High Fusion revoke the Continuance Resolution, in which case the Continuance Dissenting Shareholder's rights as a shareholder will be reinstated.

High Fusion is required, not later than seven (7) days after the later of the day that the Continuance becomes effective and the date on which a demand for payment is received from a Continuance Dissenting Shareholder, to send to each Continuance Dissenting Shareholder who has sent a demand for payment an offer to pay for its dissenting High Fusion Shares in an amount considered by the Board to be the fair value of the High Fusion Shares, accompanied by a statement showing the manner in which the fair value was determined. Every offer to pay must be on the same terms. High Fusion must pay for the dissenting High Fusion Shares of a Continuance Dissenting Shareholder within ten (10) days after an offer

to pay has been accepted by a Continuance Dissenting Shareholder, but any such offer lapses if High Fusion does not receive an acceptance within thirty (30) days after the offer to pay has been made.

If High Fusion fails to make an offer to pay for a Continuance Dissenting Shareholder's High Fusion Shares, or if a Dissenting Shareholder fails to accept an offer to pay that has been made, High Fusion may, within fifty (50) days after the day that the Continuance becomes effective or within such further period as a court may allow, apply to a court to fix a fair value for the High Fusion Shares of Dissenting Shareholders. If High Fusion fails to apply to a court, a Continuance Dissenting Shareholder may apply to a court for the same purpose within a further period of twenty (20) days or within such further period as a court may allow. Continuance a Dissenting Shareholder is not required to give security for costs in such an application.

If High Fusion or a Continuance Dissenting Shareholder makes an application to court, High Fusion will be required to notify each affected Continuance Dissenting Shareholder of the date, place and consequences of the application and of its right to appear and be heard in person or by counsel.

Upon an application to a court, all Continuance Dissenting Shareholders who have not accepted an offer to pay will be joined as parties and be bound by the decision of the court. Upon any such application to a court, the court may determine whether any person is a Continuance Dissenting Shareholder who should be joined as a party, and the court will then fix a fair value for the dissenting High Fusion Shares of all dissenting holders. The final order of a court will be rendered against High Fusion in favour of each dissenting holder for the amount of the fair value of its dissenting High Fusion Shares as fixed by the court. The court may, in its discretion, allow a reasonable rate of interest on the amount payable to each Continuance Dissenting Shareholder from the day that the Continuance becomes effective until the date of payment.

The foregoing is only a summary of the provisions of the Continuance Dissent Rights which are technical and complex. A complete copy of section 190 of the CBCA is attached as Schedule "N" to this Circular. It is recommended that any registered High Fusion Shareholders wishing to avail itself of its Continuance Dissent Rights under those provisions seek legal advice, as failure to comply strictly with the provisions of the CBCA may prejudice its Continuance Dissent Rights.

The Continuance Resolution

Based on the foregoing discussion, High Fusion's management believes that it is in the best interest of High Fusion and High Fusion Shareholders to transfer its governing jurisdiction to British Columbia under the BCBCA.

Therefore, at the Meeting, High Fusion Shareholders will be asked to approve, as a special resolution, the Continuance Resolution in the following form attached as Schedule "E":

Shareholder Approval

To be effective, the Continuance Resolution must be approved by at least two-thirds of the votes cast thereon at the Meeting.

Recommendation of the Directors

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

The Board recommends that High Fusion Shareholders vote in favour of the Continuance Resolution. Each director and officer of High Fusion who owns High Fusion Shares has indicated his or her intention to vote his or her High Fusion Shares in favour of the Continuance Resolution.

F. APPROVAL OF ARRANGEMENT RESOLUTION

At the Meeting, the High Fusion Shareholders will be asked to approve the Arrangement Resolution, substantially in the form set out in Schedule "A" to this Circular.

Unless otherwise directed, it is the intention of the Management Designees, if named as proxy, to vote FOR the Plan of Arrangement. In order to be effective, the Arrangement Resolution must be passed by at least two-thirds of the votes cast by High Fusion Shareholders who vote at the Meeting either in person or by proxy as well as a simple majority of the votes cast by High Fusion Shareholders, excluding any persons required to be excluded in accordance with MI 61-101. It is

anticipated that 37,966,570 High Fusion SVS held by Brian Presement, Robert Wilson, Adam Szweras, Billy Morrison, Aaron Johnson, Jason Dyck and John Durfy and 3,522,207 High Fusion MVS held by Austin Birch, Lincoln Fish and OutCo will be excluded from this vote, representing approximately 22.7% of the votes attached to the issued and outstanding High Fusion Shares.

Given the creation of High Fusion New SVS and High Fusion New MVS as part of the Plan of Arrangement, the approval of the Arrangement Resolution will involve the approval of a "restricted security reorganization" pursuant to National Instrument 41-101 – General Prospectus Requirements and Ontario Securities Commission Rule 56-501 – Restricted Shares (the "**Restricted Share Rules**"). The Restricted Share Rules require that a restricted security reorganization receive prior majority approval of the securityholders of High Fusion in accordance with applicable law, excluding any votes attaching to securities held, directly or indirectly, by affiliates of High Fusion or control persons of High Fusion. To the knowledge of management of High Fusion, no High Fusion Shareholder is an Affiliate or control person of High Fusion, and therefore no High Fusion Shares will be excluded from voting on the resolution to approve the authorized capital amendment under the Restricted Share Rules.

Background to the Plan of Arrangement

High Fusion (formerly Nutritional High International Inc.) was initially established to take advantage of the rapidly evolving cannabis industry in the United States, following the legalization in certain jurisdictions for adult use in 2014, with a specific focus on cannabis-infused products and extracts. Since inception, High Fusion has taken part in various ventures in certain U.S. states where cannabis is legal under state regulations.

In early 2020, High Fusion began to explore opportunities in the psychedelic medicines space given the increased in interest in the sector in the North American investment community. Investigation of opportunities in the psychedelics space was viewed at the time as an extension of the expertise of High Fusion and its leadership team in highly regulated industries, with a specific focus on consumer-packaged goods and life sciences. The opportunity to conduct business in plant-derived psychedelics was initially introduced by a former High Fusion director, Tom Kruesopon who, together with Dr. Duke Fu, launched Kruzo, a company focused on developing products and conducting research on psychoactive cacti. Kruzo's primary focus was to develop plant-based medicinal products derived from Asian herbal medicine as well as cannabis. While a lot of the companies in the psychedelic market were targeting mushroom-based products, there were virtually no companies exploring the opportunities around mescaline and cacti-based products, especially from the research and development perspective. Through Mr. Kruesopon's relationships, Kruzo developed a partnership framework with Rangsit University in Pathum Thani, Thailand to investigate the potential of cactus derived compounds and products to control obesity, for combatting depression, and other applications.

High Fusion signed a letter of intent to acquire 100% of Neural (formerly PSC) in June 2020. The acquisition was subject to Neural completing a capital raise, which was completed by Neural in July 2020, raising approximately CAD $1.6 million.

Following the PSC Acquisition, Neural and Rangsit University worked on developing cultivation and extraction methodologies for cacti and other plant-based compounds, with a view of designing clinical trials to determine safety and efficacy of full-plant extract from cacti for the treatment of various indications including, pain, anxiety, and depression. Neural was also working with Rangsit University to source and develop non-psychoactive plant-based wellness products for sale in North America. Given that Rangsit University was geographically and culturally distant, the arrangement with Rangsit University did not proceed and given that the rules and regulations surrounding psychedelics in Thailand were relatively unestablished Neural decided to pursue other avenues and jurisdictions for its research and development efforts.

On January 4, 2021, Neural engaged KGK Science Inc., a firm that provides clinical research trials and expert regulatory support for the nutraceutical, cannabis and hemp industries, to conduct an assessment of peyote in the following areas: gap analysis, path-to-market, and toxicological assessment using publicly available literature. Peyote had been identified as one of the main cacti believed to be the principal plant that contained mescaline. However, several concerns were identified in KGK's assessment, which led Neural to focus its efforts on the San Pedro cactus instead of Peyote.

In September 2021, Neural appointed Ian Campbell as its new CEO whose principal mandate was to advance Neural's research and development business, which was High Fusion's business unit focused on the psychedelic industry. At the

same time, High Fusion was taking steps to strengthen its footprint in the cannabis industry in the United States with the closing of the OutCo Acquisition (as disclosed in High Fusion's press releases dated September 1, 2021 and September 9, 2021).

In February 2022, Neural completed the Seed Financing, net proceeds of which were used to advance Neural's research and development efforts.

Given the differences between Neural's and High Fusion's focus and business model, the companies determined that it would be advantageous to both if they conducted their respective businesses as separately reporting enterprises and to proceed with the Plan of Arrangement contemplated herein to give effect to this separation. The Board, in consultation with its legal advisors, determined that it did not require a fairness opinion to reach the conclusion that the Plan of Arrangement is inherently fair to High Fusion Shareholders since (i) the Plan of Arrangement will not impact the High Fusion Shareholders' proportionate ownership in High Fusion; (ii) the High Fusion Shareholders will continue to hold an interest in Neural through both the ownership of Neural Shares as a result of the Plan of Arrangement and through their shareholding of High Fusion (which will retain an ownership interest in Neural); and (iii) the ascribed value at which the Plan of Arrangement would be completed is the same price per Neural Share at which Neural completed its Seed Financing in August 2022. The Board also considered the time and costs involved in obtaining a fairness opinion and determined that doing so would not be proportionate to the circumstances of the Plan of Arrangement. In evaluating the Plan of Arrangement, the Board considered a number of factors, including those set out below under the heading "*Reasons for the Plan of Arrangement and Recommendation of the Board*" and received advice from its legal and financial advisors.

After considering the business development progress of Neural since the date of the PSC Acquisition, as well as the inherent differences in the business models of each of High Fusion and Neural, on November 3, 2022, the Board approved the execution and delivery of the Arrangement Agreement by High Fusion, along with all agreements contemplated thereby, and authorized the making of a recommendation that High Fusion Shareholders vote in favour of the Arrangement Resolution. The Arrangement Agreement was amended and restated on February 24, 2023 to provide for completion of the Plan of Arrangement under the provisions of BCBCA, among other things.

Pursuant to the Plan of Arrangement, the High Fusion Shareholders will receive Arrangement Consideration Shares in proportion to their shareholdings in High Fusion. There will be no effective change in High Fusion Shareholders' existing interests in High Fusion. See section titled "*The Plan of Arrangement – Steps of the Plan of Arrangement*" for additional information.

Reasons for the Plan of Arrangement and Recommendation of the Board

After careful consideration, the Board has unanimously determined that the Plan of Arrangement is fair and in the best interests of High Fusion and the High Fusion Shareholders. Accordingly, the Board unanimously recommends that the High Fusion Shareholders vote FOR the Arrangement Resolution.

The Board believes the Plan of Arrangement is in the best interests of High Fusion for the following reasons:

a. The Plan of Arrangement is anticipated to result in separate and well-focused entities, each of which will provide a platform for transactions that the directors wish to target;

b. Given that High Fusion's principal business focus is cannabis in the United States and Neural's principal business focus is psychedelic drug development, the Plan of Arrangement would enable each of the parties to better pursue its own specific business strategies without being subject to financial or other constraints of the businesses of the other party, whilst providing new and existing shareholders with optionality as to investment strategy and risk profile;

c. The Plan of Arrangement would allow High Fusion Shareholders to realize value from High Fusion's acquisition of Neural in 2020 (then PSC). High Fusion Shareholders would retain their current ownership interest in High Fusion and would receive their Neural Shares without having to contribute any additional capital and for no additional consideration to High Fusion Shareholders. As such, High Fusion Shareholders, through their

ownership of Neural Shares, would continue to participate in the opportunities associated with the Neural's business plan, while retaining their ownership in High Fusion;

d. Each of High Fusion and Neural will be better able to focus on a specific industry and geographic location, allowing such entities to be more readily understood by investors and better positioned to raise capital;

e. High Fusion's interest in its United States cannabis business will not be affected or diluted by the Plan of Arrangement, and the Plan of Arrangement will allow High Fusion to focus on its United States cannabis business with no further funding obligations to fund Neural's business;

f. The Plan of Arrangement will result in Neural becoming an unlisted reporting issuer, which is anticipated to benefit the High Fusion Shareholders as a result of Neural:

   i. having the ability to effect acquisitions by way of public (although not listed) share issuances;

   ii. being able to complete financings with investors that are interested in Neural's business but would otherwise not acquire securities of High Fusion;

   iii. no longer being subjected to reporting requirements set out in *CSA Staff Notice 51-352 (Revised) - Issuers With U.S. Marijuana-Related Activities*, to which High Fusion is subject;

g. The Plan of Arrangement must be approved by at least 66 2/3% of the votes cast in respect of the Arrangement Resolution by the High Fusion Shareholders present in person or represented by proxy at the Meeting on the basis of one vote per High Fusion SVS (or ten votes per High Fusion MVS), as well as a simple majority of the votes cast by High Fusion Shareholders excluding any other persons required to be excluded in accordance with MI 61-101. Plan of Arrangement must also be approved by the Court, which will consider the fairness of the Plan of Arrangement to High Fusion Shareholders.

In the course of its deliberations, the Board also identified and considered a variety of risks and potentially negative factors, including, but not limited to the risks set out under the heading "*The Plan of Arrangement – Risk Factors*".

The foregoing discussion summarizes the material information and factors considered by the Board in their consideration of the Plan of Arrangement. The Board collectively reached its unanimous decision with respect to the Plan of Arrangement in light of the factors described above and other factors that each member of the Board felt were appropriate. In view of the wide variety of factors and the quality and amount of information considered, the Board did not find it useful or practicable to, and did not make specific assessments of, quantify, rank or otherwise assign relative weights to, the specific factors considered in reaching its determination. Individual members of the Board may have given different weight to different factors.

Steps of the Plan of Arrangement

Pursuant to the Plan of Arrangement, the following steps will be deemed to occur in the following order:

a. Each Arrangement Dissent Share shall be repurchased by High Fusion for cancellation in consideration for a debt-claim against High Fusion to be paid the fair value of such Arrangement Dissent Share in accordance with the Plan of Arrangement and such Arrangement Dissent Share shall thereupon be cancelled;

b. The articles of High Fusion will be amended to provide that the authorized share structure of High Fusion shall be reorganized and altered by:

   i. changing the identifying name of the issued and unissued High Fusion SVS from "Subordinate Voting Shares" to "Class A Subordinate Voting Shares" and amending the rights, privileges, restrictions and conditions attaching to those shares to require High Fusion to provide a notice of time and place of any meeting of shareholders to be sent at least 22 days and not more than 60 days to shareholders thereof;

   ii. changing the identifying name of the issued and unissued High Fusion MVS from "Multiple Voting Shares" to "Class A Multiple Voting Shares" and amending the rights, privileges, restrictions and conditions attaching to those shares to require High Fusion to provide a notice of time and place of any meeting of shareholders to be sent at least 22 days and not more than 60 days to shareholders thereof;

iii. creating a new class of shares without par value, with no maximum number and with the identifying name "Class B Subordinate Voting Shares" having the rights, privileges, restrictions and conditions identical to High Fusion SVS, as more particularly described in the articles of High Fusion, prior to the amendments described in paragraph (b)(i) above; and

iv. creating a new class of shares without par value, with no maximum number and with the identifying name "Class B Multiple Voting Shares" having the rights, privileges, restrictions and conditions identical to High Fusion MVS, as more particularly described in the articles of High Fusion, prior to the amendments described in paragraph (b)(ii) above.

c. High Fusion shall reorganize its capital within the meaning of Section 86 of the Tax Act such that each High Fusion Shareholder (for the avoidance of doubt, excluding any High Fusion Shares surrendered and cancelled in accordance with the BCBCA Dissent Procedures) shall dispose of all of the High Fusion Shareholder's securities to High Fusion and in consideration and exchange therefor, High Fusion shall:

i. with respect to the holders of High Fusion SVS:

a. issue that number of High Fusion New SVS as is equal to the number of High Fusion SVS previously held by each such holder; and

b. distribute a number of Neural Shares equal to the product of the number of High Fusion New SVS held multiplied by the SVS Conversion Factor, in accordance with the provisions of Article 4 of the Plan of Arrangement as of the Effective Date.

ii. with respect to the holders of High Fusion MVS:

a. issue that number of High Fusion New MVS as is equal to the number of High Fusion MVS previously held by each such holder; and

b. distribute a number of Neural Shares equal to the product of the number of High Fusion New MVS held multiplied by the MVS Conversion Factor, in accordance with the provisions of Article 4 of the Plan of Arrangement as of the Effective Date.

and, in connection with the Share Exchange:

a. the name of each High Fusion Shareholder shall be removed from the central securities register for the High Fusion SVS and High Fusion MVS and added to the central securities register for the High Fusion New SVS and High Fusion New MVS, respectively, and Neural Shares as the holder of the number of High Fusion New SVS, High Fusion New MVS and Neural Shares, respectively, received pursuant to the Share Exchange;

b. all issued and outstanding High Fusion SVS and High Fusion MVS shall be cancelled and the capital in respect of such securities shall be reduced to nil; and

c. the number of Neural Shares previously held by High Fusion and distributed pursuant to the Share Exchange shall be removed from Neural's register of holders of Neural Shares.

d. The authorized share structure of High Fusion shall be reorganized and altered by:

i. eliminating the High Fusion SVS from the authorized share structure of High Fusion;

ii. eliminating the High Fusion MVS from the authorized share structure of High Fusion;

iii. changing the identifying name of the issued and unissued High Fusion New SVS from "Class B Subordinate Voting Shares" to "Subordinate Voting Shares"; and

iv. changing the identifying name of the issued and unissued High Fusion New MVS from "Class B Multiple Voting Shares" to "Multiple Voting Shares".

No fractional Neural Shares shall be distributed by High Fusion to High Fusion Shareholders on the Share Exchange. If High Fusion would otherwise be required to distribute to High Fusion Shareholder an aggregate number of distributed Neural Shares that is not a round number, then the number of Neural Shares, distributable to that High Fusion Shareholder shall be rounded down to the next lesser whole number (the "**Round Down Provision**") and that High Fusion Shareholder

shall not receive any compensation in respect thereof. In calculating such fractional interests, all High Fusion SVS and all High Fusion MVS registered in the name of or beneficially held by such High Fusion Shareholder or their nominee shall be aggregated. Notwithstanding the foregoing, if the Round Down Provision would otherwise result in the number of Neural Shares distributable to a particular High Fusion Shareholder being rounded down from one to nil, then the Round Down Provision shall not apply and High Fusion shall distribute one High Fusion Share, to that High Fusion Shareholder.

Effect of the Plan of Arrangement

Upon completion of the Plan of Arrangement, High Fusion Shareholders will continue to hold shares of High Fusion in the same number and proportion as prior to the Plan of Arrangement. High Fusion Shareholders will receive Arrangement Consideration Shares in proportion to their shareholdings in High Fusion by way of the Share Exchange, pursuant to which:

a. each existing High Fusion SVS will be exchanged for one High Fusion New SVS, and a number of Neural Shares equal to the product of the number of High Fusion New SVS held multiplied by the SVS Conversion Factor; and

b. each existing High Fusion MVS will be exchanged for one High Fusion New MVS, and a number of Neural Shares equal to the product of the number of High Fusion New MVS held multiplied by the MVS Conversion Factor.

Assuming an issued capital of High Fusion of 179,166,481 High Fusion SVS and 14,294,891 High Fusion MVS, approximately 0.014642786 Neural Shares (representing the SVS Conversion Factor as of the date hereof) will be distributed to each holder of one (1) High Fusion SVS, and 0.14642786 Neural Shares (representing the MVS Conversion Factor as of the date hereof) will be distributed to each holder of one (1) High Fusion MVS. As such, immediately after to the completion of the Plan of Arrangement, and giving effect to the Share Exchange there will be approximately:

a. 179,166,481 High Fusion New SVS;

b. 14,294,891 High Fusion New MVS;

c. 39,469,320 Neural Shares;

issued and outstanding following completion of the Plan of Arrangement, of which 2,623,496 will be held by the holders of High Fusion New SVS and 2,093,170 will be owned by the holders of High Fusion New MVS. Following completion of the Plan of Arrangement, High Fusion will hold 13,266,667 Neural Shares representing approximately 33.6% of Neural Shares issued and outstanding and be issued 2,000,000 Neural HF Warrants on or prior to the Effective Date.

In the event that the number of issued and outstanding High Fusion SVS or High Fusion MVS changes between the date of this Circular and the Effective Time, each of the SVS Conversion Factor and MVS Conversion Factor, referred to in the Plan of Arrangement will be adjusted in accordance with the provisions set out in the Plan of Arrangement immediately prior to the Effective Time.

Effective Date and Conditions to the Plan of Arrangement

If the Arrangement Resolution is approved, the Final Order is obtained approving the Plan of Arrangement, every requirement of the BCBCA relating to the Plan of Arrangement has been complied with and all other conditions disclosed under the heading "*The Plan of Arrangement – Conditions to the Plan of Arrangement*" are met or waived, the Plan of Arrangement will become effective. High Fusion presently expects that the Effective Date will be on or before May 31, 2023, being the Outside Date.

Conditions to the Plan of Arrangement

Completion of the Plan of Arrangement is subject to a number of specified conditions being met, or mutually waived in writing, as of the Effective Time, including:

a. the Interim Order shall have been granted in form and substance satisfactory to High Fusion and Neural, acting reasonably, and such order shall not have been set aside or modified in a manner unacceptable to any of the Parties, acting reasonably, on appeal or otherwise;

b. the Plan of Arrangement and the Arrangement Agreement, shall have been approved by the directors of Neural and,

if required, the Neural Shareholders to the extent required by, and in accordance with applicable Laws and the constating documents of Neural;

c. the Arrangement Resolution, with or without amendment, shall have been approved by the required number of votes cast by High Fusion Shareholders at the Meeting, in accordance with the Interim Order and, subject to the Interim Order, the constating documents of High Fusion, applicable Laws and the requirements of any applicable regulatory authorities;

d. the Name Change and the Continuance, without amendment, shall have been approved by the required number of votes cast by High Fusion Shareholders at the Meeting, in accordance with the constating documents of High Fusion, applicable Laws and the requirements of any applicable regulatory authorities;

e. the Court shall have determined that the terms and conditions of the Plan of Arrangement are procedurally and substantively fair to the High Fusion Shareholders and the Final Order shall have been granted in form and substance satisfactory to High Fusion, and shall not have been set aside or modified in a manner unacceptable to High Fusion, on appeal or otherwise;

f. the Neural Shares to be issued in the United States pursuant to the Plan of Arrangement shall be issued in accordance with and exempt from registration requirements under applicable exemptions from registration under the U.S. Securities Act;

g. all material governmental, court, regulatory, third party and other approvals, consents, expiry of waiting periods, waivers, permits, exemptions, orders and agreements and all amendments and modifications to, and terminations of, agreements, indentures and arrangements considered by High Fusion to be necessary or desirable for the Plan of Arrangement to become effective shall have been obtained or received on terms that are satisfactory to High Fusion;

h. no action will have been instituted and be continuing on the Effective Date for an injunction to restrain, a declaratory judgment in respect of, or damages on account of or relating to the Plan of Arrangement and there will not be in force any order or decree restraining or enjoining the consummation of the transactions contemplated by the Arrangement Agreement and no cease trading or similar order with respect to any securities of any of the parties will have been issued and remain outstanding;

i. none of the consents, orders, rulings, approvals or assurances required for the implementation of the Plan of Arrangement will contain terms or conditions or require undertakings or security deemed unsatisfactory or unacceptable by High Fusion;

j. no Laws, regulation or policy shall have been proposed, enacted, promulgated or applied which interferes or is inconsistent with the completion of the Plan of Arrangement, including any material change to the Income Tax Act and other relevant income tax laws of Canada or the Province of Ontario, which would have a material adverse effect upon High Fusion Shareholders if the Plan of Arrangement is completed as set out in the Arrangement Agreement;

k. no material fact or circumstance, including the fair market value of the Neural Shares, shall have changed in a manner which would have a material adverse effect upon High Fusion or the High Fusion Shareholders if the Plan of Arrangement is completed;

l. the issuance of the securities under the Plan of Arrangement shall be exempt from registration under the U.S. Securities Act pursuant to the Section 3(a)(10) Exemption;

m. the issuance of the securities under the Plan of Arrangement shall be exempt from prospectus requirements under Securities Legislation pursuant to the Section 2.11 of NI 45-106;

n. the Parties shall take the steps necessary to satisfy the requirements for Neural to become a Reporting Issuer following the completion of the Plan of Arrangement;

o. holders of High Fusion Shares representing no more than 5% of votes attaching to the High Fusion Shares, in the aggregate, shall have exercised their BCBCA Dissent Rights; and

p. the Arrangement Agreement shall not have been terminated.

The obligation of each of High Fusion and Neural to complete the transactions contemplated by the Arrangement Agreement, is further subject to the condition, which may be waived by such Party, that each and every one of the covenants of the other Party to be performed on or before the Effective Date pursuant to the terms of the Arrangement Agreement shall have been performed by such Party and that, except as affected by the transactions contemplated by the Arrangement Agreement, the representations and warranties of the other Party shall be true and correct in all material respects on the Effective Date (except for representations and warranties made as of the specified date, the accuracy of which shall be determined as at that specified date), with the same effect as if such representations and warranties had been made at, and as of, such time.

The Arrangement Agreement provides that it may be terminated in certain circumstances before the Effective Date notwithstanding approval of the Plan of Arrangement by the High Fusion Shareholders and the Court.

Additional Terms of the Arrangement Agreement

In addition to the terms and conditions of the Arrangement Agreement set out elsewhere in this Circular, additional terms described below apply. The description of the Arrangement Agreement, both below and elsewhere in this Circular, is summary only, not comprehensive and is qualified in its entirety by reference to the terms of the Arrangement Agreement which is attached hereto as Schedule "B".

Mutual Covenants of High Fusion and Neural

Each of High Fusion and Neural covenanted with the other Party to the Arrangement Agreement that it will:

a. use all commercially reasonable efforts and do all things reasonably required of them to cause the Plan of Arrangement to become effective as soon as reasonably practicable or on such date as High Fusion may determine;

b. do and perform all such acts and things, and execute and deliver all such agreements, assurances, notices and other documents and instruments as may reasonably be required to facilitate the carrying out of the intent and purpose of the Arrangement Agreement including, without limitation, complying with the requirements for obtaining an exemption from the registration requirements of the U.S. Securities Act provided by Section 3(a)(10) thereunder;

c. use their best efforts to obtain all necessary consents, assignments, waivers and amendments to, or terminations of, any instruments and take such measures as may be appropriate to fulfill its obligations hereunder and to carry out the transactions contemplated in the Arrangement Agreement;

d. cooperate with and assist each other in dealing with transitional matters relating to or arising from the Arrangement or the Arrangement Agreement; and

e. indemnify and save harmless the other Party from and against any and all liabilities, claims, demands, losses, costs, damages and expenses to which such Party or any of its representatives may be subject or may suffer, in any way caused by, or arising, directly or indirectly, from or in consequence of:

    i. any misrepresentation or alleged misrepresentation in any information included in the Circular that is provided by the other for the purpose of inclusion in the Circular; and

    ii. any order made, or any inquiry, investigation or proceeding pursuant to any applicable Securities Legislation, or by any Authority, based on any misrepresentation or any alleged misrepresentation in any information provided by the other for the purpose of inclusion in the Circular.

High Fusion's Covenants

High Fusion covenanted and agreed in the Arrangement Agreement as follows:

a. until the earlier of: (i) the Effective Date; and (ii) the termination of the Arrangement Agreement, not perform any act or enter into any transaction which interferes or is inconsistent with the completion of the Plan of Arrangement;

b. it will make an application to the Court for the Interim Order and provide draft materials that would be submitted to the High Fusion Shareholders in connection with the Meeting, including without limitation: (i) the Circular; (ii) sufficient information before it to determine the value of Arrangement Consideration Shares (as such term is defined in the Plan of Arrangement), and (iii) any other materials required by the Court;

c. it shall in a timely and expeditious manner: (i) carry out the terms of the Interim Order; (ii) ensure that the Circular complies with NI 51-102 and Form 51-102F5 thereunder and MI 61-101 and provide High Fusion Shareholders with sufficient detail to permit them to form a reasoned judgment concerning the matters to be placed before them at the Meeting; (iii) file the Circular in all jurisdictions where the same is required to be filed and mail the same as ordered by the Interim Order and in accordance with all applicable laws, and solicit proxies to be voted at the Meeting in favour of the Plan of Arrangement and related matters; (iv) conduct the Meeting in accordance with the Interim Order and the constating documents of High Fusion, as applicable, and as otherwise required by applicable laws; (v) use commercially reasonable efforts to obtain such other consents, orders, rulings, approvals and assurances as counsel may advise are necessary or desirable in connection with the completion of the Plan of Arrangement and as contemplated by the Arrangement Agreement; (vii) use its best efforts to obtain the approval of the Continuance Resolution; and (vi) use its best efforts to obtain the approval of the Name Change Resolution;

d. provide Neural with any information required regarding High Fusion to ensure that Neural can comply with the exemption from the registration requirements available for "foreign private issuers" under the U.S. Exchange Act provided by Rule 12g3-2(b) thereunder following the completion of the Plan of Arrangement and assuming that Neural achieves a Going Public Transaction;

e. it will use all reasonable efforts to cause each of the condition precedent set out under the heading "*The Plan of Arrangement – Conditions to the Plan of Arrangement*" hereto to be complied with on or before the Effective Date;

f. it will not take any action on its part to divert the use of Neural's available capital other than for the purposes of completing the Arrangement, preparing the Circular, conducting the Meeting, or activities that directly relate to Neural's nutraceutical and pharmaceutical business plan; and

g. ensure that the information set forth in the Circular relating to High Fusion and Neural, and their respective businesses and the effect of the Plan of Arrangement thereon will be true, correct and complete in all material respects and will not contain any untrue statement of any material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein not misleading in light of the circumstances in which they are made.

Neural's Covenants

Neural covenanted and agreed in the Arrangement Agreement as follows:

a. until the earlier of: (i) the Effective Date; and (ii) the termination of the Arrangement Agreement, it will not perform any act or enter into any transaction which interferes or is inconsistent with the completion of the Plan of Arrangement;

b. it shall perform the obligations required to be performed by it, and shall enter into all agreements required to be entered into by it, under the Arrangement Agreement and the Plan of Arrangement and shall do all such other acts and things as may be necessary or desirable in order to carry out and give effect to the Plan of Arrangement and related transactions as described in the Circular and, without limiting the generality of the foregoing, to the extent requested by High Fusion, it shall seek and cooperate with High Fusion in seeking (i) the Interim Order and the Final Order; and (ii) such other consents, orders, rulings, approvals and assurances as counsel may advise are necessary or desirable in connection with the completion of the Plan of Arrangement;

c. it shall take such actions as are reasonably required for Neural to comply with the exemption from the registration requirement for Neural Shares to be issued under the Plan of Arrangement under the U.S. Exchange Act provided by Rule 12g3-2(b) thereunder on the Effective Date;

d. it will use all reasonable efforts to cause each of the conditions precedent set out under the heading "*The Plan of Arrangement – Conditions to the Plan of Arrangement*" hereto to be complied with on or before the Effective Date;

e. it shall not use its funds for any other purpose other than advancing its nutraceutical and pharmaceutical business plan;

f. not, without limiting the generality of the foregoing covenants, until the Effective Date, except as required to effect the Plan of Arrangement or with the consent of High Fusion:

i. issue any additional securities other than in connection with the Plan of Arrangement or transactions required in order to effect the Plan of Arrangement;

ii. issue or enter into any agreement or agreements to issue or grant options, warrants or other rights to purchase or otherwise acquire any securities; or

iii. alter or amend its constating documents as the same exist at the date of the Arrangement Agreement except as specifically provided for hereunder.

g. it shall be responsible for all costs associated with the Plan of Arrangement and the Meeting, and the preparation of the related documentation, including the Circular and all items set out under the heading "*The Plan of Arrangement – High Fusion's Covenants*" hereto; and

h. it shall take the steps to issue 2,000,000 Neural HF Warrants to High Fusion on or prior to the Effective Date.

Court Approval of the Plan of Arrangement and Effective Date

The Plan of Arrangement requires the approval of the Court under the BCBCA.

On March 17, 2023, prior to mailing of the material in respect of the Meeting, High Fusion obtained the Interim Order providing for the calling and holding of the Meeting and other procedural matters and issued a notice of hearing for the Final Order to approve the Plan of Arrangement. Attached to this Circular as Schedule "P" is a copy of the Interim Order and attached as Schedule "Q" is the notice of hearing (the "**Notice of Hearing**") for the Final Order.

Subject to the approval of the Arrangement Resolution by the High Fusion Shareholders at the Meeting, the Court hearing in respect of the Final Order is scheduled to take place at 10:00 a.m., Vancouver time, on May 3, 2023, or as soon thereafter as counsel for High Fusion may be heard, at the Court in Vancouver. Hearings are conducted virtually. **High Fusion Shareholders who wish to participate in or be represented at the Court hearing should consult with their legal adviser as to the necessary requirements.**

At the Court hearing, High Fusion Shareholders who wish to participate or to be represented or to present evidence or argument may do so, subject to the rules of the Court. Although the authority of the Court is very broad under the BCBCA, High Fusion has been advised by counsel that the Court will consider, among other things, the procedural and substantive fairness and reasonableness of the terms and conditions of the Plan of Arrangement to High Fusion Shareholders and the rights and interests of every person affected. The Court may approve the Plan of Arrangement as proposed or as amended in any manner as the Court may direct. The Final Order is required for the Plan of Arrangement to become effective and, prior to the hearing of the Final Order, the Court will be informed that the Final Order will also constitute the basis for the Section 3(a)(10) Exemption under the U.S. Securities Act with respect to the Arrangement Consideration Shares to be distributed pursuant to the Plan of Arrangement. See section titled "*Securities Laws Considerations – U.S. Securities Laws*".

Under the terms of the Interim Order, each High Fusion Shareholder will have the right to appear and make representations at the application for the Final Order. Any person desiring to appear at the hearing to be held by the Court to approve the Plan of Arrangement pursuant to the Notice of Hearing is required to file with the Court and serve upon High Fusion at the address set out below, on or before 4:00 p.m., Vancouver time, on May 1, 2023, a notice of his, her or its response to petition, including his, her or its address for delivery, together with any evidence or materials which are to be presented to the Court. The response to petition and supporting materials must be delivered, within the time specified, to High Fusion at the following address:

Whitelaw Twining Law Corporation
200 Granville St, Suite 2400, Vancouver, British Columbia V6C 1S4
Attention: Robert K. Fischer, rfischer@wt.ca

It is presently expected that the Effective Date will be on or before May 31, 2023, being the Outside Date.

Dissent Rights

If you are a Registered Shareholder, you are entitled to exercise BCBCA Dissent Rights from the Arrangement Resolution by strictly following and adhering to the procedures in Division 2 of Part 8 of the BCBCA (attached as Schedule "O" hereto), as the same may be modified by the Plan of Arrangement, the Interim Order and the Final Order.

Any Registered Shareholder is ultimately entitled to be paid the fair value of their High Fusion Shares if such Registered Shareholder duly dissents in respect of the Plan of Arrangement in strict accordance with the BCBCA Dissent Procedures provided that the Arrangement becomes effective. A Registered Shareholder is not entitled to dissent with respect to such holder's High Fusion Shares if such Registered Shareholder votes any of those High Fusion Shares in favour of the Arrangement Resolution. An Arrangement Dissenting Shareholder ceases to have any rights as a High Fusion Shareholder, other than the right to be paid the fair value of such holder's High Fusion Shares, and the High Fusion Shares held by such Arrangement Dissenting Shareholder will be deemed to be repurchased by the High Fusion in accordance with the terms of the Plan of Arrangement.

A brief summary of the BCBCA Dissent Procedures is set out below. A Registered Shareholder's failure to follow exactly the Dissent Procedures will result in the loss of such Registered Shareholder's BCBCA Dissent Rights. If you are a Registered Shareholder and wish to dissent, you should obtain your own legal advice and carefully read the provisions of Division 2 of Part 8 of the BCBCA, the Plan of Arrangement and the Interim Order which are attached at Schedules "O", "B" and "P", respectively. The Court, upon hearing the application for the Final Order, has the discretion to alter the BCBCA Dissent Procedures described herein based on the evidence presented at such hearing.

A Registered Shareholder wishing to dissent must send a written Notice of Dissent contemplated by Section 242 of the BCBCA which must be received by High Fusion, in the manner set out below, not later than 10:00 am (Vancouver time) on April 27, 2023 (or on the business day that is two business days immediately preceding any adjourned or postponed Meeting). All Notices of Dissent should be delivered by mail or hand delivery to High Fusion at:

> **Whitelaw Twining Law Corporation**
> 200 Granville St, Suite 2400
> Vancouver, British Columbia V6C 1S4,
> Attention: Robert K. Fischer, rfischer@wt.ca

A vote against the Arrangement Resolution, an abstention, or the execution of a proxy to vote against the Arrangement Resolution, does not constitute a Notice of Dissent.

Beneficial Shareholders who wish to dissent should be aware that only Registered Shareholders are entitled to exercise BCBCA Dissent Rights. Accordingly, a Beneficial Shareholder desiring to exercise BCBCA Dissent Rights must make arrangements for the High Fusion Shares beneficially owned by such High Fusion Shareholder to be registered in his, her or its name prior to the time the Notice of Dissent is required to be received or, alternatively, make arrangements for the Registered Shareholder to exercise BCBCA Dissent Rights on the Beneficial Shareholder's behalf.

After the Arrangement Resolution is approved by High Fusion Shareholders and within one month after High Fusion notifies the dissenting Registered Shareholder of High Fusion's intention to act upon the Arrangement Resolution pursuant to Section 243 of the BCBCA, the dissenting Registered Shareholder must, pursuant to Section 244(1) of the BCBCA, send to High Fusion a written notice that such holder requires the purchase of all of the High Fusion Shares in respect of which such holder has given Notice of Dissent, together with the share certificate or certificates representing those High Fusion Shares (including a written statement prepared in accordance with Subsection 244(1)(c) of the BCBCA if the dissent is being exercised by the Registered Shareholder on behalf of a Beneficial Shareholder). Any dissenting Registered Shareholder who has duly complied with Section 244(1) of the BCBCA and High Fusion may agree on the amount of the fair value of the Arrangement Dissent Shares calculated immediately before the passing of the Arrangement Resolution, or, if there is no such agreement, either such Arrangement Dissenting Shareholder or High Fusion may apply to the Court (although the company is under no obligation to do so), and the Court may determine the fair value of the Arrangement Dissent Shares calculated immediately before the passing of the Arrangement Resolution and make consequential orders and give directions as the Court considers appropriate. Promptly after the determination of the fair value of such Arrangement Dissent Shares, such amount shall be paid out to the Arrangement Dissenting Shareholder in cash by the company. Failure to comply strictly with and adhere to the BCBCA Dissent Procedures may result in the loss of all rights thereunder. An Arrangement Dissenting Shareholder who does not strictly comply with the BCBCA Dissent Procedures or, for any other reason, is not

entitled to be paid fair value for his, her or its Arrangement Dissent Shares will be deemed to have participated in the Arrangement on the same basis as non-dissenting High Fusion Shareholders.

The Arrangement Agreement provides that, unless otherwise waived, it is a condition to the obligations of High Fusion and Neural to complete the Arrangement that holders of High Fusion Shares representing no more than 5% of the votes attaching to Shares, in the aggregate, shall have exercised their BCBCA Dissent Rights.

The above is only a summary of the BCBCA Dissent Procedures which are technical and complex. If you are a Registered Shareholder and wish to exercise your BCBCA Dissent Rights, you should seek your own legal advice as failure to strictly comply with the BCBCA Dissent Procedures will result in the loss of your BCBCA Dissent Rights. For a general summary of certain income tax implications to a Dissenting Shareholder, see sections titled "*Principal Canadian Federal Income Tax Considerations – Holders Resident in Canada – Dissenting Resident Holders*" and "*Principal Canadian Federal Income Tax Considerations – Holders Not Resident in Canada – Dissenting Non-Resident Holders*". Registered Shareholders considering exercising BCBCA Dissent Rights should also seek the advice of their own tax, legal and financial advisors.

Securities Not Listed

There is currently no market through which the High Fusion New MVS or Neural Shares may be sold and High Fusion Shareholders may not be able to resell such securities.

Fees and Expenses

Pursuant to the provisions in Arrangement Agreement, all expenses incurred in connection with the Plan of Arrangement and the transactions contemplated thereby shall be paid by Neural.

For additional information regarding the Plan of Arrangement and the impact it may have on High Fusion, Neural and the High Fusion Shareholders please see the below sections titled "*Principal Canadian Federal Income Tax Considerations*", "*Canadian Securities Law Considerations*", "*Certain United States Federal Income Tax Considerations*", "*United States Securities Law Considerations*", "*Information Concerning High Fusion*", "*Information Concerning Neural*" and "*Risk Factors*".

PRINCIPAL CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

THE TAX CONSEQUENCES OF THE ARRANGEMENT MAY VARY DEPENDING UPON THE PARTICULAR CIRCUMSTANCES OF EACH HIGH FUSION SHAREHOLDER AND OTHER FACTORS. ACCORDINGLY, HIGH FUSION SHAREHOLDERS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS TO DETERMINE THE PARTICULAR TAX CONSEQUENCES TO THEM OF THE ARRANGEMENT.

In the opinion of Fogler, Rubinoff LLP, Canadian counsel to High Fusion, the following is a fair summary of the principal Canadian federal income tax considerations under the Tax Act, as of the date hereof, generally applicable to a High Fusion Shareholder who disposes of High Fusion Shares, in exchange for Arrangement Consideration Shares, pursuant to and in accordance with this Circular and the Plan of Arrangement and who, for the purposes of the Tax Act and at all relevant times: (a) deals at arm's length with High Fusion and Neural; (b) is not affiliated with High Fusion or Neural; and (c) holds the High Fusion Shares, and will hold the Arrangement Consideration Shares acquired pursuant to and in accordance with this Circular and the Plan of Arrangement, as capital property (a "**Holder**").

Generally, High Fusion Shares and Arrangement Consideration Shares will be considered to be capital property to a Holder unless the Holder holds such securities in the course of carrying on a business of trading or dealing in securities or has acquired them in one or more transactions considered to be an adventure or concern in the nature of trade.

This summary does not apply to a Holder: (a) with respect to which High Fusion is or will be, at any time, a "*foreign affiliate*" within the meaning of the Tax Act, (b) that is a "*financial institution*" for purposes of the "*mark-to-market rules*" contained in the Tax Act, (c) that is a "*specified financial institution*" or "*restricted financial institution*" (as defined in the Tax Act), (d) an interest in which is, or whose Arrangement Consideration Shares would be a "*tax shelter investment*" (as

defined in the Tax Act), I that makes or has made a functional currency reporting election under section 261 of the Tax Act, (f) that has entered or will enter into a "*derivative forward agreement*" or "*synthetic disposition arrangement*" (each as defined in the Tax Act) with respect to High Fusion Shares and Arrangement Consideration Shares, (g) that receives dividends on the Neural Shares under or as part of a "*dividend rental arrangement*" (as defined in the Tax Act), (h) that is a partnership, (i) that is a "*foreign affiliate*" (as defined in the Tax Act) of a taxpayer resident in Canada, or (j) who has acquired High Fusion Shares, or who acquires Arrangement Consideration Shares, pursuant to a stock option agreement or any employee incentive plan, (k) that is exempt from tax under Part I of the Tax Act, except for the limited discussion under the heading "*Canadian Federal Income Tax Considerations – Eligibility for Investment*"; or (l) High Fusion Shareholders who exercise their BCBCA Dissent Rights, unless noted otherwise.

Such Holders should consult with their own tax advisors with respect to the consequences of the acquisition, holding and disposition of High Fusion Shares and Arrangement Consideration Shares. In addition, this summary does not address the deductibility of interest by a Holder who has borrowed money, or will borrow money, to acquire High Fusion Shares or any of the Arrangement Consideration Shares.

Additional considerations, not discussed herein, may be applicable to a Holder that is a corporation resident in Canada, and is or becomes (or does not deal at arm's length within the meaning of the Tax Act with a corporation resident in Canada that is or becomes) controlled by a corporation that is a non-resident of Canada (or pursuant to Proposed Amendments (as defined below), a non-resident person or a group of persons comprising any combination of non-resident corporations, non-resident individuals, or non-resident trusts that do not deal with each other at arm's length) for purposes of the "*foreign affiliate dumping*" rules in Section 212.3 of the Tax Act. Such Holders should consult their tax advisors with respect to the consequences of acquiring Neural Shares.

This summary is based upon the current provisions of the Tax Act in force as of the date hereof and counsel's understanding of the current administrative policies and assessing practices of the CRA published by it in writing prior to the date hereof. This summary takes into account all specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "**Proposed Amendments**") and assumes that the Proposed Amendments will be enacted as proposed. This summary does not otherwise take into account or anticipate any changes in law or the CRA's administrative policies or assessing practices, whether by legislative, governmental, administrative, or judicial decision or action, nor does it take into account any provincial, territorial, or foreign income tax considerations, which considerations may differ significantly from the Canadian federal income tax considerations discussed in this summary. This summary assumes that the Proposed Amendments will be enacted as currently proposed, but no assurance can be given that this will be the case or that the Proposed Amendments will be enacted at all. There can be no assurance that the CRA will not change its administrative policies or assessing practices. High Fusion and Neural have neither obtained, nor sought, an advance income tax ruling from the CRA in respect of any of the matters discussed herein.

The Neural Shares are not a "qualified investments" under the Tax Act for a Registered Plan. Where a Registered Plan acquires or holds a Neural Share in circumstances where the Neural Share is not a qualified investment under the Tax Act for the Registered Plan, adverse tax consequences may arise for the Registered Plan and the annuitant, holder, or subscriber (as applicable) of the Registered Plan. See section titled "Eligibility for Investment" below for more detail.

This summary is of a general nature only, is not exhaustive of all possible Canadian federal income tax considerations, and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Holder. Accordingly, each Holder should obtain independent advice regarding the income tax consequences of acquiring, holding and disposing of High Fusion Shares or Arrangement Consideration Shares, with reference to such Holder's particular circumstances.

Currency Conversion

Subject to certain exceptions that are not discussed in this summary, for the purposes of the Tax Act, for purposes of the Tax Act, all amounts related to the acquisition, holding, or disposition of High Fusion Shares or Arrangement Consideration Shares (including dividends, adjusted cost base, and proceeds of disposition) must be expressed in Canadian dollars. Amounts denominated in a foreign currency must be converted into Canadian dollars, generally based on the Bank of

Canada exchange rate on the date such amounts arise or such other exchange rate as is acceptable to the Minister of National Revenue (*Canada*).

Status of High Fusion and Neural under the Tax Act

This summary assumes that High Fusion is a "public corporation" for the purposes of the Tax Act, and that Neural will not be a "public corporation" for the purposes of the Tax Act at the time of the Plan of Arrangement.

Capital Property Election

Certain Holders (other than certain traders or dealers in securities) whose High Fusion Shares or Arrangement Consideration Shares might not otherwise constitute capital property may be entitled to make an irrevocable election pursuant to subsection 39(4) of the Tax Act to have their High Fusion Shares or Arrangement Consideration Shares and every "Canadian security" (as defined in subsection 39(6) of the Tax Act) owned or subsequently acquired by them deemed to be capital property for the purposes of the Tax Act. The election under subsection 39(4) will not be available if, at the time of the disposition of such shares, High Fusion or Neural, as the case may be, may be considered to not be a "public corporation" within the meaning of the Tax Act, and the value of the shares is wholly or primarily attributable to real property, an interest therein or an option in respect thereof, a Canadian resource property, a foreign resource property, or any combination of such properties, owned by the corporation or any person or partnership. **Holders contemplating such an election should first consult with their own tax advisors as to the availability and advisability of the election.**

Holders Resident in Canada

This portion of the summary is generally applicable to a Holder who, for the purposes of the Tax Act, is resident or deemed to be resident in Canada at all relevant times a "**Resident Holder**").

Exchange of High Fusion Shares For Arrangement Consideration Shares for Resident Holders

Under the Plan of Arrangement, Resident Holders who exchange his, her or its High Fusion Shares for Arrangement Consideration Shares pursuant to the Plan of Arrangement will be deemed to receive a distribution of capital from High Fusion, on the reduction of stated capital of High Fusion Shares, with respect to the High Fusion Shares held by such Resident Holder. High Fusion has advised tax counsel that the paid-up capital of High Fusion Shares immediately prior to the distribution of Neural Shares will be in excess of the fair market value of the Neural Shares to be so distributed. Based on this assumption and High Fusion's advice with respect to the paid-up capital of the High Fusion Shares, no portion of the amount so distributed will be deemed to be a dividend for purposes of the Tax Act and the adjusted cost base to a Resident Holder of its High Fusion Shares, respectively, will be reduced by the fair market value at the Effective Time of the Neural Shares received by such Resident Holder. Additionally, a Resident Holder who exchanges his, her or its High Fusion Shares for Arrangement Consideration Shares pursuant to the Share Exchange will also realize a capital gain equal to the amount, if any, by which the aggregate fair market value of the Neural Shares received by the Resident Holder on and at the time of the Share Exchange, less the amount of any taxable dividend deemed to be received by the Holder as described above, exceeds the total of: (a) the adjusted cost base, as defined in the Tax Act, to the Resident Holder of the High Fusion Shares immediately before the Share Exchange; and (b) the Resident Holder's reasonable costs of disposition.

If such fair market value exceeds the adjusted cost base to the Resident Holder of its High Fusion Shares immediately before the distribution, the Resident Holder will be deemed to realize a capital gain from a disposition of its High Fusion Shares equal to the amount of such excess and the adjusted cost base to the Resident Holder of its High Fusion Shares will immediately thereafter be deemed to be nil. The tax treatment of capital gains is discussed below under the heading "*Holders Resident in Canada – Taxation of Capital Gains and Capital Losses*".

If for any reason the assumption that the PUC of High Fusion Shares immediately prior to the distribution of Neural Shares being in excess of the fair market value of the Neural Shares to be so distributed is not valid, the Resident Holders who exchange his, her or its High Fusion Shares for Arrangement Consideration Shares pursuant to the Plan of Arrangement will be deemed to receive a taxable dividend equal to the amount, if any, by which the fair market value of the Neural Shares distributed to the Resident Holder on the Share Exchange exceeds the PUC of the Resident Holder's High Fusion SVS determined immediately before the Share Exchange at the time of the Share Exchange. Any such taxable dividend will

be taxable as described below under the heading "*Canadian Federal Income Tax Considerations – Taxation of Taxable Dividends*".

The determination of PUC of High Fusion Shares is based on inherently complex rules and circumstances set out in the Tax Act, which may be interpreted differently by the CRA and there is no assurance that CRA will agree with High Fusion's calculations. If the CRA takes a different position with respect to such qualifications and the assumptions set out in the paragraph above are no longer correct, a Resident Holder may be required to include in computing its income for the taxation year in which the Neural Shares are received an amount equal to the fair market value of the Neural Shares received (including amounts deducted for foreign withholding tax, if any) as a taxable dividend. Such dividend received by a Resident Holder who is an individual will be subject to the gross-up and dividend tax credit rules in the Tax Act normally applicable to taxable dividends received from a "*taxable Canadian corporation*" (as defined in the Tax Act). A Resident Holder that is a corporation will be entitled to deduct the amount of such dividends in computing its taxable income.

A Resident Holder will acquire the Neural Shares received on the Share Exchange at a cost equal to their fair market value at the time of the Share Exchange, and the High Fusion New SVS or High Fusion New MVS, as the case may be, received on the Share Exchange at a cost equal to the amount, if any, by which the adjusted cost base, as defined in the Tax Act, of the Resident Holder's High Fusion Shares immediately before the Share Exchange exceeds the aggregate fair market value of Neural Shares received by the Resident Holder on and at the time of the Share Exchange. A Resident Holder will be required to allocate such fair market value on a reasonable basis among the Neural Shares received on the Share Exchange. Any such determination made by High Fusion is not binding on the CRA or any particular Holder.

A Resident Holder that is throughout the relevant taxation year a "*Canadian-controlled private corporation*" (as defined in the Tax Act) may be liable to pay a tax (which generally is refundable, subject to the detailed rules of the Tax Act) on its "*aggregate investment income*" (as defined in the Tax Act) for the year, which will include the receipt of Neural Shares as a taxable dividend. Resident Holders that are "*Canadian-controlled private corporations*" should consult their own tax advisors regarding their particular circumstances. The adjusted cost base to a Resident Holder of a Neural Shares received will be equal to the aggregate fair market value of such Neural Shares received by the Resident Holder at the Effective Date.

An officer of High Fusion has informed Fogler, Rubinoff LLP, that High Fusion expects that the aggregate fair market value of all Neural Shares distributed to holders of High Fusion SVS on the Share Exchange under the Plan of Arrangement will not exceed the PUC of the High Fusion Shares immediately before the Share Exchange. Accordingly, High Fusion does not expect that any Holder will be deemed to receive a taxable dividend on the Share Exchange. However, and notwithstanding that High Fusion's management considers its expectation to be reasonable, whether this expectation is correct is a question of fact that can only be determined at the time of the Share Exchange. Any such determination made by High Fusion is not binding on the CRA or any particular Holder.

Dividends on Arrangement Consideration Shares

A Resident Holder will be required to include in computing its income for a taxation year any taxable dividends received or deemed to be received on the Arrangement Consideration Shares. In the case of a Resident Holder that is an individual (other than certain trusts), such dividends will be subject to the gross-up and dividend tax credit rules normally applicable to taxable dividends received from a "*taxable Canadian corporation*" (as defined in the Tax Act). Taxable dividends received from a taxable Canadian corporation which are designated by such corporation as "*eligible dividends*" (as defined in the Tax Act) will be subject to an enhanced gross-up and dividend tax credit regime in accordance with the rules in the Tax Act. There may be limitations on the ability of Neural or High Fusion to designate dividends as eligible dividends.

In the case of a Resident Holder that is a corporation, the amount of any taxable dividends received or deemed to be received on Arrangement Consideration Shares will be included in its income for a taxation year and will generally be deductible in computing its taxable income for that taxation year, subject to the restrictions and limitations under the Tax Act. In certain circumstances, subsection 55(2) of the Tax Act will treat a taxable dividend received or deemed to be received by a Resident Holder that is a corporation as proceeds of disposition or a capital gain. Resident Holders that are corporations should consult their own tax advisors having regard to their own circumstances.

A Resident Holder that is a "*private corporation*" or a "*subject corporation*" (each as defined in the Tax Act) may be liable to pay a tax of 38 and 1/3 under Part IV of the Tax Act (which generally is refundable, subject to the detailed rules of the Tax Act) on dividends received or deemed to be received on Arrangement Consideration Shares to the extent such dividends are deductible in computing the Resident Holder's taxable income for the taxation year. A "*subject corporation*" is generally a corporation (other than a private corporation) controlled directly or indirectly by or for the benefit of an individual (other than a trust) or a related group of individuals (other than trusts).

Dispositions of Arrangement Consideration Shares

A Resident Holder who disposes of or is deemed to have disposed of Arrangement Consideration Shares (other than to Neural, unless purchased by Neural in the open market in the manner in which shares are normally purchased by a member of the public in an open market) will generally realize a capital gain (or capital loss) in the taxation year of the disposition equal to the amount by which the proceeds of disposition are greater (or less) than the total of: (a) the adjusted cost base, as defined in the Tax Act, to the Resident Holder of Arrangement Consideration Shares, as the case may be, immediately before the disposition or deemed disposition; and (b) the Holder's reasonable costs of disposition. The tax treatment of capital gains and capital losses is discussed in greater detail below under the subheading "*Taxation of Capital Gains and Capital Losses*".

Taxation of Taxable Dividends

A Resident Holder will be required to include in computing his, her or its income for a taxation year any taxable dividend received or deemed to be received on the Share Exchange, on Arrangement Consideration Shares, by the Resident Holder in the year.

In the case of a Resident Holder who is an individual (other than certain trusts), such dividend or deemed dividend will be subject to the gross-up and dividend tax credit rules normally applicable under the Tax Act to taxable dividends received from taxable Canadian corporations. Taxable dividends that are designated by High Fusion or Neural as "eligible dividends" will be subject to an enhanced gross-up and tax credit regime, pursuant to the rules in the Tax Act. There may be limitations on the ability of High Fusion and Neural to designate taxable dividends as eligible dividends.

In the case of a Resident Holder that is a corporation, the amount of any taxable dividend that is included in its income for a taxation year will generally be deductible in computing its taxable income for that taxation year. A Resident Holder that is a "private corporation" or a "subject corporation", each as defined in the Tax Act, will generally be liable to pay a refundable tax of 38 1/3% under Part IV of the Tax Act on taxable dividends received or deemed to be received, on Arrangement Consideration Shares, to the extent such dividends are deductible in computing the Resident Holder's taxable income for the year. In certain circumstances, subsection 55(2) of the Tax Act will treat a taxable dividend received or deemed to be received by a Holder that is a corporation as proceeds of disposition or a capital gain. Holders that are corporations should consult their own tax advisors having regard to the potential application of this provision to their own particular circumstances.

Taxation of Capital Gains and Capital Losses

A Resident Holder will generally be required to include in computing its income for the taxation year one-half of the amount of any capital gain (a "**taxable capital gain**") realized by the Resident Holder in such year on disposition or deemed disposition of High Fusion Shares or Arrangement Consideration Shares. Subject to and in accordance with the provisions of the Tax Act, a Resident Holder will be required to deduct one-half of the amount of any capital loss (an "**allowable capital loss**") realized in a taxation year from taxable capital gains realized in the taxation year on disposition or deemed disposition of High Fusion Shares or Arrangement Consideration Shares. Allowable capital losses in excess of taxable capital gains in the taxation year of disposition may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net taxable capital gains realized in such years, to the extent and under the circumstances specified in the Tax Act.

The amount of any capital loss realized on the disposition or deemed disposition of High Fusion Shares or Arrangement Consideration Shares by a Resident Holder that is a corporation may, in certain circumstances, be reduced by the amount of dividends received or deemed to have been received by it on such shares or on shares substituted therefor to the extent

and under the circumstances specified in the Tax Act. Similar rules may apply where a Neural Share is owned by a partnership or trust of which a corporation, trust, or partnership is a member or beneficiary. **Resident Holders to whom these rules may be relevant should consult their own tax advisors.**

A Resident Holder that is throughout the relevant taxation year a "*Canadian-controlled private corporation*" (as defined in the Tax Act) may be liable to pay a tax (which generally is refundable, subject to the detailed rules of the Tax Act) on its "*aggregate investment income*" (as defined in the Tax Act) for the year, which will include taxable capital gains. Resident Holders that are "*Canadian-controlled private corporations*" should consult their own tax advisors regarding their particular circumstances.

Refundable Tax

A Resident Holder that is a Canadian-controlled private corporation, as defined in the Tax Act, will be subject to a refundable tax of 10 2/3% in respect of its aggregate investment income for the year, which may include certain income and capital gains distributed to the Resident Holder, any capital gains realized on a disposition High Fusion Shares or Arrangement Consideration Shares, and any taxable dividends or deemed taxable dividends that are not deductible by the corporation in computing its taxable income.

Minimum Tax

In general terms, a Resident Holder that is an individual (other than certain trusts) that receives or is deemed to have received taxable dividends on the High Fusion Shares or Arrangement Consideration Shares, or realizes a capital gain on the disposition or deemed disposition of Arrangement Consideration Shares, may be liable for alternative minimum tax under the Tax Act. Resident Holders that are individuals should consult their own tax advisors in this regard.

A Resident Holder that is a "Canadian-controlled private corporation" as defined in the Tax Act ay be required to pay an additional 10 2/3% refundable tax on investment income, including certain amounts in respect of net taxable capital gains.

Dissenting Resident Holders

A Resident Holder who, as a result of the exercise of BCBCA Dissent Rights is entitled to be paid the fair value by High Fusion of its High Fusion Shares, as the case may be, will be deemed to have received a dividend equal to the amount, if any, by which the payment received (other than any portion of the payment that is interest awarded by a court) exceeds the PUC (determined for purposes of the Tax Act) attributable to such shares immediately before their surrender to High Fusion pursuant to the Plan of Arrangement. The amount of any such deemed dividend will be included in calculating such dissenting Resident Holder's income for the taxation year and will reduce the proceeds of disposition for purposes of computing the dissenting Resident Holder's capital gain or capital loss on the disposition of their High Fusion Shares. The tax treatment accorded to any deemed dividend is discussed generally above under the heading "*Dividends on Arrangement Consideration Shares*".

The Dissenting Shareholder who is a Resident Holder will realize a capital gain (or capital loss) to the extent that the proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the total of: (a) the adjusted cost base of such Resident Holder's High Fusion Shares and (b) such Resident Holder's reasonable costs of disposition. The tax treatment of capital gains and capital losses is discussed generally above under the heading "*Taxation of Capital Gains and Capital Losses*".

Interest awarded by a court to a dissenting Resident Holder will be included in the Arrangement Dissenting Shareholder's income for a particular taxation year to the extent the amount is received or receivable in that year, depending upon the method regularly followed by such Arrangement Dissenting Shareholder in computing income. Where the Arrangement Dissenting Shareholder is a corporation, partnership or, subject to certain exceptions, a trust, the Arrangement Dissenting Shareholder must include in income for a taxation year the amount of interest that accrues to it before the end of the taxation year or becomes receivable or is received before the end of the year (to the extent not included in income for a preceding taxation year). **High Fusion Shareholders who are contemplating exercising their dissent rights should consult their own tax advisors.**

Holders Not Resident in Canada

The following portion of this summary is generally applicable to a Holder who, for purposes of the Tax Act and at all relevant times, is neither resident nor deemed to be resident in Canada and does not use or hold, and will not be deemed to use or hold, Neural Shares in a business carried on in Canada (a "**Non-Resident Holder**").

Special considerations, which are not discussed in this summary, may apply to a Non-Resident Holder that is an insurer that carries on an insurance business in Canada and elsewhere or an "*authorized foreign bank*" (as defined in the Tax Act). Such Non-Resident Holders should consult their own advisors.

Receipt of Neural Shares

Under the Plan of Arrangement, Non-Resident Holders holding High Fusion Shares will receive a number of Neural Shares equal to the product of the number of High Fusion Shares held and the applicable SVS Conversion Factor or MVS Conversion Factor, as the case may be, adjusted for the number of votes held by the respective High Fusion Shareholder. This summary is based on the assumption that the fair market value of the Neural Shares distributed under the Plan of Arrangement will not exceed the paid-up capital for the purposes of the Tax Act of the High Fusion Shares. High Fusion has advised tax counsel that the paid-up capital of High Fusion Shares immediately prior to the distribution of Neural Shares will be in excess of the fair market value of the Neural Shares to be so distributed. Based on this assumption and High Fusion's advice with respect to the respective paid-up capital of High Fusion Shares, no portion of the amount so distributed will be deemed to be a dividend for purposes of the Tax Act and the adjusted cost base to a Non-Resident Holder of its High Fusion Shares will be reduced by the fair market value of the Neural Shares received by such Non-Resident Holder. If such fair market value exceeds the adjusted cost base to the Non-Resident Holder of its High Fusion Shares immediately before the distribution, the Non-Resident Holder will be deemed to realize a capital gain from a disposition of its High Fusion Shares equal to the amount of such excess and the adjusted cost base to the Non-Resident Holder of its High Fusion Shares will immediately thereafter be deemed to be nil.

Non-Resident Holder will not be subject to tax under the Tax Act in respect of any capital gain realized on any such deemed disposition of the High Fusion Shares unless such High Fusion Shares are, or are deemed to be, "taxable Canadian property", as defined in the Tax Act, of the Non-Resident Holder at the time of disposition and the Non-Resident Holder is not entitled to relief under an applicable income tax treaty or convention between Canada and the Non-Resident Holder's country of residence. For a general discussion of when shares will constitute "taxable Canadian property" of a Non-Resident Holder, see below under the heading "*Holders Not Resident in Canada - Disposition of Neural Shares*".

In the event that the High Fusion Shares are, or are deemed to be, "taxable Canadian property" of a Non-Resident Holder and the capital gain realized upon a disposition of such High Fusion Shares is not exempt from tax under the Tax Act by virtue of an applicable income tax convention, the tax consequences as described above under the heading "*Holders Resident in Canada - Taxation of Capital Gains and Capital Losses*" will generally apply. Such Non-Resident Holders should consult their own tax advisors in this regard.

The adjusted cost base to a Non-Resident Holder of a Neural Share received will be equal to the fair market value of such Neural Share received by the Resident Holder at the Effective Date.

If the distribution of Arrangement Consideration Shares is not treated as a tax-free return of paid-up capital (determined for the purposes of the Tax Act), then the Non-Resident Holder would be deemed to have realized a dividend equal to the extent that the fair market value of the Neural Shares received exceeds the PUC of the High Fusion Shares, and would be subject to Canadian non-resident withholding tax under the Tax Act. The general rate of withholding tax is 25%, although such rate may be reduced under the provisions of an applicable income tax convention between Canada and the Non-Resident Holder's country of residence.

Dividends on Arrangement Consideration Shares

Subject to an applicable tax treaty or convention, dividends paid or credited, or deemed to be paid or credited, to a Non-Resident Holder on Arrangement Consideration Shares will be subject to Canadian withholding tax under the Tax Act at the rate of 25% of the gross amount of the dividend, or at such lower rate as may be provided for under the terms of an

applicable tax treaty, whether or not Arrangement Consideration Shares are "taxable Canadian property" for such Non-Resident Holder.

Dividends paid or credited, or deemed to be paid or credited, on Arrangement Consideration Shares to a Non-Resident Holder generally will be subject to Canadian withholding tax at a rate of 25% of the gross amount of the dividend, unless the rate is reduced under the provisions of an applicable income tax convention. The rate of withholding tax under the Canada-U.S. Tax Convention applicable to a Non-Resident Holder, who is a resident of the United States for the purposes of the Canada-U.S. Tax Convention, is the beneficial owner of the dividend, is entitled to all of the benefits under the Canada-U.S. Tax Convention generally will be 15% (reduced to 5% for a company than holds at least 10% of the voting stock of Neural, as the case may be). Neural will be required to withhold the required amount of withholding tax from the dividend, and to remit it to the CRA for the account of the Non-Resident Holder.

Dispositions of Arrangement Consideration Shares

A Non-Resident Holder will not be subject to tax under the Tax Act in respect of any capital gain realized on a disposition or deemed disposition of Arrangement Consideration Shares, nor will capital losses arising therefrom be recognized under the Tax Act, unless the Arrangement Consideration Shares is, or is deemed to be, "*taxable Canadian property*" of the Non-Resident Holder for the purposes of the Tax Act and the Non-Resident Holder is not entitled to an exemption pursuant to the terms of an applicable tax treaty or convention.

Generally, Arrangement Consideration Shares will not constitute taxable Canadian property of a Non-Resident Holder, provided that the Arrangement Consideration Shares are listed on a "designated stock exchange" for the purposes of the Tax Act (which currently includes CSE) and unless at any time during the 60-month period immediately preceding the disposition:

(a) 25% or more of the issued shares of any class or series of the capital stock of Neural or High Fusion, as the case may be, were owned by or belonged to any combination of (a) the Non-Resident Holder, (b) persons with whom the Non-Resident Holder did not deal at arm's length, and (c) partnerships in which the Non-Resident Holder or a person described in (b) holds a membership interest directly or indirectly through one or more partnerships; and

(b) more than 50% of the fair market value of the Neural Shares or High Fusion Shares, as the case may be, was derived, directly or indirectly, from (or from any combination of) real or immovable property situated in Canada, "*Canadian resource property*" (as defined in the Tax Act), "*timber resource property*" (as defined in the Tax Act), or options in respect of, interests in, or for civil law rights in, such properties, whether or not such property exists.

As the Neural Shares are not expected to be listed on a "designated stock exchange", the Neural Shares would be "taxable Canadian property" to a Non-Resident Holder of the condition in (b) above is met. Arrangement Consideration Shares may also be deemed to be "*taxable Canadian property*" in certain other circumstances. Non-Resident Holders should consult their own tax advisors as to whether their Arrangement Consideration Shares constitute "taxable Canadian property" in their own particular circumstances.

Even if Arrangement Consideration Shares are taxable Canadian property to a Non-Resident Holder, any taxable capital gain resulting from the disposition of such shares or rights will not be included in computing the Non-Resident Holder's income for the purposes of the Tax Act if the shares or rights constitute "*treaty protected property*" as defined in the Tax Act. Arrangement Consideration Shares owned by a Non-Resident Holder will generally be treaty-protected property if the gain from the disposition of the applicable shares would be exempt from tax under the Tax Act pursuant to the provisions of an applicable income tax treaty.

In cases where a Non-Resident Holder disposes (or is deemed to have disposed) of Arrangement Consideration Shares that are taxable Canadian property of the Non-Resident Holder, and the Non-Resident Holder is not entitled to an exemption under an applicable income tax treaty or convention, the consequences described above under the headings "*Holders Resident in Canada - Dispositions of Arrangement Consideration Shares*" and "*Holders Resident in Canada - Taxation of Capital Gains and Capital Losses*" will generally be applicable to such disposition.

Non-Resident Holders whose Arrangement Consideration Shares are taxable Canadian property should consult their own tax advisors.

Dissenting Non-Resident Holders

A Non-Resident Holder who, as a result of the exercise of BCBCA Dissent Rights, is entitled to be paid by High Fusion the fair value of its High Fusion Shares, will be deemed to have received a dividend equal to the amount, if any, by which such payment (other than any portion of the payment that is interest awarded by a court) exceeds the PUC attributable to such shares immediately before their surrender to High Fusion Shares, respectively, pursuant to the Plan of Arrangement. Any such deemed dividend will be subject to non-resident withholding tax under the Tax Act at a rate of 25% of the gross amount of the dividend, unless the rate is reduced by an applicable income tax treaty or convention.

A dissenting Non-Resident Holder will not be subject to tax under the Tax Act on any capital gain realized on the disposition of its High Fusion Shares unless such shares are "taxable Canadian property" of the Non-Resident Holder and the Non-Resident Holder is not entitled to relief under an applicable income tax treaty or convention. See discussion above under the heading "*Holders Not Resident in Canada – Disposition of Arrangement Consideration Shares*". For purposes of computing the amount of any capital gain on the disposition of the dissenting Non-Resident Holder's High Fusion Shares, the Non-Resident Holder's proceeds of disposition will be reduced by the amount of any deemed dividend received by the Non-Resident Holder as described in the immediately preceding paragraph. The dissenting Non-Resident Holder will realize a capital gain (or capital loss) to the extent that the proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of the Non-Resident Holder's High Fusion Shares.

Any such deemed dividend received or capital gain realized by a dissenting Non-Resident Holder will be treated in the same manner as described above under the headings "*Holders Not Resident in Canada – Dividends on Arrangement Consideration Shares*" and "*Holders Not Resident in Canada – Disposition of Arrangement Consideration Shares*".

Interest (if any) awarded by a court to a dissenting Non-Resident Holder generally should not be subject to withholding tax under the Tax Act.

Eligibility for Investment

It is expected that at the at the Effective Time Neural Shares will not be a "*qualified investment*" for a trust governed by a Registered Plans, or DPSPs.

If Neural Shares are received by a Registered Plan (because their High Fusion Shares are held by the Registered Plan at the Effective Date), the annuitant, holder, or subscriber (as applicable) (the "**Plan Holder**") of the Registered Plan will be subject to a penalty tax under the Tax Act.

Notwithstanding the foregoing, Neural Shares generally will not be a prohibited investment for a Registered Plan provided the Controlling Individual of the Registered Plan: (i) deals at arm's length with Neural for the purposes of the Tax Act; and (ii) does not have a "*significant interest*" (as defined in the Tax Act for purposes of the prohibited investment rules) in Neural. In addition, the Neural Shares will not be a prohibited investment if such shares are "*excluded property*" (as defined in the Tax Act for purposes of the prohibited investment rules) for the Registered Plan.

Furthermore, if the Neural Shares are not listed on a "designated stock exchange" at the Effective Time, Neural may qualify at the Effective Time if it files an election under the Tax Act effective at the Effective Time to be a "public corporation" provided that the conditions for making such election can be satisfied. While Neural intends to list its shares on a "designated stock exchange" and make such election, there is no assurance that it will be able to do so in a timely manner or at all.

Additional Canadian tax considerations that are not disclosed above may be applicable to Registered Plans that receive Neural Shares pursuant to the Plan of Arrangement.

It is expected that High Fusion New SVS and High Fusion New MVS received in exchange for High Fusion Shares, pursuant to the Plan of Arrangement will be considered 'qualified investments' for a trust governed by the Registered Plan.

HOLDERS OF HIGH FUSION SHARES THAT HOLD SUCH SECURITIES IN A REGISTERED PLAN ARE URGED TO PAY IMMEDIATE ATTENTION TO THIS MATTER AND ARE URGED TO CONSULT THEIR TAX ADVISORS IMMEDIATELY REGARDING THE CONSEQUENCES TO THEM OF THE DISTRIBUTION OF NEURAL SHARES.

CANADIAN SECURITIES LAW CONSIDERATIONS

EACH HIGH FUSION SHAREHOLDER IS URGED TO CONSULT THEIR PROFESSIONAL ADVISERS TO DETERMINE THE RESTRICTIONS APPLICABLE TO TRADES IN THE ARRANGEMENT CONSIDERATION SHARES.

The following is a brief summary of the securities law considerations applicable to the transactions contemplated herein.

Status under Canadian Securities Laws

High Fusion is a "reporting issuer" in the Reporting Jurisdictions. The High Fusion SVS are currently listed and posted for trading on the CSE since March 13, 2015 and High Fusion MVS are not currently listed on any exchange.

Upon completion of the Plan of Arrangement, it is expected that Neural will become a "reporting issuer" in the Reporting Jurisdictions other than Ontario. There can be no assurances that Neural will be able to obtain a listing on the CSE or any other stock exchange. Any listing will be subject to the approval of the CSE.

Distribution and Resale of Securities under Canadian Securities Laws

The distribution of Arrangement Consideration Shares pursuant to the Plan of Arrangement will constitute a distribution of securities, which is exempt from the prospectus requirements under NI 45-106. With certain exceptions, Arrangement Consideration Shares may generally be resold in each of the provinces and territories of Canada provided that: (a) Neural, after the Plan of Arrangement, and High Fusion is and has been a reporting issuer in a jurisdiction in Canada for the four months immediately preceding the trade; (b) the trade is not a "control distribution" as defined in NI 45-102; (c) no unusual effort is made to prepare the market or to create a demand for the Arrangement Consideration Shares; (d) no extraordinary commission or consideration is paid to a Person in respect of such sale; and (e) if the selling shareholder is an insider or officer of Neural or High Fusion, the selling shareholder has no reasonable grounds to believe that High Fusion or Neural, as applicable, is in default of applicable Securities Laws. For the purposes of (a) above, Neural will satisfy the four-month requirement by virtue of the fact that it is a party to the Arrangement Agreement with High Fusion, which will have been a reporting issuer in a jurisdiction in Canada for at least four months prior to the date of distribution.

MI 61-101

High Fusion is a reporting issuer in the provinces of British Columbia, Alberta, Ontario, and Quebec, and is accordingly subject to applicable securities laws of such provinces. In addition, the securities regulatory authorities in the province of Ontario, Alberta, Manitoba, Quebec and New Brunswick have adopted MI 61-101.

MI 61-101 regulates certain types of transactions to ensure fair treatment of securityholders when, in relation to a transaction, there are persons in a position that could cause them to have an actual or reasonably perceived conflict of interest or informational advantage over other securityholders. If MI 61-101 applies to a particular transaction of a reporting issuer, then some of the following may be required: (i) enhanced disclosure in documents sent to securityholders, (ii) the approval of securityholders excluding, among others, "interested parties" (as defined in MI 61-101), (iii) a formal valuation of the affected securities, prepared by an independent and qualified valuator, and (iv) an independent committee of the board of the directors of the reporting issuer to carry out specified responsibilities. The securityholder protections provided by MI 61-101 go substantially beyond the requirements of corporate law.

The protections afforded by MI 61-101 apply to, among other transactions, "business combinations" (as defined in MI 61-101) which may terminate the interests of securityholders without their consent in certain circumstances. However, the Plan of Arrangement does not constitute a "business combination" for the purposes of MI 61-101, as it is not a transaction as a

consequence of which the interest of any holder of an equity security of High Fusion may be terminated without the securityholder's consent. Accordingly, High Fusion has determined that Part 4 of MI 61-101 does not apply to the Plan of Arrangement.

The protections afforded by MI 61-101 also apply to a "related party transaction" (as defined in MI 61-101), which is a transaction between an issuer and a person that is a related party of the issuer at the time the transaction is agreed to (whether or not there are also other parties to the transaction), as a consequence of which, either through the transaction itself or together with connected transactions, the issuer directly or indirectly, among other things, sells, transfers or disposes of an asset to the related party.

High Fusion has determined that the Arrangement would constitute a "related party transaction" within the meaning of MI 61-101 as result of (i) certain officers and directors of High Fusion also being shareholders of Neural and (ii) the Plan of Arrangement being a transaction involving Neural, which is a related party of High Fusion, and the issuance of Neural Shares to, *inter alios*, the directors and officers of High Fusion who are also High Fusion Shareholders and related parties of High Fusion. Accordingly, MI 61-101 requires High Fusion to obtain minority approval and a formal valuation in accordance with Part 5 of MI 61-101. However, High Fusion is relying on the exemptions from the formal valuation requirements of Part 5 of MI 61-101 set forth in Section 5.5(b) of MI 61-101, on the basis that at the time the Arrangement was agreed to, no securities of High Fusion or Neural were listed on the Toronto Stock Exchange, Aequitas NEO Exchange Inc., the New York Stock Exchange, the American Stock Exchange, the NASDAQ Stock Market, or a stock exchange outside of Canada and the United States other than the Alternative Investment Market of the London Stock Exchange or the PLUS markets operated by PLUS Markets Group plc.

Minority Approval

In order to comply with MI 61-101, the Arrangement Resolution must be approved by not less than a simple majority of the votes cast by the High Fusion Shareholders, virtually present or represented by proxy and entitled to vote at the Meeting, excluding for this purpose the votes attached to High Fusion Shares required to be excluded pursuant to MI 61-101. This minority approval is in addition to the requirement that the Arrangement Resolution be approved by at least two-thirds of the votes cast by the High Fusion Shareholders virtually present or represented by proxy at the Meeting and entitled to vote thereat.

To the knowledge of the Board, the following table sets out the details of the votes attaching to the High Fusion Shares outstanding at the date of this Circular that are required to be excluded pursuant to MI 61-101 for the purposes of determining whether minority shareholder approval of the Plan of Arrangement under MI 61-101 has been obtained.

Name of Shareholder	**Number of High Fusion SVS Owned or Controlled**	**Number of High Fusion MVS Owned or Controlled**
John Durfy	8,959,079[(3)]	Nil
Adam K. Szweras	20,605,037	Nil
Brian Presement	1,873,356[(2)]	Nil
Billy A. Morrison	100,875	Nil
Jason Dyck [(5)]	529,000	Nil
Aaron Johnson [(5)]	1,725	Nil
Lincoln Fish [(5)]	Nil	588,622
Austin Birch	Nil	1,038,188
OutCo Labs Inc.[(6)]	Nil	1,895,397
Robert Wilson	5,897,498 [(4)]	Nil

Notes:

(1) Excluding High Fusion Shares issuable upon future exercise of Options, RSU, High Fusion Warrants and other securities convertible into High Fusion Shares owned by the respective holders.

(2) 1,873,356 High Fusion SVS are held by Brian Presement in his personal capacity and 307,500 High Fusion SVS are held by Plexus Cyber Media Inc., a company in which Brian Presement is a 50% shareholder.

(3) *70,336 High Fusion SVS are held by John Durfy in his personal capacity and 8,888,743 High Fusion SVS are held by Humber Capital Advisors Inc., a private company 100% owned by John Durfy.*

(4) *83,755 High Fusion SVS are held by Robert Wilson in his personal capacity and 5,813,743 High Fusion SVS are held by EWC Corporation, a private company 100% owned by Robert Wilson.*

(5) *Messrs' Dyck, Johnson and Fish High Fusion Shares are being excluded from the vote on the Arrangement Resolution due to such parties receiving Neural Shares pursuant to the Directors' Compensation Settlement, which may be deemed a collateral benefit to those parties and may would be considered related parties for the purposes of the Arrangement under the provisions of MI 61-101. Please see the sections titled "Schedule T – Information Concerning High Fusion Inc." and "Executive Compensation".*

(6) *OutCo may be deemed a related party to High Fusion for the purposes of calculation of the voting securities that shall be excluded under the provisions of MI 61-101from the vote on the Arrangement Resolution, due to the virtue of the relationship of OutCo with High Fusion following OutCo Acquisition and each of Messrs. Fish and Birch serving as members of the board of OutCo at the time the Arrangement Agreement was entered into.*

Specified Disclosure in Respect of Related Party Transactions

Pursuant to MI 61-101, High Fusion is required to include, and has included and/or incorporated by reference into this Circular, certain disclosure prescribed by Form 62-104F2 – Issuer Bid Circular ("**Form 62-104F2**") of National Instrument 62-104 – Take-Over Bids and Issuer Bids, to the extent applicable to the Plan of Arrangement (and with necessary modifications).

Prior Valuations and Bona fide Prior Offers

As at the date hereof, no "prior valuation" (as such term is defined in MI 61-101) in respect of High Fusion has been made in the 24 months preceding the date of this Circular, the existence of which is known, after reasonable inquiry, to High Fusion or to any director or member of senior management of High Fusion.

During the 24 months prior to the entering into of the Arrangement Agreement, except as disclosed herein, High Fusion has not received any bona fide prior offer related to the subject matter of the Plan of Arrangement or that is otherwise relevant to the Plan of Arrangement.

CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

The following is a summary of certain U.S. federal income tax considerations generally applicable to a High Fusion Shareholder that receives Arrangement Consideration Shares pursuant to the Plan of Arrangement.

The following summary is based on the Code, Treasury Regulations promulgated thereunder, published rulings of the IRS, the Canada-U.S. Tax Convention and judicial and administrative interpretations thereof, in each case as in effect and available on the date of this Circular. Any of the authorities on which this summary is based could be changed in a material and adverse manner at any time, and any such change could be applied on a retroactive basis. Except as explicitly set forth herein, this summary does not discuss the potential effects, whether adverse or beneficial, of any proposed legislation or regulations. In December 2017, the U.S. government enacted broad tax legislation under TCJA that included significant changes to the taxation of business entities. Some aspects of this new law are not clear, and, as a result, we cannot assure you that such change in law does not impact the tax considerations that we describe in this summary. No legal opinion from U.S. legal counsel or ruling from the IRS has been requested, or will be obtained, regarding the U.S. federal income tax consequences of the Plan of Arrangement.

This summary is not binding on the IRS, and the IRS is not precluded from taking a position that is different from, and contrary to, the positions taken in this summary. In addition, because the authorities on which this summary is based are subject to various interpretations, the IRS and the U.S. courts could disagree with one or more of the positions taken in this summary.

General Considerations

U.S. Holders Subject to Special U.S. Federal Income Tax Rules Not Addressed

This summary is for general information purposes only and does not purport to be a complete analysis or listing of all potential U.S. federal income tax considerations that may be relevant to a High Fusion Shareholder with respect to the Plan

of Arrangement. In addition, this summary does not take into account the individual facts and circumstances of any particular High Fusion Shareholder that may affect the U.S. federal income tax consequences applicable to such High Fusion Shareholder, nor does this summary address the U.S. federal income tax considerations with respect to the Plan of Arrangement for High Fusion Shareholders that are subject to special provisions under the Code, including, without limitation: (a) holders that are tax-exempt organizations, qualified retirement plans, individual retirement accounts, or other tax-deferred accounts; (b) holders that are financial institutions, insurance companies, S corporations, real estate investment trusts, or regulated investment companies; (c) holders that are dealers in securities or currencies or holders that are traders in securities that elect to apply a mark-to-market accounting method; (d) U.S. Holders that have a "functional currency" (as defined in Section 985 of the Code) other than the U.S. dollar; (e) holders subject to the alternative minimum tax provisions of the Code; (f) holders that own High Fusion Shares (or, after the Plan of Arrangement, will own Neural Shares) as part of a straddle, hedging transaction, conversion transaction, constructive sale, or other arrangement involving more than one position; (g) holders that acquired High Fusion Shares through the exercise or cancellation of employee stock options or otherwise as compensation for services or through the conversion of any convertible instrument or security; (h) holders that hold High Fusion Shares (or, after the Plan of Arrangement, will hold Neural Shares) other than as a capital asset within the meaning of Section 1221 of the Code; (i) holders that own or have owned directly, indirectly or constructively, 5% or more of High Fusion's voting securities; (j) holders that are controlled foreign corporations, PFICs or corporations that accumulate earnings to avoid U.S. federal income tax; (k) holders that are U.S. expatriates or former long-term residents of the United States, including, without limitation former citizens or residents of the United States under Section 877 or Section 877A of the Code; (l) holders that hold or will hold, directly, indirectly, or constructively, more than 10% of the Neural Shares; (m) persons that use or hold, will use or hold, or that are or will be deemed to use or hold High Fusion Shares (or after the Plan of Arrangement, Neural Shares) in connection with carrying on a business in Canada; (n) persons whose High Fusion Shares (or after the Plan of Arrangement, Neural Shares) constitute "taxable Canadian property" under the Tax Act; or (o) persons that have a permanent establishment in Canada for the purposes of the Canada-U.S. Tax Convention.

In addition, this summary does not address U.S. federal estate and gift tax, alternative minimum tax, or Medicare tax on net investment income considerations, or any U.S. state or local or non-U.S. tax considerations. **All High Fusion Shareholders, including those subject to special provisions of the Code such as those described above, should consult their own tax advisors regarding the U.S. federal, U.S. state and local, and non-U.S. tax consequences relating to the Plan of Arrangement and the ownership and disposition of Neural Shares received pursuant to the Plan of Arrangement.**

This summary does not address any of the U.S. federal income tax considerations applicable to holders of High Fusion securities other than High Fusion SVS and High Fusion MVS, and to the current holders of Neural Shares. Such holders should consult their own tax advisors.

Additionally, this summary does not consider the tax treatment of persons who hold High Fusion Shares or Neural Shares through a limited liability company or through a partnership or other "pass-through entity" (including without limitation an S corporation), nor does it address the U.S. federal income tax consequences of any transaction that may be entered into prior to, concurrently with or subsequent to the Plan of Arrangement (regardless of whether any such transaction is undertaken in connection with the Plan of Arrangement). For U.S. federal income tax purposes, income earned through a foreign or domestic partnership or similar entity generally is attributed to its owners, and the tax treatment of a partner generally will depend upon the status of the partner and upon the activities of the partnership. You are advised to consult your own tax advisor with respect to the specific tax consequences to of exchanging High Fusion Shares pursuant to the Plan of Arrangement and holding or disposing Arrangement Consideration Shares.

No legal opinion from U.S. legal counsel or ruling from the IRS has been requested, or will be obtained, regarding the U.S. federal income tax consequences of the Plan of Arrangement and the ownership, and disposition of Arrangement Consideration Shares received pursuant to the Plan of Arrangement. This summary is not binding on the IRS, and the IRS is not precluded from taking a position that is different from, and contrary to, the positions taken in this summary. In addition, because the authorities on which this summary is based are subject to various interpretations, the IRS and the U.S. courts could disagree with one or more of the positions taken in this summary.

NOTICE PURSUANT TO IRS CIRCULAR 230: NOTHING CONTAINED IN THIS SUMMARY CONCERNING ANY U.S. FEDERAL TAX ISSUE IS INTENDED OR WRITTEN TO BE USED, AND IT CANNOT BE USED, BY

A U.S. HOLDER, FOR THE PURPOSE OF AVOIDING U.S. FEDERAL TAX PENALTIES UNDER THE CODE (AS DEFINED BELOW). THIS SUMMARY WAS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE TRANSACTIONS OR MATTERS ADDRESSED BY THIS DOCUMENT. EACH U.S. HOLDER SHOULD SEEK U.S. FEDERAL TAX ADVICE, BASED ON SUCH U.S. HOLDER'S PARTICULAR CIRCUMSTANCES, FROM AN INDEPENDENT TAX ADVISOR.

U.S. Federal Income Tax Characterization of the Plan of Arrangement

The Plan of Arrangement will be effected under applicable provisions of Canadian corporate law, which are technically different from analogous provisions of U.S. corporate law. Therefore, the U.S. federal income tax consequences of certain aspects of the Plan of Arrangement are not certain. However, there is no assurance that the IRS would agree with this characterization, and no opinion of legal counsel or ruling from the IRS concerning the U.S. federal income tax consequences of the transactions contemplated by the Plan of Arrangement has been obtained, and none will be requested in that regard.

Transactions Not Addressed

This summary does not address the U.S. federal income tax consequences of transactions effected prior or subsequent to, or concurrently with, the Plan of Arrangement (whether or not any such transactions are undertaken in connection with the Plan of Arrangement), including, without limitation, the following:

- any vesting, conversion, assumption, disposition, exercise, exchange, or other transaction involving any rights to acquire High Fusion Shares or Neural Shares, including the High Fusion Warrants, Options, RSUs of convertible debt securities of High Fusion; and
- any transaction, other than the Plan of Arrangement, in which High Fusion Shares or the Neural Shares are acquired, including without limitation, the securities expected to be issued in the Series A Financing.

Passive Foreign Investment Company Considerations and Status of High Fusion and Neural

The U.S. federal income tax consequences to a U.S. Holder with respect to the Plan of Arrangement depend on whether High Fusion is treated as a PFIC during any year in which a U.S. Holder owns High Fusion Shares. In general, a non-U.S. corporation will be treated as a PFIC for any taxable year during which either (1) 75% or more of the non-U.S. corporation's gross income is passive income (as defined for U.S. federal income tax purposes) (the "*income test*"), or (2) 50% or more of the average value of the non-U.S. corporation's assets either produce or are held for the production of passive income (the "*asset test*"). For purposes of the PFIC provisions, "gross income" generally includes all sales revenues less cost of goods sold, plus income from investments and from incidental or outside operations or sources, and "passive income" generally includes dividends, interest, certain royalties and rents, certain gains from the sale of stock and securities, and certain gains from commodities transactions. In determining whether or not it is a PFIC, a non-U.S. corporation is required to take into account its pro rata portion of the income and assets of each corporation in which it owns, directly or indirectly, at least a 25% interest (by value).

The determination of PFIC status is inherently factual, is subject to a number of uncertainties, and can be determined only annually at the close of the taxable year in question. Additionally, the analysis depends, in part, on the application of complex U.S. federal income tax rules, which are subject to differing interpretations. Nevertheless, High Fusion believes, and the following discussion assumes, that it was a PFIC in each of its taxable years since its formation. However, there is no assurance that the IRS would agree with this treatment, and no opinion of legal counsel or ruling from the IRS concerning the status of High Fusion as a PFIC has been obtained, and none will be requested.

Ownership and Disposition of Arrangement Consideration Shares if either Party is not a PFIC

If neither High Fusion or Neural is treated as a PFIC with respect to a U.S. Holder for any taxable year, the U.S. federal income tax consequences discussed below generally will apply to a U.S. Holder of the respective Arrangement Consideration Shares of either High Fusion or Neural, as the case may be.

Distribution of Neural Shares to High Fusion Shareholders

The distribution of Neural Shares pursuant to the Plan of Arrangement is not expected to satisfy all of the technical requirements for tax-free treatment under Section 355 of the Code, and thus High Fusion expects that the distribution of

Neural Shares to U.S. Holders of High Fusion Shares pursuant to the Plan of Arrangement will constitute a taxable distribution with respect to each U.S. Holder's High Fusion Shares for U.S. federal income tax purposes. A U.S. Holder that receives a distribution, including a constructive distribution, with respect to an Arrangement Consideration Shares will be required to include the amount of such distribution in gross income as a dividend (without reduction for any Canadian income tax withheld from such distribution) to the extent of the current or accumulated "earnings and profits" of the Arrangement Consideration Shares, as computed for U.S. federal income tax purposes. To the extent that a distribution exceeds the current and accumulated "earnings and profits" of the payor, such distribution will be treated first as a tax-free return of capital to the extent of a U.S. Holder's tax basis in the payor's shares and thereafter as a capital gain from the sale or exchange of such shares. (See section titled "***Sale or Other Taxable Disposition of Arrangement Consideration Shares***" below). However, neither High Fusion nor Neural may maintain the calculations of earnings and profits in accordance with U.S. federal income tax principles, and each U.S. Holder should therefore assume that any distribution by High Fusion nor Neural with respect to the respective securities will constitute ordinary dividend income. Dividends received on such shares generally will not be eligible for the "dividends received deduction" generally available to U.S. corporate shareholders receiving dividends from U.S. corporations. To the extent the fair market value of Neural Shares exceeds High Fusion's tax basis in such shares (as calculated for U.S. federal income tax purposes), the Plan of Arrangement would generate additional earnings and profits for High Fusion. While High Fusion does not maintain the calculations of earnings and profits in accordance with U.S. federal income tax principles, given that High Fusion has an accumulated deficit balance exceeding $88 million, it is High Fusion's expectation that even if it did maintain such calculations, it will not have any accumulated earnings and profits on the Effective Date or any current earnings and profits for the tax year that includes the Effective Date. As such, an amount equal to the fair market value of the Neural Shares distributed pursuant to the Plan of Arrangement would be applied against and should reduce each U.S. Holder's federal income tax basis in its High Fusion Shares and, to the extent in excess of such basis, should be treated as capital gain. Notwithstanding the foregoing, because High Fusion does not intend to determine its earnings and profits on the basis of United States federal income tax principles, U.S. Holders may have to assume that any the distribution of Neural Shares will constitute ordinary dividend income.

Distributions on Arrangement Consideration Shares

Distributions made with respect to the Arrangement Consideration Shares (including any Canadian taxes withheld from such distributions) generally will be included in the gross income of a U.S. Holder as dividend income to the extent of the current and accumulated earnings and profits of the respective issuer as determined under U.S. federal income tax principles. Assuming that either Party is eligible for the benefits of a comprehensive income tax treaty with the United States, dividends paid by either High Fusion or Neural, as the case may be, to non-corporate U.S. Holders generally would be eligible for a reduced rate of U.S. federal income tax available with respect to certain "qualified" dividends. A corporate U.S. Holder owning less than 10% of either High Fusion or Neural will not be entitled to a dividend received deduction that is otherwise generally available upon the receipt of dividends distributed by U.S. corporations.

Any distribution received by a U.S. Holder who has not made a timely and valid QEF or mark-to-market election with respect to its Arrangement Consideration Shares will be taxed under the PFIC "excess distribution" regime (see section titled "*PFIC Rules Applicable to the Ownership and Disposition of Arrangement Consideration Shares if either High Fusion or Neural is a PFIC – Distributions*"). The amount of any distribution to a U.S. Holder that is treated as an excess distribution will be allocated ratably to each day of the U.S. Holder's holding period with respect to such shares, except where a U.S. Holder acquired its High Fusion Shares during such shareholder's current taxable year. Amounts allocated to the year of disposition will be treated as arising in the year of disposition and taxed at ordinary U.S. federal income tax rates. Amounts allocated to each of the other years will be subject to tax as though it were ordinary income taxed at the highest U.S. federal income tax rate in effect for each of those years, and the special interest charge (defined below) will be added to the tax determined for each of those years. The sum of the taxes and interest calculated for all other years will be an addition to the tax for the year in which the distribution of Neural Shares occurs. A U.S. Holder that is not a corporation must treat the interest as non-deductible personal interest.

The tax treatment of a distribution of Neural Shares received by a U.S. Holder who has made a timely and valid QEF election with respect to its High Fusion Shares depends on whether High Fusion has previously had earnings and profits that were included currently in the income of shareholders that made QEF elections, and whether High Fusion has made prior distributions of such previously taxed earnings and profits. Distributions of earnings and profits with respect to which a U.S. Holder has been previously taxed will result in a reduction in the recipient U.S. Holder's adjusted tax basis in the stock and will not be taxed when distributed. Distributions that are not attributable to previously taxed earnings and profits generally will be treated in the manner described in the previous paragraph for a U.S. Holder who has made a mark-to-

market election except that, following the reduction to zero of the U.S. Holder's adjusted tax basis in its High Fusion Shares by amounts treated as a return of capital, the remainder of the amount distributed would be treated as capital gain.

A distribution of Neural Shares to a U.S. Holder who has made a timely and valid "*mark-to-market election*" (see section titled "*PFIC Rules Applicable to the Ownership and Disposition of Arrangement Consideration Shares if either High Fusion or Neural is a PFIC – Mark-to-market Election*" below) with respect to its High Fusion Shares generally will be included in the gross income of the U.S. Holder as dividend income to the extent of the current and accumulated earnings and profits of High Fusion, as determined under U.S. federal income tax principles. Assuming that High Fusion is a PFIC, the reduced tax rate applicable to certain dividends would not apply with respect to the High Fusion Shares. If the fair market value of any Neural Shares distributed pursuant to the Plan of Arrangement exceeds High Fusion's current and accumulated earnings and profits, such excess will be treated as a return of capital to the extent of a U.S. Holder's adjusted tax basis in its High Fusion Shares, and thereafter as ordinary income.

Assuming that the distribution of Neural Shares is not treated as tax free under section 355 of the Code, each U.S. Holder will have a tax basis in the Neural Shares received pursuant to the Plan of Arrangement equal to their fair market value at the time of their receipt. The U.S. Holder's holding period for such Neural Shares will commence on the day after the date of receipt.

Sale or Other Taxable Disposition of Arrangement Consideration Shares

Subject to the PFIC rules discussed below, upon the sale or other taxable disposition of Arrangement Consideration Shares, a U.S. Holder generally will recognize capital gain or loss in an amount equal to the difference between the amount of cash plus the fair market value of any property received and such U.S. Holder's adjusted tax basis in the shares sold or otherwise disposed of. Subject to the PFIC rules discussed below, gain or loss recognized on such sale or other disposition generally will be long term capital gain or loss if, at the time of the sale or other disposition, the shares have been held for more than one year. The deductibility of capital loss is subject to significant limitations.

Gain or loss recognized by a U.S. Holder on the sale or other taxable disposition of Arrangement Consideration Shares generally will be treated as "U.S. source" for purposes of applying the U.S. foreign tax credit rules unless the gain is subject to tax in Canada and is resourced as "foreign source" under the Canada-U.S. Tax Convention and such U.S. Holder elects to treat such gain or loss as "foreign source." Preferential rates apply to long term capital gains of a U.S. Holder that is an individual, estate, or trust.

There are currently no preferential tax rates for long term capital gains of a U.S. Holder that is a corporation. Deductions for capital losses are subject to significant limitations under the Code.

The amount realized by a U.S. Holder receiving foreign currency generally will be taxable as described below under the heading "*Receipt of Foreign Currency.*"

PFIC Rules Applicable to the Ownership and Disposition of Arrangement Consideration Shares if either High Fusion or Neural is a PFIC

If either High Fusion or Neural is a PFIC, the U.S. federal income tax rules applicable to receipt of dividends on account of shares of a PFIC or to gain or loss recognized on the disposition of such PFIC shares are the same as described the section below under the heading "*PFIC Rules Applicable to the Ownership and Disposition of Arrangement Consideration Shares if either High Fusion or Neural is a PFIC – Receipt of Neural Shares*".

As discussed above, certain adverse U.S. federal income tax rules apply to a person that owns or disposes of stock in a non-U.S. corporation that is treated as a PFIC. High Fusion believes that Neural will likely not be a PFIC in its first taxable year and may continue to be treated as a PFIC in future taxable years. The U.S. federal income tax consequences discussed below generally will apply to a U.S. Holder of Neural Shares if Neural is treated as a PFIC.

Receipt of Neural Shares

The receipt of Neural Shares pursuant to the Plan of Arrangement should be treated as a dividend distribution for U.S. federal income tax purposes to the extent of Neural's current or accumulated earnings and profits, as determined under U.S. federal income tax principles. The amount of distribution should equal to the value of the Neural Shares, including any Neural Shares held in escrow, on the date of the distribution. In general, a distribution constitutes a dividend for U.S. federal income tax purposes to the extent paid out of the distributing corporation's current or accumulated earnings and profits, as determined under U.S. federal income tax principles. To the extent that the amount of any distribution exceeds the

distributing corporation's current and accumulated earnings and profits, that portion of the distribution is generally treated as a tax-free return of capital to the extent of a shareholder's basis in its stock of the distributing corporation. Any excess is generally treated as capital gain.

Based on currently available information and estimates, High Fusion does not expect the value of the Neural Shares to be distributed to exceed its current and accumulated earnings and profits, if any, as determined under U.S. federal income tax principles. Accordingly, High Fusion's current expectation is that the distribution of the Neural Shares will constitute a return of capital to the extent of a U.S. Holder's basis in his, her, or its High Fusion securities. Any amount in excess of such basis generally should be treated as capital gain from the sale or exchange of High Fusion Shares. Such gain should generally be long-term capital gain if the High Fusion Shares, have been held for more than one year at the time of the distribution. Because current year earnings and profits generally are determined at the end of the taxable year, there can be no assurance that all or a portion of the distribution will not be a taxable dividend for U.S. federal income tax purposes. A U.S. Holder's basis in the Neural Shares received generally should be the fair market value of the Neural Shares on the date of the distribution. A U.S. Holder's holding period for the Neural Shares should begin on the date of the distribution.

Distributions on Arrangement Consideration Shares

Except where a U.S. Holder has made a timely and valid QEF or mark-to-market election (each of which is described generally below) with respect to its Arrangement Consideration Shares, distributions made by either High Fusion or Neural, as the case may be, with respect to the Arrangement Consideration Shares (including any Canadian taxes withheld from such distribution), to the extent such distributions are treated as "excess distributions" pursuant to Section 1291 of the Code, must be allocated ratably to each day of the U.S. Holder's holding period for such Arrangement Consideration Share. Distributions received in a taxable year (the "*year of receipt*") generally will be treated as excess distributions to the extent that such distributions exceed 125% of the average amount of distributions received for each taxable year during the shorter of (1) the three taxable years preceding the year of receipt and (2) the portion of the U.S. Holder's holding period for its Arrangement Consideration Share before the year of receipt, except that no portion of a distribution will be an excess distribution if received with respect to shares acquired during the U.S. Holder's current taxable year. The amounts allocated to the U.S. Holder's taxable year during which the distribution is made, and to any period during such U.S. Holder's holding period that is prior to the first taxable year in which High Fusion or Neural was treated as a PFIC, are included in such U.S. Holder's gross income as ordinary income for the taxable year of the U.S. Holder in which the distribution is made. The amount allocated to each other taxable year is subject to tax in the taxable year of the distribution as though it were ordinary income taxed at the highest tax rate in effect for the U.S. Holder in that other taxable year and is subject to an interest charge for a deemed deferral benefit at the rate applicable to underpayments of tax (the "*special interest charge*"). A U.S. Holder that is not a corporation must treat such interest as "*personal interest*," which is not deductible. Any distribution made by High Fusion or Neural that does not constitute an excess distribution generally will be treated in the manner described above under the heading "*Ownership and Disposition of Arrangement Consideration Shares if the Party is not a PFIC*" except that the reduced tax rate applicable to certain dividends would not apply with respect to the Neural Shares if Neural is a PFIC.

Dispositions of Arrangement Consideration Shares

Except where a U.S. Holder has made a timely and valid QEF or mark-to-market election (each of which is described generally below) with respect to its Arrangement Consideration Shares, the entire amount of any gain realized upon a U.S. Holder's disposition of its Neural Shares generally will be treated as an excess distribution made in the taxable year during which such disposition occurs, with the consequences described under the heading "*Distributions on Arrangement Consideration Shares*" above. Any loss realized generally would not be recognized.

Purging the PFIC Taint

Except as described in the next sentence, if a non-U.S. corporation meets the PFIC income test or the asset test for any taxable year during which a U.S. Holder holds stock of such non-U.S. corporation, the non-U.S. corporation will be treated as a PFIC with respect to such U.S. Holder for that taxable year and for all subsequent taxable years, regardless of whether the non-U.S. corporation meets the income test or the asset test for such subsequent taxable years. Under applicable U.S. Treasury Regulations, the non-U.S. corporation will cease to be treated as a PFIC with respect to a U.S. Holder that holds stock of such non-U.S. corporation if, on the U.S. Holder's original or amended tax return for the last taxable year of its

holding period during which the non-U.S. corporation met either the income test or the asset test, such U.S. Holder elects to recognize any unrealized gain in its stock as of the last day of the non-U.S. corporation's last taxable year in which it met either the income test or the asset test. Any gain recognized by a U.S. Holder as a result of making the election described in the previous sentence with respect to its stock will be subject to the adverse ordinary income and special interest charge consequences described above.

Subsidiary PFIC Rules

Certain adverse U.S. federal income tax rules generally will apply to a U.S. Holder for any taxable year in which High Fusion or Neural is treated as a PFIC and has a subsidiary that is also treated as a PFIC (a "**Subsidiary PFIC**").

In such a case, a disposition (or deemed disposition) of the shares of such Subsidiary PFIC or a distribution received by High Fusion or Neural, as the case may be, from such Subsidiary PFIC generally may be treated as an indirect disposition by a U.S. Holder or an indirect distribution received by a U.S. Holder, respectively. Any such indirect disposition or indirect distribution generally would be subject to the gain and excess distribution rules described above regardless of the percentage ownership of such U.S. Holder in the respective company.

Qualified Electing Fund Election

The adverse U.S. federal income tax consequences of owning stock of a PFIC described above generally may be mitigated if a U.S. Holder of the PFIC is able to, and timely makes, a valid QEF election with respect to the PFIC. In that case, the electing U.S. Holder must report each year, for U.S. federal income tax purposes, its "pro rata share" of the PFIC's ordinary earnings and net capital gain, if any, for the PFIC's taxable year that ends with or within the taxable year of such U.S. Holder, regardless of whether or not the PFIC made distributions to the U.S. Holder in such year. For this purpose, "pro rata share" means the amount which would have been distributed with respect to the U.S. Holder's stock if, on each day of the PFIC's taxable year, it had distributed to each shareholder a pro rata portion of that day's ratable share of the PFIC's ordinary earnings and net capital gain for that tax year.

If a U.S. Holder has made a QEF election with respect to stock of a PFIC, the U.S. Holder's adjusted tax basis in such stock will be increased to reflect earnings and profits of the PFIC that have been taxed, but not distributed, to such U.S. Holder. Distributions of earnings and profits with respect to which any U.S. Holder has been previously taxed will result in a reduction in the U.S. Holder's adjusted tax basis in the stock and will not be taxed again when distributed. Distributions that are not attributable to previously taxed earnings and profits generally will be treated in the manner described below under the heading *"Ownership and Disposition of Arrangement Consideration Shares if the Party is not a PFIC"* except that that the reduced tax rate applicable to certain dividends would not apply with respect to High Fusion or Neural, as the case may be, if it is a PFIC.

If a PFIC is a QEF as to a U.S. Holder for each of its tax years which includes any portion of the U.S. Holder's holding period, the U.S. Holder's gain on disposing of the PFIC stock is not attributed to earlier years and the U.S. tax is not increased by the special interest charge. Accordingly, a U.S. Holder making a timely and valid QEF election with respect to PFIC stock generally would recognize capital gain or loss on the sale, exchange or other disposition of the stock.

U.S. Holders should be aware that there can be no assurances that neither High Fusion, nor Neural will satisfy the record keeping requirements that apply to a QEF, or that either party will supply U.S. Holders with information that such U.S. Holders require to report under the QEF rules if a U.S. Holder wishes to make a QEF election. Thus, U.S. Holders may not be able to make a QEF election with respect to the Arrangement Consideration Shares. Each U.S. Holder should consult its own tax advisor regarding the availability and desirability of, and procedure for making, a timely QEF election.

Mark-to-Market Election

In general, the adverse U.S. federal income tax consequences of owning stock of a PFIC described above also may be mitigated if a U.S. Holder of the PFIC makes a valid mark-to-market election with respect to such stock. A mark-to-market election may be made with respect to the stock of a PFIC if such stock is "*regularly traded*" on a "*qualified exchange or other market*" (within the meaning of the Code and the applicable U.S. Treasury Regulations). As described under the heading "*Canadian Securities Law Considerations*", Neural intends to list the Neural Shares on the CSE. Any listing will

be subject to the approval of the CSE. If any such listing is obtained, and if the Neural Shares are "regularly traded," then a U.S. Holder generally will be eligible to make a mark-to-market election with respect to Neural Shares. However, there is no assurance that such a listing will be obtained or that the Neural Shares will be "regularly traded" should such a listing be obtained.

A U.S. Holder that makes a valid mark-to-market election with respect to stock of a PFIC at the beginning of the U.S. Holder's holding period for such stock generally will not be subject to the PFIC rules described above with respect to that stock. Instead, the U.S. Holder generally will be required to recognize as ordinary income each taxable year an amount equal to the excess, if any, of the fair market value of such stock as of the close of such taxable year over the U.S. Holder's adjusted tax basis in such stock as of the close of such taxable year. A U.S. Holder's adjusted tax basis in the stock generally will be increased by the amount of ordinary income recognized with respect to such stock. If the U.S. Holder's adjusted tax basis in the stock as of the close of a taxable year exceeds the fair market value of such stock as of the close of such taxable year, the U.S. Holder generally will recognize an ordinary loss, but only to the extent of net mark-to-market income recognized with respect to such stock for all prior taxable years. A U.S. Holder's adjusted tax basis in its stock generally will be decreased by the amount of ordinary loss recognized with respect to such stock. Any gain recognized upon a disposition of the stock generally will be treated as ordinary income, and any loss recognized upon a disposition generally will be treated as an ordinary loss to the extent of net mark-to-market income recognized for all prior taxable years and any loss recognized in excess thereof will be taxed as a capital loss. The deductibility of capital loss is subject to significant limitations.

Any distributions made by either High Fusion or Neural to a U.S. Holder who has made a valid mark-to-market election with respect to Plan of Arrangement Consideration Shares generally will be treated in the manner described below under the heading "*Ownership and Disposition of Arrangement Consideration Shares if either Party is not a PFIC*" except that the reduced tax rate applicable to certain dividends would not apply with respect to the Arrangement Consideration Shares if either High Fusion or Neural is a PFIC and any amounts treated as a return of capital in excess of the U.S. Holder's adjusted tax basis in the respective Arrangement Consideration Share would be treated as ordinary income. A U.S. Holder that makes a valid mark-to-market election with respect to stock after the first taxable year of the U.S. Holder during which the non-U.S. corporation is treated as a PFIC with respect to such U.S. Holder generally will be subject to the PFIC excess distribution rules described above with respect to mark-to-market income for the taxable year for which the election is made. A mark-to-market election generally will not be available with respect to stock in a Subsidiary PFIC. Each U.S. Holder should consult its own tax advisor regarding the desirability of, and procedure for making, a timely mark-to-market election.

PFIC Information Reporting

U.S. Holders are required to file annual information statements reporting their ownership of stock of a PFIC. U.S. Holders are urged to consult with their own tax advisors regarding these requirements as they relate to their ownership of the Arrangement Consideration Shares.

Ownership of Neural Shares

Distributions

Provided that Neural is not and has not been a PFIC, as discussed below, any distributions of cash or other property with respect to the Neural Shares will generally constitute dividends for U.S. federal income tax purposes to the extent paid out of Neural's current or accumulated earnings and profits, as determined under U.S. federal income tax principles. To the extent that the amount of any distribution exceeds Neural's current and accumulated earnings and profits, that portion of the distribution generally would be treated as a tax-free return of capital to the extent of a U.S. Holder's basis in its Neural Shares. Any excess amount generally would be treated as capital gain from the sale or exchange of Neural Shares. Such gain would generally be long-term capital gain if the Neural Shares have been held for more than a year at the time of the distribution. The amount of any dividend included in income by a U.S. Holder.

Holder generally would include any Canadian tax withheld. Such a dividend generally would be treated as foreign source income for U.S. foreign tax credit limitation purposes. The rules regarding U.S. foreign tax credits are complex, and U.S. Holders should consult their tax advisors regarding the application of the rules to their particular circumstances.

Disposition of Neural Shares

A U.S. Holder will generally recognize gain or loss upon a sale or other taxable disposition of Neural Shares in an amount equal to the difference between (i) the sum of the amount of cash and fair market value of any property received and (ii) the U.S. Holder's U.S. federal income tax basis in the Neural Shares sold.

Provided that Neural is not and has not been a PFIC, as discussed above under the heading "*Passive Foreign Investment Company Considerations and Status of High Fusion and Neural*", such gain or loss will generally be long-term capital gain or loss if the Neural Shares have been held for more than one year at the time of the sale. The deductibility of capital losses is subject to limitations. The gain or loss generally would be treated as U.S.-source gain or loss for U.S. foreign tax credit limitation purposes. The rules regarding U.S. foreign tax credits are complex, and U.S. Holders should consult their tax advisors regarding the application of the rules to their particular circumstances.

PFIC Rules

Special U.S. federal income tax rules generally apply to U.S. persons that own stock of a non-U.S. corporation that is a PFIC. In general, a non-U.S. corporation is a PFIC for any taxable year in which either (i) 75% or more of the non-U.S. corporation's gross income is passive income, or (ii) 50% or more of the average value of the non-U.S. corporation's assets, generally determined on a quarterly basis, produce or are held for the production of passive income. Passive income generally includes dividends, interest, and other investment income.

No determination has been made as to whether Neural is likely to be a PFIC for its current taxable year or any future taxable year. The determination of PFIC status for any taxable year is based on the application of complex U.S. federal income tax rules, which are subject to differing interpretations.

PFIC status depends on the composition of the corporation's income, expenses, and assets from time to time and the nature of its activities, generally cannot be determined until the close of the taxable year in question, and is determined annually. Thus, there can be no assurance that Neural is not or will not become a PFIC.

If Neural is a PFIC during any taxable year in which a U.S. Holder holds Neural Shares, certain excess distributions received with respect to the Neural Shares (as determined under the PFIC rules) and gain recognized upon a sale or other disposition of Neural Shares generally would be allocated ratably over a U.S. Holder's holding period for the Neural Shares. The amount allocated to the taxable year of the sale or excess distribution generally would be taxed as ordinary income. The amount allocated to each prior year, with certain exceptions, generally would be taxed at the highest U.S. federal income tax rate in effect for such year and subject to an interest charge based on the value of the tax deferred during the period during which the Neural Shares were held. Certain elections generally may be made by a U.S. person that owns stock of a PFIC that may mitigate some of the adverse U.S. federal income tax consequences described above. Neural has not made a determination of whether it will prepare and provide certain information to U.S. Holders that would be needed for one such election. U.S. Holders should consult their tax advisors with respect to Neural's potential status as a PFIC and the potential application of the PFIC rules in light of their particular circumstances.

Tax Consequences of the Arrangement for High Fusion Shareholders who exercise BCBCA Dissent Rights

Cash proceeds transferred to any dissenting shareholder who is a U.S. Holder in exchange for such shareholder's High Fusion Shares will be treated as a taxable distribution in redemption of such shares for U.S. federal income tax purposes. The redemption proceeds will be treated as received in exchange for a U.S. Holder's High Fusion Shares if, after taking into account applicable attribution rules, the redemption is not "essentially equivalent to a dividend," is "substantially disproportionate" with respect to such U.S. Holder, is a redemption of all of such U.S. Holder's High Fusion Shares, or is in "partial liquidation" of High Fusion (within the meaning of each term in Section 302 of the Code). If the redemption proceeds received by a U.S. Holder are not treated as received in exchange under the rules specified in the Code for such U.S. Holder's High Fusion Shares, the full amount of the proceeds received will be treated as described above under the heading "*Distribution of Neural Shares to High Fusion Shareholders*".

A U.S. Holder who is treated as receiving the cash proceeds in exchange for its High Fusion Shares will recognize gain or loss equal to the difference between (i) such cash proceeds and (ii) the U.S. Holder's adjusted tax basis in the High Fusion

Shares exchanged. Any gain recognized by a U.S. Holder who has not made a timely and valid QEF or mark-to-market election with respect to its High Fusion Shares will be taxed as an excess distribution under the PFIC "excess distribution" regime (see section titled "*PFIC Rules Applicable to the Ownership and Disposition of Arrangement Consideration Shares if either High Fusion or Neural is a PFIC – Distributions on Arrangement Consideration Shares*". In contrast, any gain recognized by a U.S. Holder who has made a timely and valid QEF election or mark-to-market election with respect to its High Fusion Shares will be taxed as capital gain or ordinary income, respectively. Any loss recognized by a U.S. Holder who has not made a timely and valid mark-to-market election with respect to its High Fusion Shares, or a U.S. Holder who has made a timely and valid QEF election, will generally be treated as capital loss. A U.S. Holder who has made a timely and valid mark-to-market election generally will treat any loss recognized as an ordinary loss to the extent of net mark-to-market income recognized for all prior taxable years; however, any loss recognized in excess thereof will be taxed as a capital loss. The deductibility of a capital loss is subject to significant limitations.

Each U.S. Holder is urged to consult its own legal and tax advisors regarding the difference in tax treatment that may result from such U.S. Holder's receipt of a distribution of Neural Shares as compared with such U.S. Holder's receipt of cash proceeds in exchange for its Neural Shares as a result of an exercise of BCBCA Dissent Rights.

Foreign Tax Credit

A U.S. Holder that pays (whether directly or through withholding) Canadian income tax in connection with the Plan of Arrangement or in connection with the ownership or disposition of Arrangement Consideration Shares may be entitled, at the election of such U.S. Holder, to receive either a deduction or a credit for such Canadian income tax paid. Generally, a credit will reduce a U.S. Holder's U.S. federal income tax liability on a dollar-for-dollar basis, whereas a deduction will reduce a U.S. Holder's income subject to U.S. federal income tax. This election is made on a year-by-year basis and applies to all foreign taxes paid (whether directly or through withholding) by a U.S. Holder during a year.

Complex limitations apply to the foreign tax credit, including the general limitation that the credit cannot exceed the proportionate share of a U.S. Holder's U.S. federal income tax liability that such U.S. Holder's "foreign source" taxable income bears to such U.S. Holder's worldwide taxable income. In applying this limitation, a U.S. Holder's various items of income and deduction must be classified, under complex rules, as either "foreign source" or "U.S. source." Generally, dividends paid by a foreign corporation should be treated as foreign source for this purpose, and gains recognized on the sale of stock of a foreign corporation by a U.S. Holder should be treated as U.S. source for this purpose, except as otherwise provided in an applicable income tax treaty, and if an election is properly made under the Code.

However, the amount of a distribution with respect to the Arrangement Consideration Shares that is treated as a "dividend" may be lower for U.S. federal income tax purposes than it is for Canadian federal income tax purposes, resulting in a reduced foreign tax credit allowance to a U.S. Holder. In addition, this limitation is calculated separately with respect to specific categories of income. The foreign tax credit rules are complex, and each U.S. Holder should consult its own U.S. tax advisor regarding the foreign tax credit rules.

Receipt of Foreign Currency

The amount of any distribution or proceeds paid in Canadian dollars to a U.S. Holder in connection with the ownership of the Arrangement Consideration Shares, or on the sale, exchange or other taxable disposition of Arrangement Consideration Shares, or any Canadian dollars received in connection with the Plan of Arrangement (including, but not limited to, U.S. Holders exercising dissent rights under the Plan of Arrangement), will be included in the gross income of a U.S. Holder as translated into U.S. dollars calculated by reference to the exchange rate prevailing on the date of actual or constructive receipt of the dividend, regardless of whether the Canadian dollars are converted into U.S. dollars at that time. If the Canadian dollars received are not converted into U.S. dollars on the date of receipt, a U.S. Holder will have a basis in the Canadian dollars equal to its U.S. dollar value on the date of receipt. Any U.S. Holder who receives payment in Canadian dollars and engages in a subsequent conversion or other disposition of the Canadian dollars may have a foreign currency exchange gain or loss that would be treated as ordinary income or loss, and generally will be U.S. source income or loss for foreign tax credit purposes. The amount of gain or loss recognized on a subsequent sale or other disposition of such Canadian dollars will equal the difference between (1) the amount of U.S. dollars, or the fair market value in U.S. dollars of other

property received, in such sale or other disposition, and (2) the U.S. Holder's tax basis in such Canadian dollars. Any such gain or loss generally will be treated as U.S. source ordinary income or loss.

Each U.S. Holder should consult its own U.S. tax advisor regarding the U.S. federal income tax consequences of receiving, owning, and disposing of Canadian dollars.

Information Reporting and Backup Withholding

Under U.S. federal income tax law and Treasury Regulations, certain categories of U.S. Holders must file information returns with respect to their investment in, or involvement in, a foreign corporation. For example, recently enacted legislation generally imposes new U.S. return disclosure obligations (and related penalties) on U.S. Holders that hold certain specified foreign financial assets in excess of USD $50,000. The definition of specified foreign financial assets includes not only financial accounts maintained in foreign financial institutions, but also, unless held in accounts maintained by a financial institution, any stock or security issued by a non-U.S. person, any financial instrument or contract held for investment that has an issuer or counterparty other than a U.S. person and any interest in a foreign entity.

Information returns may be filed with the IRS in connection with the distribution of Neural Shares pursuant to the Plan of Arrangement. In addition, information returns may be filed with the IRS with respect to any distributions on the Neural Shares and the proceeds from a sale or other disposition of such Neural Shares.

Holders of High Fusion Shares or Arrangement Consideration Shares may be subject to backup withholding of U.S. federal income tax on these payments if they fail to provide their taxpayer identification numbers and comply with certification procedures or otherwise establish an exemption from backup withholding, generally on an IRS Form W-9 or the appropriate IRS Form W-8. The amount of any backup withholding from a payment generally will be allowed as a credit against the holder's U.S. federal income tax liability and may entitle the holder to a refund, provided that the required information is furnished to the IRS in a timely manner.

U.S. Holders may be subject to these reporting requirements unless the High Fusion Shares or the Arrangement Consideration Shares are held in an account at a domestic financial institution. Penalties for failure to file certain of these information returns are substantial. U.S. Holders should consult with their own tax advisors regarding the requirements of filing information returns, and, if applicable, filing obligations relating to the PFIC rules.

Payments made within the U.S. or by a U.S. payor or U.S. middleman, of (a) distributions on the High Fusion Shares or Arrangement Consideration Shares, (b) proceeds arising from the sale or other disposition of the High Fusion Shares or Arrangement Consideration Shares, or (c) any payments received in connection with the Plan of Arrangement (including, but not limited to, U.S. Holders exercising BCBCA Dissent Rights) generally may be subject to information reporting and backup withholding tax, at the rate of 31% if a U.S. Holder (a) fails to furnish such U.S. Holder's correct U.S. taxpayer identification number (generally on Form W-9), (b) furnishes an incorrect U.S. taxpayer identification number, (c) is notified by the IRS that such U.S. Holder has previously failed to properly report items subject to backup withholding tax, or (d) fails to certify, under penalty of perjury, that such U.S. Holder has furnished its correct U.S. taxpayer identification number and that the IRS has not notified such U.S. Holder that it is subject to backup withholding tax. However, certain exempt persons generally are excluded from these information reporting and backup withholding rules. Any amounts withheld under the U.S. backup withholding tax rules will be allowed as a credit against a U.S. Holder's U.S. federal income tax liability, if any, or will be refunded, if such U.S. Holder furnishes required information to the IRS in a timely manner. The information reporting and backup withholding tax rules may apply even if, under the Canada-U.S. Tax Convention, payments may be exempt from the dividend withholding tax rules or otherwise eligible for a reduced withholding rate. Each U.S. Holder should consult its own tax advisor regarding the information reporting and backup withholding rules.

Additional Tax on Investment Income

Certain individuals, estates and trusts whose income exceeds certain thresholds will be required to pay a 3.8% Medicare surtax on "net investment income" including, among other things, dividends and net gain from disposition of property (other than property held in a trade or business). U.S. Holders should consult their own tax advisors regarding the effect, if any, of this tax on their ownership and disposition of Arrangement Consideration Shares.

U.S. Foreign Account Tax Compliance Act

Sections 1471 through 1474 of the Code and the Treasury Regulations and administrative guidance promulgated thereunder (commonly referred to as the "**Foreign Account Tax Compliance Act**" or "**FATCA**") generally impose withholding at a rate of 30% in certain circumstances on dividends in respect of securities (including High Fusion Shares) which are held by or through certain foreign financial institutions, unless any such institution (i) enters into, and complies with, an agreement with the IRS to report, on an annual basis, information with respect to interests in, and accounts maintained by, the institution that are owned by certain U.S. persons and by certain non-U.S. entities that are wholly or partially owned by U.S. persons and to withhold on certain payments, or (ii) if required under an intergovernmental agreement between the United States and an applicable foreign country, reports such information to its local tax authority, which will exchange such information with the U.S. authorities. An intergovernmental agreement between the United States and an applicable foreign country may modify these requirements. Accordingly, any entity through which High Fusion Shares are held will affect the determination of whether such withholding is required. Similarly, a dividend in respect of High Fusion Shares held by an investor that is a non-financial foreign entity that does not qualify under certain exceptions will generally be subject to withholding at a rate of 30%, unless such entity either (i) certifies to the applicable withholding agent that such entity does not have any "substantial United States owners" or (ii) provides certain information regarding the entity's "substantial United States owners," which will in turn be provided to the U.S. Department of the Treasury.

Proposed Treasury Regulations eliminate the requirement to withhold tax under FATCA on gross proceeds from the sale or disposition of property that can produce U.S.-source dividends. The IRS has announced that taxpayers are permitted to rely on such proposed regulations until final Treasury Regulations are issued. All holders should consult their tax advisors regarding the possible implications of FATCA with respect to their ownership of High Fusion Shares, as the case may be.

THE PRECEDING DISCUSSION OF U.S. FEDERAL INCOME TAX CONSIDERATIONS IS FOR GENERAL INFORMATION ONLY AND IS NOT LEGAL OR TAX ADVICE. EACH HOLDER IS ENCOURAGED TO CONSULT ITS OWN TAX ADVISOR AS TO PARTICULAR TAX CONSEQUENCES RELATING TO THE ARRANGEMENT, INCLUDING THE APPLICABILITY AND EFFECT OF ANY U.S. FEDERAL, STATE OR LOCAL OR NON-U.S. TAX LAWS.

UNITED STATES SECURITIES LAW CONSIDERATIONS

ARRANGEMENT CONSIDERATION SHARES (INCLUDING WITHOUT LIMITATION THE NEURAL SHARES) TO BE DISTRIBUTED TO HIGH FUSION SHAREHOLDERS PURSUANT TO THE ARRANGEMENT HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SEC OR THE SECURITIES REGULATORY AUTHORITIES OF ANY STATE OF THE UNITED STATES, NOR HAS THE SEC OR THE SECURITIES REGULATORY AUTHORITIES OF ANY STATE OF THE UNITED STATES PASSED ON THE ADEQUACY OR ACCURACY OF THIS CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE.

The following discussion is a general overview of certain requirements of U.S. federal securities laws that may be applicable to U.S. Shareholders. All U.S. Shareholders are urged to consult with their own legal counsel to ensure that any subsequent resale of securities distributed to them under the Plan of Arrangement complies with applicable securities legislation. Further information applicable to U.S. Shareholders is disclosed under the heading "*Note to United States Shareholders*".

The following discussion does not address the Canadian securities laws that will apply to the distribution of the securities or the resale of these securities by U.S. Shareholders within Canada. U.S. Shareholders reselling their securities in Canada must comply with Canadian securities laws, as outlined elsewhere in this Circular.

Status under U.S. Securities Laws

High Fusion is a "foreign private issuer" as defined under the U.S. Exchange Act. The High Fusion Shares are not, and will not be, registered under the U.S. Securities Act and High Fusion is not subject to the reporting requirements of the U.S. Exchange Act.

Upon completion of the Plan of Arrangement, Neural is expected to also be a "*foreign private issuer*" as defined under the U.S. Exchange Act. Neural Shares have not been and will not be registered under the U.S. Securities Act.

Issuance and Resale of Neural Shares Under U.S. Securities Laws

Distribution and subsequent resale of Arrangement Consideration Shares held by or to U.S. Shareholders will be subject to U.S. Securities Laws, including the U.S. Securities Act and any applicable state securities laws.

The following discussion is a general overview of certain requirements of U.S. Securities Laws applicable to U.S. Shareholders.

Exemption from the Registration Requirements of the U.S. Securities Act

Arrangement Consideration Shares to be distributed to U.S. Shareholders pursuant to and in accordance with the Plan of Arrangement will not be registered under the U.S. Securities Act or the securities laws of any state of the United States, but will be issued in reliance upon the Section 3(a)(10) Exemption under the U.S. Securities Act and exemptions provided under the securities laws of each state of the United States in which U.S. Shareholders reside. Section 3(a)(10) of the U.S. Securities Act exempts from registration the distribution of a security that is issued in exchange for outstanding securities where the terms and conditions of such issuance and exchange are approved, after a hearing upon the fairness of such terms and conditions at which all persons to whom it is proposed to issue securities in such exchange have the right to appear, by a court or by a governmental authority expressly authorized by law to grant such approval. Accordingly, the Final Order of the Court will, if granted, constitute a basis for the exemption from the registration requirements of the U.S. Securities Act with respect to the Arrangement Consideration Shares distributed in connection with the Plan of Arrangement to U.S. Shareholders. See section titled "*Particulars of Matters to be Acted Upon – Approval of Arrangement Resolution - Court Approval of the Plan of Arrangement and Effective Date*" above.

Resale of Arrangement Consideration Shares within the U.S after the Completion of the Plan of Arrangement

The following discussion does not address the Canadian securities laws that will apply to the issue or resale of Arrangement Consideration Shares to U.S. Shareholders within Canada. U.S. Shareholders reselling their securities in Canada must comply with Canadian securities laws, as outlined elsewhere in this Circular.

The Arrangement Consideration Shares issued to U.S. Shareholders pursuant to the Arrangement will be freely transferable under U.S. federal securities laws except by persons who are "affiliates" (as defined in Rule 405 of the U.S. Securities Act) of Neural or High Fusion, as applicable, after the Effective Date or were "affiliates" of Neural or High Fusion, as applicable, within 90 days prior to the date of any proposed resale.

As defined in Rule 144 under the U.S. Securities Act, an "affiliate" of an issuer is a person that directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, that issuer. Typically, persons who are executive officers, directors or 10% (or greater) holders of an issuer are considered to be its "affiliates", as well as any other person or group that actually controls the issuer.

Persons who may be deemed to be "affiliates" of an issuer include individuals or entities that control, are controlled by, or are under common control with, the issuer, whether through the ownership of voting securities, by contract, or otherwise, and generally include executive officers and directors of the issuer as well as principal shareholders of the issuer. Any resale of such Arrangement Consideration Shares by such an affiliate (or former affiliate) may be subject to the registration requirements of the U.S. Securities Act, absent an exemption therefrom, some of which are outlined below.

A U.S. Shareholder holding Arrangement Consideration Shares who is, or has been at any time within the preceding 90 days, affiliates of Neural or deemed affiliates of Neural, may not sell the Arrangement Consideration Shares that they receive in connection with the Plan of Arrangement in the absence of registration under the U.S. Securities Act, unless an exemption from registration is available, such as the exemptions contained in Rule 144 under the U.S. Securities Act or Rule 904 of Regulation S.

A U.S. Shareholder holding Arrangement Consideration Shares who is, or has been at any time within the preceding 90 days, an affiliate of High Fusion, may not sell their High Fusion New SVS or High Fusion New MVS that they receive in connection with the Plan of Arrangement in the absence of registration under the U.S. Securities Act, unless an exemption from registration is available, such as the exemptions contained in Rule 144 under the U.S. Securities Act or Rule 904 of Regulation S.

Resales of Arrangement Consideration Shares by Affiliates Pursuant to Rule 144

In general, under Rule 144, persons who are, or are selling for the account of, affiliates of Neural after the Plan of Arrangement will be entitled to sell in the United States, during any three-month period, a portion of the Neural Shares that they receive in connection with the Plan of Arrangement, provided that the number of such securities sold does not exceed the certain volume restrictions and subject to specified restrictions on manner of sale, notice requirements, aggregation rules and the availability of current public information about Neural.

Nevertheless, unless certain conditions are satisfied, Rule 144 under the U.S. Securities Act may not available for resales of securities of issuers that have ever had (i) no or nominal operations and (ii) no or nominal assets other than cash and cash equivalents (a "*shell company*"). Therefore, if either High Fusion or Neural were to ever be deemed to be, or to have at any time previously been, a shell company, Rule 144 under the U.S. Securities Act may be unavailable for resales of Arrangement Consideration Shares, as applicable, unless and until High Fusion or Neural, as applicable, has satisfied the applicable conditions. In general terms, the satisfaction of such conditions would require High Fusion or Neural, as applicable, to be a registrant under the U.S. Exchange Act, to have been in compliance with its reporting obligations thereunder during the preceding 12 months (or for such shorter period that it was required to file reports thereunder), and to have filed certain information with the SEC at least 12 months prior to the intended resale.

Resale of Securities Pursuant to Regulation S

A holder of Arrangement Consideration Shares who was not an affiliate of High Fusion or Neural upon completion of the Plan of Arrangement (or during the 90 days immediately preceding it), and is not affiliate of Neural after the completion of the Plan of Arrangement (or during the 90 days immediately preceding it), may, subject to certain limitations, resell the Arrangement Consideration Shares that they receive in connection with the Plan of Arrangement in the United States, as well as outside the United States pursuant to Regulation S promulgated under the Regulation S, without restriction under the U.S. Securities Act.

In general, pursuant to Regulation S under the U.S. Securities Act, if at the Effective Date Neural or High Fusion, as applicable, is a "foreign private issuer" (as defined in Rule 405 of the U.S. Securities Act), persons who are "affiliates" (as defined in Rule 405 of the U.S. Securities Act) of Neural or High Fusion, as applicable, after the Effective Date, or were "affiliates" of Neural or High Fusion, as applicable, within 90 days prior to the date of the proposed resale, solely by virtue of their status as an executive officer or director of Neural or High Fusion, as applicable, may sell their Arrangement Consideration Shares, as applicable, outside the United States in an "offshore transaction" (as defined in Regulation S under the U.S. Securities Act) if none of the seller, an affiliate or any person acting on their behalf engages in "directed selling efforts" (as defined in Regulation S under the U.S. Securities Act) in the United States with respect to such securities and provided that no selling concession, fee or other remuneration is paid in connection with such sale other than the usual and customary broker's commission that would be received by a person executing such transaction as agent.

For purposes of Regulation S under the U.S. Securities Act, "directed selling efforts" means any activity undertaken for the purpose of, or that could reasonably be expected to have the effect of, conditioning the market in the United States for any of the securities being offered. Also, for purposes of Regulation S under the U.S. Securities Act, an offer or sale of securities is made in an "offshore transaction" if the offer is not made to a person in the United States and either (a) at the time the buy order is originated, the buyer is outside the United States, or the seller reasonably believes that the buyer is outside of the United States, or (b) the transaction is executed in, on or through the facilities of a "designated offshore securities market" (as defined in Regulation S under the U.S. Securities Act), (which would include a sale through the CSE), and neither the seller nor any person acting on its behalf knows that the transaction has been pre-arranged with a buyer in the United States. Certain additional restrictions under Regulation S of the U.S. Securities Act are applicable to sales outside the United States by a holder of Arrangement Consideration Shares who is an "affiliate" of Neural or High Fusion, as applicable, after the Effective Date, was an "affiliate" of Neural or High Fusion, as applicable, within 90 days prior to the date of the proposed resale, other than by virtue of his status as an officer or director of Neural or High Fusion, as applicable.

As a practical matter, the availability of Regulation S for resales of the Arrangement Consideration Shares depends in part upon whether High Fusion maintains, and Neural obtains, a listing for such securities on the CSE or another recognized stock exchange in Canada. While Neural intends to apply to list the Neural Shares on the CSE, the listing is still subject to the approval of the CSE and there can be no assurance that such listing will be obtained or maintained.

The foregoing discussion is only a general overview of the requirements of U.S. Securities Laws for the resale of the Arrangement Consideration Shares received under the Plan of Arrangement. Holders of Arrangement Consideration Shares are urged to seek legal advice prior to any resale of such securities to ensure that the resale is made in compliance with the requirements of applicable Securities Legislation.

Proxy Solicitation Requirements

The solicitation of proxies pursuant to this Circular is not subject to the requirements of Regulation 14A. Accordingly, this Circular has been prepared in accordance with the disclosure requirements of Canadian securities law. Such requirements are different than those of the United States applicable to registration statements under the U.S. Securities Act and proxy statements under the U.S. Exchange Act.

Enforcement of Civil Liabilities

The enforcement by securityholders of civil liabilities under U.S. Securities Laws may be affected adversely by the fact that High Fusion and Neural and other parties involved in the Plan of Arrangement are organized under the laws of a jurisdiction other than the United States, that their respective officers and directors are residents of countries other than the United States, that the experts named in this Circular are residents of countries other than the United States and that certain assets of High Fusion and Neural and such persons are located outside the United States. As a result, it may be difficult for securityholders in the United States to effect service of process within the United States upon High Fusion and Neural, their directors or officers, or the experts named herein, or to realize against them upon judgments of courts of the United States predicated upon civil liabilities under the federal securities laws of the United States or "blue sky" laws of any state of the United States. In addition, securityholders should not assume that the courts of Canada: (a) would enforce judgments of United States courts obtained in actions against such persons predicated upon civil liabilities under the federal securities laws of the United States or "blue sky" laws of any state within the United States; or (b) would enforce, in original actions, liabilities against such persons predicated upon civil liabilities under the federal securities laws of the United States or "blue sky" laws of any state within the United States.

INFORMATION CONCERNING HIGH FUSION

Upon completion of the Plan of Arrangement, each High Fusion Shareholder, other than Arrangement Dissenting Shareholders, will remain a securityholder of High Fusion. Audited annual financial statements of High Fusion for the years ended July 31, 2022, 2021 and 2020, and unaudited financial statements of High Fusion for the three months ended October 31, 2022, together with MD&A thereto, are incorporated herein by reference and are available under High Fusion's SEDAR profile.

See "*Schedule T – Information Concerning High Fusion*" for information concerning High Fusion.

INFORMATION CONCERNING NEURAL

Upon completion of the Plan of Arrangement, each High Fusion Shareholder, other than Arrangement Dissenting Shareholders, will become a holder of Neural Shares. Audited annual financial statements of Neural for the years ended July 31, 2022, 2021 and 2020 are attached hereto as Schedule "H". MD&A of Neural for the years ended July 31, 2022, 2021 and 2020 are attached hereto as Schedule "I". Unaudited financial statements of Neural for the three months ended October 31, 2022 are attached hereto as Schedule "J". MD&A of Neural for the three months ended October 31, 2022 are attached hereto as Schedule "K".

See "*Schedule U – Information Concerning Neural*" for information concerning Neural.

RISK FACTORS

If the Plan of Arrangement is approved at the Meeting, all High Fusion Shareholders will become Neural Shareholders and will be subject to all of the risks associated with the operations of High Fusion and Neural. Those risks include the risk factors relating to High Fusion set forth in section titled "*Schedule T – Information Concerning High Fusion*", the risks relating to Neural set forth in section titled "*Schedule U – Information Concerning Neural*" and under the sub-headings "*Forward-Looking Statements*". The summary below sets out the list of risk factors relating to the Plan of Arrangement.

In evaluating the Plan of Arrangement, High Fusion Shareholders should carefully consider the following risk factors relating to the Plan of Arrangement. The following risk factors are not a definitive list of all risk factors associated with the Plan of Arrangement. Additional risks and uncertainties, including those currently unknown or considered immaterial by High Fusion, may also adversely affect the High Fusion Shares and Arrangement Consideration Shares and/or the businesses of High Fusion or Neural. In addition to the risk factors relating to the Plan of Arrangement set out below, High Fusion Shareholders should also carefully consider the risk factors associated with the business of High Fusion set out in this Circular as well as the risk factors of High Fusion set forth in High Fusion' public disclosure record, available on SEDAR. All of the risk factors described below should be considered by High Fusion Shareholders in conjunction with the other information included in this Circular. Securities of High Fusion and Neural should each be considered as highly speculative investments and the transactions contemplated herein should be considered of a high-risk nature.

Exercise of BCBCA Dissent Rights

High Fusion Shareholders have the right to exercise BCBCA Dissent Rights and demand payment equal to the fair value of their High Fusion Shares in cash. If BCBCA Dissent Rights are exercised in respect of a significant number of High Fusion Shares, a substantial cash payment may be required to be made to such High Fusion Shareholders, which could have an adverse effect on High Fusion's financial condition and cash resources. There is no assurance that the Plan of Arrangement can be completed as proposed or without High Fusion Shareholders exercising their BCBCA Dissent Rights in respect of a substantial number of High Fusion Shares.

Price of High Fusion Shares May Fluctuate

The trading price of the High Fusion Shares on the Effective Date may vary from the trading price of the High Fusion Shares as at the date of execution of the Arrangement Agreement, the date of this Circular and the date of the Meeting and may fluctuate depending on investors' perceptions of the merits of the Plan of Arrangement. Many of the factors that affect the market price of the High Fusion Shares (and, assuming the completion of the Plan of Arrangement, Arrangement

Consideration Shares) are beyond the control of High Fusion. These factors include fluctuations in currency exchange rates, changes in the regulatory environment, adverse political developments, prevailing conditions in the capital markets and interest rate fluctuations. The price of High Fusion Shares, and if the Plan of Arrangement is completed, Arrangement Consideration Shares may depend on the performance of High Fusion's and Neural's businesses and there is no assurance that their businesses, after completing the Plan of Arrangement, will be successful.

If the Arrangement Resolution is not approved by the High Fusion Shareholders or, even if the Arrangement Resolution is approved, as a result of High Fusion relinquishing control of Neural, an entity separate from High Fusion, the market price of the High Fusion Shares or Neural Shares, as the case may be, may decline to the extent that the current market price of the High Fusion Shares either reflects a market assumption that the Plan of Arrangement will be completed or reflects the value associated with Neural's business, as applicable.

Proposed Plan of Arrangement Not Approved

Completion of the Plan of Arrangement is subject to the approval of the Court and the receipt of all necessary approvals and third-party consents set out in the Arrangement Agreement. There can be no certainty, nor can there be any assurance, that these conditions will be satisfied or, if satisfied, when they will be satisfied. The completion of the Arrangement is subject to a number of conditions precedent, certain of which are outside the control of High Fusion and Neural, including receipt of High Fusion Shareholder approval at the Meeting and receipt of the Final Order. There can be no certainty, nor can High Fusion or Neural provide any assurance, that these conditions will be satisfied or, if satisfied, when they will be satisfied. Furthermore, the Court may refuse to approve the Plan of Arrangement if High Fusion fails to meet the statutory or common law tests required to approve the Plan of Arrangement. There is no assurance that the Plan of Arrangement will be completed or that, if completed, the Arrangement Consideration Shares will be listed and posted for trading on the CSE or on any other stock exchange.

The Parties Will Incur Costs Relating to the Plan of Arrangement

Certain costs related to the Plan of Arrangement, such as legal and accounting fees and the cost of any required reports, must be paid by High Fusion if the Plan of Arrangement is not completed. While Neural has agreed to cover the expenses relating to the Plan of Arrangement and the Meeting, in accordance with the terms of the Arrangement Agreement, these costs may be ultimately borne by High Fusion if the Arrangement is not consummated for certain reasons and Neural is unable to pay the costs. See section titled "*The Arrangement Agreement – Expenses*".

The Arrangement Agreement May Be Terminated in Certain Circumstances

High Fusion and Neural may terminate the Arrangement Agreement and the Plan of Arrangement in certain circumstances. Accordingly, there can be no certainty that the Arrangement Agreement will not be terminated before the completion of the Plan of Arrangement. In addition, the completion of the Arrangement is subject to a number of conditions, certain of which are outside the control of the Parties, including High Fusion Shareholder approval of the Plan of Arrangement and required regulatory approvals, including of the Court. There is no certainty, nor can High Fusion provide any assurance, that these conditions will be satisfied. If for any reason the Plan of Arrangement is not completed, the market price of High Fusion Shares may be adversely affected and High Fusion Shareholders will lose the prospective benefits of the Plan of Arrangement. Moreover, if the Arrangement Agreement is terminated, there is no assurance that High Fusion will pursue or be able to complete an alternative transaction to spin-out or realize the value of the business operated by Neural, and High Fusion Shareholders will continue to be subject to the risk factors of High Fusion as disclosed in this Circular and in High Fusion's public disclosure record, available on SEDAR.

There is currently no market for the High Fusion MVS and Arrangement Consideration Shares

There is currently no market through which the High Fusion New MVS may trade and if the Plan of Arrangement is completed, there will be no market through which the High Fusion New MVS Shares and Neural Shares, may be sold, and holders may not be able to resell such securities.

CSE Has Not Approved Listing of High Fusion New SVS

Although High Fusion SVS are currently listed on the CSE and High Fusion expects that it will be able to continue to meet the continuing listing requirements of the CSE, there is no assurance that the CSE or any other stock exchange will approve listing of the High Fusion New SVS.

Deemed Taxable Dividend on Share Exchange

High Fusion expects that the aggregate fair market value of all Neural Shares distributed to High Fusion Shareholders on the Share Exchange under the Plan of Arrangement will not exceed the PUC of the High Fusion Shares. Accordingly, High Fusion does not expect that any Holder will be deemed to receive a taxable dividend on the Share Exchange. However, and notwithstanding that High Fusion's management considers its expectation to be reasonable, whether this expectation is correct is a question of fact that can only be determined at the time of the Share Exchange. Any such determination made by High Fusion is not binding on the CRA or any particular Holder.

In the event that High Fusion's expectation is not correct and the aggregate fair market value of all Neural Shares distributed to High Fusion Shareholders on the Share Exchange under the Plan of Arrangement does exceed the PUC on the High Fusion Shares, High Fusion Shareholders will be deemed to receive a taxable dividend in the amount of such excess.

Arrangement Consideration Shares May Not Be Qualified Investments for Registered Plans

Neural does not currently qualify as a "public corporation" for the purposes of the Tax Act. The High Fusion New MVS and Neural Shares will not be "qualified investments" under the Tax Act for Registered Plans at the time of the Plan of Arrangement. While High Fusion expects that High Fusion New SVS will be considered a "qualified investment" following the completion of the Plan of Arrangement, there is no assurance that it will be able to maintain that status or that the CRA will agree with such characterization. If the Neural Shares are not listed on a designated stock exchange in Canada before the due date for Neural's income tax return or if Neural does not otherwise satisfy the conditions in the Tax Act to be a "public corporation", the Neural Shares will not be considered to be a qualified investment for a Registered Plan from their date of issue. Where a Registered Plan acquires a Neural Share in circumstances where the Neural Share is not a qualified investment under the Tax Act for the Registered Plan, adverse tax consequences may arise for the Registered Plan and the annuitant, beneficiary or holder under the Registered Plan, including that the Registered Plan may become subject to penalty taxes, the annuitant of such Registered Plan may be deemed to have received income therefrom or be subject to a penalty tax or, in the case of a registered education savings plan, such plan may have its tax exempt status revoked. High Fusion Shareholders who hold their High Fusion Shares in Registered Plans should review section titled "*Principal Canadian Federal Income Tax Considerations*". Holders who wish to hold Arrangement Consideration Shares in their Registered Plans should consult with their own tax advisors.

Unforeseen Tax Consequences

While High Fusion has taken steps to ensure that the potential tax impact for High Fusion Shareholders as a result of the Plan of Arrangement is minimized, the regulations surrounding income taxes are inherently complex and there may be circumstances which may be accurately predicted and remain outside of High Fusion's control. The transactions contemplated herein may give rise to significant adverse tax consequences to High Fusion Shareholders and each such High Fusion Shareholder is urged to consult his, her or its own tax advisor. Holders of High Fusion Shares (and, assuming the completion of the Plan of Arrangement, the Arrangement Consideration Shares) are urged to review sections titled "*Principal Canadian Federal Income Tax Considerations*" and "*Certain United States Federal Income Tax Considerations*".

AUDIT COMMITTEE

NI 52-110 requires that certain information regarding the Audit Committee of a "venture issuer" (as that term is defined in NI 52-110) be included in the Circular sent to shareholders in connection with the issuer's annual meeting. High Fusion is a "venture issuer" for the purposes of Part 6 of NI 52-110.

High Fusion's audit committee (the "**Audit Committee**") is responsible for High Fusion's financial reporting process and quality of its financial reporting. The Audit Committee is charged with the mandate of providing independent review and

oversight of High Fusion's financial reporting process, the system of internal controls and management of financial risks, and the audit process, including the selection, oversight and compensation of High Fusion's external auditors. In performing its duties, the Audit Committee maintains effective working relationships with the Board, management, and the external auditors and monitors the independence of those auditors. The full text of the charter of High Fusion's Audit Committee is attached hereto as Schedule "M".

Composition of the Audit Committee

The Audit Committee is comprised of the following:

Name	Independent[(1)]	Financially Literate[(2)]
Adam Szweras	No	Yes
Rachel Wright (Chair)	Yes	Yes
Ross Mitgang	Yes	Yes

Notes:

(1) A member of the Audit Committee is independent if the member has no direct or indirect material relationship with High Fusion, which could, in the view of the Board, reasonably interfere with the exercise of a member's independent judgment.

(2) An individual is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by High Fusion's financial statements.

Relevant Education and Experience

The following is a description of the education and experience of each member of the Audit Committee that is relevant to the performance of his or her responsibilities as an Audit Committee member and, in particular, any education or experience that would provide the member with:

1. an understanding of the accounting principles used by High Fusion to prepare its financial statements;
2. the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves;
3. experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by High Fusion's financial statements, or experience actively supervising one or more persons engaged in such activities; and
4. an understanding of internal controls and procedures for financial reporting.

Name of Member	Relevant Experience and Qualifications
Adam Szweras	Mr. Szweras is Chairman of Foundation Markets Inc. and FMICA, a Toronto-based merchant and investment banking group, and also practices law with Fogler, Rubinoff LLP as a member of the firm's Securities Law Group. He acted as CEO of High Fusion from June 2019 to February 2020. His law practice focuses on financings and going public transactions, while his banking practice works closely to build, invest in, and develop emerging businesses. Mr. Szweras helps companies list on the Toronto Stock Exchange, the TSX Venture Exchange, and the Canadian Stock Exchange, and has sat on the board of directors of numerous public companies including Water Ways Technologies Inc., The Tinley Beverage Company, Harborside Inc., Quinsam Capital Corporation, and other entities involved in cannabis and other industries. Presently, Mr. Szweras sits on the board of directors of Aurora Cannabis Inc. He has a particular expertise with cross border mid-market transactions and often acts as a strategic advisor to his clients. Mr. Szweras has experience in representing clients in Canada and the U.S. as well as South America, China, and South Asia. Mr. Szweras joined Fogler, Rubinoff LLP and founded the Foundation Markets Inc. in 2006. He

Name of Member	Relevant Experience and Qualifications
	was called to the Ontario Bar in 1996 and has authored numerous papers and articles relating to Canadian and foreign securities and corporate law.
Ross Mitgang	Mr. Mitgang has worked as an operations manager for a non-profit company, as an admin in the fintech world and has held several junior accounting positions. He currently serves as a Controller at Plaza Capital heading up the accounting and operations departments. Mr. Mitgang has served various public companies in a variety of officer and director capacities including: Director of PsyTechGlobal Inc., a private psychedelics company from November 2019 to April 2021; CEO, President and Director of Pegmatite One Lithium and Gold Corp. (formerly, Madi Minerals Ltd.) from December 2022 to present; director of Empatho Holdings Inc. (formerly, Shane Resources Ltd.) from December 2019 to December 2021 and CEO, CFO and Director of Eagle 1 Capital Corp. from May 2021 to Present. Mr. Mitgang earned a Bachelor or Arts Degree in History from the Queens College of City University of New York in 2014 and holds a graduate certificate in accounting from York University, which he obtained in 2019.
Rachel Wright	Ms. Wright is the founder of AB FinWright, LLP, a CPA firm in California serving primarily cannabis industry clients across the U.S., where she served as a managing partner since April 2017. Rachel has extensive experience in oversight of financial reporting and tax for vertically integrated, multistate, and cross-border cannabis and their affiliated companies. She has worked with many companies in the industry to advise in the tax and financial matters. Ms. Wright regularly writes for publications such as Bloomberg Tax, the Cannabis Industry Journal, Marijuana Venture, and the LA Daily Journal. Since April 2017 to present, Ms. Wright served as a director of Abraham Finberg & Associates Inc., a full service tax, accounting and business consulting firm located in Los Angeles, CA. Since 2008 Ms. Wright served as a President of Wright Accounting Services, Inc., an accounting firm provides that fractional CFO, controller, accounting, tax, advisory, and QuickBooks services to small and mid-sized manufacturing companies in Los Angeles County, located in Rolling Hills Estates, CA. From January 2015 to April 2020 Ms. Wright served as a Financial Controller of Optic Arts, a company owned by Luminii. Ms. Wright holds a CPA designation, has earned two certificates in taxation-related disciplines in 2022 as well as a Master of Science in Taxation in 2017 from the Golden Gate University.

Audit Committee Oversight

Since the commencement of High Fusion's most recently completed financial year, there has not been a recommendation of the Audit Committee to nominate or compensate an external auditor which was not adopted by the Board.

Pre-Approval Policies and Procedures

In the event that High Fusion wishes to retain the services of High Fusion's external auditors for any non-audit services, prior approval of the Audit Committee must be obtained.

Reliance on Exemptions in NI 52-110

Since the commencement of High Fusion's most recently completed financial year, High Fusion has not relied on:

1. the exemption in section 2.4 (*De Minimis Non-audit Services*) of NI 52-110 (which exempts all non-audit services provided by High Fusion's auditor from the requirement to be pre-approved by the Audit Committee if such services are less than 5% of the auditor's annual fees charged to High Fusion, are not recognized as non-audit services at the time of the engagement of the auditor to perform them and are subsequently approved by the Audit Committee prior to the completion of that year's audit);
2. the exemption in subsection 6.1.1(4) (*Circumstance Affecting the Business or Operations of the Venture Issuer)* of NI 52-110 (an exemption from the requirement that a majority of the members of the Audit Committee must not be

executive officers, employees or control persons of High Fusion or of an affiliate of High Fusion if a circumstance arises that affects the business or operations of High Fusion and a reasonable person would conclude that the circumstance can be best addressed by a member of the Audit Committee becoming an executive officer or employee of High Fusion);

3. the exemption in subsection 6.1.1(5) (*Events Outside Control of Member*) (an exemption from the requirement that a majority of the members of the Audit Committee must not be executive officers, employees or control persons of High Fusion or of an affiliate of High Fusion if an Audit Committee member becomes a control person of High Fusion or of an affiliate of High Fusion for reasons outside the member's reasonable control);
4. the exemption in subsection 6.1.1(6) (*Death, Incapacity or Resignation*) (an exemption from the requirement that a majority of the members of the Audit Committee must not be executive officers, employees or control persons of High Fusion or of an affiliate of High Fusion if a vacancy on the Audit Committee arises as a result of the death, incapacity or resignation of an Audit Committee member and the Board was required to fill the vacancy); or
5. an exemption from the requirements of NI 52-110, in whole or in part, granted by a securities regulator under Part 8 (Exemptions) of NI 52-110.

High Fusion is a "*venture issuer*" for the purposes of Part 6 NI 52-110. Accordingly, High Fusion is relying upon the exemption in section 6.1 of NI 52- 110 providing that High Fusion is exempt from the application of Part 3 (*Composition of the Audit Committee*) and Part 5 (*Reporting Obligations*) of NI 52-110.

Audit Fees

The following table provides details in respect of audit, audit related, tax and other fees billed to High Fusion by the external auditors for professional services.

	Year ended July 31, 2022	**Year ended July 31, 2021**	**Year ended July 31, 2020**	**Year ended July 31, 2019**
Audit fees	$246,916	$316,500	$349,999	$260,000
Audit related fees	Nil	Nil	$3,733	$3,172
Tax fees	$33,100	$31,254	Nil	Nil
All other fees	Nil	Nil	Nil	Nil

Audit Fees – aggregate fees billed for professional services rendered by the auditor for the audit of High Fusion's annual financial statements as well as services provided in connection with statutory and regulatory filings.

Audit-Related Fees – aggregate fees billed for professional services rendered by the auditor and were comprised primarily of audit procedures performed related to the review of quarterly financial statements and related documents.

Tax Fees – aggregate fees billed for tax compliance, tax advice and tax planning professional services. These services included reviewing tax returns and assisting in responses to government tax authorities.

All Other Fees – aggregate fees billed for professional services which included accounting advice.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

The Compensation Discussion and Analysis section sets out the objectives of High Fusion's executive compensation arrangements, High Fusion's executive compensation philosophy and the application of this philosophy to High Fusion's executive compensation arrangements. It also provides an analysis of the compensation design, and the decisions that the Board made in fiscal 2022 with respect to the Named Executive Officers. When determining the compensation arrangements

for the Named Executive Officers, the Compensation and Nominating Committee considers the objectives of: (i) retaining an executive critical to the success of High Fusion and the enhancement of shareholder value; (ii) providing fair and competitive compensation; (iii) balancing the interests of management and Shareholders; and (iv) rewarding performance, both on an individual basis and with respect to the business in general. See section titled "*Compensation Governance*" below for a discussion on the Compensation and Nominating Committee.

For the purposes of this Circular "Named Executive Officer" is defined by Form 51-102F6V - *Statement of Executive Compensation* to mean: (i) each of the Chief Executive Officer and the Chief Financial Officer of High Fusion, (ii) High Fusion's next most highly compensated executive officer, other than the Chief Executive Officer and the Chief Financial Officer, who was serving as executive officer at the end of the most recently completed financial year and whose total compensation exceeds $150,000, and (iii) any additional individual for whom disclosure would have been provided under (ii) but for the fact that the individual was not serving as an executive officer of High Fusion at the end of the most recently completed financial year end of High Fusion.

High Fusion's Named Executive Officers for fiscal year ended July 31, 2022 were: John Durfy, CEO, and Robert Wilson, CFO and Lincoln Fish, CEO of OutCo Labs Inc.

Benchmarking

The Compensation and Nominating Committee considers a variety of factors when designing and establishing, reviewing and making recommendations for executive compensation arrangements for all executive officers of High Fusion. The Board typically does not position executive pay to reflect a single percentile within the industry for each executive. Rather, in determining the compensation level for each executive, the Compensation and Nominating Committee looks at factors such as the relative complexity of the executive's role within the organization, the executive's performance and potential for future advancement, the compensation paid by the other companies in medicinal and recreational marijuana industry, and pay equity considerations.

Elements of Named Executive Officer Compensation

The compensation paid to High Fusion's Named Executive Officers generally consists of three primary components:

a. Base salary;

b. Bonus; and

c. long-term incentives in the form of RSUs granted under the RSU Plan and Option Plan.

The key features of these primary components of compensation are discussed below:

Base Salary

Base salary recognizes the value of an individual to High Fusion based on his or her role, skill, performance, contributions, leadership and potential. It is critical in attracting and retaining executive talent in the markets in which High Fusion competes for talent. Base salaries for the Named Executive Officers are reviewed annually. Any change in base salary of a Named Executive Officer is generally determined by an assessment of such Executive's performance, a consideration of competitive compensation levels in companies similar to High Fusion (in particular, companies in the marijuana industry) and a review of the performance of High Fusion as a whole and the role such executive officer played in such corporate performance.

Bonus

An annual bonus recognizes the achievement of certain milestones agreed to by the compensation committee. Bonuses for the Named Executive Officers are reviewed annually. Any change in bonus of a Named Executive Officer is generally determined by an assessment of such Executive's performance, a consideration of competitive compensation levels in

companies similar to High Fusion (in particular, companies in the marijuana industry) and a review of the performance of High Fusion as a whole and the role such executive officer played in such corporate performance.

Long-Term Incentives

High Fusion provides long-term incentives to its Named Executive Officers in the form of RSUs and Options as part of its overall executive compensation strategy. The Compensation and Nominating Committee believes that RSU and Option grants serve High Fusion's executive compensation philosophy in several ways, including: by helping to attract, retain, and motivate talent; aligning the interests of the Named Executive Officers with those of Shareholders by linking a specific portion of the officer's total pay opportunity to the share price; and by providing long-term accountability for its Named Executive Officers.

Compensation of Directors and Officers

The Compensation and Nominating Committee makes recommendations to the Board as to the appropriate level of remuneration for the directors and officers of High Fusion. The Board as a whole makes the final determination in respect of compensation matters. Remuneration is assessed and determined by taking into account such factors as the size of High Fusion and the level of compensation earned by directors and officers of companies of comparable size and industry.

The only arrangements High Fusion has, standard or otherwise, pursuant to which directors are compensated for their services in their capacity as directors, or for committee participation, involvement in special assignments or for services as consultants or experts for the financial year ended July 31, 2022, are through the issuance of Options and RSUs. The number of Options or RSUs granted from time to time is determined by the Board in its discretion. During the most recently completed fiscal year, there was additional compensation paid to the Chairman of the Board for the role as Chairman.

The annual compensation of the Board members for their role as directors, including the committee roles, is set out below. Such amount is paid in options pursuant to the Option Plan or RSUs pursuant to the RSU Plan.

Directors:	$ 25,000
Committee Chairman:	$ 5,000
Committee Member:	$ 5,000
Chairman:	$ 5,000

Exceptional compensation may be granted to certain individuals in an amount different than as set out above upon the requisite approval, which compensation will be disclosed in the executive compensation section of the Circular of High Fusion prepared in respect of the financial year in which such compensation was paid.

Risks Associated with Compensation Policies and Practices

The oversight and administration of High Fusion's executive compensation program requires the Compensation and Nominating Committee to consider risks associated with High Fusion's compensation policies and practices. Potential risks associated with compensation policies and compensation awards are considered at annual reviews and also throughout the year whenever it is deemed necessary by the Compensation and Nominating Committee.

High Fusion's executive compensation policies and practices are intended to align management incentives with the long-term interests of High Fusion and the High Fusion Shareholders. In each case, the Compensation and Nominating Committee seeks an appropriate balance of risk and reward. Practices that are designed to avoid inappropriate or excessive risks include: (i) financial controls that provide limits and authorities in areas such as capital and operating expenditures to mitigate risk taking that could affect compensation, (ii) balancing base salary and variable compensation elements, and (iii) spreading compensation across short and long-term programs.

Compensation Governance

The Compensation and Nominating Committee conducts an annual review of directors' compensation having regard to various reports on current trends in directors' compensation and compensation data for directors of reporting issuers of

comparative size to High Fusion. Director compensation is currently limited to the grant of stock options pursuant to the Option Plan and RSUs pursuant to the RSU Plan. The Chief Executive Officer reviews the compensation of officers of High Fusion for the prior year and in comparison, to industry standards via information disclosed publicly and obtained through copies of surveys. The Chief Executive Officer also makes recommendations relating to compensation to the Compensation and Nominating Committee. The Compensation and Nominating Committee reviews and makes suggestions with respect to compensation proposals and then makes a recommendation to the Board. The Compensation and Nominating Committee is comprised of Adam Szweras, Rachel Wright and Austin Birch.

The Compensation and Nominating Committee's responsibility is to formulate and make recommendations to the Board in respect of compensation issues relating to directors and officers of High Fusion. Without limiting the generality of the foregoing, the Compensation and Nominating Committee has the following duties:

(a) to review the compensation philosophy and remuneration policy for officers of High Fusion and to recommend to the Board changes to improve High Fusion's ability to recruit, retain and motivate officers;

(b) to review and recommend to the Board the retainer and fees, if any, to be paid to directors of High Fusion;

(c) to review and approve corporate goals and objectives relevant to the compensation of the Chief Executive Officer, evaluate the Chief Executive Officer's performance in light of those corporate goals and objectives, and determine (or make recommendations to the directors of High Fusion with respect to) the Chief Executive Officer's compensation level based on such evaluation;

(d) to recommend to the directors of High Fusion with respect to executive officer (other than the Chief Executive Officer) and director compensation including reviewing management's recommendations for proposed stock options and other incentive-compensation plans and equity-based plans for non-Chief Executive Officer and director compensation and make recommendations in respect thereof to the Board to administer the RSU Plan and Option Plan approved by the Board in accordance with their terms, including the recommendation to the Board with respect to the grant of RSUs or Options in accordance with the terms thereof; and

(e) to determine and recommend for the approval of the Board bonuses to be paid to officers and employees of High Fusion and to establish targets or criteria for the payment of such bonuses, if appropriate. Pursuant to the mandate and terms of reference of the Compensation and Nominating Committee, meetings of the committee are to take place at least once per year and at such other times as the Chair of the Compensation and Nominating Committee may determine.

Pension Disclosure

There are no pension plan benefits in place for the NEOs or the directors of High Fusion.

Termination and Change of Control Benefits

High Fusion does not have in place any pension or retirement plan. High Fusion has not provided compensation, monetary or otherwise, during the preceding fiscal year, to any person who now acts or has previously acted as a NEO or director of High Fusion in connection with or related to the retirement, termination or resignation of such person. High Fusion has not provided any compensation to such persons as a result of a change of control of High Fusion, its subsidiaries or affiliates.

Under the terms of the Durfy Agreement and Wilson Agreement, upon the occurrence of a Change of Control, all Options held shall become fully vested and exercisable. Further, Mr. Durfy shall be entitled to severance pay as follows: After one (1) year of employment, Mr. Durfy shall be entitled to six (6) months of severance pay; after two (2) years, Mr. Durfy shall be entitled to one (1) year of severance pay; and after three (3) years and any time thereafter, a maximum of eighteen (18) months of severance pay. Mr. Wilson is entitled to one (1) year of severance pay; after one (1) year, Mr. Wilson shall be entitled to a maximum of eighteen (18) months of severance pay.

In the event of a successful Take-Over Bid, Mr. Durfy and Mr. Wilson shall be entitled to an amount equal two times their salary and previous year's bonus.

Director and Named Executive Officer Compensation

The following table sets forth compensation for each Named Executive Officer and director of High Fusion for the two (2) most recently completed financial years, excluding compensation securities.

Table of compensation excluding compensation securities							
Name and position	**Year Ended July 31**	**Salary, consulting fee, retainer or commission ($)**	**Bonus ($)[15]**	**Committee or meeting fees ($)**	**Value of perquisites ($)**	**Value of all other compensation ($)**	**Total compensation ($)**
John Durfy[1][20] *Director and CEO*	2022	240,000[12]	120,000	Nil	Nil	Nil	360,000
	2021	240,000[6]	240,000	Nil	Nil	Nil	480,000[7]
Robert Wilson[2][20] *CFO*	2022	200,000[13]	100,000	Nil	Nil	Nil	300,000
	2021	194,000[9]	120,000	Nil	Nil	Nil	314,000[8]
Brian Presement[19][22][23] *Director*	2022	Nil	Nil	Nil	Nil	Nil	Nil
	2021	Nil	Nil	Nil	Nil	Nil	Nil
Billy A. Morrison[23] *Director and Chief Technology Officer*	2022	15,000	Nil	Nil	Nil	Nil	15,000
	2021	Nil	Nil	Nil	Nil	Nil	Nil[11]
Aaron Johnson [19][8][23] *Director*	2022	Nil	Nil	Nil	Nil	Nil	Nil
	2021	Nil	Nil	Nil	Nil	Nil	Nil
Dr. Jason Dyck[3][23] *Former Director*	2022	Nil	Nil	Nil	Nil	Nil	Nil
	2021	Nil	Nil	Nil	Nil	Nil	Nil
Adam Szweras[4][19][23] *Chairman, Director, Former CEO*	2022	Nil	Nil	Nil	Nil	Nil	Nil
	2021	Nil	Nil	Nil	Nil	Nil	Nil [14]
Lincoln Fish[17][18][21][23] *Director*	2022	152,412	Nil	Nil	Nil	Nil	152,412
	2021	Nil	Nil	Nil	Nil	Nil	Nil
Rachel Wright[16][19][23] *Director*	2022	Nil	Nil	Nil	Nil	Nil	Nil
	2021	Nil	Nil	Nil	Nil	Nil	Nil
Tom Kruesopon[5] *Former Director*	2022	Nil	Nil	Nil	Nil	Nil	Nil
	2021	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

(1) Mr. Durfy was appointed Chief Executive Officer on February 28, 2020.
(2) Mr. Wilson was appointed Chief Financial Officer on December 16, 2019.
(3) Mr. Dyck ceased being a director of High Fusion on June 30, 2022.
(4) Mr. Szweras ceased being the Chief Executive Officer of High Fusion on February 28, 2020.
(5) Mr. Kruesopon ceased being a director of High Fusion on September 29, 2021.
(6) 50% deferred up to May 1, 2021 and 100% paid thereafter.
(7) Inclusive of the total compensation, Mr. Durfy received Nil compensation for his role as director of High Fusion in the fiscal years 2021 and 2022.
(8) Mr. Johnson resigned as a director of High Fusion effective of January 31, 2023.
(9) 40% deferred up to May 1, 2021 and 100% paid thereafter.
(10) $10,000 in accrued salary for December and January was converted to secured notes.
(11) Inclusive of the total compensation, Mr. Morrison received Nil compensation for his role as director of High Fusion in the fiscal year 2021 and 2022.
(12) 100% paid up to March 2022 and 50% thereafter for the remainder of the 2022 fiscal year.
(13) 100% paid up to March 2022 and 50% thereafter for the remainder of the 2022 fiscal year.
(14) Mr. Szweras received Nil compensation for his role as director and chairman of High Fusion in fiscal years 2021 and 2022.
(15) Bonuses for Mr. Durfy and Mr. Wilson for fiscal 2021 have been paid in High Fusion SVS and for fiscal 2022 have accrued.

(16) *Ms. Wright was appointed as a director of High Fusion on June 20, 2022.*
(17) *Mr. Fish was appointed as a director of High Fusion on June 20, 2022.*
(18) *Mr. Fish served has a director of OutCo since March 2015. NH LLC, a wholly owned subsidiary of High Fusion acquired the business of OutCo pursuant to the OutCo Acquisition on August 31, 2021 at which point, Mr. Fish's compensation began to be paid by High Fusion. Inclusive of the total compensation, Mr. Fish received Nil compensation for his role as director of High Fusion in the fiscal year 2021. Mr. Fish was paid a total of USD $120,000 during fiscal 2022 for management of OutCo's affairs, which is equal to approximately CAD $152,412 at the assumed USD:CAD exchange rate of $1.2701.*
(19) *There were certain payments made to companies in which the noted directors or officers of High Fusion own an interest, or hold an officer or director position, disclosed in detail in Note 17 to the unaudited financial statements of High Fusion for the three months ended October 31, 2022.*
(20) *Messrs. Wilson and Durfy also receive compensation from Neural in their capacities as Chief Financial Officer and Chairman of Neural, respectively. Compensation in the table above only includes compensation relating to High Fusion, for Messrs." Wilson and Durfy compensation from Neural, please see section titled "Schedule U – Information Concerning Neural – Executive Compensation".*
(21) *Mr. Fish resigned as a director of High Fusion effective of January 17, 2023.*
(22) *Mr. Presement is not standing for re-election at the Meeting.*
(23) *On January 20, 2023 High Fusion approved a payment equal to $214,000 in deferred compensation to certain officers and directors of the High Fusion, which comprised the Directors' Compensation Settlement. Please see "Schedule T – Information Concerning High Fusion Inc.".*

Stock Options and Other Compensation Securities

The following table sets out all of the compensation securities granted or issued to each Named Executive Officer and director by High Fusion, pursuant to the RSU Plan and Option Plan, for services provided or to be provided, directly or indirectly, to High Fusion in the most recently completed financial year.

Compensation Securities							
Name and position	**Type of compensation security[1]**	**Number of compensation securities, number of underlying securities, and percentage of class[2]**	**Date of issue or grant**	**Issue, conversion or exercise price ($)[1]**	**Closing price of security or underlying security on date of grant ($)**	**Closing price of security or underlying security at year end ($)**	**Expiry date**
John Durfy[3] *Director and CEO*	RSU	2,900,000 16.4%	31-Jan-2022	N/A	$0.065	$0.02	31-Jan-2025
Robert Wilson[4] *CFO*	RSU	2,200,000 12.4%	31-Jan-2022	N/A	$0.065	$0.02	31-Jan-2025
Brian Presement[5][12] *Director*	RSU	643,000 3.6%	31-Jan-2022	N/A	$0.065	$0.02	31-Jan-2025
Billy A. Morrison[6] *Director and Chief Technology Officer*	RSU	429,000 2.4%	31-Jan-2022	N/A	$0.065	$0.02	31-Jan-2025
Aaron Johnson[7] [11] Director	RSU	429,000 2.4%	31-Jan-2022	N/A	$0.065	$0.02	31-Jan-2025
Dr. Jason Dyck[8] [10] Director	RSU	429,000 2.4%	31-Jan-2022	N/A	$0.065	$0.02	31-Jan-2025
Adam Szweras[9] Chairman, Director, Former CEO	RSU	1,743,000 9.8%	31-Jan-2022	N/A	$0.065	$0.02	31-Jan-2025

Notes:
(1) *All RSUs noted are issued under High Fusion's RSU Plan. Each RSUs entitles the holder thereof to one High Fusion SVS subject to the restrictions in the respective grants and the terms of the RSU Plan. The RSUs noted in the table vested immediately on the date of grant.*
(2) *Percentage of class of total RSUs granted pursuant to the RSU Plan as at the date of this Circular.*
(3) *As of January 9, 2023, Mr. Durfy held 3,900,000 RSUs in the aggregate, pursuant to which 3,900,000 High Fusion SVS are issuable.*
(4) *As of January 9, 2023, Mr. Wilson held 2,700,000 RSUs in the aggregate, pursuant to which 2,700,000 High Fusion SVS are issuable.*
(5) *As of January 9, 2023, Mr. Presement held 40,000 Options and 755,500 RSUs in the aggregate, pursuant to which 40,000 and 755,500 High Fusion SVS are issuable, respectively.*

(6) *As of January 9, 2023, Mr. Morrison held 20,000 Options and 504,000 RSUs in the aggregate, pursuant to which 20,000 and 504,000 High Fusion SVS are issuable, respectively.*

(7) *As of January 9, 2023, Mr. Johnson held 40,000 Options and 504,500 RSUs in the aggregate, pursuant to which 40,000 and 504,500 High Fusion SVS are issuable, respectively.*

(8) *As of January 9, 2023, Dr. Dyck held 504,000 RSUs in the aggregate, pursuant to which 504,000 High Fusion SVS are issuable.*

(9) *As of January 9, 2023, Mr. Szweras held 145,000 Options and 2,243,000 RSUs in the aggregate, pursuant to which 145,000 and 2,243,000 High Fusion SVS are issuable, respectively.*

(10) *Dr. Dyck resigned as director of High Fusion on June 30, 2022.*

(11) *Mr. Johnson resigned as director of High Fusion on January 31, 2023.*

(12) *Mr. Presement is not standing for re-election at the Meeting.*

Exercise of Compensation Securities by Directors and NEOs

No compensation securities were exercised by a director or Named Executive Officer during the fiscal year ended July 31, 2022.

Stock Option Plan

The Option Plan authorizes the Board to grant Options to High Fusion's officers, directors, employees and consultants on the following terms:

(a) the total number of High Fusion SVS issuable pursuant to the Option Plan shall not exceed 10% of the issued and outstanding High Fusion SVS, subject to adjustment as set forth herein, and further subject to the applicable rules and regulations of all regulatory authorities to which High Fusion is subject, including the CSE;

(b) the number of High Fusion SVS reserved for issuance, within a one-year period, to any one optionee shall not exceed 5% of the outstanding High Fusion SVS;

(c) the number of High Fusion SVS reserved for issuance, within a one-year period, to any one consultant of High Fusion may not exceed 2% of the outstanding High Fusion SVS;

(d) the aggregate number of High Fusion SVS reserved for issuance, within a one-year period, to employees or consultants conducting investor relations activities may not exceed 2% of the outstanding High Fusion SVS;

(e) unless the Option Plan has been approved by the shareholders of High Fusion at a meeting thereof by a majority of the votes cast at the meeting, other than votes attaching to securities beneficially owned by Insiders of High Fusion to whom High Fusion SVS may be issued pursuant to the Option Plan, and Associates of any such Insiders:

   a. the maximum number of High Fusion SVS reserved for issuance pursuant to Options granted to Insiders at any time may not exceed 10% of the number of outstanding High Fusion SVS;

   b. the maximum number of High Fusion SVS which may be issued to Insiders, within a one-year period, may not exceed 10% of the number of outstanding High Fusion SVS; and

   c. the maximum number of High Fusion SVS which may be issued to any one Insider and the Associates of such Insider, within a one-year period, may not exceed 5% of the number of outstanding High Fusion SVS;

(f) The compensation committee of the Board may, in its sole discretion, determine the time during which Options shall vest and the method of vesting. Options issued to consultants performing investor relations activities must vest in stages over a minimum of 12 months with no more than 1/4 of the Options vesting in any three-month period;

(g) The exercise price of an Option may not be set at less than the discounted market price (as provided in the CSE regulations) for the trading day immediately preceding the date of grant of the option;

(h) The Options may be exercisable for a period of up to five (5) years; and

(i) The Options are non-assignable, except in certain circumstances. The Options can only be exercised by the optionee as long as the optionee remains an eligible optionee pursuant to the Option Plan or within a period of not more than 90 days (30 days for providers of investor relations services) after ceasing to be an eligible optionee or, if the optionee dies, within one (1) year from the date of the optionee's death.

On the occurrence of a Take-Over Bid, issuer bid or going private transaction, the Board will have the right to accelerate the date on which any option becomes exercisable.

RSU Plan

On September 29, 2021, High Fusion Shareholders approved the RSU Plan, whereby RSUs may be granted to directors, officers, employees, or consultants at the discretion of the Board of Directors. An RSU is a unit representing the right to one High Fusion SVS upon vesting and redeemable in High Fusion SVS or cash equal to the vesting date value, at the option of High Fusion. The fair value of the RSUs awarded is calculated at the closing market price on the CSE of the High Fusion Shares on the date of the grant. The fair value is expensed immediately as the RSUs vest at time of grant, as established from time to time by the Board.

The purpose of the RSU Plan is to attract and motivate directors, officers, employees or consultants, and thereby advance High Fusion's interests, by affording such persons with an opportunity to acquire an equity interest in High Fusion, through the issuance of RSUs.

Material Terms of the RSU Plan

Administration

The RSU Plan shall be administered by the Board, which will have the full and final authority to provide for the granting, vesting, settlement and the method of settlement of RSUs granted thereunder. RSUs may be granted to directors, officers, employees or consultants of the High Fusion, as the High Fusion Board may from time to time designate. The High Fusion Board has the right to delegate the administration and operation of the RSU Plan to a committee and/or any member of the High Fusion Board.

Number of High Fusion Shares Reserved

There are 11,819,832 RSUs outstanding for the year ended July 31, 2022, and 2,601,832 outstanding for the year ended July 31, 2021.

Subject to adjustment as provided for in the RSU Plan, the aggregate number of High Fusion SVS which will be available for issuance under the RSU Plan will not, when combined with High Fusion SVS reserved for issuance pursuant to other share compensation arrangements (including the Option Plan) exceed 10% of the number of High Fusion SVS which are issued and outstanding on the particular date of grant. If any RSU expires or otherwise terminates for any reason without having been exercised in full, the number of High Fusion SVS in respect of such expired or terminated RSU shall again be available for the purposes of granting RSUs pursuant to the RSU Plan.

Granting, Settlement and Expiry of RSUs

Under the RSU Plan, eligible persons may (at the discretion of the High Fusion Board) be allocated a number of RSUs as the Board deems appropriate, with vesting provisions also to be determined by the Board. Upon vesting, subject to the provisions of the RSU Plan, the RSU holder may settle its RSUs during the settlement period applicable to such RSUs. Where, prior to the expiry date, an RSU holder fails to elect to settle an RSU, the holder shall be deemed to have elected to settle such RSUs on the day immediately preceding the expiry date. An RSU holder shall be entitled to receive one High Fusion SVS for each vested RSU or, at the sole option of High Fusion, a cash payment equal to the number of RSUs vested, multiplied by the market price of High Fusion SVS on the redemption date.

Termination

Except as otherwise determined by the Board:

A. All RSUs held by the RSU holder (whether vested or unvested) shall terminate automatically on the date which the RSU holder cases to be eligible to participate in the RSU Plan or otherwise on such date on which High Fusion terminates its engagement of the RSU holder (the "**RSU Holder Termination Date**") for any reason other than as set forth in the paragraphs below;

B. In the case of a termination of the RSU Holders' service by reason of (A) termination by High Fusion or any subsidiary of High Fusion other than for cause, or (B) the RSU holders' death, the RSU holders' unvested RSUs shall vest automatically as of such date, and on the earlier of the original expiry date and any time during the ninety

(90) day period commencing on the date of such termination of service (or, if earlier, the RSU Holder Termination Date), the RSU holder (or their executor or administrator, or the person or persons to whom the RSUs are transferred by will or the applicable laws of descent and distribution) will be eligible to request that High Fusion settle their vested RSUs. Where, prior to the 90th day following such termination of service (or, if earlier, the RSU Holder Termination Date) the RSU holder fails to elect to settle a vested RSU, the RSU holder shall be deemed to have elected to settle such RSU on such 90th day (or, if earlier, the RSU Holder Termination Date) and to receive High Fusion SVS in respect thereof;

C. In the case of a termination of the RSU holders' services by reason of voluntary resignation, only the RSU holders' unvested RSUs shall terminate automatically as of such date, and any time during the ninety (90) day period commencing on the date of such termination of service (or, if earlier, the RSU Holder Termination Date), the RSU holder will be eligible to request that High Fusion settle their vested RSUs. Where, prior to the 90th day following such termination of service (or, if earlier, the RSU Holder Termination Date) the RSU holder fails to elect to settle a vested RSU, the RSU holder shall be deemed to have elected to settle such RSU on such 90th day (or, if earlier, the RSU Holder Termination Date) and to receive High Fusion SVS in respect thereof;

D. For greater certainty, where a RSU holders' employment, term of office or other engagement with High Fusion terminates by reason of termination by High Fusion or any subsidiary of High Fusion for cause then any RSUs held by the RSU holder (whether unvested or vested) at the RSU Holder Termination Date, immediately terminate and are cancelled on the RSU Holder Termination Date or at a time as may be determined by the Board, in its discretion;

E. A RSU holders' eligibility to receive further grants of RSUs under the RSU Plan ceases as of the earliest of the date the RSU holder resigns from or terminates its engagement with High Fusion or any subsidiary of High Fusion and the date that High Fusion or any subsidiary of High Fusion provides the RSU holder with written notification that the RSU holder's employment, term of office or engagement, as the case may be, is terminated, notwithstanding that such date may be prior to the RSU Holder Termination Date; and

For the purposes of the RSU Plan, a RSU holder shall not be deemed to have terminated service or engagement where the RSU holder: (i) remains in employment or office within or among High Fusion or any subsidiary of High Fusion or (ii) is on a leave of absence approved by the Board.

The foregoing summary of the RSU Plan is not complete and is qualified in its entirety by reference to the RSU Plan, which is available on www.sedar.com as a schedule to High Fusion's management information circular dated August 17, 2021.

Employment, Consulting and Management Agreements

Set forth below is a description of the material terms of each agreement or arrangement under which compensation was provide during the fiscal year ended July 31, 2022 or is payable in respect of services provided to High Fusion or any of it subsidiaries that were (a) performed by a director or Named Executive Officer or (b) performed by any other party but are services typically provided by a director or Named Executive Officer. Included in such description is a description of the provisions with respect to change of control, severance, termination or constructive dismissal, the estimated incremental payments that are triggered by, or result from, change of control, severance, termination or constructive dismissal and the relationship between the other party to the agreement and a director or Named Executive Officer of High Fusion or any of its subsidiaries.

Durfy Agreement

The Durfy Agreement dated March 2, 2020 and stipulates responsibilities as CEO to include: Develop a strategic plan to advance High Fusion's objectives and to promote growth as an organization; identify acquisition and merger opportunities; market High Fusion to the capital markets and investment community; work with the CFO and other senior management as applicable to develop budgets and present those budgets to the board of directors for approval; work with the CFO and other senior management to arrange, manage and all payment and other cash needs of High Fusion including sourcing required short term capital needs; review and approve development programs in consultation with the board of directors of High Fusion; generally, oversee the operations of High Fusion; communicate with the board of directors regarding the operations of High Fusion; develop financing plans and propose financing plans to the board of directors for approval; and

such other duties and responsibilities as are reasonably required by High Fusion. The Durfy Agreement does not stipulate a fixed term.

The Durfy Agreement provides for a salary of $240,000 per annum plus bonus subject to a portion of compensation amount being deferred depending on the resources of High Fusion. The terms of the Durfy Agreement continue until terminated by either party.

In accordance with the Durfy Agreement, and in the event that High Fusion terminates Mr. Durfy without cause: after one (1) year of employment, Mr. Durfy shall be entitled to six (6) months' of severance pay; after two (2) years, Mr. Durfy shall be entitled to one (1) year of severance pay; and after three (3) years and for any time thereafter, a maximum of 18 months' of severance pay. In the event that a Change of Control occurs, Mr. Durfy may terminate his employment agreement and all Options and RSUs then held by him shall become fully vested and exercisable and Mr. Durfy shall be entitled to severance pay as set forth above. The Durfy Agreement provides that in the event of a successful Take-Over Bid, Mr. Durfy shall be entitled to an amount equal to two times time his annual salary plus the amount of his prior year's bonus (if any). In the event of a successful Take-Over Bid, Mr. Durfy may immediately terminate the Durfy Agreement, and shall be entitled to an amount equal two (2x) times Mr. Durfy's salary and previous year bonus paid.

Pursuant to the Durfy Agreement, High Fusion agreed to pay Mr. Durfy an annual salary of $240,000, payable monthly, in arrears as follows: (i) 50% of the payable in cash, less source appropriate income tax and other deductions required by law subject High Fusion having the readily available cash resources to make such payments; and (ii) 50% shall accrue until High Fusion has sufficient financial resources to fund its 12 month budget (as approved by the Board) and such accrued portion of the salary shall be payable at a date or dates form mutually agreed upon by Mr. Durfy and the Board. Furthermore, Mr. Durfy is entitled to receive a discretionary bonus each year of up to one hundred percent (100%) of the base salary following completion of certain milestones set out by the Board.

On February 27, 2023 Mr. Durfy and High Fusion have entered into agreement to amend certain provisions of the Durfy Agreement to provide that if Durfy Agreement be terminated for any reason, by High Fusion or by Mr. Durfy, before June 1, 2023, High Fusion shall settle all indebtedness due to Mr. Durfy that has accrued to date under Durfy Agreement as follows, which shall represent full and final settlement of obligations to Mr. Durfy under the Durfy Agreement:

a. High Fusion shall pay Mr. Durfy a cash amount of USD $10,000 upon termination and USD $40,000 over a period of four months, which shall be evidenced by a promissory note secured by a pledge against La Pine Facility;

b. Payment of the greater of USD $150,000 or half of the net balance received from the sale of the Pueblo Property after satisfaction of 2020-1 Debentures and 2020-2 Debentures ("**Net Balance**"), if the Pueblo Property is sold. If the sale of Pueblo Property does not occur, or if the sale occurs whereby the Net Balance is less than USD $150,000, Mr. Durfy will be issued a promissory note in the amount of no less than USD $150,000, which shall be secured by a pledge against the La Pine Facility; and

c. 2,500,000 Neural Shares.

Wilson Agreement

The Wilson Agreement dated March 2, 2020 stipulates responsibilities as CFO to include: Prepare quarterly financial statements and MD&A; prepare annual financial statements for review and audit by High Fusion's auditors; maintain all books and accounting records for the company and its subsidiaries; prepare and file all regulatory and exchange filings; engage and manage accounting employees, contractors and auditors; manage accounts payable and negotiation of settlement or legal claims together with company counsel; manage financing and debt agreements; manage regulatory enquiries, notices and hearings; manage the company's tax in Canada and the U.S.; negotiate and manage divestitures; manage due diligence of acquisition and merger opportunities; assist the CEO in marketing High Fusion to the capital markets and investment community; work with the CEO and other senior management as applicable to develop budgets and present those budgets to the Board for approval; generally, oversee the finance and accounting operations of the company; communicate with the Board regarding the operations of the company; and work with the CEO to develop and purpose financing plans to the Board for approval. The Wilson Agreement does not stipulate a fixed term.

The Wilson Agreement provides for a salary of $200,000 per annum plus bonus subject to a portion of compensation amount being deferred depending of the resources of High Fusion. The term of the Wilson Agreement is until either party terminates.

In accordance with the Wilson Agreement, in the event that High Fusion terminates the agreement without cause, Mr. Wilson shall be entitled to one (1) year of severance pay; after one (1) year and be entitled to 18 months' of severance pay. In the event that a Change of Control occurs, Mr. Wilson may terminate his employment agreement and all Options and RSUs then held by Mr. Wilson shall become fully vested and exercisable and Mr. Wilson shall be entitled to severance pay as set forth above. In the event of a successful Take-Over Bid, Mr. Wilson shall be entitled to an amount equal to two times time his annual salary plus the amount of his prior year's bonus (if any).

Pursuant to the Wilson Agreement, High Fusion agreed to pay Mr. Wilson an annual salary of $200,000, payable monthly, in arrears as follows: (i) 60% payable in cash, less source appropriate income tax and other deductions required by law subject High Fusion having the readily available cash resources to make such payments; and (ii) 40% shall accrue until High Fusion has sufficient financial resources to fund its 12 month budget (as approved by the Board) and such accrued portion of the salary shall be payable at a date or dates mutually agreed upon by Mr. Wilson and the Board. Furthermore, Mr. Wilson is entitled to receive a discretionary bonus each year of up to one hundred percent (100%) of the base salary following completion of certain milestones set out by the Board.

On February 27, 2023 Mr. Wilson and High Fusion have entered into agreement to amend certain provisions of the Wilson Agreement to provide that if Wilson Agreement be terminated for any reason, by High Fusion or by Mr. Wilson, before June 1, 2023, High Fusion shall settle all indebtedness due to Mr. Wilson that has accrued to date under Wilson Agreement as follows, which shall represent full and final settlement of obligations to Mr. Wilson under the Wilson Agreement:

a. High Fusion shall pay Mr. Wilson a cash amount of USD $10,000 upon termination and USD $40,000 over a period of four months, which shall be evidenced by a promissory note secured by a pledge against La Pine Facility;

b. Payment of the greater of USD $150,000 or half of the net balance received from the sale of the Pueblo Property after satisfaction of 2020-1 Debentures and 2020-2 Debentures ("**Net Balance**"), if the Pueblo Property is sold. If the sale of Pueblo Property does not occur, or if the sale occurs whereby the Net Balance is less than USD $150,000, Mr. Wilson will be issued a promissory note in the amount of no less than USD $150,000, which shall be secured by a pledge against the La Pine Facility; and

c. 2,500,000 Neural Shares.

Agreement with Lincoln Fish

Mr. Fish served as a director of OutCo since March 2015. NH LLC, a wholly owned subsidiary of High Fusion, acquired the business of OutCo pursuant to the OutCo Acquisition on August 31, 2021, at which point, Mr. Fish's compensation commenced to be paid by High Fusion following the date of closing of the OutCo Acquisition for continuing to manage OutCo affairs. Mr. Fish was paid a total of USD $120,000 during fiscal 2022 for management of OutCo affairs. Mr. Fish does not have a formal agreement with High Fusion or any of its subsidiaries. Mr. Fish resigned as a director of High Fusion on January 17, 2023 and the management position with OutCo.

External Management Companies

No external management companies provide executive management services to High Fusion.

REPORT ON CORPORATE GOVERNANCE

High Fusion believes that adopting and maintaining appropriate governance practices is fundamental to a well-run company, to the execution of its chosen strategies and to its successful business and financial performance. NI 58-101 and NP 58-201 (collectively the "**Governance Guidelines**") of the CSA set out a list of non-binding corporate governance guidelines that issuers are encouraged to follow in developing their own corporate governance guidelines. In certain cases, High Fusion's practices comply with the Governance Guidelines, however, the Board considers that some of the guidelines are not suitable for High Fusion at its current stage of development and therefore these guidelines have not been adopted. High Fusion will

continue to review and implement corporate Governance Guidelines as the business of High Fusion progresses and becomes more active in operations.

The following disclosure is required by the Governance Guidelines and describes High Fusion's approach to governance and outlines the various procedures, policies and practices that High Fusion and the Board have implemented.

Board of Directors

The Board currently consists of seven (7) directors. Form 58-101F2 requires disclosure regarding how the Board facilitates its exercise of independent supervision over management of High Fusion by providing the identity of directors who are independent and the identity of directors who are not independent and the basis for that determination. NI 52-110 provides that a director is independent if he or she has no direct or indirect "material relationship" with High Fusion. "Material relationship" is defined as a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of a director's independent judgment. In addition, under NI 52-110, an individual who is, or has been within the last three years, an employee or executive officer of an issuer, is deemed to have a "material relationship" with the issuer. A material relationship means a relationship which could, in the view of the reporting issuer's Board, reasonably interfere with the exercise of a member's independent judgment. In assessing Form 58-101F2 and making the foregoing determinations, the Board has examined the circumstances of each director in relation to a number of factors. The Board has concluded that, Ross Mitgang and Rachel Wright are "independent" for purposes of Board membership, as defined in NI 58-101. By virtue of their past or current management positions with High Fusion or having had a material relationship with High Fusion, each of John Durfy, Billy Morrison and Adam Szweras are not considered to be "independent" under the meaning of NI 58-101.

Directorships

The following table provides a list of High Fusion's proposed directors who are presently serving as directors of other reporting issuers and the names of such reporting issuers.

Name	Name of Reporting Issuer	Name or Exchange or Market
Adam Szweras	Aurora Cannabis Inc.	TSX and NASDAQ
Ross Mitgang	Eagle I Capital Corporation	Unlisted Reporting Issuer
	Pegmatite One Lithium and Gold Corp.	CSE

Orientation and Continuing Education

The Board is comprised of individuals with either prior experience as a director or publicly listed issuer or a private entity or with significant business experience as a senior business manager. While High Fusion currently has no formal orientation and education program for new Board members, sufficient information (such as annual reports, prospectuses, proxy solicitation materials, budgets and operations reports) is provided to new Board members to ensure that each new director is familiar with the business of High Fusion and the functions of the Board. In addition, new directors are encouraged to meet with senior management.

Ethical Business Conduct

Ethical business conduct and behaviour is of great importance to the Board and management of High Fusion. The Board has discussed the adoption of a written code of conduct, but it has not yet adopted a written code. High Fusion does expect that each of the directors, officers and employees conduct themselves ethically and within the confines of professional behaviour, including the avoidance of conflicts of interest, protection and proper use of High Fusion's information, compliance with laws, rules and regulations and reporting of illegal or unethical behaviour.

Any director or officer of High Fusion shall disclose in writing or request to have it entered into the minutes of Board's meeting or any of the committees of the directors the nature and extent of any interest in a material contract or a material transaction, whether made or proposed, as soon as the director or officer becomes aware of such a contract or transaction. In such a case, the director shall abstain from voting on any resolution to approve such a contract or transaction.

Nomination of Directors

The Board is entrusted with reviewing on a periodic basis the composition of the Board and, when appropriate, with maintaining a list of potential candidates for Board membership and interviewing potential candidates for Board membership.

Compensation

At present, no compensation other than the grant of Options or RSUs is paid to High Fusion's directors, in such capacity. For a description of the process by which High Fusion determines compensation for its directors and officers, see section titled "*Executive Compensation – Compensation of Directors*".

Other Board Committees

Other than the Audit Committee, High Fusion's Board has a Compensation and Nominating Committee.

The Compensation and Nominating Committee's responsibility is to formulate and make recommendations to the directors of High Fusion in respect of compensation issues relating to directors and officers of High Fusion. The Compensation and Nominating Committee is comprised of Adam Szweras (Chair) and Austin Birch. See section titled "*Executive Compensation – Compensation Governance*".

Assessments

The Board does not formally review the contribution and effectiveness of the Board, its members or committees. The Board believes that its size facilitates an informal review process through discussion and evaluation between the Chairman of the Board, the Chief Executive Officer and the Chair of the Compensation and Nominating Committee.

Diversity of the Board and Senior Management

The following information is given pursuant to the disclosure relating to diversity requirements under the CBCA.

The Board strives to maintain high standards of corporate governance in all aspects of High Fusion's activities and understands the benefits of fostering greater diversity in the boardroom. The Board recognizes that a diversity of experienced perspectives contributes to overall effectiveness of the Board and decision-making to the benefit of the well-being of High Fusion and High Fusion Shareholders. High Fusion recognizes and embraces the benefits of having diversity on the Board and in its senior management.

As of the date of this Circular, High Fusion has not adopted a formal written diversity policy to identify and nominate people that are considered members of the four "designated groups", as defined in the *Employment Equity Act* (Canada) for Directorships. The Board considers merit as the key requirement for Board and executive appointments, and as such, it has not adopted any target number or percentage, or a range of target numbers or percentages, with respect to the appointment of individuals to the Board or senior management respecting the representation of women, Indigenous peoples, persons with disabilities, or members of visible minorities, otherwise self-represent as being within designated groups (as that term is defined in the *Employment Equity Act* (Canada) (collectively, "members of designated groups") on the Board or in senior management roles. In assessing potential directors and members of the executive or senior management, High Fusion focuses on the skills, expertise, experience and independence which High Fusion requires to be effective. Due to the small size of the Board and the management team, and the stage of development of High Fusion's business, the Board does not specifically consider the level of representation of the designated groups currently on the board in identifying and nominating the Board candidates for election or re-election or in the appointment of members of senior management for the same reason. The Board believes that the qualifications and experience of proposed new directors and members of senior management should remain the primary consideration in the selection process.

High Fusion does not currently have a specific quota or targets for representation from the designated groups for either Board or executive officer positions to enable High Fusion to perform an unbiased assessment of the experience, qualities and skills of a potential candidate instead of concentrating solely on candidates who may be considered part of a designated group. The Board does not believe that quotas, strict rules or targets necessarily result in the identification or selection of

the best candidates for directors or executive officers/members of senior management of High Fusion. However, the Board is mindful of the benefit of diversity in the workplace and on the Board, and the need to maximize its effectiveness and the effectiveness of the Board and the Board's decision-making abilities. The Board does seriously consider gender and other forms of diversity and believes that these current processes will result in appropriate levels of diversity over time.

The gender diversity of the Board also increased with appointment of Rachel Wright as an independent director, who also serves as the Chair of High Fusion's Audit Committee. High Fusion is committed to analyzing the diversity of its human resources on an annual basis to support steady progress toward more diverse corporate leadership.

The Board has not adopted a formal policy relating to term limits or other mechanisms of board renewal because it has not felt that such mechanisms are appropriate given High Fusion's size and stage of development. The Board is of the opinion that term limits may disadvantage High Fusion through the loss of beneficial contributions of its directors. Information presented in this section including the below tables is presented as at the date of this Circular.

Total number of directors on the Board and senior management members:

Board of directors	7
Senior management	2

Representation of designated groups on the Board and senior management team:

Designated groups	**Number**	**Percentage**
Women	1	11%
Indigenous peoples	0	0%
Members of visible minorities	1	11%
Persons with disabilities	0	0%
Number of individuals who are members of more than one designated group	0	0%

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUIT COMPENSATION PLANS

The following table sets out, as at fiscal year ended July 31, 2022, information with respect to High Fusion's compensation plans under which equity securities are authorized for issuance:

Plan Category	**Number of securities to be issued upon exercise of outstanding options, warrants and rights** **(a)**	**Weighted-average exercise price of outstanding options, warrants and rights** **(b)**	**Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))** **(c)**
Option plan approved by securityholders	275,000	$5.30	1,541,650
RSU Plan approved by secutityholders	11,819,832	N/A	

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans not approved by security holders	N/A	N/A	N/A
Total	**12,094,832**	**$5.30**	**1,541,650 (1)**

Notes:

(1) The current RSU and Option Plans are subject to a combined limit of 10% of the total shares outstanding which has been calculated as High Fusion SVS plus 10 times High Fusion MVS.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No director, officer or employee, or former director, officer or employee of High Fusion or its subsidiaries, or any of their associates, is indebted to High Fusion or its subsidiaries as of the date of this Circular nor was indebted to High Fusion or its subsidiaries during the financial year ended July 31, 2022, nor have any such individuals been or are currently indebted to another entity where such indebtedness is or has been the subject of a guarantee, support agreement, letter of credit or other similar arrangement provided by High Fusion or any of its subsidiaries, for indebtedness other than "routine indebtedness", as that term is defined by applicable securities law.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Other than as set out below and elsewhere in this Circular, no informed person of High Fusion, any proposed director of High Fusion, or any associate or affiliate of any informed person or proposed director of High Fusion, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any transaction since the commencement of High Fusion's most recently completed fiscal year, or in any proposed transaction which has materially affected or would materially affect High Fusion or any of its subsidiaries.

a. During the quarter ended October 31, 2022, incurred management compensation to key management and directors of $161,833 (2022 - $847,412). Please see below for the RSUs issued to the key management and directors. As at October 31, 2022, $449,837 (July 31, 2022 - $397,662) was owed to officers of High Fusion related to compensation. On February 16, 2022 High Fusion settled $1,071,065 of the outstanding compensation payable with the issuance of 17,851,083 High Fusion SVS. In addition, Neural has agreed to issue to Robert Wilson, CFO of High Fusion 366,667 Neural RSUs, under a management services agreement between Mr. Wilson and a company controlled by Mr. Wilson.

b. During the quarter ended October 31, 2022, High Fusion incurred and, as at October 31, 2022, maintained liabilities due to Adam Szweras and 2674775 Ontario Limited, a company controlled by Mr. Szweras, as follows:

   i. Received advances of $nil in the quarter ended October 31, 2022 (2022 - $27,301). As of July 31, 2022, $5,207 was outstanding. (2021 - $182,128);

   ii. On June 13, 2022, Adam Szweras participated in US$50,000 of the Second Loan Facility which included conversion of payables due from High Fusion (see note below);

   iii. On February 16, 2022, High Fusion settled $188,300 of the advances payable and $275,565 of management fees and salary payable to Adam Szweras and his holding company through issuance of 7,731,083 High Fusion SVS.

c. During the quarter ended October 31, 2022, Incurred expenses of US$26,250 (2022 - US$15,000) for the advisory services of Billy Morrison. As at October 31, 2022, US$32,250 (July 31, 2022 - US$6,000) was due to Billy Morrison.

d. On January 27, 2022, the Board approved an issuance of 9,273,000 RSUs, of which the following amounts were issued

to the current officers and directors of High Fusion:

i. John Durfy, 2,900,000 RSUs;
ii. Robert Wilson, 2,200,000 RSUs;
iii. Adam Szweras, 1,743,000 RSUs; and
iv. Billy Morrison, 429,000 RSUs.

e. On February 3, 2022, on completion of the Seed Financing by Neural, High Fusion completed an in-kind debt settlement, pursuant to which High Fusion transferred 5,600,000 Neural Shares to settle approximately $420,000 of High Fusion's liabilities. In connection with this debt settlement, approximately 2,666,667 Neural Shares were issued to certain non-arm's length parties to settle debt obligations of High Fusion to such parties, including: John Durfy, CEO of High Fusion received 1,733,333 Neural Shares to settle $130,000 in accrued salary associated with Neural; and Robert Wilson, CFO of High Fusion received 933,333 Neural Shares to settle $70,000 in accrued salary associated with Neural. Pursuant to MI 61-101, this transaction "constituted a "related party transaction" as certain transferees were considered to be related parties to High Fusion. High Fusion relied on exemptions from the formal valuation and minority approval requirements of MI 61-101 (pursuant to subsections 5.5(a) and 5.7(a)) as the fair market value of the securities transferred to, and the consideration received from, the Insiders did not exceed 25% of High Fusion's market capitalization.

f. On August 3, 2022 Neural completed a second tranche to the Seed Financing for gross proceeds of $82,000 by way of a non-brokered private placement of Neural Seed Units. 133,333 Neural Seed Units were issued to Robert Wilson, the CFO of High Fusion for cash.

g. Pursuant to the Second Loan Facility completed on June 13, 2022, US$50,000 represented a related party transaction with Adam Szweras, Chairman of High Fusion, who had been issued a promissory note for US$50,000 representing a cash contribution of US$26,115.78 and US$23,884.22 representing settlement of debt obligations of High Fusion to Mr. Szweras. In addition, 250,000 High Fusion SVS purchase warrants were issued to such insider once High Fusion's blackout period ended.

h. AB FinWright LLP, a firm which is 50% owned by Rachel Wright, a director of High Fusion was engaged by High Fusion. During the three months ended October 31, 2022 High Fusion incurred US$21,850 in fees to AB FinWright LLP US$17,050 in 2022). As at October 31, 2022, $11,425 was due to AB Wright ($0 at July 31, 2022).

i. Lincoln Fish, a former director of High Fusion and former CEO of OutCo was managing certain affairs of OutCo as well as acting as the CEO of the business that High Fusion acquired pursuant to the OutCo Acquisition until January 20, 2023, being the date of his resignation as the director of High Fusion and CEO of OutCo's business that High Fusion acquired. In connection with the OutCo Acquisition, OutCo received 3,367,043 High Fusion MVS. Further, as a result of the satisfaction of a condition of the purchase agreement an additional 2,684,318 High Fusion MVS to OutCo were received. During the fiscal year ended July 31, 2022, 4,155,591 High Fusion MVS were distributed to the shareholders of OutCo and 187 High Fusion MVS were eliminated due to rounding of fractional shares. As of the date of this Circular, OutCo held 1,895,397 High Fusion MVS. As part of the purchase of the assets of OutCo, Mr. Fish assumed a US$250,000 note which was settled on closing for 101,667 High Fusion MVS. Mr. Fish has also provided unsecured funds to High Fusion for working capital purposes in the amount of US$68,044 for the three months ended October 31, 2022 (US$192,123.49 from the date of the closing of the OutCo Acquisition on August 31, 2021 to July 31, 2022). As at October 31, 2022 US$2,423 was due from High Fusion to Mr. Fish (US$6,364 July 31, 2022).

j. On January 20, 2023, the Board approved an issuance of 6,625,000 RSUs, of which the following were issued to current officers and directors of High Fusion:

i. John Durfy, 2,837,500 RSUs;
ii. Robert Wilson, 787,500 RSUs;

k. On March 10, 2023 High Fusion approved a payment equal to $214,000 in deferred compensation to certain officers and directors of the High Fusion, which comprised the Directors' Compensation Settlement. On February 16, 2023 High Fusion resolved to settle the amounts due under the Directors' Compensation Settlement through the transfer of 2,853,333 Neural Shares at a price of $0.075 per Neural Share as follows:

i. 1,120,000 Neural Shares to be transferred to Adam Szweras;

ii. 566,667 Neural Shares to be transferred to Brian Presement;
iii. 333,333 Neural Shares to be transferred to Billy Morrison;
iv. 200,000 Neural Shares to be transferred to Jason Dyck;
v. 400,000 Neural Shares to be transferred to Aaron Johnson; and
vi. 233,333 Neural Shares to be transferred to Rachel Wright.

As of the date of this Circular, Neural Shares to be transferred pursuant to the Directors' Compensation Settlements has not yet been effected.

SHAREHOLDER PROPOSALS

Shareholder proposals must be submitted during the 60-day period beginning on December 2, 2023 (being the 150th day before the 2023 annual shareholders meeting), to be considered for inclusion in the management proxy circular to be prepared for the 2024 annual meeting of High Fusion Shareholders.

ADDITIONAL INFORMATION

Financial information is provided in High Fusion's comparative annual and quarterly financial statements and MD&A. Additional information relating to High Fusion is available on SEDAR at www.sedar.com.

Upon request to the Chief Financial Officer of High Fusion, it will provide (to any person) a copy of the comparative financial statements of High Fusion filed with the applicable securities regulatory authorities for High Fusion's most recently completed financial year, together with the report of the auditor, related MD&A, and any interim financial statements of High Fusion filed with the applicable securities regulatory authorities subsequent to the filing of the financial statements. To obtain paper copies of proxy-related materials free of charge call Odyssey toll free at 1-888-290-1175 or online via www.odysseycontact.com.

OTHER MATTERS

As of the date of this Circular, the Board and management of High Fusion are not aware of any matters to come before the Meeting other than those matters specifically identified in the accompanying Notice of Meeting. However, if such other matters properly come before the Meeting or any adjournment(s) thereof, the persons designated in the accompanying form of proxy will vote thereon in accordance with their judgment, pursuant to the discretionary authority conferred by the form of proxy with respect to such matters.

BOARD APPROVAL

The contents of this Circular and its distribution to High Fusion Shareholders have been approved by the Board.

DATED this 15th day of March, 2023.

BY ORDER OF THE BOARD OF DIRECTORS

"Adam Szweras"

Adam Szweras
Chairman of the Board

SCHEDULE "A"
ARRANGEMENT RESOLUTION

BE IT RESOLVED AS A SPECIAL RESOLUTION OF THE HIGH FUSION SHAREHOLDERS THAT:

1. The arrangement (the "**Arrangement**") under Section 288 of the *Business Corporations Act* (British Columbia) (the "**BCBCA**") involving High Fusion Inc., a corporation existing under the laws of Canada ("**High Fusion**"), its shareholders and Neural Therapeutics Inc., a corporation existing under the laws of the Province of Ontario ("**Neural**"), all as more particularly described and set forth in the management information circular (the "**Circular**") of High Fusion accompanying the notice of meeting (as the Arrangement may be, or may have been, modified or amended in accordance with its terms), is hereby authorized, approved and adopted.

2. The plan of arrangement (the "**Plan of Arrangement**") implementing the Arrangement, the full text of which is set out in Schedule "A" of the Circular (as the Plan of Arrangement may be, or may have been, modified or amended in accordance with its terms), is hereby authorized, approved and adopted.

3. The amended and restated arrangement agreement (the "**Arrangement Agreement**") between High Fusion and Neural and all the transactions contemplated therein, the actions of the directors of High Fusion in approving the Arrangement and the actions of the directors and officers of High Fusion in executing and delivering the Arrangement Agreement and any amendments thereto are hereby ratified and approved.

4. Notwithstanding that this resolution has been passed (and the Arrangement approved) by the shareholders of High Fusion or that the Arrangement has been approved by the Supreme Court of British Columbia, the directors of High Fusion are hereby authorized and empowered, without further notice to, or approval of, the shareholders of High Fusion:

   (a) to amend the Arrangement Agreement or the Plan of Arrangement to the extent permitted by the Arrangement Agreement or the Plan of Arrangement; or
   (b) subject to the terms of the Arrangement Agreement, not to proceed with the Arrangement;

   in each case without further approval of the securityholders of High Fusion.

5. High Fusion is hereby authorized to apply for a final order from the Supreme Court of British Columbia to approve the Arrangement on the terms set forth in the Arrangement Agreement and the Plan of Arrangement (as they may be, or may have been, modified, supplemented or amended in accordance with their respective terms).

6. Any director or officer of High Fusion is hereby authorized and directed, for and on behalf and in the name of High Fusion, to execute and deliver, whether under the corporate seal of High Fusion or otherwise, all such deeds, instruments, assurances, agreements, forms, waivers, notices, certificates, confirmations and other documents and to do or cause to be done all such other acts and things as in the opinion of such director or officer may be necessary, desirable or useful for the purpose of giving effect to these resolutions, the Arrangement Agreement and the completion of the Plan of Arrangement in accordance with the terms of the Arrangement Agreement, including:

   (a) all actions required to be taken by or on behalf of High Fusion, and all necessary filings and obtaining the necessary approvals, consents and acceptances of appropriate regulatory authorities; and

   (b) the signing of the certificates, consents and other documents or declarations required under the Arrangement Agreement or otherwise to be entered into by High Fusion,

   such determination to be conclusively evidenced by the execution and delivery of such document, agreement or instrument or the doing of any such act or thing.

SCHEDULE "B"
AMENDED AND RESTATED ARRANGEMENT AGREEMENT
(INCLUDING PLAN OF ARRANGEMENT)

EXECUTION VERSION

AMENDED AND RESTATED ARRANGEMENT AGREEMENT

THIS ARRANGEMENT AGREEMENT is made as of the 24th day of February, 2023.

B E T W E E N:

HIGH FUSION INC. (formerly Nutritional High International Inc.), a corporation incorporated pursuant to the laws of Canada, but which will be continued under the laws of British Columbia prior to the Effective Time contemplated herein.
("**High Fusion**")

- and -

NEURAL THERAPEUTICS INC. (formerly Psychedelic Science Corp.), a corporation incorporated pursuant to the laws of the Province of Ontario, Canada.
("**Neural**")

WHEREAS, High Fusion and Neural entered into an arrangement agreement dated November 3, 2022 (the "**Original Arrangement Agreement**") and wish to amend and restate the Original Arrangement Agreement by entering into this Agreement.

WHEREAS, High Fusion proposes to effect a change of name and continue its corporate existence from a corporation existing under the *Canada Business Corporations Act* to a corporation continued pursuant to the provisions of the *Business Corporations Act* (British Columbia).

WHEREAS, pursuant to this Agreement, High Fusion and Neural have agreed to proceed with a reorganization transaction by way of statutory plan of Arrangement under the provisions of the *Business Corporations Act* (British Columbia), whereby, among other things, High Fusion will undertake a reorganization transaction on the terms and conditions set out in this Agreement and the Plan of Arrangement annexed hereto as Schedule A.

NOW THEREFORE THIS AGREEMENT WITNESSES that, in consideration of the premises and the respective covenants and agreements herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each of the parties hereto, the parties hereto do hereby covenant and agree as follows:

ARTICLE 1
INTERPRETATION

Section 1.1 Definitions

In this Agreement, including the recitals hereto, unless there is something in the subject matter or context inconsistent therewith, the following capitalized words and terms shall have the following meanings:

"**1940 Act**" means the United States Investment Company Act of 1940, as amended, and the rules and regulations promulgated from time to time thereunder.

"**2020-1 Debentures**" means secured convertible debentures of High Fusion, each having a principal value of $1,000, which mature on March 23, 2023, bearing semiannual interest at 12%, convertible into High Fusion SVS at a conversion price of $1.00 per share.

"**2020-2 Debentures**" means secured convertible debentures of High Fusion, each having a principal value of $1,000, which mature on May 29, 2023, bearing semiannual interest at 12%, convertible into High Fusion SVS at a conversion price of $1.00 per share.

"**2021 High Pita Debentures**" means unsecured convertible debentures of High Fusion, with an aggregate principal value of $250,000, which mature on March 21, 2024, bearing semiannual interest at 12%, convertible into High Fusion SVS at a conversion price of $1.00 per share.

"**Agreement**" means this amended and restated arrangement agreement, including the Schedules attached hereto, as may be supplemented or amended from time to time.

"**Arrangement**" means the arrangement under Sections 288 to 299 of the BCBCA on the terms and subject to the conditions set out in the Plan of Arrangement, subject to any amendments or variations thereto made in accordance with this Agreement or the Plan of Arrangement or made at the direction of the Court in the Final Order with the consent of High Fusion.

"**Arrangement Resolution**" means the special resolution of the High Fusion Shareholders in respect of the Arrangement to be considered at the Meeting, substantially in the form of Schedule "B" hereto.

"**ASC Debenture**" means the unsecured convertible debenture of High Fusion, which matures on September 7, 2024, bearing semiannual interest at 12%, convertible into High Fusion SVS at a conversion price of $0.35 per share.

"**August 2018 Debentures**" means convertible debentures issued by High Fusion, which mature on August 4, 2024, bearing semiannual interest at 10%, convertible into High Fusion SVS at an conversion price of $0.06 per High Fusion SVS, subject to adjustment.

"**Authority**" means any: (i) multinational, federal, provincial, state, municipal, local or foreign governmental or public department, court, or commission, domestic or foreign; (ii) subdivision or authority of any of the foregoing; or (iii) quasi-governmental or self-regulatory organization exercising any regulatory, expropriation or taxing authority under or for the account of its members or any of the above.

"**BCBCA**" means the *Business Corporations Act* (British Columbia) and the regulations made thereunder, as promulgated or amended from time to time.

"**Board of Directors**" means the duly appointed board of directors of High Fusion or Neural, as applicable.

"**Business Day**" means a day, other than a Saturday, Sunday or statutory holiday, when banks are generally open in the City of Toronto, Ontario for the transaction of banking business.

"**CBCA**" means the *Canada Business Corporations Act* and the regulations made thereunder, as promulgated or amended from time to time.

"**Circular**" means the management information circular of High Fusion to be prepared and sent to the High Fusion Shareholders in connection with the Meeting, containing among other things, disclosure in respect of the Arrangement and prospectus level disclosure in respect of Neural

following completion of the Arrangement, together with all appendices, distributed by High Fusion to the High Fusion Shareholders in connection with the Meeting and filed with such Authorities in Canada as are required by Section 2.5(a)(ii) of this Agreement, or otherwise as required by applicable Law.

"**Continuance**" means the continuance of High Fusion as a company under the laws of British Columbia;

"**Court**" means the Supreme Court of British Columbia.

"**Dissent Right**" has the meaning attributed to that term in Section 3.1 in the Plan of Arrangement.

"**Effective Date**" means the first Business Day after the date upon which the Parties have confirmed in writing (such confirmation not to be unreasonably withheld or delayed) that all conditions to the completion of the Plan of Arrangement have been satisfied or waived in accordance with Article 5 of this Agreement and all documents and instruments required under this Agreement, the Plan of Arrangement and the Final Order have been delivered.

"**Effective Time**" means 12:01 a.m. (Vancouver time) on the Effective Date.

"**Encumbrance**" means any encumbrance, lien, charge, hypothec, pledge, mortgage, title retention agreement, security interest of any nature, prior claim, adverse claim, exception, reservation, restrictive covenant, agreement, easement, lease, license, right of occupation, option, right of use, right of first refusal, right of pre-emption, privilege or any matter capable of registration against title or any contract to create any of the foregoing.

"**Final Order**" means the final order of the Court pursuant to Section 291 of the BCBCA, after being informed of the intention to rely upon the exemption from registration under the U.S. Securities Act provided by Section 3(a)(10) thereunder in connection with the issuance of securities of High Fusion and Neural to High Fusion Shareholders in the United States, approving the Plan of Arrangement as such order may be amended by the Court (with the consent of the Parties, acting reasonably) at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended (with the consent of the Parties, acting reasonably) on appeal.

"**Gainor Debentures**" means unsecured convertible debentures of High Fusion, which mature on August 31, 2023, bearing semiannual interest at 10%, convertible into High Fusion SVS at a conversion price of $0.36 per share.

"**Going Public Transaction**" means (a) a listing of the Neural Shares on a recognized Canadian stock exchange, which may or may not be accompanied by an initial public offering in Canada of Neural Shares; or (b) (i) a transaction which provides holders of Neural Shares with comparable liquidity for their Neural Shares that such holders would receive in the event the transaction in (a) above occurs, whether by means of a reverse take-over, merger, amalgamation, arrangement, take-over bid, insider bid, reorganization, joint venture, sale of all or substantially all assets, exchange of assets or similar transaction or other combination with a private or public corporation; and (ii) obtaining a listing of the Neural Shares (or securities of a resulting issuer) on a recognized stock exchange in Canada.

"**High Fusion MVS**" means the multiple voting shares of High Fusion.

"**High Fusion SVS**" means the subordinate voting shares of High Fusion.

"**High Fusion Shareholders**" means collectively the holders of High Fusion MVS and High Fusion SVS, at the applicable time.

"**Interim Order**" means the order made after application to the Court pursuant to Section 291 of the BCBCA, after being informed of the intention to rely upon the exemption from registration under the U.S. Securities Act provided by Section 3(a)(10) thereunder in connection with the issuance of securities of High Fusion and the distribution of the securities of Neural to High Fusion Shareholders in the United States, providing for, among other things, the calling and holding of the Meeting, as such order may be amended, supplemented or varied by the Court (with the consent of the Parties, acting reasonably).

"**Laws**" means all laws, by-laws, statutes, rules, regulations, principles of law, orders, ordinances, protocols, codes, guidelines, policies, notices, directions and judgments or other requirements and the terms and conditions of any grant of approval, permission, authority or license of any Authority, to the extent each of the foregoing have the force of law, and the term "applicable" with respect to such laws and in a context that refers to one or more Parties, means such laws as are applicable to such Party or its business, undertaking, property or securities and emanate from a Person having jurisdiction over the Party or Parties or its or their business, undertaking, property or securities.

"**Meeting**" means the annual and special meeting of High Fusion Shareholders and any adjournment(s) or postponement(s) thereof, to be called and held in accordance with the Interim Order to consider and to vote on the Name Change, Arrangement Resolution and the Continuance and any other matters set out in the Notice of Meeting.

"**Name Change**" means the change of the High Fusion's name in connection with the Arrangement from "High Fusion Inc." to "Vertical Peak Holdings Inc." or such other name as High Fusion may determine.

"**Neural Broker Warrants**" means the warrants to purchase Neural Shares, each exercisable into one Neural Share at a price of $0.075 per Neural Share for a period ending on the earlier of: i) 36 months from issuance; and ii) 24 months from the date Neural completes a Going Public Transaction.

"**Neural Shares**" means the common shares in the capital of Neural.

"**Neural Warrants**" means the common share purchase warrants, each exercisable into one Neural Share at a price of $0.10 per Neural Share for a period ending on the earlier of: i) 36 months from issuance; and ii) 24 months from the date of Neural completes Going Public Transaction.

"**Neural HF Warrants**" means the common share purchase warrants to be issued to High Fusion in connection with the Arrangement, each exercisable into one Neural Share at a price of $1.00 per Neural Share for a period ending 36 months from the Effective Date.

"**NI 45-106**" means National Instrument 45-106 – *Prospectus Exemptions* as amended from time to time.

"**Notice of Meeting**" means the notice of the Meeting to be sent to the High Fusion Shareholders, which notice will accompany the Circular.

"**Original Arrangement Agreement**" has the meaning set out in the recitals hereto.

"**Outside Date**" means May 31, 2023, or such other later date as may be agreed to in writing by the

Parties.

"**Parties**" means, collectively, High Fusion and Neural, and "Party" means any one of them.

"**Person**" or "**person**" means and includes an individual, sole proprietorship, partnership, unincorporated association, unincorporated syndicate, unincorporated organization, trust, body corporate, trustee, executor, administrator or other legal representative and the Crown or any agency or instrumentality thereof.

"**Plan of Arrangement**" means the plan of arrangement in substantially the form of the plan of arrangement which is attached as Schedule "A" hereto and any amendments or variations thereto made in accordance with this Agreement, the Plan of Arrangement or upon the direction of the Court in the Final Order with the consent of High Fusion.

"**Representative**" means any director, officer, employee, agent, advisor or consultant of any Party.

"**Section 3(a)(10) Exemption**" means the exemption from the registration requirements of the 1933 Act provided by Section 3(a)(10) thereof.

"**Securities Act**" means the *Securities Act* (Ontario).

"**Securities Legislation**" means the Securities Act and the equivalent law in the other applicable provinces and territories of Canada, and the published policies, instruments, rules, judgments, orders and decisions of any Authority administering those statutes.

"**SEDAR**" means System for Electronic Document and Retrieval.

"**Reporting Issuer**" has the meaning ascribed to it in the Securities Act.

"**Restricted Share Units**" means units of High Fusion granted to directors, officers, employees, or consultants at the discretion of the High Fusion Board of Directors, each representing the right to High Fusion SVS upon vesting and redeemable in High Fusion SVS, or cash equal to the vesting date value, at the option of the High Fusion.

"**Tax Act**" means the Income Tax Act (Canada).

"**U.S. Exchange Act**" means the United States Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated from time to time thereunder.

"**U.S. Securities Act**" means the United States Securities Act of 1933, as amended, and the rules and regulations promulgated from time to time thereunder.

Section 1.2 Interpretation Not Affected by Headings

The division of this Agreement into articles, sections, paragraphs and other portions and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. The terms "this Agreement", "hereof", "hereunder" and similar expressions refer to this Agreement (including the Schedules and appendices hereto) as a whole and not to any particular article, section, paragraph or other portion hereof and include any agreement, document or instrument supplementary or ancillary hereto. Unless something in the subject matter or context is inconsistent therewith, all references herein

to articles, sections, paragraphs and other portions are to articles, sections, paragraphs and other portions of this Agreement.

Section 1.3 Construction

In this Agreement, unless something in the context is inconsistent therewith:

(a) the words "include" or "including" when following any general term or statement are not to be construed as limiting the general term or statement to the specific items or matters set forth or to similar items or matters, but rather as permitting it to refer to all other items or matters that could reasonably fall within its broadest possible scope;

(b) a reference to time or date is to the time or date in Toronto, Ontario, unless specifically indicated otherwise;

(c) a word importing the masculine gender includes the feminine gender or neuter and a word importing the singular includes the plural and *vice versa*;

(d) a reference to "approval", "authorization", "consent", "designation" or "notice" means written approval, authorization, consent, designation or notice unless specifically indicated otherwise;

(e) unless otherwise stated, all accounting terms used in this Agreement shall have the meanings attributable thereto under International Financial Reporting Standards and all determinations of an accounting nature shall be made in a manner consistent with International Financial Reporting Standards; and

(f) a reference to a statute or code includes every rule and regulation made pursuant thereto, all amendments to the statute or code or to any such regulation in force from time to time, and any statute, code or regulation which supplements or supersedes such statute, code, rule or regulation.

Section 1.4 Date for Any Action

In the event that any date on which any action is required to be taken hereunder by either of the parties hereto is not a Business Day in the place where the action is required to be taken, such action shall be required to be taken on the next succeeding day which is a Business Day at such place, unless otherwise agreed to by the parties hereto.

Section 1.5 Currency

All amounts of money which are referred to in this Agreement are expressed in lawful money of Canada unless otherwise specified.

Section 1.6 Schedules

The following Schedules are annexed to this Agreement and are incorporated by reference into this Agreement and form a part hereof:

Schedule "A" – Plan of Arrangement

Schedule "B" – Arrangement Resolution

Schedule "C" – High Fusion Authorized and Outstanding Capital

Section 1.7 Entire Agreement

This Agreement, together with the Schedules, agreements and other documents herein or therein referred to, constitute the entire agreement between the parties hereto pertaining to the subject manner hereof and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, between the parties hereto with respect to the subject matter hereof.

ARTICLE 2
THE ARRANGEMENT

Section 2.1 Arrangement

High Fusion and Neural agree to effect the Arrangement on the terms and subject to the conditions contained in this Agreement and on the terms set forth in the Plan of Arrangement.

Section 2.2 Commitment to Effect Arrangement

Subject to the satisfaction of the terms and conditions contained in this Agreement, High Fusion and Neural shall each use all reasonable efforts and do all things reasonably required to cause the Arrangement to become effective as soon as reasonably practicable and to cause the transactions contemplated by the Plan of Arrangement and this Agreement to be completed in accordance with their terms.

Section 2.3 Effective Date of Arrangement

The Arrangement shall become effective on the Effective Date and the steps to be carried out pursuant to the Plan of Arrangement will become effective commencing at the Effective Time immediately after one another in the sequence set out therein or as otherwise specified in the Plan of Arrangement.

Section 2.4 Implementation Steps

(a) High Fusion covenants and agrees that, subject to the terms of this Agreement, it will promptly:

(i) make an application for a hearing before the Court seeking the Interim Order addressing the matters set forth below;

(ii) proceed with such application and diligently pursue obtaining the Interim Order, including submission to the Court of the materials that would be submitted to High Fusion Shareholders, including without limitation the

Circular, in connection with the Meeting;

(iii) lawfully convene and hold the Meeting in accordance with the Interim Order, High Fusion's articles and applicable Laws, as soon as reasonably practicable after the Interim Order is issued, for the purpose of, among other things, having the High Fusion Shareholders consider the Arrangement Resolution;

(iv) take all other actions that are reasonably necessary or desirable to obtain the approval of the Arrangement, Name Change and the Continuance by the High Fusion Shareholders;

(v) subject to obtaining such approvals as are required by the Interim Order, as soon as reasonably practicable after the Meeting, make an application to the Court for the Final Order;

(vi) proceed with such application and diligently pursue obtaining the Final Order; and

(vii) subject to: (i) obtaining the Final Order; and (ii) the satisfaction or waiver (subject to applicable Laws) of each of the conditions set forth in Article 5 (excluding conditions that by their terms cannot be satisfied until the Effective Date, but subject to the satisfaction, or when permitted, waiver of those conditions as of the Effective Date), as soon as reasonably practicable thereafter, take all steps necessary or desirable to give effect to the Name Change, the Continuance and the Arrangement.

(b) Neural covenants and agrees that, subject to the terms of this Agreement, it shall promptly:

(i) cooperate and assist High Fusion in seeking the Interim Order and the Final Order; and

(ii) subject to: (i) obtaining the Final Order; and (ii) the satisfaction or waiver (subject to applicable Laws) of each of the conditions set forth in Article 5 (excluding conditions that by their terms cannot be satisfied until the Effective Date, but subject to the satisfaction, or when permitted, waiver of those conditions as of the Effective Date), as soon as reasonably practicable thereafter, take all steps and actions necessary or desirable to give effect to the Arrangement.

Section 2.4 Interim Order

The application referred to in Section 2.4(a)(i) shall, unless High Fusion and Neural agree otherwise, include a request that the Interim Order provide, among other things:

(a) that the securities of High Fusion for which holders shall be entitled to receive notice of and vote on the Arrangement Resolution at the Meeting shall be the High Fusion SVS and High Fusion MVS;

(b) for a record date, for the purposes of determining the High Fusion Shareholders entitled to receive notice of and vote at the Meeting;

(c) that the Meeting may be adjourned or postponed from time to time by High Fusion without the need for additional approval by the Court;

(d) that, except as required by Law or subsequently ordered by the Court, the record date, for the High Fusion Shareholders entitled to receive notice of and to vote at the Meeting will not change in respect of or as a consequence of any adjournment or postponement of the Meeting;

(e) the High Fusion Shareholders shall be entitled to vote on the Arrangement Resolution, with each High Fusion Shareholder being entitled to one vote for each High Fusion SVS held by such shareholder and ten votes for each High Fusion MVS held by such holder, such vote to be conducted by ballot;

(f) the requisite majority for the approval of the Arrangement Resolution shall be two-thirds of the votes cast by the High Fusion Shareholders present in person or by proxy at the Meeting;

(g) that, provided the High Fusion Shareholders have agreed to waive the 21-day notice requirement set forth in the CBCA and National Instrument 54-101, the notice of the Meeting and the Circular may be sent to the High Fusion Shareholders less than 21 days before the date of the Meeting;

(h) that in all other respects, the terms, conditions and restrictions of High Fusion's constating documents, including quorum requirements with respect to meeting of High Fusion Shareholders and other matters, shall apply with respect to the Meeting;

(i) that it is the Parties' intention to rely upon the exemption from registration provided by Section 3(a)(10) of the U.S. Securities Act with respect to the issuance of the securities of High Fusion and Neural pursuant to the Arrangement, based on the Court's approval of the Arrangement;

(j) that subject to the completion of the Name Change and the Continuance, the notice of Meeting and the Circular constitute compliance with the laws of British Columbia relating to the calling of shareholders' meetings as if High Fusion had been governed by the laws of British Columbia on the date of the notice of Meeting and that no further notice need to be given in respect of reconvening the Meeting;

(k) for the grant of the Dissent Rights to the High Fusion Shareholders who are registered holders of High Fusion MVS and High Fusion SVS, as set forth in the Plan of Arrangement; and

(l) for the notice requirements with respect to the presentation of the application to the Court for the Final Order.

Section 2.5 Information Circular and Meetings

Subject to Section 6, as promptly as practical following the execution of this Agreement and in compliance with the Interim Order and applicable Laws,

(a) High Fusion shall:

(i) prepare the Circular together with any other documents required by the CBCA or any other applicable Laws in connection with the approval of, among other things, the Arrangement Resolution by the High Fusion Shareholders at the Meeting; and

(ii) subject to the Interim Order, cause the notice of the Meeting and the Circular to be: (A) sent to the High Fusion Shareholders in compliance with the CBCA, High Fusion's articles and the timing requirements (as may be abridged by High Fusion) contemplated by National Instrument 54-101 – *Communication with Beneficial Owners of Securities* of a *Reporting Issuer*; and (B) filed with one or more Authorities as required by the Interim Order and applicable Laws, including on SEDAR for the benefit of the public and the Canadian securities regulatory authorities, pursuant to and in accordance with the Interim Order and applicable Securities Legislation.

(b) Neural shall cooperate in the preparation, filing and mailing of the Circular.

(c) High Fusion and Neural shall cooperate with each other in the preparation, filing and dissemination of any: (i) required supplement or amendment to the Circular or such other document, as the case may be; and (ii) related news release or other document necessary or desirable in connection therewith.

Section 2.6 Income Tax Matters

(a) High Fusion and Neural, as the case may be, will be entitled to deduct and withhold from any consideration otherwise payable to any High Fusion Shareholder under the Plan of Arrangement (including any payment to High Fusion Shareholders exercising Dissent Rights) such amounts as High Fusion or Neural are permitted or required to deduct and withhold with respect to such payment under the Tax Act and the rules and regulations promulgated thereunder, or any provision of any provincial, state, local or foreign tax Law as counsel may advise is permitted or required to be so deducted and withheld by High Fusion or Neural, as the case may be. High Fusion or Neural, or the duly appointed agent with respect to that matter, shall be entitled to dispose of such number of Neural Shares as is necessary to satisfy the withholdings contemplated herein (if any).

(b) For the purposes of such deduction and withholding: (i) all withheld amounts shall be treated as having been paid to the person in respect of which such deduction and withholding was made on account of the obligation to make payment to such person hereunder; and (ii) such deducted or withheld amounts shall be remitted to the appropriate Authority in the time and manner permitted or required by the applicable Law by or on behalf of High Fusion or Neural, as the case may be.

Section 2.7 U.S. Securities Law Matters

The Parties agree that the Arrangement will be carried out with the intention that all securities of High Fusion and Neural to be issued pursuant to the Arrangement will be issued and exchanged in accordance with the Plan of Arrangement in reliance on the exemption from the registration requirements of the U.S. Securities Act provided by Section 3(a)(10) thereof. In order to ensure the availability of the Section 3(a)(10) Exemption, the Parties agree that the Arrangement will be carried out on the following basis:

(a) the Arrangement will be subject to the approval of the Court;

(b) the Court will be advised as to the intention of the Parties to rely on the Section 3(a)(10) Exemption based on the Court's approval of the Arrangement prior to the hearing of the Court required to issue the Interim Order;

(c) the Court will be invited to satisfy itself and find, prior to approving the Arrangement, that the Arrangement is fair and reasonable, both procedurally and substantively, to the security holders of High Fusion including being provided sufficient information before it to determine the value of Arrangement Consideration Shares (as such term is defined in the Plan of Arrangement);

(d) the Court will be provided a copy of the draft materials in substantially the form that would be submitted to High Fusion Shareholders in connection with the Meeting;

(e) the Parties will ensure that each securityholder of High Fusion entitled to receive securities pursuant to the Arrangement will be given adequate notice advising such securityholder of High Fusion of his, her or its right to attend the hearing of the Court and provide each with sufficient information necessary for him or her to exercise that right, which notice shall be communicated to the High Fusion Shareholders by the issuance of a news release that shall include all appropriate details and posted on SEDAR;

(f) High Fusion Shareholders will be advised that the securities issued and being distributed to them in the Plan of Arrangement have not been registered under the U.S. Securities Act and will be so issued and distributed in reliance on the exemption from the registration requirements, provided by Section 3(a)(10) of the U.S. Securities Act and may be subject to restrictions on resale under the securities laws of the United States;

(g) the Interim Order will specify that each shareholder of High Fusion will have the right to appear before the Court so long as they enter an appearance within a reasonable time;

(h) the Final Order shall include statements substantially to the following effect:

"*The terms and conditions of the Plan of Arrangement are procedurally and substantively fair to the securityholders of High Fusion Inc. and are hereby approved by the Court. This Order will serve as a basis of a claim to an exemption, pursuant to Section 3(a)(10) of the United States Securities Act of 1933, as amended, from the registration requirements otherwise imposed by that act, regarding the issuance of securities pursuant to the Plan of Arrangement*".

ARTICLE 3
REPRESENTATIONS AND WARRANTIES

Section 3.1 Representations and Warranties of High Fusion

High Fusion hereby represents and warrants to Neural as follows:

(a) it is a "foreign private issuer" as defined in Rule 405 under the U.S. Securities Act and is not required to register as an investment company under the 1940 Act;

(b) no class of securities of the corporation is registered or required to be registered under Section 12 of the U.S. Exchange Act, nor does the Corporation have a reporting obligation under Section 15(d) of the U.S. Exchange Act;

(c) it is a corporation incorporated and subsisting under the laws of Canada and has full capacity and authority to enter into this Agreement and, subject to obtaining the requisite approvals and consents contemplated hereby, to perform its obligations hereunder;

(d) neither the execution and delivery of this Agreement nor the performance of any of its covenants and obligations hereunder will constitute a material default under, or be in any material contravention or breach of: (i) any provision of its articles and by-laws; (ii) any judgment, decree, order, law, statute, rule or regulation applicable to it; or (iii) any agreement or instrument to which it is a party or by which it is bound;

(e) subject to Court proceedings related to the Interim Order and the Final Order, other than disclosed in the financial statements of High Fusion, there are no actions, suits, proceedings or investigations commenced, contemplated or threatened against or affecting it, at law or in equity, before or by any Authority nor are there any existing facts or conditions which may reasonably be expected to form a proper basis for any actions, suits, proceedings or investigations, which, in any case, would prevent or hinder the consummation of the transactions contemplated by this Agreement;

(f) no dissolution, winding up, bankruptcy, liquidation or similar proceeding has been commenced or is pending or proposed in respect of it;

(g) subject to receipt of the High Fusion Shareholders' approval of the Name Change, the Arrangement and the Continuance and receipt of the Final Order, it has taken all corporate actions necessary to authorize the execution and delivery of this Agreement and this Agreement has been duly executed and delivered by it;

(h) the authorized issued and outstanding capital of High Fusion consists of the securities set out in Schedule "C" hereto;

(i) other than set out in Schedule "C" hereto, there are no securities convertible into High Fusion SVS or High Fusion MVS nor is there any agreement, warrant, option or other right capable of becoming an agreement, warrant or option for the purchase or other acquisition of any issued or unissued High Fusion MVS or High Fusion SVS; and

(j) High Fusion owns 17,983,334 Neural Shares beneficially and of record and upon completion of the Arrangement, High Fusion Shareholders shall have good and marketable title (subject to applicable law) to the securities (as they exist immediately following closing of the Arrangement), free and clear of all Encumbrances.

Section 3.2 Representations and Warranties of Neural

Neural hereby represents and warrants to High Fusion as follows:

(a) it is a "foreign private issuer" as defined in Rule 405 under the U.S. Securities Act and is not required to register as an investment company under the 1940 Act;

(b) no class of securities of the corporation is registered or required to be registered under Section 12 of the U.S. Exchange Act, nor does the corporation have a reporting obligation under Section 15(d) of the U.S. Exchange Act;

(c) it is a corporation incorporated and subsisting under the laws of the Province of

Ontario and has full capacity and authority to enter into this Agreement and, subject to obtaining the requisite approvals and consents contemplated hereby, to perform its obligations hereunder;

(d) it has taken all corporate action necessary to authorize the execution and delivery, and the performance of the provisions, of this Agreement and this Agreement has been duly authorized by it;

(e) neither the execution and delivery of this Agreement nor the performance of any of its covenants and obligations hereunder will constitute a material default under, or be in any material contravention or breach of: (i) any provision of its articles and by-laws; (ii) any judgment, decree, order, law, statute, rule or regulation applicable to it; or (iii) any agreement or instrument to which it is a party or by which it is bound;

(f) no dissolution, winding-up, bankruptcy, liquidation or similar proceedings have been commenced or are pending or proposed in respect of it;

(g) Neural's current issued and outstanding capital is comprised of the following:

i. 39,469,320 Neural Shares;

ii. 5,546,660 Neural Warrants; and

iii. 596,600 Neural Broker Warrants.

(h) other than set out in the section above there are no other securities exercisable or convertible into Neural Shares; and

(i) there are no amounts due from High Fusion to Neural.

Section 3.3 Survival of Representations and Warranties

The representations and warranties of each of the Parties contained herein will not survive the completion of this Arrangement and will expire and be terminated on the earlier of: (i) the termination of this Agreement in accordance with its terms; and (ii) the Effective Time.

ARTICLE 4
COVENANTS

Section 4.1 General Covenants

Each of High Fusion and Neural will:

(a) use all commercially reasonable efforts and do all things reasonably required of it to cause the Arrangement to become effective as soon as reasonably practicable or on such date as High Fusion may determine;

(b) do and perform all such acts and things, and execute and deliver all such agreements, assurances, notices and other documents and instruments as may reasonably be required to facilitate the carrying out of the intent and purpose of this Agreement including, without limitation, complying with the requirements for obtaining an exemption from the registration requirements of the U.S. Securities Act provided by Section 3(a)(10) thereunder;

(c) use their best efforts to obtain all necessary consents, assignments, waivers and amendments to, or terminations of, any instruments and take such measures as may be appropriate to fulfill its obligations hereunder and to carry out the transactions

contemplated hereby; and

(d) cooperate with and assist each other in dealing with transitional matters relating to or arising from the Arrangement or this Agreement.

Section 4.2 Covenants of High Fusion

Subject to Section 6, High Fusion hereby covenants and agrees with Neural as follows:

(a) until the earlier of: (i) the Effective Date; and (ii) the termination of this Agreement, not perform any act or enter into any transaction which interferes or is inconsistent with the completion of the Plan of Arrangement;

(b) it will make an application to the Court for the Interim Order and provide draft materials that would be submitted to the High Fusion Shareholders in connection with the Meeting, including without limitation: (i) the Circular; (ii) sufficient information before it to determine the value of Arrangement Consideration Shares (as such term is defined in the Plan of Arrangement), and (iii) any other materials required by the Court;

(c) it shall in a timely and expeditious manner: (i) carry out the terms of the Interim Order; (ii) ensure that the Circular complies with *National Instrument 51-102 – Continuous Disclosure Obligations* and Form 51-102F5 thereunder and *Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions* and provide High Fusion Shareholders with sufficient detail to permit them to form a reasoned judgment concerning the matters to be placed before them at the Meeting; (iii) file the Circular in all jurisdictions where the same is required to be filed and mail the same as ordered by the Interim Order and in accordance with all applicable laws, and solicit proxies to be voted at the Meeting in favour of the Arrangement and related matters; (iv) conduct the Meeting in accordance with the Interim Order and the constating documents of High Fusion, as applicable, and as otherwise required by applicable laws; (v) use commercially reasonable efforts to obtain such other consents, orders, rulings, approvals and assurances as counsel may advise are necessary or desirable in connection with the completion of the Arrangement and as contemplated by this Agreement; (vi) use its best efforts to obtain the approval of the Arrangement Resolution; (vii) use its best efforts to obtain the approval of the Continuance; and (viii) use its best efforts to obtain the approval of the Name Change;

(d) provide Neural with any information required regarding High Fusion to ensure that Neural can comply with the exemption from the registration requirements available for "foreign private issuers" under the U.S. Exchange Act provided by Rule 12g3-2(b) thereunder following the completion of the Arrangement and assuming that Neural achieves Going Public Transaction;

(e) it will use all reasonable efforts to cause each of the conditions precedent set out in Section 5.1 and Section 5.2 hereof to be complied with on or before the Effective Date;

(f) it will not take any action on its part to divert the use of Neural's available capital other than for the purposes of completing the Arrangement, preparing the Circular, conducting the Meeting, or activities that directly relate to Neural's nutraceutical and pharmaceutical business plan; and

(g) ensure that the information set forth in the Circular relating to High Fusion and Neural, and their respective businesses and the effect of the Plan of Arrangement thereon will be true, correct and complete in all material respects and will not contain any untrue statement of any material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein not misleading in light of the circumstances in which they are made.

Section 4.3 Covenants of Neural

Neural hereby covenants and agrees with High Fusion as follows:

(a) until the earlier of: (i) the Effective Date; and (ii) the termination of this Agreement, it will not perform any act or enter into any transaction which interferes or is inconsistent with the completion of the Plan of Arrangement;

(b) it shall perform the obligations required to be performed by it, and shall enter into all agreements required to be entered into by it, under this Agreement and the Plan of Arrangement and shall do all such other acts and things as may be necessary or desirable in order to carry out and give effect to the Arrangement and related transactions as described in the Circular and, without limiting the generality of the foregoing, to the extent requested by High Fusion, it shall seek and cooperate with High Fusion in seeking (i) the Interim Order and the Final Order; and (ii) such other consents, orders, rulings, approvals and assurances as counsel may advise are necessary or desirable in connection with the completion of the Arrangement;

(c) it shall take such actions as are reasonably required for Neural to comply with the exemption from the registration requirement for Neural Shares to be issued under the Arrangement under the U.S. Exchange Act provided by Rule 12g3-2(b) thereunder on the Effective Date;

(d) it will use all reasonable efforts to cause each of the conditions precedent set out in Section 5.1 and Section 5.2 hereof to be complied with on or before the Effective Date;

(e) it shall not use its funds for any other purpose other than advancing its nutraceutical and pharmaceutical business plan;

(f) not, without limiting the generality of the foregoing covenants, until the Effective Date, except as required to effect the Plan of Arrangement or with the consent of High Fusion

(i) issue any additional securities other than in connection with the Plan of Arrangement or transactions required in order to effect the Plan of Arrangement;

(ii) issue or enter into any agreement or agreements to issue or grant options, warrants or other rights to purchase or otherwise acquire any securities; or

(iii) alter or amend its constating documents as the same exist at the date of this Agreement except as specifically provided for hereunder.

(g) it shall be responsible for all costs associated with the Arrangement and the Meeting, and the preparation of the related documentation, including the Circular and all items identified in Section 4.2; and

(h) it shall take the steps to issue 2,000,000 Neural HF Warrants to High Fusion on or prior to the Effective Date.

Section 4.4 Indemnification

Each Party covenants and agrees to indemnify and save harmless the other Party from and against any and all liabilities, claims, demands, losses, costs, damages and expenses to which such Party or any of its Representatives may be subject or may suffer, in any way caused by, or arising, directly or indirectly, from or in consequence of any misrepresentation or alleged misrepresentation in any information included in the Circular that is provided by the other Party for the purpose of inclusion in the Circular; and any order made, or any inquiry, investigation or proceeding pursuant to any Securities Legislation, or by any Authority, based on any misrepresentation or any alleged misrepresentation in any information provided by the other Party for the purpose of inclusion in the Circular.

ARTICLE 5
CONDITIONS

Section 5.1 Mutual Conditions Precedent

The respective obligation of the parties hereto to complete the transactions contemplated by this Agreement, including the Arrangement and the obligation of each of High Fusion and Neural to take such other action as is necessary or desirable to give effect to the Arrangement shall be subject to the satisfaction, or mutual waiver in writing, on or before the Effective Date, of the following conditions:

(a) the Interim Order shall have been granted in form and substance satisfactory to High Fusion and Neural, acting reasonably, and such order shall not have been set aside or modified in a manner unacceptable to any of the Parties, acting reasonably, on appeal or otherwise;

(b) the Arrangement and this Agreement, with or without amendment, shall have been approved by the directors and, if required, the shareholders of Neural, to the extent required by, and in accordance with applicable Laws and the constating documents of Neural;

(c) the Arrangement Resolution, with or without amendment, shall have been approved by the required number of votes cast by High Fusion Shareholders at the Meeting, in accordance with the Interim Order and, subject to the Interim Order, the constating documents of High Fusion, applicable Laws and the requirements of any applicable regulatory authorities;

(d) the Name Change and the Continuance, with or without amendment, shall have been approved by the required number of votes cast by High Fusion Shareholders at the Meeting, in accordance with the constating documents of High Fusion, applicable Laws and the requirements of any applicable regulatory authorities;

(e) the Court shall have determined that the terms and conditions of the Arrangement are procedurally and substantively fair to the High Fusion Shareholders and the Final Order shall have been granted in the form and substance satisfactory to High Fusion, and shall not have been set aside or modified in a manner unacceptable to High Fusion, on appeal or otherwise;

(f) the Neural Shares to be issued in the United States pursuant to the Arrangement shall be issued in accordance with and exempt from registration requirements under

applicable exemptions from registration under the U.S. Securities Act;

(g) all material governmental, court, regulatory, third party and other approvals, consents, expiry of waiting periods, waivers, permits, exemptions, orders and agreements and all amendments and modifications to, and terminations of, agreements, indentures and arrangements considered by High Fusion to be necessary or desirable for the Arrangement to become effective shall have been obtained or received on terms that are satisfactory to High Fusion;

(h) no action will have been instituted and be continuing on the Effective Date for an injunction to restrain, a declaratory judgment in respect of, or damages on account of or relating to the Arrangement and there will not be in force any order or decree restraining or enjoining the consummation of the transactions contemplated by this Agreement and no cease trading or similar order with respect to any securities of any of the parties will have been issued and remain outstanding;

(i) none of the consents, orders, rulings, approvals or assurances required for the implementation of the Arrangement will contain terms or conditions or require undertakings or security deemed unsatisfactory or unacceptable by High Fusion;

(j) no Laws, regulation or policy shall have been proposed, enacted, promulgated or applied which interferes or is inconsistent with the completion of the Plan of Arrangement, including any material change to the Tax Act and other relevant income tax Laws of Canada or the Province of Ontario, which would have a material adverse effect upon High Fusion Shareholders if the Plan of Arrangement is completed as set out in this Agreement;

(k) no material fact or circumstance, including the fair market value of the Neural Shares, shall have changed in a manner which would have a material adverse effect upon High Fusion or the High Fusion Shareholders if the Plan of Arrangement is completed;

(l) the issuance of the securities under the Plan of Arrangement shall be exempt from registration under the U.S. Securities Act pursuant to the Section 3(a)(10) Exemption;

(m) the issuance of the securities under the Plan of Arrangement shall be exempt from prospectus requirements under Securities Legislation pursuant to the Section 2.11 of NI 45-106;

(n) the Parties shall take the steps necessary to satisfy the requirements for Neural to become a Reporting Issuer following the completion of the Plan of Arrangement;

(o) holders of shares representing no more than 5% of votes attaching to the High Fusion Shares, in the aggregate, shall have exercised their Dissent Rights; and

(p) this Agreement shall not have been terminated pursuant to Section 6.2 hereof.

Section 5.2 Additional Conditions to Obligations of Each Party

The obligation of each of High Fusion and Neural to complete the transactions contemplated by this Agreement, including the Arrangement, is further subject to the condition, which may be waived by such Party without prejudice to the right of such Party hereto to rely on any other condition in favour of such Party, that subject to Section 6, each and every one of the covenants of the other Party hereto to be performed on or before the Effective Date pursuant to the terms of this Agreement shall have been performed by such Party and that, except as affected by the transactions

contemplated by this Agreement, the representations and warranties of the other Party shall be true and correct in all material respects on the Effective Date (except for representations and warranties made as of the specified date, the accuracy of which shall be determined as at that specified date), with the same effect as if such representations and warranties had been made at, and as of, such time.

ARTICLE 6
AMENDMENT AND TERMINATION

Section 6.1 Amendment

Subject to any restrictions under the BCBCA or in the Final Order, this Agreement (including the Schedules attached hereto) may, at any time and from time to time before or after the holding of the Meeting, but not later than the Effective Date, be amended by written agreement of the parties hereto without, subject to applicable Laws, further notice to, or authorization on the part of, the High Fusion Shareholders. Without limiting the generality of the foregoing, any such amendment may:

(a) change the time for performance of any of the obligations or acts of the parties;

(b) waive any inaccuracies or modify any representation contained herein or in any document to be delivered pursuant hereto;

(c) waive compliance with or modify any of the covenants herein contained or waive or modify performance of any of the obligations of the parties; or

(d) make such alterations in this Agreement (including the Plan of Arrangement) as the parties may consider necessary or desirable in connection with the Interim Order, the Final Order or otherwise.

Section 6.2 Termination

The parties agree that:

(a) if any condition contained in Article 5 is not satisfied at or before the Outside Date to the satisfaction of each Party, then such Party may, by notice to the other Party hereto terminate this Agreement and the obligations of the Parties hereunder (except as otherwise herein provided) but without detracting from the rights of such Party arising from any breach by any other Party but for which the condition would have been satisfied;

(b) this Agreement may:

(i) be terminated by the mutual agreement of the Parties hereto;

(ii) be terminated by any Party hereto if there shall be passed any Law that makes consummation of the transactions contemplated by this Agreement illegal or otherwise prohibited;

(iii) be terminated by any Party if the approval of the High Fusion Shareholders shall not have been obtained by reason of the failure to obtain the required vote on the Arrangement Resolution at the Meeting, at any time prior to the earlier of: (i) the Effective Date; and (ii) the Outside Date, by written notice to all other parties;

(c) if the Effective Date does not occur on or prior to the Outside Date, then this

Agreement shall automatically terminate without any further action of the Parties hereto;

(d) if this Agreement is terminated in accordance with the foregoing provisions of this Section 6.2, no Party shall have any further liability to perform its obligations hereunder except as specifically contemplated hereby.

Section 6.3 Effect of Termination

Upon the termination of this Agreement pursuant to Section 6.2 hereof, neither Party hereto shall have any liability or further obligation to the other Party hereto.

ARTICLE 7
MERGER AND SURVIVAL

Section 7.1 Merger of Conditions

The conditions set out in Section 5.1 hereof shall be conclusively deemed to have been satisfied or waived upon the Effective Date.

Section 7.2 Merger of Covenants

The provisions of Section 4.1, Section 4.2 and Section 4.3 hereof shall be conclusively deemed to have been satisfied in all respects upon the Effective Date.

Section 7.3 Survival of Representations and Warranties

The representations and warranties of High Fusion and Neural contained in this Agreement shall not survive the completion of the Arrangement and shall expire and be terminated on the earlier of the Effective Time and the date on which this Agreement is terminated in accordance with its terms.

ARTICLE 8
GENERAL

Section 8.1 Notices

All notices to either of the parties hereto which may or are required to be given pursuant to any provision of this Agreement shall be given or made in writing and shall be deemed to be validly given if served personally or by email, in each case to the attention of the senior officer at the following address or at such other address as shall be specified by a party hereto by like notice:

(a) if to High Fusion:

2905-77 King Street West
Toronto, ON M5K 1H1

Attention: Robert Wilson, Chief Financial Officer
Email: rwilson@nutritionalhigh.com

(b) if to Neural:

2905-77 King Street West
Toronto, ON M5K 1H1

Attention: Ian Campbell, Chief Executive Officer and Director
Email: icampbell@neuraltherapeutics.ca

Any notice that is delivered to such address shall be deemed to be delivered on the date of delivery if delivered on a Business Day prior to 5:00 p.m. (local time at the place of receipt) or on the next Business Day if delivered after 5:00 p.m. or on a non-Business Day. Any notice delivered by email shall be deemed to be delivered on the date of transmission.

Section 8.2 Time of the Essence

Time shall be of the essence of this Agreement.

Section 8.3 Assignment

Neither of the parties hereto may assign its rights or obligations under this Agreement or the Arrangement without the prior written consent of the other.

Section 8.4 Binding Effect

This Agreement and the Plan of Arrangement shall be binding upon and shall enure to the benefit of each of the parties hereto and the respective successors and permitted assigns thereof.

Section 8.5 Waiver

Any waiver or release of any of the provisions of this Agreement, to be effective, must be in writing executed by the party hereto granting such waiver or release.

Section 8.6 Further Assurances

Each party hereto shall, from time to time, and at all times hereafter, at the request of the other, but without further consideration, do, or cause to be done, all such other acts, and execute and deliver, or cause to be executed and delivered, all such further agreements, transfers, assurances, instruments or documents as may be reasonably required in order to fully perform and carry out the terms and intent hereof including, without limitation, the Arrangement.

Section 8.7 Governing Law

This Agreement shall be governed by, and be construed in accordance with, the laws of the Province of British Columbia and the federal laws of Canada applicable therein but the reference to such laws shall not, by conflict of laws rules or otherwise, require the application of the law of any jurisdiction other than the Province of British Columbia.

Each Party agrees that any action or proceeding arising out of or relating to this Agreement may be instituted in the courts of British Columbia, waives any objection which it may have now or later to the venue of that action or proceeding, irrevocably submits to the exclusive jurisdiction of those courts in that action or proceeding and agrees to be bound by any judgement of those courts.

Section 8.8 Expenses

Other than noted herein, all expenses incurred in connection with this Agreement, the Arrangement and the transactions contemplated hereby and thereby shall be borne by Neural.

Section 8.9 Counterparts

This Agreement may be executed in one or more counterparts, by original, facsimile or pdf signature, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

Section 8.10 Severability

If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule, Law, or public policy, all other conditions and provisions of this Agreement will nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated by this Agreement is not affected in any manner materially adverse to any Party. Upon any determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties will negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner to the end that the transactions contemplated by this Agreement are fulfilled to the fullest extent possible.

Section 8.11 Enurement

This Agreement will be binding upon and enure to the benefit of the Parties and their respective successors and permitted assigns from time to time.

Section 8.12 Entire Agreement

This Agreement, the Plan of Arrangement and the other agreements contemplated hereby and thereby constitute the entire agreement between the Parties pertaining to the subject matter hereof and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, of the parties, including the Original Arrangement Agreement. There are no warranties, conditions, or representations (including any that may be implied by statute) and there are no agreements in connection with such subject matter, except as specifically set forth or referred to in this Agreement or as otherwise set out in writing and delivered at the completion of the Arrangement. No reliance is placed on any warranty, representation, opinion, advice or assertion of fact made by any Party or its directors, officers, employees or agents, to any other Party or its directors, officers, employees or agents, except to the extent that the same has been reduced to writing and included as a term of this Agreement. Accordingly, there will be no liability, either in tort or in contract, assessed in relation to any such warranty, representation, opinion, advice or assertion of fact, except to the extent aforesaid.

Section 8.13 Language

The Parties to this Agreement confirm their express wish that this Agreement and all documents and agreements directly or indirectly relating thereto be drawn up in the English language. Les Parties reconnaissent leur volonté expresse que la présente Entente ainsi que tous les documents et commis s'y rattachant directement ou indirectement soient rédigés en anglais.

[Remainder of page intentionally left blank. Signature page follows.]

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the date and year first above written.

HIGH FUSION INC.

Per: */"SIGNED"/*
Name: John Durfy
Title: Chief Executive Officer and Director

NEURAL THERAPEUTICS INC.

Per: */"SIGNED"/*
Name: Ian Campbell
Title: Chief Executive Officer and Director

SCHEDULE "A"

PLAN OF ARRANGEMENT
UNDER THE PROVISIONS OF SECTION 288
OF THE *BUSINESS CORPORATIONS ACT* (BRITISH COLUMBIA)

ARTICLE 1 INTERPRETATION

1.1 Definitions

In this Plan of Arrangement, unless there is something in the subject matter or context inconsistent therewith, the following terms shall have the respective meanings set out below and grammatical variations of such terms shall have corresponding meanings:

"**Arrangement**" means the arrangement under Sections 288 to 299 of the BCBCA on the terms and subject to the conditions set out in this Plan of Arrangement, subject to any amendments or variations thereto made in accordance with the Arrangement Agreement or this Plan of Arrangement or made at the direction of the Court in the Final Order with the consent of High Fusion;

"**Arrangement Agreement**" means the amended and restated arrangement agreement dated as of February 24, 2023, including the Schedules attached hereto, as may be supplemented or amended from time to time"

"**Arrangement Consideration Shares**" means the securities issued or distributed, as the case may be, pursuant to the Share Exchange, being High Fusion New SVS, High Fusion New MVS and Neural Shares;

"**Arrangement Resolution**" means the special resolution of the High Fusion Shareholders in respect of the Arrangement to be considered at the Meeting;

"**BCBCA**" means the *Business Corporations Act* (British Columbia) and the regulations made thereunder, as promulgated or amended from time to time;

"**Board of Directors**" means the duly appointed board of directors of the applicable company;

"**Business Day**" means a day, other than a Saturday, Sunday or statutory holiday, when banks are generally open in the City of Toronto, Ontario for the transaction of banking business;

"**CDS**" means CDS Clearing and Depository Services Inc.;

"**Circular**" means the management information circular of High Fusion to be prepared and sent to the High Fusion Shareholders in connection with the Meeting;

"**Consideration**" means the consideration payable by High Fusion pursuant to Section 2.3 of this Plan of Arrangement to a person who is, immediately before the Effective Time, a High Fusion Shareholder;

"**Continuance**" means the continuance of High Fusion as a company under the laws of British Columbia;

"**Court**" means the Supreme Court of British Columbia;

"**Depository**" means Odyssey Trust Company or such other person that may be appointed by the Parties for the purpose of receiving deposits of certificates formerly representing High Fusion SVS and High Fusion MVS;

"**Dissent Rights**" has the meaning set forth in Section 3.1 of the Plan of Arrangement;

"**Dissenting Shareholder**" means a registered High Fusion Shareholder who has validly exercised its Dissent Rights pursuant to Article 3 hereof and the Interim Order and the Final Order and has not withdrawn or been deemed to have withdrawn such exercise of Dissent Rights;

"**Effective Date**" means the date upon which the Arrangement becomes effective as set out in the Arrangement Agreement;

"**Effective Time**" means 12:01 a.m. (Vancouver time) on the Effective Date;

"**Encumbrance**" means any encumbrance, lien, charge, hypothec, pledge, mortgage, title retention agreement, security interest of any nature, prior claim, adverse claim, exception, reservation, restrictive covenant, agreement, easement, lease, license, right of occupation, option, right of use, right of first refusal, right of pre-emption, privilege or any matter capable of registration against title or any contract to create any of the foregoing.

"**Final Order**" means the final order of the Court pursuant to Section 291 of the BCBCA, after a hearing upon the fairness of the terms and conditions of the Arrangement, in a form acceptable to High Fusion approving the Arrangement, as such order may be amended by the Court (with the consent of High Fusion) at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended (provided that any such amendment is acceptable to High Fusion) on appeal"

"**High Fusion**" means High Fusion Inc. (formerly Nutritional High International Inc.), a company incorporated pursuant to the laws of Canada, but which will be continued as a company under the laws of the Province of the British Columbia prior to the Effective Date"

"**High Fusion Articles**" means articles of amendment of High Fusion dated November 15, 2021;

"**High Fusion MVS**" means the multiple voting shares of High Fusion;

"**High Fusion SVS**" means the subordinate voting shares of High Fusion;

"**High Fusion New MVS**" has the meaning attributed to that term in Section 2.3(d)(iii) of this Plan of Arrangement;

"**High Fusion New SVS**" has the meaning attributed to that term in Section 2.3(d)(iv) of this Plan of Arrangement;

"**High Fusion Shareholders**" means the holders of High Fusion MVS and High Fusion SVS, at the applicable time;

"**High Fusion Shares**" means all issued and outstanding High Fusion MVS and High Fusion SVS;

"**Interim Order**" means the order made after application to the Court pursuant to Section 291 of the BCBCA, after being informed of the intention to rely upon the exemption from registration under the U.S. Securities Act provided by Section 3(a)(10) thereunder in connection with the issuance of securities of High Fusion and the distribution of the securities of Neural to High Fusion Shareholders in the United States, providing for, among other things, the calling and holding of the Meeting, as such order may be amended, supplemented or varied by the Court (with the consent of the Parties, acting reasonably);

"**Letter of Transmittal**" means the letter of transmittal enclosed with the Circular sent in connection

with the Meeting pursuant to which, among other things, registered High Fusion Shareholders are required to deliver certificates representing High Fusion SVS and High Fusion MVS, in order to receive the Consideration to which they are entitled;

"**Meeting**" means the annual and special meeting of High Fusion Shareholders and any adjournment(s) or postponement(s) thereof, to be called and held in accordance with the Interim Order to consider and to vote on the Name Change, Arrangement Resolution and the Continuance and any other matters set out in the Notice of Meeting;

"**MVS Conversion Factor**" means SVS Conversion Factor multiplied by ten (10);

"**Name Change**" means the change of the High Fusion's name in connection with the Arrangement from "High Fusion Inc." to "Vertical Peak Holdings Inc." or such other name as High Fusion may determine.

"**Neural**" means Neural Therapeutics Inc. (formerly Psychedelic Science Corp)., a company incorporated pursuant to the laws of the Province of Ontario, Canada;

"**Neural Shares**" means the common shares in the capital of Neural;

"**Notice of Meeting**" means the notice of the Meeting to be sent to the High Fusion Shareholders, which notice will accompany the Circular;

"**OBCA**" means the *Business Corporations Act* (Ontario) and the regulations made thereunder, as promulgated or amended from time to time;

"**Parties**" means, collectively, High Fusion and, and "**Party**" means any one of them;

"**Person**" or "**person**" means and includes an individual, sole proprietorship, partnership, unincorporated association, unincorporated syndicate, unincorporated organization, trust, body corporate, trustee, executor, administrator or other legal representative and the Crown or any agency or instrumentality thereof;

"**Plan of Arrangement**" means this plan of arrangement and any amendments or variations thereto made in accordance with this Agreement, the Plan of Arrangement or upon the direction of the Court in the Final Order with the consent of High Fusion;

"**Round Down Provision**" has the meaning attributed to that term in Section 2.4 of this Plan of Arrangement;

"**Share Exchange**" has the meaning attributed to that term in Section 2.3(e) of this Plan of Arrangement;

"**SVS Conversion Factor**" means the number derived from the following formula:

$$A = B \div [C + (D \times 10)]$$

Where:

A = SVS Conversion Factor;

B = 4,716,667, being the number of Neural Shares to be distributed;

C = number of High Fusion SVS issued and outstanding immediately prior to the Effective Time; and

D = number of High Fusion MVS issued and outstanding immediately prior to the Effective Time.

"**Tax Act**" means the *Income Tax Act* (Canada) and the regulations made thereunder, as promulgated or amended from time to time; and

"**US Tax Code**" means the United States Internal Revenue Code of 1986 and the regulations made thereunder, as promulgated or amended from time to time; and

"**Transfer Agent**" means Odyssey Trust Company, or such other trust company or transfer agent as may be designated by High Fusion.

In addition, words and phrases used herein and defined in the BCBCA and not otherwise defined herein or in the Arrangement Agreement shall have the same meaning herein as in the BCBCA unless the context otherwise requires.

1.2 Sections and Headings

The division of this Plan of Arrangement into articles and sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Plan of Arrangement. Unless reference is specifically made to some other document or instrument, all references herein to articles and sections are to articles and sections of this Plan of Arrangement.

1.3 Number, Gender and Persons

In this Plan of Arrangement, unless otherwise expressly stated or the context otherwise requires, words importing the singular number shall include the plural and *vice versa*, and words importing gender shall include all genders.

1.4 Statutory References

Any reference in this Plan of Arrangement to a statute includes all regulations made thereunder, all amendments to such statute or regulation in force from time to time and any statute or regulation that supplements or supersedes such statute or regulation.

1.5 Currency

Unless otherwise stated all references in this Plan of Arrangement to sums of money are expressed in lawful money of Canada.

1.6 Business Day

In the event that the date on which any action is required to be taken hereunder by either of the parties is not a Business Day in the place where the action is required to be taken, such action shall be required to be taken on the next succeeding day which is a Business Day in such place.

1.7 Governing Law

This Plan of Arrangement shall be governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein.

1.8 Binding Effect

This Plan of Arrangement will become effective at, and be binding at and after, the Effective Time on: High Fusion and all registered and beneficial High Fusion Shareholders and

all Dissenting Shareholders. This Plan of Arrangement may be withdrawn prior to the occurrence of any of the events in Section 2.1 in accordance with the terms of the Arrangement Agreement.

ARTICLE 2
ARRANGEMENT

2.1 Preliminary Steps to the Arrangement

The approval of the Name Change, the Continuance and the continuance of High Fusion as a company under the laws of British Columbia shall occur prior to, and be a condition to the implementation of this Plan of Arrangement.

2.2 Effect of Plan of Arrangement

This Plan of Arrangement and the Arrangement shall become effective at the Effective Time, and shall be binding on High Fusion, Neural, all registered holders and beneficial owners of High Fusion Shares, including all Dissenting Shareholders, the Transfer Agent, the Depositary and all other Persons, at and after the Effective Time, without any further act or formality required on the part of any Person.

2.3 Arrangement

Commencing at the Effective Time, each of the events set out below shall occur and shall be deemed to occur in the following sequence or as otherwise provided below or herein, without any further act or formality on the part of any Person, in each case, unless specifically provided otherwise in this Section 2.3, effective as at two-minute intervals starting at the Effective Time:

(a) each High Fusion Share held by a Dissenting Shareholder shall be deemed to be transferred by the holder thereof, without any further act or formality on its part, free and clear of all Encumbrances, to High Fusion for cancellation and shall be cancelled:

(b) such Dissenting Shareholder shall cease to be the holder of such High Fusion Shares and to have any rights as a High Fusion Shareholder other than the right to be paid fair value for such High Fusion Shares by High Fusion in accordance with Article 3;

(c) the name of such Dissenting Shareholder shall be removed from High Fusion's register of High Fusion Shares as a holder of High Fusion Shares;

(d) The articles and notice of articles of High Fusion shall be amended to provide that the authorized share structure of High Fusion shall be reorganized and altered by:

i. changing the identifying name of the issued and unissued High Fusion SVS from "Subordinate Voting Shares" to "Class A Subordinate Voting Shares" and amending the rights, privileges, restrictions and conditions attaching to those shares to require High Fusion to provide a notice of time and place of any meeting of shareholders to be sent at least 22 days and not more than 60 days to shareholders thereof;

ii. changing the identifying name of the issued and unissued High Fusion MVS from "Multiple Voting Shares" to "Class A Multiple Voting Shares" and amending the rights, privileges, restrictions and conditions attaching to those shares to require High Fusion to provide a notice of time and place of any meeting of shareholders to be sent at least 22 days and not more than 60 days to shareholders thereof;

iii. creating a new class of shares without par value, with no maximum number and with the identifying name "Class B Subordinate Voting Shares" having the rights, privileges, restrictions and conditions identical to High Fusion SVS, as more particularly described in the High Fusion Articles, prior to the amendments described in Section 2.3(d)(i) (the "**High Fusion New SVS**"); and

iv. creating a new class of shares without par value, with no maximum number and with the identifying name "Class B Multiple Voting Shares" having the rights, privileges, restrictions and conditions identical to High Fusion MVS, as more particularly described in the High Fusion Articles, prior to the amendments described in Section 2.3(d)(ii) (the "**High Fusion New MVS**");

(e) High Fusion shall reorganize its capital within the meaning of Section 86 of the Tax Act such that each High Fusion Shareholder (for the avoidance of doubt, excluding any High Fusion Shares surrendered and cancelled in accordance with Section 2.3(a)) shall dispose of all of the High Fusion Shareholder's securities to High Fusion and in consideration and exchange therefor ("**Consideration**"), High Fusion shall:

i. with respect to the holders of High Fusion SVS:

a) issue that number of High Fusion New SVS as is equal to the number of High Fusion SVS previously held by each such holder;

b) distribute a number of Neural Shares equal to the product of the number of High Fusion New SVS held and multiplied by the SVS Conversion Factor, in accordance with the provisions of Article 4 of this Plan of Arrangement as of the Effective Date;

ii. with respect to the holders of High Fusion MVS:

a) issue that number of High Fusion New MVS as is equal to the number of High Fusion MVS previously held by each such holder;

b) distribute a number of Neural Shares equal to the product of the number of High Fusion New MVS held and multiplied by the MVS Conversion Factor, applicable to the High Fusion MVS, in accordance with the provisions of Article 4 of this Plan of Arrangement as of the Effective Date;

(collectively, the "**Share Exchange**"), and, in connection with the Share Exchange:

(A) the name of each High Fusion Shareholder shall be removed from the central securities register for the High Fusion SVS and High Fusion MVS and added to the central securities register for the High Fusion New SVS and High Fusion New MVS, respectively, and Neural Shares as the holder of the number of High Fusion New SVS, High Fusion New MVS and Neural Shares, respectively, received pursuant to the Share Exchange;

(B) all issued and outstanding High Fusion SVS and High Fusion MVS shall be cancelled and the capital in respect of such securities shall be reduced to nil;

(C) the number of Neural Shares previously held by High Fusion and distributed pursuant to the Share Exchange shall be removed from Neural's register of holders of Neural Shares;

(f) The authorized share structure of High Fusion shall be reorganized and altered by:

i. eliminating the High Fusion SVS from the authorized share structure of

High Fusion;

ii. eliminating the High Fusion MVS from the authorized share structure of High Fusion;

iii. changing the identifying name of the issued and unissued High Fusion New SVS from "Class B Subordinate Voting Shares" to "Subordinate Voting Shares";

iv. changing the identifying name of the issued and unissued High Fusion New MVS from "Class B Multiple Voting Shares" to "Multiple Voting Shares".

2.4 No Fractional Neural Shares

No fractional Neural Shares shall be distributed by High Fusion to High Fusion Shareholders. If High Fusion would otherwise be required to distribute to High Fusion Shareholder an aggregate number of distributed Neural Shares that is not a round number, then the number of Neural Shares, distributable to that High Fusion Shareholder shall be rounded down to the next lesser whole number (the "**Round Down Provision**") and that High Fusion Shareholder shall not receive any compensation in respect thereof. In calculating such fractional interests, all High Fusion SVS and all High Fusion MVS registered in the name of or beneficially held by such High Fusion Shareholder or their nominee shall be aggregated. Notwithstanding the foregoing, if the Round Down Provision would otherwise result in the number of Neural Shares distributable to a particular High Fusion Shareholder being rounded down from one to nil, then the Round Down Provision shall not apply and High Fusion shall distribute one Neural Share, to that High Fusion Shareholder.

2.5 Extinction of Rights

Any instrument or certificate which immediately prior to the Effective Time represented outstanding High Fusion Shares that were exchanged pursuant to Section 2.3 or an affidavit of loss and bond or other indemnity pursuant to Section 4.3, shall, on or prior to the sixth (6th) anniversary of the Effective Date, cease to represent a claim or interest of any kind or nature against High Fusion. On such date, the aggregate High Fusion New SVS or High Fusion New MVS, as applicable, to which the former High Fusion Shareholder referred to in the preceding sentence was ultimately entitled shall be deemed to have been surrendered for no consideration to High Fusion, and shall be returned to High Fusion by the Depositary. None of High Fusion, Neural or the Depositary shall be liable to any person in respect of any amount for High Fusion New SVS, High Fusion New MVS or Neural Shares, delivered to a public official pursuant to any applicable abandoned property, escheat or similar law.

2.6 Withholding

(a) High Fusion and Neural, as the case may be, will be entitled to deduct and withhold from any Consideration otherwise payable to any High Fusion Shareholder under this Plan of Arrangement (including any payment to High Fusion Shareholders exercising Dissent Rights) such amounts as High Fusion or Neural are permitted or required to deduct and withhold with respect to such payment under the Tax Act and the rules and regulations promulgated thereunder, or any provision of any provincial, state, local or foreign tax Law as counsel may advise is permitted or required to be so deducted and withheld by High Fusion or Neural, as the case may be. High Fusion, Neural, the Transfer Agent or the duly appointed party on behalf of thereof, shall be entitled to dispose of such number of Neural Shares as is necessary to satisfy the withholdings contemplated herein.

(b) For the purposes of such deduction and withholding: (i) all withheld amounts shall be treated as having been paid to the person in respect of which such deduction and withholding was made on account of the obligation to make payment to such person hereunder; and (ii) such deducted or withheld amounts shall be remitted to the appropriate Authority in the time and manner permitted or required by the applicable Law by or on behalf of High Fusion or Neural, as the case may be.

(c) High Fusion, Neural and the Transfer Agent shall be entitled to deduct and withhold from any amount otherwise payable to any High Fusion Shareholder, as applicable, such amounts as High Fusion, Neural, or the Transfer Agent is required or permitted to deduct and withhold with respect to such payment under the Tax Act or US Tax Code, or any provision of any applicable federal, provincial, state, local or foreign tax law or treaty, in each case, as amended. High Fusion, Neural or the Transfer Agent shall be entitled to dispose of such number of Neural Shares as is necessary to satisfy the withholdings contemplated herein. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes hereof as having been paid to the High Fusion Shareholder, as applicable, in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted to the appropriate taxing authority.

2.7 Post-Effective Date Procedures

Subject to the provisions of Article 4 hereof, and upon return of a properly completed Letter of Transmittal by a registered former High Fusion Shareholder together with certificates, if any, which, immediately prior to the Effective Date, represented High Fusion SVS or High Fusion MVS, as the case may be and such other documents as the Depositary may require, former High Fusion Shareholders shall be entitled to receive delivery of certificates representing the Arrangement Consideration Shares to which they are entitled pursuant to Section 2.3.

2.8 Deemed Fully Paid and Non-Assessable Shares

All Arrangement Consideration Shares issued or distributed pursuant hereto, as the case may be, shall be deemed to be validly issued and outstanding as fully paid and non-assessable shares for all purposes of the BCBCA or the OBCA, as applicable.

ARTICLE 3
RIGHTS OF DISSENT

3.1 Rights of Dissent

Pursuant to the Interim Order, registered holders of High Fusion SVS and High Fusion MVS may exercise rights of dissent (the "**Dissent Rights**") pursuant to and in the manner set forth in Division 2 of Part 8 of the BCBCA, as modified by this Article 3, the Interim Order and the Final Order, with respect to High Fusion SVS and High Fusion MVS in connection with the Arrangement, provided that the written notice setting forth the objection of such registered High Fusion Shareholder to the Arrangement Resolution must be received by High Fusion not later than 5:00 p.m. (Vancouver time) on the Business Day that is two Business Days immediately preceding the Meeting or any date to which the Meeting may be postponed or adjourned. Each Dissenting Shareholder who duly exercises its Dissent Rights in accordance with this Section 3.1, shall be deemed to have transferred all High Fusion Shares held by such Dissenting Shareholder and in respect of which Dissent Rights have been validly exercised, to High Fusion, free and clear of all Encumbrances, as provided in Section 2.3(a) and if such Dissenting Shareholder:

(a) is ultimately entitled to be paid fair value for its High Fusion SVS or High Fusion MVS, such Dissenting Shareholder: (i) shall be deemed not to have participated in

the transactions in Article 2 (other than Section 2.3(a)); (ii) will be entitled to be paid the fair value of such High Fusion SVS or High Fusion MVS by High Fusion, which fair value, notwithstanding anything to the contrary contained in section 245 of the BCBCA, shall be determined as of the close of business on the Business Day immediately preceding the date on which the Arrangement Resolution was adopted; and (iii) will not be entitled to any other payment or consideration, including any payment that would be payable under the Arrangement if such Dissenting Shareholder had not exercised its Dissent Rights in respect of such High Fusion SVS or High Fusion MVS; or

(b) ultimately is not entitled, for any reason, to be paid fair value for such High Fusion SVS or High Fusion MVS, such Dissenting Shareholder shall be deemed to have participated in the Arrangement on the same basis as a non-dissenting holder of High Fusion SVS or High Fusion MVS and shall be entitled to receive only the Consideration contemplated by Section 2.3(e) that such Dissenting Shareholder would have received pursuant to the Arrangement if such Dissenting Shareholder had not exercised its Dissent Rights.

3.2 Recognition of Dissenting Shareholders

In no circumstances shall High Fusion or any other Person be required to recognize a Person exercising Dissent Rights unless such Person is a registered holder of those High Fusion SVS or High Fusion MVS, in respect of which such Dissent Rights are sought to be exercised. For greater certainty, in no case shall High Fusion or any other Person be required to recognize any Dissenting Shareholder as a holder of High Fusion SVS or High Fusion MVS in respect of which Dissent Rights have been validly exercised after the completion of the transfer under Section 2.3(a), and the name of such Dissenting Shareholder shall be removed from the register of High Fusion Shareholders as to those High Fusion Shares in respect of which Dissent Rights have been validly exercised at the same time as the event described in Section 2.3(a) occurs.

ARTICLE 4
CERTIFICATES

4.1 Delivery of Securities

As soon as practicable following the Effective Date, High Fusion and Neural, as applicable, will forward or cause to be forwarded by the Transfer Agent or otherwise, by registered mail postage prepaid) or hand delivery to High Fusion Shareholders as of the Effective Date at the address specified in the register of High Fusion Shareholders, certificates representing the number of Neural Shares to be delivered to such High Fusion Shareholders pursuant to the Arrangement. The Parties agree to use their reasonable efforts to deliver the Neural Shares in the form of direct registration statements issued by the Transfer Agent, rather than physical certificates if practicable without undue financial expense.

4.2 Payment of Consideration

(a) Following receipt of the Final Order and prior to the Effective Date, the Parties shall deliver or arrange to be delivered to the Depositary the certificates representing Neural Shares required to be distributed to the High Fusion Shareholders in accordance with Section 2.3 hereof, which certificates shall be held by the Depositary as agent and nominee for such High Fusion Shareholders for distribution to such High Fusion Shareholders in accordance with the provisions hereof. Following

receipt of the Final Order and prior to the Effective Date, High Fusion shall deliver or arrange to be delivered to the Depositary an irrevocable treasury order directing the Depository to issue the certificates representing the High Fusion New SVS and High Fusion New MVS required to be issued to the High Fusion Shareholders in accordance with Section 2.3 hereof, which certificates shall be held by the Depositary as agent and nominee for such former High Fusion Shareholders for distribution to such former High Fusion Shareholders in accordance with the provisions hereof.

(b) Subject to surrender to the Depositary for cancellation of a certificate which immediately prior to the Effective Time represented outstanding High Fusion SVS and High Fusion MVS together with a duly completed and executed Letter of Transmittal and such additional documents and instruments as the Depositary may reasonably require, following the Effective Time the holder of such surrendered certificate shall be entitled to receive in exchange therefor, and the Depositary shall deliver to such holder, the Consideration which such holder has the right to receive under this Plan of Arrangement, less any amounts withheld pursuant to Section 2.6, and any certificate so surrendered shall forthwith be cancelled.

(c) Until surrendered as contemplated by Section 4.2(b), each certificate that immediately prior to the Effective Time represented a High Fusion SVS or High Fusion MVS shall be deemed after the Effective Time to represent only the right to receive, upon such surrender, the Consideration to which the holder thereof is entitled in lieu of such certificate as contemplated by Section 2.3 and this Section 4.2, less any amounts withheld pursuant to Section 2.6. Any such certificate formerly representing High Fusion SVS or High Fusion MVS not duly surrendered on or before the sixth anniversary of the Effective Date shall:

(i) cease to represent a claim by, or interest of, any former High Fusion Shareholder of any kind or nature against or in High Fusion or Neural (or any successor to any of the foregoing); and

(ii) be deemed to have been surrendered to High Fusion and shall be cancelled.

(d) No holder of a High Fusion SVS or High Fusion MVS shall be entitled to receive any consideration with respect to such securities other than the Consideration to which such holder is entitled in accordance with Section 2.3 and this Section 4.2 and, for greater certainty, no such holder will be entitled to receive any interest, dividends, premium or other payment in connection therewith.

4.3 Lost Certificates

In the event any certificate which immediately prior to the Effective Time represented one or more outstanding High Fusion SVS or High Fusion MVS that are ultimately entitled to Consideration pursuant to Section 2.3 shall have been lost, stolen or destroyed, upon the making of an affidavit or statutory declaration of that fact by the person claiming such certificate to be lost, stolen or destroyed and who was listed immediately prior to the Effective Time as the registered holder thereof on the securities registers maintained by or on behalf of High Fusion, the Depositary will deliver in exchange for such lost, stolen or destroyed certificate, certificates representing the Consideration that such holder is entitled to receive in exchange for such lost, stolen or destroyed certificate, provided the holder to whom the Consideration is to be delivered shall, as a condition precedent to the delivery, give a bond satisfactory to High Fusion and the Depositary (acting reasonably) in such sum as High Fusion and the Depositary may direct, or otherwise indemnify High Fusion and the Depositary in a manner satisfactory to High Fusion and the Depositary, acting reasonably, against any claim that may be made against High Fusion or the Depositary with respect to the certificate

alleged to have been lost, stolen or destroyed.

4.4 Distributions with Respect to Unsurrendered Certificates

No dividend or other distribution declared or paid with a record date after the Effective Time with respect to Arrangement Consideration Shares shall be delivered to the holder of any certificate formerly representing High Fusion SVS or High Fusion MVS, respectively, unless and until the holder of such certificate shall have complied with the provisions of Section 4.2. Subject to applicable Law and to Section 4.2 at the time of such compliance, there shall, in addition to the delivery of the Consideration to which such holder is thereby entitled, be delivered to such holder, without interest, the amount of any dividend or other distribution declared or made after the Effective Time with respect to the Arrangement Consideration Shares to which such holder is entitled in respect of such holder's Consideration.

4.5 Paramountcy

From and after the Effective Time: (a) this Plan of Arrangement shall take precedence and priority over any and all High Fusion Shares issued or outstanding at or prior to the Effective Time, (b) the rights and obligations of the High Fusion Shareholders and of High Fusion, Depositary, Transfer Agent and any transfer agent or other depositary, in relation to the High Fusion Shares and the Arrangement Consideration Shares shall be solely as provided for in this Plan of Arrangement, and (c) all actions, causes of action, claims or proceedings (actual or contingent and whether or not previously asserted) based on or in any way relating to any High Fusion Shares shall be deemed to have been settled, compromised, released and determined without liability except as set forth in this Plan of Arrangement.

4.6 U.S. Securities Laws Exemption

Notwithstanding any provision herein to the contrary, the Parties agree that this Plan of Arrangement will be carried out with the intention that all of the Arrangement Consideration Shares constituting the Consideration issued pursuant to this Plan of Arrangement will be issued in reliance on the exemption from the registration requirements of the U.S. Securities Act as provided by Section 3(a)(10) thereof.

ARTICLE 5
AMENDMENTS

5.1 Right to Amend

High Fusion reserves the right to amend, modify or supplement (or do all of the foregoing) this Plan of Arrangement from time to time and at any time prior to the Effective Date provided that any such amendment, modification and/or supplement must be contained in a written document that is:

(a) approved by Neural;

(b) filed with the Court and, if made following the Meeting, approved by the Court; and

(c) communicated to High Fusion Shareholders if and as required by the Court (if so required).

5.2 Amendment Made Prior to or at the Meeting

Any amendment, modification or supplement to this Plan of Arrangement may be

proposed by High Fusion at any time prior to or at the Meeting, with or without any other prior notice or communication (except to the extent required by the Court), and if so proposed and accepted by the persons voting at the Meeting (other than as may be required under the Interim Order), shall become part of this Plan of Arrangement for all purposes.

5.3 Amendment After the Meeting

Any amendment, modification or supplement to this Plan of Arrangement which is approved by the Court following the Meeting shall be effective only:

(a) if it is consented to by High Fusion and Neural; and

(b) if required by the Court or applicable law, it is consented to by the High Fusion Shareholders, as applicable, voting in the manner directed by the Court.

5.4 Amendment After the Effective Date

Any amendment, modification or supplement to this Plan of Arrangement may be made following the Effective Date unilaterally by High Fusion, provided that it concerns a matter which, in the reasonable opinion of High Fusion, is of an administrative or ministerial nature required to better give effect to the implementation of this Plan of Arrangement and is not adverse to the financial or economic interest of any holder of High Fusion SVS, High Fusion MVS or Neural Shares and such amendments, modifications or supplements to the Plan of Arrangement need not be filed with Court or communicated to the High Fusion Shareholders.

ARTICLE 6
FURTHER ASSURANCES

6.1 Further Assurances

Notwithstanding that the transactions and events set out herein shall occur and be deemed to occur at the time and in the manner set out in this Plan of Arrangement without any further act or formality, High Fusion and Neural shall make, do and execute, or cause to be made, done or executed, all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may reasonably be required by any of them in order to further document or evidence any of the transactions or events set out herein.

ARTICLE 7
TERMINATION

7.1 Termination

Notwithstanding any prior approvals by the Court or by the High Fusion Shareholders, the Board of Directors of High Fusion may decide not to proceed with the Arrangement and to revoke the Arrangement Resolution adopted at the Meeting without further approval of the Court or the High Fusion Shareholders.

SCHEDULE "B"

ARRANGEMENT RESOLUTION

BE IT RESOLVED AS A SPECIAL RESOLUTION OF THE HIGH FUSION SHAREHOLDERS THAT:

1. The arrangement (the "**Arrangement**") under Section 288 of the *Business Corporations Act* (British Columbia) (the "**BCBCA**") involving High Fusion Inc., a corporation existing under the laws of Canada ("**High Fusion**"), its shareholders and Neural Therapeutics Inc., a corporation existing under the laws of the Province of Ontario ("**Neural**"), all as more particularly described and set forth in the management information circular (the "**Circular**") of High Fusion accompanying the notice of meeting (as the Arrangement may be, or may have been, modified or amended in accordance with its terms), is hereby authorized, approved and adopted.

2. The plan of arrangement (the "**Plan of Arrangement**") implementing the Arrangement, the full text of which is set out in Schedule "A" of the Circular (as the Plan of Arrangement may be, or may have been, modified or amended in accordance with its terms), is hereby authorized, approved and adopted.

3. The amended and restated arrangement agreement (the "**Arrangement Agreement**") between High Fusion and Neural and all the transactions contemplated therein, the actions of the directors of High Fusion in approving the Arrangement and the actions of the directors and officers of High Fusion in executing and delivering the Arrangement Agreement and any amendments thereto are hereby ratified and approved.

4. Notwithstanding that this resolution has been passed (and the Arrangement approved) by the shareholders of High Fusion or that the Arrangement has been approved by the Supreme Court of British Columbia, the directors of High Fusion are hereby authorized and empowered, without further notice to, or approval of, the shareholders of High Fusion:

   (a) to amend the Arrangement Agreement or the Plan of Arrangement to the extent permitted by the Arrangement Agreement or the Plan of Arrangement; or

   (b) subject to the terms of the Arrangement Agreement, not to proceed with the Arrangement;

   in each case without further approval of the securityholders of High Fusion.

5. High Fusion is hereby authorized to apply for a final order from the Supreme Court of British Columbia to approve the Arrangement on the terms set forth in the Arrangement Agreement and the Plan of Arrangement (as they may be, or may have been, modified, supplemented or amended in accordance with their respective terms).

6. Any director or officer of High Fusion is hereby authorized and directed, for and on behalf and in the name of High Fusion, to execute and deliver, whether under the corporate seal of High Fusion or otherwise, all such deeds, instruments, assurances, agreements, forms, waivers, notices, certificates, confirmations and other documents and to do or cause to be done all such other acts and things as in the opinion of such director or officer may be necessary, desirable or useful for the purpose of giving effect to these resolutions, the Arrangement Agreement and the completion of the Plan of Arrangement in accordance with the terms of the Arrangement Agreement, including

   (a) all actions required to be taken by or on behalf of High Fusion, and all necessary

filings and obtaining the necessary approvals, consents and acceptances of appropriate regulatory authorities; and

(b) the signing of the certificates, consents and other documents or declarations required under the Arrangement Agreement or otherwise to be entered into by High Fusion,

such determination to be conclusively evidenced by the execution and delivery of such document, agreement or instrument or the doing of any such act or thing.

SCHEDULE "C"
HIGH FUSI ON AUTHORIZED AND OUSTANDING CAPITAL

i. an unlimited number of High Fusion SVS, of which 153,866,917 High Fusion SVS are issued and outstanding as of the date of this Agreement as fully-paid and non-assessable;

ii. an unlimited number of High Fusion MVS, of which 7,544,891 High Fusion MVS are issued and outstanding as of the date of this Agreement as fully-paid and non-assessable;

iii. 3,272 August 2018 Debenture units, with the current face value of $4,308,069;

iv. 852 2020-1 Debenture units, with the current face value of $852,000;

v. 272 2020-2 Debenture units, with the current face value of $272,000;

vi. 2021 High Pita Debenture with the current face value of $186,700;

vii. Gainor Debenture with the current face value of $78,400;

viii. ASC Debenture with the current face value of $50,464;

ix. 8,828,011 common share purchase warrants exercisable into High Fusion SVS at various prices;

x. 275,000 stock options, each exercisable into High Fusion SVS; and

xi. 17,731,500 Restricted Share Units.

SCHEDULE "C"
COMPARISON OF THE CBCA AND THE BCBCA

High Fusion was incorporated on July 19, 2004 and is subject to the provisions of the CBCA. The CBCA provisions applicable to High Fusion differ from the similar provisions of the BCBCA. This summary is not an exhaustive review of the two governing statutes and is of a general nature only. This summary is not intended to be, and should not be construed to be, legal advice to any particular High Fusion Shareholder and, accordingly, such holders should consult their own legal advisors with respect to the corporate law consequences to them, if any, of the Continuance.

Differences between the BCBCA and the CBCA

Corporate Governance Differences

In general terms, the BCBCA provides to shareholders substantively the same rights as are available to shareholders under the CBCA, including rights of dissent and appraisal and rights to bring derivative actions and oppression actions, and is consistent with corporate legislation in most other Canadian jurisdictions. There are, however, important differences between the two statutes. A comparison of certain key provisions of the CBCA and the BCBCA is set out below. This summary is not intended to be exhaustive and shareholders should consult their legal advisers regarding all of the implications of the Continuance.

Charter Documents

Under the CBCA, the charter documents for a corporation consist of (i) articles, which set forth, among other things, the name of the corporation, the province in which the corporation's registered office is to be located, the authorized share capital including any rights, privileges, restrictions and conditions thereon, any restrictions on the transfer of shares, the number of directors (or the minimum and maximum number), any restrictions on the business that the corporation may carry on, the ability of directors to appoint additional directors between annual meetings, and other provisions, and (ii) the by-laws, which govern the management of the corporation. The articles are filed with Industry Canada and the by-laws are filed only at the registered office of the corporation.

Under the BCBCA, the charter documents consist of (i) a "notice of articles" which sets forth the name of the corporation, the corporation's registered and records office, the names and addresses of the directors of the corporation and the amount and type of authorized capital; and (ii) the "articles" which govern the management of the corporation and set out any special rights or restrictions attached to shares. The notice of articles is filed with the Registrar of Companies and the articles are filed only with a corporation's registered and records office.

Amendments to Charter Documents

The CBCA requires shareholder approval by special resolution to change the name of the corporation, whereas under the BCBCA the board of directors may approve a change of name. The BCBCA permits changes be made to the constating documents with shareholder approval by ordinary resolution unless a higher threshold is specified in the articles. Under the CBCA, changes to the articles generally require approval by shareholders by special resolution while changes to the by-laws require shareholder approval by ordinary resolution, unless a higher threshold is specified in the by-laws. However, the BCBCA is slightly less flexible with respect to the timing for adopting changes to the constating documents. Changes to the articles of a BCBCA corporation require approval by the shareholders in order to become effective. The board of directors of a CBCA corporation, however, may amend the by-laws of the corporation with immediate effect, subject to the amendment ceasing to have effect if it is not approved by shareholders at the next shareholders' meeting.

Choice of Resolutions for Corporate Actions

Under the CBCA, most fundamental changes require a special resolution passed by not less than two- thirds of the votes cast by the shareholders voting on the resolution authorizing the alteration and, where certain specified rights of the holders of a class or series of shares are affected differently by the alteration than the rights of the holders of other classes of shares, or in the case of holders of a series of shares, in a manner different from other shares of the same class, a special resolution passed by not less than two-thirds of the votes cast by the holders of shares of each class, or series, as the case may be, whether or not they are otherwise entitled to vote.

Under the BCBCA, fundamental changes such as a proposed amalgamation or continuation of a corporation out of the jurisdiction require a special resolution passed by at least two-thirds of the votes cast on the resolution by holders of shares of each class entitled to vote at a general meeting of the company. The BCBCA provides greater flexibility in the level of approval required for other matters, including, without limitation, alterations to charter documents. High Fusion proposes to adopt the more flexible approach under the CBCA in order to be able to react and adapt to changing business conditions. As a result, subject to the BCBCA, the proposed New Articles will provide that the following matters may be approved by a resolution of the Board:

(a) create one or more classes or series of shares or, if none of the shares of a class or series of shares are allotted or issued, eliminate that class or series of shares;

(b) increase, reduce or eliminate the maximum number of shares that High Fusion is authorized to issue out of any class or series of shares, or establish a maximum number of shares that High Fusion is authorized to issue out of any class or series for which no maximum is established;

(c) alter the identifying name of any of its shares;

(d) if High Fusion is authorized to issue shares of a class of shares with par value:

    (i) decrease the par value of those shares; or

    (ii) if none of the shares of that class of shares are allotted or issued, increase the par value of those shares;

(e) change all or any of its unissued, or fully paid issued, shares with par value into shares without par value or any of its unissued shares without par value into shares with par value;

(f) otherwise alter its shares or authorized share structure when required or permitted to do so by the BCBCA; or

(g) authorize an alteration of its Notice of Articles in order to change its name or adopt or change any translation of that name.

Sale of Undertaking

Under the BCBCA, a company may sell, lease or otherwise dispose of all or substantially all of the undertaking of the company if it does so in the ordinary course of its business or if it has been authorized to do so by a special resolution passed by the majority of votes that the articles of the company specify is required, if that specified majority is at least two thirds and not more than three quarters of the votes cast on the resolution or, if the articles do not contain such a provision, a special resolution passed by at least two thirds of the votes cast on the resolution.

The CBCA requires approval of the holders of shares of each class or series of a corporation represented at a duly called meeting by not less than two thirds of the votes cast upon a special resolution for a sale, lease or exchange of all or substantially all of the property (as opposed to the "undertaking") of High Fusion other

than in the ordinary course of business of High Fusion, and the holders of shares of a class or series are entitled to vote separately only if the sale, lease or exchange would affect such class or series in a manner different from the shares of another class or series entitled to vote. While the shareholder approval thresholds will be the same under the BCBCA as under the CBCA, there are differences in the nature of the sale which requires such approval (i.e. a sale of all or substantially all of the "property" under the CBCA and of all or substantially all of the "undertaking" under the BCBCA).

Rights of Dissent and Appraisal

Under the CBCA, shareholders who dissent to certain actions being taken by High Fusion may exercise a right of dissent and require High Fusion to purchase the shares held by such shareholder at the fair value of such shares.

The dissent right may be exercised by a holder of shares of any class of High Fusion in certain circumstances, including when High Fusion proposes to:

(a) amend its articles to add, change or remove any provision restricting or constraining the issue or transfer of shares of that class;
(b) amend its articles to add, change or remove any restrictions on the business or businesses that High Fusion may carry on;
(c) enter into certain statutory amalgamations;
(d) continue out of the jurisdiction;
(e) sell, lease or exchange all or substantially all of its property, other than in the ordinary course of business;
(f) carry out a going private transaction or squeeze out transaction; or
(g) amend its articles to alter the rights or privileges attaching to shares of any class where such alteration triggers a class vote.

Although the procedure under BCBCA for exercising rights of dissent differs from the procedure under the CBCA, the BCBCA still provides that shareholders who dissent to certain actions being taken by High Fusion may exercise a right of dissent and require High Fusion to purchase the shares held by such shareholder at the fair value of such shares. A shareholder is entitled to dissent in respect of:

(a) a resolution to alter High Fusion's articles to alter restrictions on the powers of High Fusion or on the business that High Fusion is permitted to carry on;
(b) a resolution to adopt an amalgamation agreement;
(c) a resolution to adopt a resolution to approve an amalgamation into a foreign jurisdiction;
(d) a resolution to approve an arrangement, the terms of which arrangement permit dissent;
(e) a resolution to authorize the sale, lease or other disposition of all or substantially all of High Fusion's undertaking;
(f) a resolution to continue out of the jurisdiction;
(g) any other resolution, if dissent is authorized by the resolution; or
(h) any court order that permits dissent.

See section titled "*Particulars of the Matters to Be Acted Upon - Continuation Into British Columbia and Adoption of New Constating Documents - Shareholders' Rights of Dissent in Respect of the Continuance Resolution*" to the Circular.

Oppression Remedies

Under the BCBCA, a shareholder of a company has the right to apply to a court on the ground that:

(a) the affairs of the company are being or have been conducted, or that the powers of the directors are being or have been exercised, in a manner oppressive to one or more of the shareholders, including the applicant; or

(b) some act of the company has been done or is threatened, or that some resolution of the shareholders or of the shareholders holding shares of a class or series of shares has been passed or is proposed, that is unfairly prejudicial to one or more of the shareholders, including the applicant.

On such application, the court can grant a variety of remedies, ranging from an order restraining the conduct complained of to an order requiring the corporation to repurchase the shareholder's shares or an order liquidating the corporation.

The CBCA contains rights that are substantially broader in that they are available to a larger class of complainants. Under the CBCA, a registered shareholder, former registered shareholder, beneficial owner of shares, former beneficial owner of shares, director, former director, officer and former officer of a corporation or any of its affiliates, or any other person who, in the discretion of a court, is a proper person to seek an oppression remedy, may apply to a court for an order to rectify the matters complained of where, in respect of a corporation or any of its affiliates, (i) any act or omission of High Fusion or its affiliates effects a result, (ii) the business or affairs of High Fusion or its affiliates are, have been carried on or conducted in a manner, or (iii) the powers of the directors of High Fusion or any of its affiliates are, have been exercised in a manner, that is oppressive or unfairly prejudicial to, or that unfairly disregards the interests of, any security holder, creditor, director or officer.

Shareholder Derivative Actions

Under the BCBCA, a shareholder or a director of a corporation may, with judicial leave, bring an action in the name of and on behalf of the corporation to enforce a right, duty or obligation owned to the corporation that could be enforced by the corporation itself or to obtain damages for any breach of such right, duty or obligation. There is a similar right of a shareholder or director, with leave of the court, and in the name and on behalf of the corporation to defend an action brought against the corporation. The court will grant leave under the BCBCA for an application to commence a derivative action if:

1. the complainant has made reasonable efforts to cause the directors of the corporation to prosecute or defend the legal proceeding;

2. notice of the application for leave has been given to the corporation and to any other person the court may order;

3. the complainant is acting in good faith; and

4. it appears to the court that it is in the best interests of the corporation for the legal proceeding to be prosecuted or defended.

The CBCA contains a more broadly worded right to bring a derivative action, which extends to a registered shareholder, former registered shareholder, beneficial owner of shares, former beneficial owner of shares, director, former director, officer, former officer of a corporation or any of its affiliates, and any person who, in the discretion of the court is a proper person to make an application to court to bring a derivative action. In addition, the CBCA permits derivative actions to be commenced in the name of and on behalf of the corporation or any of its subsidiaries. No leave may be granted under the CBCA unless the court is satisfied that:

1. the complainant has given at least fourteen days' notice to the directors of the corporation or its subsidiary of the complainant's intention to apply to the court if the directors of the corporation or its subsidiary do not bring, diligently prosecute, defend or discontinue the action;

2. the complainant is acting in good faith; and

3. it appears to be in the interests of the corporation or its subsidiary that the action be brought, prosecuted, defended or discontinued.

Place of Meetings

The CBCA provides that meetings of shareholders shall be held at any place within Canada provided by the by-laws, or in the absence of such a provision, at the place within Canada that the directors determine. Meetings of shareholders may be held outside of Canada if the place is specified in the articles or all the shareholders entitled to vote at the meeting agree that the meeting is to be held at that place.

Under the BCBCA, general meetings of shareholders are to be held in British Columbia, or may be held at a location outside of British Columbia if:

1. the location is provided for in the articles;

2. the articles do not restrict the corporation from approving a location outside of British Columbia and the location is approved by the resolution required by the articles for that purpose, or if no resolution is required for that purpose by the articles, is approved by ordinary resolution; or

3. the location is approved in writing by the Registrar of Companies before the meeting is held.

Directors

The BCBCA provides that the company, as a reporting corporation, must have a minimum of three directors and does not impose any residency requirements on the directors.

The CBCA also requires that High Fusion, as a distributing corporation whose shares are held by more than one person, have a minimum of three directors but it also requires that at least one quarter of the directors be resident Canadians.

Shareholder Proposals and Shareholder Requisitions

Both the CBCA and the BCBCA provide for shareholder proposals. Under the CBCA, either a shareholder of record or a beneficial shareholder may submit a proposal, so long as such shareholder either (i) has owned for six months not less than 1% of the total number of voting shares, or voting shares with a fair market value of at least $2,000; or (ii) have the support of persons who, in the aggregate, have owned for six months not less than 1% of the total number of voting shares, or voting shares with a fair market value of at least $2,000. Under the BCBCA, in order for a shareholder of record or a beneficial shareholder to be entitled to submit a proposal, they must have held voting shares for an uninterrupted period of at least two years before the date the proposal is signed by the shareholder and must own not less than 1% of the total number of voting shares, or own voting shares with a fair market value in excess of $2,000.

Both statutes provide that one or more shareholders of record holding more than 5% of the outstanding voting shares may requisition a meeting of shareholders, and permit the requisitioning shareholder to call the meeting where the board of directors of the corporation does not do so within 21 days following the corporation's receipt of the requisition. However, unlike the CBCA, the BCBCA specifies that the

requisitioned shareholder meeting must be held not more than four months after the date the corporation received the requisition. The CBCA does not specify such an outside date.

Under the CBCA, a shareholder proposal must be submitted to the corporation during the 60 day period between 90 and 150 days before the anniversary date of the corporation's prior annual general meeting. Under the BCBCA, a shareholder proposal must be submitted to the corporation not later than 3 months before the anniversary date of the corporation's prior annual general meeting.

Majority Voting Rules

For a corporation governed by the CBCA and which is a reporting issuer under securities laws, the corporation must allow shareholders to vote "for" or "against" individual director nominees in an uncontested election, rather than vote "for" or "withhold" their vote under the BCBCA. Subject to the corporation's articles, where only one nominee is up for election for each board seat and less than 50% of the votes cast by shareholders are "for" a particular director nominee, such nominee will not be elected as a director. However, if an incumbent director is not elected by a majority of "for" votes at the meeting, s/he will still be permitted to continue in office until the earlier of (a) the 90th day after the day of the election; and (b) the day on which their successor is appointed or elected.

In limited circumstances, the elected directors may also reappoint the incumbent director even though s/he did not receive majority support in the most recent election. More specifically, the CBCA allows reappointment in two circumstances:

(a) where it is required to satisfy the CBCA's Canadian residency requirement; or

(b) where it is required to satisfy the CBCA's requirement that at least two directors of a reporting issuer not also be officers or employees of the corporation or its affiliates.

If the shareholders fail to elect the number or minimum number of directors required by the issuer's articles due to a lack of a majority of "for" votes for any director nominee(s), the directors who were elected at the meeting may exercise all their powers as directors provided that they constitute a quorum.

The BCBCA does not have majority voting requirements for uncontested director elections. In an uncontested election, all director nominees who receive any "for" votes will be elected.

Diversity Disclosure

Corporations governed by the CBCA and which are reporting issuers must include certain disclosure related to diversity in their information circulars mailed to shareholders in connection with every annual general meeting. The BCBCA does not have such a requirement. The information required to be disclosed for CBCA corporations includes:

1. whether or not the corporation has adopted term limits for the directors on its board or other mechanisms of board renewal and, as the case may be, a description of those term limits or mechanisms or the reasons why it has not adopted them;

2. whether or not the corporation has adopted a written policy relating to the identification and nomination of members of designated groups for directors and, if it has not adopted a written policy, the reasons why it has not adopted the policy;

3. if the corporation has adopted a written policy regarding diversity,

a. a short summary of the policy's objectives and key provisions,

b. a description of the measures taken to ensure that the policy is effectively implemented,

c. a description of the annual and cumulative progress by the corporation in achieving the objectives of the policy, and

d. whether or not the board of directors or its nominating committee measures the effectiveness of the policy and, if so, a description of how it is measured;

4. whether or not the board of directors or its nominating committee considers the level of the representation of designated groups on the board in identifying and nominating candidates for election or re-election to the board and, as the case may be, how that level is considered or the reasons why it is not considered;

5. whether or not the corporation considers the level of representation of designated groups when appointing members of senior management and, as the case may be, how that level is considered or the reasons why it is not considered;

6. whether or not the corporation has, for each group referred to in the definition designated groups, adopted a target number or percentage, or a range of target numbers or percentages, for members of the group to hold positions on the board of directors by a specific date and

    a. for each group for which a target has been adopted, the target and the annual and cumulative progress of the corporation in achieving that target, and

    b. for each group for which a target has not been adopted, the reasons why the corporation has not adopted that target;

7. whether or not the corporation has, for each group referred to in the definition designated groups, adopted a target number or percentage, or a range of target numbers or percentages, for members of the group to be members of senior management by a specific date and,

    a. for each group for which a target has been adopted, the target and the annual and cumulative progress of the corporation in achieving that target, and

    b. for each group for which a target has not been adopted, the reasons why the corporation has not adopted that target;

8. for each of certain designated groups, the number and proportion, expressed as a percentage, of members of each group who hold positions on the board of directors; and

9. for each of certain designated groups, the number and proportion, expressed as a percentage, of members of each group who are members of senior management of the corporation, including all of its major subsidiaries.

Further Information

For further information regarding the similarities and differences between the CBCA and the BCBCA, shareholders should consult their legal advisors and refer to the statues.

SCHEDULE "D"
NAME CHANGE RESOLUTION

BE IT RESOLVED AS A SPECIAL RESOLUTION OF THE HIGH FUSION SHAREHOLDERS THAT:

1. subject to the approval from the British Columbia Registrar of Companies and the Canadian Securities Exchange and effective as of the completion of the continuance of High Fusion Inc. (the "**Company**") from a company incorporated under the federal laws of Canada to a corporation continued under the laws of British Columbia, the notice of articles and articles of the Company be amended to change the name of the Company to "Vertical Peak Holdings Inc." or such other name as the directors may determine in their discretion;

2. any one director or officer of the Company is authorized, for and on behalf of the Company, to execute and deliver all such documents and instruments and to take such other actions as such director or officer may determine to be necessary or advisable to carry out the intent of this special resolution; and

3. notwithstanding approval of the shareholders of the Company as herein provided, the board of directors of the Company may, in its sole discretion, abandon the name change and any or all of the actions authorized by this special resolution at any time prior to the completion thereof without further approval of the shareholders of the Company.

SCHEDULE "E"
CONTINUANCE RESOLUTION

RESOLVED AS A SPECIAL RESOLUTION THAT:

1. High Fusion Inc. (the "**Company**") be authorized to undertake and complete the Continuance (as more particularly described in the information circular relating to the meeting of shareholders of the Company (the "**Meeting**")) dated March 15, 2023, from the laws of Canada pursuant to Section 188 of the Canada Business Corporations Act ("**CBCA**"), to the laws of the Province of British Columbia pursuant to Section 302 of the Business Corporations Act (British Columbia) ("BCBCA"), and any one director or officer of the Company be authorized to determine the form of documents required in respect thereof, including any supplements or amendments thereto;

2. the Company be authorized to:
   (a) apply to the Director (the "**Director**") under the CBCA for a Letter of Satisfaction pursuant to section 188(1) of the CBCA;

   (b) apply to the Registrar of Companies for British Columbia to continue as a British Columbia company pursuant to Section 302 of BCBCA in accordance with a Continuance Application in the form required under the BCBCA; and

   (c) deliver a copy of the Certificate of Continuation to the Director and request that the Director issue a Certificate of discontinuance under Section 188(7) of the CBCA;

3. Effective on the date of such continuation as a company under the BCBCA on the issuance of the Certificate of Continuation, the Company adopts the notice of articles (the "**Notice of Articles**") and articles (the "**Articles**") substantially in the form presented at the Meeting to replace the existing articles and by-laws of the Company, and such Notice of Articles and Articles be, and they are hereby authorized and approved;

4. The Company be authorized to appoint an agent to electronically file a continuation application with the Registrar of Companies appointed under the BCBCA;

5. Notwithstanding that this special resolution has been duly passed by the shareholders of the Company, the board of directors of the Company are hereby authorized, at their discretion, to determine, at any time, not to proceed with the Continuance, without further approval of the shareholders of the Company; and

6. any one or more of the directors and officers of the Company be authorized and directed to perform all such acts, deeds and things and execute, under the seal of the Company or otherwise, all such documents and other writings, including as may be required to give effect to the true intent of this resolution.

SCHEDULE "F"
NEW ARTICLES

Incorporation number: **_____**

[●]
(the "Company")

The Company has as its articles the following articles.

ARTICLES

1. INTERPRETATION

1.1 Definitions

In these Articles, unless the context otherwise requires:

(1) "board of directors", "directors" and "board" mean the directors or sole director of the Company for the time being;

(2) "*Business Corporations Act*" means the *Business Corporations Act* (British Columbia) from time to time in force and all amendments thereto and includes all regulations and amendments thereto made pursuant to that Act;

(3) "*Interpretation Act*" means the *Interpretation Act* (British Columbia) from time to time in force and all amendments thereto and includes all regulations and amendments thereto made pursuant to that Act;

(4) "legal personal representative" means the personal or other legal representative of a shareholder;

(5) "registered address" of a shareholder means the shareholder's address as recorded in the central securities register;

(6) "seal" means the seal of the Company, if any.

1.2 *Business Corporations Act* and *Interpretation Act* Definitions Applicable

The definitions in the *Business Corporations Act* and the definitions and rules of construction in the *Interpretation Act*, with the necessary changes, so far as applicable, and unless the context requires otherwise, apply to these Articles as if they were set out herein. If there is a conflict between a definition in the *Business Corporations Act* and a definition or rule in the *Interpretation Act* relating to a term used in these Articles, the definition in the *Business Corporations Act* will prevail in relation to the use of the term in these Articles. If there is a conflict or inconsistency between these Articles and the *Business Corporations Act*, the *Business Corporations Act* will prevail.

2. SHARES AND SHARE CERTIFICATES

2.1 Authorized Share Structure

The authorized share structure of the Company consists of shares of the class or classes and series, if any, described in the Notice of Articles of the Company.

2.2 Form of Share Certificate

Each share certificate issued by the Company must comply with, and be signed as required by, the *Business Corporations Act*.

2.3 Shareholder Entitled to Certificate or Acknowledgment or Written Notice

Unless the shares of which a shareholder is the registered owner are uncertificated shares, each shareholder is entitled, on request and at the shareholder's option, without charge, to (a) one share certificate representing the shares of each class or series of shares registered in the shareholder's name or (b) a non-transferable written acknowledgment of the shareholder's right to obtain such a share certificate, provided that in respect of a share held jointly by several persons, the Company is not bound to issue more than one share certificate or acknowledgment and delivery of a share certificate or acknowledgment to one of several joint shareholders or to a duly authorized agent of one of the joint shareholders will be sufficient delivery to all. Within a reasonable time after the issue or transfer of a share that is an uncertificated share, the Company must send to the shareholder a written notice containing the information required by the *Business Corporations Act*.

2.4 Delivery by Mail

Any share certificate, non-transferable written acknowledgment of a shareholder's right to obtain a share certificate or written notice of the issue or transfer of an uncertificated share may be sent to the shareholder by mail at the shareholder's registered address and neither the Company nor any director, officer or agent of the Company is liable for any loss to the shareholder because the share certificate, acknowledgement or written notice is lost in the mail or stolen.

2.5 Replacement of Worn Out or Defaced Certificate or Acknowledgement

If the directors are satisfied that a share certificate or a non-transferable written acknowledgment of the shareholder's right to obtain a share certificate is worn out or defaced, they must, on production to them of the share certificate or acknowledgment, as the case may be, and on such other terms, if any, as they think fit:

(1) order the share certificate or acknowledgment, as the case may be, to be cancelled; and

(2) issue a replacement share certificate or acknowledgment, as the case may be.

2.6 Replacement of Lost, Stolen or Destroyed Certificate or Acknowledgment

If a share certificate or a non-transferable written acknowledgment of a shareholder's right to obtain a share certificate is lost, stolen or destroyed, a replacement share certificate or acknowledgment, as the case may be, must be issued to the person entitled to that share certificate or acknowledgment, as the case may be, provided such person has complied with the requirements of the *Business Corporations Act*.

2.7 Splitting Share Certificates

If a shareholder surrenders a share certificate to the Company with a written request that the Company issue in the shareholder's name two or more share certificates, each representing a specified number of shares and in the aggregate representing the same number of shares as the share certificate so surrendered, the Company must cancel the surrendered share certificate and issue replacement share certificates in accordance with that request.

2.8 Certificate Fee

There must be paid as a fee to the Company for the issuance of any share certificate under Articles 2.5, 2.6 or 2.7, the amount, if any, determined by the directors, which must not exceed the amount prescribed under the *Business Corporations Act*.

2.9 Recognition of Trusts

Except as required by law or statute or these Articles, no person will be recognized by the Company as holding any share upon any trust, and the Company is not bound by or compelled in any way to recognize (even when having notice thereof) any equitable, contingent, future or partial interest in any share or fraction of a share or (except as required by law or statute or these Articles or as ordered by a court of competent jurisdiction) any other rights in respect of any share except an absolute right to the entirety thereof in the shareholder.

3. ISSUE OF SHARES

3.1 Directors Authorized

Subject to the *Business Corporations Act* and the rights, if any, of the holders of issued shares of the Company, the Company may issue, allot, sell or otherwise dispose of the unissued shares, and issued shares held by the Company, at the times, to the persons, including directors, in the manner, on the terms and conditions and for the issue prices (including any premium at which shares with par value may be issued) that the directors may determine. The issue price for a share with par value must be equal to or greater than the par value of the share.

3.2 Commissions and Discounts

The Company may at any time, pay a reasonable commission or allow a reasonable discount to any person in consideration of that person purchasing or agreeing to purchase shares of the Company from the Company or any other person or procuring or agreeing to procure purchasers for shares of the Company.

3.3 Brokerage

The Company may pay such brokerage fee or other consideration as may be lawful for or in connection with the sale or placement of its securities.

3.4 Conditions of Issue

Except as provided for by the *Business Corporations Act*, no share may be issued until it is fully paid. A share is fully paid when:

(1) consideration is provided to the Company for the issue of the share by one or more of the following:

    (a) past services performed for the Company;

(b) property;

(c) money; and

(2) the directors in their discretion have determined that the value of the consideration received by the Company is equal to or greater than the issue price set for the share under Article 3.1.

3.5 Share Purchase Warrants and Rights

Subject to the *Business Corporations Act*, the Company may issue share purchase warrants, options, convertible debentures and rights upon such terms and conditions as the directors determine, which share purchase warrants, options, convertible debentures and rights may be issued alone or in conjunction with debentures, debenture stock, bonds, shares or any other securities issued or created by the Company from time to time.

4. SHARE REGISTERS

4.1 Central Securities Register and Any Branch Securities Register

As required by and subject to the *Business Corporations Act*, the Company must maintain a central securities register and may maintain a branch securities register. The directors may, subject to the *Business Corporations Act*, appoint an agent to maintain the central securities register or any branch securities register. The directors may also appoint one or more agents, including the agent which keeps the central securities register, as transfer agent for its shares or any class or series of its shares, as the case may be, and the same or another agent as registrar for its shares or such class or series of its shares, as the case may be. The directors may terminate such appointment of any agent at any time and may appoint another agent in its place.

4.2 Closing Register

The Company must not at any time close its central securities register.

5. SHARE TRANSFERS

5.1 Registering Transfers

A transfer of a share of the Company must not be registered unless the Company or the transfer agent or registrar for the class or series of share to be transferred has received:

(1) a duly signed instrument of transfer in respect of the share;

(2) if a share certificate has been issued by the Company in respect of the share to be transferred, that share certificate;

(3) if a non-transferable written acknowledgment of the shareholder's right to obtain a share certificate has been issued by the Company in respect of the share to be transferred, that acknowledgment; and

(4) such other evidence, if any, as the Company or the transfer agent or registrar for the class or series of share to be transferred may require to prove the title of the transferor or the transferor's right to transfer the share, the due signing of the instrument of transfer and the right of the transferee to have the transfer registered.

For the purpose of this Article, delivery or surrender to the transfer agent or registrar which maintains the Company's central securities register or a branch securities register, if applicable, will constitute receipt by or surrender to the Company.

5.2 Form of Instrument of Transfer

The instrument of transfer in respect of any share of the Company must be either in the form, if any, on the back of the Company's share certificates or in any other form that may be approved from time to time by the directors or the transfer agent or registrar for the class or series of share to be transferred.

5.3 Transferor Remains Shareholder

Except to the extent that the *Business Corporations Act* otherwise provides, the transferor of shares is deemed to remain the holder of the shares until the name of the transferee is entered in a securities register of the Company in respect of the transfer.

5.4 Signing of Instrument of Transfer

If a shareholder, or his or her duly authorized attorney, signs an instrument of transfer in respect of shares registered in the name of the shareholder, the signed instrument of transfer constitutes a complete and sufficient authority to the Company and its directors, officers and agents to register the number of shares specified in the instrument of transfer or specified in any other manner, or, if no number is specified, all the shares represented by the share certificate(s) or set out in the written acknowledgments deposited with the instrument of transfer or, if the shares are uncertificated shares, then all of the uncertificated shares registered in the name of the shareholder:

(1) in the name of the person named as transferee in that instrument of transfer; or

(2) if no person is named as transferee in that instrument of transfer, in the name of the person on whose behalf the instrument is deposited for the purpose of having the transfer registered.

5.5 Enquiry as to Title Not Required

Neither the Company nor any director, officer or agent of the Company is bound to inquire into the title of the person named in the instrument of transfer as transferee or, if no person is named as transferee in the instrument of transfer, of the person on whose behalf the instrument is deposited for the purpose of having the transfer registered or is liable for any claim related to registering the transfer by the shareholder or by any intermediate owner or holder of the shares, of any interest in the shares, of any share certificate representing such shares or of any written acknowledgment of a right to obtain a share certificate for such shares.

5.6 Transfer Fee

There must be paid as a fee to the Company, in relation to the registration of any transfer, the amount, if any, determined by the directors.

6. TRANSMISSION OF SHARES

6.1 Legal Personal Representative Recognized on Death

In case of the death of a shareholder, the legal personal representative of the shareholder, or, in the case of shares registered in the shareholder's name and the name of another person in joint tenancy, the surviving joint holder will be the only person recognized by the Company as having any title to the shareholder's interest in the shares. Before recognizing a person as a legal personal representative of the shareholder, the directors may require a declaration of transmission made by the legal personal representative stating the particulars of the transmission, proof of appointment by a court of competent jurisdiction, a grant of letters probate, letters of administration or such other evidence or documents as the directors consider appropriate.

6.2 Rights of Legal Personal Representative

The legal personal representative of a shareholder has the same rights, privileges and obligations with respect to the shares as were held by the shareholder, including the right to transfer the shares in accordance with these Articles, provided the documents required by the *Business Corporations Act* and the directors have been deposited with the Company. This Article 6.2 does not apply in the case of the death of a shareholder with respect to shares registered in the shareholder's name and the name of another person in joint tenancy.

7. PURCHASE OF SHARES

7.1 Company Authorized to Purchase Shares

Subject to Article 7.2, the special rights and restrictions attached to the shares of any class or series and the *Business Corporations Act*, the Company may, if authorized by resolution of the directors, purchase, redeem or otherwise acquire any of its shares at the price and upon the terms determined by the directors.

7.2 Purchase When Insolvent

The Company must not make a payment or provide any other consideration to purchase, redeem or otherwise acquire any of its shares if there are reasonable grounds for believing that:

(1) the Company is insolvent; or

(2) making the payment or providing the consideration would render the Company insolvent.

7.3 Redemption of Shares

If the Company proposes to redeem some but not all of the shares of any class, the directors may, subject to any special rights and restrictions attached to such class of shares, determine the manner in which the shares to be redeemed shall be selected.

7.4 Sale and Voting of Purchased Shares

If the Company retains a share which it has redeemed, purchased or otherwise acquired, the Company may sell, gift or otherwise dispose of the share, but, while such share is held by the Company, it:

(1) is not entitled to vote the share at a meeting of its shareholders;

(2) must not pay a dividend in respect of the share; and

(3) must not make any other distribution in respect of the share.

8. BORROWING POWERS

8.1 Powers of the Company

The Company, if authorized by the directors, may:

(1) borrow money in the manner and amount, on the security, from the sources and on the terms and conditions that the directors consider appropriate;

(2) issue bonds, debentures and other debt obligations either outright or as security for any liability or obligation of the Company or any other person and at such discounts or premiums and on such other terms as they consider appropriate;

(3) guarantee the repayment of money by any other person or the performance of any obligation of any other person; and

(4) mortgage, charge, whether by way of specific or floating charge, grant a security interest in, or give other security on, the whole or any part of the present and future assets and undertaking of the Company.

8.2 Bonds, Debentures, Debt

Any bonds, debentures or other debt obligations of the Company may be issued at a discount, premium or otherwise, or with special privileges as to redemption, surrender, drawing, allotment of or conversion into or exchange for shares or other securities, attending and voting at general meetings of the Company, appointment of directors or otherwise and may, by their terms, be assignable free from any equities between the Company and the person to whom they were issued or any subsequent holder thereof, all as the directors may determine.

9. ALTERATIONS

9.1 Alteration of Authorized Share Structure

Subject to Article 9.2 and the *Business Corporations Act*, the Company may:

(1) by directors' resolution or by ordinary resolution, in each case as determined by the directors:

(a) create one or more classes or series of shares or, if none of the shares of a class or series of shares are allotted or issued, eliminate that class or series of shares;

(b) increase, reduce or eliminate the maximum number of shares that the Company is authorized to issue of any class or series of shares or establish a maximum number of shares that the Company is authorized to issue out of any class or series of shares for which no maximum is established;

(c) if the Company is authorized to issue shares of a class of shares with par value:

(i) decrease the par value of those shares; or

(ii) if none of the shares of that class of shares are allotted or issued, increase the par value of those shares;

(d) change all or any of its unissued shares with par value into shares without par value or any of its unissued shares without par value into shares with par value or change all or any of its fully paid issued shares with par value into shares without par value; or

(e) alter the identifying name of any of its shares; and

(2) by ordinary resolution otherwise alter its shares or authorized share structure;

and, if applicable, alter its Notice of Articles and, if applicable, alter its Articles accordingly.

9.2 Special Rights and Restrictions

Subject to the *Business Corporations Act*, the Company may:

(1) by directors' resolution or by ordinary resolution, in each case as determined by the directors, create special rights or restrictions for, and attach those special rights or restrictions to, the shares of any class or series of shares if none of those shares have been issued; or vary or delete any special rights or restrictions attached to the shares of any class or series of shares if none of those shares have been issued; and

(2) by special resolution of the shareholders of the class or series affected, do any of the acts in (1) above if any of the shares of the class or series of shares have been issued,

and alter its Notice of Articles and Articles accordingly.

9.3 Change of Name

The Company may by directors' resolution or by ordinary resolution, in each case as determined by the directors, authorize an alteration of its Notice of Articles in order to change its name and may, by directors' resolution or ordinary resolution, in each case as determined by the directors, adopt or change any translation of that name.

9.4 Other Alterations

If the *Business Corporations Act* does not specify the type of resolution and these Articles do not specify another type of resolution, the Company may by directors' resolution or by ordinary resolution, in each case as determined by the directors, alter these Articles, and that accordingly, a Notice of Alteration be completed as required, and that any director or officer of the Company or the Company's solicitor is authorized and directed for and on behalf and in the name of the Company to execute the Notice of Alteration required to give effect to these resolutions.

9.5 Agent for Filing

DuMoulin Black LLP, or another solicitor duly appointed by the Company shall act as its agent and electronically file the Articles or the Notice of Alteration as required to be filed with the Registrar of Companies pursuant to the requirements of the *Business Corporations Act*.

10. MEETINGS OF SHAREHOLDERS

10.1 Annual General Meetings

Unless an annual general meeting is deferred or waived in accordance with the *Business Corporations Act*, the Company must hold its first annual general meeting within 18 months after the date on which it was incorporated or otherwise recognized, and after that must hold an annual general meeting at least once in each calendar year and not more than 15 months after the last annual reference date at such time and place as may be determined by a resolution of the directors.

10.2 Resolution Instead of Annual General Meeting

If all the shareholders who are entitled to vote at an annual general meeting consent by a unanimous resolution to all of the business that is required to be transacted at that annual general meeting, the annual general meeting is deemed to have been held on the date of the unanimous resolution. The shareholders must, in any unanimous resolution passed under this Article 10.2, select as the Company's annual reference date a date that would be appropriate for the holding of the applicable annual general meeting.

10.3 Calling of Meetings of Shareholders

The directors may, at any time, call a meeting of shareholders.

10.4 Location of Meetings of Shareholders

A meeting of the Company may be held:

(1) in the Province of British Columbia;

(2) at another location outside British Columbia if that location is:

(a) approved by resolution of the directors before the meeting is held; or

(b) approved in writing by the Registrar of Companies before the meeting is held.

10.5 Notice for Meetings of Shareholders

Subject to Article 10.2, the Company must send notice of the date, time and location of any meeting of shareholders (including, without limitation, any notice specifying the intention to propose a resolution as an exceptional resolution, a special resolution or a special separate resolution, and any notice to consider approving an amalgamation into a foreign jurisdiction, an arrangement or the adoption of an amalgamation agreement, and any notice of a general meeting, class meeting or series meeting), in the manner provided in these Articles, or in such other manner, if any, as may be prescribed by directors' resolution (whether previous notice of the resolution has been given or not), to each shareholder entitled to attend the meeting, to each director and to the auditor of the Company, unless these Articles otherwise provide, at least the following number of days before the meeting:

(1) if and for so long as the Company is a public company, 22 days and not more than 60 days;

(2) otherwise, 10 days.

10.6 Notice of Resolution to which Shareholders May Dissent

The Company must send to each of its shareholders, whether or not their shares carry the right to vote, a notice of any meeting of shareholders at which a resolution entitling shareholders to dissent is to be considered specifying the date of the meeting and containing a statement advising of the right to send a notice of dissent together with a copy of the proposed resolution at least the following number of days before the meeting:

(1) if and for so long as the Company is a public company, 22 days and not more than 60 days; or

(2) otherwise, 10 days.

10.7 Record Date for Notice

The directors may set a date as the record date for the purpose of determining shareholders entitled to notice of any meeting of shareholders. The record date must not precede the date on which the meeting is to be held by more than two months or, in the case of a general meeting requisitioned by shareholders under the *Business Corporations Act*, by more than four months. The record date must not precede the date on which the meeting is held by fewer than:

(1) if and for so long as the Company is a public company, 21 days; or

(2) otherwise, 10 days.

If no record date is set, the record date is 5 p.m. on the day immediately preceding the first date on which the notice is sent or, if no notice is sent, the beginning of the meeting.

10.8 Record Date for Voting

The directors may set a date as the record date for the purpose of determining shareholders entitled to vote at any meeting of shareholders. The record date must not precede the date on which the meeting is to be held by more than two months or, in the case of a general meeting requisitioned by shareholders under the *Business Corporations Act*, by more than four months. If no record date is set, the record date is 5 p.m. on the day immediately preceding the first date on which the notice is sent or, if no notice is sent, the beginning of the meeting.

10.9 Failure to Give Notice and Waiver of Notice

The accidental omission to send notice of any meeting of shareholders to, or the non-receipt of any notice by, any of the persons entitled to notice does not invalidate any proceedings at that meeting. Any person entitled to notice of a meeting of shareholders may, in writing or otherwise, waive that entitlement or may agree to reduce the period of that notice. Attendance of a person at a meeting of shareholders is a waiver of entitlement to notice of the meeting unless that person attends the meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

10.10 Notice of Special Business at Meetings of Shareholders

If a meeting of shareholders is to consider special business within the meaning of Article 11.1, the notice of meeting or a circular prepared in connection with the meeting must:

(1) state the general nature of the special business; and

(2) if the special business includes considering, approving, ratifying, adopting or authorizing any document or the signing of or giving of effect to any document, have attached to it a copy of the document or state that a copy of the document will be available for inspection by shareholders:

    (a) at the Company's records office, or at such other reasonably accessible location in British Columbia as is specified in the notice; and

    (b) during statutory business hours on any one or more specified days before the day set for the holding of the meeting.

11. PROCEEDINGS AT MEETINGS OF SHAREHOLDERS

11.1 Special Business

At a meeting of shareholders, the following business is special business:

(1) at a meeting of shareholders that is not an annual general meeting, all business is special business except business relating to the conduct of or voting at the meeting;

(2) at an annual general meeting, all business is special business except for the following:

(a) business relating to the conduct of or voting at the meeting;

(b) consideration of any financial statements of the Company presented to the meeting;

(c) consideration of any reports of the directors or auditor;

(d) the setting or changing of the number of directors;

(e) the election or appointment of directors;

(f) the appointment of an auditor;

(g) the setting of the remuneration of an auditor;

(h) business arising out of a report of the directors not requiring the passing of a special resolution or an exceptional resolution; and

(i) any other business which, under these Articles or the *Business Corporations Act*, may be transacted at a meeting of shareholders without prior notice of the business being given to the shareholders.

11.2 Special Majority

The majority of votes required for the Company to pass a special resolution at a general meeting of shareholders is two-thirds of the votes cast on the resolution.

11.3 Quorum

Subject to the special rights and restrictions attached to the shares of any class or series of shares, the quorum for the transaction of business at a meeting of shareholders is one person present or represented by proxy.

11.4 Persons Entitled to Attend Meeting

In addition to those persons who are entitled to vote at a meeting of shareholders, the only other persons entitled to be present at the meeting are the directors, the president (if any), the secretary (if any), the assistant secretary (if any), any lawyer for the Company, the auditor of the Company, any persons invited to be present at the meeting by the directors or by the chair of the meeting and any

persons entitled or required under the *Business Corporations Act* or these Articles to be present at the meeting; but if any of those persons does attend the meeting, that person is not to be counted in the quorum and is not entitled to vote at the meeting unless that person is a shareholder or proxyholder entitled to vote at the meeting.

11.5 Requirement of Quorum

No business, other than the election of a chair of the meeting and the adjournment of the meeting, may be transacted at any meeting of shareholders unless a quorum of shareholders entitled to vote is present at the commencement of the meeting, but such quorum need not be present throughout the meeting.

11.6 Lack of Quorum

If, within one-half hour from the time set for the holding of a meeting of shareholders, a quorum is not present:

(1) in the case of a general meeting requisitioned by shareholders, the meeting is dissolved, and

(2) in the case of any other meeting of shareholders, the meeting stands adjourned to the same day in the next week at the same time and place.

11.7 Lack of Quorum at Succeeding Meeting

If, at the meeting to which the meeting referred to in Article 11.6(2) was adjourned, a quorum is not present within one-half hour from the time set for the holding of the meeting, the meeting shall be terminated.

11.8 Chair

The following individual is entitled to preside as chair at a meeting of shareholders:

(1) the chair of the board, if any; or

(2) if the chair of the board is absent or unwilling to act as chair of the meeting, the president, if any.

11.9 Selection of Alternate Chair

If, at any meeting of shareholders, there is no chair of the board or president willing to act as chair of the meeting or present within 15 minutes after the time set for holding the meeting, or if the chair of the board and the president have advised the secretary, if any, or any director present at the meeting, that they will not be present at the meeting, the directors present must choose a director, officer or corporate counsel to be chair of the meeting or if none of the above persons are present or if they decline to take the chair, the shareholders entitled to vote at the meeting who are present in person or by proxy may choose any person present at the meeting to chair the meeting.

11.10 Adjournments

The chair of a meeting of shareholders may, and if so directed by the meeting must, adjourn the meeting from time to time and from place to place, but no business may be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

11.11 Notice of Adjourned Meeting

It is not necessary to give any notice of an adjourned meeting of shareholders or of the business to be transacted at an adjourned meeting of shareholders except that, when a meeting is adjourned for 30 days or more, notice of the adjourned meeting must be given as in the case of the original meeting.

11.12 Decisions by Show of Hands or Poll

Subject to the *Business Corporations Act*, every motion put to a vote at a meeting of shareholders will be decided on a show of hands unless a poll, before or on the declaration of the result of the vote by show of hands, is directed by the chair or demanded by any shareholder entitled to vote who is present in person or by proxy.

11.13 Declaration of Result

The chair of a meeting of shareholders must declare to the meeting the decision on every question in accordance with the result of the show of hands or the poll, as the case may be, and that decision must be entered in the minutes of the meeting. A declaration of the chair that a resolution is carried by the necessary majority or is defeated is, unless a poll is directed by the chair or demanded under Article 11.12, conclusive evidence without proof of the number or proportion of the votes recorded in favour of or against the resolution.

11.14 Motion Need Not be Seconded

No motion proposed at a meeting of shareholders need be seconded unless the chair of the meeting rules otherwise, and the chair of any meeting of shareholders is entitled to propose or second a motion.

11.15 Casting Vote

In case of an equality of votes, the chair of a meeting of shareholders, either on a show of hands or on a poll, does not have a second or casting vote in addition to the vote or votes to which the chair may be entitled as a shareholder.

11.16 Manner of Taking Poll

Subject to Article 11.17, if a poll is duly demanded at a meeting of shareholders:

(1) the poll must be taken:

(a) at the meeting, or within seven days after the date of the meeting, as the chair of the meeting directs; and

(b) in the manner, at the time and at the place that the chair of the meeting directs;

(2) the result of the poll is deemed to be the decision of the meeting at which the poll is demanded; and

(3) the demand for the poll may be withdrawn by the person who demanded it.

11.17 Demand for Poll on Adjournment

A poll demanded at a meeting of shareholders on a question of adjournment must be taken immediately at the meeting.

11.18 Chair Must Resolve Dispute

In the case of any dispute as to the admission or rejection of a vote given on a poll, the chair of the meeting must determine the dispute, and his or her determination made in good faith is final and conclusive.

11.19 Casting of Votes

On a poll, a shareholder entitled to more than one vote need not cast all the votes in the same way.

11.20 No Demand for Poll on Election of Chair

No poll may be demanded in respect of the vote by which a chair of a meeting of shareholders is elected.

11.21 Demand for Poll Not to Prevent Continuance of Meeting

The demand for a poll at a meeting of shareholders does not, unless the chair of the meeting so rules, prevent the continuation of a meeting for the transaction of any business other than the question on which a poll has been demanded.

11.22 Retention of Ballots and Proxies

The Company must, for at least three months after a meeting of shareholders, keep each ballot cast on a poll and each proxy voted at the meeting, and, during that period, make them available for inspection during normal business hours by any shareholder or proxy holder entitled to vote at the meeting. At the end of such three month period, the Company may destroy such ballots and proxies.

12. VOTES OF SHAREHOLDERS

12.1 Number of Votes by Shareholder or by Shares

Subject to any special rights or restrictions attached to any shares and to the restrictions imposed on joint shareholders under Article 12.3:

(1) on a vote by show of hands, every person present who is a shareholder or proxy holder and entitled to vote on the matter has one vote; and

(2) on a poll, every shareholder entitled to vote on the matter has one vote in respect of each share entitled to be voted on the matter and held by that shareholder and may exercise that vote either in person or by proxy.

12.2 Votes of Persons in Representative Capacity

A person who is not a shareholder may vote at a meeting of shareholders, whether on a show of hands or on a poll, and may appoint a proxy holder to act at the meeting, if, before doing so, the person satisfies the chair of the meeting, or the directors, that the person is a legal personal representative or a trustee in bankruptcy for a shareholder who is entitled to vote at the meeting.

12.3 Votes by Joint Holders

If there are joint shareholders registered in respect of any share:

(1) any one of the joint shareholders may vote at any meeting of shareholders, either personally or by proxy, in respect of the share as if that joint shareholder were solely entitled to it; or

(2) if more than one of the joint shareholders is present at any meeting of shareholders, personally or by proxy, and more than one of them votes in respect of that share, then only the vote of the joint shareholder present whose name stands first on the central securities register in respect of the share will be counted.

12.4 Legal Personal Representatives as Joint Shareholders

Two or more legal personal representatives of a shareholder in whose sole name any share is registered are, for the purposes of Article 12.3, deemed to be joint shareholders registered in respect of that share.

12.5 Representative of a Corporate Shareholder

If a corporation, that is not a subsidiary of the Company, is a shareholder, that corporation may appoint a person to act as its representative at any meeting of shareholders of the Company, and:

(1) for that purpose, the instrument appointing a representative must be received:

(a) at the registered office of the Company or at any other place specified, in the notice calling the meeting, for the receipt of proxies, at least the number of business days specified in the notice for the receipt of proxies, or if no number of days is specified, two business days before the day set for the holding of the meeting or any adjourned meeting; or

(b) by the chair of the meeting at the meeting or adjourned meeting or by a person designated by the chair of the meeting or adjourned meeting;

(2) if a representative is appointed under this Article 12.5:

(a) the representative is entitled to exercise in respect of and at that meeting the same rights on behalf of the corporation that the representative represents as that corporation could exercise if it were a shareholder who is an individual, including, without limitation, the right to appoint a proxy holder; and

(b) the representative, if present at the meeting, is to be counted for the purpose of forming a quorum and is deemed to be a shareholder present in person at the meeting.

Evidence of the appointment of any such representative may be sent to the Company by written instrument, fax or any other method of transmitting legibly recorded messages. Notwithstanding the foregoing, a corporation that is a shareholder may appoint a proxy holder.

12.6 Proxy Provisions Do Not Apply to All Companies

Articles 12.7 to 12.15 do not apply to the Company if and for so long as it is a public company or a pre-existing reporting company which has the Statutory Reporting Company Provisions as part of its Articles or to which the Statutory Reporting Company Provisions apply.

12.7 Appointment of Proxy Holders

Every shareholder of the Company, including a corporation that is a shareholder but not a subsidiary of the Company, entitled to vote at a meeting of shareholders may, by proxy, appoint up to two proxy holders to attend and act at the meeting in the manner, to the extent and with the powers conferred by the proxy.

12.8 Alternate Proxy Holders

A shareholder may appoint one or more alternate proxy holders to act in the place of an absent proxy holder.

12.9 When Proxy Holder Need Not Be Shareholder

A person must not be appointed as a proxy holder unless the person is a shareholder, although a person who is not a shareholder may be appointed as a proxy holder if:

(1) the person appointing the proxy holder is a corporation or a representative of a corporation appointed under Article 12.5;

(2) the Company has at the time of the meeting for which the proxy holder is to be appointed only one shareholder entitled to vote at the meeting; or

(3) the shareholders present in person or by proxy at and entitled to vote at the meeting for which the proxy holder is to be appointed, by a resolution on which the proxy holder is not entitled to vote but in respect of which the proxy holder is to be counted in the quorum, permit the proxy holder to attend and vote at the meeting.

12.10 Deposit of Proxy

A proxy for a meeting of shareholders must:

(1) be received at the registered office of the Company or at any other place specified, in the notice calling the meeting, for the receipt of proxies, at least the number of business days specified in the notice, or if no number of days is specified, two business days before the day set for the holding of the meeting or any adjourned meeting; or

(2) unless the notice provides otherwise, be received, at the meeting or any adjourned meeting, by the chair of the meeting or any adjourned meeting or by a person designated by the chair of the meeting or adjourned meeting.

A proxy may be sent to the Company by written instrument, fax or any other method of transmitting legibly recorded messages.

12.11 Validity of Proxy Vote

A vote given in accordance with the terms of a proxy is valid notwithstanding the death or incapacity of the shareholder giving the proxy and despite the revocation of the proxy or the revocation of the authority under which the proxy is given, unless notice in writing of that death, incapacity or revocation is received:

(1) at the registered office of the Company, at any time up to and including the last business day before the day set for the holding of the meeting or any adjourned meeting at which the proxy is to be used; or

(2) at the meeting or any adjourned meeting by the chair of the meeting or adjourned meeting, before any vote in respect of which the proxy has been given or has been taken.

12.12 Form of Proxy

A proxy, whether for a specified meeting or otherwise, must be either in the following form or in any other form approved by the directors or the chair of the meeting:

[name of company]
(the "Company")

The undersigned, being a shareholder of the Company, hereby appoints [name] or, failing that person, [name], as proxy holder for the undersigned to attend, act and vote for and on behalf of the undersigned at the meeting of shareholders of the Company to be held on [month, day, year] and at any adjournment of that meeting.

Number of shares in respect of which this proxy is given (if no number is specified, then this proxy is given in respect of all shares registered in the name of the undersigned):

_____

Signed [month, day, year]

_____

[Signature of shareholder]

_____

[Name of shareholder—printed]

12.13 Revocation of Proxy

Subject to Article 12.14, every proxy may be revoked by an instrument in writing that is received:

(1) at the registered office of the Company at any time up to and including the last business day before the day set for the holding of the meeting or any adjourned meeting at which the proxy is to be used; or

(2) at the meeting or any adjourned meeting, by the chair of the meeting or adjourned meeting, before any vote in respect of which the proxy has been given has been taken.

12.14 Revocation of Proxy Must Be Signed

An instrument referred to in Article 12.13 must be signed as follows:

(1) if the shareholder for whom the proxy holder is appointed is an individual, the instrument must be signed by the shareholder or his or her legal personal representative or trustee in bankruptcy;

(2) if the shareholder for whom the proxy holder is appointed is a corporation, the instrument must be signed by the corporation or by a representative appointed for the corporation under Article 12.5.

12.15 Production of Evidence of Authority to Vote

The chair of any meeting of shareholders may, but need not, inquire into the authority of any person to vote at the meeting and may, but need not, demand from that person production of evidence as to the existence of the authority to vote.

13. DIRECTORS

13.1 First Directors; Number of Directors

The first directors are the persons designated as directors of the Company in the Notice of Articles that applies to the Company when it is recognized under the *Business Corporations Act*. The number of directors, excluding additional directors appointed under Article 14.8, is set at:

(1) subject to paragraphs (2) and (3), the number of directors that is equal to the number of the Company's first directors;

(2) if the Company is a public company, the greater of three and the most recently set of:

(a) the number of directors elected by ordinary resolution (whether or not previous notice of the resolution was given); and

(b) the number of directors set under Article 14.4;

(3) if the Company is not a public company, the most recently set of:

(a) the number of directors elected by ordinary resolution (whether or not previous notice of the resolution was given); and

(b) the number of directors set under Article 14.4.

13.2 Change in Number of Directors

If the number of directors is set under Articles 13.1(2)(a) or 13.1(3)(a):

(1) the shareholders may elect or appoint the directors needed to fill any vacancies in the board of directors up to that number;

(2) if the shareholders do not elect or appoint the directors needed to fill any vacancies in the board of directors up to that number contemporaneously with the setting of that number, then the directors, subject to Article 14.8, may appoint, or the shareholders may elect or appoint, directors to fill those vacancies.

13.3 Directors' Acts Valid Despite Vacancy

An act or proceeding of the directors is not invalid merely because fewer than the number of directors set or otherwise required under these Articles is in office.

13.4 Qualifications of Directors

A director is not required to hold a share in the capital of the Company as qualification for his or her office but must be qualified as required by the *Business Corporations Act* to become, act or continue to act as a director.

13.5 Remuneration of Directors

The directors are entitled to the remuneration for acting as directors, if any, as the directors may from time to time determine. If the directors so decide, the remuneration of the directors, if any, will be determined by the shareholders. That remuneration may be in addition to any salary or other remuneration paid to any officer or employee of the Company as such, who is also a director.

13.6 Reimbursement of Expenses of Directors

The Company must reimburse each director for the reasonable expenses that he or she may incur in and about the business of the Company.

13.7 Special Remuneration for Directors

If any director performs any professional or other services for the Company that in the opinion of the directors are outside the ordinary duties of a director, or if any director is otherwise specially occupied in or about the Company's business, he or she may be paid remuneration fixed by the directors, or, at the option of that director, fixed by ordinary resolution, and such remuneration may be either in addition to, or in substitution for, any other remuneration that he or she may be entitled to receive.

13.8 Gratuity, Pension or Allowance on Retirement of Director

Unless otherwise determined by ordinary resolution, the directors on behalf of the Company may pay a gratuity or pension or allowance on retirement to any director or to his or her spouse or dependants and may make contributions to any fund and pay premiums for the purchase or provision of any such gratuity, pension or allowance.

14. ELECTION AND REMOVAL OF DIRECTORS

14.1 Election at Annual General Meeting

At every annual general meeting and in every unanimous resolution contemplated by Article 10.2:

(1) the shareholders entitled to vote at the annual general meeting for the election of directors must elect, or in the unanimous resolution appoint, a board of directors consisting of the number of directors for the time being set under these Articles; and

(2) those directors whose term of office expires at the annual general meeting cease to hold office immediately before the election or appointment of directors under paragraph (1), but are eligible for re-election or re-appointment.

14.2 Consent to be a Director

No election, appointment or designation of an individual as a director is valid unless:

(1) that individual consents to be a director in the manner provided for in the *Business Corporations Act*;

(2) that individual is elected or appointed at a meeting at which the individual is present and the individual does not refuse, at the meeting, to be a director; or

(3) with respect to first directors, the designation is otherwise valid under the *Business Corporations Act*.

14.3 Failure to Elect or Appoint Directors

If:

(1) the Company fails to hold an annual general meeting, and all the shareholders who are entitled to vote at an annual general meeting fail to pass the unanimous resolution

contemplated by Article 10.2, on or before the date by which the annual general meeting is required to be held under the *Business Corporations Act*; or

(2) the shareholders fail, at the annual general meeting or in the unanimous resolution contemplated by Article 10.2, to elect or appoint any directors;

then each director then in office continues to hold office until the earlier of:

(3) when his or her successor is elected or appointed; and

(4) when he or she otherwise ceases to hold office under the *Business Corporations Act* or these Articles.

14.4 Places of Retiring Directors Not Filled

If, at any meeting of shareholders at which there should be an election of directors, the places of any of the retiring directors are not filled by that election, those retiring directors who are not re-elected and who are asked by the newly elected directors to continue in office will, if willing to do so, continue in office to complete the number of directors for the time being set pursuant to these Articles until further new directors are elected at a meeting of shareholders convened for that purpose. If any such election or continuance of directors does not result in the election or continuance of the number of directors for the time being set pursuant to these Articles, the number of directors of the Company is deemed to be set at the number of directors actually elected or continued in office.

14.5 Directors May Fill Casual Vacancies

Any casual vacancy occurring in the board of directors may be filled by the directors.

14.6 Remaining Directors' Power to Act

The directors may act notwithstanding any vacancy in the board of directors, but if the Company has fewer directors in office than the number set pursuant to these Articles as the quorum of directors, the directors may only act for the purpose of appointing directors up to that number or of calling a meeting of shareholders for the purpose of filling any vacancies on the board of directors or, subject to the *Business Corporations Act*, for any other purpose.

14.7 Shareholders May Fill Vacancies

If the Company has no directors or fewer directors in office than the number set pursuant to these Articles as the quorum of directors, the shareholders may elect or appoint directors to fill any vacancies on the board of directors.

14.8 Additional Directors

Notwithstanding Articles 13.1 and 13.2, between annual general meetings or unanimous resolutions contemplated by Article 10.2, the directors may appoint one or more additional directors, but the number of additional directors appointed under this Article 14.8 must not at any time exceed:

(1) one-third of the number of first directors, if, at the time of the appointments, one or more of the first directors have not yet completed their first term of office; or

(2) in any other case, one-third of the number of the current directors who were elected or appointed as directors other than under this Article 14.8.

Any director so appointed ceases to hold office immediately before the next election or appointment of directors under Article 14.1(1), but is eligible for re-election or re-appointment.

14.9 Ceasing to be a Director

A director ceases to be a director when:

(1) the term of office of the director expires;

(2) the director dies;

(3) the director resigns as a director by notice in writing provided to the Company or a lawyer for the Company; or

(4) the director is removed from office pursuant to Articles 14.10 or 14.11.

14.10 Removal of Director by Shareholders

The Company may remove any director before the expiration of his or her term of office by special resolution. In that event, the shareholders may elect, or appoint by ordinary resolution, a director to fill the resulting vacancy. If the shareholders do not elect or appoint a director to fill the resulting vacancy contemporaneously with the removal, then the directors may appoint or the shareholders may elect, or appoint by ordinary resolution, a director to fill that vacancy.

14.11 Removal of Director by Directors

The directors may remove any director before the expiration of his or her term of office if the director is convicted of an indictable offence, or if the director ceases to be qualified to act as a director of a company and does not promptly resign, and the directors may appoint a director to fill the resulting vacancy.

15. POWERS AND DUTIES OF DIRECTORS

15.1 Powers of Management

The directors must, subject to the *Business Corporations Act* and these Articles, manage or supervise the management of the business and affairs of the Company and have the authority to exercise all such powers of the Company as are not, by the *Business Corporations Act* or by these Articles, required to be exercised by the shareholders of the Company.

15.2 Appointment of Attorney of Company

The directors may from time to time, by power of attorney or other instrument, under seal if so required by law, appoint any person to be the attorney of the Company for such purposes, and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the directors under these Articles and excepting the power to fill vacancies in the board of directors, to remove a director, to change the membership of, or fill vacancies in, any committee of the directors, to appoint or remove officers appointed by the directors and to declare dividends) and for such period, and with such remuneration and subject to such conditions as the directors may think fit. Any such power of attorney may contain such provisions for the protection or convenience of persons dealing with such attorney as the directors think fit. Any such attorney may be authorized by the directors to sub-delegate all or any of the powers, authorities and discretions for the time being vested in him or her.

16. INTERESTS OF DIRECTORS AND OFFICERS

16.1 Obligation to Account for Profits

A director or senior officer who holds a disclosable interest (as that term is used in the *Business Corporations Act*) in a contract or transaction into which the Company has entered or proposes to enter is liable to account to the Company for any profit that accrues to the director or senior officer under or as a result of the contract or transaction only if and to the extent provided in the *Business Corporations Act*.

16.2 Restrictions on Voting by Reason of Interest

A director who holds a disclosable interest in a contract or transaction into which the Company has entered or proposes to enter is not entitled to vote on any directors' resolution to approve that contract or transaction, unless all the directors have a disclosable interest in that contract or transaction, in which case any or all of those directors may vote on such resolution.

16.3 Interested Director Counted in Quorum

A director who holds a disclosable interest in a contract or transaction into which the Company has entered or proposes to enter and who is present at the meeting of directors at which the contract or transaction is considered for approval may be counted in the quorum at the meeting whether or not the director votes on any or all of the resolutions considered at the meeting.

16.4 Disclosure of Conflict of Interest or Property

A director or senior officer who holds any office or possesses any property, right or interest that could result, directly or indirectly, in the creation of a duty or interest that materially conflicts with that individual's duty or interest as a director or senior officer, must disclose the nature and extent of the conflict as required by the *Business Corporations Act*.

16.5 Director Holding Other Office in the Company

A director may hold any office or place of profit with the Company, other than the office of auditor of the Company, in addition to his or her office of director for the period and on the terms (as to remuneration or otherwise) that the directors may determine.

16.6 No Disqualification

No director or intended director is disqualified by his or her office from contracting with the Company either with regard to the holding of any office or place of profit the director holds with the Company or as vendor, purchaser or otherwise, and no contract or transaction entered into by or on behalf of the Company in which a director is in any way interested is liable to be voided for that reason.

16.7 Professional Services by Director or Officer

Subject to the *Business Corporations Act*, a director or officer, or any person in which a director or officer has an interest, may act in a professional capacity for the Company, except as auditor of the Company, and the director or officer or such person is entitled to remuneration for professional services as if that director or officer were not a director or officer.

16.8 Director or Officer in Other Corporations

A director or officer may be or become a director, officer or employee of, or otherwise interested in, any person in which the Company may be interested as a shareholder or otherwise, and, subject to the *Business Corporations Act*, the director or officer is not accountable to the Company for any remuneration or other benefits received by him or her as director, officer or employee of, or from his or her interest in, such other person.

17. PROCEEDINGS OF DIRECTORS

17.1 Meetings of Directors

The directors may meet together for the conduct of business, adjourn and otherwise regulate their meetings as they think fit, and meetings of the directors held at regular intervals may be held at the place, at the time and on the notice, if any, as the directors may from time to time determine.

17.2 Voting at Meetings

Questions arising at any meeting of directors are to be decided by a majority of votes and, in the case of an equality of votes, the chair of the meeting does not have a second or casting vote.

17.3 Chair of Meetings

The following individual is entitled to preside as chair at a meeting of directors:

(1) the chair of the board, if any;

(2) in the absence of the chair of the board or if designated by the chair, the president, a director or other officer; or

(3) any other director or officer chosen by the directors if:

(a) neither the chair of the board nor the president is present at the meeting within 15 minutes after the time set for holding the meeting;

(b) neither the chair of the board nor the president is willing to chair the meeting; or

(c) the chair of the board and the president have advised the secretary, if any, or any other director, that they will not be present at the meeting.

17.4 Meetings by Telephone or Other Communications Medium

A director may participate in a meeting of the directors or of any committee of the directors:

(1) in person;

(2) by telephone; or

(3) with the consent of all directors who wish to participate in the meeting, by other communications medium;

if all directors participating in the meeting, whether in person or by telephone or other communications medium, are able to communicate with each other. A director who participates in a meeting in a manner contemplated by this Article 17.4 is deemed for all purposes of the *Business Corporations Act* and these Articles to be present at the meeting and to have agreed to participate in that manner.

17.5 Calling of Meetings

A director may, and the secretary or an assistant secretary of the Company, if any, on the request of a director must, call a meeting of the directors at any time.

17.6 Notice of Meetings

Other than for meetings held at regular intervals as determined by the directors pursuant to Article 17.1, reasonable notice of each meeting of the directors, specifying the place, day and time of that meeting must be given to each of the directors by any method set out in Article 23.1 or orally or by telephone.

17.7 When Notice Not Required

It is not necessary to give notice of a meeting of the directors to a director if:

(1) the meeting is to be held immediately following a meeting of shareholders at which that director was elected or appointed, or is the meeting of the directors at which that director is appointed; or

(2) the director, has waived notice of the meeting.

17.8 Meeting Valid Despite Failure to Give Notice

The accidental omission to give notice of any meeting of directors to, or the non-receipt of any notice by, any director does not invalidate any proceedings at that meeting.

17.9 Waiver of Notice of Meetings

Any director may send to the Company a document signed by him or her waiving notice of any past, present or future meeting or meetings of the directors and may at any time withdraw that waiver with respect to meetings held after that withdrawal. After sending a waiver with respect to all future meetings and until that waiver is withdrawn, no notice of any meeting of the directors need be given to that director, and all meetings of the directors so held are deemed not to be improperly called or constituted by reason of notice not having been given to such director. Attendance of a director at a meeting of directors is a waiver of notice of the meeting unless that director attends the meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

17.10 Quorum

The quorum necessary for the transaction of the business of the directors may be set by the directors and, if not so set, is deemed to be set at a majority of directors or, if the number of directors is set at one, is deemed to be set at one director, and that director may constitute a meeting.

17.11 Validity of Acts Where Appointment Defective

Subject to the *Business Corporations Act*, an act of a director or officer is not invalid merely because of an irregularity in the election or appointment or a defect in the qualification of that director or officer.

17.12 Consent Resolutions in Writing

A resolution of the directors or of any committee of the directors may be passed without a meeting:

(1) in all cases, if each of the directors entitled to vote on the resolution consents to it in writing; or

(2) in the case of a resolution to approve a contract or transaction in respect of which a director has disclosed that he or she has or may have a disclosable interest, if each of the other directors who have not made such a disclosure consents in writing to the resolution.

A consent in writing under this Article may be by signed document, fax, e-mail or any other method of transmitting legibly recorded messages. A consent in writing may be in two or more counterparts which together are deemed to constitute one consent in writing. A resolution of the directors or of any committee of the directors passed in accordance with this Article 17.12 is effective on the date stated in the consent in writing or on the latest date stated on any counterpart and is deemed to be a proceeding at a meeting of directors or of the committee of the directors and to be as valid and effective as if it had been passed at a meeting of the directors or of the committee of the directors

that satisfies all the requirements of the *Business Corporations Act* and all the requirements of these Articles relating to meetings of the directors or of a committee of the directors.

18. EXECUTIVE AND OTHER COMMITTEES

18.1 Appointment and Powers of Executive Committee

The directors may, by resolution, appoint an executive committee consisting of the director or directors that they consider appropriate, and this committee has, during the intervals between meetings of the board of directors, all of the directors' powers, except:

(1) the power to fill vacancies in the board of directors;

(2) the power to remove a director;

(3) the power to change the membership of, or fill vacancies in, any committee of the directors; and

(4) such other powers, if any, as may be set out in the resolution or any subsequent directors' resolution.

18.2 Appointment and Powers of Other Committees

The directors may, by resolution:

(1) appoint one or more committees (other than the executive committee) consisting of the director or directors that they consider appropriate;

(2) delegate to a committee appointed under paragraph (1) any of the directors' powers, except:

(a) the power to fill vacancies in the board of directors;

(b) the power to remove a director;

(c) the power to change the membership of, or fill vacancies in, any committee of the directors; and

(d) the power to appoint or remove officers appointed by the directors; and

(3) make any delegation referred to in paragraph (2) subject to the conditions set out in the resolution or any subsequent directors' resolution.

18.3 Obligations of Committees

Any committee appointed under Articles 18.1 or 18.2, in the exercise of the powers delegated to it, must:

(1) conform to any rules that may from time to time be imposed on it by the directors; and

(2) report every act or thing done in exercise of those powers at such times and in such manner and form as the directors may require.

18.4 Powers of Board

The directors may, at any time, with respect to a committee appointed under Articles 18.1 or 18.2:

(1) revoke or alter the authority given to the committee, or override a decision made by the committee, except as to acts done before such revocation, alteration or overriding;

(2) terminate the appointment of, or change the membership of, the committee; and

(3) fill vacancies in the committee.

18.5 Committee Meetings

Subject to Article 18.3(1) and unless the directors otherwise provide in the resolution appointing the committee or in any subsequent resolution, with respect to a committee appointed under Articles 18.1 or 18.2:

(1) the committee may meet and adjourn as it thinks proper;

(2) the committee may elect a chair of its meetings but, if no chair of a meeting is elected, or if at a meeting the chair of the meeting is not present within 15 minutes after the time set for holding the meeting, the directors present who are members of the committee may choose one of their number to chair the meeting;

(3) a majority of the members of the committee constitutes a quorum of the committee; and

(4) questions arising at any meeting of the committee are determined by a majority of votes of the members present, and in case of an equality of votes, the chair of the meeting does not have a second or casting vote.

19. OFFICERS

19.1 Directors May Appoint Officers

The directors may, from time to time, appoint such officers, if any, as the directors determine and the directors may, at any time, terminate any such appointment.

19.2 Functions, Duties and Powers of Officers

The directors may, for each officer:

(1) determine the functions and duties of the officer;

(2) entrust to and confer on the officer any of the powers exercisable by the directors on such terms and conditions and with such restrictions as the directors think fit; and

(3) revoke, withdraw, alter or vary all or any of the functions, duties and powers of the officer.

19.3 Qualifications

No officer may be appointed unless that officer is qualified in accordance with the *Business Corporations Act*. One person may hold more than one position as an officer of the Company. Any person appointed as the chair of the board or as the managing director must be a director. Any other officer need not be a director.

19.4 Remuneration and Terms of Appointment

All appointments of officers are to be made on the terms and conditions and at the remuneration (whether by way of salary, fee, commission, participation in profits or otherwise) that the directors thinks fit and are subject to termination at the pleasure of the directors, and an officer may in addition to such remuneration be entitled to receive, after he or she ceases to hold such office or leaves the employment of the Company, a pension or gratuity.

20. INDEMNIFICATION

20.1 Definitions

In this Article 20:

(1) "eligible penalty" means a judgment, penalty or fine awarded or imposed in, or an amount paid in settlement of, an eligible proceeding;

(2) "eligible proceeding" means a legal proceeding or investigative action, whether current, threatened, pending or completed, in which a director, former director of the Company (an "eligible party") or any of the heirs and legal personal representatives of the eligible party, by reason of the eligible party being or having been a director of the Company:

(a) is or may be joined as a party; or

(b) is or may be liable for or in respect of a judgment, penalty or fine in, or expenses related to, the proceeding;

(3) "expenses" has the meaning set out in the *Business Corporations Act*.

20.2 Mandatory Indemnification of Eligible Parties

Subject to the *Business Corporations Act*, the Company must indemnify a director or former director of the Company and his or her heirs and legal personal representatives against all eligible penalties to which such person is or may be liable, and the Company must, after the final disposition of an eligible proceeding, pay the expenses actually and reasonably incurred by such person in respect of that proceeding. Each director is deemed to have contracted with the Company on the terms of the indemnity contained in this Article 20.2.

20.3 Indemnification

Subject to any restrictions in the *Business Corporations Act* and these Articles, the Company may indemnify any person.

20.4 Non-Compliance with *Business Corporations Act*

The failure of a director or officer of the Company to comply with the *Business Corporations Act* or these Articles or, if applicable, any former *Companies Act* or former Articles, does not invalidate any indemnity to which he or she is entitled under this Part.

20.5 Company May Purchase Insurance

The Company may purchase and maintain insurance for the benefit of any person (or his or her heirs or legal personal representatives) who:

(1) is or was a director, officer, employee or agent of the Company;

(2) is or was a director, officer, employee or agent of a corporation at a time when the corporation is or was an affiliate of the Company;

(3) at the request of the Company, is or was a director, officer, employee or agent of a corporation or of a partnership, trust, joint venture or other unincorporated entity; or

(4) at the request of the Company, holds or held a position equivalent to that of a director, or officer of a partnership, trust, joint venture or other unincorporated entity;

against any liability incurred by him or her as such director, officer, employee or agent or person who holds or held such equivalent position.

21. DIVIDENDS

21.1 Payment of Dividends Subject to Special Rights

The provisions of this Article 21 are subject to the rights, if any, of shareholders holding shares with special rights as to dividends.

21.2 Declaration of Dividends

Subject to the *Business Corporations Act*, the directors may from time to time declare and authorize payment of such dividends as they may deem advisable.

21.3 No Notice Required

The directors need not give notice to any shareholder of any declaration under Article 21.2.

21.4 Record Date

The directors may set a date as the record date for the purpose of determining shareholders entitled to receive payment of a dividend. The record date must not precede the date on which the dividend is to be paid by more than two months. If no record date is set, the record date is 5 p.m. on the date on which the directors pass the resolution declaring the dividend.

21.5 Manner of Paying Dividend

A resolution declaring a dividend may direct payment of the dividend wholly or partly in money or by the distribution of specific assets or of fully paid shares or of bonds, debentures or other securities of the Company or any other corporation, or in any one or more of those ways.

21.6 Settlement of Difficulties

If any difficulty arises in regard to a distribution under Article 21.5, the directors may settle the difficulty as they deem advisable, and, in particular, may:

(1) set the value for distribution of specific assets;

(2) determine that money in substitution for all or any part of the specific assets to which any shareholders are entitled may be paid to any shareholders on the basis of the value so fixed in order to adjust the rights of all parties; and

(3) vest any such specific assets in trustees for the persons entitled to the dividend.

21.7 When Dividend Payable

Any dividend may be made payable on such date as is fixed by the directors.

21.8 Dividends to be Paid in Accordance with Number of Shares

All dividends on shares of any class or series of shares must be declared and paid according to the number of such shares held.

21.9 Receipt by Joint Shareholders

If several persons are joint shareholders of any share, any one of them may give an effective receipt for any dividend, bonus or other money payable in respect of the share.

21.10 Dividend Bears No Interest

No dividend bears interest against the Company.

21.11 Fractional Dividends

If a dividend to which a shareholder is entitled includes a fraction of the smallest monetary unit of the currency of the dividend, that fraction may be disregarded in making payment of the dividend and that payment represents full payment of the dividend.

21.12 Payment of Dividends

Any dividend or other distribution payable in money in respect of shares may be paid by cheque, made payable to the order of the person to whom it is sent, and mailed to the registered address of the shareholder, or in the case of joint shareholders, to the registered address of the joint shareholder who is first named on the central securities register, or to the person and to the address the shareholder or joint shareholders may direct in writing. The mailing of such cheque will, to the extent of the sum represented by the cheque (plus the amount of the tax required by law to be deducted), discharge all liability for the dividend unless such cheque is not paid on presentation or the amount of tax so deducted is not paid to the appropriate taxing authority.

21.13 Capitalization of Retained Earnings or Surplus

Notwithstanding anything contained in these Articles, the directors may from time to time capitalize any retained earnings or surplus of the Company and may from time to time issue, as fully paid, shares or any bonds, debentures or other securities of the Company as a dividend representing the retained earnings or surplus so capitalized or any part thereof.

22. ACCOUNTING RECORDS AND AUDITORS

22.1 Recording of Financial Affairs

The directors must cause adequate accounting records to be kept to record properly the financial affairs and condition of the Company and to comply with the *Business Corporations Act*.

22.2 Inspection of Accounting Records

Unless the directors determine otherwise, or unless otherwise determined by ordinary resolution, no shareholder of the Company is entitled to inspect or obtain a copy of any accounting records of the Company.

22.3 Remuneration of Auditors

The directors may set the remuneration of the auditors. If the directors so decide, the remuneration of the auditors will be determined by the shareholders.

23. NOTICES

23.1 Method of Giving Notice

Unless the *Business Corporations Act* or these Articles provides otherwise, a notice, statement, report or other record (for the purposes of this Article 23, a "record") required or permitted by the *Business Corporations Act* or these Articles to be sent by or to a person may be sent by any one of the following methods:

(1) mail addressed to the person at the applicable address for that person as follows:

(a) for a record mailed to a shareholder, the shareholder's registered address;

(b) for a record mailed to a director or officer, the prescribed address for mailing shown for the director or officer in the records kept by the Company or the mailing address provided by the recipient for the sending of that record or records of that class; or

(c) in any other case, the mailing address of the intended recipient;

(2) delivery at the applicable address for that person as follows, addressed to the person:

(a) for a record delivered to a shareholder, the shareholder's registered address;

(b) for a record delivered to a director or officer, the prescribed address for delivery shown for the director or officer in the records kept by the Company or the delivery address provided by the recipient for the sending of that record or records of that class; or

(c) in any other case, the delivery address of the intended recipient;

(3) sending the record by fax to the fax number provided by the intended recipient for the sending of that record or records of that class;

(4) sending the record by email to the email address provided by the intended recipient for the sending of that record or records of that class;

(5) making the record available for public electronic access in accordance with the procedures referred to as "notice-and-access" under National Instrument 54-101 and National Instrument 51-102, as applicable, of the Canadian Securities Administrators, or in accordance with any similar electronic delivery or access method permitted by applicable securities legislation from time to time; or

(6) physical delivery to the intended recipient.

23.2 Deemed Receipt

A notice, statement, report or other record that is:

(1) mailed to a person by ordinary mail to the applicable address for that person referred to in Article 23.1 is deemed to be received by the person to whom it was mailed on the day (Saturdays, Sundays and holidays excepted) following the date of mailing;

(2) faxed to a person to the fax number provided by that person referred to in Article 23.1 is deemed to be received by the person to whom it was faxed on the day it was faxed;

(3) e-mailed to a person to the e-mail address provided by that person referred to in Article 23.1 is deemed to be received by the person to whom it was e-mailed on the date it was e-mailed; and

(4) made available for public electronic access in accordance with the "notice-and-access" or similar delivery procedures referred to in Article 23.1(5) is deemed to be received by a person on the date it was made available for public electronic access.

23.3 Certificate of Sending

A certificate signed by the secretary, if any, or other officer of the Company or of any other corporation acting in that capacity on behalf of the Company stating that a notice, statement, report or other record was sent in accordance with Article 23.1 is conclusive evidence of that fact.

23.4 Notice to Joint Shareholders

A notice, statement, report or other record may be provided by the Company to the joint shareholders of a share by providing such record to the joint shareholder first named in the central securities register in respect of the share.

23.5 Notice to Legal Personal Representatives and Trustees

A notice, statement, report or other record may be provided by the Company to the persons entitled to a share in consequence of the death, bankruptcy or incapacity of a shareholder by:

(1) mailing the record, addressed to them:

(a) by name, by the title of the legal personal representative of the deceased or incapacitated shareholder, by the title of trustee of the bankrupt shareholder or by any similar description; and

(b) at the address, if any, supplied to the Company for that purpose by the persons claiming to be so entitled; or

(2) if an address referred to in paragraph (1)(b) has not been supplied to the Company, by giving the notice in a manner in which it might have been given if the death, bankruptcy or incapacity had not occurred.

23.6 Undelivered Notices

If on two consecutive occasions, a notice, statement, report or other record is sent to a shareholder pursuant to Article 23.1 and on each of those occasions any such record is returned because the shareholder cannot be located, the Company shall not be required to send any further records to the shareholder until the shareholder informs the Company in writing of his or her new address.

24. SEAL

24.1 Who May Attest Seal

Except as provided in Articles 24.2 and 24.3, the Company's seal, if any, must not be impressed on any record except when that impression is attested by the signatures of:

(1) any two directors;

(2) any officer, together with any director;

(3) if the Company only has one director, that director; or

(4) any one or more directors or officers or persons as may be determined by the directors.

24.2 Sealing Copies

For the purpose of certifying under seal a certificate of incumbency of the directors or officers of the Company or a true copy of any resolution or other document, despite Article 24.1, the impression of the seal may be attested by the signature of any director or officer or the signature of any other person as may be determined by the directors.

24.3 Mechanical Reproduction of Seal

The directors may authorize the seal to be impressed by third parties on share certificates or bonds, debentures or other securities of the Company as they may determine appropriate from time to time. To enable the seal to be impressed on any share certificates or bonds, debentures or other securities of the Company, whether in definitive or interim form, on which facsimiles of any of the signatures of the directors or officers of the Company are, in accordance with the *Business Corporations Act* or these Articles, printed or otherwise mechanically reproduced, there may be delivered to the person employed to engrave, lithograph or print such definitive or interim share certificates or bonds, debentures or other securities one or more unmounted dies reproducing the seal and such persons as are authorized under Article 24.1 to attest the Company's seal may in writing authorize such person to cause the seal to be impressed on such definitive or interim share certificates or bonds, debentures or other securities by the use of such dies. Share certificates or bonds, debentures or other securities to which the seal has been so impressed are for all purposes deemed to be under and to bear the seal impressed on them.

25. PROHIBITIONS

25.1 Definitions

In this Article 25:

(1) "designated security" means:

(a) a voting security of the Company;

(b) a security of the Company that is not a debt security and that carries a residual right to participate in the earnings of the Company or, on the liquidation or winding up of the Company, in its assets; or

(c) a security of the Company convertible, directly or indirectly, into a security described in paragraph (a) or (b);

(2) "security" has the meaning assigned in the *Securities Act* (British Columbia);

(3) "voting security" means a security of the Company that:

(a) is not a debt security, and

(b) carries a voting right either under all circumstances or under some circumstances that have occurred and are continuing.

25.2 Application

Article 25.3 does not apply to the Company if and for so long as it is a public company or a pre-existing reporting company which has the Statutory Reporting Company Provisions as part of its Articles or to which the Statutory Reporting Company Provisions apply.

25.3 Consent Required for Transfer of Shares or Designated Securities

No share or designated security may be sold, transferred or otherwise disposed of without the consent of the directors and the directors are not required to give any reason for refusing to consent to any such sale, transfer or other disposition.

26. SPECIAL RIGHTS AND RESTRICTIONS ATTACHED TO SUBORDINATE VOTING SHARES

An unlimited number of subordinate voting shares ("**Subordinate Voting Shares**"), without nominal or par value, having attached thereto the special rights and restrictions as set forth in this Article 26.

26.1 Voting

The holders of Subordinate Voting Shares shall be entitled to receive notice of and to attend at any meeting of the shareholders of the Company, except a meeting of which only holders of another particular class or series of shares of the Company shall have the right to vote. At each such meeting holders of Subordinate Voting Shares shall be entitled to one vote in respect of each Subordinate Voting share held.

26.2 Alteration to Rights of Subordinate Voting Shares

So long as any Subordinate Voting Shares remain outstanding, the Company will not, without the consent of the holders of Subordinate Voting Shares expressed by special separate resolution, alter or amend these Articles if the result of such alteration or amendment would:

(a) prejudice or interfere with any right or special right attached to the Subordinate Voting Shares; or

(b) affect the rights or special rights of the holders of Subordinate Voting Shares or multiple voting shares (the "Multiple Voting Shares") on a per share basis as provided for herein.

26.3 Dividends

(1) The holders of Subordinate Voting Shares shall be entitled to receive such dividends payable in cash or property of the Company as may be declared thereon by the directors from time to time.

(2) The directors may not declare a dividend payable in cash or property on the Subordinate Voting Shares unless the directors simultaneously declare a dividend payable in cash or property on the Multiple Voting Shares, in an amount per Multiple Voting Share equal to the amount of the dividend declared per Subordinate Voting Share, multiplied by 10.

(3) The directors may declare a stock dividend payable in Subordinate Voting Shares on the Subordinate Voting Shares, but only if the directors simultaneously declare a stock dividend payable in:

(a) Multiple Voting Shares on the Multiple Voting Shares, in a number of shares per Multiple Voting Share equal to the number of Subordinate Voting Shares declared as a dividend per Subordinate Voting Share; or

(b) Subordinate Voting Shares on the Multiple Voting Shares, in a number of shares per Multiple Voting Share (or a fraction thereof) equal to number of Subordinate Voting Shares declared as a dividend per Subordinate Voting Share, multiplied by 10.

(4) The directors may declare a stock dividend payable in Multiple Voting Shares on the Subordinate Voting Shares, but only if the directors simultaneously declare a stock dividend payable in Multiple Voting Shares on the Multiple Voting Shares, in a number of shares per Multiple Voting Share equal to the number of Multiple Voting Shares declared as a dividend per Subordinate Voting Share, multiplied by 10.

(5) Holders of fractional Subordinate Voting Shares shall be entitled to receive any dividend declared on the Subordinate Voting Shares in an amount equal to the dividend per Subordinate Voting Share multiplied by the fraction thereof held by such holder.

26.4 Liquidation Rights, Dissolution or Winding-Up

In the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or in the event of any other distribution of assets of the Company to its shareholders for the purposes of winding up its affairs, the holders of the Subordinate Voting Shares shall be entitled to participate pari passu with the holders of Multiple Voting Shares, with the amount of such distribution per Subordinate Voting Share equal to the amount of such distribution per Multiple Voting Share divided by 10; and each fraction of a Subordinate Voting Share will be entitled to the amount calculated by multiplying such fraction by the amount payable per whole Subordinate Voting Share.

26.5 No Pre-Emptive Rights

The holders of Subordinate Voting Shares are not entitled to a right of first refusal to subscribe for, purchase or receive any part of any issue of Subordinate Voting Shares, or bonds, debentures or other securities of the Company now or in the future.

26.6 Subdivision or Consolidation

No subdivision or consolidation of the Subordinate Voting Shares or Multiple Voting Shares shall occur unless, simultaneously, the Subordinate Voting Shares and Multiple Voting Shares are subdivided or consolidated in the same manner or such other adjustment is made so as to maintain and preserve the relative rights of the holders of the shares of each of the said classes

26.7 Conversion of the Shares Upon An Offer

(1) In the event that an offer is made to purchase Multiple Voting Shares, and such offer is:

(a) required, pursuant to applicable securities legislation or the rules of any stock exchange on which (i) the Multiple Voting Shares, or (ii) the Subordinate Voting Shares which may be obtained upon conversion of the Multiple Voting Shares, in either case may then be listed, to be made to all or substantially all of the holders of Multiple Voting Shares in a province or territory of Canada to which the requirement applies (such offer to purchase, an "Offer"); and

(b) not made to the holders of Subordinate Voting Shares for consideration per Subordinate Voting Share equal to or greater than 1/10th (10%) of the consideration offered per Multiple Voting Share;

each Subordinate Voting Share shall become convertible at the option of the holder into Multiple Voting Shares on the basis of 10 Subordinate Voting Shares for one (1) Multiple Voting Share, at any time while the Offer is in effect until one day after the time prescribed by applicable securities legislation or stock exchange rules for the offeror to take up and pay for such shares as are to be acquired pursuant to the Offer (the "Subordinate Voting Share Conversion Right"). For avoidance of doubt, fractions of Multiple Voting Shares may be issued in respect of any amount of Subordinate Voting Shares in respect of which the Subordinate Voting Share Conversion Right is exercised which is less than 10.

(2) The Subordinate Voting Share Conversion Right may only be exercised for the purpose of depositing the Multiple Voting Shares acquired upon conversion under such Offer, and for no other reason. If the Subordinate Voting Share Conversion Right is exercised, the Company shall procure, and shall be deemed to have been irrevocably authorized by the holder so exercising the Subordinate Voting Share Conversion Right to procure, that the transfer agent for the Subordinate Voting Shares shall deposit under such Offer the Multiple Voting Shares acquired upon conversion on behalf of the holder.

(3) To exercise the Subordinate Voting Share Conversion Right, a holder of Subordinate Voting Shares or its, his or her attorney, duly authorized in writing, shall:

(a) give written notice of exercise of the Subordinate Voting Share Conversion Right to the transfer agent for the Subordinate Voting Shares, and of the number of Subordinate Voting Shares in respect of which the Subordinate Voting Share Conversion Right is being exercised;

(b) deliver to the transfer agent for the Subordinate Voting Shares any share certificate(s) or direct registration statement(s) representing the Subordinate Voting Shares in respect of which the Subordinate Voting Share Conversion Right is being exercised; and

(c) pay any applicable stamp tax or similar duty on or in respect of such conversion.

(4) No certificates or direct registration statements representing Multiple Voting Shares acquired upon exercise of the Subordinate Voting Share Conversion Right will be delivered to the holders of Subordinate Voting Shares. If Multiple Voting Shares issued upon such conversion and deposited under such Offer are withdrawn from such Offer by such holder, or such Offer is abandoned, withdrawn or terminated by the offeror, or such Offer expires without the offeror taking up and paying for such Multiple Voting Shares, such Multiple Voting Shares and any fractions thereof issued shall automatically, without further action on the part of the holder thereof, be reconverted into Subordinate Voting Shares on the basis of 10 Subordinate Voting Shares for each one (1) Multiple Voting Share, and the Company will procure that the transfer agent for the Subordinate Voting Shares shall send to such holder a direct registration statement(s) or certificate(s) representing the Subordinate Voting Shares acquired upon such reconversion. If the offeror under such Offer takes up and pays for the Multiple Voting Shares acquired upon exercise of the Subordinate Voting Share Conversion Right, the Company shall procure that the transfer agent for the Subordinate Voting Shares shall deliver to the holders of such Multiple Voting Shares the consideration paid for such Multiple Voting Shares by such Offeror.

27. SPECIAL RIGHTS AND RESTRICTIONS ATTACHED TO MULTIPLE VOTING SHARES

An unlimited number of multiple voting shares ("**Multiple Voting Shares**"), without nominal or par value, having attached thereto the special rights and restrictions as set forth in this Article 27.

27.1 Voting

The holders of Multiple Voting Shares shall be entitled to receive notice of and to attend and vote at all meetings of shareholders of the Company except a meeting at which only the holders of another class or series of shares is entitled to vote. Subject to Article 27.2, each Multiple Voting Share shall entitle the holder to 10 votes and each fraction of a Multiple Voting Share shall entitle the holder to the number of votes calculated by multiplying the fraction by 10 and rounding the product down to the nearest whole number, at each such meeting.

27.2 Alteration to Rights of Multiple Voting Shares

(1) So long as any Multiple Voting Shares remain outstanding, the Company will not, without the consent of the holders of Multiple Voting Shares expressed by special separate resolution alter or amend these Articles if the result of such alteration or amendment would:

(a) prejudice or interfere with any right or special right attached to the Multiple Voting Shares; or

(b) affect the rights or special rights of the holders of Subordinate Voting Shares or Multiple Voting Shares on a per share basis as provided for herein.

(2) At any meeting of holders of Multiple Voting Shares called to consider such a special separate resolution, each whole Multiple Voting Share shall entitle the holder to one (1) vote.

27.3 No Pre-Emptive Rights.

The holders of the Multiple Voting shares are not entitled to a right of first refusal to subscribe for, purchase or receive any part of any issue of Multiple Voting shares, or bonds, debentures or other securities of the Company now or in the future.

27.4 Dividends

(1) The holders of Multiple Voting Shares shall be entitled to receive such dividends payable in cash or property of the Company as may be declared by the directors from time to time. The directors may not declare a dividend payable in cash or property on the Multiple Voting Shares unless the directors simultaneously declare a dividend payable in cash or property on the Subordinate Voting Shares, in an amount equal to the amount of the dividend declared per Multiple Voting Share divided by 10.

(2) The directors may declare a stock dividend payable in Multiple Voting Shares on the Multiple Voting Shares, but only if the directors simultaneously declare a stock dividend payable in:

(a) Multiple Voting Shares on the Subordinate Voting Shares, in a number of shares per Subordinate Voting Share equal to the number of Multiple Voting Shares declared as a dividend per Multiple Voting Share, divided by 10; or

(b) Subordinate Voting Shares on the Subordinate Voting Shares, in a number of shares per Subordinate Voting Share equal to the number of Multiple Voting Shares declared as a dividend per Multiple Voting Share.

(3) The directors may declare a stock dividend payable in Subordinate Voting Shares on the Multiple Voting Shares, but only if the directors simultaneously declare a stock dividend payable in Subordinate Voting Shares on the Subordinate Voting Shares, in a number of shares per Subordinate Voting Share equal to the number of Subordinate Voting Shares declared as a dividend per Multiple Voting Share, divided by 10.

(4) Holders of fractional Multiple Voting Shares shall be entitled to receive any dividend declared on the Multiple Voting Shares, in an amount equal to the dividend per Multiple Voting Share multiplied by the fraction thereof held by such holder.

27.5 Liquidation Rights

In the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or in the event of any other distribution of assets of the Company to its shareholders for the purpose of winding up its affairs, the holders of the Multiple Voting Shares shall be entitled to participate pari passu with the holders of Subordinate Voting Shares, with the amount of such distribution per Multiple Voting Share equal to the amount of such distribution per Subordinate Voting Share multiplied by 10; and each fraction of a Multiple Voting Share will be entitled to the amount calculated by multiplying the fraction by the amount payable per whole Multiple Voting Share.

27.6 Subdivision or Consolidation

The Multiple Voting Shares shall not be consolidated or subdivided unless the Subordinate Voting Shares are simultaneously consolidated or subdivided utilizing the same divisor or multiplier.

27.7 Voluntary Conversion

Subject the Conversion Limitation set forth in this Article 27.6, holders of Multiple Voting Shares shall have the following rights of conversion (the "Share Conversion Right"):

(1) **Right to Convert Multiple Voting Shares**. Subject to the limitations set out in this Article 27.6, each Multiple Voting Share shall be convertible at the option of the holder into such number of Subordinate Voting Shares as is determined by multiplying the number of Multiple Voting Shares in respect of which the Share Conversion Right is exercised by 10. Fractions of Multiple Voting Shares may be converted into such number of Subordinate Voting Shares as is determined by multiplying the fraction by 10, rounded down to the nearest whole share and no payment shall be made or consideration provided on account of any such rounding.

(2) **Foreign Private Issuer Status**. Subject to the terms hereof, the Company shall not give effect to any voluntary conversion of Multiple Voting Shares pursuant to this Article 27.6 or otherwise, and the Share Conversion Right will not apply, to the extent that after giving effect to all permitted issuances after such conversion of Multiple Voting Shares, the aggregate number of Subordinate Voting Shares and Multiple Voting Shares (calculated on the basis that each Subordinate Voting Share and Multiple Voting Share is counted once, without regard to the number of votes carried by such share) held or record, directly or indirectly, by residents of the United States (as determined in accordance with Rules 3b4 and 12g3-2(a) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) ("U.S. Residents") would exceed forty percent (40%) (the "40% Threshold") of the aggregate number of Subordinate Voting Shares and Multiple Voting Shares (calculated on the same basis) issued and outstanding (the "FPI Restriction"). The directors may by resolution increase the 40% Threshold to a number not to exceed fifty percent (50%), and if any such resolution is adopted, all references to the 40% Threshold herein shall refer instead to the amended percentage threshold set by the directors in such resolution, and the formula in Article 27.6(3) of this Article 27.6 shall be adjusted to give effect to such amended percentage threshold.

(3) **Conversion Limitation**. In order to give effect to the FPI Restriction, the number of Subordinate Voting Shares issuable to a holder of Multiple Voting Shares upon exercise by such holder of the Share Conversion Right will be subject to the 40% Threshold based on the number of Multiple Voting Shares held by such holder as of the date of initial issuance of Multiple Voting Shares to such holder, and thereafter on the last day of each of the Company's subsequent fiscal quarters (the date of initial issuance and the last day of each of the Company's subsequent fiscal quarters each being a "Determination Date") calculated as follows:

X = [A x 0.40 - B] x (C/D)

Where, on the Determination Date:

X = Maximum Number of Subordinate Voting Shares which may be issued upon exercise of the Share Conversion Right.

A = Aggregate number of Subordinate Voting Shares and Multiple Voting Shares issued and outstanding on such Determination Date.

B = Aggregate number of Subordinate Voting Shares and Multiple Voting Shares held of record, directly or indirectly, by U.S. Residents on such Determination Date.

C = Aggregate Number of Multiple Voting Shares held by such holder on such Determination Date.

D = Aggregate Number of All Multiple Voting Shares on such Determination Date.

The Company shall determine as of each Determination Date, in its sole discretion, acting reasonably, the aggregate number of Subordinate Voting Shares and Multiple Voting Shares held of record, directly or indirectly, by U.S. Residents, and the maximum number of Subordinate Voting Shares which may be issued upon exercise of the Share Conversion Right, generally in accordance with the formula set forth immediately above. Upon request by a holder of Multiple Voting Shares, the Company will provide each holder of Multiple Voting Shares with notice of such maximum number as at the most recent Determination Date, or a more recent date as may be determined by the Company in its discretion. To the extent that issuances of Subordinate Voting Shares on exercise of the Share Conversion Right would result in the 40% Threshold being exceeded, the number of Subordinate Voting Shares to be issued will be pro-rated among each holder of Multiple Voting Shares exercising the Share Conversion Right.

Notwithstanding the provisions of Articles 27.6(2) and 27.6(3) the directors may by resolution waive the application of the FPI Restriction to any exercise or exercises of the Share Conversion Right to which the FPI Restriction would otherwise apply, or to future conversion restrictions generally, including with respect to a period of time.

(4) **Mechanics of Conversion**. Before any holder of Multiple Voting Shares shall be entitled to voluntarily convert Multiple Voting Shares into Subordinate Voting Shares in accordance with

Article 27.6(1), the holder shall surrender the certificate(s) or direct registration statement(s), if any, representing the Multiple Voting Shares to be converted at the head office of the Company, or the office of any transfer agent for the Multiple Voting Shares, and shall give written notice to the Company at its head office of its, his or her election to convert such Multiple Voting Shares and shall state therein the name or names in which the certificate(s) or direct registration statement(s)representing the Subordinate Voting Shares are to be issued (a "Conversion Notice"). The Company shall (or shall cause its transfer agent to) as soon as practicable thereafter, issue to such holder or its, his or her nominee, a certificate(s) or direct registration statement(s) representing the number of Subordinate Voting Shares to which such holder is entitled upon conversion. Such conversion shall be deemed to have taken place immediately prior to the close of business on the day on which the certificate(s) or direct registration statement(s) representing the Multiple Voting Shares to be converted is surrendered and the Conversion Notice is delivered, and the person or persons entitled to receive the Subordinate Voting Shares issuable upon such conversion shall be treated for all purposes as the holder or holders of record of such Subordinate Voting Shares as of such date.

27.8 Mandatory Conversion

The Company shall have the following rights in respect of conversion of the Multiple Voting Shares:

(1) **Right to Convert Multiple Voting Shares**. Notwithstanding anything contained herein to the contrary, the Company shall have the right (the "Company Share Conversion Right") to require each holder of Multiple Voting Shares to convert (the "MVS Conversion") all, and not less than all, of the Multiple Voting Shares held by such holder into such number of Subordinate Voting Shares as is determined by multiplying the number of Multiple Voting Shares in respect of which the Company Share Conversion Right is exercised by 10. Fractions of Multiple Voting Shares may be converted into such number of Subordinate Voting Shares as is determined by multiplying the fraction by 10, rounded down to the nearest whole number and no payment shall be made or consideration provided on account of any such rounding.

(2) Mechanics of Conversion

(a) In order to exercise the Company Share Conversion Right, the Company shall issue or cause its transfer agent to issue to each holder of Multiple Voting Shares of record a notice (the "MVS Conversion Notice") at least 10 days prior to the record date of the MVS Conversion (the "MVS Conversion Date") which shall specify therein: (i) the number of Subordinate Voting Shares into which the Multiple Voting Shares are convertible pursuant to the MVS Conversion; and (ii) the MVS Conversion Date;

(b) At the time of conversion (the "Conversion Time") on the MVS Conversion Date, each certificate or direct registration statement representing Multiple Voting Shares shall be null and void and the former holders of Multiple Voting Shares shall be entered on the register maintained for the Subordinate Voting Shares as holders of Subordinate Voting Shares and shall be treated for all purposes as the record holder or holders of the number of Subordinate Voting Shares to which each former holder or holders of Multiple Voting Shares is entitled pursuant to Article 27.7(1); and

(c) As soon as practicable on or after the MVS Conversion Date, and in any event within ten (10) days of the MVS Conversion Date, the Company will issue or send, or cause its transfer agent to issue or send certificate(s) or direct registration statement(s) (at the sole discretion of the Company) to each former holder of Multiple Voting Shares representing the number of Subordinate Voting Shares into which the Multiple Voting Shares have been converted.

(3) **Effect of Conversion**. All Multiple Voting Shares which shall have been converted pursuant to the MVS Conversion shall no longer be deemed to be outstanding and all rights and special rights with respect to such shares shall immediately cease and terminate at the Conversion Time, except only the right of the holders thereof to receive Subordinate Voting Shares in exchange therefor in accordance with this Article 27.8.

SCHEDULE "G"
HIGH FUSION PRO FORMA FINANCIAL STATEMENTS

HIGH FUSION INC.

UNAUDITED PRO FORMA

FINANCIAL STATEMENTS

FOR THE THREE MONTHS

OCTOBER 31, 2022

(Expressed in Canadian Dollars)

HIGH FUSION INC.

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at October 31, 2022

(expressed in Canadian dollars)

	High Fusion Inc. October 31, 2022	Neural Therapeutics Inc. October 31, 2022	Pro Forma Adjustments	Notes	High Fusion Inc. Pro Forma October 31, 2022
ASSETS					
Current Assets					
Cash	$ 408,758	$ 184,090			**224,668**
Investment in Neural at Fair Value	-		1,348,750	**(d)**	
			(353,750)	**(b)**	**995,000**
			124,840	**(f)**	**124,840**
Receivable from Neural Therapeutics Inc.			136,000	**(c)**	**136,000**
Amounts receivable	1,264,425	60,811		**(a)**	**1,203,614**
Inventory	2,228,186				**2,228,186**
Bioogical Asset	185,902				**185,902**
Prepaid expenses	103,383	26,000		**(a)**	**77,383**
Total Current Assets	**4,190,654**	**270,901**	**1,255,840**	**(a)**	**5,175,593**
Non-Current Assets					
Property, plant and equipment	8,167,264				**8,167,264**
Investment property	-				-
Intangible assets	-				-
Goodwill	-				-
Total Non-Current Assets	**8,167,264**	-			**8,167,264**
TOTAL ASSETS	**12,357,918**	**270,901**	**1,255,840**	**(a)**	**13,342,857**
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current Liabilities					
Accounts payable and accrued liabilities	$ 6,650,212	$ 370,624		**(a)**	**6,279,588**
Due to Related Parties	n/a	136,000	136,000	**(c)**	-
Promissory note payable	5,714,068				**5,714,068**
Convertible debentures	5,148,763				**5,148,763**
Derivative liabilities	24,151				**24,151**
Lease liabilities	1,162,396				**1,162,396**
Total Current Liabilities	**18,699,590**	**506,624**	**136,000**	**(a)**	**18,328,966**
LIABILITIES AND SHAREHOLDERS' DEFICIENCY					
Non-Current Liabilities					
Convertible debentures	100,089				**100,089**
Deferred Taxes	793,220				**793,220**
Excise taxes	868,486				**868,486**
Lease liabilities	386,267				**386,267**
Total Non-Current Liabilities	**2,148,062**	-	-		**2,148,062**
TOTAL LIABILITIES	**20,847,652**	**506,624**	**136,000**	**(a)**	**20,477,028**
SHAREHOLDERS' DEFICIENCY					
Share capital	56,284,489	2,537,641	2,537,641		**56,284,489**
Shares to be issued	10,915,228				**10,915,228**
Reserve for share based payments	6,175,168				**6,175,168**
Reserve for warrants	7,382,874				**7,382,874**
Equity component of convertible debentures	851,449				**851,449**
Reserve for foreign currency translation	(410,849)				**(410,849)**
Contributed Surplus	827,373		(827,373)	**(d)**	**-**
Net Loss for the period	(1,818,290)	(378,758)	2,112,750		
			124,840	**(f)**	**798,059**
Accumulated deficit	(88,762,088)	(2,394,606)	(2,394,606)	**(c)**	**(88,762,088)**
Dividend paid			(353,750)		**(353,750)**
	(8,554,646)	**(235,723)**	**1,199,502**		**(7,119,421)**
Non-controlling interest	64,912		(79,662)	**(d)**	**(14,750)**
TOTAL SHAREHOLDERS' DEFICIENCY	**(8,489,734)**	**(235,723)**	**1,119,840**		**(7,134,171)**
TOTAL LIABILITIES AND SHAREHOLDER DEFICIENCY	**12,357,918**	**270,901**	**1,255,840**	**(a)**	**13,342,858**

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

HIGH FUSION INC.

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF LOSS AND OTHER COMPREHENSIVE LOSS

For the year ended October 31, 2022

(expressed in Canadian dollars)

	High Fusion Inc. October 31, 2022	Neural Therapeutics Inc. October 31, 2022	Pro Forma Adjustments	Notes	High Fusion Inc. Pro Forma October 31, 2022
Sales	**2,068,619**	-	-		**2,068,619**
Cost of goods sold	**(1,341,551)**	-	-		**-1,341,551**
Gross margin	**727,068**	-	-		**727,068**
Operating Expenses:					
Salaries, benefits and consulting fees	929,453	145,272	-		784,181
Professional fees	228,190	115,728	-		112,462
General and administrative	864,545	117,409	-		747,136
Depreciation and amortization	316,192	-	-		316,192
Total Operating Expenses:	**2,338,380**	**378,409**	-		**1,959,971**
Other (income)/expenses					
Foreign exchange loss (gain)	84,290	349	-		83,941
Finance costs	974,627	-	-		974,627
Other expense (income)	869	-	-		869
Change in fair value of derivative liability	23,821	-	-		23,821
Loss (gain) on de-consolidation of Neural	n/a	n/a	(2,112,750)		(2,112,750)
Income Received in Connection with the Arrangement			(124,840)	**(f)**	(124,840)
Loss (gain) on extinguishment of debt	(568,497)		-		(568,497)
Total Other Items:	**515,110**	**349**	**(2,237,590)**		**(1,722,829)**
Income (loss) before income taxes	**(2,126,422)**	**(378,758)**	**2,237,590**		**489,926**
Income tax expense (recovery)					
Current	-	**-**	-		-
Deferred	-	-	-		-
	-	**-**	-		-
Net Income (Loss)	**(2,126,422)**	**(378,758)**	**2,237,590**		**489,926**
Other comprehensive (gain) loss			-		
Exchange differences on translating foreign operations	**(308,132)**	**-**	-		**(308,132)**
Net income (loss) and comprehensive income (loss)	**$ (1,818,290)**	**(378,758)**	**2,237,590**		**798,058**
Net Income (loss) attributable to					
Non-controlling interest	(205,704)	(205,704)			-
Parent company	(1,920,718)	(173,054)	2,237,590		489,926
	(2,126,422)	**(378,758)**	**2,237,590**		**489,926**
Net loss and comptehensive loss attributable to					
Non-controlling interest	(205,704)	(205,704)	**-**		-
Parent company	(1,612,586)	(173,054)	**2,237,590**		798,058
	(1,818,290)	**(378,758)**	**2,237,590**		**798,058**
Weighted average number of common shares outstanding					
Basic & Diluted	137,267,228	39,275,425		**(e)**	137,267,228
Net income (loss) per share					
Basic & Diluted	**$ (0.015)**	**$ 0.01**			**$ 0.006**

The accompanying notes are an integral part of the pro forma financial statements

HIGH FUSION INC.

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' DEFICIENCY

As at October 31, 2022

(expressed in Canadian dollars)

Description	Share Capital	Shares to be issued	Reserve for share-based payments	Reserve for warrants	Reserve for foreign currency translation	Equity component of convertible debentures	Contributed Surplus	Accumulated Deficit	Dividend Paid	Net Loss for the period	Attributable to owners of parent	Non-controlling interest	Total shareholders' equity (deficiency)
Balance as at October 31, 2022	**56,284,489**	**10,915,228**	**6,175,168**	**7,382,874**	**(410,849)**	**851,449**	**827,373**	**(88,762,088)**		**(1,818,290)**	**(8,554,646)**	**64,912**	**(8,489,734)**
De-consolidation of Neural	(2,537,641)	-	-	-	-	-	-	2,394,606		378,758	**235,723**	-	235,723
De-recognition of non-controlling interest	2,537,641	-	-	-	-	-	(827,373)	(2,394,606)			**(684,338)**	(79,662)	(764,000)
Gain on de-concolidation of Neural	-	-	-	-	-	-	-	-		2,112,750	**2,112,750**	-	2,112,750
Distribution of Neural Shares to High Fusion shareholders	-	-	-	-	-	-	-	-	(353,750)	-	**(353,750)**	-	(353,750)
Income Received in Connection with the Arrangement	-	-	-	-	-	-	-			124,840	**124,840**		124,840
Pro-forma balance, October 31, 2022	**56,284,489**	**10,915,228**	**6,175,168**	**7,382,874**	**(410,849)**	**851,449**	**-**	**(88,762,088)**	**(353,750)**	**798,059**	**(7,119,421)**	**(14,750)**	**(7,134,171)**

The accompanying notes are an integral part of the pro forma financial statements

1. BASIS OF PREPARATION

The accompanying unaudited pro forma financial statements of High Fusion Inc. ("**High Fusion**") have been prepared by management. Pursuant to the Arrangement Resolution ("**Arrangement Resolution**"), to be approved by the shareholders of High Fusion, dated February 27, 2023, High Fusion will distribute 4,716,667 common shares ("**Neural Shares**") in the capital of Neural Therapeutics Inc. ("**Neural**") to High Fusion Shareholders on pro-rara basis, as a result of which Neural will become an unlisted reporting issuer (the "**Arrangement**").

Following the steps of the Arrangement, on approval of the Arrangement Resolution, High Fusion retain ownership of 13,266,667 Neural Shares following the completion of the Arrangement. Closing the Arrangement is subject to several conditions including, but not limited to, approval by the High Fusion shareholders.

The unaudited pro forma financial statements for Neural Therapeutics Inc. have been compiled from and include:

a. an unaudited pro forma consolidated statement of financial position, which separates the audited statement of financial position of High Fusion Inc. and Neural Therapeutics Inc. at October 31, 2022, giving effect to the Arrangement Resolution as if it had occurred on October 31, 2022.

b. an unaudited pro forma consolidated statement of loss, which separates the audited statement of loss of High Fusion Inc. and Neural Therapeutics Inc. at October 31, 2022, giving effect to the Arrangement Agreement as if it had occurred on October 31, 2022.

c. an unaudited pro forma consolidated statement of changes in shareholders' deficiency, which separates the audited statement of loss of High Fusion Inc. and Neural Therapeutics Inc. at October 31, 2022, giving effect to the Arrangement Agreement as if it had occurred on October 31, 2022.

These unaudited pro forma financial statements are provided for illustrative purposes only, and do not purport to represent the financial position that would have resulted had the Arrangement had occurred on October 31, 2022, or the results of operations that would have resulted had the Arrangement had occurred on October 31, 2022. Further, these pro forma financial statements are not necessarily indicative of the future financial position or results of operations of High Fusion or Neural as a result of the Arrangement. These unaudited pro forma financial statements should be read in conjunction with the unaudited financial statements and MD&A of High Fusion for the three months ended October 31, 2022, which are incorporated by reference into the Circular and the unaudited financial statements and MD&A of Neural which are contained in the Circular.

The unaudited pro forma financial statements should be read in conjunction with the description of the Arrangement included elsewhere in the information circular.

2. SIGNIFICANT ACCOUNTING POLICIES

The unaudited pro forma financial statements have been compiled by management using accounting policies as set out in the audited out financial statements of High Fusion and Neural for the three months ended October 31, 2022.

3. PRO FORMA ASSUMPTIONS AND ADJUSTMENTS

a) The financial statements of Neural are currently consolidated into financial statements of High Fusion. These transactions represent de-consolidation of Neural financial statements from High Fusion financial statements.

b) In connection with the Arrangement, High Fusion will distribute 4,716,667 Neural Shares at an ascribed price $0.075 per Neural Share with an aggregate value of approximately $353,750.

c) Represents the amounts to John Durfy, CEO of High Fusion and Robert Wilson, CFO of High Fusion, please see the Related Party Transactions section of Neural financial statements.

d) As a result of the Arrangement, High Fusion's remaining interest in Neural will equal 13,266,667 Neural Shares, which represent 33.7% of issued an outstanding Neural Shares. Furthermore, immediately following the completion of the Arrangement, a new board of directors will be appointed to Neural, as approved at the Neural Meeting which occurred on January 6, 2023. As such, High Fusion determined that its remaining interest in Neural shall be classified as an equity investment accounted for using FVTPL method. For the purposes of this document the Neural Shares are valued at a price of $0.075 per Neural Share, being the ascribed value at which High Fusion will distribute such Neural to High Fusion Shareholders. As result, the accounts related to consolidation of Neural financial statements into High Fusion financial statements will be eliminated.

e) As a result of the Arrangement, High Fusion Shareholders will continue to hold their High Fusion Shares, as such there would be no change to the share count of High Fusion SVS and High Fusion MVS.

f) Pursuant to the terms of the Arrangement Agreement, Neural agreed to issue to High Fusion 2,000,000 Neural HF Warrants for no additional consideration. The value of Neural HF Warrants was calculated using the Black-Scholes pricing model and the assumptions at grant date were as followings: expected dividend yield of 0%; expected volatility of 220%; a risk-free interest rate of 3.38% and an expected life of 3 years. Volatility was based on comparable companies.

SCHEDULE "H"
AUDITED FINANCIAL STATEMENTS OF NEURAL
FOR THE YEARS ENDED JULY 31, 2022, 2021 AND 2020

Neural Therapeutics Inc.

(formerly Psychedelic Sciences Inc.)

Consolidated Financial Statements

July 31, 2022, 2021 and 2020

(Expressed in Canadian Dollars, unless otherwise noted)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders and Board of Directors of
Neural Therapeutics Inc.

Opinion

We have audited the accompanying consolidated financial statements of Neural Therapeutics Inc. (the "Company"), which comprise the statements of financial position as at July 31, 2022, July 31, 2021, and July 30, 2020, and the statements of loss and comprehensive loss, changes in shareholders' equity and statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Neural Therapeutics Inc. as at July 31, 2022, July 31, 2021, and July 30, 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

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

Emphasis of Matter - Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which describe the events and conditions that indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

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

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

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

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

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

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

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

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

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

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Spence Walker.

Kreston GTA LLP

Chartered Professional Accountants
Markham, Canada
March 14, 2023

Neural Therapeutics
(Formerly Psychedelic Science Corp.)
Consolidated Statements of Financial Position
For years ended July 31, 2022, 2021 and 2020
(Expressed in Canadian Dollars)

	Notes	July 31, 2022	July 31 2021	July 31, 2020
Assets				
Cash		371,878	-	1,149,237
Due from related parties	8	-	1,229,467	200,000
Harmonized sales tax receivable		50,692	-	-
Prepaid Expense		32,000	-	-
Total Assets		**454,570**	**1,229,467**	**1,349,237**
Liabilities		-		
Accounts Payable	4	179,496	55,018	-
Accrued Liabilities		148,540	215,000	-
Due to related parties	8	136,000		-
Total Liabilities		464,036	270,018	-
Shareholder's Deficiency				
Share Capital	5	2,067,517	1,535,599	1,535,599
Shares to be issued	6	42,000	-	
Reserve for Warrants	7	275,622	-	-
Deficit		(2,394,605)	(576,150)	(186,362)
Total Deficit		(9,466)	959,449	1,349,237
Total Liabilities and Deficit		**454,570**	**1,229,467**	**1,349,237**

Approved on behalf of the Board:

"Ian Campbell", Director (signed)

"John Durfy.", Director (signed)

The accompanying notes are an integral part of these consolidated financial statements

Neural Therapeutics
(Formerly Psychedelic Science Corp.)
Consolidated Statements of Loss and Comprehensive Loss
For years ended July 31, 2022, 2021 and 2020
(Expressed in Canadian Dollars)

	Notes	July 31, 2022	July 31 2021	July 31, 2020
Operating Expenses				
Salaries, Wages and Benefits		224,090		-
Management fees		-	300,000	
Consulting Fees		294,912	34,600	-
Research Expenses		37,320	-	57,927
Professional Fees		162,097	41,433	28,400
Rent		4,000	8,000	-
General and Administrative		18,857	2,855	-
Bank Fees		1,866	(18)	35
		743,142	386,870	86,362
Acquisition Expense		-	-	100,000
Debt Forgiveness	9	1,076,297	-	
Foreign exchange (Gain)/ Loss		(984)	2,918	-
		1,818,455	389,788	186,362
Loss before income taxes		**(1,818,455)**	**(389,788)**	**(186,362)**
Income taxes		-	-	-
			-	
Net Loss		**(1,818,455)**	**(389,788)**	**(186,362)**
Weighted Average number of common shares outstanding -Basic and diluted		**36,766,667**	**23,583,334**	**23,583,334**
Loss per share - Basic and diluted		**(0.05)**	**(0.02)**	**(0.01)**

The accompanying notes are an integral part of these consolidated financial statements

Neural Therapeutics
(Formerly Psychedelic Science Corp.)
Consolidated Statements of Cash Flow
For years ended July 31, 2022, 2021 and 2020
(Expressed in Canadian Dollars)

	July 31, 2022	July 31 2021	July 31, 2020
Operating activities			
Net Loss for the year	(1,818,455)	(389,788)	(186,362)
Items not affecting cash:			
Debt forgiveness	1,076,297		
Acquisition Expense	-	-	100,000
	(742,158)	(389,788)	(86,362)
Change in non-cash working capital:			
Harmonized sales tax receivable	(50,692)		
Accounts payable and Accrued Liabilities	223,268	270,018	
Prepaid Expense	(32,000)		
Net cash provided used in operating activities	(601,582)	(119,770)	(86,362)
Financing activities			
Due to (from) related parties	225,170	(1,029,467)	(200,000)
Proceeds from issuance of shares and warrants	750,000		1,525,654
Proceeds from shares will be issued	42,000		
Share Issue Costs	(43,710)		(90,055)
Cash flows provided by (used in) financing activities	748,290	(1,029,467)	1,435,599
Cash at the beginning of year	-	1,149,237	-
Cash at the end of year	**371,878**	-	**1,149,237**

The accompanying notes are an integral part of these consolidated financial statements

Neural Therapeutics
(Formerly Psychedelic Science Corp.)
Consolidated Statements of Changes in Shareholders' Equity (Deficiency)
For year ended July 31, 2022, 2021 and 2020
(Expressed in Canadian Dollars)

Description	Number of Common shares #	Share capital $	Reserve for warrants $	Shares to be issued $	Accumulated deficit $	Total shareholders' equity (deficiency) $
Shares issued for acquisition of Kruzc	3,429,730	100,000				**100,000**
Shares issued - Jun 2020	13,718,921	400,000				**400,000**
Shares issued - Jul 2020	6,434,683	1,125,654				**1,125,654**
Shares issuance costs		(90,055)				**(90,055)**
Net loss for the year					(186,362)	**(186,362)**
Balance as at July, 31 2020	**23,583,334**	**1,535,599**	-		**(186,362)**	**1,349,237**
Net loss for the year					(389,788)	(389,788)
Balance as at July 31, 2021	**23,583,334**	**1,535,599**	-	-	**(576,150)**	**959,448**
Shares issued - Feb 2022	10,000,000	514,414	235,586			750,000
Shares issued - Mar 2022	1,350,000	101,250				101,250
Shares issuance costs - Shares	1,833,333	137,500				137,500
Shares issuance costs		(221,246)	40,036			(181,210)
Shares to be issued				42,000		42,000
Net loss for the period					(1,818,455)	(1,818,455)
Balance as at July 31, 2022	**36,766,667**	**2,067,517**	**275,622**	**42,000**	**(2,394,605)**	**(9,466)**

The accompanying notes are an integral part of these consolidated financial statements

1. Nature of operations and going concern

Neural Therapeutics Inc. (formerly, Psychedelic Sciences Inc.) ("NT" or the "Company") is a private company incorporated in Ontario on June 2, 2020 under the Ontario Business Corporations Act. Neural Therapeutics Inc. is an ethnobotanical drug-discovery/development company focused on developing products and conducting research with psychoactive plants.

The initial focus of the Company will be the San Pedro (*Echinopsis pachanoi* or *Trichocereus pachanoi*), a cactus containing *mescaline*. The Company working to identify where plant-based traditional-medicine has proven to be effective and capitalize on the development of a path to market in both Pharmaceutical (use of Mescaline) and Nutraceutical (where Mescaline is absent)

Effective November 8, 2021, the Company changed its name to Neural Therapeutics Inc.

The Company is domiciled in Canada and its registered and records office is located at 2905-77 King Street West, Toronto, Ontario, M5K 1H1, Canada.

As at July 31, 2022, the Company had working capital deficiency of $9,466 (July 31,2021 – working capital of $959,449; July 31, 2020 – working capital of $1,349,237), had accumulated losses of $2,394,605 (July 31, 2021 - $576,150; July 31, 2020 - $186,362), and expects to incur further losses in the development of its business, all of which describe the material uncertainties that cast significant doubt upon the Company's ability to continue as a going concern. The ability of the Company to continue as a going concern is dependent on its ability to obtain further funding, manage cash flows, and restructure borrowings. There is a significant uncertainty as to whether the Company will be able to continue as a going concern and therefore, whether it will continue its normal business activities and realize its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the consolidated financial statements. These consolidated financial statements do not include adjustments relating to the recoverability and classification of recorded assets or to the amounts and classification of liabilities that might be necessary should the Company not continue as a going concern which could be material.

These consolidated financial statements do not reflect adjustments to the carrying values of assets and liabilities that would be necessary if the Company were unable to continue as a going concern and achieve profitable commercial operations and/or obtain adequate financing and support from its shareholders and trade creditors.

If the going concern assumption was not appropriate for these consolidated financial statements, adjustments would be necessary to the carrying values of assets and liabilities, net and comprehensive loss, and statements of financial position classifications used. Such adjustments could be material.

2. Basis of preparation

2.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with International Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Standards Committee ("IFRIC").

These consolidated financial statements were reviewed, approved and authorized for issuance by the Company's Board of Directors on March 14, 2023.

2.2 Basis of measurement

These consolidated financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for assets and services. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

On June 2, 2020, the Company acquired all the outstanding shares of Kruzo LLC ("Kruzo"), a private company, was incorporated in State of Nevada, and Kruzo became the wholly owned subsidiary of the Company. During the years ended July 31, 2022, 2021 and 2020, there were not business activities in Kruzo.

2.3 Functional and presentation currency

The consolidated financial statements are presented in Canadian dollars unless otherwise noted. The functional currency of the Company is the Canadian dollar.

2.4 Significant accounting policies

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. At the acquisition date, the identifiable assets acquired, and the liabilities assumed are recognized at their fair value, except deferred tax assets or liabilities, which are recognized and measured in accordance with IAS 12 – Income Taxes. Subsequent changes in fair values are adjusted against the cost of acquisition if they qualify as measurement year adjustments. The measurement year is the year between the date of the acquisition and the date where all significant information necessary to determine the fair values is available and cannot exceed 12 months. All other subsequent changes are recognized in the consolidated statements of loss and comprehensive loss.

The Company measures all assets acquired and liabilities assumed at their acquisition-date fair values. Acquisition-related costs are recognized as expenses in the periods in which the costs are incurred and the services are received (except for the costs to issue debt or equity securities which are recognized according to specific requirements). The excess of the aggregate of (a) the consideration transferred to obtain control, the amount of any non- controlling interest in the acquire over (b) the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed, is recognized as goodwill as of the acquisition date.

Kruzo did not constitute a business as defined under IFRS 3 – business combination at the time of the Transaction and is therefore not within the scope of IFRS 3 and IFRS 2 applied. According to IFRS 2, any difference in the fair value of the consideration paid and the fair value of the net assets acquired was recognized as an expense.

Valuation of equity units issued

When the Company issues equity units that include both common shares and share purchase warrants, the proceeds from the issuance of equity units are allocated between the common shares and common share purchase warrants on a pro-rated basis using the relative fair values of common shares and common share purchase warrants.

The fair value of the common shares is determined using the share price at the date of the issuance of the units. The fair value of the share purchase warrants is determined using the Black-Scholes valuation model.

Share-based payments

Equity-settled share-based payments are measured at the fair value of the stock options at the grant date and recognized in expense over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued if it is determined the fair value of the goods or services cannot be reliably measured and are recorded at the date the goods or services are received. The corresponding amount is recorded to the share-based payment reserve.

The fair value of options is determined using the Black–Scholes option pricing model which incorporates all market vesting conditions. The number of options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest. Amounts recorded for forfeited or expired unexercised options are retained in share-based payment reserve. Upon the exercise of stock options, consideration received on the exercise of these equity instruments is recorded as share capital and the related share-based payment reserve is transferred to share capital.

Earnings (loss) per share

Basic earnings (loss)per share is calculated by dividing the net earnings (loss) available to common shareholders by the weighted average number of common shares outstanding during the period. Diluted loss per share is calculated using the treasury stock method of calculating the weighted average number of common shares outstanding. The treasury stock method assumes that outstanding stock options and warrants with an average exercise price below the market price of the underlying shares are exercised and the assumed proceeds are used to repurchase common shares of the Company at the average price of the common shares for the period.

Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating policy decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Income taxes

Income tax expense consisting of current and deferred tax expense is recognized in the consolidated statements of income and comprehensive income. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax assets and liabilities and the related deferred income tax expense or recovery are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized, or the liability settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs.

A deferred tax asset is recognized to the extent that it is probable that future taxable income will be available against which the asset can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provision of the respective instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities, other than financial assets and financial liabilities at fair value through other profit and loss (“FVTPL”), are included in the initial carrying value of the related instrument and are amortized using the effective interest method. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

Financial assets

Amortized cost - Assets are held within a business model with the objective of collecting their contractual cash flow; and the contractual cash flows consist solely of payments of principal and interest. They are recognized initially at fair value plus directly attributable transaction costs, and subsequently measured at amortized cost less cumulative impairment losses. A gain or loss on a debt investment is recognized in profit and loss when the asset is derecognized or impaired.

Fair value through other comprehensive income (FVTOCI) – Assets are held within a business model that includes both hold to collect their contractual cash flow and sell the assets; and the contractual cash flows consist solely of

payments of principal and interest. For debt instruments measured at FVTOCI, interest income (calculated using the effective interest rate method), foreign currency gains or losses and impairment gains or losses are recognized directly in profit or loss. The cumulative fair value gains or losses recognized in OCI are reclassified to profit or loss when the asset is derecognized. An election may be made to classify an equity investment, that is neither held for trading nor represents contingent consideration recognized by an acquirer in a business combination, as held at FVTOCI. The option to designate an equity instrument at FVTOCI is available at initial recognition and is irrevocable. This designation results in all gains and losses being presented in OCI except dividend income which is recognized in profit or loss.

Fair value through profit and loss - Assets that do not meet the criteria for amortized cost or FVTOCI are measured at FVTPL. A gain or loss on a financial asset measured at FVTPL that is not part of a hedging relationship is recognized in profit and loss and presented on a net basis in the period in which it arises. IFRS 9 contains an option to designate a financial asset as measured at FVTPL if doing so eliminates or significantly reduces an 'accounting mismatch' that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases. The option to designate a financial asset at FVTPL is available at initial recognition and is irrevocable.

Financial assets should be reclassified when and only when an entity changes its business model for managing financial assets. Any such reclassifications are applied prospectively from the date of the reclassification.

Financial liabilities

FVTPL - This category comprises derivatives, liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term, and certain financial liabilities that were designated at FVTPL from inception. IFRS 9 contains an option to designate a financial liability as measured at FVTPL if doing so eliminates or significantly reduces an 'accounting mismatch' that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases. The option to designate a financial liability at FVTPL is available at initial recognition and is irrevocable.

Amortized cost - Financial liabilities are recognized initially at fair value net of directly attributable transaction costs. They are subsequently recognized at amortized cost using effective interest method with interest expense recognized on an effective yield basis.

Financial assets and liabilities are offset and the net amount is presented in the statement of financial position when the Company has a legal right to offset the amounts and it intends to either settle on a net basis or realize the asset and settle the liability simultaneously.

The Company's classification and measurements of financial assets and liabilities are summarized below:

Financial Instrument	Classification
Cash	Amortized cost
Due from related parties	Amortized cost
Accounts payable	Amortized cost
Accrued liabilities	Amortized cost
Due to related parties	Amortized cost

Fair value hierarchy

IFRS 7, Financial instruments: Disclosures, establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

Level 1: Valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2: Valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
Level 3: Valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

During the years ended July 31, 2022, 2021 and 2020, there were no transfers of amounts between fair value levels.

The Company's financial instruments are classified at level 3 financial instruments with fair value approximating their carrying values due to the relatively short-term nature of the instruments.

Allowance for expected credit losses

IFRS 9 provides a simplified approach to measuring expected credit losses using a lifetime expected loss allowance for all trade receivables and contract assets. The credit loss model groups receivables based on similar credit risk characteristics and the number of days past due in order to estimate bad debt expenses. The Company assesses the lifetime expected credit loss related to its sales receivables and re-assesses the provision each reporting period. When measuring the expected credit loss, the Company considers a variety of factors including: evidence of the debtor's financial condition, the term of the receivable and any changes in economic conditions.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

Foreign currency translation

Monetary assets and liabilities denominated in currencies other than Canadian dollars are translated into Canadian dollars at the rate of exchange in effect at the statement of financial position date.

Nonmonetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the transaction exchange rate. Foreign currency gains and losses resulting from translation are reflected in loss and comprehensive loss for the period.

The assets and liabilities of entities with a functional currency that differs from the presentation currency are translated to the presentation currency as follows:

- Assets and liabilities are translated at the closing rate at the financial period end;
- Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case, income and expenses are translated at the rate on the dates of the transactions).
- Equity transactions are translated using the exchange rate at the date of the transaction; and
- All resulting exchange differences are recognized as a separate component of equity as reserve for foreign exchange translation.

When a foreign operation is disposed of, the relevant amount in the reserve for foreign exchange in other comprehensive income is transferred to profit or loss as part of the profit or loss on disposal.

On the partial disposal of a subsidiary that includes a foreign operation, the relevant proportion of such cumulative amount is reattributed to non-controlling interest. In any other partial disposal of a foreign operation, the relevant proportion is reclassified to profit or loss.

Foreign exchange gains or losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely to occur in the foreseeable future, and which in substance, is considered to form part of the net investment in the foreign operation, are recognized in the reserve for foreign exchange assumptions

Research and development costs

Research costs are expensed as incurred. Development expenditures are capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development to use or sell the asset.

Other development expenditures are recognized in the statements of loss and comprehensive loss as incurred. To date, no development costs have been capitalized.

2.6 Significant accounting estimates and judgments

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates, and assumptions about the carrying amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

Information about critical judgments in applying accounting policies and estimates that have the most significant effect on the amounts recognized in these consolidated financial statements is included in the following notes:

Going concern

The assessment of whether the going concern assumption is appropriate requires management to take into account all available information about the future, which is at least, but is not limited to, 12 months from the end of the reporting period. The Company is aware that material uncertainties related to events or conditions may cast significant doubt upon the Company's ability to continue as a going concern.

Provisions and contingencies

The amount recognized as provision, including legal, contractual, constructive and other exposures or obligations, is the best estimate of the consideration required to settle the related liability, including any related interest charges, taking into account the risks and uncertainties surrounding the obligation. In addition, contingencies will only be resolved when one or more future events occur or fail to occur. Therefore assessment of contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events. The Company assesses its liabilities and contingencies based upon the best information available, relevant tax laws and other appropriate requirements. As at December 31, 2020, 2021 and 2022, the Company does not have any material asset retirement obligations related to its assets.

Business combination and asset acquisitions

In a business combination and asset acquisitions, all identifiable assets, liabilities, and contingent liabilities acquired are recorded at their fair values. One of the most significant estimates relates to the determination of the fair value of these assets and liabilities. Contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IFRS 9, Financial Instruments, or IAS 37, Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognized in profit or loss. For any intangible asset identified, depending on the type of intangible asset and the complexity of determining its fair value, an independent valuation expert or management may develop the fair value, using appropriate valuation techniques, which are generally based on a forecast of the total expected future net cash flows. The evaluations are linked closely to the assumptions made by management regarding the future performance of the assets concerned and any changes in the discount rate applied. See Note 3 – Business acquisitions and disposals.

Certain fair values may be estimated at the acquisition date pending confirmation or completion of the valuation process. Where provisional values are used in accounting for a business combination, they may be adjusted retrospectively in subsequent periods. However, the measurement period will last for one year from the acquisition date.

Share-based payments and warrants

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the stock option, volatility and dividend yield and making assumptions about them.

For warrant-based derivative financial instruments, the Company uses the Black-Scholes option pricing model to estimate fair value of the derivative instruments.

Fair value of financial instruments

The individual fair values attributed to the different components of a financing transaction, notably investment in equity securities, convertible debentures, and promissory notes are determined using valuation techniques. The Company uses judgment to select the methods used to make certain assumptions and in performing the fair value calculations in order to determine (a) the values attributed to each component of a transaction at the time of their issuance; (b) the fair value measurements for certain instruments that require subsequent measurement at fair value on a recurring basis; and (c) for disclosing the fair value of financial instruments subsequently carried at amortized cost. These valuation estimates could be significantly different because of the use of judgment and the inherent uncertainty in estimating the fair value of these instruments that are not quoted in an active market.

Deferred tax

The determination of deferred income tax assets or liabilities requires subjective assumptions regarding future income tax rates and the likelihood of utilizing tax loss carry-forwards. Changes in these assumptions could materially affect the recorded amounts, and therefore, do not necessarily provide certainty as to their recorded values.

Business combinations

Judgment is used in determining whether an acquisition is a business combination or an asset acquisition. The Company must determine whether it is the acquirer or acquiree in each acquisition. Under IFRS 3 – Business Combinations, the acquirer is the entity that obtains control of the acquiree in the acquisition. If it is not clear which company is the acquirer, additional information must be considered, such as the combined entity's relative voting rights, existence of a large minority voting interest, composition of the governing body and senior management, and the terms behind the exchange of equity interest.

The acquisition of Kruzo LLC was determined to be an asset acquisition (See Note 3).

Judgment is also required to determine when the Company gains control of an investment. This requires an assessment of the relevant activities of the investee, being those activities that significantly affect the investee's returns, including operating and capital expenditure decision-making; financing of the investee; the appointment, remuneration and termination of key management personnel; and when decisions in relation to those activities are under the control of the Company. Difficulties surrounding the control of acquired entities exists within the cannabis industry, due to certain state legislative requirements to structure cannabis license holders.

Functional currency

The determination of the functional currency often requires significant judgment where the primary economic environment in which an entity operates may not be clear. This can have a significant impact on the results of the Company based on the foreign currency translation method.

Adoption of new or amended pronouncements

The Company has adopted the following new or amended IFRS standards for the period beginning August 1, 2022.

Definition of a Business (Amendments to IFRS 3)

(Expressed in Canadian Dollars)

In October 2018, the IASB issued Definition of a Business (Amendments to IFRS 3 Business Combination) which: (a) clarifies that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs; (b) narrows the definition of a business and of outputs by focusing on goods and services provided to customers; and (c) removes certain assessments and adds guidance and illustrative examples. The amendments introduced an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Company adopted the standard effective August 1, 2020 with no impact on the preparation of the consolidated financial statements.

3. Business and asset acquisitions and disposals

On June 2, 2020, the Company acquired all the outstanding ownership interest in Kruzo, in exchange for common shares of the Company (the "Kruzo Acquisition"). The unitholders of Kruzo were issued an aggregate of 3,429,730 units of the Company. Each unit is comprised of one (1) common share in the capital of the Company and one (1) common share purchase warrant ("Warrant"). Each Warrant entitles the holder thereof to purchase one (1) common share in the capital of the Company at a price of $0.29 for a period of 24 months from the date of issuance (collectively referred to as a "Unit").

The acquisition of the Kruzo did not meet the definition of a business in accordance with IFRS 3, and as a result has been accounted for as an asset acquisition. The fair values of 3,429,730 units of the Company was estimated as $100,000, which was recorded as acquisition expense.

On August 14, 2020, High Fusion Inc., a public company with common management, acquired all the outstanding common shares of the Company, in exchange for common shares of High Fusion Inc. on a one-for-one basis (the "NT Acquisition").

Pursuant to the NT Acquisition, the outstanding Warrants of the Company were assumed by High Fusion Inc., resulting in the elimination of 24,098,109 Warrants from the Company.

Since all warrants were eliminated in August 2020, $Nil value was allocated to warrants issued for Kruzo Acquisition.

4. Accounts payable and accrued liabilities

The breakdown of the accounts payable and accrued liabilities is as follows:

	July 31, 2022	July 31, 2021	July 31, 2020
Accrued Wages : (i)	100,480	200,000	
Accrued Consulting	48,060	15,000	
Accounts Payable	179,496	55,000	
Total	328,036	270,000	-

i) Accrued wages relate to management compensation to the CEO, CFO and its Directors (Note 8).

5. Share capital

The Company is authorized to issue an unlimited number of common shares without par value.

On January 28, 2022, the Company consolidated its issued and outstanding common shares on the basis of 1-post consolidation common share for every 5.83136252 issued and outstanding pre-consolidation common shares. All reference to common shares and warrants of the Company contained herein have been adjusted to reflect the consolidation.

(Expressed in Canadian Dollars)

	Shares Issued	$
Shares issued in exchange for Kruzo (i)	3,429,730	100,000
Shares issued for Financing (ii)	13,718,921	400,000
Shares issued for Financing (iii)	6,434,683	1,125,654
Share issuance cost		(90,055)
Balance, July 31, 2020	**23,583,334**	**1,535,599**
	-	-
Balance, July 31, 2021	**23,583,334**	**$ 1,535,599**
Shares Issued for Financing (iv)	10,000,000	$ 514,414
Shares Issued ufor service (v)	1,833,333	$ 137,500
Shared Issued for debt (vi)	1,350,000	$ 101,250
Share issuance cost		(221,246)
Balance, July 31, 2022	**36,766,667**	**2,067,517**

Year ended July 31, 2020

(i) On June 2, 2020, the company issued 3,429,730 units in exchange for the transfer of 100% of the membership units in Kruzo. Each unit is comprised of one common share of the Company and one warrant entitling the holder to purchase one common share in the Company at a price of $0.29 for a period of 24 months from the date of issuance. The common shares were valued at $100,000 and $Nil value was allocated to the warrants since the warrants were terminated on August 14, 2020 due to the NT acquisition (Note 3).

(ii) On June 3, 2020, the Company closed a financing whereby the Company issued 13,718,921 units in exchange for gross proceeds of $400,000. Each unit was comprised of one common share of the Company and one warrant entitled the holder to purchase one common share in the Company at a price of $0.29 for a period of 24 months from the date of issuance. $Nil value was allocated to the warrants since the warrants were terminated on August 14, 2020 due to the NT acquisition ("**June 20 Offering**")

(iii) On July 22, 2020 the Company closed a financing whereby the Company issued 6,434,683 units in exchange for gross proceeds of $1,125,654. Each unit was comprised of one common share of the Company and one warrant entitled the holder to purchase one common share in the Company at a price of $0.29 for a period of 24 months from the date of issuance. ("**July 20 Offering**")

In connection with June 20 Offering and July 20 Offering, the Company incurred $90,055 of issuance cost which was settle in cash.

Year ended July 31, 2022

(iv) On February 3, 2022, the Company closed a private placement of 10,000,000 units of the Company at a price of $0.075 per unit (the "**February 22 Offering"**). Each unit is comprised of one common share of the Company and one-half of one common share purchase warrant, with each whole warrant exercisable for one common share at an exercise price of $0.10 per common share for a period ending on the earlier of: (i) 36 months following the closing of the February Offering; and (ii) 24 months following the time Neural

(Expressed in Canadian Dollars)

Therapeutics completes a going public transaction.

(v) In connection with February 22 offering, the Company incurred $221,246 of issuance costs which were settled in 1,833,333 common shares, 575,800 broker warrants and cash of $43,710.

(vi) Concurrently with completion of the February 22 Offering, the Company issued 1,350,000 common shares to settle $101,250 in debt obligations to related parties.

6. Shares to be issued

On August 3, 2022, the company completed a second tranche to the Offering for gross proceeds of $82,000 by way of a private placement of units ("August 22 Offering") Pursuant to the August 22 Offering, the Company issued 1,093,333 Units at a price of $0.075 per Unit. Each Unit is comprised of one common share of the Company and one-half of one common share purchase warrant, with each whole warrant exercisable for one Common Share at an exercise price of $0.10 per Common Share for a period ending on the earlier of: (i) 36 months following the closing of the August 22 Offering; and (ii) 24 months following the time the Company completes a going public transaction (Note 13).

As at July 31, 2022, the Company has received $42,000 (2021 - $Nil) for August 22 Offering.

7. Reserve for Warrants

	Warrants Issued	$
Warrants issued in exchange for Kruzo (i)	3,429,730	-
Warrants issued for Financing (ii)	13,718,921	-
Warrants issued for Financing (iii)	6,434,683	-
Warrants issues in exchange for Broker Services (iv)	514,774	
Balance, July 31, 2020	**24,098,108**	-
Warrants eliminated (v)	(24,098,108)	-
Balance, July 31, 2021	-	-
Warrants Issued for Financing (vi)	5,000,000	235,586
Warrants issues in exchange for Broker Services	575,800	40,036
Balance, July 31, 2022	**5,575,800**	**275,622**

Year ended July 31, 2020

(i) On June 2, 2020, the company issued 3,429,730 units in exchange for the transfer of 100% of the membership units in Kruzo. Each unit is comprised of one common share of the Company and one warrant entitling the holder to purchase one common share in the Company at a price of $0.29 for a period of 24 months from the date of issuance. $Nil value was allocated to the warrants because warrants were eliminated on August 14, 2020 due to the NT Acquisition (Note 3).

(ii) On June 3, 2020, the Company closed the June 20 Offering whereby the Company issued 13,718,921 units in exchange for gross proceeds of $400,000. Each unit was comprised of one common share of the Company and one warrant entitled the holder to purchase one common share in the Company at a price of $0.29 for a period of 24 months from the date of issuance. $Nil value was allocated to the warrants because warrants were eliminated on August 14, 2020 due to the NT Acquisition (Note 3).

(Expressed in Canadian Dollars)

(iii) On July 22, 2020, the Company closed the July 20 Offering whereby the Company issued 6,434,683 units in exchange for gross proceeds of $1,125,654. Each unit was comprised of one common share of the Company and one warrant entitled the holder to purchase one common share in the Company at a price of $.29 for a period of 24 months from the date of issuance. $Nil value was allocated to the warrants because warrants were eliminated on August 14, 2020 due to the NT Acquisition (Note 3).

(iv) In connection with June 20 Offering and July 20 Offering, the Company issued 514,774 broker warrants as the consideration for financing services received. Each broker warrant entitles the holder to purchase one broker unit at a price of $0.175 for a period of 24 months from the date of issuance. Each broker unit was comprised of one common share of the Company and one warrant entitled the holder to purchase one common share in the Company at a price of $0.29 for a period of 24 months from the date of issuance. $Nil value was allocated to the warrants because warrants were eliminated on August 14, 2020 due to the NT Acquisition (Note 3).

Year ended July 31, 2021

(v) On August 14, 2020, High Fusion Inc. acquired all the outstanding common shares of the Company, in exchange for common shares of the Company on a one-for-one basis. Pursuant to the acquisition by High Fusion, all outstanding Warrants and broker warrants of the Company were assumed by High Fusion Inc., resulting in the elimination of 24,098,108 Warrants.

(vi) Pursuant to the February 22 Offering, the company issued 5,000,000 common share purchase warrants (Note 7 (iv)), with each whole warrant exercisable for one common share at an exercise price of $0.10 per Neural Share for a period ending on the earlier of: (i) 36 months following the closing of the February Offering; and (ii) 24 months following the time Neural Therapeutics completes a going public transaction.

(vii) Upon closing of the February 22 Offering, the Company issued 575,800 broker warrants. Each broker warrant entitled the holder to purchase one Unit in the Company at a price of $0.075 for a period of 24 months from the date of issuance.

The value of warrants issued with February 22 Offering was calculated using the Black-Scholes pricing model and the assumptions at grant date were as followings: expected dividend yield of 0%; expected volatility of 206%; a risk-free interest rate of 1.39% and an expected life of 3 years. Volatility was based on comparable companies.

As at July 31, 2022 the following warrants were outstanding:

Expiry Date		Exercise Price	Number of Warrants Outstanding and Exercisable
February 3, 2025	$	0.1000	5,000,000
February 3, 2025	$	0.0750	575,800

As at July 31, 2022, the weighted average exercise price of the warrants was $0.1 (2021 – Nil) and the weighted average remaining contractual life of the warrants was 2.52 years (2021 – Nil).

8. Related party transactions

a. Key management compensation

Key management includes the Company's directors, officers and any employees with authority and responsibility for planning, directing, and controlling the activities of an entity, directly or indirectly.
The following is a summary of the key management compensations for the years ended July 31, 2022 and July 31:

(Expressed in Canadian Dollars)

	2022	2021	2020
Management Fees (i)	-	300,000	-
Consulting fees (ii)	85,000	-	-
Salaries (iii)	224,090		-
Total	**309,090**	**300,000**	-

(i) During the year ended July 31, 2021, the Company received services from High Fusion Inc. in the form of management time. The accrued compensation associated with this management time represented $230,000 from a director of the Company (he is the CEO of the High Fusion Inc.) and $70,000 from the CFO of the Company (he is also the CFO of the High Fusion Inc.).

$130,000 management fee payable to the director and $70,000 management fee payable to the CFO were settled by High Fusion Inc. in the form of transferring 2,666,667 common shares of the Company from High Fusion Inc. to the director and the CFO. The value of these common shares transferred was adjusted from $0.075 per share to $0.051 per share, and resulted $64,000 difference, which was forgiven by the director and CFO and was recorded as debt forgiveness (Note 8 (D)). The $200,000 management fees were adjusted to $136,000 after the forgiveness of $64,000 and was included in the Due to related parties as at July 31, 2022 (Note 8 (c)).

The remaining $100,000 of management fee payable to the director was recorded as due to related parties, which reduced the forgiveness of due from related parties by the same amount (Note 8 (D)).

(ii) $50,000 of consulting fee was accrued to a director of the Company, recorded as due to related parties and reduced the forgiveness of due from related parties by the same amount (Note 8 (D)).

$35,000 of consulting fee was paid to a private company controlled by the CFO of the Company.

(iii) During the year ended July 31, 2022, the Company incurred $224,090 salaries and bonus expenses to the CEO of the Company.

b. Due from related parties

	July 31, 2022	July 31, 2021	July 31, 2020
Promisssory note receivable (iii)	-		200,000
Due from related parties (iv)	-	1,229,467	-
Total	-	1,229,467	200,000

(iv) On July 20, 2020, the Company loaned High Fusion Inc. $200,000 by way of a non-interest bearing promissory note. The loan was advanced in anticipation of the acquisition of the Company by High Fusion Inc. which took place on August 14, 2020. On February 1, 2022 the promissory note was forgiven (Note 8 (D)).

(v) As at July 31, 2021 the Company had transferred $1,229,467 to support its High Fusion Inc., with working-capital initiatives. On February 1, 2022, part of the receivable balance was forgiven and recorded as debt forgiveness (Note 8 (D)).

(vi) Subsequent to year end, as part of the sale of August 22 Offering described in note 13 a), the private company controlled by the CFO subscribed for $10,000 of the August 22 Offering.

(Expressed in Canadian Dollars)

c. Due to related parties

On February 2, 2022, the due to related parties in the amount of $136,000 was settled by High Fusion Inc. for the obligation to the Company's CFO and one director.

d. Debt forgiveness

As at February 1, 2022, the Company has a receivable of $1,091,295 from its parent company – High Fusion Inc. and a receivable of $49,002 from a company under common control. The $1,091,295 receivables included the promissory note receivable of $200,000. The management of the Company decided to forgive the receivables from related parties in the amount of $1,140,297 and resulted in the Company recognizing loss in the fiscal year 2022 for both financial reporting and income tax purposes.

On February 2, 2022, the CFO of the company forgave his management fee receivable in the amount of $22,400 and a director of the Company forgave his management fee receivable in the amount of $41,600. The forgiveness resulted in the Company recognizing the gain of $64,000 in the fiscal year 2022 for both financial reporting and income tax purposes.

The breakdown for the debt forgiveness in the year ended July 31, 2022 is as following:

Related parties	Amount
Receivable from High Fusion Inc. (parent company)	941,295
Receivable from a company under common control	49,002
Promissory note receivable	200,000
Consulting fee payable to a director	(50,000)
Adjustment for the management fee to CFO	(22,400)
Adjustment for the management fee to a director	(41,600)
Total debt forgivenss	**1,076,297**

9. Management of capital

The Company manages its capital structure and makes adjustments to it based on the funds available to the Company, in order to support the development of its planned business activities. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. In order to carry out the planned business activities and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the years ended July 31, 2022 and 2021. The Company is not subject to externally imposed capital requirements.

The Company considers its capital to be shareholders' equity surplus/(deficiency), which is comprised of share capital, shares to be issued, reserve for warrants and deficit.

The Company's objective when managing capital is to obtain adequate levels of funding to support its business activities, to obtain corporate and administrative functions necessary to support organizational functioning and obtain sufficient funding to further the development of its business. The Company raises capital, as necessary, to meet its needs and take advantage of perceived opportunities and, therefore, does not have a numeric target for its capital structure. Funds are primarily secured through equity capital raised by way of private placements, initial public offering, issuance of convertible debentures, debt, and sale leaseback transactions. There can be no assurance that the Company will be able to continue raising equity capital in this manner.

10. Financial instruments

Credit risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to trade receivable. The Company has no other significant concentration of credit risk arising from operations. Cash are held with a reputable credit union which is closely monitored by management. Amounts receivable consists of trade amounts receivable, harmonized sales tax due from the Canadian government, promissory note receivable and other receivable from third parties.

Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The ability of the Company to continue as a going concern is dependent on its ability to obtain funding, manage cash flows, restructure borrowings, and recover funds loaned to borrowers that have currently been provided against or recover collateral that secured those loans. There is significant uncertainty as to whether the Company will be able to continue as a going concern and therefore, whether it will continue its normal business activities and realize its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the consolidated financial statements. These consolidated financial statements do not include adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the Company not continue as a going concern.

In the short term, the continued operations of the Company may be dependent upon its ability to obtain additional financing. Without this additional financing, the Company may be unable to meet its obligations as they come due. There can be no certainty that the Company can obtain these funds, in which case any investment in the Company may be lost.

Foreign currency exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the foreign exchange rates. The Company enters into foreign currency purchase transactions and has assets and liabilities that are denominated in foreign currencies and thus is exposed to the financial risk fluctuations arising from changes in foreign exchange rates and the degree of volatility of these rates. The Company does not currently use derivative instruments to reduce its exposure to foreign currency risk.

An increase (decrease) of 10% in the currency exchange rate of the Canadian dollar versus US dollar would have impacted the Company net loss by 1,000 (July 31, 2021 - $Nil) as a result of the Company’s exposure to currency exchange rate fluctuations.

Interest rate risk

Interest rate risk is the potential for financial loss arising from changes in interest rates. The Company manages interest rate risk by monitoring market conditions and the impact of interest rate fluctuations on its debt. The Company does not have any interest-bearing financial liabilities.

11. Commitments and other contingencies

In accordance with the terms of the employment agreement dated September 16, 2021, subject to the achievement of certain milestones, the Company is obliged to issue common shares representing up to 3.5% of the issued and outstanding capital of the Corporation as constituted at the closing of the seed financing. Further, subject to the achievement of certain milestones, the Company is obliged to issue options for common shares representing up to 2% of the issued and outstanding capital of the Corporation prior the Corporation listing of its common shares on a recognized stock exchange. Such stock options shall be exercisable at a price that is a 20% premium to the last financing price whereby shares of the Corporation were issued immediately prior to Listing, and shall vest in equal amounts, every six (6) months over three (3) years from their date of granting, or as required under applicable securities legislation and regulation, and will be subject to the terms of any stock option plan adopted by the Corporation.

(Expressed in Canadian Dollars)

In accordance with the terms of an advisory agreement with FMI Capital Advisory Inc. ("FMICA") dated December 17, 2021, subject to the completion of a listing of its common shares on a recognized Canadian exchange and a concurrent financing, the Company is obliged to issue common shares representing up to 5% of the issued and outstanding capital of the Corporation.

In accordance with the terms of an advisory agreement with the holding company of the CFO, the corporation. Is committed to issue 366,667 RSUs.

12. Income Tax

The tax effect (computed by applying the Canadian federal and provincial statutory rate) of temporary differences, which comprise deferred income tax assets and liabilities, are as follows:

Income tax provision	**2022**	**2021**	**2020**
	$	**$**	**$**
Net loss before income taxes	(1,818,455)	(389,788)	(186,362)
Canadian statutory tax rate	26.5%	26.5%	26.5%
Expect tax recovery at statutory tax rate	(481,891)	(103,294)	(49,386)
Other adjustments	($7,090)	($4,773)	21,727
Change in unrecognized deferred tax assets	488,980	108,067	27,659
Income tax provision	-	-	-

Deferred income tax assets	**2022**	**2021**	**2020**
	$	**$**	**$**
Non-Capital Losses	(1,845,208)	(407,799)	(104,373)
Share Issuance Costs in cash	70,990	54,033	72,044
	(1,774,218)	(353,766)	(32,329)
Tax rate	26.5%	26.5%	26.5%
Deferred income tax assets	**(470,168)**	**(93,748)**	**(8,567)**

13. Subsequent events

a) On August 3, 2022, the company completed a second tranche to the Offering for gross proceeds of $82,000 by way of a private placement of units ("August 22 Offering") Pursuant to the August 22 Offering, the Company issued 1,093,333 Units at a price of $0.075 per Unit. Each Unit is comprised of one common share of the Company and one-half of one common share purchase warrant, with each whole warrant exercisable for one Common Share at an exercise price of $0.10 per Common Share for a period ending on the earlier of: (i) 36 months following the closing of the August 22 Offering; and (ii) 24 months following the time the Company completes a going public transaction.

b) As part of this financing, the Company issued 20,800 broker warrants. Each broker warrant entitled the holder to purchase one common share of the Company at a price of $0.075 at any time and from time to time up the earlier of (i) 36 months after the date hereof and (ii) 24 months following the time the Company completes a going public transaction.

c) In accordance with the terms of the February 22 Offering, on August 3, 2022 the Company issued 1,000,000 additional Common Shares to the purchasers of the February 22 Offering on one Common of the Company for every 10 Units purchased in February 2022 (“February 22 Penalty Shares”). These Common Shares were issued because the Company did not achieve a Public Offering within 6 months of the date of closing of the February 22 Offering. The valuation of the February 22 Penalty Shares is recorded as $NIL in the capital account of the Company.

d) In September 2022, the Company issued 500,000 common shares as the consideration for the service rendered by a third party and intellectual property rights acquired.

e) On November 3, 2022 Neural and High Fusion Inc. entered into arrangement agreement ("Arrangement Agreement") to complete a plan of arrangement ("Arrangement"). Under the terms of the Arrangement Agreement, High Fusion Inc. will seek shareholder approval to undertake a statutory plan of arrangement, whereby High Fusion Inc.'s shareholders will receive an aggregate of 4,716,667 Neural common shares by way of a share exchange.

f) On February 3, 2023, Neural issued 109,330 Neural Shares at a price of $0.075 per Neural Share to the subscribers of the second tranche of the Seed Financing as a penalty payment pursuant to the terms of the Seed Financing.

g) On February 24, 2023, Neural and High Fusion Inc. entered into an amended and restated Arrangement Agreement.

SCHEDULE "I"
MANAGEMENT'S DISCUSSION AND ANALYSIS
OF NEURAL FOR THE YEARS ENDED JULY 31, 2022, 2021 AND 2020

NEURAL THERAPEUTICS INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE FISCAL YEARS ENDED JULY 31, 2020, 2021 AND 2022

March 14, 2023

This management's discussion and analysis ("**MD&A**") dated March 14, 2023, is management's assessment of the operations and the financial results of Neural Therapeutics Inc. ("**Neural**", or the "**Company**"). This MD&A should be read in conjunction with Neural's financial statements and related notes for the years ended July 31, 2020, 2021 and 2022, prepared in accordance with International Financial Reporting Standards ("**IFRS**"). All figures are in Canadian dollars unless stated otherwise.

Since Neural's inception, the outbreak of a 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 physical distancing, have caused material disruption to business globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. 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 Neural in future periods.

Neural has continued operations during COVID-19 relying on standard health and safety protocols as well as the implementation of specific COVID-19 related protocols as recommended by government bodies and thought leaders, to ensure the health, safety and well-being of staff. Neural's business financial condition and results of operations may be further negatively affected by economic and other consequences from Russia's military action against Ukraine and the sanctions imposed in response to that action in late February 2022. Neural expects any direct impacts, of the pandemic and the military action in Ukraine, to the business to be limited; however, the indirect impacts on the economy and on the psychedelics industry could negatively affect the business and may make it more difficult for Neural to raise equity or debt financing. There can be no assurance that Neural will not be impacted by adverse consequences that may be brought about on its business, results of operations, financial position, and cash flows in the future.

Neural's board of directors approved the release of this Management's Discussion and Analysis on March 14, 2023.

FORWARD LOOKING INFORMATION

Certain statements and information contained herein may constitute "forward-looking statements" and "forward-looking information," respectively, under Canadian securities legislation. Generally, forward- looking information can be identified by the use of forward-looking terminology such as, "expect", "anticipate", "continue", "estimate", "may", "will", "should", "believe", "intends", "forecast", "plans", "guidance" and similar expressions are intended to identify forward-looking statements or information. The forward-looking statements are not historical facts, but reflect the current expectations of management of Filament regarding future results or events and are based on information currently available to them. Certain material factors and assumptions were applied in providing these forward-looking statements.

Forward-looking statements regarding Neural are based on Neural's estimates and are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, levels of activity, performance or achievements of Filament to be materially different from those expressed or implied by such forward-looking statements or forward-looking information, including capital expenditures and other costs. 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 and forward-looking information. Filament will not update any forward-looking statements or forward-looking information that are incorporated by reference herein, except as required by applicable securities laws. For more information on forward-looking information, please refer to page 43 of this MD&A.

(Expressed in Canadian Dollars)

CORPORATE OVERVIEW

Neural Therapeutics Inc. ("**Neural**") is an ethnobotanical drug-discovery/development company focused on developing products and conducting research with psychoactive plants. The initial focus of Neural is San Pedro (*Echinopsis pachanoi or Trichocereus pachanoi*), a cactus which contains mescaline. Neural working to identify where plant-based traditional-medicine has proven to be effective and capitalize on the development of pharmaceutical and nutraceutical path to market that is compliant with applicable regulations.

Neural is in the business of developing products from plants containing psychedelic components that have a historical high record of safety and therapeutic value. Since inception, Neural has primarily focused on the discovery and development of cacti containing the psychoactive compound mescaline. Since its inception in early 2020, Neural has been focused on filling the scientific literature gap that exists between recreational/religious niche applications and main-stream pharmaceutical acceptance. Recognizing that the pathway to full acceptance while dealing with a controlled substance has inherited challenges and rewards. Neural is well positioned to be the world leading expert in products derived from cacti of the *Echinopsis* genus and as such will have first mover advantage and become a leader in the psychedelic medicine.

On January 28, 2022 Neural completed consolidation ("**Consolidation**") of all issued and outstanding common shares of the capital of Neural ("**Neural Share**"), on a 5.831 for 1 basis, which resulted in 23,583,334 Neural Shares issued and outstanding. All references to Neural Shares in this document are on post- Consolidation basis.

As at March 14, 2023, the members of Company's management and Board of Directors consisted of:

Name	Position
John Durfy	Director
Ian Campbell	Director and Chief Executive Officer
Omar Gonzalez	Chief Financial Officer

FISCAL YEAR ENDED JULY 31, 2020 FINANCIAL AND BUSINESS HIGHLIGHTS

- On June 2, 2020, Neural entered into assignment of membership interest agreements ("**Kruzo Agreements**") between Neural and certain holders of membership interest of Kruzo LLC ("**Kruzo**") dated June 2, 2020, whereby Neural has agreed to purchase 100% membership interest in Kruzo in exchange for 3,429,730 units, with each is comprised of one Neural Share and one warrant entitling the holder to purchase one Neural Share at a price of $0.29 for a period of 24 months from the date of issuance.

- On June 3, 2020, Neural closed a financing whereby Neural issued 13,718,921 units in exchange for gross proceeds of $400,000. Each unit was comprised of one common share of Neural and one warrant entitled the holder to purchase one Neural Share at a price of $0.29 for a period of 24 months from the date of issuance.

- On July 22, 2020 Neural closed a financing whereby Neural issued 6,434,683 units in exchange for gross proceeds of $1,125,654. Each unit was comprised of one Neural Share and one warrant entitled the holder to purchase one Neural Share at a price of $0.29 for a period of 24 months from the date of issuance.

FISCAL YEAR ENDED JULY 31, 2021 FINANCIAL AND BUSINESS HIGHLIGHTS

- On August 14, 2020, Neural was acquired by High Fusion ("**PSC Acquisition**") in exchange for common shares of the High Fusion ("**High Fusion Shares**") on a one-for-one basis. Shareholders of Neural were issued an aggregate of 6,876,148 High Fusion Shares. Pursuant to the acquisition of Neural, outstanding warrants of Neural were exchanged on a one-for-one basis for the warrants of the High Fusion.

FISCAL YEAR ENDED JULY 31, 2022 FINANCIAL AND BUSINESS HIGHLIGHTS

- On September 16, 2021, Ian Campbell was appointed the Chief Executive Officer of Neural pursuant to an employment agreement ("**Campbell Agreement**").

- On November 10, 2021, Neural changed its name from "Psychedelic Science Corp." to "Neural Therapeutics Inc."

- On November 19, 2021, Neural announced its intention to spin-out of Neural as a stand-alone business in order to allow Neural to operate as a business focused on the psychedelic research and development and raise capital from investors which better matches Neural's business objectives.

- On December 17, 2021, FMI Capital Advisory Inc. ("**FMICA**") was retained by Neural to act as exclusive financial advisor to Neural ("**FMICA Agreement**").

- On January 28, 2022 Neural completed PSC Consolidation.

- On February 2, 2022, Neural completed a financing securing gross proceeds of $750,000 by way of a non-brokered private placement (the "**Seed Financing**") of units. Pursuant to the Seed Financing, Neural issued 10,000,000 units ("**Neural Seed Units**") at a price of $0.075 per Neural Seed Unit. Each Neural Seed Unit is comprised of one Neural Share and one-half of one common share purchase warrant (each "**Neural Seed Warrant**") with each Neural Seed Warrant exercisable for one Neural Share at an exercise price of $0.10 per Neural Share for a period ending on the earlier of: (i) 36 months following the closing of the Seed Financing; and (ii) 24 months following the time Neural completes: (a) a listing of Neural Shares on a recognized Canadian stock exchange, which may or may not be accompanied by an initial public offering in Canada of Neural Shares; or (b) (i) a transaction which provides holders of Neural Shares with comparable liquidity for their Neural Shares that such holders would receive in the event the transaction in (a) above occurs, whether by means of a reverse take-over, merger, amalgamation, arrangement, take-over bid, insider bid, reorganization, joint venture, sale of all or substantially all assets, exchange of assets or similar transaction or other combination with a private or public corporation; and (ii) obtaining a listing of the Neural Shares (or securities of a resulting issuer) on a recognized stock exchange in Canada ("**Going Public Transaction**"). In connection with Seed Financing, Neural incurred $221,246 of issuance costs which were settled in 1,833,333 Neural shares, 575,800 broker warrants ("**Neural Broker Warrants**") and cash of $43,710. Each Neural Broker Warrant entitles a holder thereof to purchase one Neural Share at an exercise price of $0.075 per Neural Share for a period ending earlier of: i) 36 months from issuance; and ii) 24 months from the time the Company completes a Going Public Transaction.

- On March 11, 2022, Neural issued 1,350,000 Neural Shares to settle $101,250 in debt obligations to third parties.

- On April 21, 2022, Neural entered into Memorandum of Understanding ("**CK MOU**") with Cactus Knize ("**Catus Knize**"), pursuant to which, Cactus Knize has agreed to harvest and supply Neural

with the plant materials. Cactus Knize is based in Peru and operates a nursery that holds permit issued by the National Service for Forest and Wildlife or Servicio Nacional Forestal y de Fauna Silvestre ("**SERFOR**"). Cactus Knize will wholesale and cultivate cacti in an environmentally and ethically sustainable manner while ensuring that raw material supplied to Neural is of high quality and suitable for the clinical trials that are compliant with FDA standards. Pursuant to the terms of the CK MOU, Neural agreed to issue to Cactus Knize an aggregate 550,000 Neural Shares upon achieving certain milestones.

BUSINESS DESCRIPTION

Neural is Canadian-based ethnobotanical drug discovery/development company focused on developing products and conducting research with psychoactive plants. The first being San Pedro a cactus containing mescaline, a naturally occurring hallucinogen that is found in certain psychoactive plants and has been in continuous use for at least 5700 years in South America, namely Peru, Bolivia and Columbia. Neural intends to collect and aggregate data by leveraging relationships with third party treatment providers to refine its pharmaceutical drug development and natural health product pipeline. To date, Neural's activities to develop its business include product and intellectual property development, conducting initial research and development to guide its drug development strategy, corporate and business development. Neural's registered office and corporate headquarters are in Canada, but Neural may conduct its research and development effort, including, cultivation, extraction, processing, product manufacturing, pre-clinical and clinical trials, in jurisdictions outside of Canada, including Peru, St. Vincent and the Grenadines and United Kingdom, where some of its partners are located.

Neural is a development stage company focused on developing its pathway for both pharmaceutical and nutraceutical products, which are briefly described below.

Pharmaceutical Pathway

Neural is taking steps to create premium mescaline products to compete in the emerging psychedelics market. Neural is in the process of developing a line of *San Pedro*-derived products that will help with various health objectives. The initial research and development work will focus on active ingredient(s) reproducibility by means of molecular and DNA analysis, identity testing, specifications and formulation. Neural has entered into an agreement with Cayetano University dated August 4, 2022 to assist with those activities.

Neural intends to conduct initial safety studies (being pre-clinical and toxicology tests to ensure the FDA's NDI standard of reasonable expectation of safety for human consumption is met) and is in the process of securing relationships with various contract research organizations ("**CROs**") to assist with those efforts. In connection with the preparation to conduct the studies, Neural also intends to establish a relationship with manufacturing partners and to test its supply chain, extraction, and product development capabilities for mescaline containing products. Neural has also completed preliminary research and development studies with its partners in Peru and engaged with local regulatory organizations to secure the necessary permits to conduct its research and development efforts.

On January 4, 2023, Neural entered into a letter of intent ("**CGS Agreement**") with Caribbean Gold Standard Laboratory ("**CGS**"), an analytical service laboratory in SVG operating to test the quality of cannabis and other products. Pursuant to the CGS Agreement, Neural and CGS agreed to work together carry out joint research and development efforts in a joint manner to intended to aid Neural in advancing its pre-clinical and clinical trials. CGS Agreement also includes provisions whereby CGS will assist Neural in validating Neural's extraction technology that Neural developed pursuant to the service agreement dated September 6, 2022 pursuant to which the certain arms length parties agreed to transfer to Neural the

intellectual property relating to the extraction technology used for extraction of mescaline from various cacti, and plant material in general ("**IP Development Agreement**").

Neural's principal objective in its pharmaceutical division is to develop compounds containing mescaline that will satisfy the requirements of the Food and Drug Administration of the United States Department of Health and Human Services ("**FDA**") to complete a submission of an investigational new drug application ("**IND**"), and subsequently a new drug application ("**NDA**"). In connection with the IP Development Agreement Neural has filed a patent application on processes extraction processes in order to protect its future market share and conduct safety & pharmaceutical studies. It is intended that the manufactured products would be used to treat various ailments for which current therapies provide very little value. Examples include PTDS, depression, anxiety, substance-use-disorder, ADHD, general addiction, smoking, & eating disorder among others. In connection with the manufacturing of this products, Neural has engaged with various partners (such as Cactus Knize, Cayetano University, CGS and others) to assist with sourcing raw materials, supply chain, extraction, formulation, and infrastructure for such pharmaceutical products.

As a result of its future pre-clinical and clinical research efforts, Neural intends to carefully select specific drug candidates and diseases that we believe offer the greatest opportunity for therapeutic efficacy and commercial success. In consultation with leading academic institutions, researchers, clinicians, and key opinion leaders, the goal of Neural's pharmaceutical division is to design clinical development programs that have clearly defined and achievable endpoints, that will increase Neural's chance of commercial success.

Pharmaceutical Pathway

In parallel with pursuing clinical research, Neural aims to investigate utilization of the pulp fiber from the cactus to manufacture products that would be used in weight loss supplements, dietary supplements, dietary fiber and diabetic food. Neural intends to work with credible and established manufacturer, in collaboration with its partners, develop such products. To management's knowledge, Neural would be the only player that intends to offer *mescaline-free* dietary supplements and natural health products which are manufactured from the *San Pedro* cactus. Neural intends to pursue a multi-pronged distribution plan to reinforce its early-mover advantage. Demonstrating product safety at pre-determined levels of dosage is an integral part of the regulatory process to register its products with the FDA and Health Canada. Neural has engaged a research team at a Memorial University to conduct a market study to evaluate a potential path to market and competitive products.

SIGNIFICANT TRANSACTIONS AND FINANCINGS

Significant transactions and financing activities which have been completed during the fiscal years ended July 31, 2020, 2021 and 2022 include the following:

Kruzo Acquisition

On June 2, 2020, Neural issued 3,429,730 units in exchange for the transfer of 100% of the membership units in Kruzo. Each unit is comprised of one common share of Neural and one warrant entitling the holder to purchase one common share in Neural at a price of $0.29 for a period of 24 months from the date of issuance.

June 2020 Financing

On June 3, 2020, Neural closed a financing whereby Neural issued 13,718,921 units in exchange for gross proceeds of $400,000. Each unit was comprised of Neural Share and one warrant entitled the holder to purchase one Neural Share at a price of $0.29 for a period of 24 months from the date of issuance.

July 2020 Financing

On July 22, 2020 Neural closed a financing whereby Neural issued 6,434,683 units in exchange for gross proceeds of $1,125,654. Each unit was comprised of one Neural Share and one warrant entitled the holder to purchase one Neural Share at a price of $0.29 for a period of 24 months from the date of issuance.

Acquisition by High Fusion

On August 17, 2020, Neural was acquired by High Fusion whereby all the outstanding common shares of Neural were exchanged High Fusion Shares. Holders of Neural Shares were issued an aggregate of 6,876,148 High Fusion Shares which subsequently became subordinated voting shares of High Fusion. In addition, an aggregate of 6,876,148 common share purchase warrants of Neural were assumed by High Fusion on a one-for one basis for warrants of High Fusion, resulting in High Fusion holding 100% of all issued and outstanding securities of Neural.

Seed Financing

On February 2, 2022, Neural completed the first tranche of the Seed Financing for gross proceeds of $750,000 in exchange for issuance of 10,000,000 Neural Seed Units at a price of $0.075 per Neural Seed Unit. Pursuant to the Seed Financing, Neural Therapeutics compensated certain finders by the issuance of 575,800 Neural Broker Warrants and paid aggregate finders' fees equal to $43,710 to such finders.

Debt Settlement

On March 11, 2022, Neural issued 1,350,000 Neural Shares to settle $101,250 in debt obligations to third parties.

COMMITMENTS AND CONTINGENCIES

Securities Issuable Pursuant to the Campbell Agreement

In accordance with the terms of the Campbell Agreement subject to the achievement of certain milestones, Neural agreed to issue to Ian Campbell, Chief Executive Officer of Neural the following:

(i) Upon the closing of the Seed Financing, that number of common shares equal to 1.5% of the issued and outstanding capital of the Corporation as constituted at the closing of the seed financing for no additional consideration

(ii) Upon the:
   a. closing of the Seed Financing; and
   b. achievement of certain milestones by Mr. Campbell and Neural agreed to by Mr. Campbell and the board of directors of Neural ("**Board**")

   a number of Neural Shares equal to an aggregate of 2.0% of the issued and outstanding capital of Neural as constituted at closing of the Seed Financing, released to Mr. Campbell in equal parts on a quarterly basis, in arrears, for a period of two (2) years from the date of closing the Seed Financing provided that Campbell Agreement continues in full force; and

(iii) Upon the achievement of certain milestones by Mr. Campbell and Neural, agreed to by Mr. Campbell and the Board; stock options equal to 2% of the issued and outstanding capital of immediately prior to Neural listing its common shares on a recognized stock exchange or trading quotation system ("**Listing**"). Such stock options shall be exercisable at a price that is a 20% premium to the last financing price whereby shares of the Corporation were issued immediately prior to Listing, and shall vest in equal amounts, every six (6) months over three (3) years from their date of granting, or as required under applicable securities legislation and regulation, and will be subject to the terms of any stock option plan adopted by the Corporation.

(Expressed in Canadian Dollars)

Campbell Agreement provides that the process for satisfaction of the issuances of securities set out in the Campbell Agreement summarized above shall be determined by mutual agreement between Neural and Mr. Campbell and such securities have not been issued as of the date hereof.

Securities Issuable Pursuant to the FMICA Agreement

In accordance with the terms of the FMICA Agreement dated December 17, 2021, Neural agreed to:

- Issue to FMICA an initial equity fee ("**Equity Fee**") in a form of Neural Shares equal to 5% of the issued and outstanding Neural Shares upon Neural completing a Seed Financing in the minimum amount of $500,000, which was issued on February 2, 2022;
- Issue to FMICA an initial fee ("**Initial Fee**") in a form of Neural Shares equal to 5% of the issued and outstanding Neural Shares upon Neural completing a Listing; and
- Pay FMICA a monthly advisory fee equal to $10,000, payable monthly in arrears commencing from September 1, 2021 until the earlier of: i) termination (30-day notice); ii) 4 months following Listing.

RSU Issuances

In accordance with the terms of an advisory agreement with a former officer of Neural, Neural committed to issue 366,667 RSUs in accordance with Neural RSU Plan that was approved at the Neural Meeting.

Costs relating to the Arrangement

In accordance with the terms of the Arrangement Agreement, Neural agreed that it will be responsible for all costs associated with the Arrangement, the High Fusion shareholder meeting, and the preparation of the related documentation.

SELECTED ANNUAL INFORMATION

The table below sets out certain selected financial information regarding the operations of Neural for the period indicated. The selected audited financial information has been prepared in accordance with IFRS and should be read in conjunction with Neural's audited financial statements and related notes.

	Year Ended July 31,		
	2022	**2021**	**2020**
	(audited) *$*	*(audited)* *$*	*(audited)* *$*
Revenue	-	-	-
Net Loss and Comprehensive Loss	$1,818,455	$389,788	$186,362
Basic and Diluted loss per share	$0.05	$0.02	$0.01
Total Assets	$454,570	$1,229,467	$1,349,237
Total long-term liabilities	$136,000	Nil	-
Cash dividends	-	-	-

Neural was incorporated on June 2, 2020 and July 31, 2020 was Neural's first fiscal year. Neural did not record any revenues in the period ended July 31, 2020 and incurred a net and comprehensive loss of $186,362. The net and comprehensive loss of $111,472 is largely attributed to professional and consulting fees. Neural's total assets for the period ended July 31, 2020 were $1,349,237, which is primarily comprised of cash and a loan of $200,000 to High Fusion Inc.

During the year ended July 31, 2021, Neural advanced all of its cash to High Fusion and all of its financial assets were comprised of the receivable from High Fusion. Neural incurred a net and comprehensive loss of $89,788 that is mainly comprised of management fees, consulting fees and professional fees.

(Expressed in Canadian Dollars)

During the year ended July 31, 2022, Neural completed the Seed Financing and agreed to forgive the amount receivable form High Fusion, which are the main factors attributed to the changes in total assets. During the year ended July 31, 2022, Neural incurred a net and comprehensive loss of $1,818,455, of which $1,076,297 is attributed to the loss on forgiveness of debt to High Fusion, and the balance is attributed to operating expenses associated with Neural's research and development business.

SELECTED QUARTERLY INFORMATION

The following is a summary of the Company's quarterly financial results for the eight most recently completed quarters to July 31, 2022:

For the quarter ended:	July 31, 2022 $	April 30, 2022 $	January 31, 2022 $	October 31, 2021 $
Net and comprehensive loss	225,142	1,387,220	171,885	34,207
Loss per share from operations	0.00	0.03	0.00	0.00

For the quarter ended:	July 31, 2021 $	April 30, 2021 $	January 31, 2021 $	October 31, 2020 $
Net and comprehensive loss	353,011	878	2,166	33,733
Loss per share from operations	0.01	0.00	0.00	0.00

DISCUSSION OF OPERATIONS

Sales Revenue and Gross Profit

Neural did not have revenues or gross profit during the three years ended July 31, 2022, 2021 and 2020.

Operating Expenses

Operating expenses during the 12-month period ending July 31, 2022 were $743,142 compared with $386,870 during the corresponding period ending July 31, 2021. This increase was primarily due to the following:

- A $224,090 increase is salaries wages and benefits due to the addition of the management team;
- A $260,312 increase in consulting fees and $120,664 increase in professional fees associated with audit, legal and accounting costs associated with the Seed Financing and the Arrangement; and
- A $16,002 increase in general and administrative fees.

The above increases in operating expenses were offset by the elimination of management fees of $300,000 incurred in year ended July 31, 2021 associated with management time of the executives of Neural's parent company High Fusion which had been apportioned to Neural.

Other income (expenses)

Other expenses during the year ended July 31, 2022 included $1,076,297 in debt forgiveness associated with amounts due from High Fusion to Neural.

LIQUIDITY AND CAPIAL RESOURCES

Neural's financial success is reliant on management's ability to identify and evaluate suitable growth and acquisition opportunities and maximizing the potential of these opportunities. In order to fund future growth opportunities and to corporate overhead, Neural may seek additional financing through debt or equity offerings. Any equity offering will result in dilution to the ownership interests of Neural's shareholders and may result in dilution to the value of such interests.

Liquidity risk is the risk that Neural will not have sufficient cash resources to meet its financial obligations as they come due. The ability of Neural to continue as a going concern is dependent on its ability to obtain funding, manage cash flows, restructure borrowings and recover funds loaned to borrowers that have currently been provided against or recover collateral that secured those loans. There is significant uncertainty as to whether Neural will be able to continue as a going concern and therefore, whether it will continue its normal business activities and realize its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial statements. These financial statements do not include adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should Neural not continue as a going concern.

In the short term, the continued operations of Neural may be dependent upon its ability to obtain additional financing. Without this additional financing, Neural may be unable to meet its obligations as they come due. There can be no certainty that Neural can obtain these funds, in which case any investment in Neural may be lost.

As at July 31, 2022, Neural had working capital deficiency of $9,466 (July 31,2021 – working capital of $959,449; July 31, 2020 – working capital of $1,349,237), had accumulated losses of $2,394,605 (July 31, 2021 - $576,150; July 31, 2020 - $186,362). Neural is currently able to meet its financial obligations, but intends to undertake additional capital raises and seek deferral of forgiveness of some of its accrued liabilities to remedy the working capital deficiency.

Cash Flow Operating activities

Net cash used in operating activities during the year ended July 31, 2022 totaled $601,582 compared to cash used of $119,770 in the year ended July 31, 2021. This increase in net cash used in operating activities was primarily due to higher losses in the year ended July 31, 2022 which was partially offset by debt forgiveness.

Financing activities

During the year ended July 31, 2022, net cash generated in financing activities totaled $748,290 compared to net cash consumed of $1,029,467 in the corresponding year ended 2021. The increase is primarily due to the completion of the Seed Financing completed in the year ended July 31, 2022. Further, the comparable 12 month year ended July 31, 2021 included a cash outflow of $1,029,467 associated with funds provided to High Fusion which, was forgiven in the year ended July 31, 2022.

Foreign currency exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the foreign exchange rates. Neural enters into foreign currency purchase transactions and has assets and liabilities that are denominated in foreign currencies and thus is exposed to the financial risk fluctuations arising from changes in foreign exchange rates and the degree of volatility of these rates. Neural does not currently use derivative instruments to reduce its exposure to foreign currency risk.

An increase (decrease) of 10% in the currency exchange rate of the Canadian dollar versus US dollar would have impacted Neural net loss by $1,000 (July 31, 2021 - $Nil) as a result of Neural's exposure to currency exchange rate fluctuations.

CAPITAL MANAGEMENT

Neural includes cash and cash equivalents and shareholders' equity, comprising issued common shares, contributed surplus and deficit, in the definition of capital. Neural manages its capital structure and makes adjustments to it, based on the funds available to Neural. Neural's objectives when managing its capital are to safeguard Neural's ability to continue as a going concern in order to support ongoing initiatives, to provide sufficient working capital to meet its ongoing obligations, and to pursue potential acquisitions.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of Neural, is reasonable. Neural is not subject to externally imposed capital requirements. Neural has not paid or declared any dividends since the date of incorporation, nor are any contemplated in the foreseeable future.

OFF-BALANCE SHEET ARRANGEMENTS

Neural has not entered into any off-balance sheet arrangements.

PROPOSED TRANSACTIONS

Neural is a party to the Arrangement Agreement with High Fusion.

SUBSEQUENT EVENTS

Subsequent to the year ended July 31, 2022 and up to the date hereof, the following events occurred:

- On September 13, 2022 pursuant to the terms of the CK MOU, Neural issued to Cactus Knize 50,000 Neural Shares at an ascribed price of $0.075 per Neural Share.

- On August 3, 2022, Neural closed the second tranche of the Seed Financing for gross proceeds of $82,000 through the issuance 1,093,333 Neural Seed Units, at a price of $0.075 per Neural Seed Unit.

- On August 4, 2022, Neural entered into an agreement ("**Cayetano Agreement**") with Cayetano University ("**Cayetano University**"). Under the terms of the Cayetano Agreement, Cayetano has agreed to assist Neural with completing work related to ingredient safety (being toxicology tests to ensure the FDA's NDI standard of reasonable expectation of safety for human consumption is met), identity testing, specifications and formulation. Cayetano University is an internationally recognized private Peruvian University well known for the development of medicines and a medical school has agreed to be our primary fundamental research partner.

- On September 6, 2022, Neural entered into IP Development Agreement between the Neural and certain parties, pursuant to which they agreed to transfer the extraction technology used for extraction of mescaline from various cacti, and plant material in general to Neural for the purpose of allowing Neural to utilize the processes, know-how and standard operating procedures to make, have made, use, sell, improve and market products using the technology and intellectual property rights. IP Development Agreement is milestone-based deliverables include the follow SOPs which will be implemented in Neural's research and developments process of collecting/producing mescaline for the clinical and pre-clinical trials. In connection with the IP Development Agreement,

Neural and the IP Development Partners have filed a Provisional Patent application entitled "*Process For Extraction of Active Compounds From Plant Biomass*" with USPTO on August 26, 2022. Pursuant to the filing, if granted, Neural will exclusively retain all rights to use the technology worldwide as it applies to extraction of alkaloids from plant and fungi materials and will be the sole owner of the intellectual property thereto. In connection with the IP Development Agreement, Neural issued 450,000 Neural Shares at a price of $0.075 per Neural Share.

- On October 11, 2022, Neural has entered into Folium Agreement with Folium Labs, in connection with which, pursuant to which Neural and Folium Labs agreed to work together to co-develop, commercialize and distribute products intended to help patients with depressive disorders, post-traumatic stress disorders, panic and anxiety disorders, and other disorders. Folium Labs' technology is a drug delivery system that is based on the hyaluronic acid, which has received an exemption from the FDA registration requirements. The Folium Agreement is a key milestone in Neural's strategy to develop intellectual property.

- On October 13, 2022, an article was published in the Journal of Neuropharmacology titled *"Mescaline: The forgotten psychedelic"*, which is co-authored by Ian Campbell, Dr. Jason Dyck, Dr. Kelly Narine, Ioanna A. Vamvakopoulou and Professor David Nutt.[1]

- On November 3, 2022 Neural and High Fusion entered into arrangement agreement ("**Arrangement Agreement**") to complete a plan of arrangement ("**Arrangement**"). Under the terms of the Arrangement Agreement, High Fusion will seek shareholder approval to undertake a statutory plan of arrangement, whereby Neural's shareholders will receive an aggregate of 4,716,667 Neural Shares by way of a share exchange.

- On November 7, 2022 Neural appointed Omar Gonzalez as Chief Financial Officer who replaced Robert Wilson.

- On January 4, 2023, Neural entered into a letter of intent ("**CGS Agreement**") with Caribbean Gold Standard Laboratory ("**CGS**"), an analytical service laboratory in SVG operating to test the quality of cannabis and other products. Pursuant to the CGS Agreement, Neural and CGS agreed to work together carry out joint research and development efforts in a joint manner to intended to aid Neural in advancing its pre-clinical and clinical trials. CGS Agreement also includes provisions whereby CGS will assist Neural in validating Neural's extraction technology that Neural developed pursuant to the service agreement dated September 6, 2022 pursuant to which the certain arms length parties agreed to transfer to Neural the intellectual property relating to the extraction technology used for extraction of mescaline from various cacti, and plant material in general ("**IP Development Agreement**").

- On January 6, 2023, at the annual and special meeting of Neural shareholder ("**Neural Meeting**"), Neural Shareholders approved resolutions to: (i) approve the financial statements for the period ended July 31, 2020, 2021 and 2022 (ii) elect current slate of directors to serve until Neural becomes a reporting issuer comprised of: John Durfy and Ian Campbell; (iii) approve proposed slate of directors once the Arrangement becomes effective, comprised of: Ian Campbell, John Durfy, Dr. Jason Dyck, Dr. Kelly Narine and Colin McLelland; (iv) re-appoint and fix the remuneration for Kreston GTA LLP as auditor of Neural for the ensuing year; (v) amend Neural bylaws to provide that quorum for a meeting of shareholders of the corporation is one or more shareholders, holding at least 10% of the outstanding voting securities of the corporation entitled to vote at a shareholder meeting; (vi) confirm and ratify the Neural option plan ("**Neural Option Plan**") and Neural restricted share unit plan ("**Neural RSU Plan**").

[1] https://www.sciencedirect.com/science/article/pii/S0028390822003537?dgcid=coauthor

(Expressed in Canadian Dollars)

- On February 2, 2023 Neural entered into services agreement ("**Myant Agreement**") with Myant Inc. ("**Myant**"), pursuant to which, Myant has agreed to work with Neural in utilizing Myant's technology to be used by Neural in its clinical and observational studies. Myant is an industrial internet of things textile manufacturer that is focused on development and commercialization of performance and medically approved monitoring garments. Myant's undergarment electrocardiogram monitoring device technology has recently been approved for study by Health Canada.

- On February 3, 2023, Neural issued 109,330 Neural Shares at a price of $0.075 per Neural Share to the subscribers of the second tranche of the Seed Financing as a penalty payment pursuant to the terms of the Seed Financing.

- On February 24, 2023, Neural and High Fusion entered into amended and restated Arrangement Agreement.

OUTSTANDING SHARE DATA

The table below sets out the number of Neural Shares and other securities convertible into Neural Shares outstanding as at each of July 31, 2022, 2021 and, 2020 and the date that appears on the title page of this document:

Description of Security	Outstanding as at July 31, 2020	Outstanding as at July 31, 2021	Outstanding as at July 31, 2022	Outstanding as of the date hereof
Neural Shares	23,583,334	23,583,334	39,359,990	39,469,320
Neural Warrants	23,583,333[(1)]	-[(1)]	5,546,660	5,546,660
Neural Broker Warrants	514,775[(1)]	-[(1)]	596,100	596,100
Neural Options[(2)]	-	-	-	-
Neural RSUs[(2)]	-	-	-	-

Notes:

(1) In connection with the PSC Acquisition High Fusion acquired all issued and outstanding securities of Neural for corresponding securities of High Fusion. All warrants and broker warrants were cancelled following the PSC acquisition.

(2) Neural Stock Option Plan and Neural RSU Plan were approved by Neural Shareholders at the Neural Meeting on January 6, 2023;

Following the year end date of July 31, 2022, Neural issued the following securities:

- On August 3, 2022, Neural closed the second tranche of the Seed Financing for gross proceeds of $82,000 through the issuance 1,093,333 Neural Seed Units, at a price of $0.075 per Neural Seed Unit, paid aggregate finders' fees of $1,560 and issued 20,800 Neural Broker Warrants.

- On August 3, 2022, in accordance with the terms of Seed Financing, Neural issued 1,000,000 additional Neural Shares to the purchasers of the first tranche of the Seed Financing on one Neural Share for every 10 Neural Seed Units purchased in February 2022 ("**February 22 Penalty Shares**"). These Neural Shares were issued because Neural did not achieve a Going Public Transaction within 6 months of the date of closing of the first tranche of the Seed Financing.

(Expressed in Canadian Dollars)

- On September 13, 2022 pursuant to the terms of the CK MOU, Neural issued to Cactus Knize 50,000 Neural Shares at an ascribed price of $0.075 per Neural Share.

- On September 13, 2022 pursuant to the terms of the IP Development Agreement, Neural issued 450,000 Neural Shares at an ascribed price of $0.075 per Neural Share to third parties.

Related parties and key management.

Key management includes Neural's directors, officers and any employees with authority and responsibility for planning, directing, and controlling the activities of an entity, directly or indirectly.

The following is a summary of the related party transactions, including the key management compensation for the periods ending July 31, 2022 and July 31, 2021:

The following is a summary of the key management compensations for the years ended July 31, 2022, 2021 and 2022:

	2022	2021	2020
Management Fees (i)	-	300,000	-
Consulting fees (ii)	85,000	-	-
Salaries (iii)	224,090		-
Total	**309,090**	**300,000**	-

(i) During the year ended July 31, 2021, Neural received services from High Fusion Inc. in the form of management time. The accrued compensation associated with this management time represented $230,000 from a director of Neural (the CEO of the High Fusion Inc.) and $70,000 from the Chief Financial Officer of High Fusion Inc.

$130,000 management fee payable to the director and $70,000 management fee payable to the Chief Financial Officer were settled by High Fusion Inc. in the form of transferring 2,666,667 Neural Shares from High Fusion Inc. to the director and the CFO. The value of these Neural Shares transferred was adjusted from $0.075 per share to $0.051 per share, and resulted $64,000 difference, which was forgiven by the director and Chief Financial Officer and was recorded as debt forgiveness. The $200,000 management fees were adjusted to $136,000 after the forgiveness of $64,000 and was included in the due to related parties as at July 31, 2022.

The remaining $100,000 of management fee payable to the director was recorded as due to related parties, which reduced the forgiveness of due from related parties by the same amount.

(ii) $50,000 of consulting fee was accrued to a director of Neural, recorded as due to related parties and reduced the forgiveness of due from related parties by the same amount.

$35,000 of consulting fee was paid to a private company controlled by the CFO of High Fusion.

(iii) During the year ended July 31, 2022, Neural incurred $224,090 salaries and bonus expenses to the CEO of Neural.

SIGNIFICANT ACCOUNTING POLICIES

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. At the acquisition date, the identifiable assets acquired, and the liabilities assumed are recognized at their fair value, except deferred tax assets or liabilities, which are recognized and measured in accordance with IAS 12 – Income Taxes. Subsequent changes in fair values are adjusted against the cost of acquisition if they qualify as measurement year adjustments. The measurement year is the year between the date of the acquisition and the date where all significant information necessary to determine the fair values is available and cannot exceed 12 months. All other subsequent changes are recognized in the statements of loss and comprehensive loss.

Neural measures all assets acquired, and liabilities assumed at their acquisition-date fair values. Acquisition-related costs are recognized as expenses in the periods in which the costs are incurred, and the services are received (except for the costs to issue debt or equity securities which are recognized according to specific requirements). The excess of the aggregate of (a) the consideration transferred to obtain control, the amount of any non- controlling interest in the acquire over (b) the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed, is recognized as goodwill as of the acquisition date.

Kruzo did not constitute a business as defined under IFRS 3 – business combination at the time of the Transaction and is therefore not within the scope of IFRS 3 and IFRS 2 applied. According to IFRS 2, any difference in the fair value of the consideration paid and the fair value of the net assets acquired was recognized as an expense.

Valuation of equity units issued

When Neural issues equity units that include both common shares and share purchase warrants, the proceeds from the issuance of equity units are allocated between the common shares and common share purchase warrants on a pro-rated basis using the relative fair values of common shares and common share purchase warrants.

The fair value of the common shares is determined using the share price at the date of the issuance of the units. The fair value of the share purchase warrants is determined using the Black-Scholes valuation model.

Share-based payments

Equity-settled share-based payments are measured at the fair value of the stock options at the grant date and recognized in expense over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued if it is determined the fair value of the goods or services cannot be reliably measured and are recorded at the date the goods or services are received. The corresponding amount is recorded to the share-based payment reserve.

The fair value of options is determined using the Black–Scholes option pricing model which incorporates all market vesting conditions. The number of options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest. Amounts recorded for forfeited or expired unexercised options are retained in share-based payment reserve. Upon the exercise of stock options, consideration received on the exercise of these equity instruments is recorded as share capital and the related share-based payment reserve is transferred to share capital.

Earnings (loss) per share

Basic earnings (loss)per share is calculated by dividing the net earnings (loss) available to common shareholders by the weighted average number of common shares outstanding during the period. Diluted loss per share is calculated using the treasury stock method of calculating the weighted average number of common shares outstanding. The treasury stock method assumes that outstanding stock options and warrants with an average exercise price below the market price of the underlying shares are exercised and the assumed proceeds are used to repurchase common shares of Neural at the average price of the common shares for the period.

Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating policy decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Income taxes

Income tax expense consisting of current and deferred tax expense is recognized in the statements of income and comprehensive income. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax assets and liabilities and the related deferred income tax expense or recovery are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized, or the liability settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs.

A deferred tax asset is recognized to the extent that it is probable that future taxable income will be available against which the asset can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and Neural intends to settle its current tax assets and liabilities on a net basis.

Financial instruments

Financial assets and financial liabilities are recognized when Neural becomes a party to the contractual provision of the respective instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities, other than financial assets and financial liabilities at fair value through other profit and loss ("**FVTPL**"), are included in the initial carrying value of the related instrument and are amortized using the effective interest method. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

Financial assets

Amortized cost - Assets are held within a business model with the objective of collecting their contractual cash flow; and the contractual cash flows consist solely of payments of principal and interest. They are recognized initially at fair value plus directly attributable transaction costs, and subsequently measured at amortized cost less cumulative impairment losses. A gain or loss on a debt investment is recognized in profit and loss when the asset is derecognized or impaired.

Fair value through other comprehensive income (FVTOCI) – Assets are held within a business model that includes both hold to collect their contractual cash flow and sell the assets; and the contractual cash flows consist solely of payments of principal and interest. For debt instruments measured at FVTOCI, interest income (calculated using the effective interest rate method), foreign currency gains or losses and impairment gains or losses are recognized directly in profit or loss. The cumulative fair value gains or losses recognized in OCI are reclassified to profit or loss when the asset is derecognized. An election may be made to classify an equity investment, that is neither held for trading nor represents contingent consideration recognized by an acquirer in a business combination, as held at FVTOCI. The option to designate an equity instrument at FVTOCI is available at initial recognition and is irrevocable. This designation results in all gains and losses being presented in OCI except dividend income which is recognized in profit or loss.

Fair value through profit and loss - Assets that do not meet the criteria for amortized cost or FVTOCI are measured at FVTPL. A gain or loss on a financial asset measured at FVTPL that is not part of a hedging relationship is recognized in profit and loss and presented on a net basis in the period in which it arises. IFRS 9 contains an option to designate a financial asset as measured at FVTPL if doing so eliminates or significantly reduces an ‘accounting mismatch' that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases. The option to designate a financial asset at FVTPL is available at initial recognition and is irrevocable.

Financial assets should be reclassified when and only when an entity changes its business model for managing financial assets. Any such reclassifications are applied prospectively from the date of the reclassification.

Financial liabilities

FVTPL - This category comprises derivatives, liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term, and certain financial liabilities that were designated at FVTPL from inception. IFRS 9 contains an option to designate a financial liability as measured at FVTPL if doing so eliminates or significantly reduces an ‘accounting mismatch' that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases. The option to designate a financial liability at FVTPL is available at initial recognition and is irrevocable.

Amortized cost - Financial liabilities are recognized initially at fair value net of directly attributable transaction costs. They are subsequently recognized at amortized cost using effective interest method with interest expense recognized on an effective yield basis.

Financial assets and liabilities are offset and the net amount is presented in the statement of financial position when Neural has a legal right to offset the amounts and it intends to either settle on a net basis or realize the asset and settle the liability simultaneously.

Neural's classification and measurements of financial assets and liabilities are summarized below:

Financial Instrument	Classification
Cash	Amortized cost
Due from related parties	Amortized cost

Accounts payable	Amortized cost
Accrued liabilities	Amortized cost
Due to related parties	Amortized cost

Fair value hierarchy

IFRS 7, Financial instruments: Disclosures, establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

Level 1: Valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2: Valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
Level 3: Valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

During the years ended July 31, 2022, 2021 and 2020, there were no transfers of amounts between fair value levels.

Neural's financial instruments are classified at level 3 financial instruments with fair value approximating their carrying values due to the relatively short-term nature of the instruments.

Allowance for expected credit losses

IFRS 9 provides a simplified approach to measuring expected credit losses using a lifetime expected loss allowance for all trade receivables and contract assets. The credit loss model groups receivables based on similar credit risk characteristics and the number of days past due in order to estimate bad debt expenses. Neural assesses the lifetime expected credit loss related to its sales receivables and re-assesses the provision each reporting period. When measuring the expected credit loss, Neural considers a variety of factors including: evidence of the debtor's financial condition, the term of the receivable and any changes in economic conditions.

Provisions

Provisions are recognized when Neural has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

Foreign currency translation

Monetary assets and liabilities denominated in currencies other than Canadian dollars are translated into Canadian dollars at the rate of exchange in effect at the statement of financial position date.

Nonmonetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the transaction exchange rate. Foreign currency gains and losses resulting from translation are reflected in loss and comprehensive loss for the period.

The assets and liabilities of entities with a functional currency that differs from the presentation currency are translated to the presentation currency as follows:

- Assets and liabilities are translated at the closing rate at the financial period end;
- Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case, income and expenses are translated at the rate on the dates of the transactions).
- Equity transactions are translated using the exchange rate at the date of the transaction; and
- All resulting exchange differences are recognized as a separate component of equity as reserve for foreign exchange translation.

When a foreign operation is disposed of, the relevant amount in the reserve for foreign exchange in other comprehensive income is transferred to profit or loss as part of the profit or loss on disposal.

On the partial disposal of a subsidiary that includes a foreign operation, the relevant proportion of such cumulative amount is reattributed to non-controlling interest. In any other partial disposal of a foreign operation, the relevant proportion is reclassified to profit or loss.

Foreign exchange gains or losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely to occur in the foreseeable future, and which in substance, is considered to form part of the net investment in the foreign operation, are recognized in the reserve for foreign exchange assumptions

Research and development costs

Research costs are expensed as incurred. Development expenditures are capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and Neural intends to and has sufficient resources to complete development to use or sell the asset. Other development expenditures are recognized in the statements of loss and comprehensive loss as incurred. To date, no development costs have been capitalized.

Significant accounting estimates and judgments

The preparation of Neural's financial statements in conformity with IFRS requires management to make judgments, estimates, and assumptions about the carrying amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

Information about critical judgments in applying accounting policies and estimates that have the most significant effect on the amounts recognized in these financial statements is included in the following notes:

Going concern

The assessment of whether the going concern assumption is appropriate requires management to take into account all available information about the future, which is at least, but is not limited to, 12 months from

the end of the reporting period. Neural is aware that material uncertainties related to events or conditions may cast significant doubt upon Neural's ability to continue as a going concern.

Provisions and contingencies

The amount recognized as provision, including legal, contractual, constructive and other exposures or obligations, is the best estimate of the consideration required to settle the related liability, including any related interest charges, taking into account the risks and uncertainties surrounding the obligation. In addition, contingencies will only be resolved when one or more future events occur or fail to occur. Therefore assessment of contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events. Neural assesses its liabilities and contingencies based upon the best information available, relevant tax laws and other appropriate requirements. As at July 31, 2020, 2021 and 2022, Neural does not have any material asset retirement obligations related to its assets.

Business combination and asset acquisitions

In a business combination and asset acquisitions, all identifiable assets, liabilities, and contingent liabilities acquired are recorded at their fair values. One of the most significant estimates relates to the determination of the fair value of these assets and liabilities. Contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IFRS 9, Financial Instruments, or IAS 37, Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognized in profit or loss. For any intangible asset identified, depending on the type of intangible asset and the complexity of determining its fair value, an independent valuation expert or management may develop the fair value, using appropriate valuation techniques, which are generally based on a forecast of the total expected future net cash flows. The evaluations are linked closely to the assumptions made by management regarding the future performance of the assets concerned and any changes in the discount rate applied. See Note 3 – Business acquisitions and disposals.

Certain fair values may be estimated at the acquisition date pending confirmation or completion of the valuation process. Where provisional values are used in accounting for a business combination, they may be adjusted retrospectively in subsequent periods. However, the measurement period will last for one year from the acquisition date.

Share-based payments and warrants

Neural measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the stock option, volatility and dividend yield and making assumptions about them.

For warrant-based derivative financial instruments, Neural uses the Black-Scholes option pricing model to estimate fair value of the derivative instruments.

Fair value of financial instruments

The individual fair values attributed to the different components of a financing transaction, notably investment in equity securities, convertible debentures, and promissory notes are determined using

valuation techniques. Neural uses judgment to select the methods used to make certain assumptions and in performing the fair value calculations in order to determine (a) the values attributed to each component of a transaction at the time of their issuance; (b) the fair value measurements for certain instruments that require subsequent measurement at fair value on a recurring basis; and (c) for disclosing the fair value of financial instruments subsequently carried at amortized cost. These valuation estimates could be significantly different because of the use of judgment and the inherent uncertainty in estimating the fair value of these instruments that are not quoted in an active market.

Deferred tax

The determination of deferred income tax assets or liabilities requires subjective assumptions regarding future income tax rates and the likelihood of utilizing tax loss carry-forwards. Changes in these assumptions could materially affect the recorded amounts, and therefore, do not necessarily provide certainty as to their recorded values.

Business combinations

Judgment is used in determining whether an acquisition is a business combination or an asset acquisition. Neural must determine whether it is the acquirer or acquiree in each acquisition. Under IFRS 3 – Business Combinations, the acquirer is the entity that obtains control of the acquiree in the acquisition. If it is not clear which company is the acquirer, additional information must be considered, such as the combined entity's relative voting rights, existence of a large minority voting interest, composition of the governing body and senior management, and the terms behind the exchange of equity interest.

The acquisition of Kruzo was determined to be an asset acquisition.

Judgment is also required to determine when Neural gains control of an investment. This requires an assessment of the relevant activities of the investee, being those activities that significantly affect the investee's returns, including operating and capital expenditure decision-making; financing of the investee; the appointment, remuneration and termination of key management personnel; and when decisions in relation to those activities are under the control of Neural.

Functional currency

The determination of the functional currency often requires significant judgment where the primary economic environment in which an entity operates may not be clear. This can have a significant impact on the results of Neural based on the foreign currency translation method.

Adoption of new or amended pronouncements

Neural has adopted the following new or amended IFRS standards for the period beginning August 1, 2022.

Definition of a Business (Amendments to IFRS 3)

In October 2018, the IASB issued Definition of a Business (Amendments to IFRS 3 Business Combination) which: (a) clarifies that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs; (b) narrows the definition of a business and of outputs by focusing on goods and services provided to customers; and (c) removes certain assessments and adds guidance and illustrative examples. The amendments introduced an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. Neural adopted the standard effective August 1, 2020 with no impact on the preparation of the financial statements.

RISK FACTORS

An investment in the securities of Neural is subject to certain risks and readers should carefully consider the following risk factors related to Neural's business. If any of the identified risks were to materialize, Neural's business, financial position, results and/or future operations may be materially affected. The risk factors identified in this MD&A, are not exhaustive and other factors may arise in the future that are currently not foreseen by management of Neural that may present additional risks in the future. Readers are cautioned that the following risk factors are not exhaustive and additional risks and uncertainties, including those currently unknown or considered immaterial, may also adversely affect Neural.

This section is separated in the following subsections, each of which groups the risk factors into common categories, as follows: i) Risks Related to the Regulatory Environment; ii) Risks Related to the Psychedelics Industry; iii) Risks Related to the Ownership of Securities of Neural; iv) Risks Related to Neural's Business Generally; v) Risks Related to Neural's Nutraceutical Business; vi) Risks Related to Neural's Pharmaceutical Business; and vi) Risks Related to Neural's Intellectual Property.

Risks Related to the Regulatory Environment

Risks Related to Regulatory Changes

In the U.S., mescaline is classified as a Schedule I drug under the CSAUS. All activities involving such substances by or on behalf of Neural are conducted in accordance with applicable federal, provincial, state and local laws. While Neural is focused on drug development activities programs using mescaline and psychedelic cacti, Neural does 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 applicable laws in the jurisdictions in which Neural 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 Neural operates, or private citizens or criminal charges.

Any changes in applicable laws and regulations could have an adverse effect on Neural's operations. The psychedelic drug industry is a fairly new industry and Neural cannot predict the impact of the ever-evolving compliance regime in respect of this industry. Similarly, Neural cannot predict the time required to secure all appropriate regulatory approvals for future products, or the extent of testing and documentation that may, from time to time, be required by governmental authorities. An example is Neural's arrangements with Cactus Knize, Cayetano University and CGS, which are such that neither Neural nor its employees bear any responsibility for handling, harvesting, processing and extracting psychedelic cacti or mescaline extracts. However, if a regulator determined that Neural was involved with any of the aforementioned activities, Neural would not be licensed and, in order to protect Neural's interests, would have to terminate these relationships. While this would assist in addressing the regulatory compliance issue in this case, the impact of compliance regimes, any delays in obtaining, or failure to obtain regulatory approvals may significantly delay or impact the development of markets, its business and products, and sales initiatives and could have a material adverse effect on the business, financial condition and operating results of Neural. Neural will incur ongoing costs and obligations related to regulatory compliance. Failure to comply with regulations may result in additional costs for corrective measures, penalties or result in restrictions on Neural's operations. In addition, changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to Neural's operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the business, financial condition and operating results of Neural.

The success of Neural's business is dependent on its activities being permissible under applicable laws and any reform of controlled substances laws or other laws may have a material impact on Neural's business

and success. There is no assurance that activities of Neural will continue to be legally permissible and Neural may become subject to the enforcement policies across many federal agencies, primarily the FDA and DEA. The FDA is responsible for ensuring public health and safety through regulation of food, drugs, supplements, and cosmetics, among other products, through its enforcement authority pursuant to the FDCA. The FDA's responsibilities include regulating the ingredients as well as the marketing and labeling of drugs sold in interstate commerce. Since it is currently illegal under federal law to produce and sell mescaline and most psychedelic drugs other than ketamine and as there are no federally recognized medical uses, the FDA has historically deferred enforcement related to these products to the DEA. If mescaline and/or other psychedelic drugs were to be rescheduled to a federally controlled, yet legal, substance, the FDA would likely play a more active regulatory role. The DEA would continue to be active in regulating manufacturing, distribution and dispensing of such substances. Multi-agency regulation and enforcement could materially affect Neural's costs associated with research and development involving of these substances in its business.

Non-Compliance with Laws

Under the CDSA, mescaline and peyote are currently Schedule I drugs, Neural's operations are conducted in strict compliance with the laws and regulations regarding its activities with such substances. As such, all facilities engaged with such substances by or on behalf of Neural do so under current licenses, permits and approvals, as applicable, issued by appropriate federal, provincial, state and local governmental agencies. While Neural is focused on drug discovery and development activities using mescaline and psychedelic cacti, Neural does 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 applicable laws and regulations, such as the CDSA and CSAUS, or of similar legislation in the jurisdictions in which it operates or is deemed to operate, including Peru and SVG, could result in significant fines, penalties, administrative sanctions, convictions or settlements arising from civil proceedings initiated by the government entities in the jurisdictions in which Neural operates, private citizens or criminal charges. Any such violations could have an adverse effect on Neural's operations. Further, there is no guarantee that psychedelic drugs or psychedelic cacti will ever be approved as medicines in any jurisdiction in which Neural operates, activities of the third parties that Neural does business with are subject to regulation by governmental authorities, and Neural's business objectives are contingent, in part, upon its and its personnel's compliance with regulatory requirements enacted by these governmental authorities, and obtaining all regulatory approvals, where necessary. Any delays in obtaining, failure to obtain, or violations of regulatory approvals and requirements would significantly delay the development of markets and products and could have a material adverse effect on the business, results of operations and financial condition of Neural.

Substantial Risk of Regulatory or Political Change

The success of the business strategy of Neural depends on the legality of the use of psychedelics for the treatment of mental health conditions and the acceptance of such use in the medical community. The political environment surrounding the psychedelics industry in general can be volatile. As of the date of this MD&A, Canada and the U.S. have enacted certain exemptions to permit research and development activities using mescaline and psychedelic cacti, however, the risk remains that a shift in the regulatory or political realm could occur and have a drastic impact on the use of psychedelics as a whole, adversely impacting Neural's ability to successfully operate or grow its business.

Government Regulations, Permits and Licenses

Neural's operations may be subject to governmental laws or regulations promulgated by various legislatures or governmental agencies from time to time. A breach of such legislation may result in the imposition of fines and penalties. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations. Neural intends to fully comply with all governmental laws and

regulations. Third parties that Neural does business with will be subject to various federal, state, provincial and municipal laws in the jurisdictions where they operate. While there are currently no indications that Neural will require approval by a governmental or regulatory authority other than obtaining approval of the SERFOR permit, such approvals may ultimately be required. If any permits are required for Neural's operations and activities in the future, there can be no assurance that such permits will be obtainable on reasonable terms or on a timely basis, or that applicable laws and regulations will not have an adverse effect on Neural's business.

The current and future operations of Neural and its partners are and will be governed by laws and regulations governing the healthcare industry, labor standards, occupational health and safety, land use, environmental protection, and other matters. Amendments to current laws, regulations and permits governing research and development involving psychedelics, or more stringent implementation thereof, could have a material adverse impact on Neural and cause increases in capital expenditures or costs, or decreased ability to achieve its business milestones.

Changes in Applicable Federal, Provincial, or State Laws And Regulations, or the Expansion of Current, or the Enactment of New Laws or Regulations Relating to Cactus-Based Nutraceutical Businesses, Could Adversely Affect Neural's Business

While the sale, manufacturing and distribution of San Pedro cacti are not currently subject to regulation under CDSA in Canada and under CSA in the United States, there is no certainty that this exclusion could not be altered by court or governmental action or re-interpretation. If San Pedro cactus becomes a controlled substance, Neural may need to seek to adjust its product development efforts to ensure compliance with applicable laws and regulations, which may result in substantial delays to achieving commercial revenue, change in timing of securing the required permits and licenses and unforeseen costs, which would adversely affect Neural's business.

There is no certainty that in the future the FDA or Health Canada will not regulate mescaline-free nutraceutical products developed by Neural, including products containing pulp fiber from San Pedro cactus and prohibit its use as a dietary ingredient in dietary supplements or an NHP. There is no certainty that pulp fiber from San Pedro cactus or other dietary ingredients marketed by Neural, will be considered a grandfathered dietary ingredient under the DSHEA, meet the definition of a dietary ingredient, or would otherwise be permitted for use under the DSHEA. There is no certainty that the FDA would file a NDIN with no objections for such products or any products manufactured from San Pedro cacti, or file a NDIN with no objections for any other dietary ingredients Neural seeks to market, and thus there is a possibility that certain extracts and dietary ingredients of Neural may not be marketed as dietary ingredients in dietary supplements in the United States. Under Section 201(ff)(3)(B) of the FDCA, a substance may not be used as a dietary ingredient if it includes "an active ingredient" that was first (1) approved as a new drug or (2) approved as an IND for which substantial clinical investigations have been instituted and for which the existence of such investigations has been made public. Thus, it is possible that an IND has been filed and/or authorized to study San Pedro cactus as a drug and FDA could take the position that pulp fiber from San Pedro cactus is precluded from being an ingredient in dietary supplements. Similarly, other ingredients or extracts from San Pedro cactus that Neural may seek to market in the future may also be precluded from being marketed as dietary ingredients in dietary supplements.

Neural May Become Subject to Enforcement Actions by Various Government Authorities That Would Materially Impact Neural's Business

Neural intends to rely on the supply of San Pedro cacti and its extracts, which may be imported from other countries including Peru. In the United States, San Pedro cactus is not scheduled under the CSAUS and therefore, is not under the enforcement authority of the DEA. If in the future the DEA exerts jurisdiction over San Pedro cactus or any mescaline-free products manufactured from the San Pedro cactus, Neural may become subject to additional licensing requirements, which may require additional capital. There is no

assurance that Neural will be able to obtain any such licenses, be eligible to apply for such licenses, or comply with the current or evolving regulatory framework in any jurisdiction where it carries on its business or sells its products, which would adversely affect Neural's business.

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

Neural May Become Subject to Additional Government Regulation and Legal Uncertainties That Could Restrict the Demand for its Services or Increase its Cost of Doing Business, Thereby Adversely Affecting its Financial Results

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

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

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

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

Complying With New and Existing Government Regulation, in Canada, the United States and Abroad, Could Increase Neural's Costs Significantly and Adversely Affect its Financial Results

The processing, formulation, manufacturing, packaging, labeling, advertising, distribution and sale of Neural's products are subject to regulation by several Canadian and U.S. federal departments and agencies, including Health Canada, the NNHPD, the FDA, the FTC, the Consumer Products Safety Commission, USPHS, USCBP, the Occupational Safety and Health Administration, as well as various provincial, state, local and international laws and agencies of the localities in which Neural's products are expected to be sold

or marketed. Government regulations may prevent or delay the introduction, or require the reformulation, of Neural's products. Some agencies could require Neural to remove a particular product from the market, delay or prevent the import of raw materials for the manufacture of Neural's products, or otherwise disrupt Neural's marketing efforts. Any such government actions would result in additional costs, including lost revenues from any additional products that Neural might be required to remove from the market, which additional costs could be material. Any such government actions also could lead to liability, substantial costs and reduced growth prospects. Moreover, there can be no assurance that new laws or regulations imposing more stringent regulatory requirements on the dietary supplement industry will not be enacted or issued. In addition, complying with adverse event reporting requirements imposes additional costs on Neural, which costs could become significant in the event more demanding reporting requirements are put into place.

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

Should Health Canada and/or the FDA or any provincial, state or local agencies or regulators amend its guidelines or impose more stringent interpretations of current laws or regulations, Neural may not be able to comply with these new guidelines. As the products expected to be manufactured by Neural, through the CMOs engaged by Neural, will be ingested by consumers, Neural is always subject to the risk that one or more of its products that currently are not subject to regulatory action may become subject to regulatory action. Such regulations could require the reformation of certain products to meet new standards, market withdrawal or discontinuation of certain products not able to be reformulated, imposition of additional record keeping requirements, expanded documentation regarding the properties of certain products, expanded or different labeling and/or additional scientific substantiation. Failure to comply with applicable requirements could result in sanctions being imposed on Neural, its contract manufacturing partners or third-party distributors, including but not limited to fines, injunctions, product recalls, seizures and criminal prosecution.

Additionally, Health Canada and/or the FDA may not accept the evidence of safety for any new dietary ingredients that Neural, may decide to use, and Health Canada and/or the FDA's refusal to accept such evidence could result in designation of such dietary ingredients as adulterated, until such time as reasonable expectation of safety for the ingredient can be established to the satisfaction of Health Canada and/or the FDA.

There can be no assurance that Health Canada and/or the FDA will not consider particular labeling statements to be used by Neural to be drug claims rather than acceptable statements of nutritional support, necessitating approval of a costly new drug application, or re-labeling to delete such statements. It is also possible that such agencies could allege false statements were submitted to it if structure/function claim notifications were either non-existent or so lacking in scientific support as to be plainly false.

As a proposed dietary supplement distributor in the United States and a NHP distributor in Canada, Neural will be required to also follow cGMPs that apply to its specific distribution operations. Failure to comply with applicable cGMP regulations could result in sanctions being imposed on Neural, including fines, injunctions, civil penalties, delays, suspensions or withdrawals of approvals, operating restrictions, interruptions in supply, recalls, withdrawals, issuance of safety alerts, and criminal prosecutions, any of which could have a material adverse impact on Neural's business, financial condition, results of operations, and prospects. The FDA could also make negative cGMP findings public through a Warning Letter or

release of an FDA Form 483 observation report through the Freedom of Information Act request. Such negative publicity would adversely affect Neural's business, financial condition and results of operations.

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

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

Securities Regulatory Authorities and CSE Policies Regarding Business Activities

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

Risks Related to the Psychedelics Industry

Unfavorable Publicity or Consumer Protection

The success of the psychedelics-based drug industry may be significantly influenced by the public's perception of psychedelic medicinal applications. Psychedelics is a controversial topic, and there is no guarantee that future scientific research, publicity, regulations, medical opinion, and/or public opinion relating to psychedelics will be favorable. The psychedelics industry is an early stage industry that is constantly evolving, with no guarantee of viability. The market for psychedelic drugs and nutraceutical products is uncertain, and any adverse or negative publicity, scientific research, limiting regulations, medical opinion and public opinion relating to the consumption of psychedelics may have a material adverse effect on Neural's operational results, consumer base and financial results.

Furthermore, there can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favorable to the market for San Pedro derived products or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favorable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for Neural's products and the business, results of operations, financial condition and cash flows of Neural. Neural's dependence upon consumer perceptions means that adverse scientific research reports, findings, regulatory proceedings, litigation, media attention or other publicity, whether or not accurate or with merit, could have a material adverse effect on Neural, the demand for

Neural's products, and the business, results of operations, financial condition and cash flows of Neural. Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of cactus-derived products in general, or Neural's products specifically, or associating the consumption of cactus-derived products with illness or other negative effects or events, could have such a material adverse effect. Additionally, consumers may associate Neural's products with illegal psychoactive drugs, which are prohibited substances. Such adverse publicity reports or other media attention could arise even if the adverse effects associated with such products resulted from consumers' failure to consume such products appropriately or as directed.

Social Media

There has been a recent marked increase in the use of social media platforms and similar channels that provide individuals with access to a broad audience of consumers and other interested persons. The availability and impact of information on social media platforms is virtually immediate and many social media platforms publish user-generated content without filters or independent verification as to the accuracy of the content posted. Information posted about Neural may be adverse to Neural's interests or may be inaccurate, each of which may harm Neural's business, financial condition and results of operations.

Risks Related to Ownership of Securities of Neural

Dilution

Following completion of the Plan of Arrangement, Neural may have further research and development expenditures as it proceeds to expand research and development activities, develop its products or take advantage of opportunities for acquisitions, joint ventures or other business opportunities that may be presented to it. Neural may sell additional Neural Shares or other securities in the future to finance its operations or may issue additional Neural Shares or other securities as consideration for future acquisitions. Neural cannot predict the size or nature of future sales or issuances of securities or the effect, if any, that such future sales and issuances may have on the market price of Neural Shares. Sales or issuances of substantial numbers of Neural Shares, or the perception that such sales or issuances could occur, may adversely affect the future market price of Neural Shares and dilute each Neural Shareholder's equity position in Neural.

Market for Securities

Although Neural intends to apply to list Neural Shares on the CSE, there is currently no market through which Neural Shares may be sold and Neural Shareholders may not be able to resell Neural Shares acquired under the Plan of Arrangement. There can be no assurance that Neural will be able to successfully list the Neural Shares on the CSE or that an active trading market will develop for Neural Shares following the completion of the Plan of Arrangement, or if developed, that such a market will be sustained at the trading price of Neural Shares immediately after listing. There can be no assurance that fluctuations in the trading price will not have a material adverse impact on Neural's ability to raise equity funding without significant dilution to Neural Shareholders, or at all.

Securities markets have had a high level of price and volume volatility, and the market price of securities of many psychedelic companies, particularly those considered research or development stage companies, have experienced wide fluctuations in price that have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. Once listed, the trading price of Neural Shares may increase or decrease in response to a number of events and factors, not related to Neural's performance, and will, therefore, not be within Neural's control, including but not limited to, the market in which Neural Shares are traded, the strength of the economy generally, the availability and attractiveness of alternative investments and the breadth of the public market for Neural Shares. The effect of these factors on the market price of Neural Shares in the future cannot be predicted.

Significant Shareholder

If the Plan of Arrangement is completed, High Fusion is expected to hold approximately 33.6% of the issued and outstanding Neural Shares. As a result of the number of Neural Shares expected to be held by High Fusion, High Fusion may be in a position to affect the governance and operations of Neural, including matters requiring approval of Neural Shareholders, such as the election of directors, change of control transactions and the determination of other significant corporate actions. There can also be no assurance that the interests of High Fusion will align with the interests of Neural or Neural Shareholders, particularly in light of the other financial interests of High Fusion, and High Fusion will have the ability to influence certain actions that may not reflect the intent of Neural or align with the interests of Neural or Neural Shareholders. The ownership interest of High Fusion could limit the price that investors may be willing to pay for Neural Shares.

Early-Stage Company

Market perception of early-stage companies may change, potentially affecting the value of investors' holdings and the ability of Neural to raise further funds through the issue of further Neural Shares or otherwise. The share price of publicly traded early-stage companies can be highly volatile. The value of the Neural Shares may rise or fall and, in particular, the share price may be subject to sudden and large falls in value given the restricted marketability of the Neural Shares.

Management Discretion as to the Application and Use of Available Funds

Neural reserves the right to use the currently available funds for general business purposes not presently contemplated and deemed to be in the best interests of Neural and Neural Shareholders. As a result of the foregoing, the success of Neural may be substantially dependent upon the discretion and judgment of the Neural Board and management team with respect to application and allocation of available funds.

Absence of Operating History as a Public Company

Neural's management and the Board have limited experience operating as a public company. To operate effectively, Neural may be required to continue to implement changes in certain aspects of its business, improve its information systems and develop, manage and train management level and other employees to comply with ongoing public company requirements. Failure to take such actions, or delay in implementation thereof, could adversely affect Neural's business, financial condition, liquidity and results of operations and, more specifically, could result in regulatory penalties, market criticism or the imposition of cease trade orders in respect of the Neural Shares.

Dividend Policy

No dividends on Neural Shares have been paid by Neural to date. Neural anticipates that it will retain all earnings and other cash resources for the foreseeable future for the operation and development of its business. Neural does not intend to declare or pay any cash dividends in the foreseeable future. Payment of any future dividends will be at the discretion of the Neural Board after taking into account many factors, including Neural's operating results, financial condition and current and anticipated cash needs.

Potential Delay in Achieving or Failure to Achieve Publicly Announced Milestones

From time to time, Neural may announce the timing of certain events it expects to occur, such as the anticipated timing of results from its pre-clinical studies or other research and development efforts. These statements are forward-looking and are based on the best estimates of management at the time relating to the occurrence of such events. However, the actual timing of such events may differ from what has been publicly disclosed. The timing of events such as initiation or completion of a pre-clinical study, filing of an application to obtain regulatory approval, or announcement of additional clinical trials for a product

may ultimately vary from what is publicly disclosed. These variations in timing may occur as a result of different events, including the nature of the results obtained during a pre-clinical study or during a research phase, timing of the completion of pre-clinical trials, or any other event having the effect of delaying the publicly announced timeline. Neural 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 Neural's business plan, financial condition or operating results and the trading price of Neural Shares.

Future Sales of Neural Shares by Existing Neural Shareholders

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

The Market Price of the Neural Shares May be Volatile

Securities markets worldwide experience significant price and volume fluctuations. This market volatility, as well as the factors listed below, some of which are beyond Neural's control, could affect the market price of the Neural Shares:

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

Trading of Shares Through an Intermediary

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

If Securities or Industry Analysts Do Not Publish Research, or Publish Inaccurate or Unfavorable Research, About Neural's Business, the Price of Neural Shares and Trading Volume Could Decline

If Neural Shares become listed on an exchange the trading market for Neural Shares will depend, in part, on the research and reports that securities or industry analysts publish about Neural or its business. If one or more of the analysts who cover Neural downgrade Neural's stock or publish inaccurate or unfavorable research about Neural's business, the price of Neural Shares would likely decline. In addition, if Neural operating results fail to meet the forecasts of analysts, Neural's Share price would likely decline. If one or more of these analysts cease coverage of Neural or fail to publish reports on Neural regularly, demand for Neural's Shares could decrease, which might cause the price of Neural Shares and trading volume to decline.

Risks Related to Business of Neural Generally

Limited Operating History

Neural has a very limited history of operations in pharmaceutical and nutraceutical research and development and must be considered a start-up. As such, Neural is subject to many risks common to such enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources and lack of revenues. There can be no assurance that Neural will be successful in achieving a return on Neural Shareholders' investment and the likelihood of success must be considered in light of its early stage of operations. Neural has no history of earnings.

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

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

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

Difficult to Evaluate the Potential Success of Neural's Future Business

Neural's operations to date have been limited to organizing and staffing efforts, business planning, raising capital, conducting discovery and research activities, filing patent applications, identifying potential drug candidates, and establishing arrangements with third parties to supply raw materials and assist in conducting research and development efforts. Neural has not yet demonstrated the ability to successfully complete any pre-clinical or clinical trials, obtain marketing approvals, develop nutraceutical products or arrange for a third party to do so on Neural's behalf, or enter into agreements with third parties to conduct sales, marketing and distribution activities necessary for successful commercialization. Consequently, any predictions about Neural's future success or viability may not be as accurate as they could be if Neural had a longer operating history.

Becoming Subject to Public Company Costs

If the Plan of Arrangement is completed, Neural will become a reporting issuer in the Provinces of British Columbia, Alberta and Quebec. As a result, Neural will incur significant additional legal, accounting and filing fees that are required to be paid by reporting issuers, which at present, are not required. Securities legislation requires companies to, among other things, adopt corporate governance and related practices, and to continuously prepare and disclose material information all of which will significantly increase legal and financial compliance costs. Neural expects to have significant costs associated with being a reporting issuer, which will likely increase if Neural is successful in obtaining a listing on a stock exchange. Neural's ability to continue as a going concern will depend on positive cash flow, if any, from future operations and on its ability to raise additional funds through equity or debt financing. If Neural is unable to achieve the necessary results or raise or obtain funding to cover the costs of operating as a reporting issuer (and as a publicly traded company if it completes a listing), it may be forced to discontinue operations.

Lack of profitability

Neural has not generated any revenues to date and expects to continue to incur research and development and other expenses. Neural's prior losses, combined with expected future losses, have had and will continue

to have an adverse effect on Neural Shareholders' deficit and working capital, and Neural's future success is subject to significant uncertainty. As Neural has not begun generating revenue, it is extremely difficult to make accurate predictions and forecasts of Neural's finances and this is compounded by the fact that Neural operates in the psychedelic industry, which is a relatively new and rapidly transforming industry.

For the foreseeable future, Neural expects to continue to incur losses, which will increase significantly from recent historical levels as Neural expands its drug development activities, seeks regulatory approvals for its drug candidates and begins to commercialize them if they are approved by applicable authorities. Even if Neural succeeds in developing and commercializing one or more drug candidates, Neural may never become profitable.

Reliance on Management and Scientific & Impact Advisory Board

Neural will need to expand and effectively manage its managerial, operational, financial, development and other resources in order to successfully pursue its research, development and commercialization efforts. At this stage of its corporate development, Neural has limited the establishment of extensive administrative and operating infrastructure. The success of Neural is currently dependent on the performance of its management team, which also relies on advice and guidance of certain members of the Neural Board and Scientific & Impact Advisory Board, not all of whom are or will be bound by formal contractual employment agreements. Neural's success depends on its continued ability to attract, retain and motivate highly qualified people. The loss of the services of these persons would have a material adverse effect on Neural's business and prospects in the short term and could delay or prevent the commercialization of its products, and the business may be harmed as a result.

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

No Assurance of Commercial Success

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

Difficult to Forecast

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

Neural's Operations Are Subject to Human Error

Despite efforts to attract and retain qualified personnel, as well as the retention of qualified consultants, to manage Neural's interests, and even when those efforts are successful, people are fallible and human error could result in significant uninsured losses to Neural. These could include loss or forfeiture of licenses, significant tax liabilities in connection with any tax planning effort Neural might undertake and legal claims for errors or mistakes by Neural personnel.

Dependence and Availability of Inputs

Neural's products are derived from San Pedro cactus. Accordingly, Neural and/or its partners must acquire enough cacti so that the products can be produced to meet the demand of its customers and be in sufficient quantities to conduct research and development activities. Shortages of available raw materials for purchase could result in loss of opportunity and damage to Neural. San Pedro cactus is a natural plant, which mainly grows in warm climates, and predominantly in South America. If the use of San Pedro cactus achieves wider regulatory approval, and future demand for San Pedro expands, it may lead to shortages of supply. Neural is researching alternative sources of supply, including the creation of synthetic mescaline sources for the purpose of research and development. If Neural and/or its partners become unable to acquire commercial quantities of San Pedro cacti on a timely basis and at commercially reasonable prices, and are unable to find one or more replacement suppliers with the regulatory approvals to produce the cacti at a substantially equivalent cost, in substantially equivalent volumes and quality, and on a timely basis, Neural will likely be unable to meet its product development goals.

Changes in Capital and Operating Budgets

The quantum and timing of capital and operating expenditures may be dependent upon feedback from Neural's product development and marketing initiatives. As Neural further expands its business, it is possible that results and circumstances may dictate a departure from the pre-existing budget. Further, Neural may, from time to time as opportunities arise, utilize part of its financial resources to participate in additional opportunities that arise and fit within Neural business objectives, in order to create shareholder value.

Privacy and Data Regulation

Neural may be subject to federal, state and provincial data protection laws and regulations in the jurisdictions in which it operates, such as laws and regulations that address privacy and data security. Neural may obtain health information from third parties, which are subject to privacy and security requirements under applicable laws. Depending on the facts and circumstances, Neural could be subject to significant civil, criminal, and administrative penalties if it obtains, uses, or discloses individually identifiable health information maintained by entities covered by applicable health and data protection laws in a manner that is not authorized or permitted by such laws.

Compliance with privacy and data protection laws and regulations could require Neural to contractually restrict its ability to collect, use and disclose data, or in some cases, impact its ability to operate in certain jurisdictions. Failure to comply with these laws and regulations could result in civil, criminal and administrative penalties, private litigation, or adverse publicity and could negatively affect Neural's operating results and business. Moreover, clinical trial subjects, employees and other individuals may limit Neural's ability to collect, use and disclose information collected. Claims that Neural has violated privacy rights, failed to comply with data protection laws, or otherwise breached obligations, could be expensive and time-consuming to defend and could result in adverse publicity that could harm Neural's business.

Insurance and Uninsured Risk

Neural intends to obtain insurance coverage to address the material risks to which it is exposed. There can be no guarantee that Neural will be able to obtain adequate insurance coverage in the future or obtain or maintain liability insurance on acceptable terms or with adequate coverage against all potential liabilities. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of Neural Shares. The lack of, or insufficiency of, insurance coverage could adversely affect Neural's future cash flow and overall profitability.

Litigation

Neural may become party to litigation from time to time in the ordinary course of business. Should any litigation in which Neural becomes involved be determined against Neural, such a decision could adversely affect Neural's ability to continue operating and the market price for Neural Shares may decline as a result.

Even if Neural is involved in litigation and wins, litigation can redirect significant resources. Litigation may also create a negative perception of Neural's business.

Difficulty Operating as an Independent Entity

Following the Plan of Arrangement, the separation of Neural from the other business of High Fusion may materially affect Neural. Neural may not be able to implement successfully the changes necessary to operate independently and may incur additional costs relating to operating independently that could materially affect its future operations. Neural may require High Fusion to provide Neural with certain services and facilities on a transitional basis, and may, as a result, be dependent on such services and facilities until it is able to provide or obtain its own. It is therefore difficult to evaluate Neural's business and future prospects as a standalone company. The future success of Neural will be dependent on Neural's Board's and leadership teams' ability to implement its strategy as an independent entity and there can be no assurance that anticipated outcomes and sustainable revenue streams will be achieved. In addition, upon the Plan of Arrangement becoming effective, the operating history of High Fusion cannot be regarded as the operating history of Neural. The ability of Neural to raise capital, satisfy its obligations and provide a return to Neural Shareholders will be dependent on future performance. It will not be able to rely on the capital resources and cash flows of High Fusion. In addition, Neural will need to raise financing on a standalone basis without reference to High Fusion and may not be able to secure adequate debt or equity financing on desirable terms or at all.

Neural May Not Be Able to Accurately Predict Its Future Capital Needs

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

Neural's Operations Could Be Adversely Affected by Events Outside of its Control, such as Natural Disasters, Wars or Health Epidemics

The COVID-19 pandemic has negatively impacted and increased volatility of global financial markets and may continue to do so. The economic viability of Neural's long-term business plan will be impacted by its ability to obtain financing, and global economic conditions impact the general availability of financing through public and private debt and equity markets, as well as through other avenues.
Neural may be impacted by business interruptions resulting from pandemics and public health emergencies, including those related to COVID-19 coronavirus, geopolitical actions, including war and terrorism or natural disasters including earthquakes, typhoons, floods and fires. An outbreak of infectious disease, a pandemic or a similar public health threat, such as the recent outbreak of the novel coronavirus known as COVID-19, or a fear of any of the foregoing, could adversely impact Neural by causing operating, manufacturing supply chain, clinical trial and project development delays and disruptions, labor shortages, travel and shipping disruption and shutdowns (including as a result of government regulation and prevention measures). Neural may incur expenses or delays relating to such events outside of its control, which could have a material adverse impact on its business, ability to achieve stated milestones, operating results and financial condition. It is anticipated that the spread of COVID-19 and global measures to contain it, will have an impact on Neural, however it is challenging to quantify the potential magnitude of such impact at this time. Neural believes that the ongoing COVID-19 restrictions may impact the planned clinical development timelines of its programs, including the timing of future pre-clinical and future clinical activities related to its products. Future crises may be precipitated by any number of causes, including

additional epidemic diseases, natural disasters, geopolitical instability, changes to commodity prices and/or sovereign defaults. If increased levels of volatility continue or in the event of a rapid destabilization of global economic conditions, it may result in a material adverse effect on demand for Neural's proposed products, the availability of credit, investor confidence, and general financial market liquidity, all of which may adversely affect Neural's operations and business and the market price of Neural Shares.

Tax Matters

Neural's taxes will be affected by several factors, some of which are outside of its control, including the application and interpretation of the relevant tax laws and treaties. If Neural's filing position, application of tax incentives or similar "holidays" or benefits were to be challenged for any reason, this could have a material adverse effect on Neural's business, results of operations and financial condition.

Neural will be subject to routine tax audits by various tax authorities. Tax audits may result in additional tax, interest payments and penalties which would negatively affect Neural's financial condition and operating results. New laws and regulations or changes in tax rules and regulations or the interpretation of tax laws by the courts or the tax authorities may also have a substantial negative impact on Neural's business. There is no assurance that Neural's financial condition will not be materially adversely affected in the future due to such changes.

Management of Growth

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

Product Liability, Operational Risk

As a manufacturer and distributor of products designed to be ingested by humans, Neural faces an inherent risk of exposure to product liability claims, regulatory action, and litigation if its products are alleged to have caused significant loss or injury. In addition, the manufacture and sale of San Pedro cactus derived products involve the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. Previously unknown adverse reactions resulting from human consumption of Neural's products alone or in combination with other medications or substances could occur. Neural may be subject to various product liability claims, including, among others, that Neural's products caused injury or illness, include inadequate instructions for use or include inadequate warnings concerning possible side effects or interactions with other substances. A product liability claim or regulatory action against Neural could result in increased costs, could adversely affect Neural's reputation with its customers and consumers generally, and could have a material adverse effect on Neural's results of operations and financial condition of Neural.

Conflicts of Interest

Certain of the prospective directors and officers of Neural also serve as directors and/or officers of other companies involved in psychedelics and life sciences industries and, consequently, there exists the possibility for such directors and officers to be in a position of conflict. Neural expects that any decision made by any of such directors and officers involving Neural will be made in accordance with their duties and obligations to deal fairly and in good faith with a view to the best interests of Neural and Neural Shareholders, but there can be no assurance in this regard. In addition, each of Neural's directors will be required to declare and refrain from voting on any matter in which such directors may have a conflict of interest or which are governed by the procedures set forth in the OBCA and any other applicable law. In the event that Neural's directors and officers are subject to conflicts of interest, there may be a material adverse effect on its business.

Disclosure and Internal Controls

Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Disclosure controls and procedures are designed to ensure that the information required to be disclosed by Neural in reports that it will be required to file with securities regulatory agencies is recorded, processed, summarized and reported on a timely basis. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance with respect to the reliability of financial reporting and financial statement preparation. Neural's failure to satisfy the requirements of applicable Canadian securities laws on an ongoing, timely basis could result in the loss of investor confidence in the reliability of its financial statements, which in turn could harm its business and negatively impact the trading price of Neural Shares. In addition, any failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm Neural's operating results or cause it to fail to meet its reporting obligations.

Global Financial Conditions

Global financial conditions continue to be characterized as volatile. In recent years, global markets have been adversely impacted by various credit crises and significant fluctuations in fuel and energy costs and metals prices, and the COVID-19 pandemic. Many industries, including the life sciences and psychedelics industries, have been impacted by these market conditions. Global financial conditions remain subject to sudden and rapid destabilizations in response to future events, as government authorities may have limited resources to respond to future crises. A continued or worsened slowdown in the financial markets or other economic conditions, including but not limited to consumer spending, employment rates, business conditions, inflation, fuel and energy costs, consumer debt levels, lack of available credit, the state of the financial markets, interest rates and tax rates, may adversely affect Neural's growth and prospects. Future crises may be precipitated by any number of causes, including natural disasters, geopolitical instability, changes to energy prices or sovereign defaults. If increased levels of volatility continue or in the event of a rapid destabilization of global economic conditions, it may result in a material adverse effect on availability of credit, investor confidence, and general financial market liquidity, all of which may adversely affect Neural's business and the market price of Neural Shares.

Enforcement of Legal Rights

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

Currency Exchange Rates

Exchange rate fluctuations may adversely affect Neural's financial position and results. Neural's financial results are reported in Canadian Dollars and some if its costs may be incurred in other currencies. The depreciation of the Canadian dollar against other currencies could increase the actual capital and operating costs of Neural's operations and materially adversely affect the results presented in Neural's financial statements. Currency exchange fluctuations may also materially adversely affect Neural's future cash flow from operations, its results of operations, financial condition, and prospects.

Unanticipated Obstacles to Execution of the Business Plan

The execution of Neural's business plan is capital intensive and may become subject to adverse changes in statutory or regulatory requirements. Neural reserves the right to make significant modifications to its business plans as necessary based on future events.

Ability to Continue as a Going Concern

Neural had negative operating cash flow for the period for which this MD&A was prepared. There is no assurance that sufficient revenues will be generated in the near future, if at all. Neural will require additional funding in order to continue its research and development programs and other operating activities. These circumstances cast significant doubt as to Neural's ability to continue as a going concern.

Forward-Looking Statements and Information May Prove Inaccurate

Investors are cautioned not to place undue reliance on forward-looking statements and information. By their nature, forward-looking statements and information involves numerous assumptions, known and unknown risks and uncertainties, of both a general and specific nature, that could cause actual results to differ materially from those suggested by the forward-looking statements and information or contribute to the possibility that predictions, forecasts, or projections will prove to be materially inaccurate. Additional information on the risks, assumptions, and uncertainties are found hereto under the heading "*Cautionary Note About Forward Looking Information*".

Risks Related to Neural's Nutraceutical Business

Neural's Management Has Limited Experience in the Area of Nutraceutical Products

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

Ability to Introduce and Market New Products

Neural's nutraceutical business will be reliant on the production and distribution of San Pedro cactus-based products and believes that the anticipated market for its potential products will continue to exist and expand. If Neural's products do not achieve sufficient market acceptance, it will be difficult for Neural to achieve profitability. If the cactus or functional foods market declines or Neural's products fail to achieve greater market acceptance once the products are introduced, Neural will not be able to increase its revenues in order to achieve consistent profitability.

Even when product development is successful and regulatory approval has been obtained, Neural's ability to generate significant revenue depends on the acceptance of its products by consumers. Neural cannot be sure that its San Pedro cactus-based products will achieve the expected market acceptance and revenue if and when they obtain the requisite regulatory approvals. The market acceptance of any product depends on a number of factors, including the indication statement and warnings approved by regulatory authorities on the product label, continued demonstration of efficacy and safety in commercial use, the price of the

product, the nature of any post-approval risk management plans mandated by regulatory authorities, competition, and marketing and distribution support. Any factors preventing or limiting the market acceptance of Neural's products could have a material adverse effect on Neural's business, results of operations, and financial condition.

Because the San Pedro cactus-based products industry is in a nascent stage with uncertain boundaries, there is a lack of information about comparable companies available for potential investors to review in deciding about whether to invest in Neural and, few, if any, established companies whose business model Neural can follow or upon whose success Neural can build. There can be no assurance that Neural'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.

Neural Relies on CMOs Over Whom it May Have Limited Control

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

Reliance on Third-Party Distributors

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

Neural May Face Intense Competition And Expects Competition to Increase in the Future, Which Could Prohibit Its Development of Customer Base and Generating Revenue

The nutraceutical product industry may become more competitive in the future. Neural may increasingly compete with numerous other businesses in the industry, many of which may come to possess greater financial and marketing resources and other resources than Neural. Such business is often affected by changes in consumer tastes and discretionary spending patterns, national and regional economic conditions, demographic trends, consumer confidence in the economy, local competitive factors, cost and availability of raw material and labour, and governmental regulations. Any change in these factors could materially and adversely affect Neural's operations.

Due to the early stage of the industry in which Neural operates, Neural expects to face additional competition from new entrants. If the number of consumers of such products in the target jurisdictions

increases, the demand for products will increase and Neural expects that competition will become more intense, as current and future competitors begin to offer an increasing number of diversified products. To remain competitive, Neural will require a continued high level of investment in research and development, marketing, sales and client support. Neural may not have sufficient resources to maintain research and development, marketing, sales and client support efforts on a competitive basis which could materially and adversely affect the business, financial condition and results of operations Neural.

Success of Products is Dependent on Public Taste

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

Risks Related to Neural's Pharmaceutical Business

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

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

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

The outcome of pre-clinical or clinical studies may not predict the success of later trials and tests that may be required and interim results of pre-clinical or clinical studies do not necessarily predict final results. A number of companies in the industry have suffered significant setbacks due to lack of efficacy or unacceptable safety profiles, notwithstanding promising results in earlier tests and trials. Positive results from pre-clinical or clinical studies should not be relied upon as an indication of future commercial success. There is no assurance that the pre-clinical or clinical studies that it may conduct will demonstrate adequate

efficacy and safety to result in regulatory approval to market any of its products in any jurisdiction. Products that Neural is developing may fail for safety or efficacy reasons at any stage of the testing process. If Neural cannot demonstrate safety and effectiveness of its products through pre-clinical or clinical trials, it will need to re-evaluate its strategic plans. Furthermore, the quality and robustness of the results and data of any pre-clinical study Neural conducts will depend upon the selection of a patient population for clinical testing. If the selected population is not representative of the intended population, further clinical testing of product candidates or termination of research and development activities related to the selected indication may be required. Neural's ability to commence pre-clinical or clinical studies or the choice of product development path could compromise business prospects and prevent the achievement of revenue.

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

Neural Expects to Incur Significant Research and Development Expenses, Which May Make it Difficult to Attain Profitability

Neural expects to expend substantial funds in its research and development efforts, including preclinical studies and clinical trials, as well as for working capital requirements and other operating and general corporate purposes to support such efforts. Moreover, an increase in headcount would dramatically increase Neural's costs in the near and long term. Due to the limited financial and managerial resources, Neural's resource allocation decisions may cause its business to fail to capitalize on viable opportunities, including product candidates or profitable market opportunities.

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

Research and Development Studies Including Pre-Clinical and Clinical Trials May Have Negative Results or Reveal Adverse Safety Events

From time to time, studies or clinical trials on various aspects of biopharmaceutical products 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 products that are the subject of the study. The publication of negative results of studies or clinical trials or adverse safety events related to Neural's intendent products, or the therapeutic areas in which its product candidates compete, could adversely affect the price of Neural's Shares and ability to finance future research and development efforts, and could materially and adversely affect Neural's business and financial results.

Neural Relies on Third Parties to Conduct, Supervise, and Monitor its Research and Development Efforts

Neural relies on various third-parties including Cayetano University, Cactus Knize, CGS and others, which may include without limitation CROs, CRO-contracted vendors, medical institutions, clinical investigators and contract laboratories and pre-clinical trial sites to ensure the proper and timely conduct of the research and development studies and other scientific studies, including pre-clinical studies required to determine safety of San Pedro derived mescaline extract for its pharmaceutical business and San Pedro derived pulp fiber. Neural's reliance on CROs for pre-clinical development activities limits Neural's control over these activities and neither Neural, nor its management were involved in developing CRO's policies and procedures, but Neural is ultimately responsible for ensuring that each of its studies is conducted in accordance with the applicable protocol and legal, regulatory, and scientific standards.

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

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

Furthermore, while Neural's management believes that there are many CROs that are qualified to carry out the work that Neural wishes to contract to advance its product development efforts, Neural may not be able to enter into arrangements with alternative CROs or do so on commercially reasonable terms. Switching or adding additional CROs and related research partners involves substantial cost and requires management's time and focus. In addition, there is a natural transition period when a new CRO commences work. As a result, delays occur, which can materially impact Neural's ability to meet its desired product development timelines. Though Neural intends to carefully manage its relationships with its CROs, there can be no assurance that Neural will not encounter challenges or delays in the future or that these delays or challenges will not have an adverse impact on Neural's business, financial condition, and prospects.

Pre-Clinical Research And Development Work May Rely on Evaluations in Animals, Which is Controversial and Neural May Become Subject to Bans or Additional Regulations

Development of Neural's pharmaceutical and/or nutraceutical products may require animal testing. Although the animal testing would be conducted by a licensed CRO, which is subject to GLPs, animal testing in the industry continues to be the subject of controversy and adverse publicity. Some organizations and individuals have sought to ban animal testing or encourage the adoption of additional regulations applicable to animal testing. To the extent that such bans or regulations are imposed, Neural's research and development activities, and by extension Neural's operating results and financial condition, could be adversely impacted. In addition, negative publicity about animal practices by Neural's CROs and by extension Neural could harm Neural's reputation among potential customers.

Delays in Projected Development Goals

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

Risks Related to Neural's Intellectual Property

Neural May be Unable to Prevent Disclosure of Its Trade Secrets or Other Confidential Information to Third Parties

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

Inability to Protect Intellectual Property Rights

Neural does not currently hold a patent or other form of intellectual property protection on its know-how, including the intellectual property rights acquired pursuant to the IP Development Agreement. While Neural has submitted the Provisional Application with respect to the technology rights that it acquired pursuant to the IP Development Agreement, there can be no guarantee that any future patent applications or submissions may be filed by Neural as a result of research into the use of San Pedro cacti, including the planned pre-clinical trials and other research and development activities or Neural, will be granted, or if granted, that the patent protections will be issued in the form requested.

Accordingly, the scope of protection, if any, that may be afforded by applications for intellectual property rights for Neural is uncertain. Further, even if patents are issued from future applications, those patents issued or otherwise acquired by or assigned to Neural may be subject to invalidation proceedings commenced by third parties. The validity of an issued patent may be attacked on a number of grounds, and such invalidation proceedings are inherently unpredictable, and can lead to the subject patent protection being ordered invalid and therefore unenforceable.

The success of Neural will depend, in part, on its ability to maintain proprietary protection over its technology, know-how and trade secrets and operate without infringing the proprietary rights of third parties. Despite precautions, it may be possible for a third party to copy or otherwise obtain and use Neural's intellectual property without authorization. There can be no assurance that any steps taken by Neural will prevent misappropriation of its intellectual property. Litigation could result in substantial costs and

diversion of resources and the inability of Neural to protect any technology it may develop, which could have a material adverse effect on Neural's business, results of operations, financial condition and profitability.

Infringement of Intellectual Property Rights

While Neural believes that its planned services do not infringe upon the proprietary rights of third parties, its commercial success depends, in part, upon Neural not infringing upon the intellectual property rights of others. A number of Neural's competitors and other third parties may have been issued or filed for patents and proprietary rights for treatments similar to those being developed or utilized by Neural. Some of these patents may grant very broad protection to the owners of the patents. Neural has not undertaken a review to determine whether any existing third-party patents or the issuance of any third-party patents would require Neural to alter its treatment services or cease certain activities. Neural may become subject to claims by third parties that its services infringe on their intellectual property rights.

Internal Control over Financial Reporting

Internal controls over financial reporting are procedures designed to provide reasonable assurance that transactions are properly authorized, assets are safeguarded against unauthorized or improper use, and transactions are properly recorded and reported. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance with respect to the reliability of financial reporting and financial statement preparation.

Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including Neural's President and Chief Executive Officer and Chief Financial Officer, on a timely basis so that appropriate decisions can be made regarding public disclosure. As at July 31, 2022 covered by this management's discussion and analysis, management of Neural, with the participation of the Chief Executive Officer and the Chief Financial Officer, evaluated the effectiveness of Neural's disclosure controls and procedures as required by Canadian securities laws.

Based on that evaluation, the President and Chief Executive Officer and the Chief Financial Officer have concluded that, as of the end of the period covered by this management's discussion and analysis, the disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in Neural's annual filings and interim filings (as such terms are defined under Multilateral Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings) and other reports filed or submitted under Canadian securities laws is recorded, processed, summarized and reported within the time periods specified by those laws and that material information is accumulated and communicated to management of Neural, including the President and Chief Executive Officer and the Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Cautionary Note Regarding Forward Looking Statements

This document includes "forward-looking information" and "forward-looking statements" within the meaning of Canadian securities laws. All statements, other than statements of historical fact, made by Neural that address activities, events or developments that Neural expects or anticipates will or may occur in the future are forward-looking statements, including statements preceded by, followed by or that include words such as "may", "will", "would", "could", "should", "believes", "estimates", "projects", "potential" "potentially", "expects", "plans", "intends", "anticipates", "targeted", "continues", "forecasts", "designed", "goal", or the negative of those words or other similar or comparable words. Forward-looking statements may relate to future financial conditions, results of operations, plans, objectives, performance or business

developments. These statements speak only as at the date they are made and are based on information currently available and on management's current expectations and assumptions concerning Neural's future events, financial conditions, results of operations, plans, objectives, performance, business developments, objectives or milestones. Actual results and developments may differ materially from those contemplated by these statements. Forward-looking statements in this document include statements related to, the business and future activities of Neural, and developments related to, Neural after the date of this document, including but not limited to, statements relating to future business strategy, competitive strengths, goals, expansion and growth of Neural's business, operations and plans, including potential new revenue streams, the completion of contemplated research and development projects by Neural, changes in laws or regulatory requirements, the impact of the COVID-19 pandemic, the business objectives of Neural and its research and development activities, the acceptance in the medical community of mescaline and other psychedelic substances as effective treatments for depression, post-traumatic stress disorder, addiction and other mental health conditions, the funds available to Neural and the use of such funds, the healthcare industry in Canada, United States and globally, the ability of Neural to achieve certain milestones discussed herein on the timelines expected by Neural or at all.

Forward-looking statements are subject to a number of known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from that which are expressed or implied by such forward-looking statements. These risks and uncertainties include those related to: the ability of Neural to secure additional financing for current and future operations and capital projects, as needed; risks and costs associated with being a publicly traded company); future issuances or actual or potential sales of securities; negative operating cash flow and continued operations as a going concern; discretion over the use of proceeds; unpredictability and volatility of the listed securities of Neural; speculative nature of an investment in the securities of Neural; limited operating history of Neural as a public company; a significant number of Neural Shares are owned by a limited number of shareholders, including without limitation High Fusion; the expected future losses of Neural and profitability; significant risks inherent in the nature of the health clinic industry; risks associated with failure to achieve its publicly announced milestones according to schedule, or at all; risks related to Neural's business in Peru; risks associated with the regulation of mescaline and psychedelic cacti in Canada, United States, Peru, Saint Vincent and the Grenadines, and elsewhere; violations of laws and regulations, unintentionally and due to gross negligence; reliance on the capabilities and experience of its key executives and scientists; changes to legislation; the possible engagement in misconduct or other improper activities by employees, consultants, or third parties; the expansion of Neural's business through acquisitions or collaborations; risks related to third-party licenses; reliance on third parties; no assurance of an active or liquid market; public markets and share prices; additional issuances and dilution; the ability of Neural to secure additional financing for current and future operations and capital projects, as needed, which may not be available on acceptable terms, or at all; Neural's dependence on management and key personnel; general economic, market and business conditions, early-stage industry growth rates, the risks associated with competition from other companies directly or indirectly engaged in Neural's industry; foreign currency exchange rate fluctuations and its effects on Neural's operations; the risks and costs associated with being a publicly traded company, the market demand for Neural Shares; the impact of the COVID-19 pandemic; non-compliance with laws; unfavorable publicity or consumer perception; patient acquisitions; drug development risks; substantial risks of regulatory or political change; the ability to obtain necessary government permits and licenses; mescaline as a pharmaceutical; negative cash flow from operating activities; management of growth; intellectual property; litigation; insurance coverage; Neural being a holding company; the industry being difficult to forecast; conflicts of interest; enforcement of legal rights; emerging market risks; enforcement of legal rights in foreign jurisdictions; inadequate internal controls over financial reporting; cyber-attacks; reliance upon insurers and governments; and difficulty in enforcing judgments and effecting service of process on directors and officers. Other risks and uncertainties not presently known to Neural or that Neural presently believe are not material could also cause actual results or events to differ materially from those expressed in the forward-looking statements contained herein.

There can be no assurance that such forward-looking information and statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such information and statements. Accordingly, readers should not place undue reliance on forward-looking information and statements. The forward-looking information and statements contained herein are presented for the purposes of assisting readers in understanding Neural's expected financial and operating performance and Neural's plans and objectives and may not be appropriate for other purposes.

The forward-looking information and statements contained in this document represent Neural's views as of the date of this document and forward-looking information and statements contained in the documents incorporated by reference herein represent Neural's views as of the date of such documents, unless otherwise indicated in such documents. Neural anticipates that subsequent events and developments may cause its views to change. Readers are cautioned not to place undue reliance on forward-looking statements contained in this document, which reflect the analysis of the management of Neural only as of the date of this document. Neural does not undertake any obligation to release publicly the results of any revision to these forward-looking statements which may be made to reflect events or circumstances after the date of this document or to reflect the occurrence of unanticipated events, except as required by the Securities Legislation.

Readers are cautioned that the foregoing lists of risks, uncertainties and other factors are not exhaustive. The forward-looking statements contained herein are made as of the date that appears on the title page hereof and Neural undertakes no obligation to update publicly or revise any forward-looking statements or in any other documents filed with Canadian securities regulatory authorities, whether as a result of new information, future events or otherwise, except in accordance with applicable securities laws. The forward-looking statements are expressly qualified by this cautionary statement.

Management's Responsibility for Financial Information

Management is responsible for all information contained in this report. The financial statements have been prepared in accordance with International Financial Reporting Standards and include amounts based on management's informed judgments and estimates. The financial and operating information included in this report is consistent with that contained in the financial statements in all material aspects.

Management maintains internal controls to provide reasonable assurance that financial information is reliable and accurate, and assets are safeguarded.

The Board of Directors has approved the financial statements on the recommendation of the Audit Committee.

March 14, 2023

Ian Campbell - Chief Executive Officer
Omar Gonzalez - Chief Financial Officer

SCHEDULE "J"
UNAUDITED FINANCIAL STATEMETNS OF NEURAL
FOR THE THREE MONTHS ENDED OCTOBER 31, 2022 AND 2021

Neural Therapeutics Inc.

(formerly, Psychedelic Sciences Corp.)

Condensed Interim Consolidated Financial

Statements

Three Months Ended October 31, 2022

(Expressed in Canadian Dollars, unless otherwise noted)

Notice To Reader

The accompanying condensed interim consolidated financial statements of Neural Therapeutics Inc. (the "Company") have been prepared by and are the responsibility of management. The condensed interim consolidated financial statements have been reviewed by the Company's auditors.

Neural Therapeutics Inc.
(Formerly Psychedelic Science Corp.)
Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	Notes	October 31, 2022	July 31, 2022
Assets			
Cash		**184,090**	371,878
Harmonized sales tax receivable		**60,811**	50,692
Prepaid expense		**26,000**	32,000
Total Assets		**270,901**	454,570
Liabilities			
Accounts payable	4	**148,155**	179,496
Accrued liabilities		**222,469**	148,540
Due to related parties	8	**136,000**	136,000
Total Liabilities		**506,624**	464,036
Shareholder's Deficit			
Share capital	5	**2,234,636**	2,067,517
Shares to be issued	6	**-**	42,000
Reserve for warrants	7	**303,005**	275,622
Deficit		**(2,773,364)**	(2,394,605)
Total Deficit		**(235,723)**	(9,466)
Total Liabilities and Deficit		**270,901**	454,570

Approved on behalf of the Board:

"Ian Campbell", Director (signed)

"John Durfy.", Director (signed)

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Neural Therapeutics Inc.
(Formerly Psychedelic Science Corp.)
Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

Three months ended October 31,	**Notes**	**2022**	**2021**
Operating Expenses			
Salaries, wages and benefits		**78,312**	31,875
Consulting fees		**66,960**	-
Research expenses		**37,500**	1,773
Professional fees		**115,728**	-
General and administrative		**78,152**	-
Bank fees		**1,757**	-
		378,409	33,648
Foreign exchange loss		**350**	559
		378,759	34,207
Loss before income taxes		**(378,759)**	(34,207)
Income taxes		-	-
Net loss		**(378,759)**	(34,207)
Weighted average number of common shares outstanding -Basic and diluted		**39,275,435**	36,766,667
Weighted qverage number of common shares outstanding -Basic and diluted		**(0.01)**	(0.00)

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Neural Therapeutics Inc.
(Formerly Psychedelic Science Corp.)
Condensed Interim Consolidated Statements of Cash Flow
(Expressed in Canadian Dollars)

Three months ended October 31,	**2022**	**2021**
Operating activities		
Net loss for the period	**(378,759)**	(34,207)
Items not affecting cash:		
Shares issued for penalty and debt settlement	**112,500**	-
	(266,259)	(34,207)
Change in non-cash working capital:		
Harmonized sales tax receivable	**(10,119)**	-
Accounts payable and accrued Liabilities	**42,590**	6,875
Prepaid expense	**6,000**	-
Net cash provided used in operating activities	**(227,788)**	(27,332)
Financing activities		
Due to (from) related parties	**-**	27,332
Proceeds from issuance of shares and warrants	**40,000**	-
Cash flows provided by financing activities	**40,000**	**27,332**
Cash at the beginning of period	**371,878**	**-**
Cash at the end of period	**184,090**	**-**

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Neural Therapeutics Inc.
(Formerly Psychedelic Science Corp.)
Condensed Interim Consolidated Statements of Changes in Shareholders' Equity (Deficiency)
(Expressed in Canadian Dollars)

Description	Number of Common shares #	Share capital $	Reserve for warrants $	Shares to be issued $	Accumulated deficit $	Total shareholders' equity (deficiency) $
Balance as at July 31, 2021	**23,583,334**	**1,535,599**	-	-	**(576,150)**	**959,449**
Net loss for the period	-	-	-	-	(34,207)	(34,207)
Balance as at October 31, 2021	**23,583,334**	**1,535,599**	-	-	**(610,357)**	**925,242**
Balance as at July 31, 2022	**36,766,667**	**2,067,517**	**275,622**	**42,000**	**(2,394,605)**	**(9,466)**
Shares issued penalty	1,000,000	75,000	-	-	-	75,000
Shares issued private placement	1,093,333	56,702	25,991	(42,000)	-	40,693
Shares issued for debt settlement	500,000	37,500	-	-	-	37,500
Shares issuance costs	-	(2,083)	1,392	-	-	(691)
Net loss for the period	-	-	-	-	(378,759)	(378,759)
Balance as at October 31, 2022	**39,360,000**	**2,234,636**	**303,005**	-	**(2,773,364)**	**(235,723)**

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

1. Nature of operations and going concern

Neural Therapeutics Inc. (formerly Psychedelic Sciences Corp.) ("NT" or the "Company") is a private company incorporated in Ontario on June 2, 2020 under the Ontario Business Corporations Act. Neural Therapeutics Inc. is an ethnobotanical drug-discovery/development company focused on developing products and conducting research with psychoactive plants.

The initial focus of the Company will be the San Pedro (*Echinopsis pachanoi* or *Trichocereus pachanoi*), a cactus containing *mescaline*. The Company working to identify where plant-based traditional-medicine has proven to be effective and capitalize on the development of a path to market in both Pharmaceutical (use of Mescaline) and Nutraceutical (where Mescaline is absent)

Effective November 8, 2021, the Company changed its name to Neural Therapeutics Inc.

The Company is domiciled in Canada and its registered and records office is located at 77 King Street West, Suite 3000, Toronto, Ontario, M5K 1G8, Canada.

As at October 31, 2022, the Company had working capital deficiency of $235,723 (July 31,2022 – working capital of $9,466;), had accumulated losses of $2773,364 (July 31, 2022 - $2,394,605), and expects to incur further losses in the development of its business, all of which describe the material uncertainties that cast significant doubt upon the Company's ability to continue as a going concern. The ability of the Company to continue as a going concern is dependent on its ability to obtain further funding, manage cash flows, and restructure borrowings. There is a significant uncertainty as to whether the Company will be able to continue as a going concern and therefore, whether it will continue its normal business activities and realize its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the condensed interim consolidated financial statements. These condensed interim consolidated financial statements do not include adjustments relating to the recoverability and classification of recorded assets or to the amounts and classification of liabilities that might be necessary should the Company not continue as a going concern which could be material.

These condensed interim consolidated financial statements do not reflect adjustments to the carrying values of assets and liabilities that would be necessary if the Company were unable to continue as a going concern and achieve profitable commercial operations and/or obtain adequate financing and support from its shareholders and trade creditors.

If the going concern assumption was not appropriate for these financial statements, adjustments would be necessary to the carrying values of assets and liabilities, net and comprehensive loss, and statements of financial position classifications used. Such adjustments could be material.

2. Basis of preparation

2.1 Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. The condensed interim consolidated financial statements should be read in conjunction with the annual financial statements for the year ended July 31, 2022, which have been prepared in accordance with IFRS as issued by the IASB.

These condensed interim consolidated financial statements were reviewed, approved and authorized for issuance by the Company's Board of Directors on March 14, 2023.

2.2 Basis of measurement

These condensed interim consolidated financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for assets and services. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

(Expressed in Canadian Dollars)

On June 2, 2020, the Company acquired all the outstanding shares of Kruzo LLC ("Kruzo"), a private company, was incorporated in State of Nevada, and Kruzo became the wholly owned subsidiary of the Company. During the three months ended October 31, 2022, there were not business activities in Kruzo.

3. Business and asset acquisitions and disposals

On June 2, 2020, the Company acquired all the outstanding ownership interest in Kruzo, in exchange for common shares of the Company (the "Kruzo Acquisition"). The unitholders of Kruzo were issued an aggregate of 3,429,730 units of the Company. Each unit is comprised of one (1) common share in the capital of the Company and one (1) common share purchase warrant ("Warrant"). Each Warrant entitles the holder thereof to purchase one (1) common share in the capital of the Company at a price of $0.29 for a period of 24 months from the date of issuance (collectively referred to as a "Unit").

The acquisition of the Kruzo did not meet the definition of a business in accordance with IFRS 3, and as a result has been accounted for as an asset acquisition. The fair values of 3,429,730 units of the Company was estimated as $100,000, which was recorded as acquisition expense.

On August 14, 2020, High Fusion Inc., a public company with common management, acquired all the outstanding common shares of the Company, in exchange for common shares of High Fusion Inc. on a one-for-one basis (the "NT Acquisition").

Pursuant to the NT Acquisition, the outstanding Warrants of the Company were assumed by High Fusion Inc., resulting in the elimination of 24,098,109 Warrants from the Company.

Since all warrants were eliminated in August 2020, $Nil value was allocated to warrants issued for Kruzo Acquisition.

4. Accounts payable and accrued liabilities

The breakdown of the accounts payable and accrued liabilities is as follows:

	October 31, 2022	July 31, 2022
Accrued Wages : (i)	156,917	100,480
Accrued Consulting	65,552	48,060
Accounts Payable	148,155	179,496
Total	370,624	328,036

i) Accrued wages relate to management compensation to the CEO, CFO and its Directors (Note 8).

5. Share capital

The Company is authorized to issue an unlimited number of common shares without par value.

On January 28, 2022, the Company consolidated its issued and outstanding common shares on the basis of 1-post consolidation common share for every 5.83136252 issued and outstanding pre-consolidation common shares. All reference to common shares and warrants of the Company contained herein have been adjusted to reflect the consolidation.

(Expressed in Canadian Dollars)

	Shares Issued	$
Balance, July 31, 2021	**23,583,334**	1,535,599
Balance, October 31, 2021	**23,583,334**	**1,535,599**
Balance, July 31, 2022	**36,766,667**	**2,067,517**
Shares Issued for Financing (i)	**1,093,333**	**56,702**
Shares Issued for service (ii)	**1,000,000**	**75,000**
Shared Issued for debt (iii)	**500,000**	**37,500**
Share issuance cost		**(2,083)**
Balance, October 31, 2022	**39,360,000**	**2,234,636**

(i) On August 3, 2022, the company completed a second tranche to the Offering for gross proceeds of $82,000 by way of a private placement of units ("August 22 Offering") Pursuant to the August 22 Offering, the Company issued 1,093,333 Units at a price of $0.075 per Unit. Each Unit is comprised of one common share of the Company and one-half of one common share purchase warrant, with each whole warrant exercisable for one Common Share at an exercise price of $0.10 per Common Share for a period ending on the earlier of: (a) 36 months following the closing of the August 22 Offering; and (b) 24 months following the time the Company completes a going public transaction.

As part of this financing, the Company issued 20,800 broker warrants. Each broker warrant entitled the holder to purchase one common share of the Company at a price of $0.075 at any time and from time to time up the earlier of (a) 36 months after the date hereof and (b) 24 months following the time the Company completes a going public transaction.

(ii) In accordance with the terms of the February 22 Offering, on August 3, 2022, the Company issued 1,000,000 additional Common Shares to the purchasers of the February 22 Offering on one Common of the Company for every 10 Units purchased in February 2022 (“February 22 Penalty Shares”). These Common Shares were issued because the Company did not achieve a Public Offering within 6 months of the date of closing of the February 22 Offering. The valuation of the February 22 Penalty Shares is recorded as $75,000 in the capital account of the Company.

(iii) In September 2022, the Company issued 500,000 common shares as the consideration for the service rendered by a third party and intellectual property rights acquired.

6. Shares to be issued

On August 3, 2022, the company completed a second tranche to the Offering for gross proceeds of $82,000 by way of a private placement of units ("August 22 Offering") Pursuant to the August 22 Offering, the Company issued 1,093,333 Units at a price of $0.075 per Unit. Each Unit is comprised of one common share of the Company and one-half of one common share purchase warrant, with each whole warrant exercisable for one Common Share at an exercise price of $0.10 per Common Share for a period ending on the earlier of: (i) 36 months following the closing of the August 22 Offering; and (ii) 24 months following the time the Company completes a going public transaction.

As at July 31, 2022, the Company has received $42,000 (2021 - $nil) for August 22 Offering. In August 2022, the Company issued shares and increased share capital $ 42,000 (See Note 5 (i)).

(Expressed in Canadian Dollars)

7. Reserve for Warrants

	Warrants Issued	$
Balance, July 31, 2021 and October 31, 2021	-	-
Balance, July 31, 2022	**5,575,800**	**275,622**
Warrants Issued for Financing (i)	546,667	25,991
Warrants issues in exchange for broker services	20,300	1,392
Balance, October 31, 2022	**6,142,767**	**303,005**

(i) Pursuant to the August 22 Offering, the Company issued 1,093,333 Units at a price of $0.075 per Unit. Each Unit is comprised of one common share of the Company and one-half of one common share purchase warrant, with each whole warrant exercisable for one Common Share at an exercise price of $0.10 per Common Share for a period ending on the earlier of: (a) 36 months following the closing of the August 22 Offering; and (b) 24 months following the time the Company completes a going public transaction.

As part of this financing, the Company issued 20,300 broker warrants. Each broker warrant entitled the holder to purchase one common share of the Company at a price of $0.075 at any time and from time to time up the earlier of (a) 36 months after the date hereof and (b) 24 months following the time the Company completes a going public transaction.

The value of warrants issued with August 22 Offering was calculated using the Black-Scholes pricing model and the assumptions at grant date were as followings: expected dividend yield of 0%; expected volatility of 191%; a risk-free interest rate of 3.18% and an expected life of 2 years. Volatility was based on comparable companies.

As at October 31, 2022, the following warrants were outstanding:

Expiry Date	Exercise Price	Number of Warrants Outstanding and Exercisable
February 3, 2025	$ 0.100	5,000,000
February 3, 2025	$ 0.075	575,800
August 3, 2025	$ 0.100	546,667
August 3, 2025	$ 0.075	20,300
		6,142,767

As at October 31, 2022, the weighted average exercise price of the warrants was $0.10 (2021 – $nil) and the weighted average remaining contractual life of the warrants was 2.51 years (2021 – nil years).

8. Related party transactions

a. Key management compensation

Key management includes the Company's directors, officers and any employees with authority and responsibility for planning, directing, and controlling the activities of an entity, directly or indirectly.

The following is a summary of the key management compensations for the three months ended October 31, 2022 and 2021:

(Expressed in Canadian Dollars)

	October 31, 2022	October 31, 2021
Consulting fees (i)	7,500	25,000
Salaries (ii)	133,000	-
Total	**140,500**	**25,000**

(i) During the three months period ended October 31, 2022, the company incurred $7,500 in consulting fee paid to a private company controlled by the CFO of the Company. During the three months period ended October 31, 2021, included $25,000 of consulting fee accrued to a director of the Company, recorded in account payable.

(ii) During the three months period ended October 31, 2022, the Company incurred $133,000 in salaries, vacation, and bonus expenses to the CEO of the Company.

b. Due to related parties

On February 2, 2022, the due to related parties in the amount of $136,000 was settled by High Fusion Inc. for the obligation to the Company's CFO and one director.

9. Management of capital

The Company manages its capital structure and makes adjustments to it based on the funds available to the Company, in order to support the development of its planned business activities. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. In order to carry out the planned business activities and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the three months ended October 31, 2022 and 2021. The Company is not subject to externally imposed capital requirements.

The Company considers its capital to be shareholders' equity surplus/(deficiency), which is comprised of share capital, shares to be issued, reserve for warrants and deficit.

The Company's objective when managing capital is to obtain adequate levels of funding to support its business activities, to obtain corporate and administrative functions necessary to support organizational functioning and obtain sufficient funding to further the development of its business. The Company raises capital, as necessary, to meet its needs and take advantage of perceived opportunities and, therefore, does not have a numeric target for its capital structure. Funds are primarily secured through equity capital raised by way of private placements, initial public offering, issuance of convertible debentures, debt, and sale leaseback transactions. There can be no assurance that the Company will be able to continue raising equity capital in this manner.

10. Financial instruments

Credit risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to trade receivable. The Company has no other significant concentration of credit risk arising from operations. Cash are held with a reputable credit union which is closely monitored by management. Amounts receivable consists of trade amounts receivable, harmonized sales tax due from the Canadian government, promissory note receivable and other receivable from third parties.

Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The ability of the Company to continue as a going concern is dependent on its ability to obtain funding, manage cash flows, restructure borrowings, and recover funds loaned to borrowers that have currently been provided against or recover collateral that secured those loans. There is significant uncertainty as to whether the Company will be able to continue as a going concern and therefore, whether it will continue its normal business activities and realize its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial statements. These financial statements do not include adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the Company not continue as a going concern.

In the short term, the continued operations of the Company may be dependent upon its ability to obtain additional financing. Without this additional financing, the Company may be unable to meet its obligations as they come due. There can be no certainty that the Company can obtain these funds, in which case any investment in the Company may be lost.

Foreign currency exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the foreign exchange rates. The Company enters into foreign currency purchase transactions and has assets and liabilities that are denominated in foreign currencies and thus is exposed to the financial risk fluctuations arising from changes in foreign exchange rates and the degree of volatility of these rates. The Company does not currently use derivative instruments to reduce its exposure to foreign currency risk.

An increase (decrease) of 10% in the currency exchange rate of the Canadian dollar versus US dollar would have impacted the Company net loss by 1,000 (July 31, 2022 - $Nil) as a result of the Company's exposure to currency exchange rate fluctuations.

Interest rate risk

Interest rate risk is the potential for financial loss arising from changes in interest rates. The Company manages interest rate risk by monitoring market conditions and the impact of interest rate fluctuations on its debt. The Company does not have any interest-bearing financial liabilities.

11. Commitments and other contingencies

In accordance with the terms of the employment agreement dated September 16, 2021, subject to the achievement of certain milestones, the Company is obliged to issue common shares representing up to 3.5% of the issued and outstanding capital of the Corporation as constituted at the closing of the seed financing. Further, subject to the achievement of certain milestones, the Company is obliged to issue options for common shares representing up to 2% of the issued and outstanding capital of the Corporation prior the Corporation listing of its common shares on a recognized stock exchange. Such stock options shall be exercisable at a price that is a 20% premium to the last financing price whereby shares of the Corporation were issued immediately prior to Listing, and shall vest in equal amounts, every six (6) months over three (3) years from their date of granting, or as required under applicable securities legislation and regulation, and will be subject to the terms of any stock option plan adopted by the Corporation.

In accordance with the terms of an advisory agreement with FMI Capital Advisory Inc. ("FMICA") dated December 17, 2021, subject to the completion of a listing of its common shares on a recognized Canadian exchange and a concurrent financing, the Company is obliged to issue common shares representing up to 5% of the issued and outstanding capital of the Corporation.

In accordance with the terms of an advisory agreement with the holding company of the CFO, the corporation. Is committed to issue 366,667 RSUs.

12. Subsequent events

On November 3, 2022, Neural and High Fusion Inc. entered into arrangement agreement ("Arrangement Agreement") to complete a plan of arrangement ("Arrangement"). Under the terms of the Arrangement Agreement, High Fusion Inc. will seek shareholder approval to undertake a statutory plan of arrangement, whereby High Fusion Inc.'s shareholders will receive an aggregate of 4,716,667 Neural common shares by way of a share exchange.

On February 3, 2023, Neural issued 109,330 Neural Shares at a price of $0.075 per Neural Share to the subscribers of the second tranche of the Seed Financing as a penalty payment pursuant to the terms of the Seed Financing.

On February 24, 2023, Neural and High Fusion Inc. entered into an amended and restated Arrangement Agreement.

SCHEDULE "K"
MANAGEMENT'S DISCUSSION AND ANALYSIS OF NEURAL
FOR THE THREE MONTHS ENDED OCTOBER 31, 2022 AND 2021

NEURAL THERAPEUTICS INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED OCTOBER 31, 2022

March 14, 2023

This management's discussion and analysis ("**MD&A**") dated March 14, 2023, is management's assessment of the operations and the financial results of Neural Therapeutics Inc. ("**Neural**", or the "**Company**"). This MD&A should be read in conjunction with Neural's condensed interim financial statements and related notes for the three months ended October 31, 2022, prepared in accordance with International Financial Reporting Standards ("**IFRS**"). All figures are in Canadian dollars unless stated otherwise.

Since Neural's inception, the outbreak of a 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 physical distancing, have caused material disruption to business globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. 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 Neural in future periods.

Neural has continued operations during COVID-19 relying on standard health and safety protocols as well as the implementation of specific COVID-19 related protocols as recommended by government bodies and thought leaders, to ensure the health, safety and well-being of staff. Neural's business financial condition and results of operations may be further negatively affected by economic and other consequences from Russia's military action against Ukraine and the sanctions imposed in response to that action in late February 2022. Neural expects any direct impacts, of the pandemic and the military action in Ukraine, to the business to be limited; however, the indirect impacts on the economy and on the psychedelics industry could negatively affect the business and may make it more difficult for Neural to raise equity or debt financing. There can be no assurance that Neural will not be impacted by adverse consequences that may be brought about on its business, results of operations, financial position, and cash flows in the future.

Neural's board of directors approved the release of this MD&A on March 14, 2023.

FORWARD LOOKING INFORMATION

Certain statements and information contained herein may constitute "forward-looking statements" and "forward-looking information," respectively, under Canadian securities legislation. Generally, forward- looking information can be identified by the use of forward-looking terminology such as, "expect", "anticipate", "continue", "estimate", "may", "will", "should", "believe", "intends", "forecast", "plans", "guidance" and similar expressions are intended to identify forward-looking statements or information. The forward-looking statements are not historical facts, but reflect the current expectations of management of Filament regarding future results or events and are based on information currently available to them. Certain material factors and assumptions were applied in providing these forward-looking statements.

Forward-looking statements regarding Neural are based on Neural's estimates and are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, levels of activity, performance or achievements of Filament to be materially different from those expressed or implied by such forward-looking statements or forward-looking information, including capital expenditures and other costs. 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 and forward-looking information. Filament will not update any forward-looking statements or forward-looking information that are incorporated by reference herein, except as required by applicable securities laws. For more information on forward-looking information, please refer to page 34 of this MD&A.

(Expressed in Canadian Dollars)

CORPORATE OVERVIEW

Neural Therapeutics Inc. ("**Neural**") is an ethnobotanical drug-discovery/development company focused on developing products and conducting research with psychoactive plants. The initial focus of Neural is San Pedro (*Echinopsis pachanoi or Trichocereus pachanoi*), a cactus which contains mescaline. Neural working to identify where plant-based traditional-medicine has proven to be effective and capitalize on the development of pharmaceutical and nutraceutical path to market that is compliant with applicable regulations.

Neural is in the business of developing products from plants containing psychedelic components that have a historical high record of safety and therapeutic value. Since inception, Neural has primarily focused on the discovery and development of cacti containing the psychoactive compound mescaline. Since its inception in early 2020, Neural has been focused on filling the scientific literature gap that exists between recreational/religious niche applications and main-stream pharmaceutical acceptance. Recognizing that the pathway to full acceptance while dealing with a controlled substance has inherited challenges and rewards. Neural is well positioned to be the world leading expert in products derived from cacti of the *Echinopsis* genus and as such will have first mover advantage and become a leader in the psychedelic medicine.

On January 28, 2022 Neural completed consolidation ("**Consolidation**") of all issued and outstanding common shares of the capital of Neural ("**Neural Share**"), on a 5.831 for 1 basis, which resulted in 23,583,334 Neural Shares issued and outstanding. All references to Neural Shares in this document are on post- Consolidation basis.

As at March 14, 2023, the members of Company's management and Board of Directors consisted of:

Name	Position
John Durfy	Director
Ian Campbell	Director and Chief Executive Officer
Omar Gonzalez	Chief Financial Officer

Q1 ENDED OCTOBER 31, 2022 FINANCIAL AND BUSINESS HIGHLIGHTS

- On August 3, 2022, Neural closed the second tranche of the non-brokered private placement ("**Seed Financing**") for gross proceeds of $82,000 through the issuance 1,093,333 units ("**Neural Seed Units**"), at a price of $0.075 per Neural Seed Unit. Each Neural Seed Unit is comprised of one Neural Share and one-half of one common share purchase warrant (each "**Neural Seed Warrant**") with each Neural Seed Warrant exercisable for one Neural Share at an exercise price of $0.10 per Neural Share for a period ending on the earlier of: (i) 36 months following the closing of the Seed Financing; and (ii) 24 months following the time Neural completes: (a) a listing of Neural Shares on a recognized Canadian stock exchange, which may or may not be accompanied by an initial public offering in Canada of Neural Shares; or (b) (i) a transaction which provides holders of Neural Shares with comparable liquidity for their Neural Shares that such holders would receive in the event the transaction in (a) above occurs, whether by means of a reverse take-over, merger, amalgamation, arrangement, take-over bid, insider bid, reorganization, joint venture, sale of all or substantially all assets, exchange of assets or similar transaction or other combination with a private or public corporation; and (ii) obtaining a listing of the Neural Shares (or securities of a resulting issuer) on a recognized stock exchange in Canada ("**Going Public Transaction**"). In connection with Seed Financing, Neural issued 20,800 broker warrants ("**Neural Broker Warrants**") and cash of $1,560. Each Neural Broker Warrant entitles a holder thereof to purchase

one Neural Share at an exercise price of $0.075 per Neural Share for a period ending earlier of: i) 36 months from issuance; and ii) 24 months from the time the Company completes a Going Public Transaction.

- On August 4, 2022, Neural entered into an agreement with Cayetano University. Under the terms of this agreement, the university has agreed to assist Neural with completing work related to ingredient safety (being toxicology tests to ensure the FDA's NDI standard of reasonable expectation of safety for human consumption is met), identity testing, specifications and formulation. Cayetano University is an internationally recognized private Peruvian University well known for the development of medicines and a medical school has agreed to be our primary fundamental research partner.

- On September 6, 2022, Neural entered into service agreement between the Neural and certain third parties, pursuant to which they agreed to transfer the extraction technology used for extraction of mescaline from various cacti, and plant material in general to Neural for the purpose of allowing Neural to utilize the processes, know-how and standard operating procedures to make, have made, use, sell, improve and market products using the technology and intellectual property rights ("**IP Development Agreement**"). IP Development Agreement is milestone-based deliverables include the follow SOPs which will be implemented in Neural's research and developments process of collecting/producing mescaline for the clinical and pre-clinical trials. In connection with the IP Development Agreement, Neural and the IP Development Partners have filed a Provisional Patent application entitled "*Process For Extraction of Active Compounds From Plant Biomass*" with USPTO on August 26, 2022. Pursuant to the filing, if granted, Neural will exclusively retain all rights to use the technology worldwide as it applies to extraction of alkaloids from plant and fungi materials and will be the sole owner of the intellectual property thereto. In connection with the IP Development Agreement, Neural issued 450,000 Neural Shares at a price of $0.075 per Neural Share.

- On September 13, 2022 Neural issued to 50,000 Neural Shares at an ascribed price of $0.075 per Neural Share on pursuant to a memorandum of understanding ("**CK MOU**") with Cactus Knize ("**Catus Knize**"), pursuant to which, Cactus Knize has agreed to harvest and supply Neural with the plant materials. Cactus Knize is based in Peru and operates a nursery that holds permit issued by the National Service for Forest and Wildlife or Servicio Nacional Forestal y de Fauna Silvestre ("**SERFOR**"). Cactus Knize will wholesale and cultivate cacti in an environmentally and ethically sustainable manner

- On October 11, 2022, Neural has entered into service agreement ("**Folium Agreement**") with Folium Labs, in connection with which, pursuant to which Neural and Folium Labs agreed to work together to co-develop, commercialize and distribute products intended to help patients with depressive disorders, post-traumatic stress disorders, panic and anxiety disorders, and other disorders. Folium Labs' technology is a drug delivery system that is based on the hyaluronic acid, which has received an exemption from the FDA registration requirements. The Folium Agreement is a key milestone in Neural's strategy to develop intellectual property.

- On October 13, 2022, an article was published in the Journal of Neuropharmacology titled *"Mescaline: The forgotten psychedelic"*, which is co-authored by Ian Campbell, Dr. Jason Dyck, Dr. Kelly Narine, Ioanna A. Vamvakopoulou and Professor David Nutt.[1]

[1] https://www.sciencedirect.com/science/article/pii/S0028390822003537?dgcid=coauthor

BUSINESS DESCRIPTION

Neural is Canadian-based ethnobotanical drug discovery/development company focused on developing products and conducting research with psychoactive plants. The first being San Pedro a cactus containing mescaline, a naturally occurring hallucinogen that is found in certain psychoactive plants and has been in continuous use for at least 5,700 years in South America, namely Peru, Bolivia and Columbia. Neural intends to collect and aggregate data by leveraging relationships with third party treatment providers to refine its pharmaceutical drug development and natural health product pipeline. To date, Neural's activities to develop its business include product and intellectual property development, conducting initial research and development to guide its drug development strategy, corporate and business development. Neural's registered office and corporate headquarters are in Canada, but Neural may conduct its research and development effort, including, cultivation, extraction, processing, product manufacturing, pre-clinical and clinical trials, in jurisdictions outside of Canada, including Peru, St. Vincent and the Grenadines and United Kingdom, where some of its partners are located.

Neural is a development stage company focused on developing its pathway for both pharmaceutical and nutraceutical products, which are briefly described below.

Pharmaceutical Pathway

Neural is taking steps to create premium mescaline products to compete in the emerging psychedelics market. Neural is in the process of developing a line of *San Pedro*-derived products that will help with various health objectives. The initial research and development work will focus on active ingredient(s) reproducibility by means of molecular and DNA analysis, identity testing, specifications and formulation. Neural has entered into an agreement with Cayetano University dated August 4, 2022 to assist with those activities.

Neural intends to conduct initial safety studies (being pre-clinical and toxicology tests to ensure the FDA's NDI standard of reasonable expectation of safety for human consumption is met) and is in the process of securing relationships with various contract research organizations ("**CROs**") to assist with those efforts. In connection with the preparation to conduct the studies, Neural also intends to establish a relationship with manufacturing partners and to test its supply chain, extraction, and product development capabilities for mescaline containing products. Neural has also completed preliminary research and development studies with its partners in Peru and engaged with local regulatory organizations to secure the necessary permits to conduct its research and development efforts.

On January 4, 2023, Neural entered into a letter of intent ("**CGS Agreement**") with Caribbean Gold Standard Laboratory ("**CGS**"), an analytical service laboratory in SVG operating to test the quality of cannabis and other products. Pursuant to the CGS Agreement, Neural and CGS agreed to work together carry out joint research and development efforts in a joint manner to intended to aid Neural in advancing its pre-clinical and clinical trials. CGS Agreement also includes provisions whereby CGS will assist Neural in validating Neural's extraction technology that Neural developed pursuant to the service agreement dated September 6, 2022 pursuant to which the certain arms length parties agreed to transfer to Neural the intellectual property relating to the extraction technology used for extraction of mescaline from various cacti, and plant material in general ("**IP Development Agreement**").

Neural's principal objective in its pharmaceutical division is to develop compounds containing mescaline that will satisfy the requirements of the Food and Drug Administration of the United States Department of Health and Human Services ("**FDA**") to complete a submission of an investigational new drug application ("**IND**"), and subsequently a new drug application ("**NDA**"). In connection with the IP Development

Agreement Neural has filed a patent application on processes extraction processes in order to protect its future market share and conduct safety & pharmaceutical studies. It is intended that the manufactured products would be used to treat various ailments for which current therapies provide very little value. Examples include PTDS, depression, anxiety, substance-use-disorder, ADHD, general addiction, smoking, & eating disorder among others. In connection with the manufacturing of this products, Neural has engaged with various partners (such as Cactus Knize, Cayetano University, CGS and others) to assist with sourcing raw materials, supply chain, extraction, formulation, and infrastructure for such pharmaceutical products.

As a result of its future pre-clinical and clinical research efforts, Neural intends to carefully select specific drug candidates and diseases that we believe offer the greatest opportunity for therapeutic efficacy and commercial success. In consultation with leading academic institutions, researchers, clinicians, and key opinion leaders, the goal of Neural's pharmaceutical division is to design clinical development programs that have clearly defined and achievable endpoints, that will increase Neural's chance of commercial success.

Pharmaceutical Pathway

In parallel with pursuing clinical research, Neural aims to investigate utilization of the pulp fiber from the cactus to manufacture products that would be used in weight loss supplements, dietary supplements, dietary fiber and diabetic food. Neural intends to work with credible and established manufacturer, in collaboration with its partners, develop such products. To management's knowledge, Neural would be the only player that intends to offer *mescaline-free* dietary supplements and natural health products which are manufactured from the *San Pedro* cactus. Neural intends to pursue a multi-pronged distribution plan to reinforce its early-mover advantage. Demonstrating product safety at pre-determined levels of dosage is an integral part of the regulatory process to register its products with the FDA and Health Canada. Neural has engaged a research team at a Memorial University to conduct a market study to evaluate a potential path to market and competitive products.

SIGNIFICANT TRANSACTIONS AND FINANCINGS

Significant transactions and financing activities which have been completed during the three months ended October 31, 2022 include the following:

On August 3, 2022, in connection with the Seed Financing, Neural issued an additional 1,000,000 Neural Shares to the holders of Neural Seed Units, in accordance with the terms of the Seed Financing.

On August 3, 2022 Neural completed the second tranche of the Seed Financing for an additional gross proceeds of $82,000 in exchange for issuance of 1,093,333 Neural Seed Units at a price of $0.075 per Neural Seed Units. In connection with closing of the second tranche of the Seed Financing Neural paid aggregate finders' fees equal to $1,560 and issued 20,800 Neural Broker Warrants.

On September 13, 2022 pursuant to the terms of the CK MOU, Neural issued to Cactus Knize 50,000 Neural Shares at an ascribed price of $0.075 per Neural Share.

On September 13, 2022 Neural issued 500,000 Neural Shares at a price of $0.075 per Neural Share in connection with the CK MOU and IP Development Agreement.

COMMITMENTS AND CONTINGENCIES

Securities Issuable Pursuant to the Campbell Agreement

In accordance with the terms of the Campbell Agreement subject to the achievement of certain milestones, Neural agreed to issue to Ian Campbell, Chief Executive Officer of Neural the following:

(i) Upon the closing of the Seed Financing, that number of common shares equal to 1.5% of the issued and outstanding capital of the Corporation as constituted at the closing of the seed financing for no additional consideration

(ii) Upon the:
   a. closing of the Seed Financing; and
   b. achievement of certain milestones by Mr. Campbell and Neural agreed to by Mr. Campbell and the board of directors of Neural ("**Board**")

   a number of Neural Shares equal to an aggregate of 2.0% of the issued and outstanding capital of Neural as constituted at closing of the Seed Financing, released to Mr. Campbell in equal parts on a quarterly basis, in arrears, for a period of two (2) years from the date of closing the Seed Financing provided that Campbell Agreement continues in full force; and

(iii) Upon the achievement of certain milestones by Mr. Campbell and Neural, agreed to by Mr. Campbell and the Board; stock options equal to 2% of the issued and outstanding capital of immediately prior to Neural listing its common shares on a recognized stock exchange or trading quotation system ("**Listing**"). Such stock options shall be exercisable at a price that is a 20% premium to the last financing price whereby shares of the Corporation were issued immediately prior to Listing, and shall vest in equal amounts, every six (6) months over three (3) years from their date of granting, or as required under applicable securities legislation and regulation, and will be subject to the terms of any stock option plan adopted by the Corporation.

Campbell Agreement provides that the process for satisfaction of the issuances of securities set out in the Campbell Agreement summarized above shall be determined by mutual agreement between Neural and Mr. Campbell and such securities have not been issued as of the date hereof.

Securities Issuable Pursuant to the FMICA Agreement

In accordance with the terms of the FMICA Agreement dated December 17, 2021, Neural agreed to:

- Issue to FMICA an initial equity fee ("**Equity Fee**") in a form of Neural Shares equal to 5% of the issued and outstanding Neural Shares upon Neural completing a Seed Financing in the minimum amount of $500,000, which was issued on February 2, 2022;
- Issue to FMICA an initial fee ("**Initial Fee**") in a form of Neural Shares equal to 5% of the issued and outstanding Neural Shares upon Neural completing a Listing; and
- Pay FMICA a monthly advisory fee equal to $10,000, payable monthly in arrears commencing from September 1, 2021 until the earlier of: i) termination (30-day notice); ii) 4 months following Listing.

RSU Issuances

In accordance with the terms of an advisory agreement with a former officer of Neural, Neural committed to issue 366,667 RSUs in accordance with Neural RSU Plan that was approved at the Neural Meeting.

Costs relating to the Arrangement

In accordance with the terms of the Arrangement Agreement, Neural agreed that it will be responsible for all costs associated with the Arrangement, the High Fusion shareholder meeting, and the preparation of the related documentation.

(Expressed in Canadian Dollars)

SELECTED QUARTERLY INFORMATION

The following is a summary of the Company's quarterly financial results for the eight most recently completed quarters to October 31, 2022:

For the quarter ended:	October 31, 2022 $	July 31, 2022 $	April 30, 2022 $	January 31, 2022 $
Net and comprehensive loss	378,759	225,142	1,387,220	171,885
Loss per share from operations	0.01	0.00	0.03	0.00

For the quarter ended:	October 31, 2021 $	July 31, 2021 $	April 30, 2021 $	January 31, 2021 $
Net and comprehensive loss	34,207	353,011	878	2,166
Loss per share from operations	0.00	0.01	0.00	0.00

DISCUSSION OF OPERATIONS

Sales Revenue and Gross Profit

Neural did not have revenues or gross profit during the three months ended October 31, 2022.

Operating Expenses

Operating expenses during the three month period ending October 31, 2022 were $378,409 compared with $33,648 during the corresponding period ending October 31, 2021. This increase was primarily due to the following:

- A $46,437 increase is salaries wages and benefits due to the addition of the management team at Neural;
- A $66,960 increase in consulting fees and $115,728 increase in professional fees associated with audit, legal and accounting costs associated with the Seed Financing and the Arrangement;
- A $78,152 increase in general and administrative fees; and
- A $35,727 increase in research expenses due to research and development activities.

LIQUIDITY AND CAPIAL RESOURCES

Neural's financial success is reliant on management's ability to identify and evaluate suitable growth and acquisition opportunities and maximizing the potential of these opportunities. In order to fund future growth opportunities and to corporate overhead, Neural may seek additional financing through debt or equity offerings. Any equity offering will result in dilution to the ownership interests of Neural's shareholders and may result in dilution to the value of such interests.

Liquidity risk is the risk that Neural will not have sufficient cash resources to meet its financial obligations as they come due. The ability of Neural to continue as a going concern is dependent on its ability to obtain funding, manage cash flows, restructure borrowings and recover funds loaned to borrowers that have currently been provided against or recover collateral that secured those loans. There is significant uncertainty as to whether Neural will be able to continue as a going concern and therefore, whether it will continue its normal business activities and realize its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial statements. These financial statements do not include

adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should Neural not continue as a going concern.

In the short term, the continued operations of Neural may be dependent upon its ability to obtain additional financing. Without this additional financing, Neural may be unable to meet its obligations as they come due. There can be no certainty that Neural can obtain these funds, in which case any investment in Neural may be lost.

As at October 31, 2022, Neural had working capital deficiency of $235,723 (July 31, 2022 – working capital deficiency of $9,466), had accumulated losses of $2,773,364 (July 31, 2022 - $2,394,605). Neural is currently able to meet its financial obligations, but intends to undertake additional capital raises and seek deferral of forgiveness of some of its accrued liabilities to remedy the working capital deficiency.

Cash Flow Operating activities

Net cash used in operating activities during the three months ended October 31, 2022 totaled $266,259 compared to cash used of $34,207 in the three months ending October 31, 2021. This increase in net cash used in operating activities was primarily due to higher losses in the three months ended October 31, 2022 due to increased business activity, partially offset by Neural Shares issued for penalty and debt settlements.

Financing activities

During the three months ended October 31, 2022, net cash generated in financing activities totaled $40,000 compared to net cash generated of $27,332 in the corresponding period in 2021. The increase is primarily due to the completion of the second tranche of the Seed Financing completed in the three months ended October 31, 2022.

Foreign currency exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the foreign exchange rates. Neural enters into foreign currency purchase transactions and has assets and liabilities that are denominated in foreign currencies and thus is exposed to the financial risk fluctuations arising from changes in foreign exchange rates and the degree of volatility of these rates. Neural does not currently use derivative instruments to reduce its exposure to foreign currency risk.

An increase (decrease) of 10% in the currency exchange rate of the Canadian dollar versus US dollar would have impacted Neural net loss by $350 (October 31, 2021 - $559) as a result of Neural's exposure to currency exchange rate fluctuations.

CAPITAL MANAGEMENT

Neural includes cash and cash equivalents and shareholders' equity, comprising issued common shares, contributed surplus and deficit, in the definition of capital. Neural manages its capital structure and makes adjustments to it, based on the funds available to Neural. Neural's objectives when managing its capital are to safeguard Neural's ability to continue as a going concern in order to support ongoing initiatives, to provide sufficient working capital to meet its ongoing obligations, and to pursue potential acquisitions.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of Neural, is reasonable. Neural is not subject to externally imposed capital requirements. Neural has not paid or declared any dividends since the date of incorporation, nor are any contemplated in the foreseeable future.

OFF-BALANCE SHEET ARRANGEMENTS

Neural has not entered into any off-balance sheet arrangements.

PROPOSED TRANSACTIONS

Neural is a party to the Arrangement Agreement with High Fusion.

SUBSEQUENT EVENTS

Subsequent to the three months ended October 31, 2022 and up to the date hereof, the following events occurred:

- On November 3, 2022 Neural and High Fusion entered into arrangement agreement ("**Arrangement Agreement**") to complete a plan of arrangement ("**Arrangement**"). Under the terms of the Arrangement Agreement, High Fusion will seek shareholder approval to undertake a statutory plan of arrangement, whereby Neural's shareholders will receive an aggregate of 4,716,667 Neural Shares by way of a share exchange.

- On November 7, 2022 Neural appointed Omar Gonzalez as Chief Financial Officer who replaced Robert Wilson.

- On January 4, 2023, Neural entered into a letter of intent ("**CGS Agreement**") with Caribbean Gold Standard Laboratory ("**CGS**"), an analytical service laboratory in SVG operating to test the quality of cannabis and other products. Pursuant to the CGS Agreement, Neural and CGS agreed to work together carry out joint research and development efforts in a joint manner to intended to aid Neural in advancing its pre-clinical and clinical trials. CGS Agreement also includes provisions whereby CGS will assist Neural in validating Neural's extraction technology that Neural developed pursuant to the service agreement dated September 6, 2022 pursuant to which the certain arms length parties agreed to transfer to Neural the intellectual property relating to the extraction technology used for extraction of mescaline from various cacti, and plant material in general ("**IP Development Agreement**").

- On January 6, 2023, at the annual and special meeting of Neural shareholder ("**Neural Meeting**"), Neural Shareholders approved resolutions to: (i) approve the financial statements for the period ended July 31, 2020, 2021 and 2022 (ii) elect current slate of directors to serve until Neural becomes a reporting issuer comprised of: John Durfy and Ian Campbell; (iii) approve proposed slate of directors once the Arrangement becomes effective, comprised of: Ian Campbell, John Durfy, Dr. Jason Dyck, Dr. Kelly Narine and Colin McLelland; (iv) re-appoint and fix the remuneration for Kreston GTA LLP as auditor of Neural for the ensuing year; (v) amend Neural bylaws to provide that quorum for a meeting of shareholders of the corporation is one or more shareholders, holding at least 10% of the outstanding voting securities of the corporation entitled to vote at a shareholder meeting; (vi) confirm and ratify the Neural option plan ("**Neural Option Plan**") and Neural restricted share unit plan ("**Neural RSU Plan**").

- On February 2, 2023 Neural entered into services agreement ("**Myant Agreement**") with Myant Inc. ("**Myant**"), pursuant to which, Myant has agreed to work with Neural in utilizing Myant's technology to be used by Neural in its clinical and observational studies. Myant is an industrial internet of things textile manufacturer that is focused on development and commercialization of performance and medically approved monitoring garments. Myant's undergarment

(Expressed in Canadian Dollars)

electrocardiogram monitoring device technology has recently been approved for study by Health Canada.

- On February 3, 2023, Neural issued 109,330 Neural Shares at a price of $0.075 per Neural Share to the subscribers of the second tranche of the Seed Financing as a penalty payment pursuant to the terms of the Seed Financing.

- On February 24, 2023, Neural and High Fusion entered into amended and restated Arrangement Agreement.

OUTSTANDING SHARE DATA

The table below sets out the number of Neural Shares and other securities convertible into Neural Shares outstanding as at each of July 31, 2022, October 31, 2022 and the date that appears on the title page of this document:

Description of Security	Outstanding as at July 31, 2022	Outstanding as at October 31, 2022	Outstanding as of the date hereof
Neural Shares	36,766,657	39,359,990	39,469,320
Neural Warrants	4,999,993	5,546,660	5,546,660
Neural Broker Warrants	575,800	596,100	596,100
Neural Options[(1)]	-		-
Neural RSUs[(1)]	-		-

Notes:

(1) Neural Stock Option Plan and Neural RSU Plan were approved by Neural Shareholders at the Neural Meeting on January 6, 2023;

Following the quarter end date of October 31, 2022, Neural did not issue any securities.

Related parties and key management

Key management includes Neural's directors, officers and any employees with authority and responsibility for planning, directing, and controlling the activities of an entity, directly or indirectly.

The following is a summary of the related party transactions, including the key management compensation for the periods ending October 31, 2022 and October 31, 2021.

The following is a summary of the key management compensations for the three months period ended October 31, 2022 and October 31, 2021:

	October 31, 2022	October 31, 2021
Consulting fees (i)	7,500	25,000
Salaries (ii)	133,000	-
Total	**140,500**	**25,000**

(i) During the three months period ended October 31, 2022, the company incurred $7,500 in consulting fee paid to a private company controlled by the CFO of the Company. During the three months period ended October 31, 2021, included $25,000 of consulting fee accrued to a director of the Company, recorded in account payable.

(ii) During the three months period ended October 31, 2022, the Company incurred $133,000 in salaries, vacation, and bonus expenses to the CEO of the Company.

On February 2, 2022, the due to related parties in the amount of $136,000 was settled by High Fusion Inc. for the obligation to the Company's CFO and one director.

RISK FACTORS

An investment in the securities of Neural is subject to certain risks and readers should carefully consider the following risk factors related to Neural's business. If any of the identified risks were to materialize, Neural's business, financial position, results and/or future operations may be materially affected. The risk factors identified in this MD&A, are not exhaustive and other factors may arise in the future that are currently not foreseen by management of Neural that may present additional risks in the future. Readers are cautioned that the following risk factors are not exhaustive and additional risks and uncertainties, including those currently unknown or considered immaterial, may also adversely affect Neural.

This section is separated in the following subsections, each of which groups the risk factors into common categories, as follows: i) Risks Related to the Regulatory Environment; ii) Risks Related to the Psychedelics Industry; iii) Risks Related to the Ownership of Securities of Neural; iv) Risks Related to Neural's Business Generally; v) Risks Related to Neural's Nutraceutical Business; vi) Risks Related to Neural's Pharmaceutical Business; and vi) Risks Related to Neural's Intellectual Property.

Risks Related to the Regulatory Environment

Risks Related to Regulatory Changes

In the U.S., mescaline is classified as a Schedule I drug under the CSAUS. All activities involving such substances by or on behalf of Neural are conducted in accordance with applicable federal, provincial, state and local laws. While Neural is focused on drug development activities programs using mescaline and psychedelic cacti, Neural does 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 applicable laws in the jurisdictions in which Neural 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 Neural operates, or private citizens or criminal charges.

Any changes in applicable laws and regulations could have an adverse effect on Neural's operations. The psychedelic drug industry is a fairly new industry and Neural cannot predict the impact of the ever-evolving compliance regime in respect of this industry. Similarly, Neural cannot predict the time required to secure all appropriate regulatory approvals for future products, or the extent of testing and documentation that may, from time to time, be required by governmental authorities. An example is Neural's arrangements with Cactus Knize, Cayetano University and CGS, which are such that neither Neural nor its employees bear any responsibility for handling, harvesting, processing and extracting psychedelic cacti or mescaline extracts. However, if a regulator determined that Neural was involved with any of the aforementioned activities, Neural would not be licensed and, in order to protect Neural's interests, would have to terminate these relationships. While this would assist in addressing the regulatory compliance issue in this case, the impact of compliance regimes, any delays in obtaining, or failure to obtain regulatory approvals may significantly delay or impact the development of markets, its business and products, and sales initiatives and could have a material adverse effect on the business, financial condition and operating results of Neural. Neural will incur ongoing costs and obligations related to regulatory compliance. Failure to comply with regulations may result in additional costs for corrective measures, penalties or result in restrictions on Neural's

operations. In addition, changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to Neural's operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the business, financial condition and operating results of Neural.

The success of Neural's business is dependent on its activities being permissible under applicable laws and any reform of controlled substances laws or other laws may have a material impact on Neural's business and success. There is no assurance that activities of Neural will continue to be legally permissible and Neural may become subject to the enforcement policies across many federal agencies, primarily the FDA and DEA. The FDA is responsible for ensuring public health and safety through regulation of food, drugs, supplements, and cosmetics, among other products, through its enforcement authority pursuant to the FDCA. The FDA's responsibilities include regulating the ingredients as well as the marketing and labeling of drugs sold in interstate commerce. Since it is currently illegal under federal law to produce and sell mescaline and most psychedelic drugs other than ketamine and as there are no federally recognized medical uses, the FDA has historically deferred enforcement related to these products to the DEA. If mescaline and/or other psychedelic drugs were to be rescheduled to a federally controlled, yet legal, substance, the FDA would likely play a more active regulatory role. The DEA would continue to be active in regulating manufacturing, distribution and dispensing of such substances. Multi-agency regulation and enforcement could materially affect Neural's costs associated with research and development involving of these substances in its business.

Non-Compliance with Laws

Under the CDSA, mescaline and peyote are currently Schedule I drugs, Neural's operations are conducted in strict compliance with the laws and regulations regarding its activities with such substances. As such, all facilities engaged with such substances by or on behalf of Neural do so under current licenses, permits and approvals, as applicable, issued by appropriate federal, provincial, state and local governmental agencies. While Neural is focused on drug discovery and development activities using mescaline and psychedelic cacti, Neural does 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 applicable laws and regulations, such as the CDSA and CSAUS, or of similar legislation in the jurisdictions in which it operates or is deemed to operate, including Peru and SVG, could result in significant fines, penalties, administrative sanctions, convictions or settlements arising from civil proceedings initiated by the government entities in the jurisdictions in which Neural operates, private citizens or criminal charges. Any such violations could have an adverse effect on Neural's operations. Further, there is no guarantee that psychedelic drugs or psychedelic cacti will ever be approved as medicines in any jurisdiction in which Neural operates, activities of the third parties that Neural does business with are subject to regulation by governmental authorities, and Neural's business objectives are contingent, in part, upon its and its personnel's compliance with regulatory requirements enacted by these governmental authorities, and obtaining all regulatory approvals, where necessary. Any delays in obtaining, failure to obtain, or violations of regulatory approvals and requirements would significantly delay the development of markets and products and could have a material adverse effect on the business, results of operations and financial condition of Neural.

Substantial Risk of Regulatory or Political Change

The success of the business strategy of Neural depends on the legality of the use of psychedelics for the treatment of mental health conditions and the acceptance of such use in the medical community. The political environment surrounding the psychedelics industry in general can be volatile. As of the date of this MD&A, Canada and the U.S. have enacted certain exemptions to permit research and development activities using mescaline and psychedelic cacti, however, the risk remains that a shift in the regulatory or political

realm could occur and have a drastic impact on the use of psychedelics as a whole, adversely impacting Neural's ability to successfully operate or grow its business.

Government Regulations, Permits and Licenses

Neural's operations may be subject to governmental laws or regulations promulgated by various legislatures or governmental agencies from time to time. A breach of such legislation may result in the imposition of fines and penalties. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations. Neural intends to fully comply with all governmental laws and regulations. Third parties that Neural does business with will be subject to various federal, state, provincial and municipal laws in the jurisdictions where they operate. While there are currently no indications that Neural will require approval by a governmental or regulatory authority other than obtaining approval of the SERFOR permit, such approvals may ultimately be required. If any permits are required for Neural's operations and activities in the future, there can be no assurance that such permits will be obtainable on reasonable terms or on a timely basis, or that applicable laws and regulations will not have an adverse effect on Neural's business.

The current and future operations of Neural and its partners are and will be governed by laws and regulations governing the healthcare industry, labor standards, occupational health and safety, land use, environmental protection, and other matters. Amendments to current laws, regulations and permits governing research and development involving psychedelics, or more stringent implementation thereof, could have a material adverse impact on Neural and cause increases in capital expenditures or costs, or decreased ability to achieve its business milestones.

Changes in Applicable Federal, Provincial, or State Laws And Regulations, or the Expansion of Current, or the Enactment of New Laws or Regulations Relating to Cactus-Based Nutraceutical Businesses, Could Adversely Affect Neural's Business

While the sale, manufacturing and distribution of San Pedro cacti are not currently subject to regulation under CDSA in Canada and under CSA in the United States, there is no certainty that this exclusion could not be altered by court or governmental action or re-interpretation. If San Pedro cactus becomes a controlled substance, Neural may need to seek to adjust its product development efforts to ensure compliance with applicable laws and regulations, which may result in substantial delays to achieving commercial revenue, change in timing of securing the required permits and licenses and unforeseen costs, which would adversely affect Neural's business.

There is no certainty that in the future the FDA or Health Canada will not regulate mescaline-free nutraceutical products developed by Neural, including products containing pulp fiber from San Pedro cactus and prohibit its use as a dietary ingredient in dietary supplements or an NHP. There is no certainty that pulp fiber from San Pedro cactus or other dietary ingredients marketed by Neural, will be considered a grandfathered dietary ingredient under the DSHEA, meet the definition of a dietary ingredient, or would otherwise be permitted for use under the DSHEA. There is no certainty that the FDA would file a NDIN with no objections for such products or any products manufactured from San Pedro cacti, or file a NDIN with no objections for any other dietary ingredients Neural seeks to market, and thus there is a possibility that certain extracts and dietary ingredients of Neural may not be marketed as dietary ingredients in dietary supplements in the United States. Under Section 201(ff)(3)(B) of the FDCA, a substance may not be used as a dietary ingredient if it includes "an active ingredient" that was first (1) approved as a new drug or (2) approved as an IND for which substantial clinical investigations have been instituted and for which the existence of such investigations has been made public. Thus, it is possible that an IND has been filed and/or authorized to study San Pedro cactus as a drug and FDA could take the position that pulp fiber from San Pedro cactus is precluded from being an ingredient in dietary supplements. Similarly, other ingredients or extracts from San Pedro cactus that Neural may seek to market in the future may also be precluded from being marketed as dietary ingredients in dietary supplements.

Neural May Become Subject to Enforcement Actions by Various Government Authorities That Would Materially Impact Neural's Business

Neural intends to rely on the supply of San Pedro cacti and its extracts, which may be imported from other countries including Peru. In the United States, San Pedro cactus is not scheduled under the CSAUS and therefore, is not under the enforcement authority of the DEA. If in the future the DEA exerts jurisdiction over San Pedro cactus or any mescaline-free products manufactured from the San Pedro cactus, Neural may become subject to additional licensing requirements, which may require additional capital. There is no assurance that Neural will be able to obtain any such licenses, be eligible to apply for such licenses, or comply with the current or evolving regulatory framework in any jurisdiction where it carries on its business or sells its products, which would adversely affect Neural's business.

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

Neural May Become Subject to Additional Government Regulation and Legal Uncertainties That Could Restrict the Demand for its Services or Increase its Cost of Doing Business, Thereby Adversely Affecting its Financial Results

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

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

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

Local, provincial, state and federal laws and regulations governing San Pedro cactus and its non-mescaline constituents are broad in scope and are subject to evolving interpretations, which could require Neural to incur substantial costs associated with bringing Neural's operations into compliance. In addition, violations of these laws, or allegations of such violations, could disrupt Neural's operations and result in a material adverse effect on its financial performance. It is beyond Neural's scope to predict the nature of any future

change to the existing laws, regulations, policies, interpretations or applications, nor can Neural determine what effect such changes, when and if promulgated, could have on Neural's business.

Complying With New and Existing Government Regulation, in Canada, the United States and Abroad, Could Increase Neural's Costs Significantly and Adversely Affect its Financial Results

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

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

Should Health Canada and/or the FDA or any provincial, state or local agencies or regulators amend its guidelines or impose more stringent interpretations of current laws or regulations, Neural may not be able to comply with these new guidelines. As the products expected to be manufactured by Neural, through the CMOs engaged by Neural, will be ingested by consumers, Neural is always subject to the risk that one or more of its products that currently are not subject to regulatory action may become subject to regulatory action. Such regulations could require the reformation of certain products to meet new standards, market withdrawal or discontinuation of certain products not able to be reformulated, imposition of additional record keeping requirements, expanded documentation regarding the properties of certain products, expanded or different labeling and/or additional scientific substantiation. Failure to comply with applicable requirements could result in sanctions being imposed on Neural, its contract manufacturing partners or third-party distributors, including but not limited to fines, injunctions, product recalls, seizures and criminal prosecution.

Additionally, Health Canada and/or the FDA may not accept the evidence of safety for any new dietary ingredients that Neural, may decide to use, and Health Canada and/or the FDA's refusal to accept such evidence could result in designation of such dietary ingredients as adulterated, until such time as reasonable expectation of safety for the ingredient can be established to the satisfaction of Health Canada and/or the FDA.

There can be no assurance that Health Canada and/or the FDA will not consider particular labeling statements to be used by Neural to be drug claims rather than acceptable statements of nutritional support,

necessitating approval of a costly new drug application, or re-labeling to delete such statements. It is also possible that such agencies could allege false statements were submitted to it if structure/function claim notifications were either non-existent or so lacking in scientific support as to be plainly false.

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

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

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

Securities Regulatory Authorities and CSE Policies Regarding Business Activities

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

Risks Related to the Psychedelics Industry

Unfavorable Publicity or Consumer Protection

The success of the psychedelics-based drug industry may be significantly influenced by the public's perception of psychedelic medicinal applications. Psychedelics is a controversial topic, and there is no guarantee that future scientific research, publicity, regulations, medical opinion, and/or public opinion relating to psychedelics will be favorable. The psychedelics industry is an early stage industry that is constantly evolving, with no guarantee of viability. The market for psychedelic drugs and nutraceutical products is uncertain, and any adverse or negative publicity, scientific research, limiting regulations,

medical opinion and public opinion relating to the consumption of psychedelics may have a material adverse effect on Neural's operational results, consumer base and financial results.

Furthermore, there can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favorable to the market for San Pedro derived products or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favorable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for Neural's products and the business, results of operations, financial condition and cash flows of Neural. Neural's dependence upon consumer perceptions means that adverse scientific research reports, findings, regulatory proceedings, litigation, media attention or other publicity, whether or not accurate or with merit, could have a material adverse effect on Neural, the demand for Neural's products, and the business, results of operations, financial condition and cash flows of Neural. Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of cactus-derived products in general, or Neural's products specifically, or associating the consumption of cactus-derived products with illness or other negative effects or events, could have such a material adverse effect. Additionally, consumers may associate Neural's products with illegal psychoactive drugs, which are prohibited substances. Such adverse publicity reports or other media attention could arise even if the adverse effects associated with such products resulted from consumers' failure to consume such products appropriately or as directed.

Social Media

There has been a recent marked increase in the use of social media platforms and similar channels that provide individuals with access to a broad audience of consumers and other interested persons. The availability and impact of information on social media platforms is virtually immediate and many social media platforms publish user-generated content without filters or independent verification as to the accuracy of the content posted. Information posted about Neural may be adverse to Neural's interests or may be inaccurate, each of which may harm Neural's business, financial condition and results of operations.

Risks Related to Ownership of Securities of Neural

Dilution

Following completion of the Plan of Arrangement, Neural may have further research and development expenditures as it proceeds to expand research and development activities, develop its products or take advantage of opportunities for acquisitions, joint ventures or other business opportunities that may be presented to it. Neural may sell additional Neural Shares or other securities in the future to finance its operations or may issue additional Neural Shares or other securities as consideration for future acquisitions. Neural cannot predict the size or nature of future sales or issuances of securities or the effect, if any, that such future sales and issuances may have on the market price of Neural Shares. Sales or issuances of substantial numbers of Neural Shares, or the perception that such sales or issuances could occur, may adversely affect the future market price of Neural Shares and dilute each Neural Shareholder's equity position in Neural.

Market for Securities

Although Neural intends to apply to list Neural Shares on the CSE, there is currently no market through which Neural Shares may be sold and Neural Shareholders may not be able to resell Neural Shares acquired under the Plan of Arrangement. There can be no assurance that Neural will be able to successfully list the Neural Shares on the CSE or that an active trading market will develop for Neural Shares following the completion of the Plan of Arrangement, or if developed, that such a market will be sustained at the trading price of Neural Shares immediately after listing. There can be no assurance that fluctuations in the trading

price will not have a material adverse impact on Neural's ability to raise equity funding without significant dilution to Neural Shareholders, or at all.

Securities markets have had a high level of price and volume volatility, and the market price of securities of many psychedelic companies, particularly those considered research or development stage companies, have experienced wide fluctuations in price that have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. Once listed, the trading price of Neural Shares may increase or decrease in response to a number of events and factors, not related to Neural's performance, and will, therefore, not be within Neural's control, including but not limited to, the market in which Neural Shares are traded, the strength of the economy generally, the availability and attractiveness of alternative investments and the breadth of the public market for Neural Shares. The effect of these factors on the market price of Neural Shares in the future cannot be predicted.

Significant Shareholder

If the Plan of Arrangement is completed, High Fusion is expected to hold approximately 33.6% of the issued and outstanding Neural Shares. As a result of the number of Neural Shares expected to be held by High Fusion, High Fusion may be in a position to affect the governance and operations of Neural, including matters requiring approval of Neural Shareholders, such as the election of directors, change of control transactions and the determination of other significant corporate actions. There can also be no assurance that the interests of High Fusion will align with the interests of Neural or Neural Shareholders, particularly in light of the other financial interests of High Fusion, and High Fusion will have the ability to influence certain actions that may not reflect the intent of Neural or align with the interests of Neural or Neural Shareholders. The ownership interest of High Fusion could limit the price that investors may be willing to pay for Neural Shares.

Early-Stage Company

Market perception of early-stage companies may change, potentially affecting the value of investors' holdings and the ability of Neural to raise further funds through the issue of further Neural Shares or otherwise. The share price of publicly traded early-stage companies can be highly volatile. The value of the Neural Shares may rise or fall and, in particular, the share price may be subject to sudden and large falls in value given the restricted marketability of the Neural Shares.

Management Discretion as to the Application and Use of Available Funds

Neural reserves the right to use the currently available funds for general business purposes not presently contemplated and deemed to be in the best interests of Neural and Neural Shareholders. As a result of the foregoing, the success of Neural may be substantially dependent upon the discretion and judgment of the Neural Board and management team with respect to application and allocation of available funds.

Absence of Operating History as a Public Company

Neural's management and the Board have limited experience operating as a public company. To operate effectively, Neural may be required to continue to implement changes in certain aspects of its business, improve its information systems and develop, manage and train management level and other employees to comply with ongoing public company requirements. Failure to take such actions, or delay in implementation thereof, could adversely affect Neural's business, financial condition, liquidity and results of operations and, more specifically, could result in regulatory penalties, market criticism or the imposition of cease trade orders in respect of the Neural Shares.

Dividend Policy

No dividends on Neural Shares have been paid by Neural to date. Neural anticipates that it will retain all earnings and other cash resources for the foreseeable future for the operation and development of its business. Neural does not intend to declare or pay any cash dividends in the foreseeable future. Payment of any future dividends will be at the discretion of the Neural Board after taking into account many factors, including Neural's operating results, financial condition and current and anticipated cash needs.

Potential Delay in Achieving or Failure to Achieve Publicly Announced Milestones

From time to time, Neural may announce the timing of certain events it expects to occur, such as the anticipated timing of results from its pre-clinical studies or other research and development efforts. These statements are forward-looking and are based on the best estimates of management at the time relating to the occurrence of such events. However, the actual timing of such events may differ from what has been publicly disclosed. The timing of events such as initiation or completion of a pre-clinical study, filing of an application to obtain regulatory approval, or announcement of additional clinical trials for a product may ultimately vary from what is publicly disclosed. These variations in timing may occur as a result of different events, including the nature of the results obtained during a pre-clinical study or during a research phase, timing of the completion of pre-clinical trials, or any other event having the effect of delaying the publicly announced timeline. Neural 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 Neural's business plan, financial condition or operating results and the trading price of Neural Shares.

Future Sales of Neural Shares by Existing Neural Shareholders

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

The Market Price of the Neural Shares May be Volatile

Securities markets worldwide experience significant price and volume fluctuations. This market volatility, as well as the factors listed below, some of which are beyond Neural's control, could affect the market price of the Neural Shares:

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

Trading of Shares Through an Intermediary

While there is currently no CDS ban on the clearing of securities of issuers involved in the psychedelics space, there can be no guarantee that this approach to regulation will continue in the future. If such a ban were to be implemented at a time when Neural Shares are listed on a stock exchange, it would have a material adverse effect on the ability of holders of Neural Shares to make and settle trades. In particular,

Neural Shares would become highly illiquid until an alternative was implemented, investors would have no ability to affect a trade of Neural Shares through the facilities of the applicable stock exchange.

If Securities or Industry Analysts Do Not Publish Research, or Publish Inaccurate or Unfavorable Research, About Neural's Business, the Price of Neural Shares and Trading Volume Could Decline

If Neural Shares become listed on an exchange the trading market for Neural Shares will depend, in part, on the research and reports that securities or industry analysts publish about Neural or its business. If one or more of the analysts who cover Neural downgrade Neural's stock or publish inaccurate or unfavorable research about Neural's business, the price of Neural Shares would likely decline. In addition, if Neural operating results fail to meet the forecasts of analysts, Neural's Share price would likely decline. If one or more of these analysts cease coverage of Neural or fail to publish reports on Neural regularly, demand for Neural's Shares could decrease, which might cause the price of Neural Shares and trading volume to decline.

Risks Related to Business of Neural Generally

Limited Operating History

Neural has a very limited history of operations in pharmaceutical and nutraceutical research and development and must be considered a start-up. As such, Neural is subject to many risks common to such enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources and lack of revenues. There can be no assurance that Neural will be successful in achieving a return on Neural Shareholders' investment and the likelihood of success must be considered in light of its early stage of operations. Neural has no history of earnings.

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

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

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

Difficult to Evaluate the Potential Success of Neural's Future Business

Neural's operations to date have been limited to organizing and staffing efforts, business planning, raising capital, conducting discovery and research activities, filing patent applications, identifying potential drug candidates, and establishing arrangements with third parties to supply raw materials and assist in conducting research and development efforts. Neural has not yet demonstrated the ability to successfully complete any pre-clinical or clinical trials, obtain marketing approvals, develop nutraceutical products or arrange for a third party to do so on Neural's behalf, or enter into agreements with third parties to conduct sales, marketing and distribution activities necessary for successful commercialization. Consequently, any predictions about Neural's future success or viability may not be as accurate as they could be if Neural had a longer operating history.

Becoming Subject to Public Company Costs

If the Plan of Arrangement is completed, Neural will become a reporting issuer in the Provinces of British Columbia, Alberta and Quebec. As a result, Neural will incur significant additional legal, accounting and filing fees that are required to be paid by reporting issuers, which at present, are not required. Securities legislation requires companies to, among other things, adopt corporate governance and related practices, and to continuously prepare and disclose material information all of which will significantly increase legal and financial compliance costs. Neural expects to have significant costs associated with being a reporting issuer, which will likely increase if Neural is successful in obtaining a listing on a stock exchange. Neural's ability to continue as a going concern will depend on positive cash flow, if any, from future operations and on its ability to raise additional funds through equity or debt financing. If Neural is unable to achieve the necessary results or raise or obtain funding to cover the costs of operating as a reporting issuer (and as a publicly traded company if it completes a listing), it may be forced to discontinue operations.

Lack of profitability

Neural has not generated any revenues to date and expects to continue to incur research and development and other expenses. Neural's prior losses, combined with expected future losses, have had and will continue to have an adverse effect on Neural Shareholders' deficit and working capital, and Neural's future success is subject to significant uncertainty. As Neural has not begun generating revenue, it is extremely difficult to make accurate predictions and forecasts of Neural's finances and this is compounded by the fact that Neural operates in the psychedelic industry, which is a relatively new and rapidly transforming industry.

For the foreseeable future, Neural expects to continue to incur losses, which will increase significantly from recent historical levels as Neural expands its drug development activities, seeks regulatory approvals for its drug candidates and begins to commercialize them if they are approved by applicable authorities. Even if Neural succeeds in developing and commercializing one or more drug candidates, Neural may never become profitable.

Reliance on Management and Scientific & Impact Advisory Board

Neural will need to expand and effectively manage its managerial, operational, financial, development and other resources in order to successfully pursue its research, development and commercialization efforts. At this stage of its corporate development, Neural has limited the establishment of extensive administrative and operating infrastructure. The success of Neural is currently dependent on the performance of its management team, which also relies on advice and guidance of certain members of the Neural Board and Scientific & Impact Advisory Board, not all of whom are or will be bound by formal contractual employment agreements. Neural's success depends on its continued ability to attract, retain and motivate highly qualified people. The loss of the services of these persons would have a material adverse effect on Neural's business and prospects in the short term and could delay or prevent the commercialization of its products, and the business may be harmed as a result.

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

No Assurance of Commercial Success

The successful commercialization of Neural's products will depend on many factors, including, Neural's ability to establish and maintain working partnerships with industry participants in order to market its products, Neural's ability to supply a sufficient amount of its products to meet market demand, and the

number of competitors within each jurisdiction within which Neural may from time to time be engaged. There can be no assurance that Neural or its industry partners will be successful in their respective efforts to develop and implement, or assist in developing and implementing, a commercialization strategy for Neural's products.

Difficult to Forecast

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

Neural's Operations Are Subject to Human Error

Despite efforts to attract and retain qualified personnel, as well as the retention of qualified consultants, to manage Neural's interests, and even when those efforts are successful, people are fallible and human error could result in significant uninsured losses to Neural. These could include loss or forfeiture of licenses, significant tax liabilities in connection with any tax planning effort Neural might undertake and legal claims for errors or mistakes by Neural personnel.

Dependence and Availability of Inputs

Neural's products are derived from San Pedro cactus. Accordingly, Neural and/or its partners must acquire enough cacti so that the products can be produced to meet the demand of its customers and be in sufficient quantities to conduct research and development activities. Shortages of available raw materials for purchase could result in loss of opportunity and damage to Neural. San Pedro cactus is a natural plant, which mainly grows in warm climates, and predominantly in South America. If the use of San Pedro cactus achieves wider regulatory approval, and future demand for San Pedro expands, it may lead to shortages of supply. Neural is researching alternative sources of supply, including the creation of synthetic mescaline sources for the purpose of research and development. If Neural and/or its partners become unable to acquire commercial quantities of San Pedro cacti on a timely basis and at commercially reasonable prices, and are unable to find one or more replacement suppliers with the regulatory approvals to produce the cacti at a substantially equivalent cost, in substantially equivalent volumes and quality, and on a timely basis, Neural will likely be unable to meet its product development goals.

Changes in Capital and Operating Budgets

The quantum and timing of capital and operating expenditures may be dependent upon feedback from Neural's product development and marketing initiatives. As Neural further expands its business, it is possible that results and circumstances may dictate a departure from the pre-existing budget. Further, Neural may, from time to time as opportunities arise, utilize part of its financial resources to participate in additional opportunities that arise and fit within Neural business objectives, in order to create shareholder value.

Privacy and Data Regulation

Neural may be subject to federal, state and provincial data protection laws and regulations in the jurisdictions in which it operates, such as laws and regulations that address privacy and data security. Neural may obtain health information from third parties, which are subject to privacy and security requirements under applicable laws. Depending on the facts and circumstances, Neural could be subject to significant civil, criminal, and administrative penalties if it obtains, uses, or discloses individually identifiable health information maintained by entities covered by applicable health and data protection laws in a manner that is not authorized or permitted by such laws.

Compliance with privacy and data protection laws and regulations could require Neural to contractually restrict its ability to collect, use and disclose data, or in some cases, impact its ability to operate in certain jurisdictions. Failure to comply with these laws and regulations could result in civil, criminal and

administrative penalties, private litigation, or adverse publicity and could negatively affect Neural's operating results and business. Moreover, clinical trial subjects, employees and other individuals may limit Neural's ability to collect, use and disclose information collected. Claims that Neural has violated privacy rights, failed to comply with data protection laws, or otherwise breached obligations, could be expensive and time-consuming to defend and could result in adverse publicity that could harm Neural's business.

Insurance and Uninsured Risk

Neural intends to obtain insurance coverage to address the material risks to which it is exposed. There can be no guarantee that Neural will be able to obtain adequate insurance coverage in the future or obtain or maintain liability insurance on acceptable terms or with adequate coverage against all potential liabilities. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of Neural Shares. The lack of, or insufficiency of, insurance coverage could adversely affect Neural's future cash flow and overall profitability.

Litigation

Neural may become party to litigation from time to time in the ordinary course of business. Should any litigation in which Neural becomes involved be determined against Neural, such a decision could adversely affect Neural's ability to continue operating and the market price for Neural Shares may decline as a result. Even if Neural is involved in litigation and wins, litigation can redirect significant resources. Litigation may also create a negative perception of Neural's business.

Difficulty Operating as an Independent Entity

Following the Plan of Arrangement, the separation of Neural from the other business of High Fusion may materially affect Neural. Neural may not be able to implement successfully the changes necessary to operate independently and may incur additional costs relating to operating independently that could materially affect its future operations. Neural may require High Fusion to provide Neural with certain services and facilities on a transitional basis, and may, as a result, be dependent on such services and facilities until it is able to provide or obtain its own. It is therefore difficult to evaluate Neural's business and future prospects as a standalone company. The future success of Neural will be dependent on Neural's Board's and leadership teams' ability to implement its strategy as an independent entity and there can be no assurance that anticipated outcomes and sustainable revenue streams will be achieved. In addition, upon the Plan of Arrangement becoming effective, the operating history of High Fusion cannot be regarded as the operating history of Neural. The ability of Neural to raise capital, satisfy its obligations and provide a return to Neural Shareholders will be dependent on future performance. It will not be able to rely on the capital resources and cash flows of High Fusion. In addition, Neural will need to raise financing on a standalone basis without reference to High Fusion and may not be able to secure adequate debt or equity financing on desirable terms or at all.

Neural May Not Be Able to Accurately Predict Its Future Capital Needs

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

Neural's Operations Could Be Adversely Affected by Events Outside of its Control, such as Natural Disasters, Wars or Health Epidemics

The COVID-19 pandemic has negatively impacted and increased volatility of global financial markets and may continue to do so. The economic viability of Neural's long-term business plan will be impacted by its ability to obtain financing, and global economic conditions impact the general availability of financing through public and private debt and equity markets, as well as through other avenues.
Neural may be impacted by business interruptions resulting from pandemics and public health emergencies, including those related to COVID-19 coronavirus, geopolitical actions, including war and terrorism or natural disasters including earthquakes, typhoons, floods and fires. An outbreak of infectious disease, a pandemic or a similar public health threat, such as the recent outbreak of the novel coronavirus known as COVID-19, or a fear of any of the foregoing, could adversely impact Neural by causing operating, manufacturing supply chain, clinical trial and project development delays and disruptions, labor shortages, travel and shipping disruption and shutdowns (including as a result of government regulation and prevention measures). Neural may incur expenses or delays relating to such events outside of its control, which could have a material adverse impact on its business, ability to achieve stated milestones, operating results and financial condition. It is anticipated that the spread of COVID-19 and global measures to contain it, will have an impact on Neural, however it is challenging to quantify the potential magnitude of such impact at this time. Neural believes that the ongoing COVID-19 restrictions may impact the planned clinical development timelines of its programs, including the timing of future pre-clinical and future clinical activities related to its products. Future crises may be precipitated by any number of causes, including additional epidemic diseases, natural disasters, geopolitical instability, changes to commodity prices and/or sovereign defaults. If increased levels of volatility continue or in the event of a rapid destabilization of global economic conditions, it may result in a material adverse effect on demand for Neural's proposed products, the availability of credit, investor confidence, and general financial market liquidity, all of which may adversely affect Neural's operations and business and the market price of Neural Shares.

Tax Matters

Neural's taxes will be affected by several factors, some of which are outside of its control, including the application and interpretation of the relevant tax laws and treaties. If Neural's filing position, application of tax incentives or similar "holidays" or benefits were to be challenged for any reason, this could have a material adverse effect on Neural's business, results of operations and financial condition.

Neural will be subject to routine tax audits by various tax authorities. Tax audits may result in additional tax, interest payments and penalties which would negatively affect Neural's financial condition and operating results. New laws and regulations or changes in tax rules and regulations or the interpretation of tax laws by the courts or the tax authorities may also have a substantial negative impact on Neural's business. There is no assurance that Neural's financial condition will not be materially adversely affected in the future due to such changes.

Management of Growth

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

Product Liability, Operational Risk

As a manufacturer and distributor of products designed to be ingested by humans, Neural faces an inherent risk of exposure to product liability claims, regulatory action, and litigation if its products are alleged to have caused significant loss or injury. In addition, the manufacture and sale of San Pedro cactus derived

products involve the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. Previously unknown adverse reactions resulting from human consumption of Neural's products alone or in combination with other medications or substances could occur. Neural may be subject to various product liability claims, including, among others, that Neural's products caused injury or illness, include inadequate instructions for use or include inadequate warnings concerning possible side effects or interactions with other substances. A product liability claim or regulatory action against Neural could result in increased costs, could adversely affect Neural's reputation with its customers and consumers generally, and could have a material adverse effect on Neural's results of operations and financial condition of Neural.

Conflicts of Interest

Certain of the prospective directors and officers of Neural also serve as directors and/or officers of other companies involved in psychedelics and life sciences industries and, consequently, there exists the possibility for such directors and officers to be in a position of conflict. Neural expects that any decision made by any of such directors and officers involving Neural will be made in accordance with their duties and obligations to deal fairly and in good faith with a view to the best interests of Neural and Neural Shareholders, but there can be no assurance in this regard. In addition, each of Neural's directors will be required to declare and refrain from voting on any matter in which such directors may have a conflict of interest or which are governed by the procedures set forth in the OBCA and any other applicable law. In the event that Neural's directors and officers are subject to conflicts of interest, there may be a material adverse effect on its business.

Disclosure and Internal Controls

Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Disclosure controls and procedures are designed to ensure that the information required to be disclosed by Neural in reports that it will be required to file with securities regulatory agencies is recorded, processed, summarized and reported on a timely basis. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance with respect to the reliability of financial reporting and financial statement preparation. Neural's failure to satisfy the requirements of applicable Canadian securities laws on an ongoing, timely basis could result in the loss of investor confidence in the reliability of its financial statements, which in turn could harm its business and negatively impact the trading price of Neural Shares. In addition, any failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm Neural's operating results or cause it to fail to meet its reporting obligations.

Global Financial Conditions

Global financial conditions continue to be characterized as volatile. In recent years, global markets have been adversely impacted by various credit crises and significant fluctuations in fuel and energy costs and metals prices, and the COVID-19 pandemic. Many industries, including the life sciences and psychedelics industries, have been impacted by these market conditions. Global financial conditions remain subject to sudden and rapid destabilizations in response to future events, as government authorities may have limited resources to respond to future crises. A continued or worsened slowdown in the financial markets or other economic conditions, including but not limited to consumer spending, employment rates, business conditions, inflation, fuel and energy costs, consumer debt levels, lack of available credit, the state of the financial markets, interest rates and tax rates, may adversely affect Neural's growth and prospects. Future crises may be precipitated by any number of causes, including natural disasters, geopolitical instability, changes to energy prices or sovereign defaults. If increased levels of volatility continue or in the event of a rapid destabilization of global economic conditions, it may result in a material adverse effect on availability of credit, investor confidence, and general financial market liquidity, all of which may adversely affect Neural's business and the market price of Neural Shares.

Enforcement of Legal Rights

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

Currency Exchange Rates

Exchange rate fluctuations may adversely affect Neural's financial position and results. Neural's financial results are reported in Canadian Dollars and some if its costs may be incurred in other currencies. The depreciation of the Canadian dollar against other currencies could increase the actual capital and operating costs of Neural's operations and materially adversely affect the results presented in Neural's financial statements. Currency exchange fluctuations may also materially adversely affect Neural's future cash flow from operations, its results of operations, financial condition, and prospects.

Unanticipated Obstacles to Execution of the Business Plan

The execution of Neural's business plan is capital intensive and may become subject to adverse changes in statutory or regulatory requirements. Neural reserves the right to make significant modifications to its business plans as necessary based on future events.

Ability to Continue as a Going Concern

Neural had negative operating cash flow for the period for which this MD&A was prepared. There is no assurance that sufficient revenues will be generated in the near future, if at all. Neural will require additional funding in order to continue its research and development programs and other operating activities. These circumstances cast significant doubt as to Neural's ability to continue as a going concern.

Forward-Looking Statements and Information May Prove Inaccurate

Investors are cautioned not to place undue reliance on forward-looking statements and information. By their nature, forward-looking statements and information involves numerous assumptions, known and unknown risks and uncertainties, of both a general and specific nature, that could cause actual results to differ materially from those suggested by the forward-looking statements and information or contribute to the possibility that predictions, forecasts, or projections will prove to be materially inaccurate. Additional information on the risks, assumptions, and uncertainties are found hereto under the heading "*Cautionary Note About Forward Looking Information*".

Risks Related to Neural's Nutraceutical Business

Neural's Management Has Limited Experience in the Area of Nutraceutical Products

Neural's management team has limited experience in operating development-stage public companies and working with companies in highly regulated industries and there is no guarantee that Neural will be successful in developing products in the cactus-based nutraceutical product space or achieve commercial success selling these products. Neural's management also relies on expertise and advice of its Board, Scientific & Impact Advisory Board and other industry domain experts who have experience in consumer

package foods, government relations, clinical research, cannabis and dietary supplements industries, however, there is no assurance that such expertise will continue to be available to Neural's management. With no direct experience in the functional cactus space and obtaining regulatory approvals for new food supplement products, management may not be fully aware of relevant industry trends, which may impact the ability of Neural to make the most prudent decisions and choices regarding the direction of the business. Neural's business, financial condition or results of operations could be adversely affected if the internal infrastructure is inadequate, including if Neural is not able to secure outside consultants or source the necessary expertise to achieve certain business objectives.

Ability to Introduce and Market New Products

Neural's nutraceutical business will be reliant on the production and distribution of San Pedro cactus-based products and believes that the anticipated market for its potential products will continue to exist and expand. If Neural's products do not achieve sufficient market acceptance, it will be difficult for Neural to achieve profitability. If the cactus or functional foods market declines or Neural's products fail to achieve greater market acceptance once the products are introduced, Neural will not be able to increase its revenues in order to achieve consistent profitability.

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

Because the San Pedro cactus-based products industry is in a nascent stage with uncertain boundaries, there is a lack of information about comparable companies available for potential investors to review in deciding about whether to invest in Neural and, few, if any, established companies whose business model Neural can follow or upon whose success Neural can build. There can be no assurance that Neural'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.

Neural Relies on CMOs Over Whom it May Have Limited Control

Neural has no manufacturing experience and will rely on CMOs to manufacture its nutraceutical products. Neural will rely on CMOs for manufacturing, filling, packaging, storing, and shipping of product in compliance with the Health Canada's and the FDA's cGMP regulations applicable to Neural's nutraceutical products. Health Canada and the FDA ensure the quality of products by carefully monitoring manufacturers' compliance with cGMP regulations. The cGMP regulations contain minimum requirements for the methods, facilities and controls used in manufacturing, processing, and packing of the product. While Neural is collaborating with the CMOs that it expects to engage once the product formulation process is completed, there can be no assurances that this CMO will be able to meet Neural's timetable and requirements or that Neural will be able to enter into a definitive agreement with the CMOs. If Neural is unable enter into definitive agreement with the such CMOs or to arrange for alternative third-party manufacturing sources on commercially reasonable terms or in a timely manner, Neural may be delayed in rolling out its products. Further, CMOs must operate in compliance with cGMP and failure to do so could result in, among other things, the disruption of product supplies. Neural's dependence upon third parties for the manufacturing of

its products may adversely affect Neural's profit margins and its ability to develop and deliver products on a timely and competitive basis.

Reliance on Third-Party Distributors

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

Neural May Face Intense Competition And Expects Competition to Increase in the Future, Which Could Prohibit Its Development of Customer Base and Generating Revenue

The nutraceutical product industry may become more competitive in the future. Neural may increasingly compete with numerous other businesses in the industry, many of which may come to possess greater financial and marketing resources and other resources than Neural. Such business is often affected by changes in consumer tastes and discretionary spending patterns, national and regional economic conditions, demographic trends, consumer confidence in the economy, local competitive factors, cost and availability of raw material and labour, and governmental regulations. Any change in these factors could materially and adversely affect Neural's operations.

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

Success of Products is Dependent on Public Taste

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

Risks Related to Neural's Pharmaceutical Business

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

Neural has not begun to market any product or to generate revenues. Neural may be required to spend a significant amount of capital to fund research and development, animal studies and pre-clinical and clinical trials. As a result, Neural expects that its operating expenses will increase significantly and, consequently,

it will need to generate significant revenues to become profitable. There can be no assurances that the intellectual property of Neural, or Neural's products or technologies it may acquire, will meet applicable regulatory standards, obtain required regulatory approvals, be capable of being produced in commercial quantities at reasonable costs, or be successfully marketed. Neural may be undertaking additional laboratory, animal studies, pre-clinical and clinical studies with respect to development of its products, and there can be no assurance that the results from such studies or trials will result in a commercially viable products or will not identify unwanted side effects.

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

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

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

Neural Expects to Incur Significant Research and Development Expenses, Which May Make it Difficult to Attain Profitability

Neural expects to expend substantial funds in its research and development efforts, including preclinical studies and clinical trials, as well as for working capital requirements and other operating and general corporate purposes to support such efforts. Moreover, an increase in headcount would dramatically increase Neural's costs in the near and long term. Due to the limited financial and managerial resources, Neural's resource allocation decisions may cause its business to fail to capitalize on viable opportunities, including product candidates or profitable market opportunities.

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

Research and Development Studies Including Pre-Clinical and Clinical Trials May Have Negative Results or Reveal Adverse Safety Events

From time to time, studies or clinical trials on various aspects of biopharmaceutical products 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 products that are the subject of the study. The publication of negative results of studies or clinical trials or adverse safety events related to Neural's intendent products, or the therapeutic areas in which its product candidates compete, could adversely affect the price of Neural's Shares and ability to finance future research and development efforts, and could materially and adversely affect Neural's business and financial results.

Neural Relies on Third Parties to Conduct, Supervise, and Monitor its Research and Development Efforts

Neural relies on various third-parties including Cayetano University, Cactus Knize, CGS and others, which may include without limitation CROs, CRO-contracted vendors, medical institutions, clinical investigators and contract laboratories and pre-clinical trial sites to ensure the proper and timely conduct of the research and development studies and other scientific studies, including pre-clinical studies required to determine safety of San Pedro derived mescaline extract for its pharmaceutical business and San Pedro derived pulp fiber. Neural's reliance on CROs for pre-clinical development activities limits Neural's control over these activities and neither Neural, nor its management were involved in developing CRO's policies and procedures, but Neural is ultimately responsible for ensuring that each of its studies is conducted in accordance with the applicable protocol and legal, regulatory, and scientific standards.

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

Moreover, the FDA and non-U.S. regulatory authorities require Neural and its CROs to comply with regulations and standards, commonly referred to as or GLPs, for conducting, monitoring, recording and reporting the results of pre-clinical studies to ensure that the data and results are scientifically credible and accurate. Neural's reliance on third parties does not relieve it of the above responsibilities and requirements. If the third parties conducting Neural's pre-clinical studies do not perform their contractual duties or obligations, do not meet expected deadlines or need to be replaced, or if the quality or accuracy of the pre-clinical data they obtain is compromised due to the failure to adhere to GLPs or for any other reason, Neural

may need to enter into new arrangements with alternative third parties, and its clinical trials may be extended, delayed or terminated. In addition, a failure by third parties to perform their obligations in compliance with GLPs may cause Neural's pre-clinical studies to fail to meet regulatory requirements, which may require Neural to repeat its clinical trials. As a result, Neural's financial results and the commercial prospects for its products would be harmed, resulting in an increase in costs and/or delays in generating future revenue.

Furthermore, while Neural's management believes that there are many CROs that are qualified to carry out the work that Neural wishes to contract to advance its product development efforts, Neural may not be able to enter into arrangements with alternative CROs or do so on commercially reasonable terms. Switching or adding additional CROs and related research partners involves substantial cost and requires management's time and focus. In addition, there is a natural transition period when a new CRO commences work. As a result, delays occur, which can materially impact Neural's ability to meet its desired product development timelines. Though Neural intends to carefully manage its relationships with its CROs, there can be no assurance that Neural will not encounter challenges or delays in the future or that these delays or challenges will not have an adverse impact on Neural's business, financial condition, and prospects.

Pre-Clinical Research And Development Work May Rely on Evaluations in Animals, Which is Controversial and Neural May Become Subject to Bans or Additional Regulations

Development of Neural's pharmaceutical and/or nutraceutical products may require animal testing. Although the animal testing would be conducted by a licensed CRO, which is subject to GLPs, animal testing in the industry continues to be the subject of controversy and adverse publicity. Some organizations and individuals have sought to ban animal testing or encourage the adoption of additional regulations applicable to animal testing. To the extent that such bans or regulations are imposed, Neural's research and development activities, and by extension Neural's operating results and financial condition, could be adversely impacted. In addition, negative publicity about animal practices by Neural's CROs and by extension Neural could harm Neural's reputation among potential customers.

Delays in Projected Development Goals

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

Risks Related to Neural's Intellectual Property

Neural May be Unable to Prevent Disclosure of Its Trade Secrets or Other Confidential Information to Third Parties

Neural intends to rely on trade secret protection and confidentiality agreements to protect its proprietary know-how that is being developed in the course of product development efforts with the CROs and other consultants, which may not patentable or for which Neural has not taken the steps to protect. Neural requires its key employees, consultants, advisors and any third parties who have access to its proprietary know-how to execute confidentiality agreements, but there is no certainty that all counterparties will agree to enter into

confidentiality agreements or that these agreements will not be breached. There is no certainty that Neural's trade secrets and other confidential proprietary information will not be disclosed or that competitors will not otherwise gain access to Neural's trade secrets or independently develop substantially equivalent information and techniques. Failure to prevent disclosure of Neural's intellectual property to third parties or misappropriation by third parties of Neural's confidential proprietary information could enable Neural's competitors to duplicate or surpass Neural technological achievements and erode Neural's competitive position.

Inability to Protect Intellectual Property Rights

Neural does not currently hold a patent or other form of intellectual property protection on its know-how, including the intellectual property rights acquired pursuant to the IP Development Agreement. While Neural has submitted the Provisional Application with respect to the technology rights that it acquired pursuant to the IP Development Agreement, there can be no guarantee that any future patent applications or submissions may be filed by Neural as a result of research into the use of San Pedro cacti, including the planned pre-clinical trials and other research and development activities or Neural, will be granted, or if granted, that the patent protections will be issued in the form requested.

Accordingly, the scope of protection, if any, that may be afforded by applications for intellectual property rights for Neural is uncertain. Further, even if patents are issued from future applications, those patents issued or otherwise acquired by or assigned to Neural may be subject to invalidation proceedings commenced by third parties. The validity of an issued patent may be attacked on a number of grounds, and such invalidation proceedings are inherently unpredictable, and can lead to the subject patent protection being ordered invalid and therefore unenforceable.

The success of Neural will depend, in part, on its ability to maintain proprietary protection over its technology, know-how and trade secrets and operate without infringing the proprietary rights of third parties. Despite precautions, it may be possible for a third party to copy or otherwise obtain and use Neural's intellectual property without authorization. There can be no assurance that any steps taken by Neural will prevent misappropriation of its intellectual property. Litigation could result in substantial costs and diversion of resources and the inability of Neural to protect any technology it may develop, which could have a material adverse effect on Neural's business, results of operations, financial condition and profitability.

Infringement of Intellectual Property Rights

While Neural believes that its planned services do not infringe upon the proprietary rights of third parties, its commercial success depends, in part, upon Neural not infringing upon the intellectual property rights of others. A number of Neural's competitors and other third parties may have been issued or filed for patents and proprietary rights for treatments similar to those being developed or utilized by Neural. Some of these patents may grant very broad protection to the owners of the patents. Neural has not undertaken a review to determine whether any existing third-party patents or the issuance of any third-party patents would require Neural to alter its treatment services or cease certain activities. Neural may become subject to claims by third parties that its services infringe on their intellectual property rights.

Internal Control over Financial Reporting

Internal controls over financial reporting are procedures designed to provide reasonable assurance that transactions are properly authorized, assets are safeguarded against unauthorized or improper use, and transactions are properly recorded and reported. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance with respect to the reliability of financial reporting and financial statement preparation.

Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including Neural's President and Chief Executive Officer and Chief Financial Officer, on a timely basis so that appropriate decisions can be made regarding public disclosure. As at October 31, 2022 covered by this management's discussion and analysis, management of Neural, with the participation of the Chief Executive Officer and the Chief Financial Officer, evaluated the effectiveness of Neural's disclosure controls and procedures as required by Canadian securities laws.

Based on that evaluation, the President and Chief Executive Officer and the Chief Financial Officer have concluded that, as of the end of the period covered by this management's discussion and analysis, the disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in Neural's annual filings and interim filings (as such terms are defined under Multilateral Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings) and other reports filed or submitted under Canadian securities laws is recorded, processed, summarized and reported within the time periods specified by those laws and that material information is accumulated and communicated to management of Neural, including the President and Chief Executive Officer and the Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Cautionary Note Regarding Forward Looking Statements

This document includes "forward-looking information" and "forward-looking statements" within the meaning of Canadian securities laws. All statements, other than statements of historical fact, made by Neural that address activities, events or developments that Neural expects or anticipates will or may occur in the future are forward-looking statements, including statements preceded by, followed by or that include words such as "may", "will", "would", "could", "should", "believes", "estimates", "projects", "potential" "potentially", "expects", "plans", "intends", "anticipates", "targeted", "continues", "forecasts", "designed", "goal", or the negative of those words or other similar or comparable words. Forward-looking statements may relate to future financial conditions, results of operations, plans, objectives, performance or business developments. These statements speak only as at the date they are made and are based on information currently available and on management's current expectations and assumptions concerning Neural's future events, financial conditions, results of operations, plans, objectives, performance, business developments, objectives or milestones. Actual results and developments may differ materially from those contemplated by these statements. Forward-looking statements in this document include statements related to, the business and future activities of Neural, and developments related to, Neural after the date of this document, including but not limited to, statements relating to future business strategy, competitive strengths, goals, expansion and growth of Neural's business, operations and plans, including potential new revenue streams, the completion of contemplated research and development projects by Neural, changes in laws or regulatory requirements, the impact of the COVID-19 pandemic, the business objectives of Neural and its research and development activities, the acceptance in the medical community of mescaline and other psychedelic substances as effective treatments for depression, post-traumatic stress disorder, addiction and other mental health conditions, the funds available to Neural and the use of such funds, the healthcare industry in Canada,

United States and globally, the ability of Neural to achieve certain milestones discussed herein on the timelines expected by Neural or at all.

Forward-looking statements are subject to a number of known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from that which are expressed or implied by such forward-looking statements. These risks and uncertainties include those related to: the ability of Neural to secure additional financing for current and future operations and capital projects, as needed; risks and costs associated with being a publicly traded company); future issuances or actual or potential sales of securities; negative operating cash flow and continued operations as a going concern; discretion over the use of proceeds; unpredictability and volatility of the listed securities of Neural; speculative nature of an investment in the securities of Neural; limited operating history of Neural as a public company; a significant number of Neural Shares are owned by a limited number of shareholders, including without limitation High Fusion; the expected future losses of Neural and profitability; significant risks inherent in the nature of the health clinic industry; risks associated with failure to achieve its publicly announced milestones according to schedule, or at all; risks related to Neural's business in Peru; risks associated with the regulation of mescaline and psychedelic cacti in Canada, United States, Peru, Saint Vincent and the Grenadines, and elsewhere; violations of laws and regulations, unintentionally and due to gross negligence; reliance on the capabilities and experience of its key executives and scientists; changes to legislation; the possible engagement in misconduct or other improper activities by employees, consultants, or third parties; the expansion of Neural's business through acquisitions or collaborations; risks related to third-party licenses; reliance on third parties; no assurance of an active or liquid market; public markets and share prices; additional issuances and dilution; the ability of Neural to secure additional financing for current and future operations and capital projects, as needed, which may not be available on acceptable terms, or at all; Neural's dependence on management and key personnel; general economic, market and business conditions, early-stage industry growth rates, the risks associated with competition from other companies directly or indirectly engaged in Neural's industry; foreign currency exchange rate fluctuations and its effects on Neural's operations; the risks and costs associated with being a publicly traded company, the market demand for Neural Shares; the impact of the COVID-19 pandemic; non-compliance with laws; unfavorable publicity or consumer perception; patient acquisitions; drug development risks; substantial risks of regulatory or political change; the ability to obtain necessary government permits and licenses; mescaline as a pharmaceutical; negative cash flow from operating activities; management of growth; intellectual property; litigation; insurance coverage; Neural being a holding company; the industry being difficult to forecast; conflicts of interest; enforcement of legal rights; emerging market risks; enforcement of legal rights in foreign jurisdictions; inadequate internal controls over financial reporting; cyber-attacks; reliance upon insurers and governments; and difficulty in enforcing judgments and effecting service of process on directors and officers. Other risks and uncertainties not presently known to Neural or that Neural presently believe are not material could also cause actual results or events to differ materially from those expressed in the forward-looking statements contained herein.

There can be no assurance that such forward-looking information and statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such information and statements. Accordingly, readers should not place undue reliance on forward-looking information and statements. The forward-looking information and statements contained herein are presented for the purposes of assisting readers in understanding Neural's expected financial and operating performance and Neural's plans and objectives and may not be appropriate for other purposes.

The forward-looking information and statements contained in this document represent Neural's views as of the date of this document and forward-looking information and statements contained in the documents incorporated by reference herein represent Neural's views as of the date of such documents, unless otherwise indicated in such documents. Neural anticipates that subsequent events and developments may cause its views to change. Readers are cautioned not to place undue reliance on forward-looking statements contained in this document, which reflect the analysis of the management of Neural only as of the date of

this document. Neural does not undertake any obligation to release publicly the results of any revision to these forward-looking statements which may be made to reflect events or circumstances after the date of this document or to reflect the occurrence of unanticipated events, except as required by the Securities Legislation.

Readers are cautioned that the foregoing lists of risks, uncertainties and other factors are not exhaustive. The forward-looking statements contained herein are made as of the date that appears on the title page hereof and Neural undertakes no obligation to update publicly or revise any forward-looking statements or in any other documents filed with Canadian securities regulatory authorities, whether as a result of new information, future events or otherwise, except in accordance with applicable securities laws. The forward-looking statements are expressly qualified by this cautionary statement.

Management's Responsibility for Financial Information

Management is responsible for all information contained in this report. The Interim financial statements have been prepared in accordance with International Financial Reporting Standards and include amounts based on management's informed judgments and estimates. The financial and operating information included in this report is consistent with that contained in the financial statements in all material aspects.

Management maintains internal controls to provide reasonable assurance that financial information is reliable and accurate, and assets are safeguarded.

The Board of Directors has approved the interim financial statements on the recommendation of the Audit Committee.

March 14, 2023

Ian Campbell - Chief Executive Officer
Omar Gonzalez - Chief Financial Officer

SCHEDULE "L"
CHANGE OF AUDITOR PACKAGE

July 14, 2022

Harbourside CPA LLP
BF Borgers CPA PC
Ontario Securities Commission
Authorite des Marches Financiers
British Columbia Securities
Commission Alberta Securities
Commission
Re: Notice of Change of Auditors

In compliance with section 4.11 of National Instrument 51-102 – Continuous Disclosure Obligations ("NI 51-102"), please be advised as follows:

1. On July 14, 2022, Harbourside CPA LLP resigned as High Fusion Inc.'s ("HF") auditors on its own initiative.

2. On July 14, 2022, BF Borgers CPA PC was appointed as HF's successor auditors.

3. The board of directors of HF and its audit committee have approved the resignation of Davidson & Company LLP and the appointment of Harbourside CPA LLP.

4. None of Harbourside CPA LLP's auditor's reports on HF's financial statements for the two most recent fiscal years ended July 31, 2021 contained a modified opinion.

5. The Board of Directors is of the opinion that there are no "reportable events" as such term is defined in section 4.11(1) of NI 51-102 which occurred in connection with the audit of the two most recently completed fiscal years or for any period subsequent to the most recently completed fiscal period for which an auditors' report was issued.

HIGH FUSION INC INC.

/s/ "Robert Wilson"

Robert Wilson
Chief Financial Officer

BFBorgers CPA PC
Certified Public Accountants

July 14, 2022

To: Ontario Securities Commission
Authorite des Marches Financiers
British Columbia Securities Commission
Alberta Securities Commission
Ontario Securities Commission

Dear Sirs:

High Fusion Inc. (the "Company")
Notice Pursuant to National Instrument 51-102 – Change of Auditor ("Notice")

As required by the National Instrument 51-102 and in connection with our proposed engagement as auditor of the Company, we have reviewed the information contained in the Company's Notice of Change of Auditor, dated July 14, 2022, and agree with the information contained therein, based upon our knowledge of the information relating to the said notice and of the Company at this time.

Yours very truly,

BF Borgers CPA PC

BF BORGERS CPA PC
CERTIFIED PUBLIC ACCOUNTANTS

www.bfbcpa.us
5400 W Cedar Ave, Lakewood, CO 80226 PH: 303-953-1454 FAX: 720-251-8836

HARBOURSIDE CPA

July 14, 2022

To: British Columbia Securities Commission
Alberta Securities Commission
Ontario Securities Commission
Authorite des Marches Financiers

Dear Sirs/Mesdames:

Re: High Fusion Inc. (the "Company")

As required by subparagraph (5)(a)(ii) of section 4.11 of National Instrument 51-102, we have reviewed the change of auditor notice of the Company dated July 14, 2022 (the "Notice") and, based on our knowledge of such information at this time, we confirm that we agree with the statements contained in the Notice in as far as they relate to us.

Yours very truly,

HARBOURSIDE CPA LLP

Harbourside CPA, LLP

t 604.688.7227
f 604.681.7716
harboursidecpa.com
SUITE 1140–1185
WEST GEORGIA STREET,
VANCOUVER, BC V6E 4E6

SCHEDULE "M"
HIGH FUSION INC. AUDIT COMMITTEE CHARTER

The purpose of the Audit Committee of the Board (the "**Board**") of High Fusion Inc. (the "**Corporation**") is to assist the Board in fulfilling its responsibility for overseeing the quality and integrity of the accounting, auditing, and reporting practices of High Fusion, and such other duties as directed by the Board. The Audit Committee's role includes a particular focus on the qualitative aspects of financial reporting to shareholders, on High Fusion's processes to manage business and financial risk, and on compliance with significant applicable legal, ethical and regulatory requirements.

MEMBERSHIP

The membership of the Audit Committee shall consist of at least two directors who are generally knowledgeable in financial and auditing matters, including at least one member with accounting or related financial management expertise. A majority of the members of the Audit Committee must be financially literate, that is having the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by High Fusion's financial statements.

The Chair of the Audit Committee shall be appointed by the full Board.

COMMUNICATIONS AND REPORTING

The Audit Committee is expected to maintain free and open communication with the external auditors, the internal accounting staff, and High Fusion's management. This communication shall include private executive sessions, at least annually, with each of these parties. The Audit Committee chairperson shall report on Audit Committee activities to the full Board.

AUTHORITY

In discharging its oversight role, the Audit Committee is empowered to investigate any matter brought to its attention, with full power to retain outside counsel or other advisors and experts for this purpose. The Audit Committee shall be empowered to set and pay the compensation for any such advisors employed by the Audit Committee. The Audit Committee shall have the authority to communicate directly with the external auditors of High Fusion.

RESPONSIBILITIES

Oversight

The Audit Committee is directly responsible for overseeing the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for High Fusion, including the resolution of disagreements between management of High Fusion and the external auditor regarding financial reporting.

Recommend Auditor

The Audit Committee must recommend to the Board the external auditor to be nominated (subject to shareholder approval) for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for High Fusion and the compensation of the external auditor.

Pre-Approve Non-Audit Services

The Audit Committee must pre-approve all non-audit services to be provided to High Fusion by High Fusion's external auditor.

Review Financial Disclosure

The Audit Committee must review High Fusion's financial statements, MD&A and annual and interim financial press releases, if any, before High Fusion publicly discloses this information.

The Audit Committee must be satisfied that adequate procedures are in place for the review of High Fusion's public disclosure of financial information extracted or derived from High Fusion's financial statements, and must periodically assess the adequacy of those procedures.

Reliance on Management and Auditors

The Audit Committee relies on the expertise and knowledge of management, the internal auditors, and the external auditor in carrying out its oversight responsibilities. Management of High Fusion is responsible for determining that High Fusion's financial statements are complete, accurate, and in accordance with generally accepted accounting principles. The external auditor is responsible for auditing High Fusion's financial statements. The Audit Committee should assure itself that High Fusion's internal policies, procedures and controls are adequate and are being implemented and followed.

Relationship with Auditors

The Audit Committee is also responsible for ensuring that High Fusion's external auditors submit on a periodic basis to the Audit Committee a formal written statement delineating all relationships between the external auditors and High Fusion and actively engaging in a dialogue with the external auditors with respect to any disclosure relationships or services that may impact the objectivity and independence of the external auditors and for taking appropriate action to ensure the independence of the external auditors within the meaning of applicable Canadian law.

Guidelines for Audit Committee

With respect to the exercise of its duties and responsibilities, the Audit Committee should, among other things:

1. report regularly to the Board on its activities, as appropriate;

2. exercise reasonable diligence in gathering and considering all material information;

3. remain flexible, so that it may be in a position to best react or respond to changing circumstances or conditions;

4. understand and weigh alternative courses of conduct that may be available;

5. focus on weighing the benefit versus harm to High Fusion and its Shareholders when considering alternative recommendations or courses of action;

6. if the Audit Committee deems it appropriate, secure independent expert advice and understand the expert's findings and the basis for such findings, including retaining independent counsel, accountants or others to assist the Audit Committee in fulfilling its duties and responsibilities; and

7. provide management and High Fusion's independent auditors with appropriate opportunities to meet privately with the Audit Committee.

MEETINGS

The Audit Committee shall meet with such frequency and at such intervals as it shall determine is necessary to carry out its duties and responsibilities. As part of its purpose to foster open communications, the Audit Committee shall meet at least annually with management and High Fusion's external auditors to discuss any matters that the Audit Committee or each of these groups or persons believe should be discussed privately. In addition, the Audit Committee should meet or confer with the external auditors and management to review High Fusion's interim consolidated financial statements and related filings prior to their filing with any regulatory body. The Chairman of the Audit Committee should work with the CFO and management to establish the agendas for Audit Committee meetings. The Audit Committee, in its discretion, may ask members of management or others to attend its meetings (or portions thereof) and to provide pertinent information as necessary. The Audit Committee shall maintain minutes of its meetings and records relating to those meetings and the Audit Committee's activities and provide copies of such minutes to the Board to be included in the minute books of High Fusion.

SCHEDULE "N"
SECTION 190 OF THE *CANADA BUSINESS CORPORATIONS ACT*

Right to dissent

190 (1) Subject to sections 191 and 241, a holder of shares of any class of a corporation may dissent if the corporation is subject to an order under paragraph 192(4)(d) that affects the holder or if the corporation resolves to

(a) amend its articles under section 173 or 174 to add, change or remove any provisions restricting or constraining the issue, transfer or ownership of shares of that class;

(b) amend its articles under section 173 to add, change or remove any restriction on the business or businesses that the corporation may carry on;

(c) amalgamate otherwise than under section 184;

(d) be continued under section 188;

(e) sell, lease or exchange all or substantially all its property under subsection 189(3); or

(f) carry out a going-private transaction or a squeeze-out transaction.

Further right

(2) A holder of shares of any class or series of shares entitled to vote under section 176 may dissent if the corporation resolves to amend its articles in a manner described in that section.

If one class of shares

(2.1) The right to dissent described in subsection (2) applies even if there is only one class of shares.

Payment for shares

(3) In addition to any other right the shareholder may have, but subject to subsection (26), a shareholder who complies with this section is entitled, when the action approved by the resolution from which the shareholder dissents or an order made under subsection 192(4) becomes effective, to be paid by the corporation the fair value of the shares in respect of which the shareholder dissents, determined as of the close of business on the day before the resolution was adopted or the order was made.

No partial dissent

(4) A dissenting shareholder may only claim under this section with respect to all the shares of a class held on behalf of any one beneficial owner and registered in the name of the dissenting shareholder.

Objection

(5) A dissenting shareholder shall send to the corporation, at or before any meeting of shareholders at which a resolution referred to in subsection (1) or (2) is to be voted on, a written objection to the resolution, unless the corporation did not give notice to the shareholder of the purpose of the meeting and of their right to dissent.

Notice of resolution

(6) The corporation shall, within ten days after the shareholders adopt the resolution, send to each shareholder who has filed the objection referred to in subsection (5) notice that the resolution has been

adopted, but such notice is not required to be sent to any shareholder who voted for the resolution or who has withdrawn their objection.

Demand for payment

(7) A dissenting shareholder shall, within twenty days after receiving a notice under subsection (6) or, if the shareholder does not receive such notice, within twenty days after learning that the resolution has been adopted, send to the corporation a written notice containing

(a) the shareholder's name and address;

(b) the number and class of shares in respect of which the shareholder dissents; and

(c) a demand for payment of the fair value of such shares.

Share certificate

(8) A dissenting shareholder shall, within thirty days after sending a notice under subsection (7), send the certificates representing the shares in respect of which the shareholder dissents to the corporation or its transfer agent.

Forfeiture

(9) A dissenting shareholder who fails to comply with subsection (8) has no right to make a claim under this section.

Endorsing certificate

(10) A corporation or its transfer agent shall endorse on any share certificate received under subsection (8) a notice that the holder is a dissenting shareholder under this section and shall forthwith return the share certificates to the dissenting shareholder.

Suspension of rights

(11) On sending a notice under subsection (7), a dissenting shareholder ceases to have any rights as a shareholder other than to be paid the fair value of their shares as determined under this section except where

(a) the shareholder withdraws that notice before the corporation makes an offer under subsection (12),

(b) the corporation fails to make an offer in accordance with subsection (12) and the shareholder withdraws the notice; or

(c) the directors revoke a resolution to amend the articles under subsection 173(2) or 174(5), terminate an amalgamation agreement under subsection 183(6) or an application for continuance under subsection 188(6), or abandon a sale, lease or exchange under subsection 189(9),

in which case the shareholder's rights are reinstated as of the date the notice was sent.

Offer to pay

(12) A corporation shall, not later than seven days after the later of the day on which the action approved by the resolution is effective or the day the corporation received the notice referred to in subsection (7), send to each dissenting shareholder who has sent such notice

(a) a written offer to pay for their shares in an amount considered by the directors of the corporation to be the fair value, accompanied by a statement showing how the fair value was determined; or

(b) if subsection (26) applies, a notification that it is unable lawfully to pay dissenting shareholders for their shares.

Same terms

(13) Every offer made under subsection (12) for shares of the same class or series shall be on the same terms.

Payment

(14) Subject to subsection (26), a corporation shall pay for the shares of a dissenting shareholder within ten days after an offer made under subsection (12) has been accepted, but any such offer lapses if the corporation does not receive an acceptance thereof within thirty days after the offer has been made.

Corporation may apply to court

(15) Where a corporation fails to make an offer under subsection (12), or if a dissenting shareholder fails to accept an offer, the corporation may, within fifty days after the action approved by the resolution is effective or within such further period as a court may allow, apply to a court to fix a fair value for the shares of any dissenting shareholder.

Shareholder application to court

(16) If a corporation fails to apply to a court under subsection (15), a dissenting shareholder may apply to a court for the same purpose within a further period of twenty days or within such further period as a court may allow.

Venue

(17) An application under subsection (15) or (16) shall be made to a court having jurisdiction in the place where the corporation has its registered office or in the province where the dissenting shareholder resides if the corporation carries on business in that province.

No security for costs

(18) A dissenting shareholder is not required to give security for costs in an application made under subsection (15) or (16).

Parties

(19) On an application to a court under subsection (15) or (16),

(a) all dissenting shareholders whose shares have not been purchased by the corporation shall be joined as parties and are bound by the decision of the court; and

(b) the corporation shall notify each affected dissenting shareholder of the date, place and consequences of the application and of their right to appear and be heard in person or by counsel.

Powers of court

(20) On an application to a court under subsection (15) or (16), the court may determine whether any other person is a dissenting shareholder who should be joined as a party, and the court shall then fix a fair value for the shares of all dissenting shareholders.

Appraisers

(21) A court may in its discretion appoint one or more appraisers to assist the court to fix a fair value for the shares of the dissenting shareholders.

Final order

(22) The final order of a court shall be rendered against the corporation in favour of each dissenting shareholder and for the amount of the shares as fixed by the court.

Interest

(23) A court may in its discretion allow a reasonable rate of interest on the amount payable to each dissenting shareholder from the date the action approved by the resolution is effective until the date of payment.

Notice that subsection (26) applies

(24) If subsection (26) applies, the corporation shall, within ten days after the pronouncement of an order under subsection (22), notify each dissenting shareholder that it is unable lawfully to pay dissenting shareholders for their shares.

Effect where subsection (26) applies

(25) If subsection (26) applies, a dissenting shareholder, by written notice delivered to the corporation within thirty days after receiving a notice under subsection (24), may

(a) withdraw their notice of dissent, in which case the corporation is deemed to consent to the withdrawal and the shareholder is reinstated to their full rights as a shareholder; or

(b) retain a status as a claimant against the corporation, to be paid as soon as the corporation is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the corporation but in priority to its shareholders.

Limitation

(26) A corporation shall not make a payment to a dissenting shareholder under this section if there are reasonable grounds for believing that

(a) the corporation is or would after the payment be unable to pay its liabilities as they become due; or

(b) the realizable value of the corporation's assets would thereby be less than the aggregate of its liabilities.

SCHEDULE "O"
BRTIISH COLUMBIA DISSENT PROCEDURES

Business Corporations Act (British Columbia)

PART 2 OF DIVISION 8 OF THE BUSINESS CORPORATIONS ACT (BRITISH COLUMBIA)

Definitions and application

237 (1) In this Division:

"**dissenter**" means a shareholder who, being entitled to do so, sends written notice of dissent when and as required by section 242;

"**notice shares**" means, in relation to a notice of dissent, the shares in respect of which dissent is being exercised under the notice of dissent;

"**payout value**" means,

(a) in the case of a dissent in respect of a resolution, the fair value that the notice shares had immediately before the passing of the resolution,

(b) in the case of a dissent in respect of an arrangement approved by a court order made under section 291(2)(c)that permits dissent, the fair value that the notice shares had immediately before the passing of the resolution adopting the arrangement

(c) in the case of a dissent in respect of a matter approved or authorized by any other court order that permits dissent, the fair value that the notice shares had at the time specified by the court order, excluding any appreciation or depreciation in anticipation of the corporate action approved or authorized by the resolution or court order unless exclusion would be inequitable; or

(d) in the case of a dissent in respect of a community contribution company, the value of the notice shares set out in the regulations,

(2) This Division applies to any right of dissent exercisable by a shareholder except to the extent that

(a) the court orders otherwise, or

(b) in the case of a right of dissent authorized by a resolution referred to in section 238 (1)(g), the court orders otherwise or the resolution provides otherwise.

Right to dissent

238 (1) A shareholder of a company, whether or not the shareholder's shares carry the right to vote, is entitled to dissent as follows:

(a) under section 260, in respect of a resolution to alter the articles

(i)to alter restrictions on the powers of the company or on the business the company is permitted to carry on,

(ii)without limiting subparagraph (i), in the case of a community contribution company, to alter any of the company's community purposes within the meaning of section 51.91, or

(iii)without limiting subparagraph (i), in the case of a benefit company, to alter the company's benefit provision;

(b) under section 272, in respect of a resolution to adopt an amalgamation agreement under section 287, in respect of a resolution to approve an amalgamation under Division 4 of Part 9;

(d) in respect of a resolution to approve an arrangement, the terms of which arrangement permit dissent;

(e) under section 301 (5), in respect of a resolution to authorize or ratify the sale, lease or other disposition of all or substantially all of the company's undertaking;

(f) under section 309, in respect of a resolution to authorize the continuation of the company into a jurisdiction other than British Columbia;

(g) in respect of any other resolution, if dissent is authorized by the resolution;

(h) in respect of any court order that permits dissent.

(1.1) A shareholder of a company, whether or not the shareholder's shares carry the right to vote, is entitled to dissent under section 51.995 (5) in respect of a resolution to alter its notice of articles to include or to delete the benefit statement.

(2) A shareholder wishing to dissent must

(a) prepare a separate notice of dissent under section 242 for

(i) the shareholder, if the shareholder is dissenting on the shareholder's own behalf, and

(ii) each other person who beneficially owns shares registered in the shareholder's name and on whose behalf the shareholder is dissenting,

(b) identify in each notice of dissent, in accordance with section 242 (4), the person on whose behalf dissent is being exercised in that notice of dissent; and

(c) dissent with respect to all of the shares, registered in the shareholder's name, of which the person identified under paragraph (b) of this subsection is the beneficial owner.

(3) Without limiting subsection (2), a person who wishes to have dissent exercised with respect to shares of which the person is the beneficial owner must

(a) dissent with respect to all of the shares, if any, of which the person is both the registered owner and the beneficial owner, and

(b) cause each shareholder who is a registered owner of any other shares of which the person is the beneficial owner to dissent with respect to all of those shares.

Waiver of right to dissent

239 (1) A shareholder may not waive generally a right to dissent but may, in writing, waive the right to dissent with respect to a particular corporate action.

(2) A shareholder wishing to waive a right of dissent with respect to a particular corporate action must

(a) provide to the company a separate waiver for

(i) the shareholder, if the shareholder is providing a waiver on the shareholder's own behalf, and

(ii) each other person who beneficially owns shares registered in the shareholder's name and on whose behalf the shareholder is providing a waiver, and

(b) identify in each waiver the person on whose behalf the waiver is made.

(3) If a shareholder waives a right of dissent with respect to a particular corporate action and indicates in the waiver that the right to dissent is being waived on the shareholder's own behalf, D-3 the shareholder's right to dissent with respect to the particular corporate action terminates in respect of the shares of which the shareholder is both the registered owner and the beneficial owner, and this Division ceases to apply to

(a) the shareholder in respect of the shares of which the shareholder is both the registered owner and the beneficial owner, and

(b) any other shareholders, who are registered owners of shares beneficially owned by the first mentioned shareholder, in respect of the shares that are beneficially owned by the first mentioned shareholder.

(4) If a shareholder waives a right of dissent with respect to a particular corporate action and indicates in the waiver that the right to dissent is being waived on behalf of a specified person who beneficially owns shares registered in the name of the shareholder, the right of shareholders who are registered owners of shares beneficially owned by that specified person to dissent on behalf of that specified person with respect to the particular corporate action terminates and this Division ceases to apply to those shareholders in respect of the shares that are beneficially owned by that specified person.

Notice of resolution

240 (1) If a resolution in respect of which a shareholder is entitled to dissent is to be considered at a meeting of shareholders, the company must, at least the prescribed number of days before the date of the proposed meeting, send to each of its shareholders, whether or not their shares carry the right to vote,

(a) a copy of the proposed resolution, and

(b) a notice of the meeting that specifies the date of the meeting, and contains a statement advising of the right to send a notice of dissent.

(2) If a resolution in respect of which a shareholder is entitled to dissent is to be passed as a consent resolution of shareholders or as a resolution of directors and the earliest date on which that resolution can be passed is specified in the resolution or in the statement referred to in paragraph (b), the company may, at least 21 days before that specified date, send to each of its shareholders, whether or not their shares carry the right to vote,

(a) a copy of the proposed resolution, and

(b) a statement advising of the right to send a notice of dissent.

(3) If a resolution in respect of which a shareholder is entitled to dissent was or is to be passed as a resolution of shareholders without the company complying with subsection (1) or (2), or was or is to be passed as a directors' resolution without the company complying with subsection (2), the company must, before or within 14 days after the passing of the resolution, send to each of its shareholders who has not, on behalf of every person who beneficially owns shares registered in the name of the shareholder, consented to the resolution or voted in favour of the resolution, whether or not their shares carry the right to vote,

(a) a copy of the resolution,

(b) a statement advising of the right to send a notice of dissent; and

(c) if the resolution has passed, notification of that fact and the date on which it was passed.

(4) Nothing in subsection (1), (2) or (3) gives a shareholder a right to vote in a meeting at which, or on a resolution on which, the shareholder would not otherwise be entitled to vote.

Notice of court orders

241 If a court order provides for a right of dissent, the company must, not later than 14 days after the date on which the company receives a copy of the entered order, send to each shareholder who is entitled to exercise that right of dissent

(a) a copy of the entered order, and

(b) a statement advising of the right to send a notice of dissent.

Notice of dissent

242 (1) A shareholder intending to dissent in respect of a resolution referred to in section 238 (1) (a), (b), (c),I), (e) or (f) or (1.1) must

(a) if the company has complied with section 240 (1) or (2), send written notice of dissent to the company at least 2 days before the date on which the resolution is to be passed or can be passed, as the case may be,

(b) if the company has complied with section 240 (3), send written notice of dissent to the company not more than 14 days after receiving the records referred to in this section, or

(c) if the company has not complied with section 240 (1), (2) or (3), send written notice of dissent to the company not more than 14 days after the later of

(i) the date on which the shareholder learns that the resolution was passed, and

(ii) the date on which the shareholder learns that the shareholder is entitled to dissent.

(2) A shareholder intending to dissent in respect of a resolution referred to in section 238 (1) (g) must send written notice of dissent to the company

(a) on or before the date specified by the resolution or in the statement referred to in section 240 (2) (b) or (3) (b) as the last date by which notice of dissent must be sent, or

(b) if the resolution or statement does not specify a date, in accordance with subsection (1) of this section.

(3) A shareholder intending to dissent under section 238 (1) (h) in respect of a court order that permits dissent must send written notice of dissent to the company

(a) within the number of days, specified by the court order, after the shareholder receives the records referred to in section 241, or

(b) if the court order does not specify the number of days referred to in paragraph (a) of this subsection, within 14 days after the shareholder receives the records referred to in section 241.

(4) A notice of dissent sent under this section must set out the number, and the class and series, if applicable, of the notice shares, and must set out whichever of the following is applicable:

(a) if the notice shares constitute all of the shares of which the shareholder is both the registered owner and beneficial owner and the shareholder owns no other shares of the company as beneficial owner, a statement to that effect;

(b) if the notice shares constitute all of the shares of which the shareholder is both the registered owner and beneficial owner but the shareholder owns other shares of the company as beneficial owner, a statement to that effect and

(i) the names of the registered owners of those other shares,

(ii) the number, and the class and series, if applicable, of those other shares that are held by each of those registered owners, and

(iii) a statement that notices of dissent are being, or have been, sent in respect of all of those other shares;

(c) if dissent is being exercised by the shareholder on behalf of a beneficial owner who is not the dissenting shareholder, a statement to that effect and

(i) the name and address of the beneficial owner, and

(ii) a statement that the shareholder is dissenting in relation to all of the shares beneficially owned by the beneficial owner that are registered in the shareholder's name.

(5) The right of a shareholder to dissent on behalf of a beneficial owner of shares, including the shareholder, terminates and this Division ceases to apply to the shareholder in respect of that beneficial owner if subsections (1) to (4) of this section, as those subsections pertain to that beneficial owner, are not complied with.

Notice of intention to proceed

243 (1) A company that receives a notice of dissent under section 242 from a dissenter must

(a) if the company intends to act on the authority of the resolution or court order in respect of which the notice of dissent was sent, send a notice to the dissenter promptly after the later of

(i) the date on which the company forms the intention to proceed, and

(ii) the date on which the notice of dissent was received, or

(b) if the company has acted on the authority of that resolution or court order, promptly send a notice to the dissenter.

(2) A notice sent under subsection (1) (a) or (b) of this section must

(a) be dated not earlier than the date on which the notice is sent,

(b) state that the company intends to act, or has acted, as the case may be, on the authority of the resolution or court order; and

(c) advise the dissenter of the manner in which dissent is to be completed under section 244. D-6

Completion of dissent

244 (1) A dissenter who receives a notice under section 243 must, if the dissenter wishes to proceed with the dissent, send to the company or its transfer agent for the notice shares, within one month after the date of the notice,

(a) a written statement that the dissenter requires the company to purchase all of the notice shares,

(b) the certificates, if any, representing the notice shares; and

(c) if section 242 (4) (c) applies, a written statement that complies with subsection (2) of this section.

(2) The written statement referred to in subsection (1)(c) must

(a) be signed by the beneficial owner on whose behalf dissent is being exercised, and

(b) set out whether or not the beneficial owner is the beneficial owner of other shares of the company and, if so, set out

(i) the names of the registered owners of those other shares,

(ii) the number, and the class and series, if applicable, of those other shares that are held by each of those registered owners, and

(iii) that dissent is being exercised in respect of all of those other shares.

(3) After the dissenter has complied with subsection (1),

(a) the dissenter is deemed to have sold to the company the notice shares, and

(b) the company is deemed to have purchased those shares, and must comply with section 245, whether or not it is authorized to do so by, and despite any restriction in, its memorandum or articles.

(4) Unless the court orders otherwise, if the dissenter fails to comply with subsection (1) of this section in relation to notice shares, the right of the dissenter to dissent with respect to those notice shares terminates and this Division, other than section 247, ceases to apply to the dissenter with respect to those notice shares.

(5) Unless the court orders otherwise, if a person on whose behalf dissent is being exercised in relation to a particular corporate action fails to ensure that every shareholder who is a registered owner of any of the shares beneficially owned by that person complies with subsection (1) of this section, the right of shareholders who are registered owners of shares beneficially owned by that person to dissent on behalf of that person with respect to that corporate action terminates and this Division, other than section 247, ceases to apply to those shareholders in respect of the shares that are beneficially owned by that person.

(6) A dissenter who has complied with subsection (1) of this section may not vote, or exercise or assert any rights of a shareholder, in respect of the notice shares, other than under this Division.

Payment for notice shares

245 (1) A company and a dissenter who has complied with section 244 (1) may agree on the amount of the payout value of the notice shares and, in that event, the company must

(a) promptly pay that amount to the dissenter, or

(b) if subsection (5) of this section applies, promptly send a notice to the dissenter that the company is unable lawfully to pay dissenters for their shares.

(2) A dissenter who has not entered into an agreement with the company under subsection (1) or the company may apply to the court and the court may

(a) determine the payout value of the notice shares of those dissenters who have not entered into an agreement with the company under subsection (1), or order that the

payout value of those notice shares be established by arbitration or by reference to the registrar, or a referee, of the court,

(b) join in the application each dissenter, other than a dissenter who has entered into an agreement with the company under subsection (1), who has complied with section 244 (1); and

(c) make consequential orders and give directions it considers appropriate.

(3) Promptly after a determination of the payout value for notice shares has been made under subsection (2) (a) of this section, the company must

(a) pay to each dissenter who has complied with section 244 (1) in relation to those notice shares, other than a dissenter who has entered into an agreement with the company under subsection (1) of this section, the payout value applicable to that dissenter's notice shares, or

(b) if subsection (5) applies, promptly send a notice to the dissenter that the company is unable lawfully to pay dissenters for their shares.

(4) If a dissenter receives a notice under subsection (1) (b) or (3) (b),

(a) the dissenter may, within 30 days after receipt, withdraw the dissenter's notice of dissent, in which case the company is deemed to consent to the withdrawal and this Division, other than section 247, ceases to apply to the dissenter with respect to the notice shares, or

(b) if the dissenter does not withdraw the notice of dissent in accordance with paragraph (a) of this subsection, the dissenter retains a status as a claimant against the company, to be paid as soon as the company is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the company but in priority to its shareholders.

(5) A company must not make a payment to a dissenter under this section if there are reasonable grounds for believing that

(a) the company is insolvent, or

(b) the payment would render the company insolvent.

Loss of right to dissent

246 The right of a dissenter to dissent with respect to notice shares terminates and this Division, other than section 247, ceases to apply to the dissenter with respect to those notice shares, if, before payment is made to the dissenter of the full amount of money to which the dissenter is entitled under section 245 in relation to those notice shares, any of the following events occur

(a) the corporate action approved or authorized, or to be approved or authorized, by the resolution or court order in respect of which the notice of dissent was sent is abandoned;

(b) the resolution in respect of which the notice of dissent was sent does not pass;

(c) the resolution in respect of which the notice of dissent was sent is revoked before the corporate action approved or authorized by that resolution is taken;

(d) the notice of dissent was sent in respect of a resolution adopting an amalgamation agreement and the amalgamation is abandoned or, by the terms of the agreement, will not proceed;

(e) the arrangement in respect of which the notice of dissent was sent is abandoned or by its terms will not proceed;

(f) a court permanently enjoins or sets aside the corporate action approved or authorized by the resolution or court order in respect of which the notice of dissent was sent;

(g) with respect to the notice shares, the dissenter consents to, or votes in favour of, the resolution in respect of which the notice of dissent was sent;

(h) the notice of dissent is withdrawn with the written consent of the company;

(i) the court determines that the dissenter is not entitled to dissent under this Division or that the dissenter is not entitled to dissent with respect to the notice shares under this Division.

Shareholders entitled to return of shares and rights

247 If, under section 244 (4) or (5), 245 (4) (a) or 246, this Division, other than this section, ceases to apply to a dissenter with respect to notice shares,

(a) the company must return to the dissenter each of the applicable share certificates, if any, sent under section 244 (1) (b) or, if those share certificates are unavailable, replacements for those share certificates,

(b) the dissenter regains any ability lost under section 244 (6) to vote, or exercise or assert any rights of a shareholder, in respect of the notice shares; and

(c) the dissenter must return any money that the company paid to the dissenter in respect of the notice of shares under, or in purported compliance with, this Division.

SCHEDULE "P"
INTERIM ORDER

S 231895

NO._____
VANCOUVER REGISTRY

IN THE SUPREME COURT OF BRITISH COLUMBIA
IN THE MATTER OF SECTION 288 OF THE *BUSINESS CORPORATIONS ACT*,
S.B.C. 2002, CHAPTER 57, AS AMENDED

AND

IN THE MATTER OF A PROPOSED ARRANGEMENT INVOLVING
HIGH FUSION INC. AND THE SHAREHOLDERS OF HIGH FUSION INC. AND NEURAL THERAPEUTICS INC.

HIGH FUSION INC.

PETITIONER

ORDER MADE AFTER APPLICATION
(INTERIM ORDER)

BEFORE	) MASTER Robertson)	March 17, 2023

ON THE APPLICATION of the petitioner, High Fusion Inc. ("**High Fusion**"), for an Interim Order under section 291 of the British Columbia *Business Corporations Act*, S.B.C. 2002, c. 57, as amended (the "**BCBCA**") and pursuant to section 192 of the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44, as amended, (the "**CBCA**") in connection with an arrangement involving High Fusion, holders of High Fusion common shares, and Neural Therapeutics Inc. ("**Neural**") under section 288 of the BCBCA

without notice coming on for hearing at 800 Smithe Street, Vancouver, British Columbia on March 17, 2023 and on hearing Robert K. Fischer, counsel for the Petitioner, and upon reading the Petition herein and the Affidavit #1 of John James Durfy sworn on March 16, 2023 (the "**High Fusion Affidavit**").

THIS COURT ORDERS that:

DEFINITIONS

1. As used in this Order, unless otherwise defined, terms beginning with capital letters shall have the respective meanings set out in the draft management information circular of High Fusion (the "**Circular**") containing the draft Notice of Special Meeting of the shareholders of High Fusion (the "**Notice**"), which are attached as Exhibit "C" and "B" to the High Fusion Affidavit.

MEETING

2. High Fusion proposes, in accordance with the CBCA, to call, hold and conduct an annual and special meeting (the "**Meeting**") of the holders of High Fusion subordinate voting shares ("**High Fusion SVS**") and High Fusion multiple voting shares ("**High Fusion MVS**" and together with High Fusion SVS, "**High Fusion Shares**"), to be held at the offices of High Fusion at Suite 2905, 77 King Street West, Toronto, Ontario, M5K 1H1 on May 1, 2023 at 10:00 am (Toronto time), at which holders of High Fusion Shares (the "**High Fusion Shareholders**"),will be asked to consider, and if deemed advisable, pass with or without variation, among other things, a special resolution (the "**Continuance Resolution**") authorizing and approving the application of High Fusion to be continued under the laws of the Province of British Columbia (the "**Continuance**").

3. Subject to the approval the Continuance Resolution by the High Fusion Shareholders, it is anticipated that High Fusion will immediately adjourn the Meeting and proceed to file the continuation application with the registrar under the BCBCA in order to complete the Continuance. Upon the completion of the Continuance and the receipt of the certificate of continuation, High Fusion will reconvene the Meeting in order to consider the other matters set out in the Notice.

RECONVENED MEETING

4. After the completion of the Continuance, the Meeting shall be reconvened pursuant to the BCBCA, (the "**Reconvened Meeting**"), to consider and, if deemed advisable, to pass, with or without variation, a special resolution (the "**Arrangement Resolution**") approving and adopting in accordance with section 289(1)(a)(i) and (e) of the BCBCA an arrangement substantially as contemplated in the Plan of Arrangement (the "**Arrangement**"), a draft of which special resolution is attached as Schedule "A" to the Circular.

5. Notwithstanding the provisions of the BCBCA and the articles of High Fusion, and subject to the terms of the Arrangement Agreement, if the board of directors of High Fusion (the "**Board**") deems advisable, High Fusion shall be authorized and entitled to hold the Reconvened Meeting as a virtual meeting (that is, by telephone conference or other method of electronic communication that enables High Fusion Shareholders to speak and hear each other) without the necessity of first convening the Reconvened Meeting or first obtaining any vote of the High Fusion Shareholders respecting the virtual Reconvened Meeting, and without the need for approval of this Court. If the Board resolves to hold the Reconvened Meeting as a virtual meeting, High Fusion shall provide notice of and details about how High Fusion Shareholders may participate in the virtual Reconvened Meeting by press release, newspaper advertisement or notice sent to the High Fusion Shareholders by one of the methods specified in paragraph 12 of this Interim Order, as determined to be the most appropriate method of communication by the Board as may be permitted by the applicable securities laws.

6. The Reconvened Meeting shall be called, held and conducted in accordance with the BCBCA, the Notice, the Circular, the articles of High Fusion and applicable securities laws, subject to the terms of this Interim Order and any further Order of this Court, and the rulings and directions of the Chair of the Reconvened Meeting, such rulings and directions not to be inconsistent with this Interim Order, and to the extent of any inconsistency (including any inconsistency between this Interim Order and the terms of any instrument creating or governing or collateral to the High Fusion Shares), this Interim Order shall govern or, if not specified in the Interim Order, the Circular shall

govern.

AMENDMENTS

7. High Fusion is authorized to make, in the manner contemplated by and subject to the Arrangement Agreement, such amendments, modifications or supplements to the Plan of Arrangement, the Arrangement Agreement, the Notice, and the Circular as it may determine without any additional notice to or authorization of any of the High Fusion Shareholders or further orders of this Court. The Plan of Arrangement, the Arrangement Agreement, the Notice, and the Circular, as so amended, modified, or supplemented, shall be the Arrangement, the Plan of Arrangement, the Arrangement Agreement, the Notice, and the Circular to be submitted to the High Fusion Shareholders at the Meeting or the Reconvened Meeting, as applicable, that are the subject of the Arrangement Resolution.

ADJOURNMENTS AND POSTPONEMENTS

8. Notwithstanding the provisions of the BCBCA and the articles of High Fusion, and subject to the terms of the Arrangement Agreement, the Board by resolution shall be entitled to adjourn or postpone the Meeting or the Reconvened Meeting or the date of the Application for the Final Order (defined at paragraph 41 below) on one or more occasions without the necessity of first convening the Meeting or the Reconvened Meeting, as the case may be, or first obtaining any vote of the High Fusion Shareholders respecting the adjournment or postponement, and without the need for approval of this Court. With the exception of adjourning the Meeting to complete the Continuance and hold the Reconvened Meeting (in the manner described in paragraphs 2 to 6 above), High Fusion shall provide notice of any such adjournment or postponement by press release, newspaper advertisement or notice sent to the High Fusion Shareholders by one of the methods specified in paragraph 12 of this Interim Order, as determined to be the most appropriate method of communication

by the Board.

RECORD DATE

9. The record date for determining High Fusion Shareholders entitled to receive the Notice, the Circular (which will be provided by Notice and Access Statement), the form of proxy or voting instruction form and the letter of transmittal, all as applicable, for use by the High Fusion Shareholders (collectively, the "**Meeting Materials**") and vote at the Meeting and the Reconvened Meeting shall be the close of business on March 20, 2023 (the "**Record Date**"), as previously approved by the Board and published by High Fusion.

10. The Record Date will not change in respect of any adjournments or postponements of the Meeting or the Reconvened Meeting.

NOTICE OF SPECIAL MEETING

11. The Circular is hereby deemed to represent sufficient and adequate disclosure, including for the purpose of section 290(1)(a) of the BCBCA, and High Fusion shall not be required to send or make available to the High Fusion Shareholders any other or additional statement pursuant to section 290(1)(a) of the BCBCA.

12. A notice and access statement (the "**Notice and Access Statement**"), whereby the copy of the Meeting Materials will be posted online for access by High Fusion Shareholders, and form of proxy in respect of the Meeting, prepared in accordance with applicable securities laws, shall be sent by prepaid ordinary mail or by delivery in person or by recognized courier service:

    (a) to registered High Fusion Shareholders (those whose names appear in the securities register of High Fusion) ("**Registered High Fusion Shareholders**") determined as at the Record Date, at least twenty-one (21) days prior to the date of the Meeting, addressed to the registered High Fusion Shareholders at

their addresses as they appear in the central securities register of High Fusion as at the Record Date;

(b) to beneficial High Fusion Shareholders (those whose names do not appear in the securities register of High Fusion), by providing, in accordance with National Instrument 54-101 - *Communications with Beneficial Owners of Securities of a Reporting Issuer* of the Canadian Securities Administrators ("**NI 54-101**"), as at the Record Date, the requisite number of copies of the Notice and Access Statement and form of proxy to intermediaries and registered nominees;

(c) at any time by email or facsimile transmission to any High Fusion Shareholder who identifies himself, herself, itself to the satisfaction of High Fusion (acting through its representatives), who requests such email or facsimile transmission and, if required by High Fusion, agrees to pay the charges related to such transmission; and

(d) the directors and auditors of High Fusion by prepaid ordinary mail, or by email or facsimile transmission, to such persons at least twenty-one (21) days prior to the date of the Meeting, excluding the date of mailing or transmittal;

and substantial compliance with this paragraph shall constitute good and sufficient notice of the Meeting and the Reconvened Meeting.

13. The Notice and Access Statement shall not be sent to High Fusion Shareholders where mail previously sent to such holders by High Fusion or its registrar and transfer agent has been returned to High Fusion or its registrar and transfer agent on two or more previous consecutive occasions.

14. No notice will be required to any other party, and High Fusion is at liberty to give notice of Meeting or the Reconvened Meeting and these proceedings to persons outside of the Jurisdiction of this Honourable Court in the manner specified herein.

15. Accidental failure of or omission by High Fusion to give notice to any one or more High Fusion Shareholders or the non-receipt of such notice, or any failure or omission to

give such notice as a result of events beyond the reasonable control of High Fusion (including, without limitation, any inability to use postal services) shall not constitute a breach of this Interim Order or, in relation to notice to High Fusion Shareholders, a defect in the calling of the Meeting or the Reconvened Meeting and shall not invalidate any resolution passed or proceeding taken at the Meeting or the Reconvened Meeting, but if any such failure or omission is brought to the attention of High Fusion, then it shall use reasonable best efforts to rectify it by the method and in the time most reasonably practicable in the circumstances.

16. Provided that the provision of Meeting Materials or the Notice and Access Statement and the form of proxy, as applicable, take place in substantial compliance with this Interim Order, the requirements of Section 2.2 of NI 54-101 that notification of the Meeting and Record Date be sent at least 25 days before the Record Date to all depositories, the securities regulatory authority and each exchange in Canada on which the securities of High Fusion are listed, is abridged pursuant to Section 2.20 of NI 54-101.

DEEMED RECEIPT OF NOTICE

17. The Meeting Materials or the Notice and Access Statement and the form of proxy, as applicable, and any amendments, modifications, updates or supplements thereto and any notice of adjournment or postponement of the Meeting or the Reconvened Meeting, shall be deemed to have been received,

    (a) in the case of mailing, the day, Saturday and holidays excepted, following the date of mailing as specified in section 6 of the BCBCA;

    (b) in the case of delivery in person, upon receipt thereof at the intended recipient's address or, in the case of delivery by courier, one (1) business day after receipt by the courier;

    (c) in the case of transmission by email or facsimile, upon the transmission thereof;

(d) in the case of advertisement, at the time of publication of the advertisement;

(e) in the case of electronic filing on SEDAR and EDGAR, upon the filing thereof; and

(f) in the case of beneficial High Fusion Shareholders, three (3) days after delivery thereof to intermediaries and registered nominees.

UPDATING MEETING MATERIALS

18. Notice of any amendments, modifications, updates or supplements to any of the information provided in the Meeting Materials or the Notice and Access Statement and the form of proxy, as applicable, may be communicated, at any time prior to the Meeting, to the High Fusion Shareholders or other persons entitled thereto, by press release, news release, newspaper advertisement or by notice sent to such parties by any of the means set forth in paragraph 12, as determined to be the most appropriate method of communication by the Board, as permitted by the applicable securities laws.

PERMITTED ATTENDEES

19. The only persons entitled to attend the Meeting shall be:

(a) High Fusion Shareholders as at the close of business on the Record Date, or their respective proxyholders;

(b) directors, officers, auditors, and advisors of High Fusion and Neural; and

(c) other persons with the prior permission of the Chair of the Meeting;

and the only persons entitled to vote at the Meeting shall be the registered High Fusion Shareholders, or their respective proxyholders.

SOLICITATION OF PROXIES

20. High Fusion is authorized to use the forms of proxy for High Fusion Shareholders, as applicable, in substantially the same form as are attached as Exhibit "D" to the High Fusion Affidavit, subject to High Fusion's ability to insert dates and other relevant information in the final forms thereof and to make other non-substantive changes and changes legal counsel advise are necessary or appropriate, as well as a voting instruction form for High Fusion Shareholders, as applicable. High Fusion is authorized, at its expense, to solicit proxies directly and through its officers, directors and employees, and through such agents or representatives as it may retain for that purpose and by mail, telephone or such other form of personal or electronic communication as it may determine.

21. The procedures for the use of proxies at the Meeting and revocation of proxies shall be as set out in the Notice and the Circular.

22. High Fusion may in its discretion generally postpone or waive the time limits for the deposit of proxies by High Fusion Shareholders if High Fusion deems it advisable to do so, such waiver to be endorsed on the proxy by the initials of the Chair of the Meeting.

QUORUM AND VOTING

23. At the Meeting, the votes in respect of the Arrangement Resolution shall be taken on the following basis:

    (a) each Registered High Fusion Shareholder whose name is entered on the central securities register of High Fusion as at the close of business on the Record Date is entitled to one (1) vote for each High Fusion SVS registered in his/her/its name;

    (b) each Registered High Fusion Shareholder whose name is entered on the central securities register of High Fusion as at the close of business on the Record Date is entitled to ten (10) votes for each High Fusion MVS registered in his/her/its name; and

(c) the Arrangement Resolution will require the affirmative vote of at least two-thirds of the votes cast at the Meeting in person or by proxy by the High Fusion Shareholders as well as a simple majority of the votes cast by High Fusion Shareholders excluding any other persons required to be excluded in accordance with Multilateral Instrument 61-101 (the "**Requisite Shareholder Approval**").

24. The quorum at the Meeting shall be at least one (1) High Fusion Shareholder, present in person or represented by proxy, holding or representing not less than 5% of the High Fusion Shares entitled to vote at the Meeting.

25. The quorum at the Reconvened Meeting shall be at least one (1) High Fusion Shareholder, present in person or represented by proxy, holding or representing not less than 5% of the High Fusion Shares entitled to vote at the Meeting.

26. The Requisite Shareholder Approval shall be sufficient to authorize and direct High Fusion to do all such acts and things as may be necessary or desirable to give effect to the Plan of Arrangement on a basis consistent with what is provided for in the Circular without the necessity of any further approval by the High Fusion Shareholders, subject only to final approval by this Honourable Court.

27. For the purpose of counting votes respecting the Arrangement Resolution, any spoiled votes, illegible votes. defective votes and abstentions shall be deemed to be votes not cast and the High Fusion Shares, as the case may be, represented by such spoiled votes, illegible votes, defective votes or abstentions shall not be counted in determining the number or High Fusion Shares represented at the Meeting or the Reconvened Meeting. Proxies that are properly signed and dated but which do not contain voting instructions shall be voted in favor of the Arrangement Resolution.

28. In all other respects, the terms, restrictions and conditions set out in the articles of High Fusion will apply in respect of the Meeting and the Reconvened Meeting.

SCRUTINEER

29. The scrutineer for the Meeting shall be Odyssey Trust Company (acting through its representatives for that purpose). The duties of the scrutineer shall include:

    (a) reviewing and reporting to the Chair on the deposit and validity of proxies;

    (b) reporting to the Chair on the quorum of the Meeting;

    (c) reporting to the Chair on the polls taken or ballots cast, if any, at the Meeting; and,

    (d) providing to High Fusion and to the Chair written reports on matters related to their duties.

HIGH FUSION SHAREHOLDER DISSENT RIGHTS

30. Each Registered High Fusion Shareholder as of the Record Date shall be entitled to exercise the rights to dissent in respect of the Continuance Resolution in accordance with the provisions of Section 190 of the CBCA ("**Continuance Dissent Rights**").

31. Each Registered High Fusion Shareholder that exercises the Continuance Dissent Rights ("**Continuance Dissenting Shareholder**"), will be entitled to be paid the fair value of High Fusion Shares held by such Continuance Dissenting Shareholder determined as of the close of business on the day before the day the Continuance Resolution is adopted.

32. Notice to the High Fusion Shareholders of their Continuance Dissent Rights with respect to the Continuance Resolution will be given by including information with respect to the Continuance Dissent Rights in the Circular to be made available to High Fusion Shareholders in accordance with this Interim Order.

33. Subject to further order of this Court, the Continuance Dissent Rights available to the High Fusion Shareholders under the CBCA to dissent from the Continuance will constitute full and sufficient Continuance Dissent Rights for the High Fusion Shareholders with respect to the Continuance.

34. Each Registered High Fusion Shareholder who is a High Fusion Shareholder as of the Record Date will have the right to dissent in respect of the Arrangement Resolution in

accordance with the provisions of Sections 237-247 of the BCBCA ("**Arrangement Dissent Rights**"), as modified by the terms of this Interim Order, the Plan of Arrangement and the Final Order.

35. Registered High Fusion Shareholders will be the only High Fusion Shareholders entitled to exercise Arrangement Dissent Rights. A beneficial holder of High Fusion Shares registered in the name of a broker, investment dealer or other intermediary who wishes to dissent must make arrangements for the High Fusion Shares beneficially owned by such High Fusion Shareholder to be registered in his, her or its name prior to the time of the Notice of Dissent (as defined below) is required to be received or, alternatively, make arrangements for the Registered High Fusion Shareholder to exercise the rights of dissent on the behalf of the High Fusion Shareholder.

36. Subject to approval of the Continuance Resolution by High Fusion Shareholders, each Registered High Fusion Shareholder, excluding the Continuance Dissenting Shareholders is granted the following Arrangement Dissent Rights in respect of the Arrangement Resolution:

(a) a Registered High Fusion Shareholder who wishes to dissent to the Arrangement Resolution ("**Arrangement Dissenting Shareholder**") must deliver written notice of dissent (a "**Notice of Dissent**") to High Fusion c/o Whitelaw Twining Law Corporation, 200 Granville St, Suite 2400, Vancouver, British Columbia V6C 1S4 Attention: Robert K. Fischer by 10:00 a.m. (Vancouver time) on April 27, 2023, and such Notice of Dissent must strictly comply with the requirements of section 242 of the BCBCA;

(b) any failure by a Registered High Fusion Shareholder to fully comply with the procedures to be taken by a Registered High Fusion Shareholder in exercising their Arrangement Dissent Rights pursuant to Section 234 – 247 of the BCBCA may result in the loss of that holder's Arrangement Dissent Rights with respect to the Arrangement;

(c) the delivery of a Notice of Dissent does not deprive an Arrangement

Dissenting Shareholder of the right to vote at the Reconvened Meeting on the Arrangement Resolution; however, a Dissenting High Fusion Shareholder is not entitled to exercise the Arrangement Dissent Rights with respect to the Arrangement with respect to any of his or her High Fusion Shares if the Arrangement Dissenting Shareholder votes in favour of the Arrangement Resolution. A vote against the Arrangement Resolution, whether in person or by proxy, does not constitute a Notice of Dissent;

(d) an Arrangement Dissenting Shareholder must prepare a separate Notice of Dissent for him or herself, if dissenting on his or her own behalf, and for each other person who beneficially owns High Fusion Shares registered in the Arrangement Dissenting Shareholder's name and on whose behalf the Arrangement Dissenting Shareholder is dissenting, and must exercise their Arrangement Dissent Rights with respect to all of the High Fusion Shares registered in his or her name beneficially owned by the Non-Registered High Fusion Shareholder on whose behalf he or she is dissenting. The Notice of Dissent must set out the number of High Fusion Shares in respect of which the Notice of Dissent is to be sent (the "**Arrangement Notice Shares**") and:

(i) if such High Fusion Shares constitute all of the High Fusion Shares of which the Arrangement Dissenting Shareholder is the registered and beneficial owner and that holder owns no other High Fusion Shares as beneficial owner, a statement to that effect;

(ii) if such High Fusion Shares constitute all of the High Fusion Shares of which the Arrangement Dissenting Shareholder is both the registered and beneficial owner, but the Arrangement Dissenting Shareholder owns additional High Fusion Shares beneficially, a statement to that effect and the names of the Registered High Fusion Shareholders of such other High Fusion Shares, the number of High Fusion Shares held by such registered owners and a

statement that written Notices of Dissent are being or have been sent with respect to such other High Fusion Shares; or

(iii) if the Arrangement Dissent Rights are being exercised by a Registered High Fusion Shareholder on behalf of a Non-Registered High Fusion Shareholder who is not the Arrangement Dissenting Shareholder, a statement to that effect and the name of the Non-Registered High Fusion Shareholder and a statement that the Registered High Fusion Shareholder is dissenting with respect to all High Fusion Shares beneficially owned by the Non-Registered High Fusion Shareholder registered in such registered owner's name;

(e) if the Arrangement Resolution is approved by the High Fusion Shareholders as required at the Reconvened Meeting, and if High Fusion notifies the Arrangement Dissenting Shareholders of its intention to act on the Arrangement Resolution, the Arrangement Dissenting Shareholder is then required within one month after High Fusion gives such notice, to send to High Fusion the certificates representing the Arrangement Notice Shares and a written statement requiring High Fusion to purchase all of the Arrangement Notice Shares;

(f) if the Arrangement Dissent Rights are being exercised by the Dissenting High Fusion Shareholder on behalf of a Non-Registered High Fusion Shareholder who is not the Arrangement Dissenting Shareholder, a statement signed by such Non-Registered High Fusion Shareholder is required which sets out whether the Non-Registered High Fusion Shareholder is the beneficial owner of other High Fusion Shares and if so, (i) the names of the Registered High Fusion Shareholders of those other High Fusion Shares; (ii) the number of those other High Fusion Shares held by Registered High Fusion Shareholders; and (iii) that dissent is being exercised in respect of all such other High Fusion Shares. Upon delivery of these documents, the Dissenting High Fusion Shareholder is deemed to

have sold the High Fusion Shares and High Fusion is deemed to have purchased them. Once the Arrangement Dissenting Shareholder has done this, the Arrangement Dissenting Shareholder may not vote, exercise or assert any shareholder rights in respect of the Arrangement Notice Shares;

(g) the Arrangement Dissenting Shareholder and High Fusion may agree on the payout value of the Arrangement Notice Shares; otherwise, either party may apply to the Court to determine the fair value of the Arrangement Notice Shares or apply for an order that value be established by arbitration or by reference to the registrar or a referee of the Court. After a determination of the payout value of the Arrangement Notice Shares, High Fusion must then promptly pay that amount to the Arrangement Dissenting Shareholder;

(h) an Arrangement Dissenting Shareholder loses his or her Arrangement Dissent Rights if, before full payment is made for the Arrangement Notice Shares, High Fusion abandons the corporate action that has given rise to such Dissent Rights (namely, the Arrangement), a court permanently enjoins the action, or the Arrangement Dissenting Shareholder withdraws the Notice of Dissent with High Fusion's consent. When these events occur, High Fusion must return the share certificates to the Arrangement Dissenting Shareholder and the Arrangement Dissenting Shareholder regains the ability to vote and exercise shareholder rights; and

(i) if an Arrangement Dissenting Shareholder fails to strictly comply with the requirements of the Arrangement Dissent Rights, it will lose such Dissent Rights, High Fusion will return to the Arrangement Dissenting Shareholder the certificate(s) representing the Arrangement Notice Shares that were delivered to High Fusion, if any, and if the Arrangement is completed, that Arrangement Dissenting Shareholder will be deemed to have participated in the Arrangement on the same terms as a High Fusion Shareholder.

37. Subject to further order of this Court, the Arrangement Dissent Rights available to the High Fusion Shareholders under the BCBCA and the Plan of Arrangement to dissent from the Arrangement will constitute full and sufficient Arrangement Dissent Rights for the High Fusion Shareholders with respect to the Arrangement.

APPLICATION FOR FINAL ORDER

38. High Fusion shall include in the Meeting Materials a copy of the Notice of Hearing herein, in substantially the form attached as Schedule "Q" to the Circular, which is attached as Exhibit "C" to the High Fusion Affidavit, and the text of this Interim Order (collectively, the "**Court Materials**"), and such Court Materials shall be deemed to have been served at the times specified in accordance with paragraphs 12 and/or 17 of this Interim Order, whether such persons reside within British Columbia or within another jurisdiction.

The persons entitled to appear and be heard at any hearing to sanction and approve the Arrangement, shall be only:

(a) High Fusion;

(b) Neural; and,

(c) High Fusion Shareholders and other persons who have served and filed a Response to Petition and have otherwise complied with paragraph 40 of this Interim Order and the Supreme Court Civil Rules.

39. The Petitioner has advised the court that:

(a) section 3(a)(10) of the United States Securities Act of 1933 (the "**1933 Act**"), as amended, provides an exemption from registration for the securities issued in exchange for one or more bona fide outstanding securities, claims or property interests pursuant to an arrangement where the terms and conditions of such issuance and exchange are approved by any court (including this Court), after a hearing on the fairness of such terms and

conditions at which all person to whom it is proposed to issue securities in such exchange have the right to appear and receive timely notice thereof;

(b) the Petitioner intends to use the Final Order of this Court approving the Arrangement, and declaring the fairness of the Arrangement, including the terms and conditions hereof and the proposed issuance and exchanges of securities contemplated therein, as a basis for an exemption from registration under the 1933 Act of the issuance of the Neural common shares to be distributed and exchanged under the Arrangement; and

(c) should the Court make the Final Order approving the Arrangement, the issuance of the Neural common shares to be distributed under the Arrangement will be exempt from registration under the 1933 Act.

40. The sending of the Notice and Access Statement in the manner contemplated by paragraphs 12 and 13 shall constitute good and sufficient service and no other form of service need be effected and no other material need be served on such persons in respect of these proceedings, except with respect to any person who shall:

(a) file a Response to Petition, in the form prescribed by the Supreme Court Civil Rules, together with any evidence or material which is to be presented to the Court at the hearing of the Application; and

(b) deliver the filed Response to Petition together with a copy of any evidence or material which is to be presented to the Court at the hearing of the Application, to High Fusion's counsel at:

Whitelaw Twining Law Corporation
200 Granville St, Suite 2400, Vancouver, British Columbia V6C 1S4
Attention: Robert K. Fischer
by or before 10:00 a.m. (Vancouver time) on April 27, 2023.

41. Upon the approval by the High Fusion Shareholders of the Arrangement Resolution, in the manner set forth in this Interim Order, High Fusion may apply to this Court (the

"**Application**") for an Order:

(a) pursuant to section 291(4)(a) and 295 of the BCBCA approving the Arrangement; and

(b) pursuant to section 291(4)(c) of the BCBCA declaring that the terms and conditions of the Arrangement, and the exchange of securities to be effected by the Arrangement, are procedurally and substantively fair and reasonable to the High Fusion Shareholders;

(collectively the "**Final Order**"),

and the hearing of the Application will be held on May 3, 2023 at 10:00 a.m. (Vancouver time) or as soon thereafter as the Application can be heard or at such other date and time as the Board may advise or as the Court may direct at the Courthouse at 800 Smithe Street, Vancouver, British Columbia.

42. In the event that the hearing of the Application is adjourned, then only those persons who filed and delivered a Response to Petition in accordance with paragraph 27 need be served and provided with the materials filed and notice of the adjourned hearing date.

VARIANCE

43. High Fusion shall be entitled, at any time, to apply to vary this Interim Order.

44. To the extent of any inconsistency or discrepancy between this Interim Order and the Circular, the BCBCA, applicable Securities Laws or the articles of High Fusion, this Interim Order will govern.

45. Rules 8-1 and 16-1(8) - (12) will not apply to any further applications in respect of this proceeding, including the application for the Final Order and any application to vary this Interim Order.

46. The Petitioners shall, and hereby do, have liberty to apply for such further orders as may be appropriate.

THE FOLLOWING PARTIES APPROVE THE FORM OF THIS ORDER AND CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE AS BEING BY CONSENT:

Signature of Lawyer for the Petitioner,
High Fusion Inc.
Lawyer: Robert K. Fischer

BY THE COURT

Registrar

CHECKED

SCHEDULE "Q"
NOTICE OF HEARING AND PETITION

S 231895

No. _____
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA
IN THE MATTER OF SECTION 288 OF THE *BUSINESS CORPORATIONS ACT*, S.B.C. 2002, CHAPTER 57, AS AMENDED

AND

IN THE MATTER OF A PROPOSED ARRANGEMENT INVOLVING HIGH FUSION INC. AND THE SHAREHOLDERS OF HIGH FUSION INC. AND NEURAL THERAPEUTICS INC.

HIGH FUSION INC.

PETITIONER

NOTICE OF HEARING

[Rule 22 3 of the Supreme Court Civil Rules applies to all forms.]

TAKE NOTICE that the petition of the Petitioner, High Fusion Inc., filed March 17, 2023 will be heard at the courthouse at 800 Smithe Street, Vancouver on March 17, 2023 at 9:45 a.m.

1. Date of hearing

☑ The application for the interim order is without notice.

2. Duration of hearing

The time estimate of the Petitioner is twenty (20) minutes.

3. Jurisdiction

☑ This matter is within the jurisdiction of a master.

Dated: 16/MAR/2023

Signature of lawyer for the petitioner
Robert K. Fischer

S 231895

Court File No. _____
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA
IN THE MATTER OF SECTION 288 OF THE BUSINESS CORPORATIONS ACT, S.B.C. 2002, CHAPTER 57, AS AMENDED

AND

IN THE MATTER OF A PROPOSED ARRANGEMENT INVOLVING HIGH FUSION INC. AND THE SHAREHOLDERS OF HIGH FUSION INC. AND NEURAL THERAPEUTICS INC.

HIGH FUSION INC.

PETITIONER

PETITION TO THE COURT

This proceeding has been started by the petitioner for the relief set out in Part 1 below, by High Fusion Inc. ("**High Fusion**"). If you intend to respond to this petition. you or your lawyer must:

(a) file a response to petition in Form 67 in the above-named registry of this court within the time for response to petition described below, and

(b) serve on the Petitioner:
  (i) 2 copies of the filed response to petition, and
  (ii) 2 copies of each filed affidavit on which you intend rely at the hearing.

Orders, including orders granting the relief claimed, may be made against you, without any further notice to you. If you fail to file the response to petition within the time for response.

Time for response to petition

A response to petition must be filed and served on the petitioner,

(a) if you were served with the petition anywhere in Canada, within 21 days after that service,
(b) if you were served with the petition anywhere in the United States of America, within 35 days after that service,
(c) if you were served with the petition anywhere else, within 49 days after that service, or
(d) if the time for response has been set by order of the court, within that time.

(1) The address of the registry is: 800 Smithe Street, Vancouver, British Columbia, V6Z 2E1.

(2) The ADDRESS FOR SERVICE of the Petitioner, High Fusion is:

Whitelaw Twining Law Corporation
200 Granville St, Suite 2400, Vancouver, British Columbia V6C 1S4
Attention: Robert K. Fischer

Fax number address for service (if any) of the Petitioner, High Fusion is: (604) 682-5217
E-mail address for service (if any) of the petitioners: N/A

CLAIM OF THE PETITIONER

PART 1: ORDERS SOUGHT

The Petitioner, High Fusion Inc. ("**Petitioner**" or "**High Fusion**") is applying for:

1. an order (the "**Interim Order**") pursuant to sections 186 and 288 to 297 of the *Business Corporations Act*, S.B.C. 2002, c. 57, as amended (the "**BCBCA**") in the form attached as Appendix 1 to this Petition;

2. an order (the "**Final Order**") pursuant to sections 288-297 of the BCBCA;

   (a) approving an arrangement (the "**Arrangement**"), more particularly described in the plan of arrangement (the "**Plan of Arrangement**"), involving the Petitioner and Neural Therapeutics Inc. The Plan of Arrangement is attached as Schedule "A" to the arrangement agreement dated November 3, 2022, as amended on February 24, 2023 ("**Arrangement Agreement**"), which is attached to the management information circular entitled Notice of Meeting and Management Proxy Circular for the Annual and Special meeting of Shareholders of High Fusion, dated March 15, 2023 with respect to a proposed Plan of Arrangement involving High Fusion Inc., Neural Therapeutics Inc. ("**Neural**") and High Fusion shareholders (collectively, the "**Circular**"), attached as Exhibit "C" to the Affidavit of John Durfy sworn on March 16, 2023 and filed herein (the "**High Fusion Affidavit**"); and,

   (b) declaring that the terms and conditions of the Arrangement and the exchange of:

      i) High Fusion subordinate voting shares ("**High Fusion SVS**") for new High Fusion New SVS (as hereinafter defined) and common shares in the capital of Neural ("**Neural Shares**"); and

      ii) High Fusion multiple voting shares ("**High Fusion MVS**") for High Fusion New MVS (as hereinafter defined) and Neural Shares;

   (collectively, the "**Share Exchange**"), as more particularly described in the Plan of Arrangement to be effected thereby are procedurally and substantively fair and reasonable to those who will receive securities pursuant to the Share Exchange; and

3. such further and other relief as counsel for the Petitioner may advise and the Court may deem just.

PART 2: FACTUAL BASIS DEFINITIONS

1. As used in this Petition, unless otherwise defined herein, terms beginning with capital letters have the respective meanings set out in the Circular.

HIGH FUSION INC.

2. High Fusion is a corporation existing pursuant to the *Canada Business Corporations Act* R.S.C., 1985, c. C-44 (the "**CBCA**"). High Fusion has an address for service for the purposes of this proceeding at 200 Granville St, Suite 2400, Vancouver, British Columbia, V6C 1S4. High Fusion's principal and head office is located at Suite 2905, 77 King Street West, Toronto, Ontario, M5K 1H1.

3. High Fusion is a Toronto, Canada based corporation focused on developing, manufacturing, and distributing products and recognized brands in the marijuana and marijuana-infused products industries, including edibles and oil extractions for nutritional, medical, and adult recreational use in the United States. High Fusion is a reporting issuer in the Provinces of British Columbia, Alberta, Ontario and Quebec. High Fusion SVS have been listed on the Canadian securities exchange ("**CSE**") since March 23, 2015 and are

currently trading under the trading symbol "FUZN". It is anticipated that, following the completion of the Arrangement, High Fusion SVS will continue trading on the CSE under the symbol "FUZN". For the purposes of this Petition, "**High Fusion Shares**" means collectively High Fusion SVS and High Fusion MVS, when used in plural form and "**High Fusion Share**" means either a High Fusion SVS or a High Fusion MVS, when a statement that applies to a particular circumstance without making a distinction between the two, when used in a singular form. "**High Fusion Shareholders**" means collectively the holders of High Fusion MVS and High Fusion SVS, at the applicable time.

NEURAL THERAPEUTICS INC.

4. Neural is a corporation existing under the laws of the Province or Ontario. Neural has an address for service for the purposes of this proceeding at 200 Granville St, Suite 2400, Vancouver, British Columbia, V6C 1S4. Neural's principal and head office is located at Suite 2905, 77 King Street West, Toronto, Ontario, M5K 1H1.

5. Neural is an ethnobotanical drug-discovery and development company focused on developing products and conducting research with psychoactive plants. Neural is not a reporting issuer in any Province or Territory of Canada. Upon completion of the Plan of Arrangement, Neural will be a reporting issuer in British Columbia, Alberta and Quebec and intends to seek a listing of the Neural Shares on the CSE.

OVERVIEW OF THE ARRANGEMENT

6. High Fusion proposes, in accordance with the CBCA, to call, hold and conduct a special meeting of the High Fusion Shareholders at 10:00 a.m. (Vancouver time) on May 1, 2023, at its head office at Suite 2905, 77 King Street West, Toronto, Ontario, M5K 1H1 (the "**Meeting**"), at which High Fusion Shareholders will be asked to consider, and if deemed advisable, pass with or without variation, a special resolution (the "**Continuance Resolution**") authorizing and approving the application of High Fusion to be continued as if it had been incorporated under the laws of the Province of British Columbia (the "**Continuance**"). Subject to the approval of the Continuance Resolution by the High Fusion Shareholders, excluding the Continuance Dissenting Shareholders (as defined below), it is anticipated that High Fusion will immediately adjourn the Meeting following the approval of the Continuance Resolution and proceed to file the continuation application with the registrar under the BCBCA in order to complete the Continuance. Upon the completion of the Continuance and the receipt of the certificate of continuation, High Fusion will reconvene the Meeting in order to consider the other matters set out in the Notice, including the Arrangement Resolution (as defined below).

7. Upon completion of the Continuance, High Fusion proposes, in accordance with Section 269 of the BCBCA, to reconvene the Meeting on May 1, 2023 (the "**Reconvened Meeting**"). The High Fusion Shareholders will then be asked to consider, and if deemed advisable, pass, with or without variation, a special resolution adopting and approving, with or without variation, the Arrangement, in the form attached as Schedule "A" to the Circular (the "**Arrangement Resolution**") approving, with or without variation, the Arrangement.

8. In particular, pursuant to the Plan of Arrangement, each of the following transactions, among others, will occur in the following order commencing at the Effective Time:

a. The articles and notice of articles of High Fusion shall be amended to provide that the authorized share structure of High Fusion shall be reorganized and altered by:

   i. changing the identifying name of the issued and unissued High Fusion SVS from "Subordinate Voting Shares" to "Class A Subordinate Voting Shares" and amending the rights, privileges, restrictions and conditions attaching to those shares to require High

Fusion to provide a notice of time and place of any meeting of shareholders to be sent at least 22 days and not more than 60 days to shareholders thereof;

ii. changing the identifying name of the issued and unissued High Fusion MVS from "Multiple Voting Shares" to "Class A Multiple Voting Shares" and amending the rights, privileges, restrictions and conditions attaching to those shares to require High Fusion to provide a notice of time and place of any meeting of shareholders to be sent at least 22 days and not more than 60 days to shareholders thereof;

iii. creating a new class of shares without par value, with no maximum number and with the identifying name "Class B Subordinate Voting Shares" having the rights, privileges, restrictions and conditions identical to High Fusion SVS, as more particularly described in the High Fusion Articles, prior to the amendments described in Paragraph 8(d)(i) above (the "**High Fusion New SVS**"); and

iv. creating a new class of shares without par value, with no maximum number and with the identifying name "Class B Multiple Voting Shares" having the rights, privileges, restrictions and conditions identical to High Fusion MVS, as more particularly described in the High Fusion Articles, prior to the amendments described in Paragraph 8(d)(ii) (the "**High Fusion New MVS**").

b. High Fusion shall reorganize its capital within the meaning of Section 86 of the *Income Tax Act* (Canada) such that each High Fusion Shareholder (for the avoidance of doubt, excluding any High Fusion Shares surrendered and cancelled in accordance with the BCBCA Dissent Procedures) shall dispose of all of the High Fusion Shareholder's securities to High Fusion and in consideration and exchange therefor ("**Consideration**"), High Fusion shall:

i. with respect to the holders of High Fusion SVS:

a. issue that number of High Fusion New SVS as is equal to the number of High Fusion SVS previously held by each such holder;

b. distribute a number of Neural Shares equal to the product of the number of High Fusion New SVS held and multiplied by the SVS Conversion Factor, in accordance with the provisions of Article 4 of the Plan of Arrangement as of the Effective Date;

ii. with respect to the holders of High Fusion MVS:

a. issue that number of High Fusion New MVS as is equal to the number of High Fusion MVS previously held by each such holder;

b. distribute a number of Neural Shares equal to the product of the number of High Fusion New MVS held and multiplied by the MVS Conversion Factor, in accordance with the provisions of Article 4 of the Plan of Arrangement as of the Effective Date;

(collectively, the "**Share Exchange**"), and, in connection with the Share Exchange:

(A) the name of each High Fusion Shareholder shall be removed from the central securities register for the High Fusion SVS and High Fusion MVS and added to the central securities register for the High Fusion New SVS and High Fusion New MVS, respectively, and Neural Shares as the holder of the number of High Fusion New SVS, High Fusion New MVS and Neural Shares, respectively, received pursuant to the Share Exchange;

(B) all issued and outstanding High Fusion SVS and High Fusion MVS shall be cancelled and the capital in respect of such securities shall be reduced to nil; and

(C) The number of Neural Shares previously held by High Fusion and distributed pursuant to the Share Exchange shall be removed from Neural's register of holders of Neural Shares;

c. The authorized share structure of High Fusion shall be reorganized and altered by:

i. eliminating the High Fusion SVS from the authorized share structure of High Fusion;

ii. eliminating the High Fusion MVS from the authorized share structure of High Fusion;

iii. changing the identifying name of the issued and unissued High Fusion New SVS from "Class B Subordinate Voting Shares" to "Subordinate Voting Shares";

iv. changing the identifying name of the issued and unissued High Fusion New MVS from "Class B Multiple Voting Shares" to "Multiple Voting Shares".

BACKGROUND TO ARRANGEMENT

9. The material meetings, discussions and actions among the parties that preceded the execution and public announcement of the Arrangement Agreement are summarized in the Circular in the section entitled "*Background to the Arrangement*".

FAIRNESS OF THE ARRANGEMENT

10. The board of directors of High Fusion (the "**Board**"), in consultation with its legal advisors, determined that it did not require a fairness opinion to reach the conclusion that the Arrangement is inherently fair to High Fusion Shareholders since: (i) the Arrangement will not impact the High Fusion Shareholders' proportionate ownership in High Fusion; (ii) the High Fusion Shareholders will continue to hold an interest in Neural through both the ownership of Neural Shares as a result of the Plan of Arrangement and through their shareholding of High Fusion (which will retain an ownership interest in Neural); and (iii) the ascribed value at which the Arrangement would be completed is the same price per Neural Share at which Neural completed its arm's length private placement financing in August 2022. The Board also considered the time and costs involved in obtaining a fairness opinion and determined that doing so would not be proportionate to the circumstances of the Arrangement, pursuant to relevant regulations. In evaluating the Arrangement, the Board considered a number of factors, including those set out under the heading "*Reasons for the Plan of Arrangement and Recommendation of the Board*" and received advice from its legal and financial advisors.

THE MEETING AND APPROVALS

11. The Record Date for determining the High Fusion Shareholders entitled to receive notice of, attend and vote at the Reconvened Meeting is the close of business on May 1, 2023.

12. High Fusion intends to send, to each High Fusion Shareholder, but not to High Fusion Shareholders who High Fusion, on two consecutive occasions, have sent a record but had such record returned because the shareholder could not be located, a notice and access statement (the "**Notice and Access Statement**") and form of proxy in respect of the Meeting in accordance with applicable securities laws. Such notice and access statement will disclose details of the matters to be considered at the Meeting and will provide information on how High Fusion Shareholders can access, or obtain a physical copy of, the following material and documentation (collectively referred to as the "**Meeting Materials**") substantially in the form attached as Exhibits "B", "C" and "D" to the High Fusion Affidavit sworn on March 16, 2023 and filed herein:

(a) the Circular (together with a cover letter to High Fusion Shareholders) which includes, among other things:

(i) the Notice of Special Meeting of High Fusion Shareholders;

(ii) a summary of the effects of the Continuance;

(iii) the text of the Continuance Resolution;

(iv) a summary of the effects of the Arrangement;

(v) a summary of the reasons for the High Fusion recommendation;

(vi) the text of the Arrangement Resolution;

(vii) a copy of the Plan of Arrangement;

(viii) the text of the CBCA setting out the dissent provisions of the CBCA; and

(ix) a copy of the Interim Order; and

(x) the text of Division 2 of Part 8 of the BCBCA setting out the dissent provisions of the BCBCA;

(b) the form of proxy and voting instruction form; and

(c) a copy of the Notice of Hearing of Petition.

13. The Notice and Access Statement will be sent to holders of High Fusion Shares no later than 30 days before the High Fusion Meeting.

14. All such documents may contain such amendments thereto as High Fusion may advise are necessary or desirable and not inconsistent with the terms of the Interim Order.

QUORUM AND VOTING

27. In accordance with the Articles of High Fusion following the Continuance, the quorum required at the Reconvened Meeting will be, subject to the special rights and restrictions attached to the shares of any class or series of shares, one person who is present, or represented by proxy entitled to vote at the Reconvened Meeting.

28. It is proposed that the vote required to pass the Arrangement Resolution will be:

(a) the affirmative vote of at least two-thirds of the votes cast by High Fusion Shareholders, present in person or represented by proxy and entitled to vote at the Reconvened Meeting, voting together as one class on the basis of one vote per High Fusion SVS held and ten votes per High Fusion MVS held; and

(b) the affirmative vote of a simple majority of the votes cast by High Fusion Shareholders present in person or represented by proxy and entitled to vote at the Meeting, excluding votes attached to High Fusion Shares held by persons described in items (a) through (d) of section 8.1(2) of Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*;

DISSENT RIGHTS

33. Dissent rights in respect of the Continuance Resolution will be provided to High Fusion Shareholders in compliance with section 190 of the CBCA ("**Continuance Dissent Rights**"), pursuant to which High Fusion Shareholders who exercise their Continuance Dissent Rights ("**Continuance**

Dissenting Shareholders"), will be entitled to be paid the fair value of the High Fusion Shares held by such Continuance Dissenting Shareholders determined as of the close of business on the day before the day the Continuance Resolution is adopted.

34. Each registered High Fusion Shareholder will also have the right to dissent in respect of the Arrangement Resolution in accordance with the provisions of sections 237 to 247 of the BCBCA, as modified by the Plan of Arrangement the Interim Order and the Final Order. Registered High Fusion Shareholders will be the only High Fusion Shareholders entitled to exercise rights of dissent. A beneficial holder of High Fusion Shares registered in the name of a broker, custodian, trustee, nominee or other intermediary who wishes to dissent must make arrangements for the registered High Fusion Shareholder to dissent on behalf of the beneficial holder of High Fusion Shares or, alternatively, make arrangements to become a registered High Fusion Shareholder.

35. In order for a registered High Fusion Shareholder to exercise such right of dissent in respect of the Arrangement (the "**High Fusion Arrangement Dissent Right**"):

(a) an Arrangement Dissenting Shareholder must deliver a written notice of dissent which must be received by High Fusion at 200 Granville St, Suite 2400, Vancouver, British Columbia V6C 1S4 Attention: Robert Fischer, by 10:00 A.M. (Vancouver time) on April 26, 2023 or, in the case of any adjournment or postponement of the Reconvened Meeting, the date which is two business days prior to the date of the Reconvened Meeting; a vote against the Arrangement Resolution or an abstention will not constitute written notice of dissent;

(b) an Arrangement Dissenting Shareholder must not have voted his, her or its High Fusion Shares at the Reconvened Meeting, either by proxy or in person, in favor of the Arrangement Resolution;

(c) an Arrangement Dissenting Shareholder must dissent with respect to all of the High Fusion Shares held by such person; and

(d) the exercise of such Arrangement Dissent Right must otherwise comply with the requirements of sections 237 to 247 of the BCBCA, as modified by the Plan of Arrangement, the Interim Order and the Final Older.

36. Notice to the High Fusion Shareholders of their Arrangement Dissent Right with respect to the Arrangement Resolution will be given by including information with respect to the Arrangement Dissent Right in the Circular to be sent to High Fusion Shareholders in accordance with the Interim Order.

37. Subject to further order of this Court, the rights available to the High Fusion Shareholders under the BCBCA and the Plan of Arrangement to dissent from the Arrangement will constitute full and sufficient Arrangement Dissent Rights for the High Fusion Shareholders with respect to the Arrangement.

UNITED STATES SHAREHOLDERS

38. There are High Fusion Shareholders in the Untied States. The issuance of High Fusion New SVS and Neural Shares in exchange for High Fusion SVS, and the issuance of High Fusion New MVS and Neural Shares in exchange for High Fusion MVS pursuant to the Arrangement has not been and will not be registered under the United States Securities Act of 1933, as amended (the "**1933 Act**"). High Fusion hereby advises the Court that, based upon the Final Order, High Fusion intends to rely on the exemption from the registration requirements of the 1933 Act set forth in Section 3(a)(10) thereof, with respect to the issuance of High Fusion New SVS and Neural Shares in exchange for High Fusion SVS, and the issuance of High Fusion New MVS and Neural Shares in exchange for High Fusion MVS pursuant to the Arrangement.

39. In order to ensure that the issuance of High Fusion New SVS and Neural Shares in exchange for High Fusion SVS, and the issuance of High Fusion New MVS and Neural Shares in exchange for High Fusion MVS pursuant to the Arrangement will be exempt from the registration requirements of the 1933 Act pursuant to Section 3(a)(10) thereof, it is necessary that:

(a) all persons entitled to receive High Fusion New SVS, High Fusion New MVS and Neural Shares (collectively "**Arrangement Consideration Shares**") pursuant to the Arrangement are given adequate notice advising them of their rights to attend the hearing of the Court to approve of the Arrangement and are provided with sufficient information necessary for them to exercise that right; there cannot be any improper impediment to the appearance by such persons at the hearing of the Court to approve of the Arrangement;

(b) all persons entitled to receive Arrangement Consideration Shares pursuant to the Arrangement are advised that such Arrangement Consideration Shares have not been registered under the 1933 Act and will be issued by High Fusion in reliance on the exemption from registration provided by Section 3(a)(10) of the 1933 Act;

(c) the Interim Order specifies that each person entitled to receive Arrangement Consideration Shares pursuant to the Arrangement will have the right to appear before the Court at the hearing of the Court to give approval of the Arrangement so long as they enter an appearance within a reasonable time: and

(d) the Court hold a hearing before approving the fairness of the terms and conditions of the Arrangement and issuing the Final Order, the Court finds, prior to approving the Final Order, that the terms and conditions of the issuance of Arrangement Consideration Shares in exchange for High Fusion Shares pursuant to the Arrangement are procedurally and substantively fair to all persons who are entitled to receive Arrangement Consideration Shares pursuant to the Arrangement, and the Final Order expressly states that the issuance of Arrangement Consideration Shares in exchange for High Fusion Shares pursuant to the Arrangement are procedurally and substantively fair to all persons entitled to receive Arrangement Consideration Shares pursuant to the Arrangement.

NO CREDITOR IMPACT

40. The Arrangement does not contemplate a compromise of any debt or any debt instruments of High Fusion and no creditor of either High Fusion will be negatively affected by the Arrangement.

Part 3: LEGAL BASIS

1. Sections 186 and 288 to 297 the BCBCA;
2. Rules 2-1(2)(b), 4-4, 4-5, 8-1 and 16-1 of the *Supreme Court Civil Rules*;
3. Section 3(a)(10) of the United States Securities Act of 1933; and
4. The equitable and inherent Jurisdiction of the Court.

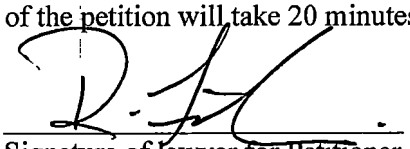
Part 4: MATERIALS TO BE RELIED ON

The Petitioner will rely on:

1. Affidavit #1 of John Durfy, sworn on March 16, 2023
2. Such further and other material as counsel may advise and this Honourable Court may allow.

The Petitioner estimates that the hearing of the petition will take 20 minutes.

March 16, 2023



Signature of lawyer for Petitioner
High Fusion Inc.
Robert K. Fischer

To be completed by the court only:

Order made

[] in terms requested in paragraphs ..... Of Part 1 of this petition

[] with the following variations and additional terms:

.....
.....
.....
.....

Date .....[*dd/mmm/yyyy*] .....

Signature of [] Judge [] Master

ENDORSEMENT ON ORIGINATING PETITION
FOR SERVICE OUTSIDE BRITISH COLUMBIA

The Petitioner claims the right to serve this Petition outside British Columbia on the grounds enumerated In Sections 10(e) and 10(h) of the *Court Jurisdiction and Proceedings Transfer Act*, that the proceeding:

(e) concerns contractual obligations, and

(i) the contractual obligations, to a substantial extent, were to be performed in British Columbia,

(ii) by its express terms, the contract is governed by the law of British Columbia, or

(iii) the contract

(A) is for the purchase of property, services or both, for use other than in the course of the purchaser's trade or profession, and

(B) resulted from a solicitation of business in British Columbia by or on behalf of the seller, and

(h) concerns a business carried on in British Columbia.

SCHEDULE "R"
NEURAL STOCK OPTION PLAN

NEURAL THERAPEUTICS INC.

STOCK OPTION PLAN

1. PURPOSE

The purpose of this stock option plan (the "**Plan**") is to authorize the grant to Eligible Persons (as such term is defined below) of Neural Therapeutics Inc. (the "**Corporation**") of options to purchase common shares ("**shares**") of the Corporation's capital and thus benefit the Corporation by enabling it to attract, retain and motivate Eligible Persons by providing them with the opportunity, through share options, to acquire an increased proprietary interest in the Corporation.

2. ADMINISTRATION

The Plan shall be administered by the board of directors of the Corporation or a committee established by the board of directors for that purpose (the "**Committee**"). Subject to approval of the granting of options by the board of directors or Committee, as applicable, the Corporation shall grant options under the Plan.

3. SHARES SUBJECT TO PLAN

Subject to adjustment under the provisions of paragraph 10 hereof, the aggregate number of shares of the Corporation which may be issued and sold under the Plan will not exceed such number of shares as is equal to 10% of the aggregate number of shares issued and outstanding from time to time. The Corporation shall not, upon the exercise of any option, be required to issue or deliver any shares prior to (a) the admission of such shares to listing on any stock exchange on which the Corporation's shares may then be listed, and (b) the completion of such registration or other qualification of such shares under any law, rules or regulation as the Corporation shall determine to be necessary or advisable. If any shares cannot be issued to any optionee for whatever reason, the obligation of the Corporation to issue such shares shall terminate and any option exercise price paid to the Corporation shall be returned to the optionee.

4. ELIGIBILITY

Options shall be granted only to Eligible Persons, any registered savings plan established by an Eligible Person or any corporation wholly-owned by an Eligible Person. The term "**Eligible Person**" means:

(a) a senior officer or director of the Corporation or any of its subsidiaries;

(b) either:

(i) an individual who is considered an employee under the *Income Tax Act*,

(ii) an individual who works full-time for the Corporation providing services normally provided by an employee and who is subject to the same control and direction by the Corporation over the details and methods of work as an employee of the Corporation, but for whom income tax deductions are not made at source, or

(iii) an individual who works for the Corporation on a continuing and regular basis for a minimum amount of time per week (the number of hours should be disclosed in the submission) providing services normally provided by an employee and who is subject to the same control and direction by the Corporation over the details and methods of work as an employee of the Corporation, but for whom income tax deductions are not made at source,

any such individual, an "**Employee**";

(c) an individual employed by a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity other than an individual (a "**Company**") which individual is providing management services to the Corporation through such Company, or an individual (together with a Company, a "**Person**") providing management services directly to the Corporation, which management services are required for the ongoing successful operation of the business enterprise of the Corporation (a "**Management Company Employee**"); or

(d) an individual (or a company or partnership of which the individual is an employee, shareholder or partner), other than an Employee, Management Company Employee, director or senior officer, who:

(i) provides ongoing consulting services to the Corporation or an Affiliate of the Corporation under a written contract;

(ii) possesses technical, business or management expertise of value to the Corporation or an Affiliate of the Corporation;

(iii) spends a significant amount of time and attention on the business and affairs of the Corporation or an Affiliate of the Corporation; and

(iv) has a relationship with the Corporation or an Affiliate of the Corporation that enables the individual to be knowledgeable about the business and affairs of the Corporation,

any such individual, a "**Consultant**".

For purposes of the foregoing, a Company is an "**Affiliate**" of another Company if: (a) one of them is the subsidiary of the other; or (b) each of them is controlled by the same Person.

For stock options to Employees, Consultants or Management Company Employees, the Corporation must represent that the optionee is a *bona fide* Employee, Consultant or Management Company Employee as the case may be. The terms "insider", "controlled" and "subsidiary" shall have the meanings ascribed thereto in the *Securities Act* (Ontario) from time to time. Subject to the foregoing, the board of directors or Committee, as applicable, shall have full and final authority to determine the persons who are to be granted options under the Plan and the number of shares subject to each option.

5. PRICE

The purchase price (the "**Price**") for the shares of the Corporation under each option shall be determined by the board of directors or Committee, as applicable, on the basis of the market price, where "market price" shall mean the prior trading day closing price of the shares of the Corporation on any stock exchange on which the shares are listed or last trading price on the prior trading day on any dealing network where the shares trade, and where there is no such closing price or trade on the prior trading day, "market price"' shall mean the average of the daily high and low board lot trading prices of the shares of the Corporation on any stock exchange on which the shares are listed or dealing network on which the shares of the Corporation trade for the five (5) immediately preceding trading days, or in the event the shares are not listed on any exchange and do not trade on any dealing network, the market price will be determined by the board of directors.

6. PERIOD OF OPTION AND RIGHTS TO EXERCISE

Subject to the provisions of this paragraph 6 and paragraphs 7, 9 and 15 below, options will be exercisable in whole or in part, and from time to time, during the currency thereof. Options shall not be granted for a term exceeding the later of: (i) five years following the date of grant thereof; and (ii) the date which is the fifth business day following the conclusion of a self-imposed blackout period of the Corporation which is in effect on the date which is five years following the date of grant thereof. The shares to be purchased upon each exercise of any option (the "**optioned shares**") shall be paid for in full at the time of such exercise. Except as provided in paragraphs 7, 9

and 15 below, no option which is held by a service provider may be exercised unless the optionee is then a service provider for the Corporation.

7. CESSATION OF PROVISION OF SERVICES

Subject to paragraph 8 below, if any optionee who is a service provider shall cease to be an Eligible Person of the Corporation for any reason (whether or not for cause) the optionee may, but only within the period of ninety days (unless such period is extended by the board of directors or the Committee, as applicable, to a maximum of one year next succeeding such cessation) next succeeding such cessation and in no event after the expiry date of the optionee's option, exercise the optionee's option.

8. DEATH OF OPTIONEE

In the event of the death of an optionee during the currency of the optionee's option, the option theretofore granted to the optionee shall be exercisable within, but only within, the period of one year next succeeding the optionee's death. Before expiry of an option under this paragraph 8, the board of directors or Committee, as applicable, shall notify the optionee's representative in writing of such expiry.

9. NON-ASSIGNABILITY AND NON-TRANSFERABILITY OF OPTION

An option granted under the Plan shall be non-assignable and non-transferable by an optionee otherwise than by will or by the laws of descent and distribution, and such option shall be exercisable, during an optionee's lifetime, only by the optionee.

10. ADJUSTMENTS IN SHARES SUBJECT TO PLAN

The aggregate number and kind of shares available under the Plan shall be appropriately adjusted in the event of a reorganization, recapitalization, plan of arrangement, stock split, stock dividend, combination of shares, merger, consolidation, rights offering or any other change in the corporate structure or shares of the Corporation. The options granted under the Plan may contain such provisions as the board of directors, or Committee, as applicable, may determine with respect to adjustments to be made in the number and kind of shares covered by such options and in the option price in the event of any such change.

11. AMENDMENT AND TERMINATION OF THE PLAN

The board of directors or Committee, as applicable, may at any time amend or terminate the Plan, but where amended, such amendment is subject to applicable shareholder approval. Notwithstanding the foregoing, the following types of amendments shall not be subject to shareholder approval of the amendment: (i) amendments to fix typographical errors; and (ii) amendments to clarify existing provisions of the Plan that do not have the effect of altering the scope, nature and intent of such provisions.

12. EFFECTIVE DATE OF THE PLAN

The Plan becomes effective on the date of its approval by the shareholders of the Corporation.

13. EVIDENCE OF OPTIONS

An option granted under the Plan may be embodied in a written option agreement between the Corporation and the optionee which shall give effect to the provisions of the Plan.

14. EXERCISE OF OPTION

Subject to the provisions of the Plan and the particular option, an option may be exercised from time to time by delivering to the Corporation at its registered office a written notice of exercise specifying the number of shares with respect to which the option is being exercised and accompanied by payment in cash, certified cheque or

other form of immediately available funds for the full amount of the purchase price of the shares then being purchased.

Upon receipt of a certificate of an authorized officer directing the issue of shares purchased under the Plan, the Corporation is authorized and directed to issue share certificates for the optioned shares in the name of such optionee or the optionee's legal personal representative or as may be directed in writing by the optionee's legal personal representative.

15. VESTING RESTRICTIONS

Options issued under the Plan may vest at the discretion of the board of directors or Committee, as applicable.

16. NOTICE OF SALE OF ALL OR SUBSTANTIALLY ALL SHARES OR ASSETS

If at any time when an option granted under this Plan remains unexercised with respect to any optioned shares:

(a) the Corporation seeks approval from its shareholders for a transaction which, if completed, would constitute an Acceleration Event; or

(b) a third party makes a bona fide formal offer or proposal to the Corporation or its shareholders which, if accepted, would constitute an Acceleration Event;

the Corporation shall notify the optionee in writing of such transaction, offer or proposal as soon as practicable and, provided that the board of directors or Committee, as applicable, has determined that no adjustment shall be made pursuant to section 10 hereof, (i) the board of directors or Committee, as applicable, may permit the optionee to exercise the option granted under this Plan, as to all or any of the optioned shares in respect of which such option has not previously been exercised (regardless of any vesting restrictions), during the period specified in the notice (but in no event later than the expiry date of the option), so that the optionee may participate in such transaction, offer or proposal; and (ii) the board of directors or Committee, as applicable, may require the acceleration of the time for the exercise of the said option and of the time for the fulfilment of any conditions or restrictions on such exercise.

For these purposes, an Acceleration Event means:

(a) the acquisition by any “offeror” (as defined in Part XX of the *Securities Act* (Ontario)) of beneficial ownership of more than 50% of the outstanding voting securities of the Corporation, by means of a take-over bid or otherwise;

(b) any consolidation, plan of arrangement or merger of the Corporation in which the Corporation is not the continuing or surviving corporation or pursuant to which shares of the Corporation would be converted into cash, securities or other property, other than a merger of the Corporation in which shareholders immediately prior to the merger have the same proportionate ownership of stock of the surviving corporation immediately after the merger;

(c) any sale, lease exchange or other transfer (in one transaction or a series of related transactions) of all or substantially all of the assets of the Corporation; or

(d) the approval by the shareholders of the Corporation of any plan of liquidation or dissolution of the Corporation.

17. RIGHTS PRIOR TO EXERCISE

An optionee shall have no rights whatsoever as a shareholder in respect of any of the optioned shares (including any right to receive dividends or other distributions therefrom or thereon) other than in respect of optioned shares in respect of which the optionee shall have exercised the option to purchase hereunder and which the optionee shall have actually taken up and paid for.

18. TAXES

The Corporation shall have the power and the right to deduct or withhold, or require an optionee to remit to the Corporation, the required amount to satisfy federal, provincial and local taxes, domestic or foreign, required by law or regulation to be withheld with respect to any taxable event arising as a result of the Plan, including the grant or exercise of any option granted under the Plan. With respect to any required withholding, the Corporation shall have the irrevocable right to, and the optionee consents to, the Corporation setting off any amounts required to be withheld, in whole or in part, against amounts otherwise owing by the Corporation to the optionee (whether arising pursuant to the optionee's relationship as a director, officer, employee or consultant of the Corporation or otherwise), or may make such other arrangements that are satisfactory to the optionee and the Corporation. In addition, the Corporation may elect, in its sole discretion, to satisfy the withholding requirement, in whole or in part, by withholding such number of shares issuable upon exercise of the options as it determines are required to be sold by the Corporation, as trustee, to satisfy any withholding obligations net of selling costs. The optionee consents to such sale and grants to the Corporation an irrevocable power of attorney to effect the sale of such shares issuable upon exercise of the options and acknowledges and agrees that the Corporation does not accept responsibility for the price obtained on the sale of such shares issuable upon exercise of the options.

19. GOVERNING LAW

This Plan shall be construed in accordance with and be governed by the laws of the Province of Ontario and shall be deemed to have been made in said Province, and shall be in accordance with all applicable securities laws.

20. EXPIRY OF OPTION

On the expiry date of any option granted under the Plan, and subject to any extension of such expiry date permitted in accordance with the Plan, such option hereby granted shall forthwith expire and terminate and be of no further force or effect whatsoever as to such of the optioned shares in respect of which the option has not been exercised.

SCHEDULE "S"
NEURAL RSU PLAN

NEURAL THERAPEUTICS INC.

RESTRICTED SHARE UNIT PLAN

PART 1 - GENERAL

Establishment and Purpose

1.1 The Corporation hereby establishes a restricted share unit plan known as the "Restricted Share Unit Plan".

1.2 The purpose of this Plan is to allow for certain discretionary bonuses and similar awards as an incentive and reward for selected Eligible Persons related to the achievement of long-term financial and strategic objectives of the Corporation and the resulting increases in shareholder value. This Plan is intended to promote a greater alignment of interests between the shareholders of the Corporation and the selected Eligible Persons by providing an opportunity to participate in increases in the value of the Corporation.

Definitions

1.3 In this Plan:

(a) "Applicable Withholding Tax" has the meaning set forth in paragraph 3.8;

(b) "Award" means an agreement evidencing the grant of a Restricted Share Unit;

(c) "Award Payout" means the applicable Share issuance in respect of a vested Restricted Share Unit pursuant and subject to the terms and conditions of this Plan and the applicable Award;

(d) "Board" means the Board of Directors of the Corporation;

(e) "Change of Control" in respect of any Recipient has the meaning ascribed to such term (in a relevant context) in the Recipient's then existing employment agreement with the Corporation or, if no meaning is so ascribed, means the acquisition by any person or by any person and its joint actors (as such term is defined in the Securities Act), whether directly or indirectly, of voting securities (as such term is defined in the Securities Act) of the Corporation which, when added to all of the voting securities of the Corporation at the time held by such person and its joint actors, totals for the first time not less than 50% of the outstanding voting securities of the Corporation;

(f) "Committee" means the Compensation Committee of the Board or other committee of the Board to whom the authority of the Board is delegated in accordance with paragraph 1.5, if applicable;

(g) "Corporation" means Neural Therapeutics Inc., and includes any successor company thereto;

(h) "Director" means a director of the Corporation or any Related Entity;

(i) "Early Trigger Date" has the meaning set forth in paragraph 3.6;

(j) "Eligible Person" means any person who is a Director, Officer or Employee;

(k) "Employee" means an employee of the Corporation or of a Related Entity;

(l) "Expiry Date" means December 31 of the third calendar year after the Grant Date, or such earlier date as may be established by the Board in respect of an Award at the time of grant of the Award;

(m) "Fair Market Value" means, as at a particular date, for the purpose of calculating the applicable Vesting Date Value and Award Payout or dividend equivalent for the purpose of paragraph 2.8:

(i) if the Shares are listed on a stock exchange, the greater of : (I) the weighted average of the trading price per Share on the stock exchange for the last five trading days ending on that date; and (II) the closing price of the Shares on the day before that date; or

(ii) if the Shares are not listed on any stock exchange, the value per Share established by the Board based on its determination of the fair market value of a Share;

(n) "Grant Date" means the date of grant of any Restricted Share Unit;

(o) "IFRS" means the International Financial Reporting Standards as adopted by the Accounting Standards Board of Canada;

(p) "Insider" shall have the meaning ascribed thereto in the Securities Act;

(q) "Officer" means an individual who is an officer of the Corporation or of a Related Entity as an appointee of the Board or the board of directors of the Related Entity, as the case may be;

(r) "Performance Conditions" has the meaning set forth in paragraph 2.3;

(s) "Restricted Share Unit" means a right granted under this Plan to receive the Award Payout on the terms contained in this Plan as more particularly described in paragraph 3.1;

(t) "Plan" means this Restricted Share Unit Plan, as amended from time to time;

(u) "Recipient" means an Eligible Person who may be granted Restricted Share Units from time to time under this Plan;

(v) "Related Entity" means a person that is controlled by the Corporation. For the purposes of this Plan, a person (first person) is considered to control another person (second person) if the first person, directly or indirectly, has the power to direct the management and policies of the second person by virtue of (i) ownership of or direction over voting securities in the second person, (ii) a written agreement or indenture, (iii) being the general partner or controlling the general partner of the second person, or (iv) being a trustee of the second person;

(w) "Required Approvals" means all necessary approvals in respect of the adoption of this Plan from shareholders of the Corporation;

(x) "Retirement" means, with respect to a Recipient, the early or normal retirement of the Recipient within the meaning of the pension plan of the Corporation for salaried employees, whether or not such Recipient is a member of that pension plan, or, if the Corporation does not have such a plan, the date on which the Recipient reaches age 65;

(y) "Securities Act" means the *Securities Act* (Ontario), as amended from time to time;

(z) "Share" means a common share in the capital of the Corporation as constituted from time to time;

(aa) "Termination" means, with respect to a Recipient, that the Recipient has ceased to be an Eligible Person, other than as a result of Retirement, and has ceased to fulfil any other role as employee, director or officer of the Corporation or any Related Entity, including as a result of termination of employment, resignation from employment, removal as an officer, failure to be re-elected as a director, death or Total Disability;

(bb) "Total Disability" means, with respect to a Recipient, that, solely because of disease or injury, the Recipient is deemed by a qualified physician selected by the Corporation to be unable to work at any occupation which the Recipient is reasonably qualified to perform;

(cc) "Trigger Date" means, with respect to a Restricted Share Unit, the date set by the Board at the time of grant, and if no date is set by the Board, then December 1 of the third calendar year following the Grant Date of the Restricted Share Unit, as such may be amended in accordance with paragraph 2.6; and

(dd) "Vesting Date Value" means the notional value, as at a particular date, of the Fair Market Value of one Share.

Administration

1.4 The Board will, in its sole and absolute discretion, but taking into account relevant corporate, securities and tax laws, (a) interpret and administer this Plan, (b) establish, amend and rescind any rules and regulations relating to this Plan, and (c) make any other determinations that the Board deems necessary or appropriate for the administration of this Plan. The Board may correct any defect or any omission or reconcile any inconsistency in this Plan in the manner and to the extent the Board deems, in its sole and absolute discretion, necessary or appropriate. Any decision of the Board in the interpretation and administration of this Plan will be final, conclusive and binding on all parties concerned. All expenses of administration of this Plan will be borne by the Corporation.

Delegation to Committee

1.5 All of the powers exercisable hereunder by the Board may, to the extent permitted by law and as determined by a resolution of the Board, be delegated to a Committee.

Incorporation of Terms of Plan

1.6 Subject to specific variations approved by the Board, all terms and conditions set out herein will be incorporated into and form part of each Restricted Share Unit granted under this Plan.

Effective Date

1.7 This Plan will be effective on the date upon which all Required Approvals are received.

Maximum Number of Shares

1.8 The aggregate number of Shares available for issuance from treasury under this Plan, subject to adjustment pursuant to paragraph 2.9, shall not exceed 10% of the issued and outstanding Shares of the Corporation from time to time.

PART 2 - AWARDS

Recipients

2.1 Only Eligible Persons are eligible to participate in this Plan and receive one or more Restricted Share Units. Restricted Share Units that may be granted hereunder to a particular Eligible Person in a calendar year will (subject to any applicable terms and conditions) represent a right to a bonus or similar award to be received for services rendered by such Eligible Person to the Corporation or a Related Entity, as the case may be, in the Corporation’s or the Related Entity’s fiscal year ending in, or coincident with, such calendar year, as determined by the Board in its discretion.

Grant

2.2 The Board may, in its discretion, at any time, and from time to time, grant Restricted Share Units to Eligible Persons as it determines is appropriate, subject to the limitations set out in this Plan. In making such grants the Board may, in its sole discretion but subject to paragraph 2.5, in addition to Performance Conditions set out below, impose such conditions on the vesting of the Awards as it sees fit, including imposing a vesting period on grants of Restricted Stock Units.

Performance Conditions

2.3 At the time a grant of a Restricted Share Unit is made, the Board may, in its sole discretion, establish such performance conditions for the vesting of Restricted Share Units as may be specified in the Award (the "Performance Conditions"). The Board may use such business criteria and other measures of performance as it may deem appropriate in establishing any Performance Conditions, and may exercise its discretion to reduce the amounts payable under any Award subject to Performance Conditions. The Board may determine that an Award shall vest in whole or in part upon achievement of any one Performance Condition or that two or more Performance Conditions must be achieved prior to the vesting of an Award. Performance Conditions may differ for Awards granted to any one Recipient or to different Recipients.

Vesting

2.4 Except as provided in this Plan, Restricted Share Units issued under this Plan will vest on the later of: (a) the Trigger Date; and (b) the date upon which the relevant Performance Condition or other vesting condition set out in the Award has been satisfied, provided that Restricted Share Units shall only vest on the Trigger Date to the extent that the Performance Conditions or other vesting conditions set out in an Award have been satisfied on or before the Trigger Date; and no Restricted Share Unit will remain outstanding for any period which exceeds the Expiry Date of such Restricted Share Unit.

Forfeiture and Cancellation Upon Expiry Date

2.5 Restricted Share Units which do not vest on or before the Expiry Date of such Restricted Share Unit will be automatically cancelled, without further act or formality and without compensation.

Amendment of Trigger Date

2.6 The Board of Directors may, at any time after a grant of a Restricted Share Unit, accelerate the Trigger Date of such Restricted Share Unit.

Account

2.7 Restricted Share Units issued pursuant to this Plan (including fractional Restricted Share Units, computed to three digits) will be credited to a notional account maintained for each Recipient by the Corporation for the purposes of facilitating the determination of amounts that may become payable hereunder. A written confirmation of the balance in each Recipient's account will be sent by the Corporation to the Recipient upon request of the Recipient.

Dividend Equivalents

2.8 On any date on which a cash dividend is paid on Shares, a Recipient's account will be credited with the number and type of Restricted Share Units (including fractional Restricted Share Units, computed to three digits) calculated by (a) multiplying the amount of the dividend per Share by the aggregate number of Restricted Share Units that were credited to the Eligible Person's account as of the record date for payment of the dividend, and (b) dividing the amount obtained in paragraph (a) by the Fair Market Value on the date on which the dividend is paid. Any Restricted Share Units issued pursuant to this paragraph 2.8 will reduce the aggregate number of Restricted Share Units otherwise available for grant under this Plan.

Adjustments and Reorganizations

2.9 In the event of any dividend paid in shares, share subdivision, combination or exchange of shares, merger, plan of arrangement, consolidation, spin-off or other distribution of Corporation assets to shareholders, or any other change in the capital of the Corporation affecting Shares, the Board, in its sole and absolute discretion, will make, with respect to the number of Restricted Share Units outstanding under this Plan, any proportionate adjustments as it considers appropriate to reflect that change.

Notice and Acknowledgement

2.10 No certificates will be issued with respect to the Restricted Share Units issued under this Plan. Each Eligible Person will, prior to being granted any Restricted Share Units, deliver to the Corporation a signed acknowledgement substantially in the form of Schedule "A" to this Plan.

PART 3 - PAYMENTS

Payment of Restricted Share Units

3.1 Subject to the terms of this Plan and, in particular, paragraph 3.8 of this Plan, the Corporation will pay out vested Restricted Share Units issued under this Plan and credited to the account of a Recipient by issuing (net of any Applicable Withholding Tax) to such Recipient, on or subsequent to the Trigger Date but no later than the Expiry Date of such Vested Restricted Share Unit, an Award Payout of one Share for such whole vested Restricted Share Unit. Fractional Shares shall not be issued and where a Recipient would be entitled to receive a fractional Share in respect of any fractional vested Restricted Share Unit, the Corporation shall pay to such Recipient, in lieu of such fractional Share, cash equal to the Vesting Date Value as at the Trigger Date of such fractional Share. Each Share issued by the Corporation pursuant to this Plan shall be issued as fully paid and non-assessable.

Consultants and Advisors

3.2 The Board may engage such consultants and advisors as it considers appropriate, including compensation or human resources consultants or advisors, to provide advice and assistance in determining the amounts to be paid under this Plan and other amounts and values to be determined hereunder or in respect of this Plan including, without limitation, those related to a particular Fair Market Value.

Cancellation on Termination for Cause

3.3 Subject to paragraphs 3.6 and 3.7 of this Plan, unless the Board at any time otherwise determines, all Restricted Share Units held by any Recipient and all rights in respect thereof will be automatically cancelled, without further act or formality and without compensation, immediately in the event of a Termination arising from the termination of employment or removal from service by the Corporation or a Related Entity for cause.

Retirement, Total Disability, Death and Termination Without Cause

3.4 Subject to paragraphs 3.6 and 3.7 of this Plan, unless the Board at any time otherwise determines, if a Recipient ceases to be an Eligible Person for any of the following reasons, Restricted Share Units will not be cancelled but will remain outstanding for a period of one year following the date upon which such Recipient ceases to be an Eligible Person, and shall vest in accordance with the terms of this Plan and the Award as if such person was an Eligible Person during such period: (a) Retirement of the Recipient; (b) death or Total Disability of a Recipient; (c) the Termination of employment or removal from service by the Corporation or a Related Entity without cause; or (d) the failure of a Director to be re-elected to the Board other than in the circumstances set forth in paragraph 3.5.

Cancellation on Resignation

3.5 Subject to paragraphs 3.6 and 3.7 of this Plan, unless the Board at any time otherwise determines, all Restricted Share Units held by a Recipient for which the Performance Conditions or other vesting conditions set out in the Award have not been met and all rights in respect thereof will be automatically cancelled, without further act or formality and without compensation, immediately in the event of a Termination arising from the resignation by the Recipient from employment with or as a service provider to the Corporation, or determination by the Recipient that he or she shall not contend for re-election to the Board, and all Restricted Share Units for which the Performance Conditions or other vesting conditions set out in the Award have been met shall continue to remain outstanding in accordance with the terms of this Plan as if such person were an Eligible Person for a period of one year following the date upon which such Recipient ceases to be an Eligible Person.

Termination on Change of Control

3.6 Notwithstanding anything else in this Plan, all unvested Restricted Share Units held by any Recipient will automatically vest, without further act or formality, immediately in the event of a Termination arising from the resignation or cessation of employment or service by the Recipient based on a material reduction or change in position, duties or remuneration of the Recipient at any time within 12 months after the occurrence of a Change of Control (the "Early Trigger Date").

3.7 Upon the occurrence of an Early Trigger Date of this Plan, the Corporation will pay out on such vested Restricted Share Units issued under this Plan and credited to the account of such Recipient by paying (net of any Applicable Withholding Tax) to such Recipient on or subsequent to the Early Trigger Date, but no later than 10 days after the Early Trigger Date, an Award Payout in an amount equal to the Vesting Date Value as at the Early Trigger Date of such Restricted Share Unit. Payments in respect of Restricted Share Units credited to the accounts of persons who are deceased will be made to or for the benefit of the legal representative of such person in accordance with the terms of this Plan.

Tax Matters and Applicable Withholding Tax

3.8 The Corporation does not assume any responsibility for or in respect of the tax consequences of the receipt by Recipients of Restricted Share Units, or Shares received by Recipients pursuant to this Plan. The Corporation or relevant Related Entity, as applicable, is authorized to deduct such taxes and other amounts as it may be required or permitted by law to withhold ("Applicable Withholding Tax"), in such manner (including, without limitation, by selling Shares otherwise issuable to Recipients, on such terms as the Corporation determines) as it determines so as to ensure that it will be able to comply with the applicable provisions of any federal, provincial, state or local law or regulation relating to the withholding of tax or other required deductions, or the remittance of tax or other obligations. The Corporation or relevant Related Entity, as applicable, may require Recipients, as a condition of receiving amounts to be paid to them under this Plan, to deliver undertakings to, or indemnities in favour of, the Corporation or Related Entity, as applicable, respecting the payment by such Recipients of applicable income or other taxes.

PART 4 - MISCELLANEOUS

Compliance with Applicable Laws

4.1 The issuance by the Corporation of any Restricted Share Units and its obligation to make any payments hereunder is subject to compliance with all applicable laws. As a condition of participating in this Plan, each Recipient agrees to comply with all such applicable laws and agrees to furnish to the Corporation all information and undertakings as may be required to permit compliance with such applicable laws. The Corporation will have no obligation under this Plan, or otherwise, to grant any Restricted Share Unit or make any payment under this Plan in violation of any applicable laws.

Non-Transferability

4.2 Restricted Share Units and all other rights, benefits or interests in this Plan are non-transferable and may not be pledged or assigned or encumbered in any way and are not subject to attachment or garnishment, except that if a Recipient dies the legal representatives of the Recipient will be entitled to receive the amount of any payment otherwise payable to the Recipient hereunder in accordance with the provisions hereof.

No Right to Service

4.3 Neither participation in this Plan nor any action under this Plan will be construed to give any Eligible Person or Recipient a right to be retained in the service or to continue in the employment of the Corporation or any Related Entity, or affect in any way the right of the Corporation or any Related Entity to terminate his or her employment or other service at any time.

Successors and Assigns

4.4 This Plan will enure to the benefit of and be binding upon the respective legal representatives of the Eligible Person.

Plan Amendment

4.5 The Board may amend this Plan as it deems necessary or appropriate, subject to the requirements of applicable laws, but no amendment will, without the consent of the Recipient or unless required by law, adversely affect the rights of a Recipient with respect to Restricted Share Units to which the Recipient is then entitled under this Plan.

Plan Termination

4.6 The Board may terminate this Plan at any time, but no termination will, without the consent of the Recipient or unless required by law, adversely affect the rights of a Recipient with respect to Restricted Share Units to which the Recipient is then entitled under this Plan. In no event will a termination of this Plan accelerate the vesting of Restricted Share Units or the time at which a Recipient would otherwise be entitled to receive any payment in respect of Restricted Share Units hereunder.

Governing Law

4.7 This Plan and all matters to which reference is made in this Plan will be governed by and construed in accordance with the laws of Ontario and the federal laws of Canada applicable therein.

Reorganization of the Corporation

4.8 The existence of this Plan or Restricted Share Units will not affect in any way the right or power of the Corporation or its shareholders to make or authorize any adjustment, recapitalization, reorganization or other change in the Corporation's capital structure or its business, or to create or issue any bonds, debentures, Shares or other securities of the Corporation or to amend or modify the rights and conditions attaching thereto or to effect the dissolution or liquidation of the Corporation, or any amalgamation, combination, merger, plan of arrangement or consolidation involving the Corporation or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar nature or otherwise.

No Shareholder Rights

4.9 Restricted Share Units are not considered to be Shares or securities of the Corporation, and a Recipient who is issued Restricted Share Units will not, as such, be entitled to receive notice of or to attend any shareholders' meeting of the Corporation, nor entitled to exercise voting rights or any other rights attaching to the ownership of Shares or other securities of the Corporation, and will not be considered the owner of Shares by virtue of such issuance of Restricted Share Units.

No Other Benefit

4.10 No amount will be paid to, or in respect of, a Recipient under this Plan to compensate for a downward fluctuation in the Fair Market Value or price of a Share, nor will any other form of benefit be conferred upon, or in respect of, a Recipient for such purpose.

SCHEDULE "A"

RESTRICTED SHARE UNIT PLAN

Neural Therapeutics Inc. (the "Corporation") hereby confirms the grant to the undersigned Recipient of Restricted Share Units ("Units") described in the table below pursuant to the Corporation's Restricted Share Unit Plan (the "Plan"), a copy of which Plan has been provided to the undersigned Recipient.

No. of Units(1)	Trigger Date	Expiry Date

(1) [include any specific/additional vesting period or Performance Conditions]

DATED _____, 20____.

NEURAL THERAPEUTICS INC.

Per: _____

Authorized Signatory

The undersigned hereby accepts such grant, acknowledges being a Recipient under the Plan, agrees to be bound by the provisions thereof and agrees that the Plan will be effective as an agreement between the Corporation and the undersigned with respect to the Units granted or otherwise issued to it.

DATED _____, 20____.

Per: _____

Name:

SCHEDULE "T"
INFORMATION CONCERNING HIGH FUSION INC.

Notice to Reader

The following information is reflective of the current business, financial and share capital position of High Fusion. Following the completion of the Plan of Arrangement, there will be no changes to the corporate strategy or business objectives of High Fusion as the result of the Plan of Arrangement, other than High Fusion's ownership interest in Neural will be reduced by the amount of Neural Shares distributed to High Fusion Shareholders in connection with the Share Exchange. As such, the information provided herein is reflective of High Fusion prior to and post the completion of the Plan of Arrangement. The following information should be read in conjunction with the disclosure provided in the Circular to which this Schedule is attached and the financial statements and MD&A of High Fusion that are available on SEDAR and have been incorporated by reference into the Circular and this Schedule. Please see section titled "*Documents Incorporated by Reference*" of the Circular.

Capitalized terms not otherwise defined in this Schedule will have the meaning given to them in the Circular.

Unless otherwise indicated, material developments relating Neural and information relating to Neural business is outlined in section titled "*Schedule U - Information Concerning Neural – Description of Neural's Business*" of the Circular. The following information should be read in conjunction with the disclosure provided in section titled "*Schedule U - Information Concerning Neural – Description of Neural's Business*" of the Circular as well as the annual financial statements of Neural for the years ended July 31, 2022, 2021 and 2020 that are included as Schedule "H" of the Circular; the MD&A of Neural for the years ended July 31, 2022, 2021 and 2020 that are included as Schedule "I" of the Circular; the unaudited financial statements of Neural for the three months ended October 31, 2022 which are included as Schedule "J" of the Circular and the MD&A of Neural for the three months ended October 31, 2022 are included hereto as Schedule "K" of the Circular.

Unless otherwise indicated, all currency amounts are stated in Canadian dollars. All capitalized references in this Schedule shall have the meaning ascribed thereto in the Circular. On September 3, 2021 High Fusion consolidated all issued and outstanding High Fusion Shares on a twenty (20) for one (1) basis. All references to securities of High Fusion in this Schedule are presented on a post-consolidation basis.

Forward-Looking Statements

Certain statements contained in this Schedule and in the documents incorporated by reference herein, constitute forward-looking statements and forward-looking information (collectively referred to as "forward-looking statements") within the meaning of applicable securities laws. Such forward-looking statements relate to future events or High Fusion's future performance. See sections titled "*Information Concerning Forward-Looking Statements*" and "*Risk Factors*" of the Circular. Readers should also carefully consider the matters and cautionary statements discussed under the heading "*Risk Factors*" in this Schedule.

CORPORATE STRUCTURE

General

High Fusion Inc. (formally Nutritional High International Inc.) is a publicly traded company that was incorporated on July 19, 2004 under the CBCA. High Fusion SVS (formerly common shares) have been listed on the CSE since March 23, 2015 and currently trade under the symbol "FUZN" and have been quoted

on the OTC Pink since April 29, 2015 and are currently quoted under the symbol "SPLIF". The address of High Fusion's registered office is 77 King Street West, Suite 2905, Toronto, Ontario, M5K 1H1.

Intercorporate Relationships

High Fusion has subsidiaries and investments in associates as follows:

Subsidiary/Affiliate	Jurisdiction	Ownership Interest
NHII Holdings Ltd.	Ontario	100%
NHC IP Holdings Corp.	Ontario	100%
Nutritional High (Colorado) Inc.	Colorado	100%
NH Properties Inc.	Colorado	100%
NHC Edibles LLC	Colorado	100%
Nutritional High (Oregon) LLC	Oregon	100%
Nutritional Traditions Inc.	Nevada	100%
Nutritional IP Holdings LLC	Nevada	100%
NH (Oregon) Properties LLC	Oregon	100%
NH Processing (Nevada) Inc.	Nevada	100%
NH Operations LLC	Nevada	100%
NH Nevada LLC	Nevada	100%
NH Properties (Nevada) LLC	Nevada	100%
Eastgate Property Holding LLC	Nevada	100%
NH Bellingham Property Holdings LLC	Nevada	100%
Pasa Verde, LLC	California	100%
Eglinton Medicinal Advisory Ltd.	Ontario	51%
Neural Therapeutics Inc. (1)	Ontario	34%
Kruzo LLC (2)	Nevada	34%
Palo Verde LLC	Colorado	100%
Nutritional High LLC (3)	Nevada	100%
East Hill Wellness LLC (4)(5)	California	0%
San Diego Natural Inc. (4)	California	0%
Downwind 27 LLC (4)	California	0%

Notes:

(1) *High Fusion currently owns a 45.6% interest in Neural and will own a 33.6% interest following the completion of the Plan of Arrangement.*
(2) *Kruzo is a wholly-owned subsidiary of Neural.*
(3) *High Fusion purchased the OutCo business on August 31, 2021, which included control of EHW, SDI and DW27 through management service agreements.*
(4) *As part of the acquisition of the business of OutCo, NH LLC, a holding company, has been established to acquire the assets of OutCo including the assumption of management services agreements with EHW, SDI and DW27 under which fees are paid to NH LLC.*
(5) *On March 22, 2022, High Fusion terminated the management service agreement with EHW. Please see section titled "Legal and Regulatory Proceedings".*

GENERAL DEVELOPMENT OF THE BUSINESS

High Fusion is focused on developing, manufacturing, and distributing products and recognized brands in the marijuana and marijuana-infused products industries, including edibles and oil extractions for nutritional, medical, and adult recreation use in the United States. High Fusion works exclusively through licensed facilities in jurisdictions where such activity is permitted and regulated by U.S. state law. High

Fusion's corporate strategy is focused on identifying, acquiring and/or developing high-value products (including formulae and recipes), and brands for its Cannabis-Infused Products for sale by High Fusion where it has secured the required licensing, or for use by the Licensed Operators.

Three Year History

On November 21, 2019, Adam Szweras, Chairman of the Board, assumed an obligation of NHC Edibles LLC, a wholly owned subsidiary of High Fusion in the principal amount of USD$300,000 ("**Loan Note**"). The Loan Note is secured by the Pueblo Property for up to US$800,000 and as provided for under the terms of High Fusion's senior secured debentures. In January 2020, an additional US$200,513 was advanced under the Loan Note by Adam Szweras (US$162,919) and Brian Presement, a director of High Fusion (US$37,594). In February 2020, the Loan Note was converted into 2020-1 Debentures.

On December 9, 2019, High Fusion, through its then wholly owned subsidiary Calyx Brands Inc. ("**Calyx**"), entered into a settlement agreement ("**Plus Settlement Agreement**") with Carberry, LLC, Plus Products Holdings Inc., and Plus Products Inc. (collectively referred herein as "**Plus**"). Pursuant to the Plus Settlement Agreement, and related agreements entered thereto, Calyx has ceased all new sales of Plus products and to settle certain disputes relating to the service agreement entered between Calyx and Plus on February 1, 2018 and Plus had agreed to forbear repayment of amount owing to Plus by Calyx among other things. Pursuant to the Plus Settlement Agreement, Plus assumed responsibility for Plus-branded inventory held by Calyx and certain trade receivables and the cash balance associated with sales of Plus-branded products.

On December 10, 2019, High Fusion announced a downsizing of its distribution business in California, operated under Calyx following the signing of the Plus Settlement Agreement. In response to the decline in revenues, Calyx implemented cost reduction measures including the elimination of non-critical operational costs and administrative headcount and High Fusion commenced a strategic review process, with a view of securing a strategic partner for Calyx that could fund and assist with the growth of the business.

On December 19, 2019, Robert Wilson joined High Fusion as Chief Financial Officer, replacing Mike DiNapoli.

On December 30, 2019, High Fusion held a meeting of the unsecured debenture holders of High Fusion March 2018 convertible debentures (the "**March 2018 Debentures**") and received approval to amend the terms of the March 2018 Debentures. The March 2018 Debentures were subsequently converted into common shares of High Fusion on October 8, 2020.

On February 26, 2020, High Fusion announced that it had entered into a non-binding letter of intent to sell a controlling interest in NH Distribution California Inc. and Calyx to a strategic partner (the "**Calyx Sale**").

On March 2, 2020, John Durfy was appointed as the new Chief Executive Officer of High Fusion and subsequently on May 28, 2020, became a director replacing David Posner, who stepped down. At the same time, Adam Szweras, replaced David Posner as the Chairman of the Board.

On March 23, 2020, High Fusion closed the first tranche of the offering of the 2020-1 Debentures for gross proceeds of $852,678.

On May 19, 2020, High Fusion announced that it signed a purchase agreement to acquire a 100% equity interest in Palo Verde, subject to MED and local municipal regulatory approvals. With the signing of the

agreement to purchase Palo Verde, an application was submitted to MED for approval of the change in ownership of this business.

On May 29, 2020, High Fusion closed the second tranche of the offering of the 2020-2 Debentures for gross proceeds of $272,000 and for total aggregate gross proceeds of $1,124,678.

On June 1, 2020, the lease for High Fusion's facility located in Sacramento, CA ("**Sacramento Facility**") was amended to include only a 5,600 sq. ft. portion of the Sacramento Facility.

On August 5, 2020, High Fusion entered into settlement agreements with trade creditors and related parties to convert $1,106,340 of indebtedness into units at a deemed price of $0.50 per unit. Each unit was comprised of one common share and one common share purchase warrant, with each warrant entitling the holder to acquire one common share of High Fusion at any time on or before December 31, 2020 at a price of $1.00 per common share. These warrants expired unexercised.

On August 7, 2020, High Fusion signed a purchase agreement for the Calyx Sale.

On August 17, 2020, High Fusion announced that it had completed the PSC Acquisition. The acquisition allowed High Fusion to broaden its focus to encompass other plant-based products in addition to and in combination with cannabis. While PSC (now Neural) has provided a potential source of future product innovation and diversification, the U.S. cannabis business continued to be High Fusion's main business focus.

On August 28, 2020, a legal action was filed against Calyx in the Superior Court of California by Gold Coast Gardens LLC for US$64,678 due under an unsecured trade payable.

On August 31, 2020, High Fusion purchased the remaining 20% interest in Calyx for nominal value.

On October 8, 2020, the holders of the March 2018 Debentures agreed to amend the terms to allow for a forced conversion and, on October 28, 2020, High Fusion exercised its forced conversion right. The total amount converted (including both voluntary and forced conversions) represented all of the principal amount outstanding under the March 2018 Debentures of $7,583,000 and 14,835,283 High Fusion SVS were issued in connection with the conversions.

On November 5, 2020, High Fusion completed the Calyx Sale.

On November 18, 2020, the holders of the August 2018 Debentures adopted a waiver and consent which included among other things: (i) an extension of the maturity of the August 2018 Debentures by one year to August 3, 2022; (ii) all of the interest owed by High Fusion under the August 2018 Debentures until the end of the term being added to the principal amount of the August 2018 Debentures with the August 2018 Debentures thereafter not bearing any interest; and (iii) an amendment providing that any conversion of August 2018 Debentures into High Fusion SVS would not be permitted to the extent that such conversion would result in a holder of the August 2018 Debentures becoming a shareholder holding more than 9.99% of the issued and outstanding common shares in the capital of High Fusion.

On November 25, 2020, High Fusion entered into settlement agreements with trade creditors that were owed an aggregate of $119,471 to convert such amounts to 544,242 High Fusion SVS in settlement of these obligations.

On November 30, 2020, a legal action was filed against High Fusion and Adam Szweras in the Superior Court of Washington State by MAKH Properties LLC. The action is for outstanding rent of US$122,217

regarding a guarantee of a lease agreement between MAKH Properties LLC and Earthsphere LLC. This litigation was subsequently settled on April 26, 2021.

On December 10, 2020, a legal action was filed against High Fusion and Calyx in the Superior Court of California by a third-party vendor for an overdue trade payable in the amount of US$367,353. This litigation was subsequently assumed by the purchaser in the Calyx Sale.

On December 15, 2020, the lease on the Sacramento Facility was terminated.

On January 6, 2021, High Fusion announced that it had signed an agreement for the repayment of debt ("**Green Therapeutics Agreement**") due from Green Therapeutics ("**Green Therapeutics**"). In accordance with the terms of the Therapeutics Agreement, as part of the sale of Green Therapeutics to Australis Capital Inc. ("**Australis**") which closed on March 23, 2021, the debt due to High Fusion was repaid in the form of exchangeable securities of Australis ("**AES**"), which are exchangeable into common shares of Australis ("**Australis Shares**"). High Fusion received a total of 9,267,341 AES. High Fusion subsequently exchanged all AES into Australis Shares and disposed of all of the Australis Shares.

On January 28, 2021, High Fusion announced that the MED provided its conditional approval for High Fusion to complete the acquisition of Palo Verde.

On March 12, 2021, High Fusion closed the acquisition of 100% interest in Palo Verde.

On March 22, 2021, High Fusion converted the debt owing by Palo Verde to High Pita Inc. into a 2021 High Pita Debenture with a face value of $250,000.

On June 18, 2021, High Fusion announced that it had entered into a definitive agreement to complete the OutCo Acquisition.

On August 27, 2021 High Fusion announced that in accordance with the previously approved shareholder resolution, its High Fusion SVS have been consolidated with a record and effective date of September 3, 2021.

On August 31, 2021, High Fusion closed the OutCo Acquisition through the purchase of substantially all the assets associated with the business including: control and management of all licenced entities, intellectual property, equipment and land. OutCo is based in San Diego, California and its business focus is manufacturing and retailing premium quality cannabis flower and extract products under the OutCo name.

As a part of the OutCo Acquisition, High Fusion assumed a loan in the amount of $268,400, which was subsequently converted into the Gainor Debenture. Furthermore, as a part of the OutCo Acquisition, High Fusion agreed to assume the East Hill Note.

On September 7, 2021, High Fusion issued the ASC Debenture with a face value of $50,464 to settle certain outstanding lease obligations of High Fusion.

On September 29, 2021, High Fusion obtained approval from the High Fusion Shareholders to establish High Fusion MVS and to change the designation of its common shares to High Fusion SVS.

On September 29, 2021, High Fusion obtained approval from the High Fusion Shareholders to change the name of High Fusion to "High Fusion Inc.". The High Fusion name change took effect on November 15,

2021, and on November 16, 2021, the High Fusion Shares commenced trading on the CSE under the High Fusion name.

On October 5, 2021, High Fusion received 1,792,724 additional Australis Shares in connection with Green Therapeutics Agreement.

On November 24, 2021, High Fusion announced that it received recreational licenses for both of the retail dispensaries which were acquired by High Fusion as a part of the OutCo Acquisition.

On November 24, 2021, High Fusion settled $119,471 of trade payables through issuance of 544,242 High Fusion SVS.

In February 2022, the holders of the August 2018 Debentures agreed to amend the terms of the debentures as follows: to consent to High Fusion effecting certain transactions (including the Seed Financing) which would result in a reduction of interest that High Fusion owned in Neural; to consent to High Fusion entering into certain loan agreements to a maximum amount of US$500,000, which formed the First Loan Facility and Second Loan Facility; and to provide for a partial repayment of a portion of the August 2018 Debentures from the proceeds from an asset sale by High Fusion.

On February 3, 2022, one of the holders of the August 2018 Debentures agreed to a prepayment of $150,000 in the form of Neural Shares.

On February 16, 2022, High Fusion converted all of the August 2019 Secured Convertible Debentures representing principal balance of $1,807,000 plus interest of $20,914. The debentures were converted into High Fusion SVS at a revised conversion price of $0.06 per High Fusion SVS. The total number of High Fusion SVS issued on the conversion was 30,465,690.

On February 16, 2022, High Fusion settled outstanding loans and payables representing $1,962,605 in exchange for High Fusion SVS at a price of $0.06 per High Fusion SVS. Pursuant to the payables conversion, High Fusion issued 32,710,087 High Fusion SVS, of which, 22,433,569 High Fusion SVS were issued to certain non-arm's length parties to settle $1,346,014 of obligations.

Concurrently with completion of the Seed Financing, High Fusion completed an in-kind debt settlement pursuant to which High Fusion transferred 5,600,000 Neural Shares to settle approximately $420,000 of High Fusion liabilities. Pursuant to this transfer, approximately 2,666,667 Neural Shares were transferred to certain non-arm's length parties to settle debt obligations of High Fusion to such parties. In addition, FMICA, a financial advisory firm of which Adam Szweras (a director of High Fusion and Chairman of the Board) is a director, received advisory fees and fees associated the financing of Neural which were satisfied through payment from the proceeds of the Seed Financing and the issuance of Neural Shares.

On March 1, 2022, the holder of the Gainor Debenture converted $190,000 of the Gainor Debenture into 2,923,077 High Fusion SVS, leaving a remaining balance of $78,400. The portion of the debentures were converted at a revised conversion price of $0.065 per High Fusion SVS.

On March 14, 2022, High Fusion closed the First Loan Facility and issued 2,250,000 High Fusion SVS purchase warrants to the lenders in connection with the closing of the First Loan Facility, each exercisable into one High Fusion SVS at a price of $0.075 per High Fusion SVS for a period of two years from issuance.

On March 22, 2022, High Fusion terminated East Hill Wellness MSA with a view of returning the Willits Property to East Hill Financial Inc. in exchange for the termination of the assumption of East Hill Note,

which remains ongoing as of the date hereof. Please see section titled "*Legal and Regulatory Proceedings*" of this Schedule.

On March 22, 2022, one of the holders of the August 2018 Debentures converted their holdings representing a principal balance of $25,016 including interest into 416,950 High Fusion SVS.

On March 22, 2022, one of the holders of the August 2018 Debentures converted their holdings representing a principal balance of $50,034 including interest into 833,900 High Fusion SVS.

On April 28, 2022, High Fusion settled outstanding payables representing $434,524 with the issuance of 8,301,637 High Fusion SVS.

On May 24, 2022, one of the holders of the August 2018 Debentures converted a portion of their holdings representing $100,000 into 1,666,667 High Fusion SVS, which was subsequently amended on June 21, 2022 to reflect an adjustment to the conversion price resulting in the issuance of an additional 333,333 High Fusion SVS.

On June 13, 2022, High Fusion closed the Second Loan Facility and issued 2,000,000 High Fusion SVS purchase warrants to the lenders in connection with the closing each exercisable into one High Fusion SVS at a price of $0.075 per High Fusion SVS for a period of two years from issuance. Additionally, as part of the Second Loan Facility, the holder of the 2021. As part of the Second Loan Facility, the holder of the High Pita Debenture agreed to settle $63,300 of the High Pita Debenture in exchange for US$50,000 of the Second Loan Facility including 250,000 warrants. After this settlement the remaining balance of the High Pita Debenture is $186,700.

On June 20, 2022, Lincoln Fish and Rachel Wright were appointed as directors to the Board and Dr. Jason Dyck, resigned from the Board.

On July 29, 2022, a legal action was filed against OutCo, High Fusion and some of their respective subsidiaries a number of its subsidiaries and officers in the Superior Court of California by East Hill Financial Corp., pertaining to High Fusion's obligations under the East Hill Note. Please see section titled "*Legal Proceeding and Regulatory Actions*" of this Schedule.

On August 4, 2022, the holders of the August 2018 Debentures agreed to amend the terms of the debentures as follows: to extend the term to February 3, 2023; to add all of the interest owing under the August 2018 Debentures until the end of the term to the principal amount of the August 2018 Debentures with the August 2018 Debentures thereafter not bearing any interest.

On August 17, 2022, September 13, 2022 and November 4, 2022, one of the holders of the August 2018 Debentures converted a portion of their holdings representing $150,000 into 3,000,000 High Fusion SVS.

On August 30, 2022, High Fusion settled outstanding loans and payables representing $84,392 into 1,687,841 High Fusion SVS.

Effective October 31, 2022, High Fusion's wholly owned subsidiary, NHOL, forfeited it's a processor license issued by the Oregon Liquor Control Commission.

On November 4, 2022, High Fusion announced that it has entered into Arrangement Agreement with Neural.

On November 16, 2022, the MMP License held by Palo Verde expired and High Fusion elected not to renew it.

On December 28, 2022, High Fusion issued 1,350,000 High Fusion MVS at a price of $0.10 per High Fusion MVS for gross proceeds of $135,000, as approved by the CSE. In addition, a second investment was completed in the form of a contribution of US$150,000 of inventory to DW27. The second investment was made in exchange for an unsecured note payable in the amount of US$150,000. This note will be settled with the issuance of approximately 2,025,000 High Fusion MVS at a price of $0.10 per High Fusion MVS, as approved by the CSE. 2,025,000 High Fusion MVS issuable in connection with the unsecured note in the amount of US $150,000 remain unissued as of the date hereof.

On January 17, 2023, Lincoln Fish, resigned from the Board and was replaced by Austin Birch.

On January 20, 2023, High Fusion granted 6,625,000 RSUs and approved a payment equal to $214,000 in deferred compensation to certain officers and directors of the High Fusion in consideration for their services to High Fusion ("**Directors' Compensation Settlement**"), as follows: $84,000 to Adam Szweras; $42,500 to Brian Presement; $25,000 to Billy Morrison; $15,000 to Jason Dyck; $30,000 to Aaron Johnson; and $17,500 to Rachel Wright.

On January 31, 2023, Aaron Johnson, resigned from the Board and was replaced by Ross Mitgang.

On February 22, 2023, High Fusion entered into MJD Licensing Agreement with MJ Direct, pursuant to which MJ Direct agreed to license to High Fusion the rights for the exclusive use of software and intellectual property of MJ Direct's business. In connection with the MJD Licensing Agreement, High Fusion agreed to pay a licensing fee of US$500,000 (or CAD $675,000) the payment for which will be satisfied through the issuance of 6,750,000 High Fusion MVS at a price of $0.10 per High Fusion MVS. The MJD Licensing Agreement also provides the Company with an exclusive option to purchase 100% interest of MJ Direct for US$1.5 million, payable in High Fusion MVS at a price of $0.50 per High Fusion MVS, for a period of 2 years.

On February 22, 2023, the holders of August 2018 Debentures agreed to extend the term of the August 2018 Debentures to August 3, 2024, reduce the interest rate to 10% per annum from 24%, payable semi-annually on June 30 and December 31 of every year (subject to an increase to 12% per annum if High Fusion elects to make such interest payments in a form of High Fusion SVS, rather than cash) and. If High Fusion elects to make interest payments in the form of High Fusion SVS, the price per High Fusion SVS shall equal to a 20-day volume weighted average price at which the High Fusion SVS trade on the CSE. The holders of the August 2018 Debentures also agreed to amend the terms of the August 2018 Debentures to waive certain conversion adjustments rights attached to August 2018 Debentures and provide for certain security charges to support vendor and creditor obligations of High Fusion. All other terms of the August 2018 Debentures remain unchanged.

On February 24, 2023, High Fusion and Neural entered into amended and restated Arrangement Agreement. On February 27, 2023, High Fusion issued 25,299,564 High Fusion SVS in satisfaction of the interest payment on August 2018 Debentures.

On March 1, 2023, High Fusion issued 6,750,000 High Fusion MVS in satisfaction of the licensing fee pursuant to the MJD Licensing Agreement.

On March 10, 2023, High Fusion announced the settlement of the Directors' Compensation Settlement through a transfer of 2,853,333 Neural Shares at a price of $0.075 per Neural Share as follows: 1,120,000 Neural Shares to Adam Szweras; 566,667 Neural Shares to Brian Presement; 333,333 Neural Shares to Billy Morrison; 200,000 Neural Shares to Jason Dyck; 400,000 Neural Shares to Aaron Johnson; and

233,333 Neural Shares to Rachel Wright. The transfer of Neural Shares in satisfaction of Directors' Compensation Settlement remains pending as of the date of this Circular.

On March 13, 2023, High Fusion announced that it closed the sale of the Pueblo Property ("**Pueblo Property Sale**") for a purchase price of US$1,175,000 less settlement of outstanding property taxes, commissions and transaction costs. In connection with the Pueblo Property Sale, High Fusion repaid the 2020-1 Debentures and 2020-2 Debentures in full and the security in favor of those debentures has been discharged.

On March 14, 2022, the RMP License held by Palo Verde expired and High Fusion elected not to renew it.

On March 15, 2023, High Fusion announced that certain holders of the First Loan Facility have agreed to amend the First Loan Facility to provide for an extension of the maturity and a reduction in interest rate to 12% per annum payable at maturity. The principal balance of the First Loan Facility plus accrued interest thereto has been increased by 10% to US$626,725 and High Fusion has agreed that the principal amount underlying various tranches of the First Loan Facility shall be repaid as follows: US$35,000 on May 1, 2023; US$20,000 on May 11, 2023; US$10,000 on May 24, 2023; US $20,000 on July 10, 2023; US$10,000 on July 23, 2023; US$50,000 on August 31, 2023; US$333,000 on March 13, 2024; US$99,150 on February 10, 2024; and US$49,575 on February 23, 2024. In consideration for the amendments, High Fusion issued 3,900,000 High Fusion Warrants to the lenders under the First Loan Facility, each exercisable into one High Fusion SVS at a price of $0.05 per High Fusion SVS for a period of two years from issuance.

Significant Acquisitions and Dispositions

On August 31, 2021, High Fusion acquired the business of OutCo pursuant to the OutCo Acquisition. Prior to the OutCo Acquisition, OutCo controlled and managed cannabis cultivation, manufacturing and retailing operations in San Diego and Mendocino, California. OutCo products include: extract products, vape cartridges, tinctures, topicals, capsules and flower products.

Prior to the OutCo Acquisition, OutCo operated two licensed dispensaries located in unincorporated San Diego County, California including a 15,000 sq. ft. of vertically integrated cultivation, extraction and product manufacturing facility situated in El Cajon, California. Prior to the OutCo Acquisition, OutCo also owned and operated an outdoor cultivation operation and nursery in Mendocino County.

On December 1, 2021, High Fusion filed a Form 51-102F4 - Business Acquisition Report in respect of the OutCo Acquisition on SEDAR at www.sedar.com.

DESCRIPTION OF BUSINESS

General

High Fusion is focused on manufacturing high-value products and brands for its cannabis infused edibles and oil extracts product lines sold into the medical and adult recreational markets.

High Fusion's primary focus is the State of California, with the production and sale of branded products through its acquisition of the business of OutCo. As part of this focus, it is anticipated that several High Fusion's non-core assets will be divested to provide funding for debt repayment and working capital. High Fusion also owns certain assets in the States of Colorado and Oregon. At times, High Fusion may make strategic investments on an opportunistic basis in other companies, one of which is its ownership interest in Neural, and formerly an interest in Australis and Pharmadrug Inc.

Products and Services, Their Principal Markets and Distribution Methods

State of California: Manufacturing and Retail

High Fusion has adopted a focused approach to the manufacture and sale of branded products in the California market, which is expected to include additional acquisitions of, or partnerships with, existing well-run businesses in the State of California.

The California business acquired from OutCo represents a vertically integrated cannabis business through three licensed affiliates specializing in manufacturing and retailing of premium quality cannabis flower and extract products. These products include vape cartridges, tinctures, topicals, capsules and flower products which are sold under in-house brands through wholly owned retail stores and third-party dispensary clients throughout California. OutCo is an established operator in the California cannabis landscape, led by a team of innovative entrepreneurs and talented extraction and product manufacturing professionals.

With the OutCo Acquisition, High Fusion has taken over the management of the three licensed affiliates and acquired a 15,000 sq. ft. vertically integrated cultivation, extraction, and product manufacturing facility situated in El Cajon, California. The commercial-scale manufacturing facility in El Cajon has sufficient space and infrastructure to house an expanded marijuana infused products manufacturing operation including the production of edibles and additional indoor cultivation. The licenced affiliates also operate two (2) of the five (5) licensed dispensaries unincorporated in San Diego County, located in El Cajon and Escondido, California.

On November 24, 2021, High Fusion announced receipt of recreational adult use licenses for both the Escondido Premises and El Cajon Property, California dispensaries, thus satisfying the conditions of the earnout, and resulting in the issuance of 2,684,318 High Fusion MVS to the former owners of OutCo.

In connection with closing of the OutCo Acquisition, among other things, High Fusion assumed from OutCo the rights and obligations of certain management services agreements including East Hill Wellness MSA and DW27 MSA, SDI MSA, and has appointed John Durfy and Robert Wilson on the board of directors of each of DW27 and SDI.

State of California: MJD Licensing Agreement

On February 22, 2023, NHLLC, a wholly owned subsidiary of High Fusion, entered into the MJD Licensing Agreement with MJ Direct, pursuant to which MJ Direct agreed to license to High Fusion the rights for the exclusive use of software and intellectual property of MJ Direct's business. The MJD Licensing Agreement provides for licensing by High Fusion the intellectual property that underlies MJ Direct's business, which includes, but is not limited to: a) MJDirect.com web site and source code, b) MJDirect Apple App iOS build version 1.0, 1.1 and 2.0 and all future versions of the iOS and Android applications that may be developed. Pursuant to the MJD Licensing Agreement, MJ Direct agreed to provide online and telephone support to the NHLLC in connection with the MJ Direct's business on a 7/24 basis. The MJD Licensing Agreement covers all adult and medical use cannabis markets in the United States and shall continue in effect for a period of two years from the date of signing.

MJ Direct is an online cannabis marketplace and company that provides safe, legal access via on-demand delivery to adults across California. According to its internal data, MJ Direct is committed to creating a diverse and sustainable industry through various initiatives, including business acceleration, social equity partnerships and MJ Direct compassion programs. MJ Direct strives to educate consumers about cannabis products and sensible use while ensuring safe, dependable delivery. MJ Direct does not possess, cultivate, extract, sell, distributed or otherwise handle cannabis products that require a license, but assists in facilitating product sales by Licensed Operators by providing a platform where customers complete

validation by providing a proof of identification and the orders are subsequently routed to one of MJ Direct's local, licensed retail partners based on the appropriate ZIP code where such customer resides. MJ Direct works exclusively with licensed and compliant Licensed Operators. All deliveries are made by background-checked employees of MJ Direct's partners who are Licensed Operators, who verify the customer's ID for a second time during delivery.

A key component of MJ Direct's success is its data-driven marketing strategy, which seeks to establish MJ Direct, as a singular access point across major cannabis consumer channels in California to provide consumers universalized access to cannabis products and ancillary products. MJ Direct's marketing strategy consists of several primary components, including: (i) harnessing the power of digital content through search engine optimization, email, social media, and experiential marketing to gain market visibility and acceptance; (ii) creating customized marketing roadmaps for various consumer segments and geographies across the state to establish name recognition, brand awareness, expertise, trustworthiness, and authority; and (iii) leveraging MJ Direct's industry knowledge and operations experience to capture and retain customers. Management of MJ Direct believes that this marketing strategy will yield increased brand awareness, visits to MJ Direct's proprietary e-commerce platforms, email sign-ups, customer spend, repeat business, brand loyalty and market share, revenue growth, and opportunity to monetize customers and clients across various channels. MJ Direct's intangible assets include the website, Apple App Store application, business know-how and relationships with Licensed Operators in the State of California.

The technology serves as a focal point of MJ Direct's marketing strategy, acting as a centralized portal providing consumers with convenient access to the products of Licensed Operators in the State of California, who do not otherwise have the expertise or the resources to pursue a standalone e-commerce focused channel. MJ Direct's value proposition to the consumers is to facilitate a seamless and user-friendly experience to have similar recognition among its customers to prevailing global brands in more conventional industries, such as food and beverage, ride sharing and restaurant and appointment booking platforms. MJ Direct intends to carry out its marketing strategy by implementing data and technology systems; identifying, installing, and empowering talent; and constantly refining and improving known effective tactics. By developing a comprehensive internal marketing division, MJ Direct intends to achieve cost efficiencies relative to outsourcing marketing efforts to an external agency, focused on the cannabis space in the State of California. Each component of MJ Direct's marketing platform is being designed to be tailored and customized as changes in the cannabis industry, including the market for the ancillary products as the regulations become change and the needs of customers become more complex. As a part of its marketing efforts, MJ Direct is being developed as a platform that can be scaled to accommodate continued organic growth of High Fusion and its Licensed Operators, as well as any future business that High Fusion may acquire and integrate into its operations.

State of Oregon: Manufacturing

Effective October 31, 2022, High Fusion's wholly owned subsidiary, NHOL, forfeited it's a processor license issued by the Oregon Liquor Control Commission.

High Fusion continues to own the facility located in the City of La Pine, Oregon (the "**La Pine Facility**") approximately 30 miles from Bend, Oregon. The La Pine Facility is made up of 0.42 acres of land on which a 4,662 square foot manufacturing and office facility plus 540 square feet of mezzanine storage space is situated.

State of Colorado: Manufacturing

In 2014, High Fusion acquired land and buildings located in Pueblo, Colorado ("**Pueblo Property**") which has been used by Palo Verde in its business pursuant to the lease agreements between NHC Edibles LLC

and Palo Verde. Since 2017 Palo Verde has been utilizing High Fusion's know-how and branding, in the manufacture of the FLÏ™ branded cannabis products under the RMP License which it held until expiry on March 14, 2023. Palo Verde distributed these products to licensed adult-use retailers in the State of Colorado.

On May 19, 2020, High Fusion announced that it had signed a purchase agreement to acquire a 100% equity interest in Palo Verde, subject to MED and local municipal regulatory approvals. On January 28, 2021, High Fusion announced that MED had provided its conditional approval for High Fusion to complete the acquisition of Palo Verde. In early March 2021, final approvals from the county of Pueblo were received, the RMP License and the MMP License were transferred, and the acquisition of Palo Verde closed on March 12, 2021. On November 16, 2022, the MMP License held by Palo Verde has expired and High Fusion elected not to renew it.

High Fusion sold the Pueblo Property on March 13, 2023 and elected not to renew the RMP License held by Palo Verde on March 14, 2023. Palo Verde remains an indirectly owned subsidiary of High Fusion, but does not currently carry on any business activity.

Strategic Investments - Neural

On August 14, 2020, High Fusion acquired all the outstanding securities of Neural (then PSC) in exchange for common shares of High Fusion on a one for one basis pursuant to the PSC Acquisition. Shareholders of Neural were issued an aggregate equivalent of 6,876,148 High Fusion SVS and 6,876,148 High Fusion Warrants. As a result of the PSC Acquisition, High Fusion became the sole shareholder of all the outstanding securities of Neural.

Neural is an ethnobotanical drug-discovery and development company focused on developing products and conducting research on the psychoactive cacti plants, the first being the San Pedro cactus. In February 2022 and August 2022, Neural completed the Seed Financing, following which, High Fusion's ownership interest in Neural was reduced to 45.6%.

On November 4, 2022, High Fusion announced that it had entered into the Arrangement Agreement (as amended and restated on February 24, 2023) with Neural. Following the completion of the Plan of Arrangement (if completed), High Fusion will own 33.6% of the issued and outstanding Neural Shares. High Fusion's ownership interest in Neural may be further reduced as a result of Neural completing the Series A Financing to continue to fund its operations. Please see section titled "*Schedule U – Information Concerning Neural – Description of Neural's Business*" of the Circular.

Business Objectives and Milestones

Cannabis legalization continues to expand throughout the U.S., with an ever-increasing number of states approving medical and recreational sales. While the legalization of cannabis throughout the U.S. continues to expand both recreationally and medically, High Fusion believes that the size of the U.S. cannabis market will continue to provide growth opportunities. Management further believes that focusing on the substantial California market and becoming profitable and self-sustaining is the appropriate near-term growth strategy for High Fusion. High Fusion plans to capitalize on the significant increase in cannabis consumption in California through selectively seeking opportunities to expand its brands and operations in California through acquisitions or alliances. High Fusion also continues to seek ways to improve its liquidity, access to capital and financial capacity through continued efforts to de-leverage its balance sheet, reduce expenses and seek opportunities to improve its working capital. To support these ambitions, High Fusion intends to: (a) pursue acquisitions or divestitures of licensed or existing cannabis operations in other legal cannabis markets; (b) continue to maintain and build its portfolio of brands within the cannabis industry, including providing support to the Licensed Operators that it conducts business with; (c) seek divestiture of non-core assets to provide funding for debt repayment and working capital; (d) assist with implementation of

initiatives to streamline the operations of Licensed Operators in the State of California (including SDI and DW27) to expand the business lines to include additional extraction methods, launch white labelling business, evaluate establishing wholesale distribution business, among others; (e) implement cost-cutting initiatives to reduce overhead and other expenses; and (f) ramp-up the growth initiatives relating to the full scale commercial launch of MJ Direct business under High Fusion umbrella.

The principal milestones that must occur during the next 12-month period for the business objectives described above to be accomplished are as follows: retain key personnel, expand operating personnel in key markets, maintain regulatory compliance in the markets where High Fusion operates, identify and engage with partners with business and financial capability to enhance the value of High Fusion's asset base.

Specialized Skill and Knowledge

To remain a leader in its field, High Fusion relies on a motivated and experienced team that is focused on offering the highest-quality products in accordance with the appropriate regulations. High Fusion employs a diverse group of people for their particular management, administrative, operational and financial expertise, as well as numerous industry professionals with in-depth knowledge of the cultivation, manufacture, distribution and sale of cannabis and cannabis products.

Sources, Pricing and Availability of Raw Materials, Component Parts or Finished Products

High Fusion presently sources all flower feedstock for sale from third party cultivators. High Fusion has developed relationships with local cannabis growers whereby flower quantities are readily available at competitive prices should the sourcing need arise. High Fusion manufactures the majority of the cannabis oil and distillate needs from its internal extraction operations and a small amount of specialized cannabis oil is procured from multiple external sources at competitive prices. High Fusion manufactures all finished goods for its proprietary brands. Third party distributed brand products are sourced directly from third party partners.

Competitive Conditions

High Fusion faces intense competition from other companies, some of which can be expected to have longer operating histories and more financial resources and production and marketing experience than High Fusion. In the San Diego County, California, where OutCo operates, High Fusion controls two out of five retail cannabis licences and, as such, has benefited from restrictions on new licenses. With changes in the county ordinance in November 2021, less restrictions on licensing and transfers of licenses are expected to result in increased competition.

Because of the early stage of the industry in which High Fusion operates, High Fusion expects to face additional competition from new entrants. If the number of users of cannabis in United States increases, the demand for products will increase and High Fusion expects that competition will become more intense, as current and future competitors begin to offer an increasing number of diversified products and pricing strategies. To remain competitive, High Fusion will require a continued investment in production capacity, product development, marketing and client support. Competitors may include major pharmaceutical, biotechnology and cannabis companies as well as multinational beverage, alcohol and food companies. Management of High Fusion cannot be certain that High Fusion will be able to compete against current or future competitors or that competitive pressure will not seriously harm its business prospects. These competitors may be able to react to market changes, respond more rapidly to new regulations or allocate greater resources to the development and promotion of their products than High Fusion can. The Company has identified certain current and potential competitors, which are Canadian-listed public companies which are mainly focused on the cannabis business in the State of California:

Company	Ticker	Description
Glass House Brands Inc.	NEO:GLAS.A.U	Vertically integrated cannabis company with a dedicated focus on the California market and building leading, lasting brands to serve consumers across all segments.
StateHouse Holdings Inc.	CSE:STHZ	Vertically integrated enterprise with cannabis licenses covering retail, major brands, distribution, cultivation, nursery and manufacturing, is one of the oldest cannabis companies in California.
Humble & Fume Inc.	CSE: HMBL	Distributor of cannabis and cannabis accessories, supported by a customer-centric sales team and strong fulfillment infrastructure
TPCO Holding Corp.	NEO: GRAM	Consumer-focused, vertically integrated cannabis company with twelve retail locations, one delivery hub and a curated product portfolio
Red White & Bloom Brands Inc.	CSE:RWB	Multi-state cannabis operator and house of premium brands in the U.S. legal cannabis sector. RWB is predominantly focusing its investments on the major U.S. markets, including Arizona, California, Florida, Massachusetts, and Michigan.
TransCanna Holdings Inc.	CSE: TCAN	TransCanna Holdings Inc. is a California-based, Canadian-listed company building cannabis-focused brands for the California lifestyle, through its wholly-owned California subsidiaries.

Intangible Properties

High Fusion has a portfolio of cannabis products and related brands. As part of High Fusion's intellectual property protection, it strives to protect its proprietary products and brands. High Fusion undertakes intellectual property protection activities are to protect High Fusion's ability to sell products and brands through reviewing proprietary and protectable claims, branding, technology, or design assets. High Fusion evaluates opportunities for intellectual property protection in manufacturing and processes, and for its portfolio of finished goods sold at wholesale and retail. High Fusion's intellectual property protection efforts includes trademarks, patents and trade secrets spanning its cultivation, genetics, product development, packaging development, claims, operations, information technology, and branding. Additionally, from time-to-time High Fusion partners with other companies and pursues further intellectual property protection through licensing and collaboration with those partners. High Fusion seeks to protect its proprietary information, in part, by executing confidentiality agreements with third parties and partners and non-disclosure and invention assignment agreements with its employees and consultants. These agreements are designed to protect High Fusion's proprietary information and ensure ownership of technologies that are developed through its relationship with the respective counterparty. High Fusion cannot guarantee, however, that these agreements will afford it adequate protection of its intellectual property and proprietary information rights.

Cycles

High Fusion's current business is not affected by seasonal cycles. However, it may experience some raw material price fluctuations as some of its suppliers have outdoor cultivation operations experience some seasonal cyclicality.

Economic Dependence and Changes to Contracts

The majority of High Fusion's revenue-generating activities, current and non-current assets are located in the State of California and are expected to continue to be located in California for the foreseeable future. Please see section titled "*Issuers with U.S. Cannabis-Related Activities – Summary of balance sheets and operating results with exposure to the U.S. cannabis-related activities*". Pursuant to the OutCo Acquisition, NH LLC, a wholly owned subsidiary of High Fusion, was assigned the East Hill MSA, DW27 MSA and SDI MSA. East Hill MSA was terminated by NH LLC on March 22, 2022, while DW27 MSA and SDI MSA remain in full force and effect as of the date hereof. As outlined in the financial statements and MD&A of High Fusion for the three months ended October 31, 2022, High Fusion is deemed to have control over DW27 and SDI, and the financial results of DW27 and SDI are consolidated into financial statements of High Fusion. Accordingly, as further set out in the financial statements of High Fusion, for the three months ended October 31, 2022, approximately 89% of High Fusion's revenue is derived from the operations of DW27 and SDI. As such, High Fusion's business is substantially dependent on its DW27 MSA and SDI MSA, and a loss of any of those agreements would materially impact High Fusion's business and financial condition.

Adverse changes or developments affecting the El Cajon Facility or Escondido Premises could have a material and adverse effect on High Fusion's ability to cultivate, process, package and distribute cannabis extracts and its derivative products, its business, financial condition and prospects. As a result, High Fusion is economically dependent on the operations of DW27 and SDI, and the ongoing regulatory requirements of and ongoing changes to the legal cannabis regime in the State of California and San Diego County. Loss of, termination or changes to the El Cajon Licenses or Escondido Licenses, and the agreements on which they are dependent, including without limitation, the SDI MSA, DW27 MSA, El Cajon Lease and Escondido Lease could result in material adverse change to High Fusion's financial performance and operations. See section titled "*Risk Factors*".

As of the date hereof, High Fusion is unaware of any aspect of its business that may be materially affected in the 12 months following the date of this Circular by renegotiation or termination of contracts or sub-contracts. It is not expected that High Fusion's business will be affected in the current financial year by the renegotiation or termination of contracts or sub-contracts.

Environmental Protection

High Fusion has not implemented social or environmental policies that are fundamental to its operations. Any environmental protection requirements are not expected to have any material financial or operational effects on the capital expenditures, profit or loss and competitive position of High Fusion.

Employees

High Fusion currently has 37 employees and 1 full-time consultant.

Foreign Operations

High Fusion conducts business exclusively in the United States. See sections titled "*Issuers with U.S. Cannabis-Related Assets* " and "*Risk Factors*" for further information.

Bankruptcy and Similar Procedures

High Fusion has not been subject to any bankruptcy, receivership or similar proceedings or any voluntary bankruptcy, receivership or similar proceedings within the three most recently completed financial years.

Reorganizations or Restructurings

High Fusion has not completed or undertaken to complete any reorganization or restructuring transactions within the three most recently completed financial years or the current financial year, and none are proposed other than the Plan of Arrangement, which constitutes as "restructuring transaction" as defined in NI 51-102.

Social or Environmental Policies

High Fusion has not adopted any specific social or environmental policies that are fundamental to its operations (such as policies regarding its relationship with the environment, with the communities in the vicinity of its operations or human rights policies). However, High Fusion's management, with the assistance of its contractors and advisors, ensures its ongoing compliance with local environmental laws in the jurisdictions in which it does business.

ISSUERS WITH U.S. CANNABIS-RELATED ASSETS

General

On February 8, 2018, the CSA issued Staff Notice 51-352, which provides specific disclosure expectations for reporting issuers in Canada that currently have, or are in the process of developing, cannabis-related activities in the United States as permitted within a particular state's regulatory framework. All reporting issuers with U.S. cannabis-related activities are expected to disclose certain prescribed information clearly and prominently in prospectus filings and other applicable disclosure documents in order to fairly present all material facts, risks and uncertainties about issuers with U.S. cannabis-related activities.

Such disclosure includes, but is not limited to, (i) a description of the nature of a reporting issuer's involvement in the U.S. cannabis industry; (ii) an explanation that cannabis is illegal under U.S. federal law and that the U.S. enforcement approach is subject to change; (iii) a statement about whether and how the reporting issuer's U.S. cannabis-related activities are conducted in a manner consistent with U.S. federal enforcement priorities; and (iv) a discussion of the reporting issuer's ability to access public and private capital, including which financing options are and are not available to support continuing operations. Additional disclosures are required to the extent a reporting issuer is deemed to be directly or indirectly engaged in the U.S. cannabis industry, or deemed to have "ancillary industry involvement", all as further described in Staff Notice 51-352. Public reaction to the notice was generally positive and industry participants welcomed the opportunity to review and provide enhanced disclosure.

In accordance with Staff Notice 51-352, below is a table of concordance that is intended to assist readers in identifying those parts of this Circular that address the disclosure expectations outlined in Staff Notice 51-352.

Industry Involvement	Specific Disclosure Necessary to Fairly Present all Material Facts, Risks and Uncertainties	Circular Cross Reference
All Issuers with U.S. Marijuana–Related Activities	Describe the nature of the issuer's involvement in the U.S. marijuana industry and include the disclosures indicated for at least one of the direct, indirect and ancillary industry involvement types noted in this table.	*Cover page (disclosure in bold typeface) (page 1)* *Information Concerning High Fusion - Issuers with U.S. Cannabis-Related Assets – Regulatory Overview* *Information Concerning High Fusion - Issuers with U.S. Cannabis-Related Assets – State-Level Overview* *Information Concerning High Fusion – Description of Business* *Information Concerning High Fusion – General Development of Business* *Information Concerning High Fusion – Risk Factors – Risks Specifically Related to the Regulation of Marijuana in the United States*
	Prominently state that marijuana is illegal under U.S. federal law and that enforcement of relevant laws is a significant risk.	*Cover page (disclosure in bold typeface) (page 1)* *Information Concerning High Fusion - Issuers with U.S. Cannabis-Related Assets – Regulatory Overview* *Information Concerning High Fusion – Risk Factors – Risks Specifically Related to the Regulation of Marijuana in the United States*
	Discuss any statements and other available guidance made by federal authorities or prosecutors regarding the risk of enforcement action in any jurisdiction where the issuer conducts U.S. marijuana–related activities.	*Information Concerning High Fusion - Issuers with U.S. Cannabis-Related Assets – Regulatory Overview* *Information Concerning High Fusion - Issuers with U.S. Cannabis-Related Assets – State-Level Overview* *Information Concerning High Fusion – Risk Factors – Risks Specifically Related to the Regulation of Marijuana in the United States*
	Outline related risks including, among others, the risk that third party service providers could suspend or withdraw services and the risk that regulatory bodies could impose certain restrictions on the issuer's ability to operate in the U.S.	*Cover page (disclosure in bold typeface) (page 1)* *Information Concerning High Fusion – Risk Factors – Risks Specifically Related to the Regulation of Marijuana in the United States*
	Given the illegality of marijuana under U.S. federal law, discuss the issuer's ability to access both public and private capital and indicate what financing options are / are not available in order to support continuing operations.	*Information Concerning High Fusion – Risk Factors – Risks Specifically Related to the Regulation of Marijuana in the United States*

Industry Involvement	Specific Disclosure Necessary to Fairly Present all Material Facts, Risks and Uncertainties	Circular Cross Reference
	Quantify the issuer's balance sheet and operating statement exposure to U.S. marijuana related activities.	*Information Concerning High Fusion - Issuers with U.S. Cannabis-Related Assets – Summary of balance sheets and operating results with exposure to the U.S. cannabis-related activities*
	Disclose if legal advice has not been obtained, either in the form of a legal opinion or otherwise, regarding (a) compliance with applicable state regulatory frameworks and (b) potential exposure and implications arising from U.S. federal law.	*Information Concerning High Fusion - Issuers with U.S. Cannabis-Related Assets – State-Level Overview – California – Compliance with United States operations – California and San Diego County* *Information Concerning High Fusion - Issuers with U.S. Cannabis-Related Assets – State-Level Overview – Colorado – Compliance with United States operations – Colorado*
U.S. Marijuana Issuers with direct involvement in cultivation or distribution	Outline the regulations for U.S. states in which the issuer operates and confirm how the issuer complies with applicable licensing requirements and the regulatory framework enacted by the applicable U.S. state.	*Information Concerning High Fusion - Issuers with U.S. Cannabis-Related Assets – State-Level Overview – California – Compliance with United States operations – California and San Diego County* *Information Concerning High Fusion - Issuers with U.S. Cannabis-Related Assets – State-Level Overview – Colorado – Compliance with United States operations – Colorado*
	Discuss the issuer's program for monitoring compliance with U.S. state law on an ongoing basis, outline internal compliance procedures and provide a positive statement indicating that the issuer is in compliance with U.S. state law and the related licensing framework. Promptly disclose any non– compliance, citations or notices of violation which may have an impact on the issuer's licence, business activities or operations.	*Information Concerning High Fusion - Issuers with U.S. Cannabis-Related Assets – State-Level Overview – California – Compliance with United States operations – California and San Diego County* *Information Concerning High Fusion - Issuers with U.S. Cannabis-Related Assets – State-Level Overview – Colorado – Compliance with United States operations – Colorado and Pueblo County* *Information Concerning High Fusion - Issuers with U.S. Cannabis-Related Assets – Summary of U.S. Cannabis Activities of High Fusion and its Subsidiaries and Affiliates*
U.S. Marijuana Issuers with indirect involvement in cultivation or distribution	Outline the regulations for U.S. states in which the issuer's investee(s) operate.	*Not applicable – High Fusion has no activities that constitute as "indirect involvement" in U.S Marijuana industry, as such described in the guidance under Staff Notice 51-352.*
	Provide reasonable assurance, through either positive or negative statements, that the investee's business is in compliance with applicable licensing requirements and the regulatory framework enacted by the applicable U.S. state. Promptly disclose any non- compliance, citations or notices of violation, of which the issuer is aware, that may have an impact on the investee's licence, business activities or operations.	*Not applicable – High Fusion has no activities that constitute as "indirect involvement" in U.S Marijuana industry, as such described in the guidance under Staff Notice 51-352*

Industry Involvement	Specific Disclosure Necessary to Fairly Present all Material Facts, Risks and Uncertainties	Circular Cross Reference
U.S. Marijuana Issuers with material ancillary involvement	Provide reasonable assurance, through either positive or negative statements, that the applicable customer's or investee's business is in compliance with applicable licensing requirements and the regulatory framework enacted by the applicable U.S. state.	*Information Concerning High Fusion - Issuers with U.S. Cannabis-Related Assets – Summary of U.S. Cannabis Activities of High Fusion and its Subsidiaries and Affiliates*

Notes:

(1) *While High Fusion does not hold an interest in DW27 and SDI, due to the nature of the contractual relationship and the fact that each of John Dufy, CEO of High Fusion and Robert Wilson, CFO of High Fusion hold director positions with DW27 and SDI, High Fusion may be deemed to have "direct" involvement as per the guidance of Staff Notice 51-352, due to such relationships, rather than "material ancillary" relationship. In accordance with the IFRS rules and guidance, High Fusion consolidates the financial results for each of DW27 and SDI in its financial statements. Please see section titled "Summary of balance sheets and operating results with exposure to the U.S. cannabis-related activities" below.*

Summary of U.S. Cannabis Activities of High Fusion and its Subsidiaries and Affiliates

Overview of High Fusion's Involvement in U.S. Cannabis Activities

As of the date hereof, approximately 100% of High Fusion's revenue was derived from U.S. marijuana-related activities. Through its 100% ownership of Palo Verde, High Fusion had "Direct" involvement in manufacturing of cannabis products in the State of Colorado until the surrender of its MMP License and RMP License on November 16, 2022 and March 14, 2023 respectively, and "Material Ancillary" involvement in the State of California through DW27 MSA and SDI MSA.

Below is the summary chart of High Fusion's direct, indirect or material ancillary involvement in U.S. marijuana, through its subsidiaries and investments as at the date of hereof. "Direct", "Indirect" and "Material Ancillary" are classification terms as defined in Staff Notice 51-352. While High Fusion does not hold direct or indirect interest in DW27 and SDI, due to the nature of the contractual relationships between NH LLC, a wholly owned subsidiary of High Fusion and each DW27 and SDI, as well as the commonality of members of the Board and management of High Fusion and such Licensed Operators, High Fusion may be deemed to have "direct" involvement as per the guidance of Staff Notice 51-352.

Subsidiary/ Affiliate	% ownership	Classification	Jurisdictions	State and Local Regulators	United States circuit and federal judicial district	Description of Involvement
Palo Verde LLC[(4)]	100%	Direct	Colorado	MED and Pueblo County	Tenth Circuit – District of Colorado	On March 12, 2021 High Fusion acquired 100% interest in Palo Verde which held an RMP License until its expiry on March 14, 2023.
NH LLC	100%	Material Ancillary	California	N/A	N/A	In connection with the OutCo Acquisition, High Fusion has been

Subsidiary/ Affiliate	% ownership	Classification	Jurisdictions	State and Local Regulators	United States circuit and federal judicial district	Description of Involvement
						assigned East Hill Wellness MSA, DW27 MSA and SDI MSA, of which DW27 MSA and SDI remain in full force an effect as of the date hereof.
NH LLC	100%	Material Ancillary[3]	California	N/A	N/A	NHLLC entered into MJD Licensing Agreement, pursuant to which it has licensed the intellectual property of MJ Direct.
DW27	Nil[1]	Material Ancillary	California	DCC and County of San Diego	Ninth Circuit – Southern District of California	In connection with the OutCo Acquisition, High Fusion has been assigned DW27 MSA, which remains in full force an effect as of the date hereof.
SDI	Nil[2]	Material Ancillary	California	DCC County of San Diego	Ninth Circuit – Southern District of California	In connection with the OutCo Acquisition, High Fusion has been assigned SDI MSA, which remains in full force an effect as of the date hereof.

Notes:

(1) In connection with the OutCo Acquisition, Messrs. Durfy and Wilson, serve members of the board of directors of DW27.

(2) In connection with the OutCo Acquisition, Messrs. Durfy and Wilson, serve members of the board of directors of SDI.

(3) While MJ Direct does not carry out any activities in the cannabis space that require a license pursuant to the applicable laws of the State of California, it may be deemed to have Material Ancillary involvement in the State of California, by virtue of deriving a portion of its revenue from Licensed Operators, in consideration for the services provided by MJ Direct to such Licensed Operators.

(4) RMP License held by Palo Verde expired on March 14, 2023, and High Fusion elected not to renew it.. High Fusion continues to own 100% interest in Palo Verde, which currently does not carry on any business activities.

Licenses Held by the Entities Involved U.S. Cannabis Activities

Once an operator obtains local approval, the operator must obtain a license from the appropriate U.S State and local authorities before conducting any commercial marijuana activity. There are multiple license categories that cover all active commercial activity in the State of California conducted by the Licensed Operators which are parties to DW27 MSA and SDI MSA, pursuant to the terms of the various licenses issued by the DCC. The licenses are independently issued for each approved activity for use at the El Cajon Facility for DW27 and for Escondido Premises for SDI. Such licenses are as follows:

Entity Involved	State License and Expiry Date	City/County	Local License and Expiry Date	Type of License
DW27	C-120000091-LIC (June 20, 2023)	El Cajon, CA	MMJ-002 June 23, 2023	Provisional Cannabis Microbusiness License for Medical and Adult Use cannabis distributor, level 1 manufacturer, retailer, and cultivator (under 10,000 sq ft)
SDI	C10-0000052-LIC (May 13, 2023)	Escondido, CA	MMJ-007 March 9, 2023	Provisional Cannabis Retailer for Medical and Adult-Use

Neither High Fusion nor any of its subsidiaries, affiliates or Licensed Operators that High Fusion or any of its subsidiaries has a material relationship with, including the Licensed Operators in the tables above, have received any notices, citations of non-compliance, violation or denial from any applicable local municipal or the U.S. State regulatory authorities. To the best of High Fusion's knowledge, all such Licensed Operators are in compliance with all applicable U.S State and local laws and related licensing framework.

Regulatory Overview

U.S. Federal Law

While marijuana and Cannabis-Infused Products are legal under the laws of several U.S. states (with vastly differing restrictions), presently the concept of "medical marijuana" and "retail marijuana" do not exist under U.S. federal law. CSAUS classifies "marijuana" as a Schedule I drug. Under U.S. federal law, a Schedule I drug or substance has a high potential for abuse, no accepted medical use in the United States, and a lack of safety for the use of the drug under medical supervision.

The United States Supreme Court ruled in a number of cases that the federal government does not violate the U.S. Constitution by regulating and criminalizing cannabis, even for medical purposes. Therefore, federal law criminalizing the use of marijuana pre-empts state laws that legalizes its use for medicinal and adult-use purposes.

The DOJ issued official guidance regarding marijuana enforcement in 2009, 2011, 2013, 2014 and 2018 in response to state laws that legalize medical and adult-use marijuana. In each instance, the DOJ stated that it is committed to the enforcement of federal laws and regulations related to marijuana. However, the DOJ also recognized that its investigative and prosecutorial resources are limited. As of January 4, 2018, the DOJ rescinded all federal enforcement guidance specific to marijuana and has instead directed that federal prosecutors should follow the "Principles of Federal Prosecution" originally set forth in 1980 and subsequently refined over time in chapter 9-27.000 of the U.S. Attorney's Manual creating broader discretion for federal prosecutors to potentially prosecute state-legal medical and adult-use marijuana businesses even if they are not engaged in marijuana-related conduct enumerated by the Cole Memo as being an enforcement priority. Prior to 2018 and in the Cole Memo, the DOJ acknowledged that certain U.S. states had enacted laws relating to the use of marijuana and outlined the U.S. federal government's enforcement priorities with respect to marijuana notwithstanding the fact that certain states have legalized or decriminalized the use, sale, and manufacture of marijuana. "**Cole Memo**" means the memorandum dated August 29, 2013, addressed to "All United States Attorneys" from James M. Cole, Deputy Attorney General of the United States, as may be supplemented or amended indicating that federal enforcement of the applicable federal laws against cannabis-related conduct should be focused on eight priorities, which are to prevent: (1) distribution of cannabis to minors; (2) criminal enterprises, gangs and cartels from receiving revenue from the sale of cannabis; (3) transfer of cannabis from states where it is legal to U.S. states where it is illegal; (4) cannabis activity from being a pretext for trafficking of other illegal drugs or illegal activity; (5) violence or use of firearms in cannabis cultivation and distribution; (6) drugged driving

and adverse public health consequences from cannabis use; (7) growth of cannabis on federal lands; and (8) cannabis possession or use on federal property.

On January 4, 2018, and as discussed above, the Cole Memo was rescinded by the Sessions Memorandum signed by the former U.S. Attorney General Jeff Sessions. It is High Fusion's opinion that the Sessions Memorandum does not represent a significant policy shift as it does not alter the DOJ's discretion or ability to enforce federal marijuana laws rather just provides additional latitude to the DOJ to potentially prosecute state-legal marijuana businesses even if they are not engaged in marijuana-related conduct enumerated by the Cole Memo as being an enforcement priority. U.S. state attorney generals will continue to have discretion over how the federal law is enforced with respect to the companies that operate in the U.S. states where cannabis has been legalized for medical or adult use.

Even though the Cole Memo has been rescinded High Fusion intends, as guiding corporate policy, to continue to abide by its principles and prescriptions, as well as strictly following the regulations set forth by the current U.S. Federal enforcement guidelines relating to U.S. states in which High Fusion operates or has investments in.

There is no guarantee that the current presidential administration will not change its stated policy regarding the low-priority enforcement of U.S. federal laws that conflict with state laws. Additionally, any new U.S. federal government administration that follows could change this policy and decide to enforce the U.S. federal laws vigorously. Any such change in the U.S. federal government's enforcement of current U.S. federal laws could cause adverse financial impact and remain a significant risk to High Fusion's business. On December 16, 2014, President Obama signed the H.R.83 - Consolidated and Further Continuing Appropriations Act, 2015 ("**Omnibus Bill**"), approving spending for certain federal agencies through September 30, 2015. Section 583 of the Omnibus Bill prohibits the United States government from using federal funds to prevent states with medical marijuana laws from implementing state laws that authorize the use, distribution, possession, or cultivation of medical marijuana.

On May 5, 2017, U.S. President Trump signed into law H.R. 244 - the Consolidated Appropriations Act, 2017, which authorized appropriations that fund the operation of the Federal Government through September 30, 2017. Section 587 of the Consolidated Appropriations Act prohibits the United States government from using federal funds to prevent States with medical marijuana laws from implementing state laws that authorize the use, distribution, possession, or cultivation of state-legal medical marijuana. Nevertheless, (1) this does not prevent the United States government from using federal funds to prevent states with retail marijuana laws from implementing such laws requiring use, distribution, possession or coloration of adult use marijuana; and (2) there can be no certainty that future U.S. federal funding bills will include similar provisions.

On November 14, 2017, Jeff Sessions, the former Attorney General of the United States appearing before the House Judiciary Committee commented on prosecutorial forbearance regarding state-licensed marijuana businesses. In his statement, Mr. Sessions stipulated that the U.S. Federal Government's current policy is the same fundamentally as the Holder-Lynch policy, whereby the states may legalize marijuana for its law enforcement purposes, but it still remains illegal with regard to federal purposes.

On March 22, 2018, the House of Representatives and Senate voted in favour of approving the Omnibus Spending Bill and it was signed into law the following day by the President of the United States. Section 538 of the Bill provided for an extension of the Rohrabacher-Leahy Amendment until September 30, 2018. The extension has been extended through December 22, 2018 as part of a short-term continuation of appropriations. The Rohrabacher-Leahy Amendment prevents the U.S. Department of Justice from using federal funds in enforcing federal law relating to state-legal medical cannabis, which effectively allows states to implement their own laws that authorize the use, distribution, possession, or cultivation of medical

marijuana. The amendment was first introduced in 2014 and has been reaffirmed annually since that time. It should be noted that this amendment does not apply to state-legal retail marijuana.

On April 13, 2018, the Washington Post reported that President Trump and Colorado Sen. Cory Gardner reached an understanding that the marijuana industry in Colorado will not be the subject of interference from the federal government and that the DOJ's recession of the Cole memo will not impact Colorado's state legal marijuana industry. Furthermore, President Trump provided assurances that he will support a federalism-based legislative solution to fix the issue regarding the states' rights to regulate cannabis. Around the same timeframe it was announced that a former Republican House Speaker John Boehner has been appointed to the advisory board of a U.S. cannabis company. High Fusion is cautiously optimistic that these developments represent a clear and positive sign that the industry is shifting towards a climate where cannabis users and business can participate in the industry without fear of interference from the federal government.

On November 7, 2018, Jeff Sessions resigned as Attorney General, William Barr was then appointed as Attorney General on February 14, 2019, and in his hearing, mentioned that he would "not go after companies that have relied on the Cole memorandum" nor would he "upset settled expectations and reliant interests" related to it. The Department of Justice under Mr. Barr had not taken a formal position on federal enforcement of laws relating to cannabis. Mr. Barr had stated publicly that his preference would be to have a uniform federal rule against cannabis, but, absent such a uniform rule, his preference would be to permit the existing federal approach of leaving it up to the states to make their own decisions. There is no guarantee that the position of the Department of Justice will not change. If the Department of Justice policy under Attorney General William Barr were to aggressively pursue financiers or owners of cannabis-related businesses, and United States Attorneys followed such Department of Justice policies through pursuing prosecutions, then High Fusion could face (i) seizure of its cash and other assets used to support or derived from its cannabis operations, (ii) the arrest of its employees, directors, officers, managers and investors, and charges of ancillary criminal violations of the CSA for aiding and abetting and conspiring to violate the CSA by virtue of providing financial support to cannabis companies that service or provide goods to state-licensed or permitted cultivators, processors, distributors, and/or retailers of cannabis, and/or (iii) the barring of its employees, directors, officers, managers and investors who are not United States citizens from entry into the United States for life. The Rohrabacher–Farr amendment (also known as the Rohrabacher– Blumenauer amendment) prohibits the Department of Justice from spending funds to interfere with the implementation of state medical cannabis laws. It first passed the U.S. House of Representatives in May 2014 and became law in December 2014 as part of an omnibus spending bill. The passage of the amendment was the first time either chamber of Congress had voted to protect medical cannabis patients and is viewed as a historic victory for cannabis reform advocates at the federal level. The amendment does not change the legal status of cannabis and must be renewed each fiscal year in order to remain in effect. Since 2015, Congress used a rider provision in the Consolidated Appropriations Acts (currently the Joyce Amendment, but previously called the Rohrabacher- Blumenauer Amendment and before that the Rohrabacher-Farr Amendment) to prevent the federal government from using congressionally appropriated funds to enforce federal cannabis laws against state-compliant actors in jurisdictions that have legalized medical cannabis and cannabis-related activities. The Joyce Amendment was again included in the most recent annual appropriations bill. Additionally, the Blumenauer-McClintock-Norton-Lee amendment had been under consideration. This amendment would have extended the protections of the Joyce Amendment to adult-use businesses. However, the Blumenauer-McClintock-Norton-Lee amendment was not included in the appropriations bill that was passed by Congress on March 10, 2022 and signed by President Biden on March 15, 2022. The Blumenauer-McClintock-Norton-Lee amendment was expected to again be under consideration for inclusion in the next annual appropriations bill.

Additionally, on April 4, 2019, the "Strengthening the Tenth Amendment Through Entrusting States Act" ("**STATES Act**") was introduced in the Senate by Democratic Senator Elizabeth Warren of Massachusetts, along with 9 cosponsors, 5 republicans and 4 democrats. That same day, an identical bill was introduced in the House by Democratic representative Earl Blumenauer of Oregon, along with 47 Cosponsors, 31 Democrats and 16 Republicans (the "**Bill**"). The Bill provides in relevant part that the provisions of the CSA, as applied to marijuana, "shall not apply to any person acting in compliance with state law relating to the manufacture, production, possession, distribution, dispensation, administration, or delivery of marihuana." Even though marijuana will remain within Schedule I under the STATES Act, it makes the CSA unenforceable to the extent it is in conflict with state law. In essence, the Bill extended the limitations afforded by the Rohrabacher- Blumenauer protection within the federal budget − which prevents the Department of Justice and the Drug Enforcement Agency from using funds to enforce federal law against state-legal medical cannabis commercial activity − to both medical and recreational cannabis activity in all states where it has been legalized. By allowing continued prohibition to be a choice by the individual states, the STATES Act does not fully legalize cannabis on a national level. In that respect, the Bill emphasized states' rights under the Tenth Amendment, which provides that "the powers not delegated to the United States by the Constitution, nor prohibited by it to the States, are reserved to the States respectively, or to the people."

On September 25, 2019, the House voted in favor of the SAFE Banking Act. The historic vote was the first time that a standalone marijuana bill has come before the full House. The vote needed a two-thirds majority to pass and was supported by 321 votes in favor to 103 against. While High Fusion is pleased with the vote, which will help remedy the severe impact the lack of access to banking has had on the industry and the particular risks associated with operating in a largely cash-based industry, it would have urged the Senate to adopt similar banking protections and approve the Marijuana Opportunity Reinvestment and Expungement Act which would remove cannabis from the FCSA and take steps to begin repairing the harms of the war on drugs.

On November 21, 2019, the House Judiciary Committee voted 24-10 to pass the Marijuana Opportunity Reinvestment and Expungement Bill of 2019 ("**MORE Act**"). The bill would have effectively put an end to cannabis prohibition in the United States on the federal level by removing it from Schedule 1 of the Controlled Substances Act, and past federal cannabis convictions would be expunged. Additionally, if fully passed, the law would allow the Small Business Administration to issue loans and grants to marijuana-related businesses and provide a green light for physicians in the Veterans Affairs system to prescribe medical cannabis to patients, as long as they abide by state-specific laws.

Although the House of Representatives voted to pass the MORE Act on December 4, 2020, it failed to pass in the Senate prior to the end of the 2020 legislative session. There can be no assurance that it will be passed in its current form or at all.

On November 3, 2020, the U.S. held a presidential election and on November 6, 2020, despite ongoing legal challenges from the Trump administration, Joseph R. Biden was named the next President-Elect of the U.S. While this development is widely viewed to be favorable for the cannabis industry, the ultimate impact of a Biden administration is, as yet, unknown.

On December 14, 2020, President Trump announced that William Barr resigned from his post as Attorney General, effective December 23, 2020. President-Elect Joseph Biden nominated Merrick Garland to succeed Mr. Barr as the U.S. Attorney General. It is unclear what impact, if any, the new administration will have on U.S. federal government enforcement policy on cannabis. If the DOJ policy shifts to aggressively pursue financiers or equity owners of cannabis-related business, and United States Attorneys followed such policies through pursuing prosecutions, then High Fusion could face (i) seizure of its cash and other assets used to support or derived from its cannabis subsidiaries, and (ii) the arrest of its employees, directors, officers, managers and investors, who could face charges of ancillary criminal violations of the

CSA for aiding and abetting and conspiring to violate the CSA by virtue of providing financial support to state-licensed or permitted cultivators, processors, distributors, and/or retailers of cannabis. Additionally, as has recently been affirmed by U.S. Customs and Border Protection, employees, directors, officers, managers and investors of High Fusion who are not U.S. citizens face the risk of being barred from entry into the United States for life.

On December 27, 2020, President Donald Trump signed the Consolidated Appropriations Act of 2021, which included the Rohrabacher-Farr Amendment, which prohibits the funding of federal prosecutions with respect to medical cannabis activities that are legal under state law. The Consolidated Appropriations Act of 2021 makes appropriations for the fiscal year ending September 30, 2021. There can be no assurances that the Rohrabacher- Farr Amendment will be included in future appropriations bills or budget resolutions.

On April 19, 2021, the SAFE Banking Act of 2019 (the "**SAFE Banking Act**" or "**SAFE**") again passed the U.S. House of Representatives by a 321 – 101 vote. High Fusion's management believes, based on currently available information, that the likelihood of the SAFE Banking Act's passage is high, however, the particular timing and legislative vehicle is still unknown. The U.S. Senate has declined to bring the SAFE Banking Act up for a vote due to pending comprehensive federal reform legislation from Senate Majority Leader Chuck Schumer (D-NY), Senate Finance Committee Chair Ron Wyden (D-OR) and Senate Judiciary Criminal Justice and Counterterrorism Subcommittee Chair Cory Booker (D-NJ). The provisions of the SAFE were offered by Congressman Earl Perlmutter (D-CO) as an amendment to the House version of the Defense Authorization Act (NDAA/HR 4350), which passed the House on September 23, 2021. However, the Senate's version of the bill did not include SAFE and the compromised NDAA language also failed to include the SAFE. On January 28, 2022, Rep. Ed Perlmutter (D-CO) filed an amendment to the America COMPETES Act, HR 4521, which incorporated the SAFE Banking language into the bill. The America COMPETES Act relates to high-tech investment incentives and programs. On February 1, 2022, Rep. Perlmutter's SAFE Banking amendment was considered by the House Rules Committee and included in the America COMPETES Act. The America COMPETES Act passed the House on February 4, 2022, with the SAFE banking included. The House and Senate determined the content of the final bill and whether SAFE's language would be included through a conference committee process in which the final content of the bill is negotiated by members of both the House and Senate and both political parties. On June 23, 2022, the SAFE Banking Act was removed from the America COMPETES/United States Innovation and Competition Act in favor of historic investment to surge production of American-made goods, tackle supply-chain vulnerabilities and increase global competitiveness, among other priorities.

On May 5, 2021, U.S. Representatives David Joyce (R-OH) and Don Young (R-AK) introduced the Republican reform proposal called the Common Sense Cannabis Reform for Veterans, Small Businesses and Medical Professionals Act.

On February 1, 2021, Leader Schumer and Senators Wyden and Booker issued a joint statement announcing the imminent release of comprehensive cannabis reform legislation which stated, "We will release a unified discussion draft on comprehensive reform to ensure restorative justice, protect public health and implement responsible taxes and regulations." On July 14, 2021, Leader Schumer and Senators Wyden and Booker released the Cannabis Administration and Opportunity Act (the "**CAO Act**"), a 163-page discussion draft bill, alongside a 30-page summary document, which effectively de-schedules cannabis, provides restorative justice for past cannabis-related convictions and establishes a federal regulatory system within the U.S. FDA for cannabis products. In addition to the aforementioned provisions, the CAO Act also maintains state authority to establish individual cannabis policies and establishes a federal tax on cannabis products. Stakeholder comments were submitted to the Sponsoring Offices on or before the requested deadline of September 1, 2021. The Sponsoring Offices spent significant time considering those comments and

amended the discussion draft bill. On July 21, 2022, Leader Schumer and Senators Wyden and Booker formally filed the CAO Act. However, there is no indication that the bill will be brought to a vote in the near future.

On November 15, 2021, Rep. Nancy Mace (R-SC) introduced the States Reform Act. The bill, if enacted, would legalize cannabis at the federal level by removing cannabis from the Controlled Substances Act and provide some deference to the states and state programs. The bill defers to the states to prohibit or commercially regulate adult-use cannabis within their borders. In addition to state regulation, cannabis would generally be regulated at the federal level in manner similar to alcohol, including by the U.S. FDA, the U.S. Department of Agriculture and the Alcohol and Tobacco Tax and Trade Bureau, which would be renamed the Bureau of Alcohol, Tobacco and Cannabis Tax and Trade Bureau. The States Reform Act was referred to the House Judiciary Committee and will be reported to several other committees and subcommittees before advancement. There is no indication that the bill will move forward while the House is under Democratic control.

On June 23, 2022, U.S. Congressmen Troy A Carter, Sr. (D-LA) and Guy Reschenthaler (R-PA) introduced bipartisan legislation, The Capital Lending and Investment for Marijuana Businesses Act ("**CLIMB Act**"), to allow American state legal cannabis companies, including small, minority and veteran-owned businesses the ability to access critical lending and investment opportunities currently available to other domestic and regulated industries. The CLIMB Act currently sits in the House Financial Services Committee.

On October 6, 2022, President Joe Biden announced he will take executive action to pardon thousands of people convicted of marijuana possession under federal law. President Biden said he would also encourage state governors to take similar action with state offenses and asked the U.S. Department of Health and Human Services and the U.S Department of Justice to review how marijuana is scheduled, or classified, under federal law.

At this time, there is still very little clarity as to how President Biden, or Attorney General Merrick Garland (appointed since March 2021), will enforce federal law or how they will deal with states that have legalized medical or recreational marijuana. While bipartisan support is gaining traction on decriminalization and reform, there is no imminent timeline on any potential legislation. There is no guarantee that the current Presidential administration will not change its stated policy regarding the low-priority enforcement of U.S. federal laws that conflict with State laws. There is no guarantee that state laws legalizing and regulating the sale and use of cannabis will not be repealed, amended or overturned, or that local governmental authorities will not limit the applicability of state laws within their respective jurisdictions. Unless and until the United States Congress amends or repeals the CSA with respect to medical and/or adult-use cannabis (and as to the timing or scope of any such potential amendment or repeal there can be no assurance), there is a significant risk that federal authorities may enforce current federal law. If the federal government begins to enforce federal laws relating to cannabis in states where the sale and use of cannabis is currently legal, or if existing applicable state laws are repealed or curtailed, High Fusion's business, results of operations, financial condition and prospects would be materially and adversely affected. Additionally, any new U.S. federal government administration that follows could change this policy and decide to enforce the U.S. federal law vigorously. **Any such change in the U.S. federal government's enforcement of current U.S. federal law could cause adverse financial impact and remain a significant risk to High Fusion's businesses, which could in turn have an impact on High Fusion's operations or financial results. A change in its enforcement policies could impact the ability of High Fusion to continue as a going concern**. Please see section titled "*Risk Factors"*.

On December 23, 2022, the U.S. House of Representatives passed a $1.7 trillion year-long federal government spending bill, paving the way for it to be signed into law by President Joe Biden. The spending bill's Senate sponsors, Oregon Democrat Jeff Merkley and Montana Republican Steve Daines, had pushed

to include a version of the SAFE Banking Act in the roughly $1.7 trillion funding measure but ultimately it did not make the cut. This is the third failed attempt in 2022 to get the measure passed with a larger package.

Businesses operating in states where marijuana is legal have faced barriers to financial institutions because it remains illegal at the federal level, forcing many of these businesses to deal only in cash, or create workarounds to the banking system — the most popular of which was recently shut down. The SAFE Banking Act would prohibit federal regulators from penalizing banks and other depository institutions for providing services to legal cannabis businesses. It would have been a huge boon to marijuana companies, which have lobbied for the bill as the least controversial form of federal legislation that they have sought over the past years.

Responses of U.S. Attorneys to Sessions Memorandum

The following is a summary of U.S. Attorneys' responses following the Sessions Memorandum in the States in which High Fusion operates.

State of California

McGregor Scott, U.S. Attorney for the Eastern District of California, said he will prioritize illegal marijuana operations rather than going after the legal recreational marijuana market. He commented, "The reality of the situation is there is so much black-market marijuana in California that we could use all of our resources going after just the black market and never get there, so for right now, our priorities are to focus on what have been historically our federal law enforcement priorities: interstate trafficking, organized crime, and the federal public lands."

David L. Anderson was sworn in as United States Attorney for the Northern District of California on January 15, 2019. To High Fusion's knowledge, he has not yet offered a public stance on his approach to legislation of marijuana in his judicial district.

Nicola Hanna, the U.S. Attorney for the Central District of California who was nominated and confirmed by the Senate in April of 2018, has not yet offered a public stance on her approach to legislation of marijuana in his judicial district.

Adam Braverman, U.S. Attorney for the Southern District of California, commented that the Department of Justice is committed to reducing violent crime and enforcing the laws as enacted by Congress. The cultivation, distribution, and possession of marijuana has long been and remains a violation of federal law and the Southern District of California will utilize long-established prosecutorial priorities to carry out its mission to combat violent crime, disrupt and dismantle transnational criminal organizations, and stem the rising tide of the drug crisis.

In California, two state leaders had issued statements signaling intent to defend the State's voter-approved law legalizing recreational marijuana, in response to the Sessions Memorandum. California Attorney General Xavier Becerra has stated publicly, "In California, we decided it was best to regulate, not criminalize cannabis", "We intend to vigorously enforce our state's laws and protect our state's interests." The BCC's Chief Executive Lori Ajax also stated, "We'll continue to move forward with the state's regulatory processes covering both medicinal and adult-use cannabis consistent with the will of California's voters, while defending our state's laws to the fullest extent." On May 29, 2018, federal and state authorities announced a joint effort to target illegal cannabis grows, with $2.5 million in federal money backing the effort.

On July 20, 2020, a petition was filed with the U.S. District Court for the Southern District of California stating that the DEA delivered a subpoena to the BCC in January of 2020 seeking "unredacted cannabis license(s), unredacted cannabis license application(s), and unredacted shipping manifest(s)" for six

different unnamed entities in connection with an ongoing DEA investigation. The BCC declined to comply with the DEA's initial subpoena by claiming that it lacked specificity and would risk violating certain state privacy laws.

The BCC attempted to remain firm in its position, but ultimately on August 31, 2020, the federal court ruled that the BCC was required to comply with the DEA's subpoena. Based on publicly available information, the DEA's intent behind the subpoena is focused strictly on potential black-market activity between California and Mexico.

To the knowledge of High Fusion's management, there have not been any additional statements or guidance made by federal authorities or prosecutors regarding the risk of enforcement action in California.

Colorado

On October 26, 2018, Jason R. Dunn was sworn in as the United States Attorney for the District of Colorado. Mr. Dunn has not released a public statement regarding the enforcement of state licensed marijuana businesses; however, he has stated that he has to make decisions for enforcement actions and priority with regards to resources and intends to focus on black market activities. Mr. Dunn does participate on a cannabis working group with other federal prosecutors around the U.S.

To the knowledge of High Fusion's management, there have not been any additional statements or guidance made by federal authorities or prosecutors regarding the risk of enforcement action in Colorado.

Enforcement of U.S. Federal Laws

For the reasons set forth above, High Fusion's existing investments in the United States, and any future investments, may become the subject of heightened scrutiny by regulators, stock exchanges and other authorities in Canada. As a result, High Fusion may be subject to significant direct and indirect interaction with public officials. There can be no assurance that this heightened scrutiny will not in turn lead to the imposition of certain restrictions on High Fusion's ability to invest in the United States or any other jurisdiction. See section titled "Risk Factors".

Government policy changes or public opinion may also result in a significant influence over the regulation of the cannabis industry in Canada, the United States or elsewhere. A negative shift in the public's perception of medical cannabis in the United States or any other applicable jurisdiction could affect future legislation or regulation. Among other things, such a shift could cause state jurisdictions to abandon initiatives or proposals to legalize medical cannabis, thereby limiting the number of new state jurisdictions into which High Fusion could continue to operate or to expand. Any inability to fully implement High Fusion's expansion strategy may have a material adverse effect on High Fusion's business, financial condition and results of operations. See section titled "Risk Factors".

Further, violations of any federal laws and regulations could result in significant fines, penalties, administrative sanctions, convictions or settlements arising from civil proceedings conducted by either the federal government or private citizens, or criminal charges, including, but not limited to, disgorgement of profits, cessation of business activities or divestiture. This could have a material adverse effect on High Fusion, including its reputation and ability to conduct business, its holding (directly or indirectly) of medical cannabis licenses in the United States, the listing of its securities on various stock exchanges, its financial position, operating results, profitability or liquidity or the market price of its publicly traded shares. In addition, it is difficult for High Fusion to estimate the time or resources that would be needed for the investigation of any such matters or its final resolution because, in part, the time and resources that may be needed are dependent on the nature and extent of any information requested by the applicable authorities involved, and such time or resources could be substantial. See section titled "*Risk Factors*".

U.S. Enforcement Proceedings

The U.S. Congress has passed appropriations bills each of the last three years that included the Rohrabacher Amendment Title: H.R.2578 — Commerce, Justice, Science, and Related Agencies Appropriations Act, 2016 ("**Rohrabacher-Blumenauer Amendment**"), which by its terms does not appropriate any federal funds to the DOJ for the prosecution of medical cannabis offenses of individuals who are in compliance with state medical cannabis laws. Subsequent to the issuance of the Sessions Memorandum on January 4, 2018, the U.S. Congress passed its omnibus appropriations bill, SJ 1662, which for the fourth consecutive year contained the Rohrabacher-Blumenauer Amendment language (referred to in 2018 as the "**Rohrabacher-Leahy Amendment**") and continued the protections for the state-legal medical cannabis marketplace and its lawful participants from interference by the DOJ up and through the 2018 appropriations deadline of September 30, 2018. American courts have construed these appropriations bills to prevent the federal government from prosecuting individuals when those individuals comply with state law. However, because this conduct continues to violate federal law, American courts have observed that should Congress at any time choose to appropriate funds to fully prosecute the CSAUS, any individual or business – even those that have fully complied with state law – could be prosecuted for violations of federal law. If Congress restores funding, the U.S. federal government will have the authority to prosecute individuals for violations of the law before it lacked funding under the U.S. CSA's five-year statute of limitations.

Most recently, the U.S. Congress passed H.R. 3055, the "Commerce, Justice, Science, Agriculture, Rural Development, Food and Drug Administration, Interior, Environment, Military Construction, Veterans Affairs, Transportation, and Housing and Urban Development Appropriations Act, 2020" (the "**2020 Appropriations Act**").

On June 20, 2019, the 2020 Appropriations Act was amended by a U.S. Congress house floor vote (267-165) to include Amendment No. 17 (***Blumenauer (D-OR), Norton (D-DC), McClintock (R-CA)***), which expanded the previously-mentioned protective cannabis amendments to appropriations bills and which now specifically prohibits the Department of Justice from interfering with "state cannabis programs", which includes both medical and adult-use cannabis programs. On September 26, 2019, the Senate Appropriations Committee declined to take up the broader amendment but did approve the Rohrabacher–Farr Amendment for the 2020 fiscal year spending bill. On September 27, 2019, the Rohrabacher–Farr Amendment was renewed as part of a stopgap spending bill, in effect through November 21, 2019.

On December 20, 2019, President Donald Trump signed the Consolidated Appropriations Act, 2020 which included the Rohrabacher/Blumenauer Amendment, which prohibits the funding of federal prosecutions with respect to medical cannabis activities that are legal under state law, extending its application until September 30, 2020. In July 2020, the House of Representatives passed the "Blumenauer-McClintock-Norton-Lee amendment," to the Commerce, Justice, Science (CJS) Appropriations bill. That amendment was included in a series of stopgap spending bills from September 2020 through the end of December 2020. On December 27, 2020, the amendment was renewed through the signing of the fiscal year 2021 spending bill, which was effective through September 30, 2021. Following the expiration of the fiscal year 2021 bill, President Biden has renewed the amendment through a series of stopgap spending bills, with the most recent extension effective through March 11, 2022. On March 10, 2022, the fiscal year 2022 omnibus appropriations bill including the amendment was signed into law by President Biden. There can be no assurances that similar provisions will be included in future appropriations bills.

U.S. courts have construed these appropriations bills to prevent the federal government from prosecuting individuals when those individuals comply with applicable State law. However, because this conduct continues to violate U.S. federal law, U.S. courts have observed that should Congress at any time choose to appropriate funds to fully prosecute the CSA, any individual or business – even those that have fully

complied with applicable State law – could be prosecuted for violations of U.S. federal law. If Congress restores funding, the U.S. federal government will have the authority to prosecute individuals for violations of the law before it lacked funding under the CSA's five-year statute of limitations.

Ability to Access Public and Private Capital

High Fusion has historically, and continues to have, access to both public and private capital in Canada in order to support its continuing operations. High Fusion has had cannabis-related activities in the United States since 2014. In addition, High Fusion has had successes in completing several public and private offerings in the last number of years, including private placements of High Fusion SVS, High Fusion MVS, share purchase warrants, convertible debentures and secured notes. However, there is neither a broad nor deep pool of institutional capital that is available to cannabis license holders and license applicants, given that marijuana is illegal under U.S. federal law. There can be no assurance that additional financing, if raised privately, will be available to High Fusion when needed or on terms which are acceptable. High Fusion has never needed to access public equity capital in the U.S.

State-Level Overview

Regulations differ significantly amongst the U.S. states. Some U.S. states only permit the cultivation, processing and distribution of medical marijuana and Cannabis-Infused Products. Some U.S. states may also permit the cultivation, processing, and distribution of marijuana for adult purposes and retail Cannabis-Infused Products.

The following sections present an overview of state-level regulatory and operating conditions for the marijuana industry in which High Fusion has direct, indirect and material ancillary involvement.

California

California has an existing medical marijuana law and voted to approve the "Adult Use of Marijuana Act" ("**AUMA**") to tax and regulate for all adults 21 years of age and older on November 8, 2016. California was the first State to pass medical marijuana in 1996, allowing for a not-for-profit patient/caregiver system, but there was no State licensing authority to oversee businesses that emerged. In September of 2015, the California legislature passed three bills collectively known as the "Medical Cannabis Regulation and Safety Act" ("**MCRSA**"). The MCRSA establishes a licensing and regulatory framework for medical marijuana businesses in California. The system has multiple license types for dispensaries, infused products manufacturers, cultivation facilities, testing laboratories, transportation companies, and distributors. Edible infused product manufacturers will require either volatile solvent or non-volatile solvent manufacturing licenses depending on their specific extraction methodology. Multiple agencies will oversee different aspects of the program and businesses will require a state license and local approval to operate.

On July 2, 2017, California State Legislature passed Senate Bill No. 94, known as Medicinal and Adult-Use Cannabis Regulation and Safety Act ("**MAUCRSA**"), which amalgamates MCRSA and AUMA to provide a set of regulations to govern medical and adult use licensing regime for cannabis businesses in the State of California. On November 16, 2017, the State of California introduced the emergency regulations, which governed by the BCC, CDPH and California Department of Food and Agriculture (collectively "**Emergency CA Regulations**"), provided further clarity on the regulatory framework that governed cannabis businesses. The regulations built on the regulations provided by MCRSA and AUMA and also specified that businesses need to comply with the local law in order to also comply with the State regulations. The current Emergency CA Regulations, adopted by the BCC, CDPH and California Department of Food and Agriculture were readopted in June 2018, to meet the legislative mandate to open California's regulated cannabis market on January 1, 2018, the same date California moved to full-adult use state legalization for cannabis products. In July 2018, California's three state cannabis licensing authorities announced the publication of proposed regulations in the California Regulatory Notice Register,

the first step toward adopting non-emergency regulations. This publication started the formal rulemaking process. Temporary regulations were extended throughout the rule making process and on January 16, 2019, California's three state cannabis licensing authorities announced that the Office of Administrative Law (OAL) officially approved state regulations for cannabis businesses across the supply chain and the new regulations took effect immediately, meaning the previous emergency regulations were no longer in effect. To operate legally in California, cannabis operators must obtain a state license and local authorization. Local authorization is a prerequisite to obtaining the state license, and local governments are permitted to prohibit or otherwise regulate the types and number of cannabis businesses allowed in their locality. The state license approval process is not competitive and there is no limit on the number of state licenses an entity may hold, except as it relates to certain cultivation medium outdoor, medium indoor or medium mixed light A or M license, where a party may only receive one license in the respective category but may supplement with other license types. Although vertical integration across multiple license types is allowed, testing laboratory licensees may not hold any other licenses aside from a laboratory license and distributors may not also hold a transport license. There are no residency requirements for ownership under the California State licensing regime.

On May 29, 2018, U.S. federal and California State authorities announced a joint effort to target illegal cannabis grows, with $2.5 million in federal money backing the effort. McGregor Scott, U.S. Attorney for the Eastern District of California, said he will prioritize illegal cannabis rather than pursuing enforcement with respect to the legal recreational marijuana market even though U.S. federal law bans marijuana. He stated, "The reality of the situation is there is so much black-market marijuana in California that we could use all of our resources going after just the black market and never get there … So for right now, our priorities are to focus on what have been historically our federal law enforcement priorities: interstate trafficking, organized crime, and the federal public lands."

On September 27, 2018, California State Governor Jerry Brown signed Senate Bill 1459, which modified MAUCRSA to allow the State licensing authorities to issue provisional licenses to temporary licensees as a bridge between temporary and annual licenses until January 1, 2020. A provisional license has the same requirements as an annual license. In March 2019, lawmakers in California had proposed State Senate Bill 51, which is designed to help cannabis businesses that have been shut out from the traditional banking system. Cannabis businesses have transacted predominantly in cash due to continued U.S. federal banking restrictions that make it nearly impossible for them to have bank accounts with federally chartered financial institutions. There had also been efforts underway at the U.S. federal level to pass legislation that would allow banks to serve cannabis-related businesses without the risk of being prosecuted. The proposed measure would allow private banks or credit unions to apply for a limited-purpose state charter so they can provide depository services to licensed cannabis businesses. California's legal marijuana industry is struggling to compete with the black market and is facing challenges that include banking access and high taxes.

In May 2019, Attorney General Becerra, along with 37 other U.S. state and territorial attorneys, sent a letter to congressional leaders, urging them to enact the SAFE Banking Act or other legislation that would expand banking access for cannabis companies.
On August 6, 2019, the California DOJ released the "Guidelines for the Security and Non-Diversion of Cannabis Grown for Medicinal Use" to clarify the state's laws governing medicinal cannabis, and specifically those related to the enforcement, transportation, and use of medicinal cannabis. The Guidelines come after significant changes in state law on recreational cannabis use. The revised guidelines include:

(1) A summary of applicable laws;
(2) Guidelines regarding individual qualified patients and primary caregivers;
(3) Best practices for the recommendation of cannabis for medical purposes;
(4) Enforcement guidelines for state and local law enforcement agencies; and
(5) Guidance regarding collectives and cooperatives.

In July 2019, California State Governor Gavin Newsome signed Assembly Bill 97, which modified MAUCRSA to extend the sunset date for the issuance of provisional licenses from January 1, 2020, to January 1, 2022. Further, the bill allowed for the issuance of provisional licenses to applicants who did not previously hold a temporary license.

On October 12, 2019, California State Governor Gavin Newsom signed several cannabis-related bills that, among other things, are designed to bolster minority participation in the industry, ensure labor peace and institute a vaporizer cartridge labeling requirement, including one that will let legal businesses take advantage of more tax deductions. He also vetoed another measure that would have allowed some patients to use medical cannabis in health care facilities. A summary of the cannabis bills signed into law include:

(1) Senate Bill 595 requires the State to implement a program by January 1, 2021, that defers or waives license application and licensing or renewal fees for qualified "needs-based" applicants. This is a social equity provision to boost minority participation in the industry.

(2) Assembly Bill 1529 requires adding a universal symbol no smaller than a quarter-inch-by-quarter-inch on all cannabis vaporizer cartridges. The symbol must be engraved, affixed with a sticker or printed in black or white.

(3) Assembly Bill 1291 strengthens an existing provision for marijuana businesses by requiring applicants with 20 or more employees to provide a notarized statement that they will enter into and abide by the terms of a labor peace agreement.

(4) Assembly Bill 858 clarifies some requirements for "specialty cottage" growers with a maximum 2,500 sq. ft. of canopy.

(5) Senate Bill 34 allows marijuana retailers to provide free products to medical patients that meet certain criteria. Such was a common industry practice until new regulations went into effect in 2018.

California State Governor Newsom also signed a bill, AB 37, that allowed cannabis business owners to deduct business expenses at the state level, something that remains illegal federally.

On January 10, 2020, Governor Newsom also unveiled his annual budget proposal which contains several provisions aimed at simplifying and streamlining regulations for the marijuana industry. The biggest proposed change concerns the State's cannabis licensing system, which would consolidate into The Department of Cannabis Control, rather than the three that are currently in charge of approving marijuana businesses. "Establishment of a standalone department with an enforcement arm will centralize and align critical areas to build a successful legal cannabis market, by creating a single point of contact for cannabis licensees and local governments," the administration said in a summary. The proposals are not yet final, and the administration is scheduled to post changes in May 2020, with the final budget expected to be enacted in the summer of 2020.

Based on a May 15, 2020 Summary of Governor Gavin Newsom's May Budget Revision for the 2020-21 Fiscal Year (the "May Revision") provided by the California Cannabis Industry Association, the Governor's May budget revision postponed agency consolidation as a result of the COVID-19 pandemic to the 2021-22 fiscal year budget. Considering the delayed cannabis consolidation effort, the May Revision maintains funding for licensing and enforcement activities within the existing licensing entities, with some modifications. When asked whether anything would be proposed relative to agency consolidation in the 2020 legislative year, Nicole Elliott (Senior Advisor on Cannabis, Governor Gavin Newsom) suggested that uniform licensing protocols and regulatory clean-up were under consideration and could be part of a short-term, as well as a longer-term strategy. Additionally, the tax simplification for cannabis has been postponed.

With the passage of AB 141 on July 12, 2021, BCC, CDFA and CDPH were consolidated into DCC. On September 8, 2021, the DCC announced proposed emergency regulations to move all cannabis regulations into Title 4 of the California Code of Regulations, with a stated goal of consolidating and improving the regulations. The proposed emergency regulations were in the review and comment period which closed on September 20, 2021.

In March 2022, the DCC initiated a rule making process in which it promulgated a comprehensive regulatory proposal, including amendments to its current rules that would make permanent emergency rules that have been in effect since September 2021. Comments on the proposed rules were submitted by all interested parties by April 19, 2022. The DCC then considered the comments submitted and issued an updated rule set for a second comment period. A final version of the rules was filed by the DCC with the California Office of Administrative Law on September 26, 2022. The rules are still pending and are anticipated to become effective in the fall of 2022. Among other rule making activities, the DCC is currently considering new rules for large cultivation licenses and conversion to large and medium licenses in addition to rules related to the establishment of a standard cannabinoids test method, including standardized operating procedures which will be utilized by all licensed testing laboratories in California.

With respect to legislation, the California legislature passed AB 195, which was signed into law by Governor Newsom on June 30, 2022. AB-195 eliminates the cannabis cultivation tax and serves to shift responsibility for collecting the cannabis excise tax from distributors to retailers.

Contract Manufacturing

High Fusion has assessed its relationships with its brand partners in order to ensure full compliance in regard to contract manufacturing (California Code of Regulations Title 16, Division 42 – Medicinal and Adult Use Cannabis Regulation, Section 5032 – Commercial Cannabis Activity).

Zoning and Land Use Requirements

Applicants are required to comply with all local zoning, environmental and land use regulations and provide written authorization from the property owner and the local jurisdiction where the commercial cannabis operations are proposed to take place, which must dictate that the applicant has the property owner's authorization and the jurisdiction's authorization to engage in the specific state-sanctioned commercial cannabis activities proposed to occur on the premises. Each of DW27 and SDI have represented to High Fusion that they each hold full zoning and use permits from the San Diego County.

Local Licensing of Cannabis Businesses in California

At present, to legally operate a medical or adult-use cannabis business in California, the operator must have both a local and state license. This requires license holders to operate in cities with cannabis licensing programs. Therefore, cities in California are allowed to determine the number of licenses they will issue to cannabis operators or can choose to outright ban cannabis. Each of DW27 and SDI are located in unincorporated areas of San Diego County and are thus required to hold valid permits from the San Diego County Sheriff's Department. Each of DW27 and SDI have represented to High Fusion that they each hold the requisite licensing from the San Diego County.

Record-Keeping and Continuous Reporting Requirements

California's state license application process additionally requires comprehensive criminal history, regulatory history, financial and personal disclosures, coupled with stringent monitoring and continuous reporting requirements designed to ensure only good actors are granted licenses and that licensees continue to operate in compliance with the State regulatory program.

Operating Procedure Requirements

Applicants must submit standard operating procedures describing how the operator will, among other requirements, address transportation, security, inventory, waste disposal, and quality control as applicable

to the license sought. Once the standard operating procedures are determined compliant and approved by the applicable state regulatory agency, the licensee is required to abide by the processes described and seek regulatory agency approval before any changes to such procedures may be made. Licensees are additionally required to train their employees on compliant operations and are only permitted to transact with other legal and licensed businesses.

Site-Visits & Inspections

The California operators will not be able to obtain or maintain state licensure, and thus engage in commercial cannabis activities in the state of California without satisfying and maintaining compliance with state and local law. As a condition of state licensure, operators must consent to random and unannounced inspections of the commercial cannabis facility as well as all of the facility's books and records to monitor and enforce compliance with state law. Many localities have also enacted similar standards for inspections, and the state has already commenced site-visits and compliance inspections for operators who have received state temporary or annual licensure.

Compliance with United States operations - California and San Diego County

High Fusion's staff tasked with overseeing compliance with applicable local and state regulations work closely with High Fusion's CEO and external consultants tasked with evaluating compliance, High Fusion's standard operating procedures and mechanisms in place to remedy any potential instances of non-compliance. The staff's responsibilities include:

- Securing and updating local operating permits and state manufacturing permits;
- Screening products and product packaging for any discrepancies with regulations issued by the DCC;
- Working with manufacturers and cultivators to address any packaging deficiencies;
- Testing all products according to the State code via licensed facilities;
- Working with State regulators to address any issues exposed through testing including relabeling, remediation or product destruction via licensed cannabis waste management organization; and
- Managing integration with the State's forthcoming Track and Trace program.
- Communication with general managers of High Fusion's facilities outside of California to monitor compliance of those facilities, review the information provided regarding compliance with applicable regulations and if necessary, relay that information to the appropriate members of the senior management team to take the corrective action.

Following submission of a pre-application request and once compliance with the business premises location is completed, including all zoning requirements and sensitive use restrictions, the San Diego County Board of Supervisors will request and review attestations from primary personnel and owner(s) associated with the application. Following such review, San Diego County Board of Supervisors will issue a determination of eligibility/ineligibility for further processing. A determination of eligibility is based on, among other things, an initial inspection and environmental clearance.

Following a determination of eligibility, the San Diego County Board of Supervisors reviews the application for completeness, including the status of state licenses and verification of local compliance under way with the state agencies. Following temporary approval, applicants may apply for an annual license.

Continued compliance includes ongoing, unannounced inspections, investigations and audits conducted by the employees or agents of the San Diego County. Such inspections may include an examination of employee practice; cannabis safety; proper storage; equipment/utensils; facility; plumbing fixtures; sign/license requirements; record keeping; compliance and enforcement; and requirements for manufacturing.

High Fusion's management believes that High Fusion has developed a robust compliance program designed to ensure operational and regulatory requirements continue to be satisfied, and has retained outside counsel to monitor its compliance with U.S. State and local law on an ongoing basis. High Fusion will continue to work closely with its legal counsel to develop and improve its internal compliance program and will defer to their legal opinions and risk mitigation guidance regarding the complex regulatory framework of the State of California and San Diego County. The internal compliance program requires continued monitoring by managers and executives of High Fusion to ensure all operations conform to and comply with required laws, regulations and legally compliant standard operating procedures.

In addition, High Fusion has previously sought and continues to seek legal advice from JRG Attorneys at Law ("**JRG**"), as local external counsel, to ensure that all aspects of the license/permit, products and operation prior to acquisition (as part of due diligence) and post-acquisition is in compliance with applicable State of California law. The executive of each operating unit is responsible for overseeing and maintaining compliance post-acquisition.

Colorado

Regulatory Developments Overview – Colorado

On November 7, 2000, 54% of Colorado voters approved Amendment 20, which amended the State Constitution to allow the use of marijuana in the State for approved patients with written medical recommendation from a license physician.

Colorado voters legalized the use of retail marijuana in 2012 through amendments to the Colorado Constitution. The Colorado Amendment 64, which was passed by voters on November 6, 2012, led to legalization in January 2014. There are two sets of policies in Colorado relating to cannabis use: those for medicinal cannabis and for recreational use, along with a third set of rules governing hemp.

On January 1, 2014, Colorado became the first state in the nation to allow sales of recreational cannabis, with a licensing scheme that is overseen by the Department of Revenue, Marijuana Enforcement Division. Unlike the State of Washington, Colorado did not place caps on production or the number of licensed retail cannabis stores available within the State – as of August 1, 2018, there were about 532 licensees in the state. Any adult aged 21 or over may purchase up to one ounce of cannabis or cannabis products per day from a licensed retailer.

Governor Hickenlooper signed several bills into law on May 28, 2013, implementing the recommendations of the Task Force on the Implementation of Amendment 64. On September 9, 2013, the Colorado Department of Revenue adopted final regulations for recreational marijuana establishments, implementing the Colorado Retail Marijuana Code (HB 13-1317). On September 16, 2013, the Denver City Council adopted an ordinance for retail marijuana establishments. During 2014, the first year of implementation of Colorado Amendment 64, Colorado's legal marijuana market (both medical and recreational) reached total sales of $700 million.

In May 2019, Governor Polis signed into law multiple marijuana laws, including *HB19-1090 - "Publicly Licensed Marijuana Companies"* which repeals the provision that prohibits publicly traded companies from holding a marijuana license and increases investment flexibility in Colorado licensed marijuana companies. Also passed was SB19-224 - "*Sunset Regulated Marijuana*" which makes the Colorado marijuana regulations permanent while streamlining such regulations to create efficiencies for operators and regulators. MED licenses and regulates Marijuana Businesses in the State of Colorado. To operate legally in Colorado, cannabis operators must apply for a Marijuana Business License, and must meet certain statutory requirements including being at least 21 years of age or older and a resident of the state of Colorado. Additionally, they must confirm that the city and county where they plan to operate their business within their jurisdiction. Anyone working within Colorado's marijuana industries must also obtain a

Marijuana Occupational License. These application and licensing fees can range anywhere from $3,000 to over $13,000.

As of January 1, 2020, medical and adult use cannabis are regulated together under a single statute – the Cannabis Code. Under the Cannabis Code, the MED is empowered to grant licenses to both adult use and medical cannabis businesses, including cultivation facilities, products manufacturers, testing facilities, transporters, researchers and developers, and (in the adult use context) accelerator cultivators, accelerator stores, and hospitality businesses. Cannabis businesses must also comply with local licensing requirements. Colorado localities are allowed to limit or prohibit the operation of cannabis businesses.

Regulatory Requirements - Colorado

The regulations establish requirements applicable to all cannabis businesses, along with specific requirements for each type of business. All cannabis businesses in Colorado are required to (1) create and enforce limited access areas for the protection of cannabis and cannabis products, (2) maintain security alarm systems installed and maintained by a licensed alarm installation company, as well as approved locks and surveillance equipment, (3) follow all applicable laws regarding waste disposal (including cannabis-containing wastes), (4) implement an inventory tracking system used for inventory tracking and recordkeeping, (5) comply with both state and local requirements as to hours of operation, (6) comply with sanitary requirements applicable to employees and production spaces, including sanitation audits, (7) comply with recordkeeping requirements, and (8) maintain and provide procedures for dealing with product recalls.

The MED and local licensing authorities may conduct announced or unannounced inspections of licensees to determine compliance with applicable laws and regulations. Licensees may also be subject to inspection of the licensed premises by the local fire department, building inspector, or code enforcement officer to confirm that no health or safety concerns are present.

Colorado uses METRC as the MED's cannabis inventory tracking system for all medical and adult use licensees. Cannabis is required to be tracked and reported with specific data points from seed to sale through METRC for compliance purposes under Colorado cannabis laws and regulations. This tracking is conducted by using electronic tags on plants and shipments between licensees and facilities.

Compliance with United States operations – Colorado

High Fusion's management holds a primary responsibility to monitoring compliance of High Fusion's operations in the State of Colorado, and in accordance with the Marijuana Code, each of the management and Board members' names of the ultimate beneficial owners appear on the MED-issued license.

As of the date hereof, High Fusion holds the RMP License through its 100% owned subsidiary Palo Verde

In addition, High Fusion has previously sought and continues to seek legal advice from Holland & Hart LLP, as local external counsel, to ensure that all aspects of the license/permit, products and operations of High Fusion and Palo Verde are in compliance with the applicable State of Colorado and local law.

Summary Of Balance Sheets And Operating Results With Exposure To The U.S. Cannabis-Related Activities

High Fusion's exposure to the U.S. marijuana-related activities through the manufacture and sale of various cannabis consumer products in California and Colorado.

The following is the summary of High Fusion's balance sheet exposure to the U.S. cannabis-related activities as at October 31, 2022:

	Subsidiaries	Non-controlling Investments	Total	Percentage (%) exposure to the US cannabis activities
Current Assets	3,816,351	-	3,816,351	91%
Non Current Assets	8,167,264	-	8,167,264	100%
Total assets	$ 6,981,195	$ -	$ 6,981,195	97%
Current Liabilities	10,420,727	-	10,420,727	60%
Non Current Liabilities	2,048,657	-	2,048,657	10%
Total liabilities	$ 20,534,162	$ -	$ 20,534,162	33%

The following is the summary of operating losses from U.S. cannabis-related activities for the three months ended October 31, 2022:

	Subsidiaries	Non-controlling Investments	Total	Percentage (%) exposure to the US cannabis activities
Sales	$ 2,068,618	-	$ 2,068,618	100.0%
COGS	$ (1,921,112)	-	$ (1,341,551)	100.0%
Operating expenses	$ (1,795,875)	-	$ (2,375,436)	101.6%
Other Income (expense)	$ (90,354)	-	$ (90,354)	0.0%
Gain on sale of leaseback	$ -	-	$ -	0.0%
Finance cost	$ (89,654)	-	$ (89,654)	9.2%
FX Gain (loss)	$ -	-	$ -	0.0%
Impairment of Intangible	$ -	-	$ -	0.0%
Income from investment	$ (1,359,965)	-	$ (1,359,965)	0.0%

The operating expenses include expenses incurred directly by subsidiaries, amortization for investment properties, intangibles assets, and capital assets. The operating expenses exclude share-based payments and any allocation of expenses incurred at High Fusion's head office.

DIVIDENDS OR DISTRIBUTIONS

High Fusion has not paid dividends since its inception. While there are no restrictions in its articles or pursuant to any agreement or understanding which could prevent High Fusion from paying dividends or distributions, High Fusion has limited cash flow and anticipates using all available cash resources to fund its operations. As such, there are no plans to pay dividends for the foreseeable future. Any decisions to pay dividends in cash or otherwise in the future will be made by the Board on the basis of High Fusion's earnings, financial requirements and other conditions existing at the time a determination is made.

SELECTED FINANCIAL INFORMATION

The following table sets out selected financial information for the periods indicated, which is qualified by the more complete information contained in the audited consolidated financial statements of High Fusion for the years ended July 31, 2022, 2021 and 2020, and unaudited consolidated financial statements of High Fusion for three months ended October 31, 2022 as filed on SEDAR at www.sedar.com.

	Three Months ended October 31, 2022	Year Ended July 31,		
		2022	2021	2020
Net Loss	$2,126,422	$19,203,282	$1,849,618	$22,088,621
Comprehensive Loss	$1,818,290	$19,213,626	$643,575	$21,922,661
Basic and Diluted loss per share	$0.015	$0.219	$0.041	$1.341
Current Assets	4,190,654	$4,647,741	$1,713,508	$3,101,291
Total Assets	12,357,918	$12,626,195	$7,279,397	$6,681,656
Total Liabilities	20,847,652	$19,028,607	$13,442,017	$28,581,059
Shareholders' Deficiency	(8,489,734)	$6,402,412	$6,162,620	$21,899,656

MANAGEMENT'S DISCUSSION & ANALYSIS

The MD&A of the financial condition and results of operations of High Fusion for the year ended July 31, 2022 and three months ended October 31, 2022 are incorporated by reference in this Circular and can be found under High Fusion's profile on SEDAR at www.sedar.com, and should be read in conjunction with High Fusion's audited consolidated financial statements for the year ended July 31, 2022 and unaudited consolidated financial statements of High Fusion for three months ended October 31, 2022, respectively.

AUTHORIZED AND ISSUED SHARE CAPITAL

See "*Voting Securities and Principal Holders of Voting Securities*" in the attached Circular.

CONSOLIDATED CAPITALIZATION

The following table summarizes the changes in the share capitalization of High Fusion as at the dates specified below.

Security	Authorized	Number Outstanding or Face Value (in $CAD) as at		
		July 31, 2022	October 31, 2022	The date of this Circular
High Fusion SVS	Unlimited	136,364,817	142,989,239	179,166,481
High Fusion MVS	Unlimited	6,196,895	6,196,581	14,294,891
August 2018 Debenture[(1)]	N/A	$4,110,779	$4,358,068	$4,308,068
2020-1 Debenture [(1)(4)]	N/A	$852,678	$852,000	Nil
2020-2 Debenture[(1)(4)]	N/A	$272,000	$272,000	Nil
2021 High Pita Debenture[(1)]	N/A	$186,700	$186,700	$186,700
Gainor Debenture[(1)]	N/A	$78,400	$78,400	$58,350
ASC Debenture[(1)]	N/A	$50,464	$50,464	$50,464
Elan Capital Note[(1) (2)]	N/A	$272,668	$272,668	$272,668
Quilkey Loan[(1) (2)]	N/A	$95,258	$95,258	$95,258
East Hill Financial Note[(1) (2)]	N/A	$3,533,012	$3,533,012	$3,533,012
First Loan Facility[(1)(2)(5)]	N/A	$680,687	$680,687	$856,357
Second Loan Facility[(1) (2)]	N/A	$489,360	$489,360	$489,360
Warrants	N/A	9,293,261	8,828,011	12,728,011
RSUs	Note 3	11,819,832	11,819,832	17,731,500
Stock Options		275,000	275,000	275,000

Notes:

(1) *Face Value does not include interest or penalties.*

(2) *U.S. denominated amounts have been converted at the October 31, 2022 rate used in High Fusion financial statements for the three months ended October 31, 2022.*

(3) *The current RSU and Stock Option plans are subject to a combined limit of 10% of the total High Fusion Shares outstanding.*

(4) *High Fusion repaid each of 2020-1 Debentures and 2020-2 Debentures on March 13, 2023 in connection with the Pueblo Property Sale.*

(5) *On March 15, 2023, First Loan Facility such that the principal amount of the First Loan Facility of an aggregate of US$626,725, presented herein at the same CAD:USD exchange rate of 1.3664:1 as the previous period.*

Other than described above under the section titled "*Prior Sales",* there have not been any material changes in the share and loan capital of High Fusion since October 31, 2022. Other than disclosed in the Circular, there will be no changes to High Fusion's share and loan capital as a result of the Plan of Arrangement.

OPTIONS TO PURCHASE SECURITIES

See section titled "*Executive Compensation*" of the Circular.

PRIOR SALES

High Fusion issued the following securities during the twelve (12) month period prior to the date of the Circular. High Fusion completed consolidation of its common shares on 20 for 1 basis on September 1, 2021. The numbers of securities issued and issue price per security is presented on post-consolidation basis.

High Fusion SVS

Date of Issuance	Price Per Security ($)	Number of Securities	Note
February 27, 2023	$0.05	25,299,564	Interest payment on August 2018 Debentures
January 18, 2023	$0.01	504,000	Exercise of RSUs
January 12, 2023	$0.05	9,353,615	Interest Payment on 2020-1 Debentures and 2020-2 Debentures
December 9, 2022	$0.18	20,060	Conversion of High Fusion MVS to High Fusion SVS
November 3, 2022	$0.05	1,000,000	Conversion of August 2018 Debentures
September 13, 2022	$0.05	1,000,000	Conversion of August 2018 Debentures
August 30, 2022	$0.05	2,936,581	Interest Payment on 2020-1 Debentures and 2020-2 Debentures
August 29, 2022	$0.05	1,687,841	Shares for debt
August 16, 2022	$0.05	1,000,000	Conversion August 2018 Debentures
June 30, 2022	$0.18	333,990	Conversion of High Fusion MVS to High Fusion SVS
June 10, 2022	$0.05	2,000,000	Conversion of August 2018 Debentures
May 24, 2022	$0.05	2,000,000	Conversion of August 2018 Debentures
April 27, 2022	$0.05	8,301,637	Shares for debt
March 2, 2022	$0.18	770,800	Conversion of High Fusion MVS to High Fusion SVS
March 2, 2022	$0.06	4,173,927	Conversion of Gainor Debenture
February 16, 2022	$0.06	30,465,690	Conversion of August 2019 Debentures
February 16, 2022	$0.06	32,710,087	Shares for debt
January 13, 2022	$0.06	1,895,935	Interest payment on August 2018 Debentures

High Fusion MVS

Date of Issuance	Price Per Security ($)	Number of Securities	Note
March 1, 2023	$0.10	6,750,000	Issued in connection with the MJD Licensing Agreement
December 27, 2022	$0.10	1,350,000	Sale of High Fusion MVS for cash

As announced in High Fusion press release dated December 28, 2022, an unrelated party made an in-kind contribution of inventory to DW27, a Licensed Operator based in the State of California that is controlled by High Fusion and a party to DW27 MSA. The contribution was valued at US$150,000 which was advanced to DW27 in exchange for an unsecured promissory note. The holder of the note has agreed to accept 2,025,000 High Fusion MVS at a price of $0.10 per High Fusion MVS as consideration for the settlement of such note. As of the date of this Circular, the conversion has not yet been completed and 2,025,000 High Fusion MVS remain unissued, and the promissory note remains outstanding.

RSUs

Date of Issuance	Price Per Security ($)	Number of Securities	Note
January 20, 2023	N/A	6,625,000	N/A
March 21, 2022	N/A	500,000	N/A
January 31, 2022	N/A	8,773,000	N/A

Warrants

Date of Issuance	Exercise Price Per Security ($)[(1)]	Number of Securities [(1)]	Expiry Date	Note
March 15, 2023	$0.05	3,900,000	March 15, 2025	N/A
June 13, 2022	$0.05	2,000,000	June 13, 2024	N/A
March 14, 2022	$0.075	2,250,000	March 31, 2024	N/A

Notes:
(1) All warrants are convertible into one High Fusion SVS.

Options

No Options have been issued in the past 12 months preceding the date of this Circular.

Other Securities

Date of Issuance	Type of Security	Price Per Security ($)	Number of Securities
June 13, 2022	Second Loan Facility	N/A	US$400,000
March 14, 2022[(2)]	First Loan Facility	N/A	US$626,725
February 3, 2022[(1)]	Neural Shares	$0.075	5,600,000

Notes:
(1) On February 3, 2022 High Fusion transferred 5,600,000 Neural Shares at a price of $0.075 per Neural Share to settle approximately $420,000 of High Fusion liabilities, in-kind, of which 2,666,667 Neural Shares were transferred to certain non-arm's length parties of High Fusion to settle debt obligations of High Fusion to such parties.

(2) *Reflects the amendments agreed to by High Fusion and certain holders of the First Loan Facility as announced on March 15, 2023 discussed elsewhere in this Circular.*

CONVERTIBLE SECURITIES

High Fusion has the following securities outstanding that are convertible or exercisable into High Fusion SVS. There are no securities convertible into High Fusion MVS:

Type of Convertible Security	Number of Principal Amount of Convertible Securities Outstanding	Exercise Price per High Fusion SVS	Expiry or Maturity Date
August 2018 Debentures	$4,308,069	$0.05	August 4, 2024
2020-1 Debenture units	$852,000	$1.00	March 23, 2023
2020-2 Debenture units	$272,000	$1.00	March 29, 2023
2021 High Pita Debenture	$186,700	$1.00	March 21, 2024
Gainor Debenture	$78,400	$0.36	September 7, 2024
ASC Debenture	$50,464	$0.35	August 31, 2023
High Fusion Warrants	852,678	$1.00	March 31, 2023
High Fusion Warrants	272,000	$1.00	May 8, 2023
High Fusion Warrants	200,000	$1.00	March 14, 2024
High Fusion Warrants	2,033,333	$0.60	August 31, 2023
High Fusion Warrants	1,220,000	$1.00	August 31, 2023
High Fusion Warrants	2,250,000	$0.075	March 14, 2024
High Fusion Warrants	2,000,000	$0.05	June 17, 2024
High Fusion Warrants	3,900,000	$0.05	March 15, 2025
Options	100,000	$7.20	May 8, 2023
Options	175,000	$4.00	August 12, 2024
RSUs	2,012,500	N/A	July 19, 2024
RSUs	8,344,000	N/A	January 31, 2025
RSUs[(1)]	250,000	N/A	February 25, 2023
RSUs	6,625,000	N/A	January 31, 2026
RSUs	500,000	N/A	March 21, 2025

Notes:

(1) *250,000 RSUs have been exercised, but the High Fusion SVS underlying the RSUs remain unissued as of the date of this Circular.*

TRADING PRICE AND VOLUME

High Fusion SVS (previously High Fusion common shares) have been listed on the CSE since March 23, 2015 and currently trade under the symbol "FUZN" and are quoted on the OTC Pink since April 29, 2015 and are currently quoted under the symbol "SPLIF". The following table sets forth information relating to the trading of the High Fusion SVS on the CSE for the months indicated.

Month	High ($)	Low ($)	Volume
March 2023	$0.015	$0.005	5,462,984
February 2023	$0.02	$0.005	13,990,220
January 2023	$0.01	$0.005	15,659,318
December 2022	$0.015	$0.005	6,583,420
November 2022	$0.01	$0.01	847,535
October 2022	$0.02	$0.005	4,527,782
September 2022	$0.025	$0.015	1,127,055
August 2022	$0.03	$0.02	2,217,520
July 2022	$0.06	$0.015	2,919,148
June 2022	$0.025	$0.01	1,266,235
May 2022	$0.03	$0.015	4,291,535
April 2022	$0.045	$0.03	3,812,433
March 2022	$0.06	$0.04	1,834,336
February 2022	$0.065	$0.05	1,137,337
January 2022	$0.07	$0.06	1,061,108
December 2021	$0.095	$0.055	2,168,207

The following table sets forth information relating to the trading of the High Fusion SVS on the OTC Pink for the months indicated.

Month	High ($)	Low ($)	Volume
March 2023	$0.0114	$0.0037	654,152
February 2023	$0.01465	$0.0118	352,159
January 2023	$0.013	$0.004	629,188
December 2022	$0.013	$0.0037	475,311
November 2022	$0.0148	$0.0072	948,895
October 2022	$0.0186	$0.011	120,349
September 2022	$0.02095	$0.0141	82,395
August 2022	$0.0416	$0.0125	699,539
July 2022	$0.0262	$0.01	651,285
June 2022	$0.029	$0.01	1,266,000
May 2022	$0.0359	$0.0222	109,973
April 2022	$0.0488	$0.0265	207,916
March 2022	$0.05665	$0.0391	671,116
February 2022	$0.0588	$0.042	208,570
January 2022	$0.0708	$0.0382	352,449
December 2021	$0.1045	$0.034	732,329

There is no published market for the High Fusion MVS.

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTIONS ON TRANSFER

There are no High Fusion SVS currently held in escrow or that are subject to a contractual restriction on transfer. On completion of the Plan of Arrangement, no additional High Fusion Shares will be held in escrow.

PRINCIPAL SECURITYHOLDERS

See section titled "*Voting Securities and Principal Holders of Voting Securities*" of the Circular.

DIRECTORS AND EXECUTIVE OFFICERS

See section titled "*Particulars of Matters to be Acted Upon – Election of Directors*" of the Circular.

EXECUTIVE COMPENSATION

See section titled "*Executive Compensation*" of the Circular.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

See section titled "*Indebtedness of Directors and Executive Officers*" of the Circular.

AUDIT COMMITTEES AND CORPORATE GOVERNANCE

See section titled "*Report on Corporate Governance*" of the Circular.

RISK FACTORS

There are numerous and various risks, known and unknown, that may prevent High Fusion from achieving its goals. It is believed that these are the factors that could adversely affect High Fusion's business, financial condition or results of operation. In such case, the trading price of the High Fusion SVS could decline, and investors could lose all or part of their investment and should be undertaken only by persons whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment.

An investment in the securities of High Fusion could affect your admissibility to the United States by virtue of business or financial involvement in the legal marijuana industry in Canada or in the United States. Because marijuana remains illegal under United States federal law, those who are not U.S. citizens employed at or investing in legal and licensed U.S. marijuana companies could face detention, denial of entry or lifetime bans from the United States for their business associations with marijuana U.S. businesses. Moreover, marijuana remains a Schedule I controlled substance under the U.S. CSA, and the penalties for violating the CSA may include criminal penalties of up to twenty (20) years in prison and/or a fine of up to $2 million. In addition, the U.S. government can seize and seek the civil forfeiture of the real or personal property used to facilitate the sale of marijuana as well as the money or other proceeds received in connection with such sale. Thus, an investment in these securities could subject the investor to criminal and personal liabilities.

The following is a summary of certain risks relating to various aspects of High Fusion, its business, its regulatory environment that could be applicable.

Risks Related to the Regulatory Environment

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

High Fusion's operations are subject to a variety of laws, regulations and guidelines relating to the manufacture, management, transportation, storage and disposal of marijuana but also including laws and regulations relating to health and safety, the conduct of operations and the protection of the environment. High Fusion cannot predict the nature of any future laws, regulations, interpretations, policies or applications, nor can it determine what effect additional governmental regulations or administrative interpretations or procedures, when and if promulgated, could have on High Fusion's operations.

Changes to such laws, regulations and guidelines due to matters beyond the control of High Fusion may cause adverse effects to High Fusion's operations.

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

U.S. Federal Laws

The Federal Controlled Substances Act classifies "marijuana" as a Schedule I drug. Under U.S. federal law, a Schedule I drug or substance has a high potential for abuse, no accepted medical use in the United States, and a lack of safety for the use of the drug under medical supervision. As such, marijuana-related practices or activities, including without limitation, the manufacture, importation, possession, use or distribution of marijuana are illegal under U.S. federal law. Strict compliance with State laws with respect to marijuana will neither absolve High Fusion of liability under U.S. federal law, nor will it provide a defense to any federal proceeding which may be brought against High Fusion. The enforcement of relevant laws is a significant risk.

The business operations of High Fusion are dependent on State laws pertaining to the cannabis industry. Continued development of the cannabis industry is dependent upon continued legislative authorization of cannabis at the state level. Any number of factors could slow or halt progress in this area. Further, progress, while encouraging, is not assured. While there may be ample public support for legislative action, numerous factors impact the legislative process. Any one of these factors could slow or halt legal manufacturer and sale of cannabis, which would negatively impact the business of High Fusion.

Violations of any U.S. federal laws and regulations could result in significant fines, penalties, administrative sanctions, convictions or settlements arising from civil proceedings conducted by either the U.S. federal government or private citizens, or criminal charges, including, but not limited to, disgorgement of profits, cessation of business activities or divestiture. This could have a material adverse effect, on High Fusion, including its reputation and ability to conduct business, their holdings (directly or indirectly) of medical cannabis licenses in the United States, and the listing of its securities on various stock exchanges, its

financial position, operating results, profitability or liquidity or the market price of their publicly traded shares. In addition, it is difficult for High Fusion to estimate the time or resources that would be needed for the investigation of any such matters or its final resolution because, in part, the time and resources that may be needed are dependent on the nature and extent of any information requested by the applicable authorities involved, and such time or resources could be substantial.

As of the date hereof, to High Fusion's knowledge, some form of cannabis (medical or adult-use) has been legalized in approximately 37 States, the District of Columbia, and the territories of Guam, U.S. Virgin Islands, Northern Mariana Islands and Puerto Rico; however, the risk remains that a shift in the regulatory or political realm could occur and have a drastic impact on the industry as a whole, adversely impacting High Fusion's business, results of operations, financial condition or prospects. The state laws are in conflict with the Federal Controlled Substances Act, which makes cannabis use and possession illegal on a national level. The U.S. administration has made numerous statements indicating that it is not an efficient use of resources to direct federal law enforcement agencies to prosecute those lawfully abiding by state-designated laws allowing the use and distribution of medical cannabis. However, there is no guarantee that the current U.S. government administration will not change the government's stated policy regarding the low-priority enforcement of federal laws and decide to enforce the federal laws to the fullest extent possible. Any such change in the federal government's enforcement of current federal laws could cause significant financial damage to High Fusion and the High Fusion Shareholders, including the potential exposure to criminal liability.

The constant evolution of laws and regulations affecting the cannabis industry could detrimentally affect High Fusion's operations. Local, state and federal medical cannabis laws and regulations are broad in scope and subject to changing interpretations. These changes may require High Fusion to incur substantial costs associated with legal and compliance fees and ultimately require High Fusion to alter its business plan. Furthermore, violations of these laws, or alleged violations, could disrupt the business of High Fusion and result in a material adverse effect on operations. In addition, High Fusion cannot predict the nature of any future laws, regulations, interpretations or applications, and it is possible that regulations may be enacted in the future that will be directly applicable to the business of High Fusion.

United States Border Crossing

Investors in High Fusion and High Fusion's directors, officers and employees may be subject to travel and entry bans into the United States. Recent media articles have reported that certain Canadian citizens have been rejected for entry into the United States due to their involvement in the cannabis sector.

The majority of persons travelling across the Canadian and U.S. border do so without incident, whereas some persons are simply barred entry one time. The U.S. Department of State and the Department of Homeland Security have indicated that the United States has not changed its admission requirements in response to the legalization in Canada of recreational cannabis, but anecdotal evidence indicates that the United States may be increasing its scrutiny of travelers and their cannabis related involvement.

Admissibility to the United States may be denied to any person working or 'having involvement in' the cannabis industry, according to United States Customs and Border Protection. Inadmissibility in the United States implies a lifetime ban for entry as such designation is not lifted unless an individual applies for and obtains a waiver.

Local Regulation Could Change and Negatively Impact on High Fusion's Operations

Most U.S. states that permit cannabis for adult use or medical use provide local municipalities with the authority to prevent the establishment of medical or adult use cannabis businesses in their jurisdictions. If local municipalities where High Fusion or its Licensed Operators have established facilities decide to prohibit cannabis businesses from operating, High Fusion or its Licensed Operators could be forced to relocate operations at great cost to High Fusion, and High Fusion or its Licensed Operators may have to cease operations in such state entirely if alternative facilities cannot be secured.

There Are Risks Associated With Removal of U.S. Federal Budget Rider Protections

In May 2018, the House Appropriations Committee approved inclusion of the Rohrabacher-Blumenauer Amendment ("**RBA**") in the CJS appropriations bill for fiscal year 2019, in a voice vote led by sponsor Rep. David Joyce. The amendment was then renewed through a series of short-term spending bills signed. however, the current budget rider protections that apply to medical cannabis, do not afford the same protection regarding prosecuting conduct and commerce regarding recreational marijuana, which poses a significant risk to High Fusion's operations. Moreover, there can be no certainty that congressional support for the RBA amendment, or its successors will continue.

American courts have construed these appropriations bills to prevent the federal government from prosecuting individuals when those individuals comply with state medical cannabis laws. However, because this conduct continues to violate federal law, American courts have observed that should Congress at any time choose to appropriate funds to fully prosecute the CSAUS, any individual or business-even those that have fully complied with state law could be prosecuted for violations of federal law. If Congress restores funding, for example by declining to include these amendments in the future budget resolutions, or by failing to pass necessary budget legislation and causing another government shutdown, the government will have the authority to prosecute individuals for violations of the law before it lacked funding under the five-year statute of limitations applicable to non-capital CSAUS violations. Additionally, it is important to note that the appropriations protections only apply to medical cannabis operations and provide no protection against businesses operating in compliance with a state's recreational cannabis laws.

Access to Banking Services

On March 28, 2019, the House Financial Services Committee approved Secure and Fair Enforcement (SAFE) Banking Act reintroduced by U.S. Sens. Jeff Merkley (D-OR) and Cory Gardner (R-CO). The bill would prevent the Federal Deposit Insurance Corporation (FDIC) and the National Credit Union Administration (NCUA) from taking action against banks or credit unions that serve cannabis-related businesses, prevent those regulators from limiting access to financial institutions by cannabis-related businesses, require the Financial Crimes Enforcement Network (FinCEN) and the Federal Financial Institutions Examination Council (FFIEC) to issue guidance for institutions that provide services to cannabis-related businesses, require reporting by financial regulators and the Government Accountability Office, and impose or increase the cost of private-sector mandates on financial institutions and remove a private right of action against financial institutions.

High Fusion may have difficulty accessing the service of banks, which may make it challenging to operate efficiently. As the result of U.S. federal prohibitions on cannabis and concerns in the banking industry regarding money laundering and other federal financial crime related to marijuana, the access to U.S. banking system which include, but not limited to, inability to deposit funds in federally insured and licensed banking institutions have been restricted. Consequently, businesses involved in the cannabis industry often have difficulty finding a bank willing to service their businesses or access to credit card processing services. As a result, cannabis businesses in the U.S. are largely cash-based which complicates the implementation

of financial controls and increases security and safety issues. High Fusion's inability to manage such risks may adversely affect High Fusion's operations and financial performance.

Anti-Money Laundering Laws and Regulations

High Fusion is subject to a variety of laws and regulations domestically and in the United States that involve money laundering, financial recordkeeping and proceeds of crime, including the Bank Secrecy Act, as amended by Title III of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (USA PATRIOT Act), Sections 1956 and 1957 of U.S.C. Title 18 (the Money Laundering Control Act), the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada), as amended and the rules and regulations thereunder, the Criminal Code (Canada) and any related or similar rules, regulations or guidelines, issued, administered or enforced by governmental authorities in the United States and Canada. In the event that any of High Fusion's operations, or any proceeds thereof, any dividends or distributions therefrom, or any profits or revenues accruing from such operations in the United States were found to be in violation of money laundering legislation or otherwise, such transactions may be viewed as proceeds of crime under one or more of the statutes noted above or any other applicable legislation. This could restrict or otherwise jeopardize the ability of High Fusion to declare or pay dividends, effect other distributions or subsequently repatriate such funds back to Canada. Furthermore, while there are no current intentions to declare or pay dividends on the High Fusion SVS or High Fusion MVS in the foreseeable future, in the event that a determination was made that High Fusion's proceeds from operations (or any future operations or investments in the United States) could reasonably be shown to constitute proceeds of crime, High Fusion may decide or be required to suspend declaring or paying dividends without advance notice and for an indefinite period of time.

Lack of Access to U.S. Bankruptcy Protections

Because the use of cannabis is illegal under federal law in the United States, many courts have denied cannabis businesses bankruptcy protections, thus making it very difficult for lenders to recoup their investments in the cannabis industry in the event of a bankruptcy. If High Fusion were to experience a bankruptcy, there is no guarantee that U.S. federal bankruptcy protections would be available to High Fusion's United States operations, which would have a material adverse effect on High Fusion, its lenders and other stakeholders.

Taxes

U.S. federal prohibitions on the sale of cannabis may result in High Fusion not being able to deduct certain costs from its revenue for U.S. federal taxation purposes if the U.S. Internal Revenue Service (IRS) determines that revenue sources of High Fusion are generated from activities which are not permitted under U.S. federal law. Section 280E of the Internal Revenue Code of 1986 prohibits businesses from deducting certain expenses associated with trafficking-controlled substances (within the meaning of Schedule I and II of the CSA). The IRS has invoked Section 280E in tax audits against various cannabis businesses in the U.S. that are permitted under applicable state laws. Although the IRS issued a clarification allowing the deduction of certain expenses, the scope of such items is interpreted very narrowly, and the bulk of operating costs and general administrative costs are not permitted to be deducted. There is no guarantee that these courts will issue an interpretation of Section 280E favorable to cannabis businesses.

The Products Provided by High Fusion to Licensed Operators May Become Subject to Regulation Governing Food and Related Products

Should the federal government legalize marijuana for medical or adult use nation-wide, it is possible that the FDA would seek to regulate the products under the Food, Drug and Cosmetics Act of 1938 or the USDA. The FDA and the USDA may issue rules and regulations including certified good manufacturing practices related to the growth, cultivation, harvesting and processing of medical cannabis and cannabis-infused products. Clinical trials may be needed to verify efficacy and safety of the medical marijuana. It is

also possible that the FDA would require that facilities where medical marijuana is cultivated be registered with the applicable government agencies and comply with certain federal regulations. In the event, any of these regulations are imposed, High Fusion cannot foresee the impact on its operations and economics. If High Fusion or Licensed Operators are unable to comply with the regulations and or registration as prescribed by the FDA, USDA or another federal agency, High Fusion or its suppliers may be unable to continue to operate in its current form or at all.

Environmental and Employee Health and Safety Regulations

High Fusion's operations are subject to environmental and safety laws and regulations concerning, among other things, emissions and discharges to water, air and land, the handling and disposal of hazardous and non-hazardous materials and wastes, and employee health and safety. High Fusion will incur ongoing costs and obligations related to compliance with environmental and employee health and safety matters. Failure to comply with environmental and safety laws and regulations may result in additional costs for corrective measures, penalties or in restrictions on High Fusion's manufacturing operations. In addition, changes in environmental, employee health and safety or other laws, more vigorous enforcement thereof or other unanticipated evets could require extensive changes to High Fusion's operations or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of High Fusion.

Non-Compliance With Federal, Provincial or State Laws And Regulations, or the Expansion of Current, or the Enactment of New Laws or Regulations, Could Adversely Affect High Fusion's Business

The activities of High Fusion and Licensed Operators which High Fusion conducts business with are subject to regulation by governmental authorities. Achievement of High Fusion's business objectives are contingent, in part, upon compliance with regulatory requirements enacted by these governmental authorities and obtaining all regulatory approvals, where necessary, for the sale of its products. High Fusion may be required to obtain and maintain certain permits, licenses and approvals in the jurisdictions where its products are sold. There can be no assurance that High Fusion will be able to obtain or maintain any necessary licenses, permits or approvals. High Fusion cannot predict the time required to secure all appropriate regulatory approvals for its products and activities, or the extent of testing and documentation that may be required by governmental authorities. Any delays in obtaining, or failure to obtain regulatory approvals would significantly delay the development of markets and products and could have a material adverse effect on the business, results of operations and financial condition of High Fusion.

The formulation, manufacturing, packaging, labeling, handling, distribution, importation, exportation, licensing, sale and storage of the Licensed Operators' products are affected by extensive laws, governmental regulations, administrative determinations, court decisions and similar constraints. Such laws, regulations and other constraints may exist at the federal, provincial or local levels. There is currently no uniform regulation applicable to natural health products worldwide. There can be no assurance that High Fusion or its Licensed Operators will remain in compliance with all of these laws, regulations and other constraints, and changes to such laws, regulations and other constraints may have a material adverse effect on operations. The cost of complying with the legal cannabis industry cannot be known until the regulatory environment is made clear. In addition, special taxes or fees on businesses in the cannabis industry may affect High Fusion's plans to enter the industry. If High Fusion is unable to respond appropriately to these changing federal and state regulations, it may not be successful in capturing significant market share.

Traditional rules of investing may prove to be imperfect in the cannabis industry. For example, while it would be common for investment managers to purchase equity in companies in different States to reach economies of scale and to conduct business across State lines, such an investment thesis may not be feasible in the cannabis industry because of varying State-by-State legislation. Applicable regulations in many States may require advance disclosure of and approval of State regulators to accomplish an investment. As no two regulated markets in the cannabis industry are exactly the same, doing business across State lines

may not be possible or commercially practicable. As a result, High Fusion may be limited to identifying opportunities in individual States, which may have the effect of slowing the growth prospects of High Fusion.

Liability for Actions of Employees, Contractors and Consultants

High Fusion could be liable for fraudulent or illegal activity by its employees, contractors and consultants resulting in significant financial losses to claims against High Fusion.

High Fusion 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 High Fusion that violate: (i) government regulations; (ii) manufacturing standards; (iii) U.S. federal 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 High Fusion to identify and deter misconduct by its employees and other third parties, and the precautions taken by High Fusion to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting High Fusion 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 High Fusion, and they are not successful in defending themselves or asserting its rights, those actions could have a significant impact on its business, including the imposition of civil, criminal and administrative penalties, damages, monetary fines, contractual damages, reputational harm, diminished profits and future earnings, the curtailment of High Fusion's operations or asset seizures, any of which could have a material adverse effect on High Fusion's businesses, financial condition and results of operations.

The Cannabis Industry is a New Industry That May Not Succeed

Should the U.S. federal government change course and decide to prosecute those dealing in medical or adult-use cannabis under applicable law, there may not be any market for High Fusion's products and services. It is a new industry subject to extensive regulation, and there can be no assurance that it will grow, flourish or continue to the extent necessary to permit High Fusion to succeed. High Fusion is treating the cannabis industry as a deregulating industry with significant unsatisfied demand for its proposed products and will adjust its future operations, product mix and market strategy as the industry develops and matures.

Regulatory Scrutiny of High Fusion's Industry May Negatively Impact Its Ability to Raise Additional Capital

High Fusion's business activities rely on newly established and/or developing laws and regulations in the various States in which High Fusion operates. These laws and regulations are rapidly evolving and subject to change with minimal notice. Regulatory changes may adversely affect High Fusion's profitability or cause it to cease operations entirely. The cannabis industry may come under the scrutiny or further scrutiny by the FDA, SEC, the U.S. DOJ, the Financial Industry Regulatory Authority or other federal, State or nongovernmental regulatory authorities or self-regulatory organizations that supervise or regulate the production, distribution, sale or use of cannabis for medical and/or adult-use purposes in the U.S. It is impossible to determine the extent of the impact of any new laws, regulations or initiatives that may be proposed, or whether any proposals will become law. The regulatory uncertainty surrounding High Fusion's industry may adversely affect the business and operations of High Fusion, including without limitation, the costs to remain compliant with applicable laws and the impairment of its ability to raise additional capital, create a public trading market in the U.S. for securities of High Fusion or to find a suitable acquirer, which could reduce, delay or eliminate any return on investment in High Fusion.

High Fusion May be Subject to the Risk of an Inability to Enforce Its Contracts

It is a fundamental principle of law that a contract will not be enforced if it involves a violation of law or public policy. Because cannabis remains illegal at a federal level, judges in multiple States have on a number of occasions refused to enforce contracts for the repayment of money when the loan was used in connection with activities that violate federal law, even if there is no violation of State law. There remains doubt and uncertainty that High Fusion will be able to legally enforce contracts it enters into if necessary. High Fusion cannot be assured that it will have a remedy for breach of contract, which would have a material adverse effect on High Fusion.

High Fusion, its Licensees or Affiliates May be Subject to Certain Legal Constraints In Marketing Their Products

The development of High Fusion's business and operating results may be hindered by applicable restrictions on sales and marketing activities imposed by government regulatory bodies. The regulatory and legal environments in the United States, particularly the existence of federal criminal laws that may prohibit certain marketing of cannabis, limits companies' abilities to compete for market share in a manner similar to other industries. If High Fusion, its licensees or affiliates are unable to effectively market its products and compete for market share, or if the costs of compliance with government legislation and regulation cannot be absorbed through increased selling prices for its products, High Fusion's sales and results of operations could be adversely affected.

General Regulatory, Legal and Business Structure Risks

High Fusion's Multi-Class Structure Will Have the Effect of Concentrating Voting Control and the Ability to Influence Corporate Matters

The holders of High Fusion MVS have 10 votes per High Fusion MVS, whereas the High Fusion SVS have one vote per High Fusion SVS. A higher percentage in respect of the election of directors and would therefore have significant influence over the management and affairs of High Fusion and over all matters requiring approval of the High Fusion Shareholders, including the election of directors and significant corporate transactions. In addition, because of the 10-to-1 voting ratio between the High Fusion MVS and High Fusion SVS, the holders of High Fusion MVS will control a majority of the combined voting power of High Fusion SVS even though the High Fusion MVS will represent a substantially reduced percentage of the total outstanding High Fusion Shares. The concentrated voting control of the holders of High Fusion MVS will limit the ability of the holders of High Fusion SVS to influence corporate matters for the foreseeable future, including the election of directors as well as with respect to High Fusion's decisions to amend its share capital, create and issue additional classes of shares, make significant acquisitions, sell significant assets or parts of its business, merge with other companies and/or undertake other significant transactions. As a result, holders of High Fusion MVS will have the ability to influence or control many matters affecting High Fusion and actions may be taken that the holders of High Fusion SVS may not view as beneficial. The market price of the High Fusion SVS could be adversely affected due to the significant influence and voting power of the holders of High Fusion MVS. Additionally, the significant voting interest of the holders of High Fusion MVS could discourage transactions involving a change of control, including transactions in which an investor, as a holder of the High Fusion SVS, might otherwise receive a premium for the High Fusion SVS over the then-current market price, or discourage competing proposals if a going private transaction is proposed by one or more holders of High Fusion SVS.

Loss of Foreign Private Issuer Status

High Fusion is an FPI as defined in Rule 405 under the U.S. Securities Act, and Rule 3b-4 under the U.S. Exchange Act. If, as of the last business day of High Fusion's second fiscal quarter for any year, more than 50% of High Fusion's outstanding voting securities (as determined under Rule 405 of the U.S. Securities Act) are directly or indirectly held of record by residents of the United States, High Fusion will no longer meet the definition of an FPI, which may have adverse consequences on High Fusion's ability to raise capital in private placements or Canadian prospectus offerings. In addition, the loss of High Fusion's FPI status may result in the requirement to register with the SEC and become a SEC registrant, increased reporting requirements and increased audit, legal and administration costs. These increased costs may significantly affect High Fusion's business, financial condition and results of operations.

The term "foreign private issuer" is defined as any non-U.S. corporation, other than a foreign government, except any issuer meeting the following conditions:

(a) more than 50% of the outstanding voting securities of such issuer are, directly or indirectly, held of record by residents of the United States; and

(b) any one of the following: (i) the majority of the executive officers or directors are United States citizens or residents, or (ii) more than 50% of the assets of the issuer are located in the United States, or (iii) the business of the issuer is administered principally in the United States.

A "holder of record" is defined by Rule 12g5-1 under the U.S. Exchange Act. Generally speaking, the holder identified on the record of security holders is considered as the record holder. In December 2016, the SEC issued a Compliance and Disclosure Interpretation to clarify that issuers with multiple classes of voting stock carrying different voting rights may, for the purposes of calculating compliance with this threshold, examine either (i) the combined voting power of its share classes, or (ii) the number of voting securities, in each case held of record by U.S. residents. Based on this interpretation, each issued and outstanding High Fusion MVS is counted as one voting security and each issued and outstanding High Fusion SVS is counted as one voting security for the purposes of determining the 50% U.S. resident threshold, and High Fusion is a "foreign private issuer". Should the SEC's guidance and interpretation change, High Fusion may lose its FPI status.

High Fusion's Operations in the U.S. Cannabis Market May Become the Subject of Heightened Scrutiny

For the reasons set forth above, High Fusion's existing operations in the U.S., and any future operations or investments, may become the subject of heightened scrutiny by regulators, stock exchanges and other authorities in Canada and the U.S. As a result, High Fusion may be subject to significant direct and indirect interaction with public officials. There can be no assurance that this heightened scrutiny will not in turn lead to the imposition of certain restrictions on High Fusion's ability to operate or invest in the U.S. or any other jurisdiction, in addition to those described herein. Given the heightened risk profile associated with cannabis in the U.S., CDS Clearing and Depository Services Inc. ("**CDS**") may implement procedures or protocols that would prohibit or significantly curtail the ability of CDS to settle trades for cannabis companies that have cannabis businesses or assets in the U.S. On February 8, 2018, following discussions with the Canadian Securities Administrators and recognized Canadian securities exchanges, the TMX Group announced the signing of a Memorandum of Understanding ("**TMX MOU**") with the Neo Exchange Inc., the CSE, the Toronto Stock Exchange, and the TSX Venture Exchange. The TMX MOU outlines the parties' understanding of Canada's regulatory framework applicable to the rules, procedures, and regulatory oversight of the exchanges and CDS as it relates to issuers with cannabis-related activities in the U.S. The TMX MOU confirms, with respect to the clearing of listed securities, that CDS relies on the exchanges to review the conduct of listed issuers. As a result, there is no CDS ban on the clearing of securities of issuers with cannabis-related activities in the U.S. However, there can be no guarantee that this approach to regulation will continue in the future. If such a ban were to be implemented, it would have a material adverse effect on the ability of holders of High Fusion SVS and High Fusion MVS to make and settle trades. In particular, High Fusion SVS and High Fusion MVS would become highly illiquid as until an alternative was implemented, investors would have no ability to effect a trade of High Fusion SVS and High Fusion MVS through the facilities of a stock exchange. In light of the political and regulatory uncertainty surrounding the treatment of U.S. cannabis-related activities, including the rescission of the Cole Memorandum discussed above, on February 8, 2018, the Canadian Securities Administrators revised their previously released Staff Notice setting out their disclosure expectations for specific risks facing issuers with cannabis-related activities in the U.S. The Staff Notice confirms that a disclosure-based approach remains appropriate for issuers with U.S. cannabis-related activities. The Staff Notice includes additional disclosure expectations that apply to all issuers with U.S. cannabis-related activities, including those with direct and indirect involvement in the cultivation and distribution of cannabis, as well as issuers that provide goods and services to third parties involved in the U.S. cannabis industry. High Fusion views the Staff Notice favorably, as it provides increased transparency and greater certainty regarding the views of its exchange and its regulator of existing operations and strategic business plan as well as High Fusion's ability to pursue further investment and opportunities in High Fusion. Government policy changes or public opinion may also result in a significant influence over the regulation of the cannabis industry in Canada, the U.S. or elsewhere. A negative shift in the public's perception of medical and/or adult-use cannabis in the U.S. or any other applicable jurisdiction could affect future legislation or regulation. Among other things, such a shift could cause State jurisdictions to abandon initiatives or proposals to legalize medical and/or adult-use cannabis, thereby limiting the number of new State jurisdictions into which High Fusion

could expand. Any inability to fully implement High Fusion's expansion strategy may result in a material adverse effect on High Fusion's business, financial condition, results of operations or prospects.

High Fusion May be Subject to the Risk of Changes in Canadian Laws or Regulations, or a Failure to Comply with any such Laws and Regulations

High Fusion is subject to laws and regulations enacted by the federal and provincial governments of Canada. In particular, High Fusion will be required to comply with certain Canadian securities law, income tax law and the CSE and other legal and regulatory requirements. Compliance with, and monitoring of, applicable laws and regulations may be difficult, time consuming and costly. Those laws and regulations and their interpretation and application also may change from time to time and those changes could have a material adverse effect on High Fusion's business, investments and results of operations. In addition, a failure to comply with applicable laws or regulations, as interpreted and applied, could result in a material adverse effect on High Fusion's business, financial condition, results of operations or prospects.

Holding Company

As a holding company with no material assets other than the stock of High Fusion's operating subsidiaries and intellectual property, nearly all of High Fusion's funds generated from operations are generated by High Fusion's operating subsidiaries. High Fusion's subsidiaries are subject to requirements of various regulatory bodies, both domestically and internationally. Accordingly, if High Fusion's operating subsidiaries are unable, due to regulatory restrictions or otherwise, to pay High Fusion's dividends and make other payments to High Fusion when needed, High Fusion may be unable to satisfy High Fusion's obligations when they arise.

Risks Related to Conflicts of Interest

High Fusion engages in the business of identifying and combining with one or more businesses. High Fusion's officers and directors may now be, or may in the future become, affiliated with entities that are engaged in a similar business. High Fusion's officers and directors also may become aware of business opportunities which may be appropriate for presentation to High Fusion and the other entities to which it owes duties. In the course of its other business activities, High Fusion's officers and directors may owe similar or other duties, and may have obligations, to other entities or pursuant to other outside business arrangements, including seeking and presenting investment and business opportunities. Accordingly, they may have conflicts of interest in determining to which entity a particular business opportunity should be presented. These conflicts may not be resolved in High Fusion's favor, as High Fusion's officers and directors are not required to present investment and business opportunities to High Fusion in priority to other entities with which they are affiliated or to which they owe duties.

High Fusion has not adopted a policy that expressly prohibits its directors, officers, security holders, affiliates or associates from having a direct or indirect financial interest in any investment to be acquired or disposed of by High Fusion or in any transaction to which it is a party or has an interest. In fact, even though it is not High Fusion's current intentions to do so, they may enter into a transaction with a target business that is affiliated with High Fusion's directors or officers.

High Fusion is Subject to the Costs of Being a Public Company

As a public issuer, High Fusion is subject to the reporting requirements and rules and regulations under the applicable Canadian securities laws and rules of any stock exchange on which High Fusion's securities may be listed from time to time. Additional or new regulatory requirements may be adopted in the future. The requirements of existing and potential future rules and regulations will increase High Fusion's legal, accounting and financial compliance costs, make some activities more difficult, time-consuming or costly and may also place undue strain on its personnel, systems and resources, which could adversely affect its business and financial condition.

Certain Remedies May Be Limited to High Fusion Shareholders

Pursuant to its governing documents, High Fusion and High Fusion Shareholders may be prevented from recovering damages for alleged errors or omissions made by the members of the Board. High Fusion's governing documents also provide that High Fusion will, to the fullest extent permitted by law, indemnify members of the Board and its officers for certain liabilities incurred by them by virtue of their acts on behalf of High Fusion.

High Fusion May Have Difficulty Enforcing Judgments and Effecting Service of Process on Directors and Officers and Principals of the Licensed Operators

Certain directors and officers of High Fusion reside outside of Canada. Most or all of the assets of such persons may be located outside of Canada. Therefore, it may not be possible for High Fusion Shareholders to collect or to enforce judgments obtained in Canadian courts predicated upon the civil liability provisions of applicable Canadian securities laws against such persons. Moreover, it may not be possible for the High Fusion Shareholders to effect service of process within Canada upon such persons.

Risks Related to the Business of High Fusion and the Industry in Which it Operates

Limited Operating History

High Fusion has a limited history of operations and is in the early stage of development. As such, High Fusion is subject to many risks common to such enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources, and lack of revenues. There is no assurance that High Fusion will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of its early stage of operations. High Fusion has no history of earnings. Because High Fusion has a limited operating history in emerging area of business, you should consider and evaluate its operating prospects in light of the risks and uncertainties frequently encountered by early-stage companies in rapidly evolving markets. These risks may include:

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

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

Reliance on Securing Agreements with Licensed Operators

The regulatory framework in some U.S. states restricts High Fusion from obtaining a license to grow, store and sell marijuana products. As such, in those U.S. states High Fusion relies on securing agreements with Licensed Operators in the targeted jurisdictions that have been able to obtain a license with the appropriate regulatory authorities. Failure of Licensed Operators to comply with the requirements of their license or any failure to maintain their license would have a material adverse impact on the business, financial condition and operating results of High Fusion. Should the regulatory authorities not grant a license or grant a license on different terms unfavorable to the Licensed Operators, and should High Fusion be unable to secure alternative Licensed Operators, the business, financial condition and results of the operation of High Fusion would be materially adversely affected.

If the U.S. federal government changes its approach to the enforcement of laws relating to cannabis, High Fusion would need to seek to replace those tenants with non-cannabis tenants, who would likely pay lower rents. It is likely that High Fusion would realize an economic loss on its capital acquisitions and improvements made to its capital assets specific to the cannabis industry, and High Fusion would likely lose all or substantially all of its investments in the markets affected by such regulatory changes.

Epidemic Diseases, Such As Recent Outbreak Of The Covid-19 Illness

A public health epidemic, including COVID-19, poses the risk that High Fusion, its employees, contractors, suppliers and partners may be prevented from conducting business activities for an indefinite period of time due to shutdowns that are either self-imposed or mandated by the governmental authorities. Specifically, the COVID-19 outbreak may have an adverse impact on global economic conditions which could have an adverse effect on High Fusion's business and financial condition. The extent, to which the COVID-19 outbreak impacts High Fusion's financial results, will depend on future developments that are currently uncertain and cannot be predicted.

High Fusion Currently Has Insurance Coverage; However, Because High Fusion Operates Within the Cannabis Industry, There Are Additional Difficulties and Complexities Associated with Such Insurance Coverage

High Fusion believes that it and its subsidiaries currently have insurance coverage with respect to directors and officers, workers' compensation, general liability, fire and other similar policies customarily obtained for businesses to the extent commercially appropriate; however, because High Fusion is engaged in and operates within the cannabis industry, there are exclusions and additional difficulties and complexities associated with such insurance coverage that could cause High Fusion to suffer uninsured losses, which could adversely affect High Fusion's business, results of operations, and profitability. There is no assurance that High Fusion will be able to fully utilize such insurance coverage, if necessary.

Proposed Acquisitions and Dispositions

The proposed acquisitions and dispositions are subject to certain conditions, many of which are outside of the control of High Fusion and there can be no assurance that they will be completed, on a timely basis or at all. As a consequence, there is a risk that one or more of the proposed acquisitions or dispositions will not close in a timely fashion or at all. If one or more of the proposed acquisitions or dispositions is not completed for any reason, the ongoing business of High Fusion may be adversely affected and, without realizing any of the benefits of having completed such transactions, High Fusion will be subject to a number of risks, including, without limitation, High Fusion may experience negative reactions from the financial markets, including negative impacts on High Fusion's stock price, in the case of a proposed acquisition, High Fusion will need to find an alternative use of any proceeds earmarked for such proposed acquisitions, in the case of a proposed disposition, High Fusion will not receive the anticipated proceeds of such disposition and accordingly may not be able to execute on other business opportunities for which such proceeds have been earmarked, and matters relating to the proposed acquisitions and dispositions will

require substantial commitments of time and resources by management of High Fusion which would otherwise have been devoted to day-to-day operations and other opportunities that may have been beneficial to High Fusion. If one or more of the proposed acquisitions or dispositions are not completed, the risks described above may materialize and they may adversely affect the business, results of operations, financial condition and prospects and stock price of High Fusion.

High Fusion is Dependent on Intellectual Property, and Failure to Protect the Rights to Use That Intellectual Property Could Adversely High Fusion's Future Growth and Success

As long as cannabis remains illegal under U.S. federal law as a Schedule I controlled substance pursuant to the CSA, the benefit of certain federal laws and protections which may be available to most businesses, such as federal trademark and patent protection regarding the intellectual property of a business, may not be available. As a result, intellectual property of High Fusion's U.S. investments may never be adequately or sufficiently protected against the use or misappropriation by third parties. In addition, since the regulatory framework of the cannabis industry is in a constant state of flux, High Fusion can provide no assurance that the businesses in which it invests will ever obtain any protection of its intellectual property, whether on a federal, state or local level.

High Fusion's failure to protect its existing intellectual property rights may result in the loss of exclusivity or the right to use the brands and technologies to which High Fusion has acquired or internally developed. If High Fusion does not adequately ensure the freedom to use this intellectual property High Fusion may be subject to damages for infringement or misappropriation, and/or be enjoined from using such intellectual property. In addition, it may be difficult for High Fusion to enforce certain of its intellectual property rights against third parties who may have inappropriately acquired interests in High Fusion's intellectual property rights by filing unauthorized trademark applications in foreign countries to register High Fusion's marks because of their familiarity with High Fusion's business in the United States. Any potential intellectual property litigation could result in significant expense to High Fusion, adversely affect the development of sales of the challenged product or intellectual property and divert the efforts of High Fusion's technical and management personnel, whether or not such litigation is resolved in the favor of High Fusion. In the event of an adverse outcome in any such litigation, High Fusion may, among other things, be required to: pay substantial damages; cease the development, manufacture, use, sale or importation of products that infringe upon other patented intellectual property; expend significant resources to develop or acquire non-infringing intellectual property; discontinue processes incorporating infringing technology; or obtain licenses to the infringing intellectual property.

Reliance on Third-Party Suppliers, Manufacturers and Contractors

High Fusion intends to maintain a full supply chain for the provision of products and services to the regulated cannabis industry. Due to the uncertain regulatory landscape for regulating cannabis in Canada and U.S., High Fusion's third-party suppliers, manufacturers and contractors may elect, at any time, to decline or withdraw services necessary for High Fusion's operations. Loss of these suppliers, manufacturers and contractors may have a material adverse effect on High Fusion's business and operational results. Such third parties may include but not limited to: suppliers, contractors, business service providers, financial service providers, depository and clearing service providers.

It is a fundamental principle of law that a contract will not be enforced if it involves a violation of law or public policy. Because cannabis remains illegal at a federal level, judges may refuse to enforce contracts in connection with activities that violate federal law, even if there is no violation of state law. There remains doubt and uncertainty that High Fusion will be able to legally enforce contracts it enters into if necessary. High Fusion cannot be assured that it will have a remedy for breach of contract, the lack of which may have a material adverse effect on High Fusion's business, revenues, operating results, financial condition or prospects.

Product Liability, Operational Risk

As a licensing company (in the case of High Fusion) and a manufacturer and distributor of products (in the case of Licensed Operators and High Fusion) designed to be ingested by humans, the Licensed Operators and High Fusion face an inherent risk of exposure to product liability claims, regulatory action and litigation if its products are alleged to have caused significant loss or injury. In addition, the manufacture and sale of cannabis-infused products based on High Fusion's recipes and brands involve the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. Previously unknown adverse reactions resulting from human consumption of High Fusion's and the Licensed Operator's products alone or in combination with other medications or substances could occur.

Product Recalls

Manufacturers and distributors of products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labeling disclosure. If any of the products developed by High Fusion and sold by Licensed Operators are recalled due to an alleged product defect or for any other reason, High Fusion could be required to incur the unexpected expense relating to the recall and any legal proceedings that might arise in connection with the recall. In addition, a product recall may require significant management attention and could harm the image of the brand and High Fusion.

Uninsurable Risks

Medical and adult-use cannabis businesses are subject to several risks that could result in damage to or destruction of properties or facilities or cause personal injury or death, environmental damage, delays in production and monetary losses and possible legal liability. It is not always possible to fully insure against such risks, and High Fusion may decide not to take out insurance against such risks due to the high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the securities of High Fusion.

The Market Price Of Securities Is Volatile And May Not Accurately Reflect The Long-Term Value Of High Fusion

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

Financial markets historically at times experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of companies and that have often been unrelated to the operating performance, underlying asset values or prospects of such companies. Accordingly, the market price of the High Fusion SVS may decline even if High Fusion's investment results, underlying asset values or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in investment values that are deemed to be other than temporary, which may result in impairment losses. There can be no assurance that continuing fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil continue, High Fusion's operations could be adversely impacted, and the trading price of the High Fusion SVS may be materially adversely affected.

Additional Financing

High Fusion may need to raise significant additional funds in order to support its growth, develop new or enhanced services and products, respond to competitive pressures, acquire or invest in complementary or competitive businesses or technologies, or take advantage of unanticipated opportunities. If its financial resources are insufficient, it will require additional financing in order to meet its plans for expansion. There is no certainty that additional financing, if needed, will be available on acceptable terms, or at all.

Access to public and private capital and financing continues to be negatively impacted by the federal illegality of cannabis in the United States. Although High Fusion has had success raising public and private capital in the past, High Fusion's ability to obtain debt and/or equity financing in the future on favorable terms or obtain any financing at all cannot be guaranteed.

Furthermore, any debt financing, if available, may involve restrictive covenants and granting of security against assets of High Fusion, which may limit its operating flexibility with respect to business matters as well as may make it more difficult for High Fusion to obtain additional capital. High Fusion will require additional financing to fund its operations until anticipated positive cash flow is achieved.

If additional funds are raised through the issuance of equity securities, the percentage ownership of existing shareholders will be reduced, such shareholders may experience additional dilution in net book value, and such equity securities may have rights, preferences or privileges senior to those of its existing shareholders.

Risks Affecting The Real Estate Industry

High Fusion is subject to risks generally associated with the ownership of real estate, including: (a) changes in general economic or local conditions; (b) changes in supply of, or demand for, similar or competing properties in the area; (c) bankruptcies, financial difficulties or defaults by tenants or other parties (including Licensed Operators); (d) increases in operating costs, such as taxes and insurance; (e) the inability to achieve full stabilized occupancy at rental rates adequate to produce targeted returns; (f) periods of high interest rates and tight money supply; (g) excess supply of rental properties in the market area; (h) liability for uninsured losses resulting from natural disasters or other perils; (i) liability for environmental hazards; and (j) changes in tax, real estate, environmental, zoning or other laws or regulations. There is no assurance that High Fusion's investments will yield an economic profit.

Weakness in regional and national economies could materially and adversely impact the Licensed Operators leasing the real estate properties that High Fusion's may acquire in the future. If the Licensed Operators suffer a business disruption, High Fusion may not be able to collect the rents from those parties may be limited, and the recourse available to High Fusion can be limited. As such, this may hinder High Fusion's ability to service its financial obligations, and in some cases, may lead to complete loss of High Fusion's assets if its lenders were to foreclose.

High Fusion May Be Vulnerable to Unfavorable Publicity or Consumer Perception

High Fusion believes the cannabis industry is highly dependent upon consumer perception regarding the safety, efficacy and quality of the cannabis produced. Consumer perception can be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of cannabis products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favorable to the cannabis market or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favorable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for cannabis and on the business, results of operations, financial condition and cash flows of High Fusion.

Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of cannabis in general, or associating the consumption of cannabis with illness or other negative effects or events, could have such a material adverse effect. Such adverse publicity reports or other media attention could arise hindering market growth and state adoption due to inconsistent public opinion and perception of the medical-use and adult-use cannabis industry. Public opinion and support for medical and adult-use cannabis has traditionally been inconsistent and varies from jurisdiction to jurisdiction. While public opinion and support appears to be rising for legalizing medical and adult-use cannabis, it remains a controversial issue subject to differing opinions surrounding the level of legalization (for example, medical cannabis as opposed to legalization in general).

Illegal Drug Dealers Could Pose Threats

Currently, there are many drug dealers and cartels that cultivate, buy, sell and trade marijuana in the United States, Canada and worldwide. Many of these dealers and cartels are violent and dangerous, well financed and well organized. It is possible that these dealers and cartels could feel threatened by legalized cannabis businesses such as those with whom High Fusion does business and could take action against or threaten High Fusion, its principals, employees and/or agents and this could negatively impact High Fusion and its business.

Reliance on Management, Board and Other Members of the Leadership Team

High Fusion's operations are dependent upon a relatively small group of individuals and, in particular, its officers and directors. High Fusion believes that its success will depend on the continued service of its officers and directors. In addition, High Fusion's officers and directors are not required to commit any specified amount of time to High Fusion's affairs and, accordingly, may have conflicts of interest in allocating management time among various business activities, including identifying potential acquisitions and monitoring the related due diligence. The success of High Fusion is dependent upon the ability, expertise, judgment, discretion and good faith of its senior management. While employment agreements or management agreements are customarily used as a primary method of retaining the services of key employees, these agreements cannot assure the continued services of such employees. Any loss of the services of such individuals could have a material adverse effect on High Fusion's business, operating results, financial condition or prospects. High Fusion does not have key-man insurance on the life of any of its directors or officers. The unexpected loss of the services of one or more of its directors or officers could have a detrimental effect on High Fusion, its operations and its ability to make acquisitions.

Factors Which May Prevent Realization of Growth Targets

High Fusion is currently in the early development stage. There is a risk that additional resources will be needed, and milestones will not be achieved on time, on budget, or at all, as they can be adversely affected by a variety of factors, including some that are discussed elsewhere in these risk factors and the following as it relates to High Fusion and its Licensed Operators:

- delays in obtaining, or conditions imposed by, regulatory approvals;
- facility design errors;
- environmental pollution;
- non-performance by third party contractors;
- increases in materials or labour costs;
- construction performance falling below expected levels of output or efficiency;
- breakdown, aging or failure of equipment or processes;
- contractor or operator errors;
- labour disputes, disruptions or declines in productivity;

- inability to attract sufficient numbers of qualified workers;
- disruption in the supply of energy and utilities; and
- major incidents and/or catastrophic events such as fires, explosions, earthquakes or storms.

Risks Associated With Increasing Competition

The cannabis industry is highly competitive. High Fusion will compete with numerous other businesses in the medicinal and adult use industry, many of which possess greater financial and marketing resources and other resources than High Fusion. The marijuana business is often affected by changes in consumer tastes and discretionary spending patterns, national and regional economic conditions, demographic trends, consumer confidence in the economy, traffic patterns, local competitive factors, cost and availability of raw material and labour, and governmental regulations. Any change in these factors could materially and adversely affect High Fusion's operations.

High Fusion expects to face additional competition from new entrants. If the number of legal users of marijuana in its target jurisdiction increases, the demand for products will increase and High Fusion expects that competition will become more intense, as current and future competitors begin to offer an increasing number of diversified products.

Management of Growth

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

Dividends

High Fusion has no earnings or dividend record and does not anticipate paying any dividends on the High Fusion SVS or High Fusion MVS in the foreseeable future. Dividends paid by High Fusion would be subject to tax and, potentially, withholdings.

High Fusion May Be Subject to Market Price Volatility Risks

The market price of the High Fusion SVS may be subject to wide fluctuations in response to many factors, including variations in the operating results of High Fusion, divergence in financial results from analysts' expectations, changes in earnings estimates by stock market analysts, changes in the business prospects for High Fusion, general economic conditions, legislative changes, and other events and factors outside of High Fusion's control. In addition, stock markets have from time to time experienced extreme price and volume fluctuations, which, as well as general economic and political conditions, could adversely affect the market price for the High Fusion SVS.

There is a Limited Market for the High Fusion SVS

Notwithstanding that the High Fusion SVS are listed on the CSE (and excluding the High Fusion MVS which are not listed securities), there can be no assurance that an active and liquid market for such High Fusion SVS will develop or be maintained and High Fusion Shareholders may find it difficult to resell any securities of High Fusion.

High Fusion May Be Subject to the Risks Posed by Sales by Existing Shareholders

Sales of a substantial number of High Fusion SVS (and excluding the High Fusion MVS which are not listed securities) in the public market could occur at any time by existing holders of such High Fusion SVS. These sales, or the market perception that the holders of a large number of High Fusion SVS intend to sell High Fusion SVS, could reduce the market price of the High Fusion SVS. If this occurs and continues, it could impair High Fusion's ability to raise additional capital through the sale of securities.

Currency Exchange Rates

Exchange rate fluctuations may adversely affect High Fusion's financial position and results. It is anticipated that a significant portion of High Fusion's business will be conducted in the United States using U.S. Dollars. High Fusion's financial results are reported in Canadian Dollars and costs are incurred primarily in U.S. Dollars. The depreciation of the Canadian Dollar against the U.S. Dollar could increase the actual capital and operating costs of High Fusion's U.S. operations and materially adversely affect the results presented in High Fusion's financial statements.

High Fusion Has Limited Control Over the Operations And Activities of the Licensed Operators

In certain instances, High Fusion has limited control under the license or management services agreements over the operations and activities of the Licensed Operators that it does not control or have a significant influence over. Since the income of High Fusion will be highly dependent upon the activities and operations of the Licensed Operators and any other agreement with such Licensed Operators, any substantial alteration of the Licensed Operators' business, operations, or production could adversely affect the income of High Fusion.

Default by the Licensed Operators Under the Agreements With High Fusion Could Have a Material Impact on High Fusion

High Fusion expects to enter into various transactions with the Licensed Operators in addition to licensing agreements, including loans, advisory agreements, management service agreements, joint venture agreements and equity investments in Licensed Operators. Default by the Licensed Operators under these agreements could substantially reduce expected fee income, and in the case of defaulted loans or equity investments in failing Licensed Operators, a decrease in assets of High Fusion that could materially affect the financial results of High Fusion.

Scientific Research Related to the Benefits of Marijuana Remains in Early Stages is Subject to a Number of Important Assumptions and May Prove to be Inaccurate

Research in Canada, the United States and internationally regarding the medical benefits, viability, safety, efficacy and dosing of cannabis or isolated cannabinoids remains in early stages. To High Fusion's knowledge, there have been relatively few clinical trials on the benefits of cannabis or isolated cannabinoids. Any statements concerning the potential medical benefits of cannabinoids are based on published articles and reports. As a result, any statements made herein are subject to the experimental parameters, qualifications, assumptions and limitations in the studies that have been completed.

Although High Fusion believes that the articles and reports, and details of research studies and clinical trials that are publicly available reasonably support its beliefs regarding the medical benefits, viability, safety, efficacy and dosing of cannabis, future research and clinical trials may prove such statements to be incorrect or could raise concerns regarding and perceptions relating to cannabis. Given these risks, uncertainties and assumptions, investors 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 document or reach negative conclusions regarding the viability, safety, efficacy, dosing, social acceptance or other facts and perceptions related to medical cannabis, which could materially impact High Fusion.

Negative Publicity or Consumer Perception May Affect the Success of High Fusion's Business

The success of the marijuana industry may be significantly influenced by the public's perception of marijuana. Both the medical and recreational use of marijuana are controversial topics, and there is no guarantee that future scientific research, publicity, regulations, medical opinion and public opinion relating to marijuana will be favourable. The marijuana industry is an early-stage business that is constantly evolving with no guarantee of viability. The market for medical and recreational marijuana is uncertain, and any adverse or negative publicity, scientific research, limiting regulations, medical opinion and public opinion (whether or not accurate or with merit) relating to the consumption of marijuana, whether in Canada, the United States or elsewhere, may have a material adverse effect on High Fusion's operational results, consumer base and financial results. Among other things, such a shift in public opinion could cause state jurisdictions to abandon initiatives or proposals to legalize medical cannabis, thereby limiting the number of new state jurisdictions into which High Fusion could identify potential acquisition opportunities.

Certain Events or Developments in the Cannabis Industry More Generally May Impact High Fusion's Reputation

Damage to High Fusion'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. Cannabis has often been associated with various other narcotics, violence and criminal activities, the risk of which is that High Fusion's business might attract negative publicity. There is also risk that the action(s) of other participants, companies and service providers in the cannabis industry may negatively affect the reputation of the industry as a whole and thereby negatively impact the reputation of High Fusion. 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 in regard to High Fusion and its activities, whether true or not and the cannabis industry in general, whether true or not. High Fusion does not ultimately have direct control over how it or the cannabis industry is perceived by others. Reputation loss may result in decreased investor confidence, increased challenges in developing and maintaining community relations and an impediment to High Fusion's overall ability to advance its business strategy and realize on its growth prospects, thereby having a material adverse impact on High Fusion.

Negative Cash Flow

High Fusion has not generated positive cash flows from operating activities. As a result of High Fusion's negative cash flow from operating activities, High Fusion continues to rely on the issuance of securities or other sources of financing to generate the funds required to fund its business. High Fusion may continue to have negative operating cash flow for the foreseeable future.

Service Providers Could Suspend or Withdraw Service to High Fusion

As a result of any adverse change to the approach in enforcement of United States cannabis laws, adverse regulatory or political change, additional scrutiny by regulatory authorities, adverse change in public perception in respect of the consumption of marijuana or otherwise, third-party service providers to High Fusion could suspend or withdraw their services, which may have a material adverse effect on High Fusion's business, revenues, operating results, financial condition or prospects.

High Fusion May be Subject to the Risk of Litigation

High Fusion may become party to litigation from time to time in the ordinary course of business which could adversely affect its business. Should any litigation in which High Fusion becomes involved be determined against High Fusion, such a decision could adversely affect High Fusion's ability to continue operating and the market price for the High Fusion SVS. Even if High Fusion is involved in litigation and wins, litigation can redirect significant company resources.

High Fusion May be Subject to Risks Related to Security Breaches

Given the nature of High Fusion's product and its lack of legal availability outside of channels approved by the Government of the United States, as well as the concentration of inventory in its facilities, despite meeting or exceeding all legislative security requirements, there remains a risk of shrinkage as well as theft. A security breach at one of High Fusion's facilities could expose High Fusion to additional liability and to potentially costly litigation, increase expenses relating to the resolution and future prevention of these breaches and may deter potential patients from choosing High Fusion's products.

In addition, High Fusion collects and stores personal information about its patients and is responsible for protecting that information from privacy breaches. A privacy breach may occur through procedural or process failure, information technology malfunction, or deliberate unauthorized intrusions. Theft of data for competitive purposes, particularly patient lists and preferences, is an ongoing risk whether perpetrated via employee collusion or negligence or through deliberate cyber-attack. Any such theft or privacy breach would have a material adverse effect on High Fusion's business, financial condition and results of operations or prospects.

High Fusion May Be Subject to the Risks of Leverage

High Fusion anticipates utilizing leverage in connection with High Fusion's investments in the form of secured or unsecured indebtedness. Although High Fusion will seek to use leverage in a manner it believes is prudent, such leverage will increase the exposure of an investment to adverse economic factors such as downturns in the economy or deterioration in the condition of the investment. If High Fusion defaults on secured indebtedness, the lender may foreclose and High Fusion could lose its entire investment in the security of such loan. If High Fusion defaults on unsecured indebtedness, the terms of the loan may require High Fusion to repay the principal amount of the loan and any interest accrued thereon in addition to heavy penalties that may be imposed. Because High Fusion may engage in financings where several investments are cross-collateralized, multiple investments may be subject to the risk of loss. As a result, High Fusion could lose its interest in performing investments in the event such investments are cross- collateralized with poorly performing or nonperforming investments.

In addition to leveraging High Fusion's investments, High Fusion may borrow funds in its own name for various purposes and may withhold or apply from distributions amounts necessary to repay such borrowings. The interest expense and such other costs incurred in connection with such borrowings may not be recovered by income from investments purchased by High Fusion. If investments fail to cover the cost of such borrowings, the value of the investments held by High Fusion would decrease faster than if there had been no such borrowings. Additionally, if the investments fail to perform to expectation, the interests of investors in High Fusion could be subordinated to such leverage, which will compound any such adverse consequences.

Reliance on Management Services Agreement Could Adversely Affect Prospects and Results

High Fusion provides administrative, consulting, and operations services to DW27 and SDI, pursuant to the DW27 MSA and SDI MSA governed by the State of California law. High Fusion's key source of revenue is dependent on the continuing validity and enforceability of such service agreements. If such agreements are found to be invalid or unenforceable or is terminated by the counterparty, this could have a material

adverse effect on the business, prospects, financial condition, and operating results. If ultimate approval of license transfers is not able to be obtained, this could have a material adverse effect on High Fusion.

High Fusion And the Licensed Operators that it Conducts Business With May Be Vulnerable to Attacks on Privacy Systems, Cyber-Attacks and Security of Sensitive Information

High Fusion's operations depend, in part, on how well it and its suppliers 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. High Fusion's operations 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. Throughout High Fusion's operations, High Fusion receives, retains and transmits certain confidential information, including personally identifiable information that High Fusion's customers provide to purchase products or services, interact with High Fusion's personnel, or otherwise communicate with High Fusion.

A privacy breach may occur through procedural or process failure, IT malfunction, or deliberate unauthorized intrusions. Theft of data for competitive purposes, particularly customer lists and preferences, is an ongoing risk whether perpetrated via employee collusion or negligence or through deliberate cyber-attack. Any such theft or privacy breach would have a material adverse effect on High Fusion's business, financial condition and results of operations. High Fusion has not experienced any material losses to date relating to cyber-attacks or other information security breaches, but there can be no assurance that High Fusion will not incur such losses in the future.

The theft, destruction, loss, misappropriation, or release of sensitive and/or confidential information or intellectual property or interference with High Fusion's IT systems or the technology systems of third parties on which we rely, could result in business disruption, negative publicity, brand damage, loss of employee confidence, violation of privacy laws, loss of customers, potential liability and competitive disadvantage. High Fusion'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 is designed to protect systems, computers, software, data and networks from attack, damage or unauthorized access is a priority. As cyber threats continue to evolve, High Fusion may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any security vulnerabilities.

PROMOTERS

No person or company has been within the two years immediately preceding the date of this Circular, a promoter of High Fusion.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Legal Proceedings

Other than as set out below, High Fusion is not, and has not been since the beginning of the most recently completed financial year on August 1, 2021 a party to any legal proceedings, nor is it aware of any legal proceedings to which any of its properties or assets is the subject matter, and it is not aware of any such proceedings known to be contemplated.

Pasa Verde Equipment Lease

On May 21, 2021 a legal action was filed against Pasa Verde LLC ("**Pasa Verde**"), a wholly owned subsidiary of High Fusion, as well as the former owners of Pasa Verde in the Superior Court of California ("**LLI Action**") by Leasing Innovations Incorporated for US$336,008, representing US$435,849 in past due rent, US$22,692 in late fees; US$59,467 in interest minus US$200,000 from the sale of equipment.

On September 2, 2021, a cross complaint was filed against High Fusion claiming breach of its indemnification of the former owner of Pasa Verde ("**Pasa Verde Cross Action**"). As of the date hereof, each of LLI Action and Pasa Verde Cross Action remain ongoing.

East Hill Action

In connection with the OutCo Acquisition, High Fusion has assumed various obligations of OutCo including the East Hill Note, in exchange for ownership of the Willits Property. On July 29, 2022, a legal action was filed against OutCo and its subsidiaries, High Fusion and a number of its subsidiaries and officers in the Superior Court of California by East Hill Financial Inc. ("**East Hill Action**"), which pertains to the assumption of the East Hill Note in connection with the OutCo Acquisition.

The complaint for damages includes: breach of contract for not honouring the terms of the assumption of the East Hill Properties business, fraud for not paying the sums borrowed by East Hill Properties, not operating East Hill Wellness in a way to maintain its operations and representing that payments would be made. The legal action includes an injunction against sale and foreclosure of the Willits Property. The defendant parties who are associated with High Fusion under the East Hill Action have not been served and High Fusion is currently in settlement discussions with East Hill Financial Corp.

Assumed Liability Associated With The OutCo Litigation

As part of the acquisition of the assets of OutCo, High Fusion has assumed various obligations of OutCo including a secured promissory note due from OutCo to Elan Capital Inc. which was in litigation. Upon closing of the OutCo Acquisition, High Fusion entered into a conditional settlement and general release with Elan Capital dated August 31, 2021. Under the conditional settlement and general release High Fusion has assumed the obligations due to Elan Capital Inc. which also provides for the repayment of the obligation in the form of cannabis product. The conditions of settlement and release of security are the full repayment of US$300,000 on or before March 1, 2022 and the ongoing payment of $2,800 per month.

As of the date of this Circular, High Fusion has made cash and product repayments of US$114,176.90 which have reduced the principal balance due to Elan Capital to US$212,000. High Fusion is in discussions to settle the obligation to Elan Capital.

Regulatory actions

Other than the cease trade orders disclosed in the Circular, there are no: (a) penalties or sanctions imposed against High Fusion by a court relating to any provincial and territorial securities legislation or by a securities regulatory authority within the three years immediately preceding the date of this Circular; (b) other penalties or sanctions imposed by a court or regulatory body against High Fusion necessary for this Circular to contain full, true and plain disclosure of material facts relating to High Fusion; or (c) settlement agreements High Fusion entered into before a court relating provincial and territorial securities legislation or with a securities regulatory authority within the three years immediately preceding the date of this Circular.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

See section titled "*Interests of Management and Others in Material Transactions*" of the Circular.

AUDITORS, TRANSFER AGENTS AND REGISTRARS

Auditors

High Fusion's auditors are BF Borgers CPA PC, Certified Public Accountants located at 5400 W Cedar Ave, Lakewood, CO 80226.

Transfer Agents and Registrars

The transfer agent and registrar of High Fusion is Odyssey Trust Company located at 702, 67 Yonge Street, Toronto, ON, M5E 1J8.

INTEREST OF EXPERTS

Each of BF Borgers CPA PC, Certified Public Accountants and Harbourside CPA LLP, current and former auditors of High Fusion are independent of High Fusion within the meaning of the Code of Professional Conduct of the Chartered Professional Accountants of Ontario.

No person or corporation whose profession or business gives authority to a statement made by the person or corporation and who is named as having prepared or certified a part of this Circular or as having prepared or certified a report or valuation described or included in this Circular holds any beneficial interest, direct or indirect, in any securities or property of High Fusion or of an Associate or Affiliate of High Fusion and no such person is expected to be elected, appointed or employed as a director, senior officer or employee of High Fusion or of an Associate or Affiliate of High Fusion and no such person is a promoter of High Fusion or an Associate or Affiliate of High Fusion.

OTHER MATERIAL FACTS

Other than as set out elsewhere in this Circular, there are no other material facts about High Fusion or its respective securities which are necessary in order for this Circular to contain full, true and plain disclosure of all material facts relating to High Fusion and its respective securities.

MATERIAL CONTRACTS

Other than the contracts entered into in the ordinary course of business, High Fusion has the following material contracts as follows:

- OutCo Acquisition Agreement;
- DW27 MSA and related DCC and San Diego County licenses;
- SDI MSA and related DCC and San Diego County licenses;
- Arrangement Agreement; and
- MJD Licensing Agreement.

The material contracts described above are described elsewhere in this Circular and are also available on SEDAR at www.sedar.com.

SCHEDULE "U"
INFORMATION CONCERNING NEURAL THERAPEUTICS INC.

SCHEDULE U
INFORMATION CONCERNING NEURAL THERAPEUTICS INC.

NOTICE TO READER AND BASIS OF PRESENTATION

All capitalized terms used in this Schedule but not otherwise defined herein have the meanings set forth in the "Glossary of Terms" in the Circular. No securities regulatory authority has expressed an opinion about the Plan of Arrangement or the Neural Shares to be issued pursuant to the Plan of Arrangement and it is an offense to claim otherwise. An investment in Neural or High Fusion should be considered highly speculative due to the nature of their activities and the present stage of their development. See Section titled "*Risk Factors*".

The following information is presented on a post-Plan of Arrangement basis and is reflective of the proposed business, financial and share capital position of Neural. Unless otherwise indicated, all currency amounts are stated in Canadian dollars. The following information is a summary of the business and affairs of Neural and should be read together with the more detailed information including High Fusion's audited annual financial statements for the year ended July 31, 2022 and the associated MD&A, Neural Financials and MD&A, the High Fusion Pro-Forma Financials and the Arrangement Agreement contained elsewhere in the Circular. In this Schedule, dollar amounts are expressed in Canadian dollars unless otherwise stated.

On January 28, 2022, Neural completed the PSC Consolidation of all issued and outstanding Neural Shares, on a 1 post-consolidation Neural Share for every 5.831 pre-consolidation Neural Shares basis, which resulted in there being 23,583,334 Neural Shares issued and outstanding post-consolidation basis. All references in this document to Neural Shares, securities exercisable into Neural Shares and the exercise prices for those securities are on a post-PSC Consolidation basis.

CAUTIONARY NOTE ABOUT FORWARD-LOOKING STATEMENTS

This document includes "forward-looking information" and "forward-looking statements" within the meaning of Canadian securities laws. All statements, other than statements of historical fact, made by Neural that address activities, events or developments that Neural expects or anticipates will or may occur in the future are forward-looking statements, including statements preceded by, followed by or that include words such as "may", "will", "would", "could", "should", "believes", "estimates", "projects", "potential" "potentially", "expects", "plans", "intends", "anticipates", "targeted", "continues", "forecasts", "designed", "goal", or the negative of those words or other similar or comparable words. Forward-looking statements may relate to future financial conditions, results of operations, plans, objectives, performance or business developments. These statements speak only as at the date they are made and are based on information currently available and on management's current expectations and assumptions concerning Neural's future events, financial conditions, results of operations, plans, objectives, performance, business developments, objectives or milestones. Actual results and developments may differ materially from those contemplated by these statements. Forward-looking statements in this document include statements related to, the business and future activities of Neural, and developments related to, Neural after the date of this document, including but not limited to, statements relating to future business strategy, competitive strengths, goals, expansion and growth of Neural's business, operations and plans, including potential new revenue streams, the completion of contemplated research and development projects by Neural, changes in laws or regulatory requirements, the impact of the COVID-19 pandemic, the business objectives of Neural and its research and development activities, the acceptance in the medical community of mescaline and other psychedelic substances as effective treatments for depression, post-traumatic stress disorder, addiction and other mental health conditions, the funds available to Neural and the use of such funds, the healthcare industry in Canada, United States and globally, the ability of Neural to achieve certain milestones discussed herein on the timelines expected by Neural or at all.

Forward-looking statements are subject to a number of known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from that which are expressed or implied by such forward-looking statements. These risks and uncertainties include those related to: the ability of Neural to secure additional financing for current and future operations and capital projects, as needed; risks and costs

associated with being a publicly traded company); future issuances or actual or potential sales of securities; negative operating cash flow and continued operations as a going concern; discretion over the use of proceeds; unpredictability and volatility of the listed securities of Neural; speculative nature of an investment in the securities of Neural; limited operating history of Neural as a public company; a significant number of Neural Shares are owned by a limited number of shareholders, including without limitation High Fusion; the expected future losses of Neural and profitability; significant risks inherent in the nature of the health clinic industry; risks associated with failure to achieve its publicly announced milestones according to schedule, or at all; risks related to Neural's business in Peru; risks associated with the regulation of mescaline and psychedelic cacti in Canada, United States, Peru, Saint Vincent and the Grenadines, and elsewhere; violations of laws and regulations, unintentionally and due to gross negligence; reliance on the capabilities and experience of its key executives and scientists; changes to legislation; the possible engagement in misconduct or other improper activities by employees, consultants, or third parties; the expansion of Neural's business through acquisitions or collaborations; risks related to third-party licenses; reliance on third parties; no assurance of an active or liquid market; public markets and share prices; additional issuances and dilution; the ability of Neural to secure additional financing for current and future operations and capital projects, as needed, which may not be available on acceptable terms, or at all; Neural's dependence on management and key personnel; general economic, market and business conditions, early-stage industry growth rates, the risks associated with competition from other companies directly or indirectly engaged in Neural's industry; foreign currency exchange rate fluctuations and its effects on Neural's operations; the risks and costs associated with being a publicly traded company, the market demand for Neural Shares; the impact of the COVID-19 pandemic; non-compliance with laws; medical personnel operating out of Neural's clinics; unfavorable publicity or consumer perception; patient acquisitions; drug development risks; substantial risks of regulatory or political change; the ability to obtain necessary government permits and licenses; mescaline as a pharmaceutical; negative cash flow from operating activities; management of growth; intellectual property; litigation; insurance coverage; Neural being a holding company; the industry being difficult to forecast; conflicts of interest; enforcement of legal rights; emerging market risks; enforcement of legal rights in foreign jurisdictions; inadequate internal controls over financial reporting; cyber-attacks; reliance upon insurers and governments; and difficulty in enforcing judgments and effecting service of process on directors and officers. Other risks and uncertainties not presently known to Neural or that Neural presently believe are not material could also cause actual results or events to differ materially from those expressed in the forward-looking statements contained herein.

For a more detailed discussion of risks and other factors, see the section titled "*Risk Factors*" of this Schedule, "*Schedule T – Information Concerning High Fusion*" and the section titled "*Risk Factors*" of the Circular.

There can be no assurance that such forward-looking information and statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such information and statements. Accordingly, readers should not place undue reliance on forward-looking information and statements. The forward-looking information and statements contained herein are presented for the purposes of assisting readers in understanding Neural's expected financial and operating performance and Neural's plans and objectives and may not be appropriate for other purposes.

The forward-looking information and statements contained in this document represent Neural's views as of the date of this document and forward-looking information and statements contained in the documents incorporated by reference herein represent Neural's views as of the date of such documents, unless otherwise indicated in such documents. Neural anticipates that subsequent events and developments may cause its views to change. Readers are cautioned not to place undue reliance on forward-looking statements contained in this Schedule, which reflect the analysis of the management of Neural only as of the date of the Circular. Neither of High Fusion or Neural undertakes any obligation to release publicly the results of any revision to these forward-looking statements which may be made to reflect events or circumstances after the date of the Circular or to reflect the occurrence of unanticipated events, except as required by the Securities Legislation.

CORPORATE STRUCTURE

Name and Incorporation

The full corporate name of Neural is "**Neural Therapeutics Inc.**". The registered and head office of Neural is located at 77 King Street West, Suite 2905, Toronto, ON M5K 1H1.

Neural was incorporated under the OBCA on June 2, 2020 as "Psychedelic Science Corp.". On November 8, 2021, Neural filed articles of amendment to change the name of Neural to "Neural Therapeutics Inc.".

Intercorporate Relationship

Neural has one wholly-owned subsidiary, Kruzo LLC, a private corporation organized pursuant to the laws of the State of Nevada on February 2, 2020. The registered and head offices of Kruzo are located at 77 King Street West, Suite 2905, Toronto, ON M5K 1H1.

GENERAL DEVELOPMENT OF THE BUSINESS

Neural is an ethnobotanical drug-discovery/development company focused on developing products and conducting research with psychoactive plants. The initial focus of Neural is San Pedro (*Echinopsis pachanoi or Trichocereus pachanoi*), a cactus which contains mescaline. Neural is working to identify where plant-based traditional-medicine has proven to be effective and capitalize on the development of pharmaceutical and nutraceutical path to market that is compliant with applicable regulations. See section titled "*Description of Neural's Business - Regulatory Environment*".

Neural is in the business of developing products from plants containing psychedelic components that have a historically high record of safety and therapeutic value. Since its inception in February 2020, Neural has primarily focused on the discovery and development of cacti containing the psychoactive compound mescaline. Since High Fusion's acquisition of Neural in August 2020 (then PSC), Neural has been focused on filling the scientific literature gap that exists between recreational and religious niche applications, and main-stream pharmaceutical acceptance. Recognizing that the pathway to full acceptance while dealing with a controlled substance has inherent challenges and rewards, Neural's management believes that Neural is well positioned to be an expert in products derived from cacti of the *Echinopsis* genus and, as such, is expected to have a first mover advantage and become a leader in this particular niche of psychedelic-based medicine.

Prior to selecting San Pedro cactus as the candidate plant for developing its initial product line, Neural's management first considered the legality of psychedelic cacti in Canada, the United States and certain countries in Europe, and chose it given the legal status of mescaline, the principal psychedelic constituent of San Pedro and Peyote cacti. Since mescaline is classified as a Schedule I controlled substance under the CDSA and CSAUS, the regulatory framework applicable to Neural's business is complex and requires extensive iterative research into various possible pathways in collaboration with industry and science professionals.

To further its mission statement of establishing itself as an expert on mescaline and psychedelic cacti, Neural's business is focused on developing its two main pathways as follows:

- *Pharmaceutical Pathway (products containing mescaline)* - Neural's principal objective in its pharmaceutical division is to develop effective compounds that satisfy the new drug requirements of the FDA for drug-development of the products containing Neural's mescaline extract, for the purposes of introducing a new pharmaceutical product in the United States. The main goal of Neural's activities in its pharmaceutical division is to develop and commercialize products that would potentially be used to treat or help remedy physical and mental health ailments, including: attention deficit and hyperactivity disorder, addiction, anxiety, smoking, depression, substance abuse treatment, post-traumatic stress disorder and eating disorders, among others. Neural has also completed preliminary research and development studies in Peru

with the Cayetano University and engaged local regulatory organizations such as SERFOR to secure necessary permits to carry out further studies.

- *Nutraceutical Pathway (mescaline is absent)* - Neural's principal objective in its nutraceutical division is to identify the potential uses of pulp fiber and residual extract from the cactus to manufacture products that would be used for weight loss supplements, dietary supplements, dietary fiber and diabetic food. In accordance with certain studies[1], cacti fiber was clinically proven to scavenge dietary fat and reduce obesity in separate studies as it is reported to be high in fiber, antioxidant carotenoids, vitamin C and a source of amino acids. Despite being ingested by humans for nearly several millennia, the San Pedro cactus remains relatively unexplored for its nutritional benefits. Other compounds such as hordenine[2] may be present and play roles such as enhancing metabolic processes. Neural's research and development in the nutraceutical division is focused on compounds and fibers in San Pedro cactus such as non-scheduled psychoactive alkaloids, alkaloidal amines and amino acids[2].

The activities relating to the handling of controlled substances are conducted in accordance with applicable regulation of the jurisdictions where such activities take place. No mescaline products are produced, sold or otherwise handled by Neural in Peru, Canada, SVG, the United Kingdom or the United States, unless such activities are conducted in full accordance with all applicable local, state/provincial and federal laws. Please see section titled "*Description of Neural's Business – Regulatory Environment*".

Three Year History

On June 2, 2020, Neural entered into the Kruzo Agreements between Neural and certain holders of membership interests of Kruzo, whereby Neural agreed to purchase 100% of the membership interests in Kruzo in exchange for 3,429,730 units, each unit was comprised of one Neural Share and one warrant entitling the holder to purchase one Neural Share at a price of $0.29 per Neural Share for a period of 24 months from the date of issuance. Kruzo also developed other plant-based medicinal products derived from Asian herbal medicine as well as cannabis.

On June 30, 2020, Neural closed a non-brokered private placement for aggregate gross proceeds of $397,849 through the issuance of 13,718,921 units in the capital of Neural at a price of approximately $0.029 per unit, each comprised of one Neural Share and one Neural Share purchase warrant, exercisable into Neural Shares at a price of $0.2916 for a period of two years from the issuance.

On July 21, 2020, Neural closed a non-brokered private placement for aggregate gross proceeds of $1,126,070 through the issuance of 6,434,683 units in the capital of Neural at a price of approximately $0.175 per unit, each comprised of one Neural Share and one Neural Share purchase warrant, exercisable into Neural Shares at a price of $0.2916 for a period of two years from the issuance.

On August 6, 2020, High Fusion entered into the Share Exchange Agreement to complete the PSC Acquisition, which was completed on August 17, 2020, and pursuant to which High Fusion issued 6,876,148 High Fusion SVS and 6,876,148 High Fusion Warrants in exchange for 100% equity interest in Neural.

On September 16, 2021, Ian Campbell was appointed the Chief Executive Officer of Neural pursuant to the Campbell Agreement.

On November 8, 2021, Neural changed its name from "Psychedelic Science Corp." to "Neural Therapeutics Inc." pursuant to the OBCA to better reflect the ongoing objectives of its neural pharmacology-focused business.

On November 19, 2021, Neural announced its intention to spin-out Neural as a stand-alone business in order to allow Neural to operate as a business focused on psychedelic research and development.

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[1] See website: https://www.ncbi.nlm.nih.gov/pmc/articles/PMC4109417/

[2] Crosby, D.M.; McLaughlin, J.L. (Dec 1973). "Cactus Alkaloids. XIX Crystallization of Mescaline HCl and 3-Methoxytyramine HCl from Trichocereus panchanoi" (PDF). Lloydia and the Journal of Natural Products. 36 (4): 416–418.

On December 17, 2021, FMICA was retained by Neural as exclusive financial advisor to Neural, pursuant to the FMICA Agreement.

On January 28, 2022, Neural completed the PSC Consolidation.

On February 3, 2022, Neural closed its first tranche of the Seed Financing for gross proceeds of $750,000 to Neural through the issuance of 9,999,990 Neural Seed Units, at a price of $0.075 per Neural Seed Unit.

On March 11, 2022, Neural issued 1,350,000 Neural Shares to settle $101,250 in debt obligations to third parties.

On April 21, 2022, Neural entered into the CK MOU between Neural and Cactus Knize, pursuant to which, Cactus Knize, agreed to harvest and supply Neural with the plant materials. Cactus Knize is based in the vicinity of Lima, Peru and operates a nursery that holds the SERFOR permit. Cactus Knize will wholesale and cultivate cacti in an environmentally and ethically sustainable manner while ensuring that raw materials supplied to Neural is of high quality and is harvested in accordance with GAP to ensure that it is suitable for the clinical trials that are compliant with the FDA standards. Pursuant to the terms of the CK MOU, on September 13, 2022, Neural issued 50,000 Neural Shares at an issue price of $0.075 per Neural Share to Cactus Knize. Upon achieving certain milestones in connection with the CK MOU, Neural agreed to issue up to an additional 500,000 Neural Shares to Cactus Knize, which milestones have not yet been met.

On August 3, 2022, Neural closed its second tranche of the Seed Financing for gross proceeds of $82,000 to Neural through the issuance of 1,093,333 Neural Seed Units, at an issue price of $0.075 per Neural Seed Unit.

On August 4, 2022, Neural entered into the Cayetano Agreement between Neural and Cayetano University pursuant to which Cayetano University agreed to assist Neural with completing work related to ingredient safety (being toxicology tests to ensure the FDA's NDI standard of reasonable expectation of safety for human consumption is met), identity testing, specifications and formulation. Cayetano University is an internationally recognized private Peruvian university which is well known for the development of medicines and has agreed to be Neural's primary fundamental research partner in Peru. The main objective of the Cayetano Agreement is to identify the optimal species and strain of plant for cultivation and product development. The disciplines involved include genomics, taxonomy, and chemistry.

On August 30, 2022, Neural submitted the SERFOR Application in collaboration with Cayetano University and Cactus Knize.

On September 6, 2022, Neural entered into the IP Development Agreement between Neural and certain arm's length parties, pursuant to which they agreed to transfer the extraction technology used for extraction of mescaline from various cacti, and plant material to Neural for the purpose of allowing Neural to utilize the processes, know-how and standard operating procedures to make, have made, use, sell, improve and market products using the technology and intellectual property rights. The IP Development Agreement which has milestone-based deliverables includes the SOPs which will be implemented in Neural's research and developments process of collecting/producing mescaline for the clinical and pre-clinical trials. In connection with the IP Development Agreement, on August 26, 2022, Neural and the research and development partners have filed a Provisional Application entitled "*Process For Extraction of Active Compounds From Plant Biomass*" with the USPTO. If the Provisional Application is granted by the USPTO, Neural will exclusively retain all rights to use the technology worldwide as it applies to extraction of alkaloids from plant and fungi materials and will be the sole owner of the intellectual property rights. The PCT number references the international patent application status afforded by the PCT. In connection with the IP Development Agreement, Neural issued 450,000 Neural Shares at an issue price of $0.075 per Neural Share to third parties.

On October 11, 2022, Neural entered into the Folium Agreement with Folium Labs, pursuant to which Neural and Folium Labs agreed to work together to co-develop, commercialize and distribute products intended to help patients

with depressive disorders, post-traumatic stress disorders, panic and anxiety disorders, and other affective disorders.

On October 13, 2022, an article was published in the Journal of Neuropharmacology titled *"Mescaline: The forgotten psychedelic"*, which is co-authored by Ian Campbell, Dr. Jason Dyck, Dr. Kelly Narine, Ioanna A. Vamvakopoulou and Professor David Nutt.[3] This publication summarizes some of the key fundamental research done by Neural in order to determine its research and development objectives in relation to the San Pedro cactus.

On November 3, 2022, Neural and High Fusion entered into an Arrangement Agreement to complete the Plan of Arrangement.

On December 6, 2022, Neural received a final report conducted by a market research group out of Memorial University of Newfoundland and Labrador focused on evaluating North American dietary supplement market dynamics and outlined market entry recommendations for Neural. The study was conducted by a group of master-level students as a part of the Memorial University of Newfoundland and Labrador MBA program.

On January 4, 2023, Neural entered into the CGS Agreement with CGS, an analytical service laboratory in SVG operating to test the quality of cannabis and other products. Pursuant to the CGS Agreement, Neural and CGS agreed to work together to carry out joint research and development efforts in a manner intended to aid Neural in advancing its pre-clinical and clinical trials. The CGS Agreement also includes provisions whereby CGS will assist Neural in validating Neural's extraction technology that Neural developed pursuant to the IP Development Agreement.

On January 6, 2023, at the Neural Meeting, Neural Shareholders approved the resolutions to: (i) elect current slate of directors to serve until Neural becomes a reporting issuer which is comprised of: John Durfy and Ian Campbell; (ii) approve a slate of directors once the Plan of Arrangement becomes effective, which is comprised of: Ian Campbell, John Durfy, Dr. Jason Dyck, Dr. Kelly Narine and Colin McLelland; (iii) re-appoint Kreston GTA LLP as auditor of Neural for the ensuing year; (iv) confirm and ratify the Neural Option Plan and Neural RSU Plan; and (v) approve the consolidation of Neural Shares.

On February 2, 2023, Neural entered into the Myant Agreement, pursuant to which, Myant has agreed to work with Neural in utilizing Myant's technology to be used by Neural in its clinical and observational studies. Myant is an industrial internet of things textile manufacturer that is focused on development and commercialization of performance and medically approved monitoring garments. Myant's undergarment electrocardiogram monitoring device technology has recently been approved for study by Health Canada.

On February 3, 2023, Neural issued 109,330 Neural Shares at a price of $0.075 per Neural Share to the subscribers of the second tranche of the Seed Financing as a penalty payment pursuant to the terms of the Seed Financing.

On February 24, 2023, High Fusion and Neural entered into an amended and restated Arrangement Agreement.

The Plan of Arrangement and Related Matters

Pursuant to the Arrangement Agreement, approximately 4,716,667 Neural Shares held by High Fusion will be distributed to the High Fusion Shareholders, pro rata based on the number of votes held by such High Fusion Shareholder as of the Effective Time. It is expected that immediately following the completion of the Plan of Arrangement (and before giving effect to the Series A Financing), Neural will be owned as to 12.0% by the current High Fusion Shareholders (as at the Effective Date) and as to 88.0% by the current Neural Shareholders (including approximately 33.6% owned by High Fusion). Please see section titled "*Summary – Pro Forma Share Capitalization*" of the Circular.

[3] *See website: https://www.sciencedirect.com/science/article/pii/S0028390822003537?dgcid=coauthor*

Series A Financing

Following the completion of the Plan of Arrangement, Neural intends to complete the Series A Financing comprised of an offering of Series A Units at a price per Series A Unit to be determined commensurate with at the market conditions at the time. It is expected that each Series A Unit will be comprised of one Neural Share and one-half of one Series A Neural Warrant. Each Series A Neural Warrant will be exercisable into one Neural Share at an exercise price that is a 25% premium to the price at which the Series A Units are offered, exercisable for a period of 24 months from the time the time of issuance.

CSE Listing and Securities Law Matters

Neural is not currently a reporting issuer and Neural Shares are not listed on any stock exchange. There is currently no market for Neural Shares and there can be no assurance that a market for the Neural Shares will develop. See Section titled "*Risk Factors*" in this Schedule.

If the Plan of Arrangement is completed, Neural expects that it will become a reporting issuer at the Effective Time in each of the Provinces of British Columbia, Alberta and Quebec.

An application has not been made for the listing of Neural Shares on the any stock exchange. See section titled "*Risk Factors*" in this Schedule.

Upon becoming a reporting issuer, Neural will become subject to the reporting and other requirements under applicable securities laws. It is intended that the minimum amount of gross proceeds raised by Neural pursuant to Series A Financing will be in the amount required to satisfy the listing requirements of the CSE, however, there is no assurance that the Series A Financing will be completed on the terms described herein or at all. See section titled "*Risk Factors*" in this Schedule.

Significant Acquisitions and Dispositions

Neural did not complete any acquisitions or dispositions during the most recently completed financial year.

Trends, Risks and Uncertainties

Neural believes that there is presently a sizeable legal market for psychedelic and nutraceutical products and, further, believes that there is a promising prospect for a strong, legal psychedelic and nutraceutical industry to emerge globally. In particular, Neural believes that over time, psychedelics (and consumer perceptions thereof) will likely undergo a paradigm shift that is analogous to the change experienced by the cannabis industry, which resulted in the emergence of a global, multibillion-dollar industry. Although the legal market for psychedelic products is presently limited, globally, and in some jurisdictions, it is still in its early stages, Neural believes that the recent wave of deregulation and legalization of psychedelics and cannabis across the globe will provide jurisdictions with the impetus to shift their focus to psychedelics, and, in time, give way to the emergence of numerous and sizable opportunities for market participants, including Neural. Neural also believes that the market for cactus-based supplement products within the nutraceutical industry may continue to grow.

In addition to the above, Neural remains optimistic about the future of psychedelics, in general. Psychedelics are progressively emerging as potential alternative candidates for conventional therapies for individuals suffering from elusive maladies like post-traumatic stress disorder, addiction, Alzheimer's, and depression. Neural believes that, as cannabis continues to gain a foothold in society as a legal alternative to traditional medicinal products, there is also potential for the future emergence of a strong psychedelics industry.

Certain jurisdictions have effectively decriminalized, deprioritized or legalized the use of several psychedelic substances:

- In May 2019, Denver, Colorado approved Initiative 301 which provides that personal use and possession of psilocybin mushrooms by people 21 years old and over is the city's lowest law-enforcement priority and prohibits the city of Denver "from spending resources to impose criminal penalties" for the personal use of psychedelic mushrooms by people 21 and older.
- In June 2019, Oakland, California approved a resolution which decriminalizes adult use of psychoactive plants and fungi, including mushrooms, cacti, iboga and ayahuasca. The resolution makes investigating and arresting people 21 years old and older for using, possessing or cultivating psychoactive plants and fungi among the lowest priorities for law enforcement.
- In January 2020, Santa Cruz, California approved a resolution that makes investigating and arresting people 21 years old and older for using, possessing or cultivating psychoactive plants and fungi among the lowest priorities for law enforcement (January 2020).
- In November 2020, District of Columbia approved Initiative 81 which makes non-commercial possession, distribution, purchase and cultivation of psychedelic and hallucinogenic plants and fungi a lowest law enforcement priority for the Metropolitan Police Department.
- In November 2020, State of Oregon passed Ballot Measure 109 (now codified as ORS 475A) which directs the Oregon Health Authority to license and regulate the manufacturing, transportation, delivery, sale, and purchase of psilocybin products and the provision of psilocybin services. The Oregon Psilocybin Services Section was to begin accepting applications for licensure on January 2, 2023.
- In June 2021, State of Texas approved House Bill 1802, which mandates a study on the therapeutic effects of psilocybin, MDMA and ketamine on patients suffering from certain mental health issues.
- In January 2021, State of Connecticut approved House Bill 6296 to establish a task force to study the health benefits of psilocybin.
- In October 2021, Arcata, California adopted a resolution that deprioritizes the use of city resources to enforce laws imposing criminal penalties for the consumption and possession of entheogenic plants and fungi, including psilocybin mushrooms, mescaline, and peyote.
- In October 2021, Seattle, Washington adopted a resolution by establishing that the investigation, arrest, and prosecution of anyone engaging in entheogen-related activities should be among the city of Seattle's lowest enforcement priorities. The resolution applies to non-commercial activity around a range of psychedelic substances, including psilocybin mushrooms, ayahuasca, ibogaine and non-peyote-derived mescaline.
- In September 2022, San Francisco, California decriminalized entheogenic psychedelics including plant based mescaline, that can inspire personal and spiritual well-being, can benefit psychological and physical wellness.
- In November 2022, State of Colorado passed a ballot initiative Proposition 122, or the “Natural Medicine Health Act of 2022,” to decriminalize possession of and legalize limited use of psychedelic mushrooms and other plant- and fungi-derived psychedelic drugs by those 21 years old or older. The measure will decriminalize psychedelic mushrooms and by 2024 will allow the supervised use of two of the drugs found in the mushrooms, psilocybin and psilocin, at state-regulated “healing centers.” The initiative further establishes the “Natural Medicine Advisory Board” to explore and evaluate ongoing research into psychedelic drugs and their potential health benefits and make recommendations to the legislature and other state entities.

As of the date of this Circular, certain psychoactive components in mushrooms (such as psilocybin) are being researched as candidates for the treatment of several physical and mental conditions, such as post-traumatic stress disorder and depression. For example, in August 2016, the FDA has granted a breakthrough therapy designation to Janssen Pharmaceutical Companies of Johnson & Johnson for esketamine, an investigational antidepressant medication, for the indication of major depressive disorder with imminent risk for suicide. In August 2017, the FDA granted to Multidisciplinary Association for Psychedelic Studies (MAPS) a breakthrough therapy designation for

MDMA-Assisted therapy for post-traumatic stress disorder.[4] In October 2018, the FDA granted to COMPASS Pathways PLC, a breakthrough therapy designation for its psilocybin therapy for treatment-resistant depression[5].

At present, treatments for such conditions are limited in effectiveness, with some traditional treatment methods posing a heightened risk of complications. By contrast, Neural expects that like the various key compounds in cannabis, which are presently being used in a variety of medical products and formulations, the compounds cactus-based products, such as mescaline, may in time also emerge as a safer and healthier medical treatment alternative for various ailments, and provide a significant market with steady revenue generating potential.

Neural is subject to a number of risks and uncertainties that could significantly affect its financial condition and performance. As Neural grows and enters into new markets, these risks can increase. These risk factors are not a definitive list of all risk factors associated with an investment in Neural or in connection with Neural's operations. Such risk factors are more particularly described in this Schedule under the section titled "*Risk Factors*" and elsewhere in the Circular. In addition to the risk factors outlined in the section titled "*Risk Factors*", Neural believes that the immediate and eventual impact of COVID-19 on the pharmaceutical and nutraceutical markets in Canada, Europe and the United States, as well as Neural's proposed business and its financial condition and results of operations, remain as an uncertainty.

Following the Plan of Arrangement, Neural's operations may be subject to a variety of laws, regulations and guidelines relating to psychedelics and the promotion of the psychedelic industry. The operations may also be subject to other laws, regulations and guidelines, including, without limitation, the NHPR, DSHEA, FDCA, FTCA, CDSA, CSAUS, CITES, Pharmaceutical Establishment Regulations, NIAI Regulation and other legislation relating the jurisdictions where Neural may operate in directly or through third party partners. Notably, since there are differences between the regulatory frameworks applicable to the research and development, manufacturing, producing, sale and marketing in various jurisdictions where Neural may operate in, it is unclear whether Neural's intended business strategy will be viable in all or any jurisdictions, as well as whether the changes to legislation will be compliant with applicable Canadian laws. Any changes to the laws, regulations and guidelines applicable to Neural's operations are matters beyond the control of Neural that may cause adverse effects to the operations and financial conditions of its prospective returns. In addition, there are significant risks associated with Neural's business. Please see section titled "*Risk Factors*". Furthermore, it is very likely that the law around psychedelics will continue to evolve, which, as mentioned above, is a matter beyond the control of Neural.

DESCRIPTION OF NEURAL'S BUSINESS

Neural is a Canadian-based ethnobotanical drug discovery/development company focused on developing products and conducting research with psychoactive plants. The first being San Pedro a cactus containing mescaline, a naturally occurring hallucinogen that is found in certain psychoactive plants and has been in continuous use for at least 5,700 years in South America, namely Peru, Bolivia and Columbia[6]. Neural intends to collect and aggregate data over the next 12 months to refine its pharmaceutical drug development and natural health product pipeline. To date, Neural's activities to develop its business included product and intellectual property development, conducting initial research and development to guide its drug development strategy, and various corporate and business development activities. Neural's registered office and corporate headquarters are in Canada, but Neural may conduct its research and development effort, including, cultivation, extraction, processing, product manufacturing, pre-clinical and clinical trials, in jurisdictions outside of Canada, United States, Peru, SVG and the United Kingdom. Neural only works with parties who hold or will obtain all necessary permits and licenses to operate in the jurisdictions where they are located during the time of engagement in business with Neural.

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[4] *See website: https://maps.org/wp-content/uploads/2017/08/2017.08.15-IND063384GrantBreakthroughTherapyDesignation1_Redacted.pdf*

[5] *See website: https://www.prnewswire.com/news-releases/compass-pathways-receives-fda-breakthrough-therapy-designation-for-psilocybin-therapy-for-treatment-resistant-depression-834088100.html*

[6] *See website: https://pubmed.ncbi.nlm.nih.gov/12044415/*

Neural is a development stage company and has not earned any revenue to date and has focused on developing its business into two main platforms as follows: 1) pharmaceutical pathway; and 2) nutraceutical pathway, which are briefly described below.

1. Pharmaceutical Pathway (with mescaline)

Neural is taking steps to create mescaline-based products to compete in the emerging psychedelics market. Neural is in the process of developing a line of *San Pedro*-derived products that will help with various health objectives. The initial research and development work will focus on active the ingredient(s) reproducibility by means of molecular and DNA analysis, identity testing, specifications and formulation. As noted above, Neural entered into the Cayetano Agreement with Cayetano University to assist with the fundamental research and development activities to enable submission of an IND.

The second fundamental research and development activity is preparation for the initial safety studies (being pre-clinical and toxicology tests to ensure the FDA's NDI standard of reasonable expectation of safety for human consumption is met). Neural is in the process of securing relationships with various CROs to assist with those efforts. At present, Neural is in advanced discussions with several potential CROs in various jurisdictions. In connection with the preparation to conduct the studies, Neural also intends to establish a relationship with manufacturing partners and to test its supply chain, extraction, and product development capabilities for such mescaline containing products. The efforts to commence these studies are ongoing and are subject to Neural securing the contractual relationships with parties which hold necessary permits and have the capabilities to conduct such research and development efforts.

Neural's principal objective in its pharmaceutical division is to develop compounds containing mescaline that will satisfy the requirements of the FDA to complete an IND, and subsequently an NDA filing. Neural filed a Provisional Application with the USPTO on August 26, 2022 on extraction processes in order to protect its future market share and conduct safety & pharmaceutical studies. It is intended that the manufactured products would be used to treat various ailments for which the status quo prescription drugs provide very little therapeutic value. Examples include: post-traumatic stress disorder, depression, anxiety, substance use disorder, attention deficit and hyperactivity disorder, general addiction, smoking, depression, substance abuse treatment, post-traumatic stress disorder & eating disorders among others. In connection with the preparation of these products, Neural has engaged with various partners (such as Cactus Knize, Cayetano University and CGS) to assist with sourcing raw materials, supply chain, extraction, formulation, preliminary and infrastructure for such pharmaceutical products, which form a part of IND-enabling activities.

As a result of its planned initial pre-clinical and clinical research efforts, Neural intends to carefully select specific drug candidates and diseases that it believes offer the greatest opportunity for therapeutic efficacy and commercial success. In consultation with various academic institutions, researchers, clinicians, and psychedelic industry opinion leaders, the goal of Neural's pharmaceutical division is to design clinical development programs that have clearly defined and achievable endpoints, that are expected to increase Neural's chance of commercial success.

2. Nutraceutical Pathway (without Mescaline)

In parallel with pursuing clinical research studies, Neural aims to investigate utilization of the pulp fiber from the cactus to manufacture products that would be used for weight loss supplements, dietary supplements, dietary fiber and diabetic food. Neural intends to partner with companies which have nutraceutical product manufacturing capabilities, to develop such products and secure required regulatory approvals to market such products in the United States and Canada. Neural is, at present, among very few companies that would offer cactus-based supplement products and, to Neural's knowledge, the only company to offer mescaline-free dietary supplements and NHPs that are based on San Pedro cactus, and Neural believes that such position will give it an early-mover advantage in this regard. Demonstrating product safety at pre-determined levels of dosage is an integral part of the regulatory process to register its products with the FDA and Health Canada.

Business Objectives and Significant Milestones

The principal business objectives of Neural are to develop pharmaceutical drugs and mescaline-free products, which includes pharmaceutical products and nutraceutical products. Neural expects to undertake these programs and activities over the 12-month period following the completion of the Series A Financing. The summary below sets out the milestones that Neural aims to achieve in each of the two divisions:

1. *Pharmaceutical Division*: The goal is to develop efficacy of compounds that will satisfy the regulatory requirements for development of its initial drug candidate. The main objective of Neural's pharmaceutical division is to work towards a pre-IND submission with the FDA (and other regulatory bodies such as Health Canada if sufficient capital is available). To that end, Neural intends to carry out a range of IND-enabling activities, including, but not limited to:
    a. completing the main activities of its fundamental research phase with Cayetano University and CGS, conducting pre-clinical trials;
    b. securing reliable supply chain of raw material;
    c. securing a contract with the CRO to conduct pre-clinical studies, as well as other partners necessary for conducting pre-clinical and clinical trials; and
    d. conducting industrial extraction using the technology Neural has secured under the IP Development Agreement. See sections titled "*Regulatory Framework*", "*Pharmaceutical Product Development*" and "*Risk Factors*".
2. *Nutraceutical Division*: Neural aims to develop a product that uses pulp fiber and the non-controlled substances extracted from the San Pedro cactus to be used for weight loss supplements as dietary supplements, dietary fiber and diabetic control. The main objective is to finalize the product formulation on a conceptual level and finalize the path-to market plan for that product candidate. To that end, Neural intends to conduct the following activities:
    a. finalizing the strategy to enter the dietary supplement market in the United States and NHP market in Canada;
    b. securing a letter of intent with a manufacturing partner that holds all requisite licenses;
    c. securing a letter of intent with a food and supplement partner to assist with blending and prototyping; and
    d. finishing GRAS pathway investigation to determine if the proposed products can be sold as GRAS. See sections "*Regulatory Framework*", "*Nutraceutical Product Development*" and "*Risk Factors*".

Principal Sources and Uses of Funds

As of February 28, 2023, Neural had estimated total funds available of approximately $50,000 (unaudited) and estimated working capital deficiency of approximately $250,000 (unaudited). Certain vendors of Neural, whose total payable balance equals $300,000 have agreed to defer payments with respect to the amounts outstanding until the completion of the Series A Financing or later. As such, Neural's adjusted working capital as at February 28, 2023 was approximately $50,000. For illustrative purposes, the table below assumes Neural completes the Series A Financing for the gross proceeds of $1,500,000, and sets out the major components of the proposed programs that will be funded using total available funds following the completion of the Series A Financing, and an estimate of anticipated costs:

Principal Sources	**Estimate**
Adjusted Working Capital as at February 28, 2023	$50,000
Gross Proceeds of Series A Financing[(1)]	$1,500,000
Total Available Funds	**$1,550,000**

Principal Uses	
General and Administrative Expenses	$600,000
Plan of Arrangement and Listing Costs[(2)]	$150,000
Pharmaceutical Research and Development	$450,000
Nutraceutical Research and Development	$100,000
Series A Finder Fees and Closing Fees	$150,000
Unallocated Working Capital	$100,000
Total Principal Uses	**$1,550,000**

Notes:

(1) Please see section titled "General Development of Business - Series A Financing" of this Schedule.

(2) Pursuant to the terms of the Arrangement Agreement, Neural agreed to cover the expenses associated with the Plan of Arrangement.

The above uses of available funds should be considered as estimates only. Neural may seek additional capital by way of debt or equity financing to finance its future business plans, including development, permitting and commercial launches of subsequent products. Notwithstanding the proposed sources and uses of available funds discussed above, there may be circumstances where, for sound business reasons, a reallocation of funds may be necessary. Given this inherent risk and complexity surrounding development of pharmaceutical and nutraceutical products, it is difficult at this time to definitively estimate development costs or the commensurate funds required to affect the planned undertakings of Neural. For these reasons, management considers it to be in the best interests of Neural and Neural Shareholders to afford management a reasonable degree of flexibility as to how Neural's funds are deployed among the above uses or for other purposes, as the need may arise.

The terms of the Arrangement Agreement do not specify minimum financial resources that Neural must have prior to completion of the Plan of Arrangement, and the Plan of Arrangement is not contingent on Neural completing any additional financings, including, without limitation, the Series A Financing. At present, it is intended that the Series A Financing will be undertaken on best efforts basis, and there is no assurance that Neural will be able to secure the funds required to satisfy all or any of the objectives set out in this section. Neural has significant short-term non-discretionary expenditures including those for general corporate purposes, including employee salaries, and contractual commitments relating to its planned research and development programs and may not have other readily accessible resources to satisfy those expenditures or commitments. If Neural is not able to secure the financing to satisfy those commitments, the shortage of funds may adversely impact its operations, timing of research and development programs and other milestones that Neural expects to achieve, ability to retain employees and contractors, secure contractual relationships to advance its business plans, and complete transactions that significantly affect Neural Shareholders, including without limitation, listing on the CSE or any other stock exchange. See section titled "*Risk Factors*".

Principal Products and Markets

Neural is currently a research and development-stage company and has no revenue to date. Neural is developing products targeted towards pharmaceutical and nutraceutical markets. At present, Neural is engaging with various counterparties (such as CROs, CMOs and other types of research and development partners) to enable Neural to achieve the next product development milestone in each of the markets herein referred to.

Pharmaceutical Product Development

General

Neural intends to develop macro and micro-dose products. Neural is first focused on development of a macro-dose products that are required to be carried through preclinical and clinical trials in compliance with the FDA and Health Canada regulations for approval in the United States and Canada, respectively. The macro dosage will be a spectrum extract that are aimed to address serious mental ailments such as treatment resistant depression and various substance

use disorders. Macro dose products will be intended for medically supervised treatment and therapy purposes. As group therapy becomes more common place the macro-dose product may be a suitable candidate as it has been used in traditional settings for millennia through indigenous peoples' activities.

In addition, Neural plans to develop a micro-dose product again from an extract source which will address the growing market demand for an enhanced longer experience and candidate targets include ailments where lifelong conditions can be debilitating such as chronic pain. The initial research and development efforts will serve the same product line and hence shorten the time to develop a micro-dose product. In jurisdictions where and when psychedelics will be permitted it is foreseeable that an over the counter or prescribed micro-dose product will be brought to market and eventually a lower concentration product.

Provided that the clinical trials are successful, and all necessary approvals are obtained, the market for Neural's products is expected to be initially in the United States and Canada. Neural anticipates broad market acceptance predicated on the approval of these therapies from the FDA and Health Canada. Neural may seek approval from other regulatory bodies outside of North America (such as Europe), however, it has not made firm plans in that regard as of the date hereof.

Stage of Development

At present, Neural's products are being developed. While preliminary product concepts have been developed by Neural's management, finishing such development is a multiple stage process that is subject to regulatory approvals and internal iterative work. It is expected that a significant portion of the product development work will be performed by third parties (such as CROs), which own and operate laboratory facilities which are licensed by the applicable regulatory authorities. While Neural has not yet secured a CRO to conduct its preclinical or clinical trials, it is intended that such CRO will conduct their work in order to satisfy the pharmaceutical drug development standards focused on the country where such products will ultimately be sold. Before proceeding to pre-clinical testing, Neural intends to request a pre-IND meeting and approval from the FDA. This is done to provide guidance to the applicant ahead of an IND submission and reduce risk for the later stage IND request. At present, Neural is focused on planning and executing various IND-enabling activities, which are discussed under the section titled "*Business Objectives and Significant Milestones*".

Pharmaceutical Product Development Process

The summary is intended to outlines the stages that pharmaceutical drug development companies follow in order to develop new pharmaceutical drugs in Canada and the United States, but country and state specific may need to be fulfilled as well.

The clinical stage development of a therapeutic candidate involves the progression through three sequential (occasionally overlapping) clinical phases to evaluate its safety and efficacy for target clinical indications in order to support new drug applications for marketing approval within the targeted jurisdiction. Each clinical phase requires the administration of the therapeutic candidate in humans participating under informed consent (healthy volunteers and/or patients) in accordance with cGCP requirements and under the supervision of qualified investigators who are typically physicians not under the control of the trial sponsor. Each clinical trial is conducted under a standardized protocol which details the trial objectives, subject selection criteria, study procedures, processes and parameters to monitor the trial safety and additional core procedures. Protocols are submitted and must be approved by the appropriate regulatory bodies. In addition, the trial is reviewed by an investigational review board/independent ethics committee who serve to ensure the trial is in the best interest of the population group by ensuring the risks to participating individuals are minimized and reasonable to anticipated benefits. Each clinical trial may also require reporting to a public registry within the relevant jurisdiction. A sponsor is responsible for ensuring that registry data are updated in a timely manner with new information, safety and, where feasible, efficacy reports, reasons for stopping a trial early, and the location of findings.

Clinical studies are generally conducted in three sequential phases that may overlap, known as Phase 1, Phase 2 and Phase 3 clinical studies.

- Phase 1 clinical studies generally involve a small number of healthy volunteers who are initially exposed to a single dose and then multiple doses of the product candidate. The primary purpose of these clinical studies is to assess the metabolism, pharmacologic action, side effect tolerability and safety of the drug.
- Phase 2 clinical studies typically involve studies in disease-affected patients to determine the dose required to produce the desired benefits and provide a preliminary evaluation of efficacy. At the same time, safety and further pharmacokinetic and pharmacodynamic information is collected, as well as identification of possible adverse effects and safety risks.
- Phase 3 clinical studies generally involve large numbers of patients at multiple sites (from several hundred to several thousand subjects) and are designed to provide the data necessary to demonstrate the effectiveness of the product for its intended use, its safety in use and to establish the overall benefit/risk relationship of the product and provide an adequate basis for physician labeling. Phase 3 clinical studies may include comparisons with placebo and/or comparator treatments.

Assuming successful completion of all clinical studies, the sponsor can submit a new drug application to the relevant regulatory bodies by submitting a data package that includes all results of the nonclinical and clinical trials in addition to detailed information relating to the chemistry, manufacturing processes and controls, including the proposed labelling information to be included on the drug's packaging and any other relevant details. This application acts as a request for marketing approval for one or more clinical indications and must provide proof on the safety and efficacy of the drug in the proposed indications. The application must include all results including negative and ambiguous data as well as the positive results from all nonclinical and clinical studies conducted. Sufficient data must be provided to satisfy the requirements of the regulatory body to determine: if the drug is safe and effective for its proposed use, if the benefits of taking such a drug outweighs the potential risks associated with taking the drug and if the drug is manufactured in a way that upholds its strength, quality, identity and purity. Approval of this submission is necessary to permit the sale and marketing of the drug within the relevant jurisdiction.

Post Marketing Phase **–** Often referred to as Phase IV trials, this refers to clinical trials authorized post marketing to gain additional data from the treatment of patients in the intended clinical indication. The data obtained generates additional safety and efficacy data of the product within the clinical setting. Such studies may be a condition of the regulatory body on marketing approval.

Chemistry, Manufacturing and Controls – Concurrent with nonclinical and clinical development, companies are required to finalize a standardized manufacturing process that enables the manufacturing of batches of the candidate product at sufficient quality and at scale in accordance with cGMP requirements. This process involves acquiring adequate information about the chemistry and physical properties of the candidate and subsequently developing methods to test the identity, strength, quality and purity of the drug product. In addition, stability studies are conducted to ensure the product does not detrimentally deteriorate over the course of its shelf life.

Nutraceutical Product Development

General

Neural's core focus of its nutraceutical division is development, commercialization and sale of functional food products derived from cacti extracts. The products are known as NHPs in Canada, dietary supplements in the United States and have other similar or equivalent product qualification in other countries. Neural will seek to commercialize these products only in those jurisdictions where business related to the products may be conducted legally under all applicable laws and regulations and provided all appropriate governmental permits and authorizations have been obtained. Please see section titled "*Regulatory Environment*".

In the major nutraceutical markets of the United States and Canada, many ingredients are regulated as an extension of foods with limited health claims permitted. Their primary classification is based on the notion that these products

are intended to supplement the diet of the consumer by providing additional nutritional value or another benefit associated with the diet.

FDCA provides for herbs or other botanicals and extracts of herbs or other botanicals, respectively, as dietary ingredients for use in dietary supplements. While most of the constituent ingredients of the San Pedro cactus are non-controlled substances, mescaline, which is a main psychoactive alkaloid of San Pedro cactus, is classified as a Schedule I substance under CSAUS. However, mescaline is just one of multiple alkaloids present in San Pedro and Neural intends to manufacture mescaline-free extracts to target a different market as well. The aim is to utilize the pulp fiber as the cacti fiber has been clinically demonstrated to scavenge dietary fat and reduce obesity in separate studies as it is reported to be high in fiber, antioxidant carotenoids, vitamin C and a source of amino acids[7]. Despite being ingested by humans for nearly several millennia, the San Pedro cactus remains relatively unexplored for its nutritional benefits. Other compounds such as hordenine may be present and can play roles such as enhancing metabolic processes. Neural's research focuses on compounds and fibers (including the non-scheduled psychoactive alkaloids, alkaloidal amines, and amino acids).

Stage of Development

While preliminary product concepts have been developed by Neural's management, finishing such development is a multiple stage process that is subject to regulatory approvals and internal iterative work. It is expected that a significant portion of the product development work will be focused on conducting market analysis and streamlining the manufacturing and supply chain operations, as the nutraceutical market is very price competitive and requires significant investment in marketing efforts.

As the nutraceutical market is very competitive and fragmented, Neural engaged a market research group out of Memorial University of Newfoundland and Labrador focused on evaluating North American dietary supplement market dynamics and it outlined market entry recommendations for Neural. The report analyzed the current North American market size and growth rate, as well as the target market demographics for the product concepts that Neural has been developing. The report also outlined the analysis of the competitive landscape, pricing analysis and other qualitative factors that drive the prices for premium priced products. The report has identified many key facets to guide Neural's nutraceutical product development efforts.

Dietary supplement products that Neural is developing will include non-controlled functional-extract-portions of the San Pedro plant and fiber. Neural intends to pursue a GRAS pathway and product variations will include blends of other functional plant-based products such as prickly-pear cactus, which has existing supplement products. Neural intends that the product will be introduced as an over-the-counter weight-controlling product safe for long-term use. GRAS is an FDA designation that a substance added to food is generally recognized, among experts qualified by scientific training and experience to evaluate its safety, as having been adequately shown through scientific procedures (or, in the case of a substance used in food prior to January 1, 1958, through either scientific procedures or through experience based on common use in food) to be safe under the conditions of its intended use. Please see the section titled "*Regulatory Environment*".

At present, Neural is focused on determining whether its preliminary concepts of its cactus-based nutraceutical products that would potentially be exempt from pre-market approval requirements of the FDCA could rely on the GRAS provisions under sections 201(s) and 409 of the FDCA. If the GRAS exemption is not available to use for proposed nutraceutical products that Neural is developing, Neural may need to submit an NDIN application with the FDA, which may require additional studies on the proposed products. Please see section titled "*Regulatory Environment*".

[7] *See website: https://pubmed.ncbi.nlm.nih.gov/25067985/*

Nutraceutical Product Development Process

Nutraceutical product development is inherently risky and requires compliance with the requirements of complex regulatory frameworks. There is no assurance that Neural will be able to secure the necessary permits to advance its research and development programs to achieve the projected product development milestones on the timing anticipated by management or at all. Please see sections titled "*Regulatory Environment*" and "*Risk Factors*".

Neural first intends to determine if the ingredients contained in the dietary supplement products are able to rely on the GRAS and be exempt from pre-market approval requirements of the FDCA. GRAS notification is a voluntary procedure whereby a company informs the FDA of its determination that the use of a substance is GRAS. A GRAS designation typically exists in one of three forms:

1. Self-affirmed. The manufacturer of the substance has performed all necessary research, including the formation of an expert panel to review safety concerns, and is prepared to use these findings to defend its product's GRAS status.
2. FDA-pending. The manufacturer has performed all the aforementioned due diligence and submitted to the FDA for GRAS approval. The basis for the GRAS self-determination is not required to be submitted to the FDA. However, the FDA may request information on ingredients that have been self-determined to be GRAS.
3. No comment. If the FDA is satisfied with the data, it may issue a "letter of no objection", which signifies that the FDA has reviewed a product's GRAS notification claim and responded with "no comment" or "no objection", indicating that FDA has no further challenges on the product's GRAS status.

Under the GRAS process, manufacturers are required to obtain safety data from the scientific literature or through the conduct of safety studies, determine the estimated daily intake of the non-mescaline active ingredients of the San Pedro cactus per person and submit a report to the GRAS review panel describing the physical, structural, safety, and metabolic properties of the flavor ingredient.

In the course of the GRAS review, product manufacturers may be required to prepare and review the manuscripts for the publication of the toxicology studies as part of the GRAS self-affirmation process, including publication of the toxicology studies and in peer-reviewed journals. The publication of these scientific studies forms a significant part of the GRAS notification process.

After the FDA acknowledges receipt of the GRAS notice, the FDA then evaluates whether the submitted notice provides a sufficient basis for the GRAS determination and whether information in the notice, or otherwise available to the FDA, raises issues that lead the FDA to question whether use of the substance is GRAS. If the FDA concludes that the notice does not provide a sufficient basis for a GRAS determination (for example, the notice does not include appropriate data and information, or because the available data and information raise questions about safety of the notified substance) it may reject the manufacturer's GRAS notification, The FDA may also, at the notifier's request, cease to evaluate the GRAS notification.

The foregoing summary is not a complete description of the GRAS approval process and factors may be relevant in the course of Neural's product development process and additional studies may need to be completed in order to substantiate the approval of Neural's products, which may require significant amounts of capital and last several years. There is no assurance that Neural will be able to gather sufficient evidence on its products, including San Pedro-based products, to submit a GRAS notification to the FDA, or secure GRAS status for any of its products on the timelines and budgets acceptable to Neural or at all.

If Neural determines that GRAS status is not available for any of its products, or that the likelihood of FDA approval is low, it may be required to undertake the process of an NDIN submission. Please see section titled "*Regulatory*

Environment". If Neural is required to undertake an NDIN submission, it may require additional expertise and capital in order to do so effectively.

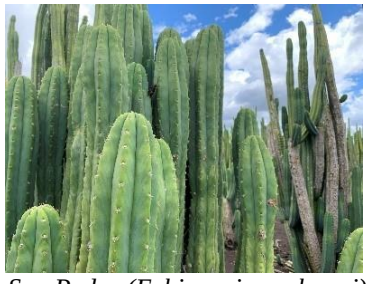
About Psychedelic Cacti and Mescaline

There are numerous psychedelic cacti that are from different genera. The most commonly known is "Peyote" which carries the highest concentration of mescaline but is also an endangered species. A variety of species of cacti from the Trichereus/Echinopsis genus comprise the second highest concentration of mescaline in plants. The life cycle of Peyote is very long, maturing at 10-15 years with a low reproducibility rate when compared to San Pedro 3-5 years[8].

The initial product line that Neural is developing will be derived from San Pedro cacti. Peyote does not naturally grow in Canada; in fact, it only grows in a small area in Central and Northern Mexico and Southern Texas. All peyote found in Canada has therefore been imported or cultivated from imported stock. Although there are some reports of importation of peyote into Canada for hundreds or even thousands of years, it is well documented that the use of peyote among First Nations tribes of the Canadian prairies occurred with the spread of the Native American Church ("**NAC**") in the early twentieth century[9].

Mescaline is also the main alkaloid of the San Pedro cactus (Echinopsis pachanoi, syn. Trichocereus pachanoi), which is used in the hallucinogenic drink "cimora". In a screening for cactus alkaloids, several other Trichocereus species were found to contain mescaline. Mescaline is typically found in other Trichocereus species including Echinopsis peruviana (Peruvian torch cactus) and Echinopsis lageniformis (Bolivian torch cactus). San Pedro is often the term/name used to describe both Echinopisis pachanoi and Echinopsis peruviana. To date, mescaline from Echniopsis is the longest used psychedelic world-wide with fossil records dating usage back to 5,700 years BC[10]. Mescaline is also found in certain members of the Fabaceae bean family including Acacia berlandieri.

Peyote (Lophophora williamsii)



San Pedro (Echinopsis pachanoi)

Bolivian Torch (Echinopsis lageniformis)

Mescaline is a controlled substance across North America, which poses some significant challenges to the marketing of a whole plant extract from San Pedro or other mescaline-containing cacti in either the United States or Canada. In Canada, peyote may be sold as whole plant parts. Although exemptions exist in both countries[11,12] for the possession, sale, and use of peyote, these were implemented to permit the religious freedom of the NAC and do not allow for marketing an extract of peyote or other mescaline - containing cacti as a dietary supplement, NHP or conventional food. Such a product would require that mescaline be de-scheduled, safety demonstrated through toxicology studies, and marketing claims proven through scientific investigation in a clinical trial to be appropriate for use in those contexts. Peyote and the other mescaline cacti contain a cocktail of alkaloids that may provide health benefits in the context of a dietary supplement or natural health product.

Serotonin type psychedelics are a class of drug whose primary action is to trigger psychedelic experiences via

[8] *Peyote and Mescaline, M. Foster Olive, D. J. Triggle, Infobase Publishing, 2007*
[9] *The Cactus and the Anthropologist: The Evolution of Cultural Expertise on the Entheogenic Use of Peyote in the United States: https://www.mdpi.com/2075-471X/8/2/12*
[10] *Mescaline: The forgotten psychedelic: https://pubmed.ncbi.nlm.nih.gov/36252614/*
[11] *See website: https://mcmillan.ca/insights/psychedelics-and-canadas-regulatory-landscape/?print-posts=pdf*
[12] *See website: https://www.justice.gov/olc/opinion/peyote-exemption-native-american-church*

serotonin receptor agonism, causing thought, visual and auditory changes, and altered state of consciousness. Hallucinogens, also known as psychedelics, have been used for centuries in rituals or for therapeutic purposes, dating back to 8,500 BC, with their use being widespread in current days[13]. The use of hallucinogens induces changes in perception and emotions that can be presented in the form of illusion (sensory distortions) or hallucination (e.g., visual, auditory, olfactory), without the risk of addiction[14]. Psychedelic compounds can be divided into three main families: (i) tryptamines such as psilocybin and DMT; (ii) phenethylamines such as MDMA and mescaline; and (iii) ergolines such as LSD.

Mescaline is a naturally occurring alkaloid and part of the phenethylamine family. In 1896, the German chemist and pharmacologist Arthur Heffter was the first one to isolate mescaline[15]. In 1919, mescaline was synthesized by Ernst Späth, an Austrian chemist, who converted 3,4,5-trimethoxybenzoic acid into its aldehyde and then into mescaline[16].

Recently, the use of hallucinogens has been proposed to be effective in a variety of psychiatric disorders, like alcoholism, depression, and obsessive-compulsive disorder[17]. Although a plethora of clinical research studies has been conducted on classical psychedelics, such as psilocybin and lysergic acid diethylamide (LSD), clinical work on mescaline has fallen behind in more recent years. A lot of work was conducted to investigate the effects of mescaline in the 20th century, but prohibition limited clinical research during the late 20th and 21st centuries.

Distribution and Manufacturing Methods

Neural does not currently have, nor does it currently plan to acquire, the infrastructure or capability internally to manufacture its clinical drug supplies for use in Neural research studies, and it lacks the resources and the capability to manufacture any of its drug candidates on a clinical or commercial scale. Instead, Neural will rely on contract manufacturers to produce its drug candidates in the pharmaceutical division and dietary supplements in the nutraceutical division. The facilities that Neural's contract manufacturers may use in the future must be approved by the applicable regulatory authorities, including the FDA or Health Canada, depending on where the facilities are located and be subject to inspections that will be conducted by the FDA or the non-U.S. equivalent thereof. If Neural is successful in securing an approval of regulatory approvals for its products, it does not intend to control the manufacturing process of its drug candidates and will be dependent on the contract manufacturing partners for compliance with the regulatory requirements for manufacture of both the active drug substances and finished drug products. The following summary describes how the distribution channels that are used by Neural's competitors in pharmaceutical and nutraceutical markets to distribute their products and how Neural intends to sell its products in the future if approved.

Distribution Methods – Pharmaceutical Pathway

Neural is focused on developing pharmaceutical products that contain mescaline, which would need to be prescribed by doctors to be used by patients to treat different conditions. If and when regulatory approvals are secured and an NDA approval is imminent, Neural will take steps to commercialize any pharmaceutical candidates for which it may obtain regulatory approval or partner with other companies and/or governmental, supranational, non-profit, and academic institutions or organizations through partnership, licensing or other agreements to do so.

Distribution Methods – Nutraceutical Pathway

Neural's mescaline-free products are expected to be distributed in Canada and the United States through third party distributors which focus on distribution through brick-and-mortar retail stores and via an online marketplace. As Neural's mescaline-free products would not contain ingredients that are currently classified as controlled substances and it is expected that these products will be distributed through conventional channels in the food supplement

[13] *El-Seedi et al., 2005*
[14] *Dinis-Oliveira, Pereira and da Silva, 2019; Cumming et al., 2021*
[15] *Heffter, 1896*
[16] *Späth, 1919*
[17] *Dinis-Oliveira, Pereira and da Silva, 2019*

category. Neural is in discussions with several potential partners which have the capabilities to distribute nutraceutical products through conventional distribution channels. While such discussions are in relatively early stages, securing such relationships will be instrumental in the product development process.

Regulatory Framework

Regulatory Framework in Peru

While Neural is exploring opportunities in Peru, it is currently not conducting any active business in that jurisdiction, other than engaging the Cayetano University and Cactus Knize, which hold the requisite licenses to conduct their businesses in accordance with all applicable laws and regulations. The following summary of the legal and regulatory regimes are applicable to Neural's planned activities in Peru. At present, Neural does not intend to seek to conduct clinical trials in Peru or conduct commercial activities involving its products and its product development activities will be focused on conducting certain aspects of IND-enabling and GRAS-determining studies in order to advance its product development efforts.

Peru has taken steps to protect its native flora and fauna populations and have implemented processes that control all native genetic resource-based research. In collaboration with Cayetano University and Cactus Knize, Neural submitted the SERFOR Application on August 30, 2022 in order to secure access to wild stands of cacti to find the optimal cultivar or strain for Neural's experiments and studies to be carried out by Cayetano University. As it relates to Neural, one of SERFOR's mandates is to enforce CITES in Peru, the SERFOR Application is required to allow Neural and its local partners to conduct research and development on San Pedro cactus in Peru, and where necessary, to ship materials internationally for the purpose of research in other jurisdictions.

CITES is a multilateral treaty to protect endangered plants and animals from the threats of international trade. The treaty was drafted as a result of a resolution adopted in 1963 at a meeting of members of the International Union for Conservation of Nature. CITES was opened for signature in 1973 and was entered into force on July 1, 1975. San Pedro cactus is included in CITES, and through its application with SERFOR, Neural expects to secure the necessary approvals to conduct research and development on San Pedro cactus in Peru. SERFOR also requires that the research on plants which are subject to be conducted in collaboration with a National Institute Partner. Neural entered into the Cayetano Agreement with Cayetano University, which is a National Institute Partner.

While San Pedro is a plant that's native to South America with traditional religious and medicinal uses spanning more than 5,000 years, there is no written law regarding the traditional religious use of the San Pedro cactus in Peru. Mescaline, the principal psychoactive alkaloid of San Pedro, is a substance controlled in accordance with the provisions of the Vienna Convention (to which Peru is a signatory) and is considered a Schedule IB controlled substance under Peruvian controlled substances regulations. It is therefore considered a substance whose use, sale and manufacture outside of the regulatory framework enacted by the relevant government agencies is prohibited. In accordance with Article 49 of Supreme Decree 023-2001-SA[18], universities and scientific institutions are permitted to use narcotics, psychotropics, precursors for medical use or other substances in experiments or research programs. Such institutions are required to submit a notification to DIGEMID referencing the corresponding "Control Book" that is maintained by DIGEMID and provide the information required under Supreme Decree 023-2001-SA of the Pharmaceutical Establishment Regulations.

As noted above, at this time, Neural does not intend to carry out its pre-clinical and clinical research and development activities in Peru, as the laboratory operations of the CROs that Neural has engaged with, to date, are not located in Peru, however, if in the future Neural enters into contracts with one or more CROs located in Peru, such CROs (and possibly by extension, Neural) will be required to comply with the Peruvian rules and regulations. The main legislative framework for the pharmaceutical industry in Peru, including the controlled substances regulations, are set by the laws approved by the Peruvian Congress and are subject to approval of the Peru Ministry of Health.

Scientific research regulations relating to healthcare-related projects including storage, cultivation, harvest, transport

[18] *https://www.gob.pe/institucion/minsa/normas-legales/255646-023-2001-sa*

and manufacturing of psychoactive plants in Peru are promulgated by the NIH in the form of Pharmaceutical Establishment Regulations and are enforced and regulated by the DIGEMID. NIH, through the General Office for Research and Technology Transfer (or *Oficina General de Investigación y Transferencia Tecnológica*) and the Executive Office of Investigation (or *Oficina Ejecutiva de Investigación*), is responsible for clinical trial approvals, oversight, and inspections. These departments are responsible for establishment of the administrative and technical procedures for the evaluation, approval, and financing for the development of observational biomedical research, including supervision of clinical trials to ensure the quality and integrity of the data or other elements related to the trial; to protect the rights and well-being of research subjects; to ensure the safety of the investigational products used in the trials; and to establish procedures within the applicable Pharmaceutical Establishment Regulations, GCP and other applicable national and international standards and regulations. These departments are also responsible for organizing and maintaining the Peruvian clinical trials registry, institutional ethics committees, research sites, and CROs.

Research regulations relating to agriculture-related projects including storage, cultivation, harvest, transport and manufacturing of plants in Peru are promulgated by the NIAI in the form of NIAI Regulations.

Import of CITES-Regulated Plants

In order to import CITES-regulated plants from Peru into other countries, Neural or its partners may be required to secure permits in those countries, which may require securing permits from various government authorities that regulate various aspects of the importation and research and development process. The government authorities which may require these include, but not limited to:

- Departments responsible for developing and executing federal laws related to farming, forestry, rural economic development, and food, such as USDA;
- Departments responsible for border control and regulating international trade, such as CBP;
- Departments responsible for protecting and promoting public health through the control and supervision of food safety, tobacco products, dietary supplements, prescription and over-the-counter pharmaceutical drugs, such as FDA;
- Departments responsible for regulating endangered species, such as USFWS; and
- Departments responsible for enforcement of relevant controlled substances regulations, such as DEA.

Regulatory Framework in SVG and Regulatory Compliance of CGS

While Neural is exploring opportunities in SVG, it is currently not conducting any active business in that jurisdiction, other than engaging with CGS. The following summary of the legal and regulatory regimes are applicable to Neural's planned activities in SVG. At present, Neural does not intend to seek to conduct commercial activities in SVG involving its products and its product development activities will be focused on conducting certain aspects of IND-enabling and GRAS-determining studies in order to advance its product development efforts, that would be conducted in collaboration with CGS and under the scope of CGS License, as may be permitted by the applicable regulations.

The SVG Standards Act is the main statute pursuant to which the applicable regulatory authorities grant SVG Research Licenses. SVG Standards Act provides for the establishment of the SVGBS, which empowers SVGBS to "promote research in relation to specifications, establish or designate laboratories and testing facilities to provide for the examination of services and the testing of goods, services, processes and practices", among other things. The government of SVG is currently addressing the drafting of a legislative framework for the establishment of a full psychedelics value chain. According to the statement by the representative of the SVGBS, all activities in St. Vincent and the Grenadines will be in full compliance with international law where compounds are only to be used for scientific research and medical purposes through a regulatory agency with strict national laws and regulations to ensure non-diversion of these compounds to or from the illicit market. Recognizing the medical and economic potential offered by the licensed production and clinical distribution of these compounds, it is expected that the

completion of the SVG MOU study period will be followed by a seamless transition into a functional medicinal health and wellness industry.

On December 11, 2018 the parliament of SVG passed SVG MCIA to establish SVG MCA empowering SVG MCA to regulate the cultivation, supply, possession, production and use of cannabis for medicinal purposes. The SVG MCIA provides that, among other things, the cabinet of SVG may, acting on the recommendation of the board of the SVG MCA, approve the issue of licences or other authorisations under the SVG MCA: (a) formulate standards and prescribe codes of practice to be observed by licensees or other persons involved in the medicinal cannabis industry; (b) charge fees for services provided by or on behalf of the SVG MCA; (c) facilitate scientific research in respect of medicinal cannabis and, where applicable, apply the results of such research in the development of the medicinal cannabis industry; (d) consult with the SVG MCA council or any person or body as it may consider appropriate; and (e) do all such things as the SVG MCA considers necessary or expedient for the purpose of carrying out its functions[19].

SVG MCIA provides that SVG MCA may issue SVG ASP licenses, which may in certain cases permit the licensees to conduct research activities for the purpose of improving or further developing cannabis for medicinal or scientific purposes. CGS obtained SVG ASP license on October 4, 2021, pursuant to the management service agreement that it entered into with SVG MCA, which permits CGS to operate an analytical service provider facility to provide analytical services and conduct research. The holders of SVG ASP licenses are subject to extensive standards of operations prescribed by the SVG MCIA, which in most cases provide the necessary capabilities to such licensees to conduct research in other plant materials[20].

Subsequently, the government of SVG has approved a policy space for the establishment of a national modern health and wellness industry using plant and fungi-based materials in accordance with the provisions of the SVG Standards Act. In October 2020, the Government of SVG entered into the SVG MOU with several companies expressing interest in the medical use of several psychoactive compounds. The SVG MOU outlines a period for a medicinal wellness feasibility study, in which the parties would collaborate to examine "the key elements involved in building a commercially viable, science-based, … health and wellness ecosystem in SVG."[21] The study parameters would avoid premature market saturation or fragmentation through careful curation of companies on the platform, to allow a thorough assessment of the true economic impact.

Subsequently, several other companies were granted SVG Research Licenses (including CGS License), that permit holders thereof to carry out licensed activities including: research; cultivation; production; development and extraction; processing; importation and exportation; along with prescribed patient access and dispensation in authorized clinical treatment facilities. As the approval and implementation of the legislative framework for the psychedelics industry in SVG remains underway as of the date of this Circular, the activities of holders of SVG ASP licenses outside of medical cannabis under the provisions of the SVG MCIA, other than the holders of SVG Research Licenses, remain subject to authorization and approval of the requisite regulatory authorities of SVG, including without limitation SVGBS, SVG MCA, SVG The Ministry of Health & the Environment.

Regulations Pertaining to Pharmaceutical Product Research and Development in the United States

Neural intends for the United States to be the primary market for its pharmaceutical products. The summary below outlines the regulatory process applicable to companies seeking to develop new drugs for sale in the United States.

In the United States, the FDA regulates drugs under the FDCA, and its implementing regulations. Drugs are also subject to other federal, state and local statutes and regulations. The process of obtaining regulatory approvals and the subsequent compliance with appropriate federal, state, local and foreign statutes and regulations require the expenditure of substantial time and financial resources. Failure to comply with the applicable United States requirements at any time during the product development process, approval process or after approval, may subject an applicant to administrative or judicial sanctions. These sanctions could include, among other actions, the FDA's

[19] *https://mca.vc/wp-content/uploads/2019/05/Medicinal-Cannabis-Industry-Act-2018.pdf*

[20] *https://mca.vc/wp-content/uploads/2022/08/Medicinal-Cannabis-Industry-Standards-and-Compliance-Regulations-2022-Subpart-XII-1.pdf*

[21] *https://thevincentian.com/developments-in-modern-medicinal-wellness-industry-in-st-vincent-and-the-g-p23765-158.htm*

refusal to approve pending applications, withdrawal of an approval, a clinical hold, untitled or warning letters, product seizures, total or partial suspension of production or distribution, injunctions, fines, refusals of government contracts, restitution, disgorgement, or civil or criminal penalties. Additionally, a manufacturer may need to recall a product from the market. Any agency or judicial enforcement action could have a material adverse effect on Neural.

Neural's drug candidates must be approved by the FDA through the NDA process before they may be legally marketed in the United States. The process required by the FDA before a drug may be marketed in the United States generally involves the following:

- Completion of extensive nonclinical laboratory tests, animal studies and formulation studies in accordance with applicable regulations, including the GLP guidelines and regulations;
- Submission to the FDA of an IND application, which must become effective before human clinical studies may begin;
- Approval by an independent institutional review board, or ethics committee at each clinical study site before each study may be initiated;
- Performance of adequate and well-controlled human clinical studies in accordance with applicable IND and other clinical study-related regulations, including GCP, to establish the safety and efficacy of the proposed drug for each proposed indication;
- Submission to the FDA of an NDA for a new drug;
- Receipt of the determination by the FDA within 60 days of its receipt of an NDA to file the NDA for review;
- Satisfactory completion of an FDA pre-approval inspection of the manufacturing facility or facilities where the drug is produced to assess compliance with cGMP, including the requirements to assure that the facilities, methods and controls are adequate to preserve the drug's identity, strength, quality and purity;
- Potential FDA audit of the nonclinical study and/or clinical study sites that generated the data in support of the NDA; and
- FDA review and approval of the NDA, including consideration of the views of any FDA advisory committee, prior to any commercial marketing or sale of the drug in the United States.

The data required to support an NDA is generated in two distinct development stages: first, preclinical and, second, clinical. For new chemical entities, the nonclinical development stage generally involves synthesizing the active component, developing the formulation and determining the manufacturing process, as well as carrying out non-human toxicology, pharmacology and drug metabolism studies in the laboratory, which support subsequent clinical testing. First, preclinical trials include laboratory evaluation of product chemistry, formulation, stability and toxicity, as well as animal studies to assess the characteristics and potential safety and efficacy of the product (these are oftentimes referred to as IND-enabling studies). The conduct of the preclinical trials must comply with federal regulations, including GLPs. The study sponsor must submit the results of the preclinical trials tests, together with manufacturing information, analytical data, any available clinical data or literature and a proposed clinical protocol, to the FDA as part of the IND. An IND is a request for authorization from the FDA to administer an investigational drug product to humans. Some nonclinical testing may continue even after the IND is submitted, but an IND must become effective before human clinical studies may begin. The central focus of an IND submission is on the general investigational plan and the protocol(s) for human trials. The IND automatically becomes effective 30 days after receipt by the FDA, unless the FDA raises concerns or questions regarding the proposed clinical studies, including concerns that human research subjects will be exposed to unreasonable health risks, and places the IND on clinical hold within that 30-day time period. In such a case, the IND sponsor and the FDA must resolve any outstanding concerns before the clinical study can begin. The FDA may also impose clinical holds on a drug candidate at any time before or during clinical studies due to safety concerns or non-compliance. As submission of an IND involves a high degree of uncertainty and Neural will need to secure further financing in order to conduct IND-enabling studies (including, without limitation, preclinical studies with CROs that Neural intends to contract, continue to work with and other contractual relationships that Neural is a party to or may become a party to in the future) there is no

assurance that Neural will be able to successfully submit an IND in a timely manner, or at all, and if submitted, there is no assurance that the FDA will allow clinical studies to begin, or that, once begun, issues will not arise that could cause the study to be suspended or terminated.

Second, the clinical stage of development involves the administration of the drug candidate to healthy volunteers or patients under the supervision of qualified investigators, generally physicians not employed by or under the trial sponsor's control, in accordance with GCPs, which include the requirement that all research subjects provide their informed consent for their participation in any clinical study. Clinical studies are conducted under protocols detailing, among other things, the objectives of the clinical study, dosing procedures, subject selection and exclusion criteria and the parameters to be used to monitor subject safety and assess efficacy. Each protocol, and any subsequent amendments to the protocol, must be submitted to the FDA as part of the IND. Further, each clinical study must be reviewed and approved by an institutional review board, at or servicing each institution at which the clinical study will be conducted. An institutional review board is charged with protecting the welfare and rights of trial participants and considers such items as whether the risks to individuals participating in the clinical studies are minimized and are reasonable in relation to anticipated benefits. The institutional review board also approves the informed consent form that must be provided to each clinical study subject or his or her legal representative and must monitor the clinical study until completion. There are also requirements governing the reporting of ongoing clinical studies and completed clinical study results to public registries.

A sponsor who wishes to conduct a clinical study outside the United States may, but need not, obtain FDA authorization to conduct the clinical study under an IND. If a foreign clinical study is not conducted under an IND, the sponsor may submit data from the clinical study to the FDA in support of an NDA so long as the clinical study is conducted in compliance with GCP and the FDA is able to validate the data through an onsite inspection if the agency deems it necessary. There can be no assurance that the FDA will accept data from clinical trials conducted outside of the United States. Progress reports detailing the results of the clinical studies must be submitted at least annually to the FDA. Written IND safety reports must be submitted to the FDA and the investigators within 15 calendar days for serious and unexpected suspected adverse events, findings from other studies or animal or in vitro testing that suggests a significant risk for human subjects, and any clinically important increase in the rate of a serious suspected adverse reaction over that listed in the protocol or investigator brochure. Additionally, a sponsor must notify the FDA of any unexpected fatal or life-threatening suspected adverse reaction within seven calendar days. The FDA or the sponsor may suspend or terminate a clinical study at any time on various grounds, including a finding that the research subjects or patients are being exposed to an unacceptable health risk. Similarly, an institutional review board can suspend or terminate approval of a clinical study at its institution if the clinical study is not being conducted in accordance with the institutional review board's requirements or if the drug has been associated with unexpected serious harm to patients. Additionally, some clinical studies are overseen by an independent group of qualified experts organized by the clinical study sponsor, known as a data safety monitoring board or committee. This group provides authorization for whether or not a study may move forward at designated check points based on access to certain data from the study.

Prior to or concurrently with clinical studies, companies often complete additional animal studies in order to gather further information regarding a drug candidate's pharmacokinetic and pharmacodynamic characteristics. Additionally, companies must develop additional information about the chemistry and physical characteristics of the drug as well as finalize a process for manufacturing the product in commercial quantities in accordance with cGMP requirements. The manufacturing process must be capable of consistently producing quality batches of the drug candidate and, among other things, the sponsor must develop methods for testing the identity, strength, quality and purity of the final drug product. Additionally, appropriate packaging must be selected and tested and stability studies must be conducted to demonstrate that the drug candidate does not undergo unacceptable deterioration over its shelf life.

NDA and FDA Review Process

The results of the nonclinical studies and clinical studies, together with other detailed information, including extensive manufacturing information and information on the composition of the drug and proposed labeling, are submitted to the FDA in the form of an NDA requesting approval to market the drug for one or more specified indications. The FDA reviews an NDA to determine, among other things, whether a drug is safe and effective for its

intended use and whether the product is being manufactured in accordance with cGMP to assure and preserve the product's identity, strength, quality, and purity. FDA approval of an NDA must be obtained before a drug may be offered for sale in the United States.

The FDA reviews all NDAs submitted before it accepts them for filing and may request additional information rather than accepting an NDA for filing. The FDA must make a decision on accepting an NDA for filing within 60 days of receipt. Once the submission is accepted for filing, the FDA begins an in-depth review of the NDA. After the NDA submission is accepted for filing, the FDA reviews the NDA to determine, among other things, whether the proposed product is safe and effective for its intended use, and whether the product is being manufactured in accordance with cGMP to assure and preserve the product's identity, strength, quality and purity. Before approving an NDA, the FDA will conduct a pre-approval inspection of the manufacturing facilities for the new product to determine whether they comply with cGMPs. The FDA will not approve the product unless it determines that the manufacturing processes and facilities are in compliance with cGMP requirements and adequate to assure consistent production of the product within required specifications. In addition, before approving an NDA, the FDA may also audit data from clinical studies to ensure compliance with GCP requirements. Additionally, the FDA may refer applications for novel drug products or drug products which present difficult questions of safety or efficacy to an advisory committee, typically a panel that includes clinicians and other experts, for review, evaluation and a recommendation as to whether the application should be approved and under what conditions. The FDA is not bound by the recommendations of an advisory committee, but it considers such recommendations carefully when making decisions. The FDA will likely re-analyze the clinical study data, which could result in extensive discussions between the FDA and the applicant during the review process.

After the FDA evaluates an NDA, it may issue an approval letter or a complete response letter, which authorizes commercial marketing of the drug with specific prescribing information for specific indications. This letter indicates that the review cycle of the application is complete and the application is not ready for approval. A complete response letter usually describes all of the specific deficiencies in the NDA identified by the FDA and may require additional clinical data and/or an additional pivotal Phase 3 clinical study(s), and/or other significant and time-consuming requirements related to clinical studies, nonclinical studies or manufacturing. If a complete response letter is issued, the applicant may resubmit the NDA addressing all of the deficiencies identified in the letter, withdraw the application, or request an opportunity for a hearing. Even if such data and information is submitted, the FDA may ultimately decide that the NDA does not satisfy the criteria for approval. Data obtained from clinical studies are not always conclusive and the FDA may interpret data differently than we interpret the same data. As an example, the FDA may require Phase 4 testing which involves clinical studies designed to further assess a drug's safety and efficacy and may require testing and surveillance programs to monitor the safety of approved products that have been commercialized. The FDA also may place other conditions on approvals including the requirement for a risk evaluation and mitigation strategy, to assure the safe use of the drug.

Regulations Pertaining to Nutraceutical Product Research and Development in the United States

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

While San Pedro cactus itself does not appear in any of the Schedules of the CSAUS and is therefore not considered a controlled substance in the United States, mescaline, its principal psychoactive alkaloids, is listed on Schedule I of the CSAUS. In order to develop products targeting the dietary supplement market, Neural's products must not contain any substances that appear on any of the schedules of the CSAUS. If San Pedro, or any of its constituents in addition to mescaline become controlled substances in the future, Neural may need to seek to adjust its product development efforts to ensure compliance with applicable laws and regulations. Please see section titled "*Risk Factors*".

Assuming that Neural is able to secure the assurance that the nutraceutical products it intends to develop do not contravene the CSAUS, it is anticipated that Neural's products that contain San Pedro pulp fiber and residual extract

will be treated as dietary supplements, a category of food in the United States, for regulatory purposes. The manufacturing, processing, formulation, packaging, labeling and advertising of Neural's products are subject to regulation by a number of federal agencies, including the FDA, FTC, USPHS, CBP, and at the state levels through governmental bodies that administer the same or similar regulations concerning dietary supplements.

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

DSHEA, an amendment to the federal FDCA, established a framework governing the composition, safety, labeling, manufacturing and marketing of dietary supplements in the United States. DSHEA defined the term "dietary supplement" for the first time as well as the types of ingredients that can be considered as "dietary ingredients". According to Section 201(ff)(1) of the FDCA, a dietary ingredient may include a vitamin; mineral; herbs or other botanical; amino acid; dietary substance for use by man to supplement the diet by increasing the total dietary intake; and a concentrate, metabolite, constituent, extract, or combination of any of the ingredients listed above. However, under Section 201(ff)(3)(B) of the FDCA, a substance may not be used as a dietary ingredient if it includes "an article" that was: first (1) approved as a new drug or (2) approved as an IND for which substantial clinical investigations have been instituted and for which the existence of such investigations has been made public.

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

Generally, under the DSHEA, dietary ingredients marketed in the United States prior to October 15, 1994 are considered "old", grandfathered, or pre-DSHEA dietary ingredients and may be used in dietary supplements without notifying the FDA. "New" dietary ingredients (i.e. dietary ingredients "not marketed in the United States before October 15, 1994") must be the subject of a new dietary ingredient notification submitted to the FDA, at least 75 days prior to introduction of the ingredient into interstate commerce, unless the ingredient has been "present in the food supply as an article used for food without being "chemically altered." Any NDIN must provide the FDA with evidence of a "history of use or other evidence of safety" establishing that use of the dietary ingredient "will reasonably be expected to be safe" through conducting pre-clinical and/or clinical safety studies or demonstrate an exemption to the NDIN requirement by showing it is "Generally Recognized As Safe" or GRAS which is an industry-recognized standard for food ingredient safety in the United States. As a part of product development of Neural's initial product lines, Neural will determine whether its products will be classified as dietary supplements containing "new" dietary ingredients in accordance with FDA statutes and final rules but given its initial research it expects that certain dietary ingredients will be classified as "New" and, thus, the products will be subject to applicable regulations in that respect. Please see section titled "*Principal Products and Markets – Nutraceutical Product Development*".

In order to make this determination, Neural needs to engage a CRO or a partner with a company that has research capabilities to make these assessments and conduct a thorough gap assessment of the formulation that Neural is developing, as well as a literature search to determine chemistry/analytical and toxicology studies required for identity and safety, respectively, for the NDIN submission. The gap assessment compares the chemistry and safety studies possessed by Neural from the public literature or commissioned studies against the necessary requirements needed to file a safety dossier with the FDA and provides Neural with a list of outstanding studies to be conducted.

With respect to labeling, DSHEA permits "statements of nutritional support", which are now called structure function claims, for dietary supplements without FDA pre-approval. FDA does have a requirement to submit the text of each claim as it appears on labels or in labeling within 30-days of going to market. These are referred to as 30-day structure function notices. Both FDA and FTC require substantiation of claims, but FTC is tasked with enforcement over claim substantiation. Structure function claims may describe the role of an ingredient on the structure, function or general well-being of the human body, or the mechanism of action by which a dietary ingredient may affect body structure,

function or well-being (but may not state that a dietary supplement will diagnose, mitigate, treat, cure or prevent a disease). This, therefore, severely limits the direct advertising of the healthcare benefits of Neural's products. A company making a statement of nutritional support must possess substantiating evidence for the statement, and disclose on the label that the FDA has not reviewed that statement and that the product is not intended to diagnose, treat, cure or prevent a disease. However, the FDA may determine that a given statement of nutritional support that Neural decides to make is a "disease" or therapeutic drug claim rather than a permissible structure function claim. There can be no assurance that the FDA will accept the evidence of safety for any new dietary ingredient that Neural may decide to use. The FDA's refusal to accept such evidence could result in regulation of such dietary ingredients as food additives, requiring the FDA pre-approval based on newly conducted, costly safety testing. Please see section titled "*Risk Factors*".

In addition, DSHEA allows the dissemination of "third-party literature", publications such as reprints of scientific articles linking particular dietary ingredients with health benefits. Third-party literature may be used in connection with the sale of dietary supplements to consumers. Such a publication may be so used if, among other things, it is not false or misleading, no particular brand of dietary supplement is promoted and a balanced view (positive and negative evidence) of available scientific information on the subject matter is presented to consumers. There can be no assurance, however, that all pieces of third-party literature that may be disseminated in connection with Neural's products will be determined by the FDA and/or FTC to satisfy each of these requirements, and any such failure could subject the product involved to regulation as a new drug or as a "misbranded" product, causing Neural to incur substantial fines and penalties.

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

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

Dietary supplements are also subject to the NLEA, which regulates health claims, ingredient labeling and nutrient content claims characterizing the level of a nutrient in a product. NLEA prohibits the use of any health claim for

dietary supplements unless the health claim is supported by significant agreement within the scientific community and is pre-approved by the FDA.

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

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

Components

Raw material used in Neural's research and development process are sourced in Peru by Cactus Knize, which holds a SERFOR license. As San Pedro cactus is native to South America, it is available in abundance in Peru, however, Neural's ability to reach and sustain satisfactory levels of supply of raw material to conduct its research and development, could be dependent in part upon the ability of third-party suppliers of raw materials to perform their functions and to comply with local regulations. While outsourcing raw material supply to third parties may reduce the cost of operations, it also reduces direct control that Neural's has over the quality and consistency of the material supplied. Although Neural attempts to mitigate such risks through selection of reputable partners with good knowledge within their domain, it is possible that one or more of these suppliers could fail to perform as expected, particularly in the psychedelics industry, which is nascent. The failure to supply raw materials as required could have a material adverse effect on the business, results of operations and financial condition of Neural.

Specialized Skill and Knowledge

Neural's business requires specialized knowledge and technical skill around natural psychedelic medicines and cactus-based dietary supplements, intellectual property development, drug development, quality assurance, and distribution of products through various channels and across countries. Aside from Neural's directors and officers, Neural appointed a Scientific & Impact Advisory Board (described in more detail below). Neural also has contracts with consultants who provide specialized knowledge and technical skill in the following areas of expertise: financial accounting and reporting, pharmaceutical development, quality assurance, legal and commercial. Other than fluctuation in consumer demands and general economic conditions that affect consumer spending,

Neural has entered into agreements with service providers that have specialized skill and knowledge. Neural's leadership team consists of Ian Campbell, Dr. Kelly Narine, Dr Jason Dyck, John Durfy, Colin McLelland and Omar Gonzalez. Neural will continue to build core skills in managing pre-clinical studies, product formulation, manufacturing, supply chain and commercialization by adding in-house personnel as required. Ian Campbell and John Durfy are current incumbent directors of Neural, and each of Dr. Narine, Dr Dyck and Mr. McLelland will be added as directors of Neural following the completion of the Plan of Arrangement, as provided for in the management information circular that was prepared in connection with the Neural Meeting.

Board of Directors

Ian Campbell, Chief Executive Officer, President and Director

Mr. Campbell is an executive leader who has an international reputation for building effective teams, managing operations and product commercialization. He has managed multinational entities residing in the U.S., Canada as well as the Czech Republic. From May 2013 to November 2016, Mr. Campbell was CEO of FLSmidth S.r.o, a Czech subsidiary of a multinational engineering firm. From May 2017 to September 2018, Mr. Campbell was General Manager of Maccaferri Canada Ltd., a private global engineering solutions firm and as a Regional CEO of U.S. and Canada of Maccaferri Ltd., from September 2018 to July 2021. Mr. Campbell has also held various management roles at Malvern PANalytical, a Netherlands-based lab equipment manufacturer. Over his career, Mr. Campbell has been a catalyst in the pharmaceutical market and successfully lobbied the United States Pharmacopeia (USP) to include new techniques for Impurity Analysis. Additionally, Mr. Campbell has had significant international exposure to the controlled substance regulators and led successful sales efforts to the DEA and created a partnership with Health Canada which resulted in a unique controlled substance scientific database for X-ray analysis and has been a leader in drug counterfeit detection technology. Mr. Campbell earned a M.Sc. in Earth Sciences (Biogeochemistry) from Brock University in 1996, a B.Sc. in Geology from McMaster University in 1993 and completed all doctorial level course work bridging fields of environmental science and pharmacology.

Dr. Jason Dyck, Proposed Director

Dr. Dyck's career spans the study of multiple ailments, including diabetes, cancer, and cardiovascular disease, all linked to his interest in how alterations in molecular control mechanisms contribute to these diseases. Dr. Dyck is a Canada Research Chair in Molecular Medicine, having published over 230 peer-reviewed research papers in this area. Dr. Dyck received a PhD in Medical Sciences from the University of Alberta in 1995 and trained at Dartmouth Medical School (Hanover, New Hampshire) and Baylor College of Medicine (Houston, Texas). Dr. Dyck has extensive experience in the field of drug discovery and commercialization. He co-founded a successful University of Alberta spin-off company, currently holds more than 100 patents and has numerous collaborations with large pharmaceutical companies. Dr Dyck has served as Chief Science Officer at Australis Capital Inc., dba Audacious, a U.S.-focused cannabis multi-state operator from April 2021 until present. He served on the board of CTT Pharmaceutical Holdings, Inc. and High Fusion, as well as the co-Chairman of the National Research Council at Diabetes Canada. Dr. Dyck is also an alumnus of Canada's Top 40 Under 40.

Dr. Kelly Narine, Proposed Director

Dr. Kelly Narine is the former Vice President, Global Research & Medical Affairs of Aurora Cannabis Inc. (TSX:ACB), where she focused on early product development testing, pre-clinical clinical studies, human health outcomes, product safety, and medical education. Dr. Narine received her PhD in Medical Genetics from the University of Alberta in 2008 where she studied molecular and cellular changes in pathways of carcinogenesis. Subsequently, she worked at Afexa Life Sciences, Inc., ultimately as Director of Clinical Affairs. Dr. Narine has served as Director of Operations for two Translational Science Institutes at the University of Alberta: the Neuroscience and Mental Health Institute and the Cancer Research Institute of Northern Alberta. Currently, Dr. Narine is the Director of Medical Affairs at Cardiol Therapeutics Inc. (NASDAQ: CRDL, TSX: CRDL), a clinical-stage biotechnology company focused on developing innovative anti-inflammatory therapies for the treatment of cardiovascular disease.

John Durfy, Chairman of the Board

John Durfy currently serves as the Chief Executive Officer of High Fusion Inc. (CSE:FUZN). Previously, Mr. Durfy was a board member of Cannabis Growth Opportunity Corp., the COO of Sphere Investment Management Inc. (where he was responsible for the operational and strategic management of the firm), and the Chief Investment Officer for a hedge fund (where he oversaw all portfolio management activities and personnel, including investment strategy, trading and risk management). He also served as a Managing Director of Global Equities for the Ontario Municipal Employees Retirement System from 2008 to 2011. Prior to OMERS, he was a Senior Portfolio Manager

with the Canada Pension Plan Investment Board and a Vice President and Portfolio Manager with MFS McLean Budden. Mr. Durfy graduated the MBA program at the DeGroote School of Business at McMaster University in 1988 and received a Bachelor of Commerce degree from Memorial University of Newfoundland in 1986. Mr. Durfy formerly held the following professional designations: CFA between 1996 and 2020, and CPA and CMA between 1991 and 2020.

Colin McLelland, Proposed Director

Mr. McLelland started his business career as an accountant at Ernst & Young LLP before moving into mid-market investment banking, first as an associate at Crosbie Houlihan Lokey Inc., and then Ernst & Young Orenda Corporate Finance. Following his career in professional services, Mr. McLelland has served in a number of senior management roles, including VP of Corporate Development of Shred-it International Inc.; VP of Corporate Development of Noranco Inc., which was sold to Precision Castparts Corp. (PCP: NYSE) in October 2015 for US$560 million. Most recently, Mr. McLelland served as a president of Metro Compactor Service Inc. and its IoT technology subsidiary, iSmart Technology Inc., until June of 2021. Mr. McLelland currently operates his own financial consulting business Twelve Financial Inc., serves as an independent director Seaport Intermodal, a leading Intermodal transportation company in the Greater Toronto and Greater Montreal Areas and as Fractional CFO of Payd Inc. a technology start-up. Mr. McLelland earned a BBA degree from Wilfrid Laurier University in 1993, CA/CPA designation in 1995 and CFA designation in 1999.

Omar Gonzalez, Chief Financial Officer

Mr. Gonzalez has over 20 years of experience in audit & assurance in South America, included five years of public and private audit practice, financial analysis, and corporate development in Canada. He is bilingual in English and Spanish and has led many assurance & non-assurance engagements for companies in the energy, mining & natural resources, real estate, manufacturing, and consumer business sector. He is a Chartered Professional Accountant in Ontario and Venezuela and earned a bachelor's degree with a major in Accounting from the Santa Maria University in 2000.

Scientific & Impact Advisory Board

Neural's Scientific & Impact Advisory Board, comprised of Professor David Nutt, Dr. Duke Fu, Dr. Kelly Narine and Dr. Jason Dyck, acts as a scientific advisor bringing valuable insight into development of Neural's products from the scientific standpoint. While none of the members of the management team have direct experience in the functional foods or mescaline-derived products industries, they rely on expertise and guidance of Neural's Scientific & Impact Advisory Board, as it relates to the business of Neural. Through their practices the members of the Scientific & Impact Advisory Board understand the value that mescaline can bring to the scientific community.

Professor David Nutt is a psychiatrist and the Edmond J. Safra Professor of Neuropsychopharmacology in the Division of Brain Science, Imperial College London. He was previously President of the European Brain Council, British Association of Psychopharmacology, British Neuroscience Association and European College of Neuropsychopharmacology. He is currently Founding Chair of DrugScience.org.uk and holds visiting Professorships at the Open University and University of Maastricht. In 2013, he won the John Maddox Prize from Nature/Sense about Science for standing up for science and, in 2017, a Doctor of Laws hon causa from the University of Bath. Professor Nutt currently sits as the Chair of the Scientific Advisory Board for COMPASS Pathways (NASDAQ: CMPS), Chair of the Scientific Advisory Board for AWAKN Life Sciences (NEO: AWKN) and Psyched Wellness Ltd. (CSE: PSYC). He is also a member of the Medical Advisory Board of Opiant and sits on the board of Lundbeck Institute Campus.

Dr. Duke Fu has a Doctor of Pharmacy and MBA from University of New Mexico and is one of the few Board-certified Nuclear Pharmacists (BCNP) in the State of Nevada. During his doctoral program, Dr. Fu studied and experimented with mycology, cultivating 30 species of fungi, including eight psilocybin containing strains. Dr Fu is co-founder and current CEO of Green Therapeutics LLC, a premier cannabis cultivation and manufacturing company

operating in Nevada since 2015. Dr. Fu was the Managing Partner at Biotech Pharmacy, which developed into the largest independent nuclear pharmacy chain in Southwestern United States and was acquired by Cardinal Health. Dr. Fu was also the former President for MedMen.

The biographies of the two remaining members of Neural's Scientific & Impact Advisory Board, being Dr. Dyck and Dr. Narine, are included above under the heading of "*Board of Directors*".

Cyclicality and Seasonality

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

Social and Environmental Impact of Neural's Activities

As an ethnobotanical company, Neural strives to be a socially responsible and environmentally responsible corporate citizen. Neural's choice to work with plants that have shorter life cycles and are not near extinction is just one example of how we plan to protect the environment. Neural's plan as a botanically sourced company is to be environmental stewards of our planet and to have the least environmental impact as possible. The choice of conducting Neural's fundamental work in Peru and initial cultivation projects are conscious decisions for the following key reasons:

- San Pedro, Neural's principal plant of focus is native to South America and Peru, hence working in those jurisdictions will minimize translocation of potentially invasive species or any other potentially damaging biological vector;
- Neural's harvesting plans, developed in conjunction with Cactus Knize, are focused on identifying stands of particular interest and spot harvesting and include replanting denser stands of the exact plant harvested. This will help to enhance the sustainability of Echinopsis cacti in the local environments;
- Neural's cultivation experiments and projects will be carried out in Peru where Echinopsis cacti grows wild today and with minimal deleterious chemical agents, such that environmental impact is minimized on the land use and the counterparties are in compliance with botanical guidelines set forth by regulators such as the FDA and Health Canada;
- Neural's cultivation will focus on working with a specific cultivar and as such will overtime reduce/eliminate the need for harvesting any wild raw materials;
- Neural expects that its chemical extraction process that was developed pursuant to the IP Development Agreement will reduce extraction solvent use and as such permit a higher degree of recycling and reduction of potentially harmful waste;
- The two-pronged approach (pharmaceutical and nutraceutical) of utilizing the residual material that remains after the extraction of mescaline, allows to make use of all the materials harvested to achieve the maximum use of the harvested plant; and
- As an ethnobotanical company, Neural strives to honor and support the knowledge keepers who have provided us with over 5,000 years of experience with San Pedro. Today, these knowledge keepers are modern shamans of Peru many of whom are direct descendants of the ancient Inca civilization. It is therefore Neural's intention to deliver a form of pay-back to this community within Peru. One of such initiatives that Neural plans to undertake is a scholarship program for underprivileged children of communities who are of indigenous decent or religious practitioners of San Pedro today to attend basic school or higher-level schools such as a college or a university.

Employees

Neural has one employee – Ian Campbell. Neural's CFO, corporate controller, corporate secretary, sales support, and business analysts are part-time consultants. John Durfy, Julio Calmet, Neural's Peru Manager, and FMICA are independent contractors to Neural. Depending on the availability of capital in the future, Neural may consider hiring a Chief Science Officer to oversee Neural's research and development activities and other staff that may be necessary.

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

Competitors Summary

Neural's geographic focus is currently on Canada and the United States. Below is a summary of potential competitors currently identified by management in each of the segments:

Pharmaceutical Competitors

Company	Location	Description
Journey Colab	San Francisco, CA	Biopharmaceutical company focused on psychotherapy to fight addiction & substance abuse disorder.
Mind Medicine	New York, NY	Biotechnology company with multiple drug candidates including those derived from DMT, LSD and mescaline involved in clinical research trials.
Numinus Wellness	Vancouver, BC	Mental health and wellness company aiming to develop and deliver psychedelic assisted therapies to resolve mental health issues including anxiety, depression, chronic pain, trauma, and substance abuse.
BioNxt Solutions Inc. (formerly, XPhyto Therapeutics Corp.)	Vancouver, BC	Concentrated on commercializing next-generation pharmaceutical and diagnostic investment opportunities.
IntelGenx Corp	Saint Laurent, QC	Focused on the development of patented pharmaceutical films which permit the development of drugs.
PharmaTher Holdings Ltd.	Toronto, ON	Developing specialty ketamine pharmaceuticals for the treatment of mental health, neurological and pain disorders in patients.

Nutraceutical Competitors

Company/Brand	Headquarters Location	Description
Tia Lupita Foods	Tiburton, CA	Offers variety of hot sauce, chips and other snacks made with nopales cactus (also known as prickly pear).
Nemi Holisticks	Chicago, IL	Offers variety of snacks made of nopales cactus.
Nopalera	New York, NY	Offers a full range of body care products made with cactus.
Honcho Agua Fresca	California, US	Offers prickly pear cactus line of seltzers.
Dr. Juan's Santo Remedio	Miami, FL	A line of skincare products – including nopal, prickly pear cactus dietary supplement.
Irwin Naturals	Los Angeles, CA	Irwin Naturals owns a range of dietary supplement products under several brands, including Nature's Secret and Applied Nutrition that address a wide spectrum of health needs.

Intellectual Property

Neural has engaged with specialists in extraction technology and applications to produce a unique and novel extraction technique. Additionally, Neural retained legal counsel to review the technological advancements. A successful review has resulted in a patent proposal of a new extraction technique designed to provide a full spectrum and the isolation of the alkaloid mescaline if so desired. Neural's patent claims include exceptionally high alkaloid yield and reduced chemical solvent use. The residual materials will be thoroughly stripped of any significant controlled substance providing additional product design flexibility and an additional source of raw materials.

Patent Applications

Neural strives to protect the proprietary technology that we believe is important to its business, including seeking and maintaining patents intended to cover both broad development programs and individual drug candidates. To that end, Neural intends to secure domestic and international patent protection, and endeavor to file patent applications for new commercially valuable inventions.

The patent positions of biopharmaceutical companies such as Neural are generally uncertain and involve complex legal, scientific and factual questions. In addition, the coverage claimed in a patent may be challenged in courts after issuance. Moreover, many jurisdictions permit third parties to challenge issued patents in administrative proceedings, which may result in further narrowing or even cancellation of patent claims. Neural cannot predict whether the patent in connection with the Provisional Application that it is currently pursuing will be approved in any particular jurisdiction or at all, whether the claims of any patent applications, should the patents be issued, will cover Neural's drug candidates, or whether the claims of any issued patents will provide sufficient protection from competitors or otherwise provide any competitive advantage. See section titled "*Risk Factors – Risks Related to Intellectual Property*".

As of the date of the Circular, Neural's patent portfolio consists of one provisional patent application with the USPTO, being the Provisional Application, which seeks to protect a new extraction technique designed to provide a full spectrum and the isolation of the alkaloid mescaline if so desired. In connection with the IP Development Agreement, Neural submitted the Provisional Application. Neural's patent claims include a high alkaloid yield and reduced chemical solvent use. The residual materials will be thoroughly stripped of any significant controlled substance providing additional product design flexibility and an additional source of raw materials. In addition to the Provisional Application, Neural intends to explore additional opportunities to expand its patent portfolio and strategically protect its innovations in the following three main areas: i) novel manufacturing processes for large-scale manufacture of APIs; ii) novel formulations and unique pharmaceutical compositions; and iii) new methods of treatment using APIs.

In accordance with the USPTO rules and regulations, the Provisional Application will not itself be examined. One or more regular national patent applications or a PCT application will need to be filed within one year (by August 26, 2023) in order to maintain the priority date of the Provisional Application. In order for Neural to file a regular national patent application or a PCT application, Neural needs to complete additional testing of the technology developed pursuant to the IP Development Agreement. The scope of the CGS Agreement provides for conducting of the tests, as permitted by the CGS License, required to supplement such application prior to the August 26, 2023 deadline. Please see section titled "*Risk Factors*".

Know How and Trade Secrets

In addition to its intentions to formally protect its intellectual property, Neural may also rely on trade secrets to protect aspects of its business that are not amenable to patent protection. Such aspects may include trade secrets; know-how to develop and maintain Neural's competitive position, trade and vendor relationships, partner relationships, path-to-market and regulatory process strategies. Neural protects its trade secrets and know-how by establishing confidentiality agreements and invention assignment agreements with its employees, consultants, scientific advisors, contractors and collaborators. These agreements provide that all confidential information

developed or made known during the course of an individual's or entity's relationship with Neural must be kept confidential during and after the relationship. These agreements also provide that all inventions resulting from work performed for Neural or relating to its business and conceived or completed during the period of employment or assignment, as applicable, shall be Neural's exclusive property. In addition, Neural takes other appropriate precautions, such as physical and technological security measures, to guard against misappropriation of its proprietary information by third parties.

Licensing and Technology Collaboration Agreements

Neural may at times enter into collaboration agreements with other companies in the psychedelics and life sciences industries, which may include but not limited to technology licensing agreements and joint research and development agreements. These agreements are entered into by Neural with other parties in order to advance certain aspects of Neural's product development and R&D efforts in either pharmaceutical or nutraceutical divisions. As of the date of this Circular, Neural secured two of such agreements as follows:

- Myant Agreement. Myant has an approved Class-2 electrocardiogram wearable technology and is in the process of developing a sleep-focused electroencephalogram wearable. Neural entered into the Myant Agreement in order to add value to its future observational and clinical studies in order to assess two parameters (heart and brain measurements) during such studies, which would provide valuable insight of its product formulations on human body. Neural's management believes that utilizing a physiological calibrated remote monitoring device with will provide Neural with an enhanced understanding of the pharmacological response of the volunteers participating in the study and allow for higher safety profile during such study due to real-time feedback. It is intended that during such clinical studies volunteers will wear the garments and have be monitored at all times of day for the duration of the study, which would ensure a higher degree of safety and provide additional comfort to the participants that might otherwise not participate due to safety concerns that people generally display towards conventional psychedelic retreat held in remote locations, thus lowering the bar for study acceptance. Myant and Neural also intend to develop a validated psychedelic technology that could monitor psychedelic physiological response in order to provide scalability for therapists and comfort for patients.
- Folium Agreement. Folium has developed a patented technology for Solid State Reactive Mixing (SSRM) designed to improve the bioavailability and efficacy of active ingredients in liquid and solid formulations. At its core, the SSRM technology creates highly soluble and bioavailable molecular complexes that consist of natural biopolymers and active ingredients. This matrix of biopolymers acts as a delivery vehicle as it encapsulates lipophilic compounds. Neural and Folium intend to work together to co-develop, commercialize and distribute products intended to help patients with depressive disorders, post-traumatic stress disorders, panic and anxiety disorders, and other affective disorders. In particular, the partnership will focus on developing new products that deliver improved blood brain barrier penetration by the active ingredient potentially reducing the time to onset of drug effect.

Economic Dependence and Changes to Contracts

Over the next 12 months, Neural does not foresee any renegotiation or termination of its contracts. Although the CGS Agreement, Cayetano Agreement and CK MOU are expected to be important to the business of Neural, it is not anticipated that the business of Neural will be economically dependent on these contracts. If necessary, Neural believes that it will be able to negotiate contacts with other service providers to achieve its business objectives.

Foreign Operations

The following section is prepared with regard for OSC Staff Notice 51-720 - *Issuer Guide for Companies Operating in Emerging Markets*. For additional discussion about emerging market disclosure matters, please see section titled "*Risk Factors*". Neural does not have any subsidiaries that operate in Peru. Neural has entered into certain agreements with counterparties based in Peru (such as Cayetano University, Cactus Knize and certain other parties to trade agreements) and may be by the nature of those agreements be subject to the Peruvian laws and regulations and is therefore subject to Peru's legal framework. No restrictions or conditions have been imposed by the government of

Peru and its regulatory authorities on the ability of Neural to operate its business or operations.

Neural has entered into a consulting agreement with an individual in Peru who agreed to act as Neural's country manager and manage the affairs of Neural in Peru, including correspondence with the Peruvian government and regulatory authorities. Neural engaged the services of Lima-based Martinot Abogados, a specialist law firm to assist Neural with local matters. As required, Neural will engage additional professional advisors (legal, financial, and technical) with the relevant expertise to provide assistance in the political, legal and cultural realities of Peru and the impact they may have on Neural's business or operations on an as-needed basis. Neural's management team has experience engaging with local communities and chiefs as well as a working knowledge of the country's local legal, regulatory and political landscape. Furthermore, Neural's CEO and certain other partners all have experience engaging with various government agencies in Peru.

Neural does not have any bank accounts in Peru. Neural settles all payments with Peruvian counterparties using its Canadian bank account.

Language and Cultural Differences

The primary language of business in Peru is Spanish. Neural has personnel available to communicate in Spanish. All business records and documents will be prepared in English or translated from Spanish into English. The directors and officers travel to Peru on as needed basis, while several consultants, including Neural's country manager are based in Peru.

Neural does not currently have any real estate interests in Peru (including leasehold rights) and has no intention of securing any at this time. It is anticipated that Neural's Canadian board members and management will visit Neural's operations in Lima, Peru as often as is necessary. It is expected that, subject to COVID-19 travel restrictions, Neural's directors and officers will visit Peru as often as is necessary to discharge their duties.

Neural's books and records are kept in Canada, which use IFRS. Neural employs services of a fractional CFO company that is located in Canada to prepare its financial statements and the CFO is fluent in English and Spanish and is familiar with both IFRS and Generally Accepted Accounting Principles (GAAP) of Canada and disclosure requirements of NI 51-102. Directors have full access to the CFO and outside accountants as well as accounting records of Neural.

Enforcement of Legal Rights – Peru

The fact that some corporate assets of Neural's business may be located in Peru may hinder an investor's ability to exercise or enforce statutory rights and remedies under Canadian securities laws. Peru is a sovereign, independent, country located in South America. Peru's legal system is based on civil law includes a constitution and legislation. Peruvian law follows the Roman-Germanic tradition that concedes the utmost importance to the written law, therefore, statutes known as "*leyes*" are the primary source of the law. Peru has its own constitution, enacts its own legislation through the legislature – The legislature is Congreso de la República del Perú.

Peru courts will generally recognize and enforce foreign judgments in accordance with Peruvian Civil Code and the New York Convention of 1958, to which it is party. The enforcement of foreign judgments in Peru is governed by civil law.

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

Corporate Structure

Currently, Neural does not intend to incorporate any subsidiaries in Peru, as the current structure does not limit

Neural's abilities to oversee and monitor Peruvian operations, and the cost of doing so is not justified. Neural's management believes there are no additional risks associated with Neural's structure resulting from the fact that Neural's business operations are based in Peru.

Related Parties

Neural has not developed a formal policy regarding related party transactions, but each of its board members have been made aware of their fiduciary duties and the requirements of MI 61-101. Each board member is aware that he or she must disclose his or her interest in the transaction to the other board members and abstain from voting on the resolution approving the transaction.

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

Neural scrutinizes such transactions to determine whether related parties have a direct or indirect interest in those transactions.

Risk Management and Disclosure

Neural conducts business in Peru which has experienced high levels of business corruption. Transparency International ranks Peru 105th out of 180 countries in the 2021 Corruption Perceptions Index. Neural and its personnel are required to comply with applicable anti-bribery laws, including the Canadian Corruption of Foreign Public Officials Act, as well as local laws in all areas in which Neural does business. These, among other things, include laws in respect of the monitoring of financial transactions and provide a framework for the prevention and prosecution of corruption offences, including various restrictions and safeguards. However, there can be no guarantee that these laws will be effective in identifying and preventing money laundering and corruption.

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

Neural may be adversely affected by the fluctuations in currency exchange rates and high inflation to the extent that Neural conducts business transactions involving Peruvian sol or U.S. dollar (which is commonly accepted in Peru). The currency risks associated with the local currency include the possibility of the government imposing exchange controls or limits to the availability of hard currency and other such banking restrictions.

The Neural Board regularly assesses risks and will update its disclosure records when new material risks emerge.

Internal Controls

The finance and management team have experience working for publicly listed companies, and Neural has used this experience to design and implement internal controls and procedures. The CFO approves all bank account payee additions and changes in the banking system after review of the documentation supplied by the vendors. These controls help ensure no payments are made to fraudulent or incorrectly captured bank accounts. No cheques are used due to the high risk of fraud with this method of payment. Bank reconciliations are performed regularly and reviewed by the CFO and CEO.

Neural believes that operating in Peru does not result in risks in maintaining internal controls. The design, implementation and maintenance of internal controls ensure Neural's financial statements accurately represent the recording of transactions and fairly present the consolidated financial statements in accordance with the IFRS.

Oversight of External Auditor

Neural has appointed Kreston GTA LLP as its external auditor, which has an understanding of Neural's operations. The CFO is responsible for managing the relationship with Kreston GTA LLP.

The most recent set of audited financial statements for Neural was for the year ending July 31, 2022.

Bankruptcy And Similar Proceedings Against Neural or Any of Its Subsidiaries

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

Nature and Results of Any Material Restructuring Transaction of Neural

Neural has not completed any restructuring transactions within the three most recently completed financial years or the current financial year, apart from the PSC Acquisition and the Plan of Arrangement.

Lending and Investment Policies and Restrictions

This section is not applicable to Neural.

DIVIDENDS AND DISTRIBUTIONS

There are no restrictions in Neural's articles or elsewhere which prevent Neural from paying dividends. Neural has not paid dividends in the past, and it is not contemplated that any dividends will be paid on any shares of Neural in the immediate future, as it is anticipated that all available funds will be invested to finance the growth of Neural's business. The directors of Neural will determine if, and when, dividends will be declared and paid in the future from funds properly applicable to the payment of dividends based on Neural's financial position at the relevant time. All of the Neural Shares will be entitled to an equal share in any dividends declared and paid on a per share basis.

DESCRIPTION OF CAPITAL STRUCTURE

Neural Shares

The authorized capital of Neural consists of an unlimited number of common shares of which 39,469,320 Neural Shares are issued and outstanding at the date hereof. In connection with the completion of the Plan of Arrangement, it is anticipated that approximately 4,716,667 Neural Shares will be distributed to the High Fusion Shareholders in accordance with the terms of the Plan of Arrangement. Following the completion of the Plan of Arrangement, it is expected that High Fusion will hold 13,266,667 Neural Shares and 2,000,000 Neural HF Warrants, representing approximately 33.6% of the issued and outstanding Neural Shares on a non-diluted basis. See section titled "*Principal Shareholders*".

Voting Rights

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

Dividend Rights

The holders of Neural Shares are entitled to receive dividends if, as and when declared by the Neural Board out of

the assets of Neural properly applicable to the payment of dividends in such amount and payable at such time as and at such place in Canada as the Neural Board may from time to time determine.

No Liability for Further Calls or Assessments

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

Rights upon Liquidation

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

No Pre-emptive Rights

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

Redemption, Retraction and Conversion

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

Repurchases of Outstanding Neural Shares

Under Neural's articles of incorporation, but subject to the provisions of the OBCA, Neural may, if authorized by the Neural Board, purchase any issued Neural Shares in circumstances and on terms determined by the directors and agreed to by the holders of such Neural Shares. However, Neural may not purchase Neural Shares at any time when, immediately following such purchase, it would be unable to pay its debts as they fall due in the ordinary course of business. Subject to the OBCA and applicable securities laws, including issuer bid rules under NI 62-104, Neural may, from time to time, with the agreement of a holder, purchase all or part of the holder's Neural Shares whether or not Neural has made a similar offer to all or any other of the holders of Neural Shares. Unless designated by the Neural Board to be held as "Treasury Shares", any repurchased Neural Shares will be treated as cancelled and such Neural Shares will be available for re-issue as determined by the Neural Board.

Other

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

Pursuant to the terms of the Seed Financing, Neural agreed to issue to the subscribers an additional 1 Neural Share for every 10 Neural Shares issued pursuant to the Seed Financing if Neural does not complete the Going Public Transaction within six months following the closing of the Seed Financing. On August 3, 2022, in connection with the second tranche of the Seed Financing, Neural issued an additional 1,000,000 Neural Shares to the holders of Neural Seed Units issued in the first tranche of the Seed Financing on February 3, 2022 and 109,333 Neural Shares to the subscribers of the second and final tranche of the Seed Financing.

Neural Seed Warrants and Neural Seed Broker Warrants

As of the date hereof, Neural had the following securities convertible into Neural Shares:

Description of Security (include conversion / exercise terms, including conversion / exercise price)	Number of convertible / exchangeable securities outstanding	Number of listed securities issuable upon conversion / exercise
Neural Seed Warrants [(1)(2)(3)]	5,546,660	5,546,660
Neural Seed Broker Warrants[(4)(5)(6)]	596,600	596,600

Notes:

(1) *Neural Seed Warrants are exercisable into Neural Shares at a price of $0.10 per Neural Share.*

(2) *4,999,993 Neural Seed Warrants are exercisable until the earlier of: a) February 3, 2025; and b) the date that is 24 months from the date when Neural completes the Going Public Transaction.*

(3) *546,667 Neural Seed Warrants are exercisable until the earlier of: a) August 3, 2025; and b) the date that is 24 months from the date when Neural completes the Going Public Transaction.*

(4) *Neural Seed Broker Warrants are exercisable into Neural Shares at a price of $0.075 per Neural Share.*

(5) *575,800 Neural Seed Warrants are exercisable until the earlier of: a) February 3, 2025; and b) the date that is 24 months from the date when Neural completes the Going Public Transaction.*

(6) *20,800 Neural Seed Warrants are exercisable until the earlier of: a) August 3, 2025; and b) the date that is 24 months from the date when Neural completes the Going Public Transaction.*

Each of the Neural Seed Warrants and Neural Seed Broker Warrants are governed by the terms of the certificates representing such securities, which provide for customary adjustments in the number of Neural Shares issuable upon the exercise of the Neural Seed Warrants and Neural Seed Broker Warrants and/or the exercise price upon the occurrence of certain events, and contain other customary terms. No fractional Neural Shares will be issuable upon the exercise of any Neural Seed Warrants or Neural Seed Broker Warrants and no cash or other consideration will be paid in lieu of fractional Neural Shares. Holders of Neural Seed Warrants and Neural Seed Broker Warrants do not have any voting or pre-emptive rights or any other rights which a holder of Neural Shares have.

Neural HF Warrants

In accordance with the terms of the Arrangement Agreement, Neural agreed to issue to High Fusion 2,000,000 Neural HF Warrants on the Effective Date. If the Plan of Arrangement is completed and the Neural HF Warrants are issued, each Neural HF Warrant will be exercisable into one Neural Share at a price of $1.00 per Neural Share for a period ending 36 months from the Effective Date.

Neural Options and Neural RSUs

On January 6, 2023, the Neural Shareholders approved the Neural Option Plan and Neural RSU Plan at the Neural Meeting, pursuant to which Neural may grant Neural Options and Neural RSUs, in accordance with the provisions thereof. As of the date of the Circular, no Neural Options or Neural RSUs are expected to be outstanding prior to the completion of the Plan of Arrangement.

CONSOLIDATED CAPITALIZATION

The table below sets out the number of Neural Shares and other securities convertible into Neural Share outstanding as at each of July 31, 2022, October 31, 2022 and the date of the Circular:

Description of Security	Outstanding as at July 31, 2022	Outstanding as at October 31, 2022	Outstanding as of the date of this Circular
Neural Shares	36,766,667	39,359,990	39,469,320
Neural Seed Warrants	5,000,000	5,546,660	5,546,660
Neural Seed Broker Warrants	575,800	596,100	596,100
Neural Options[(1)]	Nil-	Nil	Nil
Neural RSUs[(1)]	Nil	Nil	Nil

Notes:

(1) Neural Stock Option Plan and Neural RSU Plan were approved by Neural Shareholders at the Neural Meeting on January 6, 2023.

OPTIONS AND OTHER RIGHTS TO PURCHASE SHARES

Neural Shareholders adopted the Neural Option Plan at the Neural Meeting. The purpose of the Neural Option Plan is to allow Neural to grant Neural Options to directors, officers, employees and consultants, as additional compensation, and as an opportunity to participate in the success of Neural. The granting of such Neural Options is intended to align the interests of such persons with that of the Neural Shareholders. See section titled "*Statement of Executive Compensation*" of this Schedule. The full text of the Neural Option Plan is attached as Schedule "R" to the Circular.

The Neural Board has adopted the Neural RSU Plan. The purpose of the Neural RSU Plan is to allow for certain discretionary awards as an incentive for selected eligible persons related to the achievement of long-term financial and strategic objectives of Neural and the resulting increases in shareholder value. The Neural RSU Plan is intended to promote a greater alignment of interests between the Neural Shareholders and the selected eligible persons by providing an opportunity to participate in increases in the value of Neural. See section titled "*Statement of Executive Compensation*" of this Schedule. The full text of the Neural RSU Plan is attached as Schedule "S" to the Circular.

As of the date hereof, no Neural Options or Neural RSUs have been granted and none are expected to be granted prior to the completion of the Plan of Arrangement. Please see section titled "*Statement of Executive Compensation - Neural Option Plan and Neural RSU Plan Summary*" for a summary of each of Neural Option Plan and Neural RSU Plan.

PRIOR SALES

Neural issued the following securities during the twelve (12) month period prior to the date of the Circular:

Date of Issuance	Security Issued	Price Per Security ($)	Number of Securities
February 3, 2022	Neural Seed Units	$0.075	9,999,990
February 3, 2022[(1)]	Neural Shares	$0.075	1,833,333
February 3, 2022	Neural Seed Broker Warrants	N/A	575,800
March 11, 2022[(2)]	Neural Shares	$0.075	1,350,000
August 3, 2022[(3)]	Neural Shares	$0.075	1,000,000
August 3, 2022	Neural Seed Units	$0.075	1,093,333
August 3, 2022	Neural Seed Broker Warrants	N/A	20,800
September 13, 2022[(4)]	Neural Shares	$0.075	500,000
February 3, 2023[(3)]	Neural Shares	$0.075	109,330

Notes:

(1) Issued to FMICA pursuant to FMICA Agreement.

(2) Issued to settle certain debts with third parties.

(3) *Issued pursuant to the terms of the Seed Financing, Neural agreed to issue to the subscribers of the Seed Financing 1 (one) additional Neural Share for every 10 (ten) Neural Shares received in the Seed Financing for no additional consideration, if Neural does not complete a Going Public Transaction within six months of the closing date of the Seed Financing.*

(4) *Issued in connection with the CK MOU and IP Development Agreement.*

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTIONS ON TRANSFER

As set out in Part 2.1 of NP 46-201, the escrow restrictions apply in the instances where a distribution by one or more of the issuer's securityholders if it is the initial public distribution of the issuer's securities (e.g., a corporate spinoff).

The table immediately below sets out the number of securities held by the persons who would be considered 'principals' at the Effective Time, as such term is defined under Section 3.5(2) of NP 46-201, who are parties to the escrow restrictions under the Escrow Agreement:

Designation of Class Held in Escrow	Number of Securities	Percentage of class
Neural Shares [(1)(2)(3)(4)]	15,000,000	38.0%

Notes:

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

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

(3) *High Fusion will hold 13,266,667 Neural Shares at the Effective Time;*

(4) *John Durfy, Chairman of Neural will hold 1,733,333 Neural Shares at the Effective Time;*

RESALE RESTRICTIONS

There is currently no market through which the Neural Shares may be sold and, unless Neural Shares are listed on a stock exchange, Neural Shareholders may not be able to resell their Neural Shares. Please see sections titled "*Risk Factors*" of this Schedule, and "*Canadian Securities Law Considerations*" and "*United States Securities Law Considerations*" of the Circular.

PRINCIPAL NEURAL SHAREHOLDERS

To the knowledge of Neural's directors and executive officers, and based on existing information as of the date hereof, no person or company, upon completion of the Plan of Arrangement will, beneficially own, or control or direct, directly or indirectly, voting securities of Neural carrying 10% or more of the voting rights attached to any class of voting securities of Neural, except High Fusion, that will hold a total of 13,266,667 Neural Shares, representing approximately 33.6% of the outstanding Neural Shares.

DIRECTORS AND OFFICERS

At the Neural Meeting, Neural Shareholders approved the proposed slate of directors who will become directors of Neural once the Plan of Arrangement becomes effective. The following table sets forth certain information with respect to each proposed director and executive officer of Neural following the Plan of Arrangement.

Name and Residence of Proposed Directors	Principal Occupation and Occupation for Past Five Years	Director Since	Neural Shares Beneficially Owned, or Controlled or Directed, Directly or Indirectly	Percentage of Neural Shares Issued and Outstanding Immediately Following the Completion of the Plan of Arrangement
Ian Campbell Chief Executive Officer, President and Director *Ontario, Canada*	Chief Executive Officer of Neural since November 2021. General Manager at Maccaferri Canada Ltd. From May 2017 to September 2018 and regional CEO of USA and Canada at Maccaferri Ltd. From September 2018 to July 2021. CEO of FLSmidth S.r.o, a Czech subsidiary of a multinational engineering firm from May 2013 to November 2016.	November 8, 2021	Nil(3)	Nil(3)
John Durfy Chairman of the Neural Board *Ontario, Canada*	Chief Executive Officer of High Fusion since February 28, 2020. Director of Cannabis Growth Opportunity Corporation from January 2018 to October 2019. From 2016-2018, Mr. Durfy was the COO of Sphere Investment Management Inc.	August 17, 2020	1,733,333(2)	4.4%
Dr. Jason Dyck(1) Proposed Director *Alberta, Canada*	Chief Science Officer of Australis Capital Inc. since April 2021. Professor in the Department of Pediatrics and the Director of the Cardiovascular Research Centre at the University of Alberta since 1999.	Effective Date	Nil	Nil
Dr. Kelly Narine (1) Proposed Director *Alberta, Canada*	Self-employed from June 2020 to present. Vice President, Global Research & Medical Affairs of Aurora Cannabis Inc. from January 2018 to June 2020. Director of Operations at Translational Science Institutes of University of Alberta. Director of Cardiol Therapeutics Inc. from October 2020.	Effective Date	Nil	Nil
Colin McLelland (1) Proposed Director *Ontario, Canada*	Fractional CFO and Board Advisor of Payd Inc. from January 2022. President of Twelve Financial Inc. from May 2021. Director of Seaport Intermodal Inc. from January 2021 to April 2022. President of Metro Compactor Service Inc. from December 2018 to June 2021. Chief Financial Officer of Rouge River Capital Inc. from November 2016 to November 2018.	Effective Date	Nil	Nil
Omar Gonzalez Chief Financial Officer *Ontario, Canada*	Manager, Financial Reporting at Marrelli Support Services Inc., from November 2020 to present. Senior Manager, Audit & Assurance at MNP LLP from November 2019 to June 2020. Senior Manager, Audit & Assurance at BDO from February 2018 to September 2019. Senior Manager, Audit & Assurance Deloitte from November 2015 to June 2017.	November 7, 2022	Nil	Nil

Notes:

(1) *Proposed member of the Audit Committee of the Neural Board.*

(2) *1,733,333 Neural Shares are held by Humber Capital Advisors Inc. a private company controlled by John Durfy.*

(3) *Certain securities are issuable to Ian Campbell in accordance with the terms of the Campbell Agreement. Please see section titled "Statement of Executive Compensation – Employment, Consulting and Management Agreements – Campbell Agreement".*

Upon the completion of the Plan of Arrangement, it is expected that the directors and executive officers of Neural as

a group, will beneficially own, directly or indirectly, or exercise control or direction over an aggregate of approximately 1,733,333 Neural Shares, representing approximately 4.4% of the issued Neural Shares. Together with High Fusion, directors and executive officers of Neural as a group beneficially own, directly or indirectly or exercise control or direction over 15,000,000 Neural Shares, representing approximately 38.0% of the issued Neural Shares after completion of the Plan of Arrangement.

The principal occupations of each of the proposed directors and executive officers of Neural within the past five years are disclosed under the section titled "*Description of Neural's Business – Specialized Skill and Knowledge*".

Corporate Cease Trade Orders, Bankruptcies, Penalties or Sanctions or Individual Bankruptcies

Other than as disclosed below, to the knowledge of Neural, no director or executive officer:

(a) is, as at the date of the Circular, or has been, within ten years before the date of the Circular, a director, chief executive officer or chief financial officer of any company (including Neural) that:

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

(ii) was subject to a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued after the director ceased to be a director, chief executive officer or chief financial officer but which resulted from an event that occurred while the director was acting in the capacity as director, chief executive officer or chief financial officer of such company; or

(b) is, as at the date of the Circular, or has been within 10 years before the date of this Circular, a director or executive officer of any company (including Neural) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

(c) has, within the ten years before the date of this Circular, 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 or officer.

John Durfy is a director and the Chief Executive Officer of High Fusion, which was subject to a cease trade order issued by the OSC on December 3, 2021 for failing to file its financial statements. The cease trade order was subsequently lifted on December 16, 2021 upon High Fusion completing the necessary filings.

Dr. Jason Dyck is a director and Chief Science Officer of Australis Capital Inc. ("**Australis**"), which has been subject to a management cease trade order since August 2, 2022 for failing to file its financial statements. On October 18, 2022, Australis became subject to a failure-to-file cease trade order (the "**FFCTO**") issued by the British Columbia Securities Commission pursuant to National Policy 11-207 - *Failure-to-File Cease Trade Orders and Revocations in Multiple Jurisdictions*. The FFCTO remains outstanding as at the date of the Circular.

To the knowledge of Neural, no director or executive officer has been subject to:

(a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities

regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

(b) any penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable shareholder in making an investment decision.

Conflicts of Interest

The directors and officers of Neural are required by law to act honestly and in good faith in any project or opportunity of Neural. If a conflict of interest arises at a meeting of the Neural Board, any director in a conflict is required to disclose his interest and abstain from voting on such matter in accordance with the OBCA. The directors of Neural are required by law to act honestly and in good faith and in what the director believes to be the best interests of Neural. There may be potential conflicts of interest to which the directors and officers of Neural will be subject in connection with the operations of Neural. In particular, certain of the directors and officers of Neural are involved in managerial or director positions with other life sciences or psychedelics companies whose operations may, from time to time, be in direct competition with those of Neural or with entities which may, from time to time, provide financing to, or make equity investments in, competitors of Neural.

The by-laws of Neural provide that a director shall forthwith after becoming aware that he or she is interested in a transaction entered into, or to be entered into by, Neural, disclose the interest to all of the directors. If a conflict of interest arises at a meeting of the Neural Board, any director in a conflict will disclose his or her interest and abstain from voting on such matter.

Except as disclosed in the Circular, to the best of Neural's knowledge, there are no known existing or potential conflicts of interest among Neural and its promoters, directors, expected officers or other members of management as a result of their outside business interests except, that certain of the directors, expected officers, promoters and other members of management serve as directors, officers, promoters and members of management of High Fusion and other public companies, and therefore it is possible that a conflict may arise between their duties as a director, officer, promoter or member of management of such other companies.

INDEBTEDNESS OF DIRECTORS, EXECUTIVE OFFICERS AND SENIOR OFFICERS

There is and has been no indebtedness of any director, executive officer or senior officer or associate of any of them, to or guaranteed or supported by Neural during the period from incorporation.

STATEMENT OF EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

The Compensation Discussion and Analysis section sets out the objectives of Neural's executive compensation arrangements, Neural's executive compensation philosophy and the application of this philosophy to Neural's executive compensation arrangements. It also provides an analysis of the compensation design, and the decisions that the Neural Board made in fiscal 2022 with respect to the Named Executive Officers. When determining the compensation arrangements for the Named Executive Officers, the Neural Board considers the objectives of: (i) retaining an executive critical to the success of Neural and the enhancement of shareholder value; (ii) providing fair and competitive compensation; (iii) balancing the interests of management and Neural Shareholders; and (iv) rewarding performance, both on an individual basis and with respect to the business in general. See section titled "*Compensation Governance*" below for a discussion on the Neural Compensation and Nominating Committee.

For the purposes of this Circular, "Named Executive Officer" is defined by Form 51-102F6V – *Statement of Executive Compensation* to mean: (i) each of the Chief Executive Officer and the Chief Financial Officer of Neural, (ii) Neural's next most highly compensated executive officer, other than the Chief Executive Officer and the Chief

Financial Officer, who was serving as executive officer at the end of the most recently completed financial year and whose total compensation exceeds $150,000, and (iii) any additional individual for whom disclosure would have been provided under (ii) but for the fact that the Individual was not serving as an executive officer of Neural at the end of the most recently completed financial year end of Neural.

Neural's Named Executive Officers for fiscal year ended July 31, 2022 were Ian Campbell, Chief Executive Officer and Director of Neural and Robert Wilson, Chief Financial Officer of Neural.

Benchmarking

The Neural Board considers a variety of factors when designing and establishing, reviewing and making recommendations for executive compensation arrangements for all executive officers of Neural. The Neural Board typically does not position executive pay to reflect a single percentile within the industry for each executive. Rather, in determining the compensation level for each executive, the Neural Compensation and Nominating Committee will look at factors such as the relative complexity of the executive's role within the organization, the executive's performance and potential for future advancement, the compensation paid by the other companies in the psychedelics and life sciences industries, and pay equity considerations.

Elements of Named Executive Officer Compensation

The compensation paid to Neural's Named Executive Officers will generally consist of three primary components:

a. Base salary;

b. Bonus; and

c. long-term incentives in the form of RSUs or options granted under the Neural RSU Plan and Neural Option Plan, respectively.

The key features of these primary components of compensation are discussed below:

1. Base Salary

Base salary recognizes the value of an individual to Neural based on his or her role, skill, performance, contributions, leadership and potential. It is critical in attracting and retaining executive talent in the markets in which Neural competes for talent. Base salaries for the Named Executive Officers are reviewed annually. Any change in base salary of a Named Executive Officer is generally determined by an assessment of such executive's performance, a consideration of competitive compensation levels in companies similar to Neural (in particular, companies in the psychedelics and life sciences industries) and a review of the performance of Neural as a whole and the role such executive officer played in such corporate performance.

2. Bonus

An annual bonus recognizes the achievement of certain milestones agreed to by the Neural Compensation and Nominating Committee. Bonuses for the Named Executive Officers are reviewed annually. Any change in bonus of a Named Executive Officer is generally determined by an assessment of such executive's performance, a consideration of competitive compensation levels in companies similar to Neural (in particular, companies in the (psychedelics and life sciences industries) and a review of the performance of Neural as a whole and the role such executive officer played in such corporate performance.

3. Long-Term Incentives

Neural provides long-term incentives to its Named Executive Officers in the form of RSUs and stock options as part of its overall executive compensation strategy. The Neural Board Committee believes that Neural RSUs and stock option grants serve Neural's executive compensation philosophy in several ways, including: by helping to attract, retain, and motivate talent; aligning the interests of the Named Executive Officers with those of Neural Shareholders by linking a specific portion of the officer's total pay opportunity to the share price; and by providing long-term accountability for its Named Executive Officers.

Compensation of Directors and Officers

The Neural Board determines the appropriate level of remuneration for the directors and officers of Neural. The Neural Board as a whole makes the final determination in respect of compensation matters. Remuneration is assessed and determined by taking into account such factors as the size of Neural and the level of compensation earned by directors and officers of companies of comparable size and industry.

The only arrangements Neural has, standard or otherwise, pursuant to which directors are compensated by Neural for their services in their capacity as directors, or for committee participation, involvement in special assignments or for services as consultants or experts for the financial year ended July 31, 2022, are through the issuance of Neural Options and Neural RSUs The number of Neural Options or Neural RSUs to be granted from time to time is determined by the Neural Board in its discretion. During the most recently completed fiscal year, there was additional compensation paid to the Chairman of the Neural Board for the role as Chairman.

Exceptional compensation may be granted to certain individuals upon the requisite approvals, which will be disclosed in the executive compensation section of the management information circular of Neural prepared in respect of the financial year in which such compensation was paid.

Risks Associated with Compensation Policies and Practices

The oversight and administration of Neural's executive compensation program requires the Neural Board to consider risks associated with Neural's compensation policies and practices. Potential risks associated with compensation policies and compensation awards are considered at annual reviews and also throughout the year whenever it is deemed necessary by the Neural Board.

Neural's executive compensation policies and practices are intended to align management incentives with the long-term interests of Neural and Neural Shareholders. In each case, Neural seeks an appropriate balance of risk and reward. Practices that are designed to avoid inappropriate or excessive risks include: (i) financial controls that provide limits and authorities in areas such as capital and operating expenditures to mitigate risk taking that could affect compensation, (ii) balancing base salary and variable compensation elements, and (iii) spreading compensation across short and long-term programs.

Compensation Governance

The Neural Board intends to conduct an annual review of directors' compensation having regard to various reports on current trends in directors' compensation and compensation data for directors of reporting issuers of comparative size to Neural. Director compensation is currently limited to the grant of stock options pursuant to the Neural Option Plan and Neural RSUs pursuant to the Neural RSU Plan. It is anticipated that the Chief Executive Officer will review the compensation of officers of Neural for the prior year and in comparison to industry standards via information disclosed publicly and obtained through copies of surveys. The Neural Board expects that the Chief Executive Officer will also make recommendations relating to compensation to the Neural Compensation and Nominating Committee. Neural Compensation and Nominating Committee will review and make suggestions with respect to compensation

proposals and then makes a recommendation to the Neural Board.

Neural Compensation and Nominating Committee's responsibility will be to formulate and make recommendations to the Neural Board in respect of compensation issues relating to directors and officers of Neural. Without limiting the generality of the foregoing, the Neural Compensation and Nominating Committee will have the following duties:

(a) to review the compensation philosophy and remuneration policy for officers of Neural and to recommend to the Neural Board changes to improve Neural's ability to recruit, retain and motivate officers;

(b) to review and recommend to the Neural Board the retainer and fees, if any, to be paid to directors of Neural;

(c) to review and approve corporate goals and objectives relevant to the compensation of the Chief Executive Officer, evaluate the Chief Executive Officer's performance in light of those corporate goals and objectives, and determine, or make recommendations to the directors of Neural with respect to, the Chief Executive Officer's compensation level based on such evaluation;

(d) to recommend to the directors of Neural with respect to executive officers (other than the Chief Executive Officer) and director compensation including reviewing management's recommendations for proposed stock options, restricted share units and other incentive-compensation plans and equity-based plans, if any, for non-Chief Executive Officer and director compensation and make recommendations in respect thereof to the Neural Board to administer the Neural RSU Plan and Neural Option Plan approved by Neural Board in accordance with its terms, including the recommendation to the Neural Board of the grant of Neural RSUs or Neural Options in accordance with the terms thereof; and

(e) to determine and recommend for the approval of the Neural Board, bonuses to be paid to officers and employees of Neural and to establish targets or criteria for the payment of such bonuses, if appropriate. Pursuant to the mandate and terms of reference of the Neural Compensation and Nominating Committee, meetings of the committee are to take place at least once per year and at such other times as the Chair of the Neural Compensation and Nominating Committee may determine.

Neural Compensation and Nominating Committee has not yet been constituted by the Neural Board and it is intended that it will be constituted following the completion of the Plan of Arrangement.

Pension Disclosure

There are no pension plan benefits in place for the NEOs or the directors of Neural.

Termination and Change of Control Benefits

Neural does not have in place any pension or retirement plan. Neural has not provided compensation, monetary or otherwise, during the preceding fiscal year, to any person who now acts or has previously acted as a NEO or director of Neural in connection with or related to the retirement, termination or resignation of such person. Neural has not provided any compensation to such persons as a result of a change of control of Neural, its subsidiaries or affiliates.

Director and Named Executive Officer Compensation

The following table sets forth compensation for each Named Executive Officer and director of Neural for the two (2) most recently completed financial years, excluding compensation securities.

Table of compensation excluding compensation securities							
Name and position	**Year Ended July 31**	**Salary, consulting fee, retainer or commission ($)**	**Bonus ($)**	**Committee or meeting fees ($)**	**Value of perquisites ($)**	**Value of all other compensation ($)**	**Total compensation ($)**
Ian Campbell[6] *CEO, President and Director*	2022	$169,402[9]	$54,688[10]	Nil	Nil	Nil	$224,090
	2021	N/A	N/A	N/A	N/A	N/A	N/A
Robert Wilson[3][5] *Former CFO*	2022	$35,000	Nil	Nil	Nil	Nil	$35,000
	2021	Nil	$70,000	Nil	Nil	Nil	$70,000
Omar Gonzalez[2] *CFO*	2022	N/A	N/A	N/A	N/A	N/A	N/A
	2021	N/A	N/A	N/A	N/A	N/A	N/A
John Durfy[4][7] *Chairman and Director*	2022	$50,000[11]	Nil	Nil	Nil	Nil	$50,000
	2021	Nil	$130,000	Nil	Nil	Nil	$130,000
Duke Fu[1] *Former President*	2022	N/A	N/A	N/A	N/A	N/A	N/A
	2021	Nil	Nil	Nil	Nil	Nil	Nil
Walker Bass[8] *Former President and CEO*	2022	Nil	Nil	Nil	Nil	$12,582[12]	
	2021	Nil	Nil	Nil	Nil	Nil	Nil
Ignazio Gulizia[1] *Former Vice President*	2022	N/A	N/A	N/A	N/A	N/A	N/A
	2021	Nil	Nil	Nil	Nil	Nil	Nil
Chris Hazelton[1] *Former Director*	2022	N/A	N/A	N/A	N/A	N/A	N/A
	2021	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

(1) Messrs. Hazelton, Gulizia and Fu ceased being directors or officers of Neural on August 17, 2022, the date of closing of the PSC Acquisition.

(2) Mr. Gonzalez was appointed as a CFO of Neural on November 7, 2022 replacing Mr. Wilson.

(3) Mr. Wilson resigned as a CFO of Neural on November 7, 2022.

(4) Mr. Durfy was appointed as Director, President and CEO of Neural on August 17, 2020, being the date of closing of the PSC Acquisition.

(5) Mr. Wilson was appointed as CFO of Neural on August 17, 2020, being the date of closing of the PSC Acquisition. Approximately 50% of Mr. Wilson's compensation is accrued and remained outstanding as of July 31, 2022.

(6) Mr. Campbell was appointed as President and CEO of Neural on September 16, 2021, replacing Mr. Durfy.

(7) Mr. Durfy resigned as President and CEO of Neural on April 27, 2021 but remained a director. Mr Durfy also briefly served as an interim President and CEO of Neural for a period from July 29, 2021 to September 16, 2021 following Mr. Bass' departure and prior to Mr. Campbell's appointment.

(8) Mr. Bass was appointed as President and CEO of Neural on April 27, 2021 and resigned on July 29, 2021.

(9) As at July 31, 2022, approximately $36,458 accrued balance was outstanding, representing agreement to accrue approximately 50% of Mr. Campbell's base salary until completion of a further financing.

(10) As per the terms of the Campbell Agreement, Mr. Campbell accrues a bonus equivalent to 50% of the base salary for the months that he is not paid the base salary in cash. As at July 31, 2022, approximately a $36,458 accrued balance was outstanding, including $54,688 accrued annual bonus payable to Mr. Campbell in accordance with the terms of the Campbell Agreement, which remained outstanding as at July 31, 2022.

(11) Approximately $50,000 of Mr. Durfy's salary that he received in connection with the agreement between Mr. Durfy and High Fusion, was allocated to Neural, while the balance was attributed to High Fusion.

(12) Represents the amount that Mr. Bass was paid in consideration for settlement of any amounts due and outstanding to him pursuant to the terms of the employment agreement between Mr. Bass and Neural.

Neural Option Plan and Neural RSU Plan Summary

Material Terms of the Neural Option Plan

The Neural Option Plan is administered by the Neural Board or, if applicable, by a committee thereof. A full copy of the Neural Option Plan is attached hereto as Schedule "R".

The following is a brief description of the principal terms of the Neural Option Plan, which description is qualified in its entirety by the terms of the Neural Option Plan:

1. the total number of Neural Shares issuable pursuant to the Neural Option Plan shall not exceed 10% of the issued and outstanding Neural Shares, subject to adjustment as set forth herein, and further subject to the applicable rules and regulations of all regulatory authorities to which Neural is subject, including any stock exchange on which Neural Shares may then trade and including the CSE;

2. the number of Neural Shares reserved for issuance, within a one-year period, to any one optionee shall not exceed 5% of the outstanding Neural Shares;

3. the number of Neural Shares reserved for issuance, within a one-year period, to any one consultant of Neural may not exceed 2% of the outstanding Neural Shares;

4. the aggregate number of Neural Shares reserved for issuance, within a one-year period, to employees or consultants conducting investor relations activities may not exceed 2% of the outstanding Neural Shares;

5. unless the Neural Option Plan has been approved by the Neural Shareholders at a meeting thereof by a majority of the votes cast at the meeting, other than votes attaching to securities beneficially owned by Insiders of Neural to whom Neural Shares may be issued pursuant to the Neural Option Plan, and associates of any such insiders:

    a. the maximum number of Neural Shares reserved for issuance pursuant to options granted to insiders at any time may not exceed 10% of the number of outstanding Neural Shares;

    b. the maximum number of Neural Shares which may be issued to insiders, within a one-year period, may not exceed 10% of the number of outstanding Neural Shares; and

    c. the maximum number of Neural Shares which may be issued to any one insider and the associates of such insider, within a one-year period, may not exceed 5% of the number of outstanding Neural Shares;

    provided that for the purposes of paragraphs (a), (b), and (c) above, an entitlement granted prior to the grantee becoming an insider may be excluded in determining the number of Neural Shares issuable to insiders;

6. The option price of any Neural Shares in respect of which an option may be granted shall be fixed by the Neural Board provided that the minimum exercise price shall not be less than the market price of the Neural Shares at the time the option is granted, less the discounts permitted by the exchange on which the Neural Shares trade;

7. The period during which an option is exercisable shall, subject to the provisions of the Neural Option Plan requiring acceleration of rights of exercise, be such period as may be determined by the Neural Board or a committee thereof at the time of grant, but subject to the rules of any stock exchange or other regulatory body having jurisdiction (presently restricted to 5 years);

8. At the discretion of the Neural Board or a committee thereof, options granted may vest immediately on the date of grant or in stages. Options issued to consultants performing investor relations activities must vest in stages over a minimum of 12 months with no more than 1/4 of the options vesting in any three-month period;

9. Each option shall, among other things, contain provisions to the effect that the option shall be personal to the optionee and shall not be assignable or transferable;

10. If Neural shall become merged (whether by plan of arrangement or otherwise) or amalgamated within or with another company or shall sell the whole or substantially the whole of its assets and undertakings for shares or securities of another corporation, Neural shall, make provision that, upon exercise of an option during its unexpired period after the effective date of such merger, amalgamation or sale, the optionee shall receive such number of shares of the continuing successor corporation in such merger or amalgamation or the securities or shares of the purchasing corporation as the optionee would have received as a result of such merger, amalgamation or sale if the optionee had purchase the shares of Neural immediately prior thereto for the same consideration paid on the exercise of the option and had held such shares on the effective date of such merger, amalgamation or sale and, upon such provision being made, the obligation of Neural to the optionee in respect of the Neural Shares subject to the option shall terminate and be at an end and the optionee shall cease to have any further rights in respect thereof; and

11. In addition, each option shall provide that:

    a. upon the death of the optionee, the option shall terminate on the date determined by the Neural Board or a committee thereof, which date shall not be later than the earlier of the expiry date of the option and one year from the date of death;

    b. if the Optionee shall no longer be a director or officer of, be in the employ of, or be providing ongoing management or consulting services to Neural, the option shall terminate on the earlier of the expiry date of the option and the expiry of the period, not in excess of 90 days prescribed by the Neural Board or a committee thereof at the time of grant, following the date that the optionee ceases to be a director, officer or employee of Neural, or ceases to provide ongoing management or consulting services to Neural, as the case may be; and

    c. if the Option is granted to an optionee who is engaged in investor relations activities on behalf of Neural, the option shall terminate on the earlier of the expiry date of the option and the expiry of the period, not in excess of 30 days prescribed by the Neural Board or a committee thereof at the time of grant, following the date that the optionee ceases to provide ongoing investor relations activities.

Material Terms of the Neural RSU Plan

Administration

The Neural RSU Plan shall be administered by the Neural Board, which will have the full and final authority to provide for the granting, vesting, settlement and the method of settlement of the Neural RSU Plan granted thereunder. Neural RSUs may be granted to directors, officers, employees or consultants of the Neural, as the Board may from time to time designate. The Neural Board has the right to delegate the administration and operation of the Neural RSU Plan to a committee and/or any member of the Neural Board.

Number of Neural Shares Reserved

Subject to adjustment as provided for in the Neural RSU Plan, the aggregate number of Neural Shares which will be available for issuance under the Neural RSU Plan will not, when combined with Neural Shares reserved for issuance pursuant to other share compensation arrangements (including the Neural Option Plan) exceed 10% of the number of Neural Shares which are issued and outstanding on the particular date of grant. If any RSU expires or otherwise terminates for any reason without having been exercised in full, the number of Neural Shares in respect of such expired or terminated RSU shall again be available for the purposes of granting Neural RSUs pursuant to the Neural RSU Plan.

Granting, Settlement and Expiry of Neural RSUs

Under the Neural RSU Plan, eligible persons may (at the discretion of the Neural Board) be allocated a number of

Neural RSUs as the Neural Board deems appropriate, with vesting provisions also to be determined by the Neural Board. Upon vesting, subject to the provisions of the Neural RSU Plan, the Neural RSU holder may settle its Neural RSUs during the settlement period applicable to such Neural RSUs. Where, prior to the expiry date, a Neural RSU holder fails to elect to settle a Neural RSU, the holder shall be deemed to have elected to settle such Neural RSUs on the day immediately preceding the expiry date. A Neural RSU holder shall be entitled to receive one Neural Share for each vested Neural RSU or, at the sole option of the Neural, a cash payment equal to the number of Neural RSUs vested, multiplied by the market price of Neural Shares on the redemption date.

Termination

Except as otherwise determined by the Neural Board:

A. All Neural RSUs held by the Neural RSU holder (whether vested or unvested) shall terminate automatically on the date which the Neural RSU holder cases to be eligible to participate in the Neural RSU Plan or otherwise on such date on which the Neural terminates its engagement of the Neural RSU holder (the "**RSU Holder Termination Date**") for any reason other than as set forth in paragraph (B) and (C) below;

B. In the case of a termination of the Neural RSU Holder's service by reason of (A) termination by the Neural or any subsidiary of Neural other than for cause, or (B) the Neural RSU holders' death, the Neural RSU holder's unvested Neural RSUs shall vest automatically as of such date, and on the earlier of the original expiry date and any time during the ninety (90) day period commencing on the date of such termination of service (or, if earlier, the RSU holder Termination Date), the Neural RSU holder (or their executor or administrator, or the person or persons to whom the Neural RSUs are transferred by will or the applicable laws of descent and distribution) will be eligible to request that the Neural settle their vested Neural RSUs. Where, prior to the 90th day following such termination of service (or, if earlier, the RSU holder Termination Date) the Neural RSU holder fails to elect to settle a vested Neural RSU, the Neural RSU holder shall be deemed to have elected to settle such Neural RSU on such 90th day (or, if earlier, the RSU holder Termination Date) and to receive Neural Shares in respect thereof;

C. In the case of a termination of the Neural RSU holder's services by reason of voluntary resignation, only the Neural RSU holder's unvested Neural RSUs shall terminate automatically as of such date, and any time during the ninety (90) day period commencing on the date of such termination of service (or, if earlier, the RSU holder Termination Date), the Neural RSU holder will be eligible to request that the Neural settle their vested Neural RSUs. Where, prior to the 90th day following such termination of service (or, if earlier, the RSU holder Termination Date) the Neural RSU holder fails to elect to settle a vested Neural RSU, the Neural RSU holder shall be deemed to have elected to settle such Neural RSU on such 90th day (or, if earlier, the RSU holder Termination Date) and to receive Neural Shares in respect thereof;

D. For greater certainty, where a Neural RSU holder's employment, term of office or other engagement with the Neural terminates by reason of termination by the Neural or any subsidiary of the Neural for cause then any Neural RSUs held by the Neural RSU holder (whether unvested or vested) at the Neural RSU holder Termination Date, immediately terminate and are cancelled on the RSU holder Termination Date or at a time as may be determined by the Neural Board, in its discretion;

E. A Neural RSU holder's eligibility to receive further grants of Neural RSUs under the Neural RSU Plan ceases as of the earliest of the date the Neural RSU holder resigns from or terminates its engagement with the Neural or any subsidiary of the Neural and the date that the Neural or any subsidiary of the Neural provides the Neural RSU holder with written notification that the RSU holders' employment, term of office or engagement, as the case may be, is terminated, notwithstanding that such date may be prior to the RSU holder Termination Date; and

F. For the purposes of the Neural RSU Plan, a Neural RSU holder shall not be deemed to have terminated

service or engagement where the Neural RSU holder: (i) remains in employment or office within or among Neural or any subsidiary of Neural or (ii) is on a leave of absence approved by the Neural Board.

The foregoing summary of the Neural RSU Plan is not complete and is qualified in its entirety by reference to the Neural RSU Plan, which is attached to the Circular as Schedule "S".

Employment, Consulting and Management Agreements

Other than set out below, as at July 31, 2022, there were no written contracts or agreements that provide for payment to a director or Named Executive Officer at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change in control of Neural or a change in a director or Named Executive Officer's responsibilities.

Campbell Agreement

Mr. Campbell was appointed the CEO of Neural on September 16, 2021 and entered into the Campbell Agreement on the same date. The Campbell Agreement provides for an annual base salary to be paid to Mr. Campbell in the amount of $175,000 per annum, exclusive of bonuses, benefits and other compensation. In accordance with the Campbell Agreement, Mr. Campbell shall be eligible to receive a bonus annually at the discretion of the Neural Compensation and Nominating Committee of up to 50% of Mr. Campbell's annual base salary payable in either cash or securities, at the discretion of Mr. Campbell, dependent on Neural's financial capacity to do so, based on criteria set by the Neural Board. Additionally, Mr. Campbell, is entitled to receive 100% of the annual bonus mentioned above, pro-rated for any months during which he does not receive paid salary.

In accordance with the terms of the Campbell Agreement and subject to the achievement of certain milestones, Neural agreed to issue to Mr. Campbell, the following: (i) upon the closing of the Seed Financing, that number of common shares equal to 1.5% of the issued and outstanding capital of Neural as constituted at the closing of the Seed Financing for no additional consideration; (ii) upon the: (a) closing of the Seed Financing; and (b) achievement of certain milestones by Mr. Campbell and Neural agreed to by Mr. Campbell and the Neural Board, a number of Neural Shares equal to an aggregate of 2.0% of the issued and outstanding capital of Neural as constituted at closing of the Seed Financing, to be released to Mr. Campbell in equal parts on a quarterly basis, in arrears, for a period of two (2) years from the date of closing the Seed Financing provided that the Campbell Agreement continues in full force; and (iii) upon the achievement of certain milestones by Mr. Campbell and Neural, agreed to by Mr. Campbell and the Neural Board; stock options equal to 2% of the issued and outstanding capital of immediately prior to Neural listing the Neural Shares on a recognized stock exchange or trading quotation system. Such stock options shall be exercisable at a price that is a 20% premium to the last financing price whereby shares of Neural were issued immediately prior to listing, and shall vest in equal amounts, every six (6) months over three (3) years from their date of granting, or as required under applicable securities laws, and will be subject to the terms of the Neural Option Plan.

The Campbell Agreement provides that the process for satisfaction of the issuances of securities set out in the Campbell Agreement summarized above shall be determined by mutual agreement between Neural and Mr. Campbell and such securities have not been issued as of the date hereof.

Pursuant to the Campbell Agreement, in the event that Mr. Campbell is terminated without cause (other than Just Cause, as defined in the Campbell Agreement, or death), resigns for Good Reason (as defined in the Campbell Agreement), or resigns with or without reason during the six-month period immediately following a Control Change (as defined in the Campbell Agreement), Mr. Campbell is entitled to a termination payment equal to (including all outstanding and accrued regular and special vacation pay to the Date of Termination): (a) two months of his then base salary on an annual basis if Mr. Campbell has been employed for at least six months; (b) six months of his then base salary on an annual basis plus six months of the average of any bonus expected to be paid to Mr. Campbell in the previous twelve months, if Mr. Campbell has been employed for at least twelve months; (c) twelve months of his then base salary on an annual basis plus twelve months of the average of any bonus expected to be paid to Mr.

Campbell in the previous twelve months, if Mr. Campbell has been employed for at least twenty four months; and (d) eighteen months of his then base salary on an annual basis plus eighteen months of the average of any bonus expected to be paid to Mr. Campbell in the previous twenty four months, if Mr. Campbell has been employed for at least thirty six months. Additionally, any of Mr. Campbell's options, rights or other entitlements for the purchase of Neural Shares, which have vested as of the date of termination, shall continue to be available for exercise in accordance with the relevant plan that governs such options, rights or other entitlements for the purchase of Neural Shares.

If the Campbell Agreement is terminated by Neural with or without reason within the six-month period immediately following a Control Change (as such term is defined in the Campbell Agreement), Mr. Campbell shall be entitled to the following (including all outstanding and accrued regular and special vacation pay to the Date of Termination): (a) an amount equal to eighteen months of his then annual salary plus eighteen months of the average of any bonus paid (or anticipated to be paid if less than 2 years) to Mr. Campbell for the previous two (2) years; (b) Neural shall continue, following the termination date, to provide Mr. Campbell with the employee benefits (if any) for a period of six months; and (c) if Mr. Campbell holds any options, rights, warrants or other entitlements for the purchase or acquisition of Neural Shares all such rights will vest immediately on the date of termination and shall continue to be available for exercise in accordance with the relevant plan that governs such options, rights or other entitlements for the purchase of Neural Shares.

If Mr. Campbell was terminated on the last day of the most recently completed financial year, he would have been entitled to a payment of $100,479.

Durfy Agreement

Mr. Durfy was appointed the Chairman of Neural on November 1, 2022 and entered into the Durfy-Neural Agreement on the same date. According to the Durfy-Neural Agreement, in consideration for Mr. Durfy's services, Mr. Durfy is to be paid a fee of C$90,000 per annum payable monthly in arrears and subject to any deductions legally required. Mr. Durfy is to be granted: (a) 200,000 Neural RSUs in accordance with the Neural RSU Plan in consideration for acting as a member of the audit committee; and (b) Chairman fee of in the form of Neural RSUs, which shall be granted upon Neural completing a listing on a recognized North American stock exchange, equal to 50% of the available Neural RSU pool in accordance with the Neural RSU Plan after the initial issuances to all the board members and employees of Neural have been made. The Durfy-Neural Agreement also provides for the issuance of 200,000 Neural RSUs following the completion of the Plan of Arrangement and an additional number of Neural RSUs, equal to 50% of the available Neural RSU pool in accordance with the Neural RSU plan after the initial issuances to all the board members and employees of Neural as determined by the Neural Compensation and Nominating Committee. The 200,000 Neural RSUs have not yet been granted to Mr. Durfy as of the date hereof and are expected to be granted after completion of the Plan of Arrangement.

Wilson Agreement

Mr. Wilson was appointed the CFO of Neural on January 1, 2022 and entered into the Wilson-Neural Agreement on the same date. According to the Wilson-Neural Agreement, in consideration for Mr. Wilson's services, Mr. Wilson is to be paid a fee of C$60,000 per annum payable as follows: 50% payable monthly and 50% shall accrue. The accrued portion can be paid in shares or cash on mutual agreement between Neural and Mr. Wilson. The Wilson-Neural Agreement also provides for the issuance of 366,667 Neural RSUs, once the Neural RSU Plan is approved by Neural Shareholders. The 366,667 Neural RSUs have not yet been granted to Mr. Wilson as of the date hereof and are expected to be granted after completion of the Plan of Arrangement. The Wilson-Neural Agreement was terminated with an effective date of December 31, 2022 (after giving effect to the 60-day termination notice set out in the Wilson-Neural Agreement).

External Management Companies

Omar Gonzalez, CFO services of Neural has been providing his services to Neural through an external management company, Marrelli Support Services Inc. ("**MSSI**"), as of November 7, 2022. In consideration for Mr. Gonzalez's services, Neural agreed to pay MSSI a fee of $1,500 per month in consulting fees for the provision of CFO services and agreed to issue MSSI 100,000 Neural Options, which remain unissued as of the date of this Circular.

Option-Based Awards

The purpose of the Neural Option Plan is to allow Neural to grant Neural Options to directors, officers, employees and consultants, as additional compensation, and as an opportunity to participate in the success of Neural. The granting of such Neural Options is intended to align the interests of such persons with that of the Neural Shareholders. The Neural Option Plan will be used to provide Neural Options which will be awarded based on the recommendations of the directors of Neural, taking into account the level of responsibility of such person, as well as his or her past impact on or contribution to, and/or his or her ability in future to have an impact on or to contribute to the longer-term operating performance of Neural. In determining the number of Neural Options to be granted, the Neural Board will take into account the number of Neural Options, if any, previously granted, and the exercise price of any outstanding Neural Options to ensure that such grants are in accordance with the policies of the exchange that Neural may be listed on in the future and to closely align the interests of such person with the interests of Neural Shareholders. The Neural Board will determine the vesting provisions of all Neural Option grants.

Outstanding Option-Based Awards

No Neural Options are outstanding as of the date of the Circular, and no Neural Options are expected to be outstanding as of the Effective Time of the Plan of Arrangement.

Aggregate Options Exercised and Option Values

No stock options have been granted by Neural or exercised since the date of its incorporation on June 2, 2020.

Incentive Plan Awards

The purpose of the Neural RSU Plan is to allow for certain discretionary awards as an incentive for selected eligible persons related to the achievement of long-term financial and strategic objectives of Neural and the resulting increases in shareholder value. The Neural RSU Plan is intended to promote a greater alignment of interests between the Neural Shareholders and the selected eligible persons by providing an opportunity to participate in increases in the value of Neural. The Neural RSU Plan will be used to provide Neural RSUs which will be awarded based on the recommendations of the directors of Neural, taking into account the level of responsibility of such person, as well as his or her past impact on or contribution to, and/or his or her ability in future to have an impact on or to contribute to the longer-term operating performance of Neural. In determining the number of Neural RSUs to be granted, the Neural Board will take into account the number of Neural RSUs, if any, previously granted, and the exercise price of any outstanding Neural RSUs to ensure that such grants are in accordance with the policies of the of the exchange that Neural may be listed on in the future and to closely align the interests of such person with the interests of Neural Shareholders. The Neural Board will determine the vesting provisions of all Neural RSU grants.

Outstanding Incentive Plan Awards

No Neural RSUs are outstanding as of the date of the Circular, and no Neural RSUs are expected to be outstanding as of the Effective Time of the Plan of Arrangement.

Aggregate RSUs Vested and RSU Values

No Neural RSUs have been granted by Neural or vested since the date of its incorporation on June 2, 2020.

Pension Plan Benefits

Neural does not have a pension plan that provides for payments or benefits to the Named Executive Officers at,

following, or in connection with retirement.

Termination of Employment, Change in Responsibilities and Employment Contracts

Other than the provisions in the Campbell Agreement outlined above under the section titled "*Employment, Consulting and Management Agreements*", Neural has no employment contracts with any of its Named Executive Officers. Further, other than the provisions in the Campbell Agreement outlined above it has no contract, agreement, plan or arrangement that provides for payments to a Named Executive Officer following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change of control of Neural or its subsidiaries, if any, or a change in responsibilities of a Named Executive Officer following a change of control. Neural will consider entering into contracts with its Named Executive Officers following completion of the Plan of Arrangement.

Director Compensation

Other than the Neural Option Plan and Neural RSU Plan and the Durfy-Neural Agreement, Neural currently has no arrangements, standard or otherwise, pursuant to which directors are compensated by Neural for their services in their capacity as directors, or for committee participation, involvement in special assignments or for services as a consultant or expert since its incorporation on June 2, 2020 and up to and including the date of the Circular.

AUDIT COMMITTEE

NI 52-110 mandates that certain disclosure regarding the Audit Committee of a "venture issuer" (as such terms are defined in NI 52-110) which disclosure is set out below, in accordance with Form 52-110F2 – Disclosure by Venture Issuers.

Overview

Neural will appoint the Neural Audit Committee following the completion of the Plan of Arrangement. It is intended that the Neural Audit Committee will establish a practice of approving audit and non-audit services provided by the external auditor. The Neural Audit Committee intends to delegate to its Chair the authority, to be exercised between regularly scheduled meetings of the Neural Audit Committee, to pre-approve audit and non-audit services provided by the independent auditor. All such preapprovals would be reported by the Chair at the meeting of the Neural Audit Committee next following the pre-approval.

Audit Committee Charter

The charter to be adopted by the Neural Audit Committee is expected to be substantially similar to that of High Fusion's Audit Committee charter, which is attached to the Circular as Schedule "M".

Composition of the Neural Audit Committee

The Neural Audit Committee will consist of at least three directors as determined by the Neural Board, the majority of whom shall be free from any relationship that, in the opinion of the Neural Board, would interfere with the exercise of his or her independent judgment as a member of the Neural Audit Committee. Such independent members of the Neural Audit Committee shall meet the independence criteria established in NI 52-110. Given that the Neural Board is expected to consist of three independent members on completion of the Plan of Arrangement, it is expected that each of the proposed independent directors of Neural will serve on the Neural Audit Committee. Each of Dr. Kelly Narine, Dr. Jason Dyck and Colin McLelland are considered independent in accordance with NI 52-110. John Durfy and Ian Campbell are not considered independent in accordance with NI 52-110.

Each of Dr. Kelly Narine, Dr. Jason Dyck and Colin McLelland are financially literate in accordance with NI 52-110 and have education or experience that would provide them with:

(a) an understanding of the accounting principles used by Neural to prepare its financial statements;

(b) the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves;

(c) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by Neural's financial statements, or experience actively supervising one or more individuals engaged in such activities; and

(d) an understanding of internal controls and procedures for financial reporting.

A general description of the education and experience of each proposed members of the Neural Audit Committee which is relevant to the performance of their responsibilities as a Neural Audit Committee member is contained in their respective biographies set out under the section titled "*Directors and Officers*" of this Schedule.

Pre-Approval Policies and Procedures

The charter to be adopted by the Neural Audit Committee is expected to be substantially similar to High Fusion's Audit Committee charter, which is attached to the Circular as Schedule "M", which contains policies and procedures for the engagement of non-audit services. The Neural Audit Committee will be responsible for the pre-approval of all audit services and permissible non-audit services to be provided to Neural by the external auditors subject to any exceptions provided in NI 52-110.

Audit Fees

Neural paid its external auditor a fee equal to $30,000 plus HST for the professional services rendered by the auditor for the audit of Neural's annual financial statements for the years ended July 31, 2020, 2021 and 2022. No audit-related fees, tax fees or any other fees were paid by Neural in consideration for the corresponding services.

CORPORATE GOVERNANCE

NP 58-201, NI 58-101, along with other applicable regulatory requirements, form the regulatory framework for Neural's anticipated corporate governance practices. NI 58-101 deals with matters such as the constitution and independence of the Neural Board and its committees, their functions, the effectiveness and education of Board members and other items dealing with sound corporate governance practices.

Neural's corporate governance practices will be established in compliance with applicable Canadian corporate and securities laws and regulations and stock exchange policies. Certain of these corporate governance frameworks and practices are already established and in place and others will be implemented in conjunction with the completion of the Plan of Arrangement and thereafter. Neural will monitor developments in Canada with a view to further revising its governance policies and practices, as appropriate.

Neural Board

A director is independent if he or she has no direct or indirect material relationship with Neural that the Neural Board believes could reasonably be perceived to materially interfere with his or her ability to exercise independent judgment. Applicable securities laws set out certain situations where a director is deemed to have a material relationship with Neural.

Of the proposed directors of Neural, Dr. Kelly Narine, Dr. Jason Dyck and Colin McLelland are considered to be independent under applicable securities laws. Mr. Durfy and Mr. Campbell are not considered to be independent under applicable securities laws due to the nature of their respective relationships with Neural. It is expected that the Neural Board will appoint an independent lead director to provide independent leadership to the Neural Board and facilitate the functioning of the Neural Board which is independent of Neural's management.

Ian Campbell and John Durfy are the current incumbent directors of Neural. Upon completion of the Plan of Arrangement, the Neural Board is expected to be comprised of Dr. Kelly Narine, Dr. Jason Dyck, Colin McLelland, Ian Campbell and John Durfy. Please see sections titled "*Directors and Officers*" and "*Description of Neural's Business - Specialized Skill and Knowledge*" of this Schedule.

Orientation and Continuing Education

Neural has not yet developed a formal orientation and training program for directors. Nevertheless, new directors will be provided, through discussions and meetings with other directors, officers and employees, with a thorough description of Neural's business, properties, assets, operations and strategic plans and objectives. Orientation activities will be tailored to the particular needs and experience of each director and the overall needs of the Neural Board and requests for education are encouraged, and dealt with on an ad hoc basis. Neural Board members will be encouraged to communicate with management, auditors and technical consultants, to keep themselves current with industry trends and developments, as well as changes in legislation, with management's assistance, and to attend related industry seminars.

Ethical Business Conduct

A director, in the exercise of his or her functions and responsibilities, must act with complete honesty and good faith in the best interest of Neural. He or she must also act in accordance with the applicable laws, regulations and policies. As part of its responsibility for the stewardship of Neural, the Neural Board will seek to foster a culture of ethical conduct by requiring Neural to carry out its business in line with high business and moral standards and applicable legal and financial requirements. In that regard, the Neural Board will:

(a) adopt a written code of conduct and ethics (the "**Code**") for its directors, officers, employees and consultants, a copy of which will be posted under its profile on SEDAR at www.sedar.com;

(b) encourage management to consult with legal and financial advisors to ensure that Neural is meeting those requirements;

(c) be cognizant of Neural's timely disclosure obligations upon becoming a reporting issuer under Canadian securities laws and will review material disclosure documents such as financial statements, MD&A and press releases prior to their distributions;

(d) rely on the Neural Audit Committee to annually review the systems of internal financial control and discuss such matters with Neural's external auditor; and

(e) actively monitor Neural's compliance with the Neural Board's directives and ensure that all material transactions are thoroughly reviewed and authorized by the Neural Board before being undertaken by management.

In addition, Neural will adopt a "whistleblower" policy, which will allow directors, officers, employees and consultants who feel a violation of the Code has occurred to report the actual or potential compliance infraction to the Chair of the Neural Audit Committee, on a confidential, anonymous basis.

Certain proposed directors are directors or officers of, or have significant shareholdings in, other psychedelic or life sciences companies and, to the extent that such other companies may participate in ventures in which Neural may participate, the directors of Neural may have a conflict of interest in negotiating and concluding terms respecting such participation. To ensure a consistent process for addressing actual and potential conflicts of interest, it is expected that Neural will adopt a policy governing conflicts of interest and related party transactions which prescribe a formal procedure and internal reporting process for addressing potential conflicts in a timely fashion. In rare circumstances, if deemed appropriate, the Neural Board may establish a special committee of independent directors

to review a matter in which several directors, or management, may have a conflict.

Nomination of Directors

Given that the Neural Board is expected to consist of five members on completion of the Plan of Arrangement, all of the proposed directors of Neural will be involved in matters relating to corporate governance and the nomination of new directors.

The Neural Board will be involved in determining the appropriate criteria for the selection of new directors and establishing procedures for identifying prospective Neural Board members. The Neural Board will also be responsible for monitoring and ensuring Neural Board independence, establishing procedures for meetings to ensure Neural Board effectiveness, establishing position descriptions for the key members of the Neural Board and senior management and overseeing Neural Board diversity, renewal, orientation and continuing education. The Neural Board will also be responsible for identifying the competencies and skills required for nominees to the Neural Board, with a view to ensuring that the Neural Board is comprised of directors with the necessary skills and experience to facilitate effective decision-making. The Neural Board may retain external consultants or advisors to conduct searches for appropriate potential director candidates if necessary.

Compensation

The Neural Compensation and Nominating Committee will have responsibilities for, among other things, reviewing and approving annually the corporate goals and objectives applicable to the compensation of the executive officers and directors of Neural. For further details regarding the compensation of officers and directors, as well as details regarding Neural's compensation program, see section titled "*Statement of Executive Compensation – Compensation Discussion and Analysis*" in this Schedule.

Assessments

Given its early stage of development, the Neural Board will not initially take any formal steps to assess the performance of the Neural Board or its committees. It is expected that the Neural Board will conduct informal annual assessments of the Neural Board's effectiveness, the individual directors and each of its committees. The Neural Board will monitor the adequacy of information given to directors, communication between the Neural Board and management and the strategic direction and processes of the Neural Board and its committees. All directors and/or committee members will be free to make suggestions for improvement of the practice of the Neural Board and/or its committees at any time and will be encouraged to do so.

RISK FACTORS

An investment in the securities of Neural and the completion of the Plan of Arrangement are subject to certain risks. In addition to considering the other information in the Circular, including the risk factors relating to the Plan of Arrangement set forth in the section titled "*Risk Factors*" in the Circular, readers should carefully consider the following risk factors related to Neural's business. If any of the identified risks were to materialize, Neural's business, financial position, results and/or future operations may be materially affected. The risk factors identified in this Schedule, the Circular and the documents incorporated by reference are not exhaustive and other factors may arise in the future that are currently not foreseen by management of Neural that may present additional risks in the future. Readers are cautioned that the following risk factors are not exhaustive and additional risks and uncertainties, including those currently unknown or considered immaterial, may also adversely affect Neural prior to the Plan of Arrangement or following completion of the Plan of Arrangement.

This section is separated in the following subsections, each of which groups the risk factors into common categories, as follows: i) Risks Related to the Regulatory Environment; ii) Risks Related to the Psychedelics Industry; iii) Risks Related to the Ownership of Securities of Neural; iv) Risks Related to Neural's Business Generally; v) Risks Related to Neural's Nutraceutical Business; vi) Risks Related to Neural's Pharmaceutical Business; and vi) Risks Related to

Neural's Intellectual Property.

Risks Related to the Regulatory Environment

Risks Related to Regulatory Changes

In the U.S., mescaline is classified as a Schedule I drug under the CSAUS. All activities involving such substances by or on behalf of Neural are conducted in accordance with applicable federal, provincial, state and local laws. While Neural is focused on drug development activities programs using mescaline and psychedelic cacti, Neural does 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 applicable laws in the jurisdictions in which Neural 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 Neural operates, or private citizens or criminal charges.

Any changes in applicable laws and regulations could have an adverse effect on Neural's operations. The psychedelic drug industry is a fairly new industry and Neural cannot predict the impact of the ever-evolving compliance regime in respect of this industry. Similarly, Neural cannot predict the time required to secure all appropriate regulatory approvals for future products, or the extent of testing and documentation that may, from time to time, be required by governmental authorities. An example is Neural's arrangements with Cactus Knize, Cayetano University and CGS, which are such that neither Neural nor its employees bear any responsibility for handling, harvesting, processing and extracting psychedelic cacti or mescaline extracts. However, if a regulator determined that Neural was involved with any of the aforementioned activities, Neural would not be licensed and, in order to protect Neural's interests, would have to terminate these relationships. While this would assist in addressing the regulatory compliance issue in this case, the impact of compliance regimes, any delays in obtaining, or failure to obtain regulatory approvals may significantly delay or impact the development of markets, its business and products, and sales initiatives and could have a material adverse effect on the business, financial condition and operating results of Neural. Neural will incur ongoing costs and obligations related to regulatory compliance. Failure to comply with regulations may result in additional costs for corrective measures, penalties or result in restrictions on Neural's operations. In addition, changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to Neural's operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the business, financial condition and operating results of Neural.

The success of Neural's business is dependent on its activities being permissible under applicable laws and any reform of controlled substances laws or other laws may have a material impact on Neural's business and success. There is no assurance that activities of Neural will continue to be legally permissible and Neural may become subject to the enforcement policies across many federal agencies, primarily the FDA and DEA. The FDA is responsible for ensuring public health and safety through regulation of food, drugs, supplements, and cosmetics, among other products, through its enforcement authority pursuant to the FDCA. The FDA's responsibilities include regulating the ingredients as well as the marketing and labeling of drugs sold in interstate commerce. Since it is currently illegal under federal law to produce and sell mescaline and most psychedelic drugs other than ketamine and as there are no federally recognized medical uses, the FDA has historically deferred enforcement related to these products to the DEA. If mescaline and/or other psychedelic drugs were to be rescheduled to a federally controlled, yet legal, substance, the FDA would likely play a more active regulatory role. The DEA would continue to be active in regulating manufacturing, distribution and dispensing of such substances. Multi-agency regulation and enforcement could materially affect Neural's costs associated with research and development involving of these substances in its business.

Non-Compliance with Laws

Under the CDSA, mescaline and peyote are currently Schedule I drugs, Neural's operations are conducted in strict compliance with the laws and regulations regarding its activities with such substances. As such, all facilities engaged with such substances by or on behalf of Neural do so under current licenses, permits and approvals, as applicable,

issued by appropriate federal, provincial, state and local governmental agencies. While Neural is focused on drug discovery and development activities using mescaline and psychedelic cacti, Neural does 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 applicable laws and regulations, such as the CDSA and CSAUS, or of similar legislation in the jurisdictions in which it operates or is deemed to operate, including Peru and SVG, could result in significant fines, penalties, administrative sanctions, convictions or settlements arising from civil proceedings initiated by the government entities in the jurisdictions in which Neural operates, private citizens or criminal charges. Any such violations could have an adverse effect on Neural's operations. Further, there is no guarantee that psychedelic drugs or psychedelic cacti will ever be approved as medicines in any jurisdiction in which Neural operates, activities of the third parties that Neural does business with are subject to regulation by governmental authorities, and Neural's business objectives are contingent, in part, upon its and its personnel's compliance with regulatory requirements enacted by these governmental authorities, and obtaining all regulatory approvals, where necessary. Any delays in obtaining, failure to obtain, or violations of regulatory approvals and requirements would significantly delay the development of markets and products and could have a material adverse effect on the business, results of operations and financial condition of Neural.

Substantial Risk of Regulatory or Political Change

The success of the business strategy of Neural depends on the legality of the use of psychedelics for the treatment of mental health conditions and the acceptance of such use in the medical community. The political environment surrounding the psychedelics industry in general can be volatile. As of the date of the Circular, Canada and the U.S. have enacted certain exemptions to permit research and development activities using mescaline and psychedelic cacti, however, the risk remains that a shift in the regulatory or political realm could occur and have a drastic impact on the use of psychedelics as a whole, adversely impacting Neural's ability to successfully operate or grow its business.

Government Regulations, Permits and Licenses

Neural's operations may be subject to governmental laws or regulations promulgated by various legislatures or governmental agencies from time to time. A breach of such legislation may result in the imposition of fines and penalties. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations. Neural intends to fully comply with all governmental laws and regulations. Third parties that Neural does business with will be subject to various federal, state, provincial and municipal laws in the jurisdictions where they operate. While there are currently no indications that Neural will require approval by a governmental or regulatory authority other than obtaining approval of the SERFOR permit, such approvals may ultimately be required. If any permits are required for Neural's operations and activities in the future, there can be no assurance that such permits will be obtainable on reasonable terms or on a timely basis, or that applicable laws and regulations will not have an adverse effect on Neural's business.

The current and future operations of Neural and its partners are and will be governed by laws and regulations governing the healthcare industry, labor standards, occupational health and safety, land use, environmental protection, and other matters. Amendments to current laws, regulations and permits governing research and development involving psychedelics, or more stringent implementation thereof, could have a material adverse impact on Neural and cause increases in capital expenditures or costs, or decreased ability to achieve its business milestones.

Changes in Applicable Federal, Provincial, or State Laws and Regulations, or the Expansion of Current, or the Enactment of New Laws or Regulations Relating to Cactus-Based Nutraceutical Businesses, Could Adversely Affect Neural's Business

While the sale, manufacturing and distribution of San Pedro cacti are not currently subject to regulation under CDSA in Canada and under CSA in the United States, there is no certainty that this exclusion could not be altered by court or governmental action or re-interpretation. If San Pedro cactus becomes a controlled substance, Neural may need to seek to adjust its product development efforts to ensure compliance with applicable laws and regulations, which may result in substantial delays to achieving commercial revenue, change in timing of securing the required permits and licenses and unforeseen costs, which would adversely affect Neural's business.

There is no certainty that in the future the FDA or Health Canada will not regulate mescaline-free nutraceutical products developed by Neural, including products containing pulp fiber from San Pedro cactus and prohibit its use as a dietary ingredient in dietary supplements or an NHP. There is no certainty that pulp fiber from San Pedro cactus or other dietary ingredients marketed by Neural, will be considered a grandfathered dietary ingredient under the DSHEA, meet the definition of a dietary ingredient, or would otherwise be permitted for use under the DSHEA. There is no certainty that the FDA would file a NDIN with no objections for such products or any products manufactured from San Pedro cacti, or file a NDIN with no objections for any other dietary ingredients Neural seeks to market, and thus there is a possibility that certain extracts and dietary ingredients of Neural may not be marketed as dietary ingredients in dietary supplements in the United States. Under Section 201(ff)(3)(B) of the FDCA, a substance may not be used as a dietary ingredient if it includes "an active ingredient" that was first (1) approved as a new drug or (2) approved as an IND for which substantial clinical investigations have been instituted and for which the existence of such investigations has been made public. Thus, it is possible that an IND has been filed and/or authorized to study San Pedro cactus as a drug and FDA could take the position that pulp fiber from San Pedro cactus is precluded from being an ingredient in dietary supplements. Similarly, other ingredients or extracts from San Pedro cactus that Neural may seek to market in the future may also be precluded from being marketed as dietary ingredients in dietary supplements.

Neural May Become Subject to Enforcement Actions by Various Government Authorities That Would Materially Impact Neural's Business

Neural intends to rely on the supply of San Pedro cacti and its extracts, which may be imported from other countries including Peru. In the United States, San Pedro cactus is not scheduled under the CSAUS and therefore, is not under the enforcement authority of the DEA. If in the future the DEA exerts jurisdiction over San Pedro cactus or any mescaline-free products manufactured from the San Pedro cactus, Neural may become subject to additional licensing requirements, which may require additional capital. There is no assurance that Neural will be able to obtain any such licenses, be eligible to apply for such licenses, or comply with the current or evolving regulatory framework in any jurisdiction where it carries on its business or sells its products, which would adversely affect Neural's business.

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

Neural May Become Subject to Additional Government Regulation and Legal Uncertainties That Could Restrict the Demand for its Services or Increase its Cost of Doing Business, Thereby Adversely Affecting its Financial Results

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

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

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

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

Complying With New and Existing Government Regulation, in Canada, the United States and Abroad, Could Increase Neural's Costs Significantly and Adversely Affect its Financial Results

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

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

Should Health Canada and/or the FDA or any provincial, state or local agencies or regulators amend its guidelines or impose more stringent interpretations of current laws or regulations, Neural may not be able to comply with these new guidelines. As the products expected to be manufactured by Neural, through the CMOs engaged by Neural, will be ingested by consumers, Neural is always subject to the risk that one or more of its products that currently are not subject to regulatory action may become subject to regulatory action. Such regulations could require the reformation of certain products to meet new standards, market withdrawal or discontinuation of certain products not able to be reformulated, imposition of additional record keeping requirements, expanded documentation regarding the properties of certain products, expanded or different labeling and/or additional scientific substantiation. Failure to comply with applicable requirements could result in sanctions being imposed on Neural, its contract manufacturing partners or third-party distributors, including but not limited to fines, injunctions, product recalls, seizures and criminal prosecution.

Additionally, Health Canada and/or the FDA may not accept the evidence of safety for any new dietary ingredients that Neural, may decide to use, and Health Canada and/or the FDA's refusal to accept such evidence could result in designation of such dietary ingredients as adulterated, until such time as reasonable expectation of safety for the

ingredient can be established to the satisfaction of Health Canada and/or the FDA.

There can be no assurance that Health Canada and/or the FDA will not consider particular labeling statements to be used by Neural to be drug claims rather than acceptable statements of nutritional support, necessitating approval of a costly new drug application, or re-labeling to delete such statements. It is also possible that such agencies could allege false statements were submitted to it if structure/function claim notifications were either non-existent or so lacking in scientific support as to be plainly false.

As a proposed dietary supplement distributor in the United States and a NHP distributor in Canada, Neural will be required to also follow cGMPs that apply to its specific distribution operations. Failure to comply with applicable cGMP regulations could result in sanctions being imposed on Neural, including, but not limited to, fines, injunctions, civil penalties, delays, suspensions or withdrawals of approvals, operating restrictions, interruptions in supply, recalls, withdrawals, issuance of safety alerts, and criminal prosecutions, any of which could have a material adverse impact on Neural's business, financial condition, results of operations, and prospects. The FDA could also make negative cGMP findings public through a Warning Letter or release of an FDA Form 483 observation report through the Freedom of Information Act request. Such negative publicity would adversely affect Neural's business, financial condition and results of operations.

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

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

Securities Regulatory Authorities and CSE Policies Regarding Business Activities

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

Risks Related to the Psychedelics Industry

Unfavorable Publicity or Consumer Protection

The success of the psychedelics-based drug industry may be significantly influenced by the public's perception of psychedelic medicinal applications. Psychedelics is a controversial topic, and there is no guarantee that future scientific research, publicity, regulations, medical opinion, and/or public opinion relating to psychedelics will be favorable. The psychedelics industry is an early-stage industry that is constantly evolving, with no guarantee of viability. The market for psychedelic drugs and nutraceutical products is uncertain, and any adverse or negative publicity, scientific research, limiting regulations, medical opinion and public opinion relating to the consumption of psychedelics may have a material adverse effect on Neural's operational results, consumer base and financial results.

Furthermore, there can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favorable to the market for San Pedro derived products or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favorable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for Neural's products and the business, results of operations, financial condition and cash flows of Neural. Neural's dependence upon consumer perceptions means that adverse scientific research reports, findings, regulatory proceedings, litigation, media attention or other publicity, whether or not accurate or with merit, could have a material adverse effect on Neural, the demand for Neural's products, and the business, results of operations, financial condition and cash flows of Neural. Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of cactus-derived products in general, or Neural's products specifically, or associating the consumption of cactus-derived products with illness or other negative effects or events, could have such a material adverse effect. Additionally, consumers may associate Neural's products with illegal psychoactive drugs, which are prohibited substances. Such adverse publicity reports or other media attention could arise even if the adverse effects associated with such products resulted from consumers' failure to consume such products appropriately or as directed.

Social Media

There has been a recent marked increase in the use of social media platforms and similar channels that provide individuals with access to a broad audience of consumers and other interested persons. The availability and impact of information on social media platforms is virtually immediate and many social media platforms publish user-generated content without filters or independent verification as to the accuracy of the content posted. Information posted about Neural may be adverse to Neural's interests or may be inaccurate, each of which may harm Neural's business, financial condition and results of operations.

Risks Related to Ownership of Securities of Neural

Dilution

Following completion of the Plan of Arrangement, Neural may have further research and development expenditures as it proceeds to expand research and development activities, develop its products or take advantage of opportunities for acquisitions, joint ventures or other business opportunities that may be presented to it. Neural may sell additional Neural Shares or other securities in the future to finance its operations or may issue additional Neural Shares or other securities as consideration for future acquisitions. Neural cannot predict the size or nature of future sales or issuances of securities or the effect, if any, that such future sales and issuances may have on the market price of Neural Shares. Sales or issuances of substantial numbers of Neural Shares, or the perception that such sales or issuances could occur, may adversely affect the future market price of Neural Shares and dilute each Neural Shareholder's equity position in Neural.

Market for Securities

Although Neural intends to apply to list Neural Shares on the CSE, there is currently no market through which Neural Shares may be sold and Neural Shareholders may not be able to resell Neural Shares acquired under the Plan of

Arrangement. There can be no assurance that Neural will be able to successfully list the Neural Shares on the CSE or that an active trading market will develop for Neural Shares following the completion of the Plan of Arrangement, or if developed, that such a market will be sustained at the trading price of Neural Shares immediately after listing. There can be no assurance that fluctuations in the trading price will not have a material adverse impact on Neural's ability to raise equity funding without significant dilution to Neural Shareholders, or at all.

Securities markets have had a high level of price and volume volatility, and the market price of securities of many psychedelic companies, particularly those considered research or development stage companies, have experienced wide fluctuations in price that have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. Once listed, the trading price of Neural Shares may increase or decrease in response to a number of events and factors, not related to Neural's performance, and will, therefore, not be within Neural's control, including but not limited to, the market in which Neural Shares are traded, the strength of the economy generally, the availability and attractiveness of alternative investments and the breadth of the public market for Neural Shares. The effect of these factors on the market price of Neural Shares in the future cannot be predicted.

Significant Shareholder

If the Plan of Arrangement is completed, High Fusion is expected to hold approximately 33.6% of the issued and outstanding Neural Shares. As a result of the number of Neural Shares expected to be held by High Fusion, High Fusion may be in a position to affect the governance and operations of Neural, including matters requiring approval of Neural Shareholders, such as the election of directors, change of control transactions and the determination of other significant corporate actions. There can also be no assurance that the interests of High Fusion will align with the interests of Neural or Neural Shareholders, particularly in light of the other financial interests of High Fusion, and High Fusion will have the ability to influence certain actions that may not reflect the intent of Neural or align with the interests of Neural or Neural Shareholders. The ownership interest of High Fusion could limit the price that investors may be willing to pay for Neural Shares.

Early-Stage Company

Market perception of early-stage companies may change, potentially affecting the value of investors' holdings and the ability of Neural to raise further funds through the issue of further Neural Shares or otherwise. The share price of publicly traded early-stage companies can be highly volatile. The value of the Neural Shares may rise or fall and, in particular, the share price may be subject to sudden and large falls in value given the restricted marketability of the Neural Shares.

Management Discretion as to the Application and Use of Available Funds

The net proceeds from this Series A Financing will be used for the purposes described under the section titled "*Description of Neural's Business – Principal Sources and Uses of Funds*". Neural reserves the right to use the currently available funds and the net proceeds of the Series A Financing (if completed) for general business purposes not presently contemplated and deemed to be in the best interests of Neural and Neural Shareholders. As a result of the foregoing, the success of Neural may be substantially dependent upon the discretion and judgment of the Neural Board and management team with respect to application and allocation of available funds and the net proceeds of the Series A Financing.

Absence of Operating History as a Public Company

Neural's management and the Neural Board have limited experience operating as a public company. To operate effectively, Neural may be required to continue to implement changes in certain aspects of its business, improve its information systems and develop, manage and train management level and other employees to comply with ongoing public company requirements. Failure to take such actions, or delay in implementation thereof, could adversely affect Neural's business, financial condition, liquidity and results of operations and, more specifically, could result in regulatory penalties, market criticism or the imposition of cease trade orders in respect of the Neural Shares.

Dividend Policy

No dividends on Neural Shares have been paid by Neural to date. Neural anticipates that it will retain all earnings and other cash resources for the foreseeable future for the operation and development of its business. Neural does not intend to declare or pay any cash dividends in the foreseeable future. Payment of any future dividends will be at the discretion of the Neural Board after taking into account many factors, including Neural's operating results, financial condition and current and anticipated cash needs.

Potential Delay in Achieving or Failure to Achieve Publicly Announced Milestones

From time to time, Neural may announce the timing of certain events it expects to occur, such as the anticipated timing of results from its pre-clinical studies or other research and development efforts. These statements are forward-looking and are based on the best estimates of management at the time relating to the occurrence of such events. However, the actual timing of such events may differ from what has been publicly disclosed. The timing of events such as initiation or completion of a pre-clinical study, filing of an application to obtain regulatory approval, or announcement of additional clinical trials for a product may ultimately vary from what is publicly disclosed. These variations in timing may occur as a result of different events, including the nature of the results obtained during a pre-clinical study or during a research phase, timing of the completion of pre-clinical trials, or any other event having the effect of delaying the publicly announced timeline. Neural 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 Neural's business plan, financial condition or operating results and the trading price of Neural Shares.

Future Sales of Neural Shares by Existing Neural Shareholders

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

The Market Price of the Neural Shares May be Volatile

Securities markets worldwide experience significant price and volume fluctuations. This market volatility, as well as the factors listed below, some of which are beyond Neural's control, could affect the market price of the Neural Shares:

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

Trading of Shares Through an Intermediary

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

If Securities or Industry Analysts Do Not Publish Research, or Publish Inaccurate or Unfavorable Research, About Neural's Business, the Price of Neural Shares and Trading Volume Could Decline

If Neural Shares become listed on a stock exchange the trading market for Neural Shares will depend, in part, on the research and reports that securities or industry analysts publish about Neural or its business. If one or more of the analysts who cover Neural downgrade Neural Shares or publish inaccurate or unfavorable research about Neural's business, the price of Neural Shares would likely decline. In addition, if Neural operating results fail to meet the forecasts of analysts, Neural's Share price would likely decline. If one or more of these analysts cease coverage of Neural or fail to publish reports on Neural regularly, demand for Neural's Shares could decrease, which might cause the price of Neural Shares and trading volume to decline.

Risks Related to Business of Neural Generally

Limited Operating History

Neural has a very limited history of operations in pharmaceutical and nutraceutical research and development and must be considered a start-up. As such, Neural is subject to many risks common to such enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources and lack of revenues. There can be no assurance that Neural will be successful in achieving a return on Neural Shareholders' investment and the likelihood of success must be considered in light of its early stage of operations. Neural has no history of earnings.

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

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

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

Difficult to Evaluate the Potential Success of Neural's Future Business

Neural's operations to date have been limited to organizing and staffing efforts, business planning, raising capital, conducting discovery and research activities, filing patent applications, identifying potential drug candidates, and establishing arrangements with third parties to supply raw materials and assist in conducting research and development efforts. Neural has not yet demonstrated the ability to successfully complete any pre-clinical or clinical trials, obtain marketing approvals, develop nutraceutical products or arrange for a third party to do so on Neural's behalf, or enter into agreements with third parties to conduct sales, marketing and distribution activities necessary for successful commercialization. Consequently, any predictions about Neural's future success or viability may not be as accurate as they could be if Neural had a longer operating history.

Becoming Subject to Public Company Costs

If the Plan of Arrangement is completed, Neural will become a reporting issuer in the Provinces of British Columbia, Alberta and Quebec. As a result, Neural will incur significant additional legal, accounting and filing fees that are required to be paid by reporting issuers, which at present, are not required. Securities legislation requires companies to, among other things, adopt corporate governance and related practices, and to continuously prepare and disclose material information all of which will significantly increase legal and financial compliance costs. Neural expects to

have significant costs associated with being a reporting issuer, which will likely increase if Neural is successful in obtaining a listing on a recognized stock exchange in Canada. Neural's ability to continue as a going concern will depend on positive cash flow, if any, from future operations and on its ability to raise additional funds through equity or debt financing. If Neural is unable to achieve the necessary results or raise or obtain funding to cover the costs of operating as a reporting issuer (and as a publicly traded company if it completes a listing), it may be forced to discontinue operations.

Lack of Profitability

Neural has not generated any revenues to date and expects to continue to incur research and development and other expenses. Neural's prior losses, combined with expected future losses, have had and will continue to have an adverse effect on Neural Shareholders' deficit and working capital, and Neural's future success is subject to significant uncertainty. As Neural has not begun generating revenue, it is extremely difficult to make accurate predictions and forecasts of Neural's finances and this is compounded by the fact that Neural operates in the psychedelic industry, which is a relatively new and rapidly transforming industry.

For the foreseeable future, Neural expects to continue to incur losses, which will increase significantly from recent historical levels as Neural expands its drug development activities, seeks regulatory approvals for its drug candidates and begins to commercialize them if they are approved by applicable authorities. Even if Neural succeeds in developing and commercializing one or more drug candidates, Neural may never become profitable.

Reliance on Management and Scientific & Impact Advisory Board

Neural will need to expand and effectively manage its managerial, operational, financial, development and other resources in order to successfully pursue its research, development and commercialization efforts. At this stage of its corporate development, Neural has limited the establishment of extensive administrative and operating infrastructure. The success of Neural is currently dependent on the performance of its management team, which also relies on advice and guidance of certain members of the Neural Board and Scientific & Impact Advisory Board, not all of whom are or will be bound by formal contractual employment agreements. Neural's success depends on its continued ability to attract, retain and motivate highly qualified people. The loss of the services of these persons would have a material adverse effect on Neural's business and prospects in the short term and could delay or prevent the commercialization of its products, and the business may be harmed as a result.

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

No Assurance of Commercial Success

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

Difficult to Forecast

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

Neural's Operations Are Subject to Human Error

Despite efforts to attract and retain qualified personnel, as well as the retention of qualified consultants, to manage Neural's interests, and even when those efforts are successful, people are fallible and human error could result in significant uninsured losses to Neural. These could include loss or forfeiture of licenses, significant tax liabilities in connection with any tax planning effort Neural might undertake and legal claims for errors or mistakes by Neural personnel.

Dependence and Availability of Inputs

Neural's products are derived from San Pedro cactus. Accordingly, Neural and/or its partners must acquire enough cacti so that the products can be produced to meet the demand of its customers and be in sufficient quantities to conduct research and development activities. Shortages of available raw materials for purchase could result in loss of opportunity and damage to Neural. San Pedro cactus is a natural plant, which mainly grows in warm climates, and predominantly in South America. If the use of San Pedro cactus achieves wider regulatory approval, and future demand for San Pedro expands, it may lead to shortages of supply. Neural is researching alternative sources of supply, including the creation of synthetic mescaline sources for the purpose of research and development. If Neural and/or its partners become unable to acquire commercial quantities of San Pedro cacti on a timely basis and at commercially reasonable prices, and are unable to find one or more replacement suppliers with the regulatory approvals to produce the cacti at a substantially equivalent cost, in substantially equivalent volumes and quality, and on a timely basis, Neural will likely be unable to meet its product development goals.

Changes in Capital and Operating Budgets

The quantum and timing of capital and operating expenditures may be dependent upon feedback from Neural's product development and marketing initiatives. As Neural further expands its business, it is possible that results and circumstances may dictate a departure from the pre-existing budget. Further, Neural may, from time to time as opportunities arise, utilize part of its financial resources (including the funds raised as part of the Series A Financing) to participate in additional opportunities that arise and fit within Neural business objectives, in order to create shareholder value.

Privacy and Data Regulation

Neural may be subject to federal, state and provincial data protection laws and regulations in the jurisdictions in which it operates, such as laws and regulations that address privacy and data security. Neural may obtain health information from third parties, which are subject to privacy and security requirements under applicable laws. Depending on the facts and circumstances, Neural could be subject to significant civil, criminal, and administrative penalties if it obtains, uses, or discloses individually identifiable health information maintained by entities covered by applicable health and data protection laws in a manner that is not authorized or permitted by such laws.

Compliance with privacy and data protection laws and regulations could require Neural to contractually restrict its ability to collect, use and disclose data, or in some cases, impact its ability to operate in certain jurisdictions. Failure to comply with these laws and regulations could result in civil, criminal and administrative penalties, private litigation, or adverse publicity and could negatively affect Neural's operating results and business. Moreover, clinical trial subjects, employees and other individuals may limit Neural's ability to collect, use and disclose information collected. Claims that Neural has violated privacy rights, failed to comply with data protection laws, or otherwise breached obligations, could be expensive and time-consuming to defend and could result in adverse publicity that could harm Neural's business.

Insurance and Uninsured Risk

Neural intends to obtain insurance coverage to address the material risks to which it is exposed. There can be no guarantee that Neural will be able to obtain adequate insurance coverage in the future or obtain or maintain liability insurance on acceptable terms or with adequate coverage against all potential liabilities. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of Neural Shares. The lack of, or insufficiency of, insurance coverage could adversely affect Neural's future cash flow and overall profitability.

Litigation

Neural may become party to litigation from time to time in the ordinary course of business. Should any litigation in which Neural becomes involved be determined against Neural, such a decision could adversely affect Neural's ability to continue operating and the market price for Neural Shares may decline as a result. Even if Neural is involved in litigation and wins, litigation can redirect significant resources. Litigation may also create a negative perception of Neural's business.

Difficulty Operating as an Independent Entity

Following the Plan of Arrangement, the separation of Neural from the other business of High Fusion may materially affect Neural. Neural may not be able to implement successfully the changes necessary to operate independently and may incur additional costs relating to operating independently that could materially affect its future operations. Neural may require High Fusion to provide Neural with certain services and facilities on a transitional basis, and may, as a result, be dependent on such services and facilities until it is able to provide or obtain its own. It is therefore difficult to evaluate Neural's business and future prospects as a standalone company. The future success of Neural will be dependent on Neural's Board and leadership teams' ability to implement its strategy as an independent entity and there can be no assurance that anticipated outcomes and sustainable revenue streams will be achieved. In addition, upon the Plan of Arrangement becoming effective, the operating history of High Fusion cannot be regarded as the operating history of Neural. The ability of Neural to raise capital, satisfy its obligations and provide a return to Neural Shareholders will be dependent on future performance. It will not be able to rely on the capital resources and cash flows of High Fusion. In addition, Neural will need to raise financing on a standalone basis without reference to High Fusion and may not be able to secure adequate debt or equity financing on desirable terms or at all.

Neural May Not Be Able to Accurately Predict Its Future Capital Needs

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

Inability to Complete the Series A Financing or Secure Alternative Financing

There can be no certainty that Neural will be able to complete the Series A Financing on terms favorable to Neural or at all. If Neural is unable to complete the Series A Financing, or obtain additional financing as needed, it may not be able to move forward with its research and development activities. Neural cannot be sure that this additional financing, if needed, will be available on acceptable terms, or at all. Furthermore, any debt financing, if available, may involve restrictive covenants, which may limit its operating flexibility with respect to business matters. Completion of the Plan of Arrangement is not contingent on completion of Series A Financing or any other financings and Neural may not have sufficient capital to fund Neural's research and development efforts and general administrative expenses. If adequate funds are not available on acceptable terms or at all, Neural may be unable to develop or enhance its services and products, take advantage of future opportunities, repay debt obligations as they become due, or respond to competitive pressures, any of which could have a material adverse effect on its business, prospects, financial condition, and results of operations.

Neural's Operations Could Be Adversely Affected by Events Outside of its Control, such as Natural Disasters, Wars or Health Epidemics

The COVID-19 pandemic has negatively impacted and increased volatility of global financial markets and may continue to do so. The economic viability of Neural's long-term business plan will be impacted by its ability to obtain financing, and global economic conditions impact the general availability of financing through public and private

debt and equity markets, as well as through other avenues.

Neural may be impacted by business interruptions resulting from pandemics and public health emergencies, including those related to COVID-19 coronavirus, geopolitical actions, including war and terrorism or natural disasters including earthquakes, typhoons, floods and fires. An outbreak of infectious disease, a pandemic or a similar public health threat, such as the recent outbreak of the novel coronavirus known as COVID-19, or a fear of any of the foregoing, could adversely impact Neural by causing operating, manufacturing supply chain, clinical trial and project development delays and disruptions, labor shortages, travel and shipping disruption and shutdowns (including as a result of government regulation and prevention measures). Neural may incur expenses or delays relating to such events outside of its control, which could have a material adverse impact on its business, ability to achieve stated milestones, operating results and financial condition. It is anticipated that the spread of COVID-19 and global measures to contain it, will have an impact on Neural, however it is challenging to quantify the potential magnitude of such impact at this time. Neural believes that the ongoing COVID-19 restrictions may impact the planned clinical development timelines of its programs, including the timing of future pre-clinical and future clinical activities related to its products. Future crises may be precipitated by any number of causes, including additional epidemic diseases, natural disasters, geopolitical instability, changes to commodity prices and/or sovereign defaults. If increased levels of volatility continue or in the event of a rapid destabilization of global economic conditions, it may result in a material adverse effect on demand for Neural's proposed products, the availability of credit, investor confidence, and general financial market liquidity, all of which may adversely affect Neural's operations and business and the market price of Neural Shares.

Tax Matters

Neural's taxes will be affected by several factors, some of which are outside of its control, including the application and interpretation of the relevant tax laws and treaties. If Neural's filing position, application of tax incentives or similar "holidays" or benefits were to be challenged for any reason, this could have a material adverse effect on Neural's business, results of operations and financial condition.

Neural will be subject to routine tax audits by various tax authorities. Tax audits may result in additional tax, interest payments and penalties which would negatively affect Neural's financial condition and operating results. New laws and regulations or changes in tax rules and regulations or the interpretation of tax laws by the courts or the tax authorities may also have a substantial negative impact on Neural's business. There is no assurance that Neural's financial condition will not be materially adversely affected in the future due to such changes.

Management of Growth

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

Product Liability, Operational Risk

As a manufacturer and distributor of products designed to be ingested by humans, Neural faces an inherent risk of exposure to product liability claims, regulatory action, and litigation if its products are alleged to have caused significant loss or injury. In addition, the manufacture and sale of San Pedro cactus derived products involve the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. Previously unknown adverse reactions resulting from human consumption of Neural's products alone or in combination with other medications or substances could occur. Neural may be subject to various product liability claims, including, among others, that Neural's products caused injury or illness, include inadequate instructions for use or include inadequate warnings concerning possible side effects or interactions with other substances. A product liability claim or regulatory action against Neural could result in increased costs, could adversely affect Neural's reputation with its customers and consumers generally, and could have a material adverse effect on Neural's results of operations and financial condition of Neural.

Conflicts of Interest

Certain of the prospective directors and officers of Neural also serve as directors and/or officers of other companies involved in psychedelics and life sciences industries and, consequently, there exists the possibility for such directors and officers to be in a position of conflict. Neural expects that any decision made by any of such directors and officers involving Neural will be made in accordance with their duties and obligations to deal fairly and in good faith with a view to the best interests of Neural and Neural Shareholders, but there can be no assurance in this regard. In addition, each of Neural's directors will be required to declare and refrain from voting on any matter in which such directors may have a conflict of interest or which are governed by the procedures set forth in the OBCA and any other applicable law. In the event that Neural's directors and officers are subject to conflicts of interest, there may be a material adverse effect on its business. Please see section titled "*Directors and Officers – Conflicts of Interest*" of this Schedule.

Disclosure and Internal Controls

Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Disclosure controls and procedures are designed to ensure that the information required to be disclosed by Neural in reports that it will be required to file with securities regulatory agencies is recorded, processed, summarized and reported on a timely basis. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance with respect to the reliability of financial reporting and financial statement preparation. Neural's failure to satisfy the requirements of applicable Canadian securities laws on an ongoing, timely basis could result in the loss of investor confidence in the reliability of its financial statements, which in turn could harm its business and negatively impact the trading price of Neural Shares. In addition, any failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm Neural's operating results or cause it to fail to meet its reporting obligations.

Global Financial Conditions

Global financial conditions continue to be characterized as volatile. In recent years, global markets have been adversely impacted by various credit crises and significant fluctuations in fuel and energy costs and metals prices, and the COVID-19 pandemic. Many industries, including the life sciences and psychedelics industries, have been impacted by these market conditions. Global financial conditions remain subject to sudden and rapid destabilizations in response to future events, as government authorities may have limited resources to respond to future crises. A continued or worsened slowdown in the financial markets or other economic conditions, including but not limited to consumer spending, employment rates, business conditions, inflation, fuel and energy costs, consumer debt levels, lack of available credit, the state of the financial markets, interest rates and tax rates, may adversely affect Neural's growth and prospects. Future crises may be precipitated by any number of causes, including natural disasters, geopolitical instability, changes to energy prices or sovereign defaults. If increased levels of volatility continue or in the event of a rapid destabilization of global economic conditions, it may result in a material adverse effect on availability of credit, investor confidence, and general financial market liquidity, all of which may adversely affect Neural's business and the market price of Neural Shares.

Enforcement of Legal Rights

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

immunity. See section titled "*Description of Neural's Business – Foreign Operations*".

Currency Exchange Rates

Exchange rate fluctuations may adversely affect Neural's financial position and results. Neural's financial results are reported in Canadian Dollars and some if its costs may be incurred in other currencies. The depreciation of the Canadian dollar against other currencies could increase the actual capital and operating costs of Neural's operations and materially adversely affect the results presented in Neural's financial statements. Currency exchange fluctuations may also materially adversely affect Neural's future cash flow from operations, its results of operations, financial condition, and prospects.

Unanticipated Obstacles to Execution of the Business Plan

The execution of Neural's business plan is capital intensive and may become subject to adverse changes in statutory or regulatory requirements. Neural reserves the right to make significant modifications to its business plans as necessary based on future events.

Ability to Continue as a Going Concern

Neural had negative operating cash flow for the three months ended October 31, 2022 and for the year ended July 31, 2022. There is no assurance that sufficient revenues will be generated in the near future, if at all. The report of Neural's independent registered public accounting firm on its July 31, 2022 audited financial statements, which are included in the Circular as Schedule "H" includes an explanatory paragraph referring to Neural's ability to continue as a going concern. As of October 31, 2022, Neural had a cash balance of approximately $184,090 and working capital deficit of $235,723. Neural will require additional funding in order to continue its research and development programs and other operating activities. These circumstances cast significant doubt as to Neural's ability to continue as a going concern.

Forward-Looking Statements and Information May Prove Inaccurate

Investors are cautioned not to place undue reliance on forward-looking statements and information. By their nature, forward-looking statements and information involves numerous assumptions, known and unknown risks and uncertainties, of both a general and specific nature, that could cause actual results to differ materially from those suggested by the forward-looking statements and information or contribute to the possibility that predictions, forecasts, or projections will prove to be materially inaccurate. Additional information on the risks, assumptions, and uncertainties are found in this Schedule under the heading "*Cautionary Note About Forward Looking Information*" and in other sections of the Circular.

Risks Related to Neural's Nutraceutical Business

Neural's Management Has Limited Experience in the Area of Nutraceutical Products

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

Ability to Introduce and Market New Products

Neural's nutraceutical business will be reliant on the production and distribution of San Pedro cactus-based products and believes that the anticipated market for its potential products will continue to exist and expand. If Neural's products do not achieve sufficient market acceptance, it will be difficult for Neural to achieve profitability. If the cactus or functional foods market declines or Neural's products fail to achieve greater market acceptance once the products are introduced, Neural will not be able to increase its revenues in order to achieve consistent profitability.

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

Because the San Pedro cactus-based products industry is in a nascent stage with uncertain boundaries, there is a lack of information about comparable companies available for potential investors to review in deciding about whether to invest in Neural and, few, if any, established companies whose business model Neural can follow or upon whose success Neural can build. There can be no assurance that Neural'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.

Neural Relies on CMOs Over Whom it May Have Limited Control

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

Reliance on Third-Party Distributors

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

Neural May Face Intense Competition and Expects Competition to Increase in the Future, Which Could Prohibit Its Development of Customer Base and Generating Revenue

The nutraceutical product industry may become more competitive in the future. Neural may increasingly compete

with numerous other businesses in the industry, many of which may come to possess greater financial and marketing resources and other resources than Neural. Such business is often affected by changes in consumer tastes and discretionary spending patterns, national and regional economic conditions, demographic trends, consumer confidence in the economy, local competitive factors, cost and availability of raw material and labour, and governmental regulations. Any change in these factors could materially and adversely affect Neural's operations.

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

Success of Products is Dependent on Public Taste

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

Risks Related to Neural's Pharmaceutical Business

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

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

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

The outcome of pre-clinical or clinical studies may not predict the success of later trials and tests that may be required

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

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

Neural Expects to Incur Significant Research and Development Expenses, Which May Make it Difficult to Attain Profitability

Neural expects to expend substantial funds in its research and development efforts, including preclinical studies and clinical trials, as well as for working capital requirements and other operating and general corporate purposes to support such efforts. Moreover, an increase in headcount would dramatically increase Neural's costs in the near and long term. Due to the limited financial and managerial resources, Neural's resource allocation decisions may cause its business to fail to capitalize on viable opportunities, including product candidates or profitable market opportunities.

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

Research and Development Studies Including Pre-Clinical and Clinical Trials May Have Negative Results or Reveal Adverse Safety Events

From time to time, studies or clinical trials on various aspects of biopharmaceutical products 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 products that are the subject of the study. The publication of negative results of studies or clinical trials or adverse safety events related to Neural's intendent products, or the therapeutic areas in which its product candidates compete, could adversely affect the price of Neural's Shares and ability to finance future research and development efforts, and could materially and adversely affect Neural's business and financial results.

Neural Relies on Third Parties to Conduct, Supervise, and Monitor its Research and Development Efforts

Neural relies on various third-parties including Cayetano University, Cactus Knize, CGS and others, which may include without limitation CROs, CRO-contracted vendors, medical institutions, clinical investigators and contract laboratories and pre-clinical trial sites to ensure the proper and timely conduct of the research and development studies and other scientific studies, including pre-clinical studies required to determine safety of San Pedro derived mescaline extract for its pharmaceutical business and San Pedro derived pulp fiber. Neural's reliance on CROs for pre-clinical development activities limits Neural's control over these activities and neither Neural, nor its management were involved in developing CRO's policies and procedures, but Neural is ultimately responsible for ensuring that

each of its studies is conducted in accordance with the applicable protocol and legal, regulatory, and scientific standards.

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

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

Furthermore, while Neural's management believes that there are many CROs that are qualified to carry out the work that Neural wishes to contract to advance its product development efforts, Neural may not be able to enter into arrangements with alternative CROs or do so on commercially reasonable terms. Switching or adding additional CROs and related research partners involves substantial cost and requires management's time and focus. In addition, there is a natural transition period when a new CRO commences work. As a result, delays occur, which can materially impact Neural's ability to meet its desired product development timelines. Though Neural intends to carefully manage its relationships with its CROs, there can be no assurance that Neural will not encounter challenges or delays in the future or that these delays or challenges will not have an adverse impact on Neural's business, financial condition, and prospects.

Pre-Clinical Research and Development Work May Rely on Evaluations in Animals, Which is Controversial and Neural May Become Subject to Bans or Additional Regulations

Development of Neural's pharmaceutical and/or nutraceutical products may require animal testing. Although the animal testing would be conducted by a licensed CRO, which is subject to GLPs, animal testing in the industry continues to be the subject of controversy and adverse publicity. Some organizations and individuals have sought to ban animal testing or encourage the adoption of additional regulations applicable to animal testing. To the extent that such bans or regulations are imposed, Neural's research and development activities, and by extension Neural's operating results and financial condition, could be adversely impacted. In addition, negative publicity about animal practices by Neural's CROs and by extension Neural could harm Neural's reputation among potential customers.
Delays in Projected Development Goals

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

Risks Related to Neural's Intellectual Property

Neural May be Unable to Prevent Disclosure of Its Trade Secrets or Other Confidential Information to Third Parties

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

Inability to Protect Intellectual Property Rights

Neural does not currently hold a patent or other form of intellectual property protection on its know-how, including the intellectual property rights acquired pursuant to the IP Development Agreement. While Neural has submitted the Provisional Application with respect to the technology rights that it acquired pursuant to the IP Development Agreement, there can be no guarantee that any future patent applications or submissions may be filed by Neural as a result of research into the use of San Pedro cacti, including the planned pre-clinical trials and other research and development activities or Neural, will be granted, or if granted, that the patent protections will be issued in the form requested.

Accordingly, the scope of protection, if any, that may be afforded by applications for intellectual property rights for Neural is uncertain. Further, even if patents are issued from future applications, those patents issued or otherwise acquired by or assigned to Neural may be subject to invalidation proceedings commenced by third parties. The validity of an issued patent may be attacked on a number of grounds, and such invalidation proceedings are inherently unpredictable, and can lead to the subject patent protection being ordered invalid and therefore unenforceable.

The success of Neural will depend, in part, on its ability to maintain proprietary protection over its technology, know-how and trade secrets and operate without infringing the proprietary rights of third parties. Despite precautions, it may be possible for a third party to copy or otherwise obtain and use Neural's intellectual property without authorization. There can be no assurance that any steps taken by Neural will prevent misappropriation of its intellectual property. Litigation could result in substantial costs and diversion of resources and the inability of Neural to protect any technology it may develop, which could have a material adverse effect on Neural's business, results of operations, financial condition and profitability.

Infringement of Intellectual Property Rights

While Neural believes that its planned services do not infringe upon the proprietary rights of third parties, its commercial success depends, in part, upon Neural not infringing upon the intellectual property rights of others. A

number of Neural's competitors and other third parties may have been issued or filed for patents and proprietary rights for treatments similar to those being developed or utilized by Neural. Some of these patents may grant very broad protection to the owners of the patents. Neural has not undertaken a review to determine whether any existing third-party patents or the issuance of any third-party patents would require Neural to alter its treatment services or cease certain activities. Neural may become subject to claims by third parties that its services infringe on their intellectual property rights.

PROMOTERS

High Fusion took the initiative of organizing Neural's business and, accordingly, may be considered to be the promoter of Neural within the meaning of applicable securities laws. High Fusion will, at the closing of the Plan of Arrangement, beneficially own, or control or direct, 13,266,667 Neural Shares and 2,000,000 Neural HF Warrants which represents approximately 33.6% on a basic undiluted basis.

During the period from closing of the PSC Acquisition to, and including the closing of the Plan of Arrangement, High Fusion has or received from Neural advances totaling $1,229,467 in cash in an unsecured form. This amount was later forgiven by Neural and resulted in Neural recognizing a loss of the equivalent amount for the fiscal year 2022 for both financial reporting and income tax purposes. For more information about this transaction, please see the annual audited financial statements of Neural for the years ended July 31, 2020, 2021 and 2022 and the associated MD&A attached to the Circular as Schedules "H" and "I" respectively, as well as Neural's unaudited financial statements for the three months ended October 31, 2022 and the associated MD&A related thereto attached to the Circular as Schedules "J" and "K" respectively.

During the year ended July 31, 2021, Neural received services from High Fusion in the form of management time from Robert Wilson (CFO of High Fusion since December 6, 2019 until present) and John Durfy (CEO and Director of High Fusion from February 28, 2020 until present). The accrued compensation associated with this management time consists of: $230,000 to Mr. Durfy, who is the incumbent Chairman of Neural (director since August 17, 2020), and $70,000 from Mr. Wilson, who acted as the CFO of Neural between August 17, 2020 to November 7, 2022 (he is also the CFO of High Fusion). Out of the aggregate $300,000, approximately $164,000 was forgiven ($41,600 by Mr. Durfy, $22,400 by Mr. Wilson and the $100,000 was offset against the amount forgiven by Neural to High Fusion described above) and the difference was settled by High Fusion on Neural's behalf. Accordingly, as of the date hereof, $88,400 remains outstanding to Mr. Durfy and $47,600 remains outstanding to Mr. Wilson in consideration for their services to Neural during the period when Neural was 100% owned by High Fusion.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

There are no legal proceedings material to Neural to which Neural or its subsidiaries or its directors or officers are parties to or to which any of its property is subject, and no such proceedings are known by Neural to be contemplated.

There were no penalties or sanctions imposed against Neural by a court relating to securities legislation or by a securities regulatory authority during the last financial year, penalties or sanctions imposed against Neural by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision or settlement agreements entered into by Neural with a court relating to securities legislation or with a securities regulatory authority during the last financial year.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than High Fusion being a party to the Arrangement Agreement and certain related party transactions conducted in the normal course of business which are disclosed in Neural Financials and MD&A, no director, executive officer or greater than 10% shareholder of Neural and no associate or affiliate of the foregoing persons has or had any material interest, direct or indirect, in any transaction since incorporation or in any proposed transaction which in

either such case has materially affected or will materially affect Neural save as described herein.

AUDITORS

The auditors of Neural are Kreston GTA LLP, Chartered Professional Accountants. Kreston GTA LLP is independent of Neural within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulations.

REGISTRAR AND TRANSFER AGENT

The registrar and transfer agent for Neural Shares is Odyssey Trust Company located at 702, 67 Yonge Street, Toronto, ON, M5E 1J8.

MATERIAL CONTRACTS

The following are the only material contracts that have been entered into by Neural within two years prior to the date hereof, and which are currently in effect and considered to be currently material:

1. Arrangement Agreement;
2. Campbell Agreement;
3. Durfy-Neural Agreement;
4. IP Development Agreement;
5. Cayetano Agreement; and
6. Escrow Agreement.

A copy of the Arrangement Agreement together with the amendment is available under High Fusion's profile on SEDAR at www.sedar.com and copies of the Campbell Agreement, IP Development Agreement and Cayetano Agreement be filed under Neural's profile on SEDAR at www.sedar.com following completion of the Plan of Arrangement.

INTERESTS OF EXPERTS

Kreston GTA LLP, Chartered Professional Accountants prepared an auditors' report on Neural's audited financial statements. Kreston GTA LLP is independent within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulations.