MYDECINE INNOVATIONS GROUP INC.

MANAGEMENT DISCUSSION AND ANALYSIS

THREE AND SIX MONTHS ENDED JUNE 30, 2021 AND 2020

(Expressed in Canadian dollars)

This management's discussion and analysis provides an analysis of our financial situation which will enable the reader to evaluate important variations in our financial situation for the three and six months ended June 30, 2021, compared to the three and six months ended June 30, 2020. This report prepared as at August 16, 2021 intends to complement and supplement our unaudited condensed interim consolidated financial statements (the "financial statements") as at June 30, 2021 and should be read in conjunction with the unaudited condensed interim consolidated financial statements and the accompanying notes. Our financial statements and the management's discussion and analysis are intended to provide a reasonable base for the investor to evaluate our financial situation.

Our unaudited condensed interim consolidated financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS"). All dollar amounts contained in this MD&A are expressed in Canadian dollars, unless otherwise specified.

Where we say "we", "us", "our", the "Company" or "Médecins", we mean myeline Innovations Group Inc. and/or its subsidiaries, as it may apply.

Additional information, including news releases, has been filed electronically through the System for Electronic Document Analysis and Retrieval ("**SEDAR**") and is available under the Company's profile at www.sedar.com or the Company's website https://www.mydecine.com/

FORWARD LOOKING STATEMENTS

This MD&A contains certain forward-looking statements and information relating to the Company that are based on the beliefs of management as well as assumptions made by and information currently available to the Company. When used in this document, the words "anticipate", "believe", "estimate", "expect" and similar expressions, as they relate to the Company or management, are intended to identify forward-looking statements. This MD&A contains forward-looking statements relating to, among other things, regulatory compliance, the sufficiency of current working capital, the estimated cost and availability of funding for the continued development of our real estate holdings, among others, including those identified in the Risk Factors section. Such statements reflect the current views of management with respect to future events and are subject to certain risks, uncertainties and assumptions.

Readers are cautioned that these forward-looking statements are neither promises nor guarantees, and are subject to risks and uncertainties that may cause future results to differ materially from those expected including, but not limited to

- *Fluctuations in the fair market value of land;*
- *Demand for CBD products and cannabis related derivatives;*
- *Expected number of users of CBD products and CBD related derivatives in the United States;*
- *Product sales expectations and corresponding forecasted increases in revenues;*
- *Successful marketing and promotion of We are Kuder's lifestyle brand and products;*
- *The Company's expectations regarding the adoption and impact of certain accounting pronouncement's;*
- *The availability of financing needed to complete the Company's planned improvements on commercially reasonable terms;*
- *Federal status that may contradict local and state legislation respecting legalized marijuana;*
- *The Company's expectations with respect to the Company's future financial and operating performance;*
- *The Company's expectations with respect to future performance, results and terms of strategic initiatives, strategic agreements and supply agreements.*
- *The Company's expectation on receiving regulatory approval to use psilocybin; and,*
- *Federal status that may contradict local and state legislation respecting the legal status of psilocybin;*

These factors should be considered carefully, and readers should not place undue reliance on forward-looking statements. The Company has no intention and undertakes no obligation to update or revise any forward-looking statements, whether written or oral that may be made by or on the Company's behalf except as may be required by securities laws.

BACKGROUND

Mydecine Innovations Group Inc. (formerly NewLeaf Brands Inc.) (the "Company") was incorporated under the Business Corporations Act (British Columbia) on September 27, 2013, under the name 0981624 B.C. Ltd. The Company subsequently changed its name to New Age Farm Inc. on April 10, 2014, to New Age Brands Inc. on November 14, 2018, to NewLeaf Brands Inc. on April 12, 2019 and to Mydecine Innovations Group Inc. on May 27, 2020. The Company's common shares trade on the NEO exchange (NEO: MYCO), OTC exchange (OTC:MYCOF) and on the Frankfurt stock exchange (FSE:0NFA). The Company's principal activities are research, drug development, clinical trials, marketing, and distribution of Cannabidiol ("CBD") and Psilocybin products and operation of rental real estate properties in North America. The registered address, head office, principal address and records office of the Company are located at Suite 810 - 789 West Pender Street, Vancouver, British Columbia, V6C 1H2.

EXECUTIVE HIGHLIGHTS

During the year ended December 31, 2020, the Company hired several executives to execute the strategy of the Company. The Company's principal business will focus on the development and commercialization of solutions for treating mental health problems through its psilocybin research and development and it will no longer have ownership interest in the manufacturing or sale of cannabis and CBD products.

See the December 31, 2020 Management Discussion & Analysis for discussion on Executive highlights in 2020.

On March 16, 2021, the Company appointed Michel Rudolphie as President of European Operations.

STRATEGIC PLANNING

On January 22, 2020, the Company was included in the Psychedelics Exchanged Traded Fund (ETF). This EFT includes 17 companies in both US and Canada under ticker PSYK on Neo Exchange. This makes a legal industry to invest and trade in cutting edge companies like Mydecine.

January 27, 2020, the Company filed an application to list its common shares on NASDAQ stock exchange which is the second largest exchange by market capitalization. Application is subject to NASDAQ approvals and it will continue to trade on NEO, FSX and OTC. As of June 30, 2021, the Company continues to proceed through the application process of NASDAQ.

On March 10, 2021 , the Company entered into an amended and restated arrangement agreement ("Arrangement Agreement") with a newly-incorporated wholly-owned subsidiary ("SpinCo"). The purpose of the spin-out into SpinCo will be, among other things, to permit Mydecine Innovations Group, Inc to comply with NASDAQ listing qualification requirements and comparable London Stock Exchange requirements regarding cannabis assets as the Company continues its listing review process with NASDAQ. Management believes that holding the U.S. cannabis assets and cannabis projects in a separate public company removes an unintended obstacle to its planned NASDAQ and London Stock Exchange listings and the expected benefits that such listings will provide the Company and its shareholders.

Under the terms of the Arrangement Agreement, the Company will transfer its US Cannabis Companies (which includes the investment in Alternative Distribution, the investment in Trellis Holdings Oregon OP, LLC, Drink Fresh Water, LLC, Tealief Brands, LLC, Relyfe Brands, LLC, We Are Kured, LLC) to SpinCo in consideration for common shares of SpinCo. The shares will then be distributed to the Company's shareholders on a pro rata basis. Mydecine's shareholders will own shares of both Mydecine and SpinCo. Upon closing of the Arrangement, SpinCo will be owned exclusively by existing shareholders of Mydecine Innovations Group, Inc., keeping their identical proportion to their pre-Arrangement shareholdings of the Entity. Upon completion of the Arrangement, Mydecine Innovations Group, Inc. principal business will focus on the development and commercialization of solutions for treating mental health

STRATEGIC PLANNING (continued)

problems through its psilocybin research and development and it will no longer be involved in the manufacturing or sale of cannabis and CBD products.

The Arrangement is subject to, among other things, the approval of the Supreme Court of British Columbia, the approval by the Mydecine shareholders at a special meeting to be held on a date to be announced in the future (the "Meeting"), regulatory and stock exchange approval and completion of the SpinCo Financing. The Arrangement is expected to close during the third quarter of 2021.

BOUGHT-DEAL FINANCING

On February 8, 2021, the Company completed a bought-deal financing and issued 34,500,000 Units for gross proceeds of $17,250,000. Each Unit consists of one common share of the Company and one common share purchase warrant. Each Warrant entitles the holder to purchase one common share of the Company at an exercise price of $0.70 per Warrant Share for a period of 36 months. The Company paid share issuance cost of $1,917,097, issued 862,500 Finance Fee Units ("Finance Unit"). Using the residual method, the Company allocated $912,708 to contributed surplus. Each Finance Unit consists of one common share and one share purchase warrant ("Finance Warrant"). Each Finance Warrant is exercisable to acquire one additional common share at any time until February 12, 2024, at an exercise price of $0.70 per warrant. The fair value of the Finance Unit was measured using a Monte Carlo with a fair value of $603,742. The Finance Unit were measured using the Monte Carlo pricing model with the following assumptions: stock price - $0.52; exercise price - $0.70; expected life – 3 years; volatility – 120%; dividend yield – Nil; and risk-free rate - $0.59. In addition, the Company issued 2,415,000 Broker Warrants ("Broker Warrant"). The fair value of the Broker Warrants was measured at $1,690,477. The Broker Warrants were measured using the Monte Carlo pricing model with the following assumptions: stock price - $0.52; exercise price - $0.70; expected life – 3 years; volatility – 120%; dividend yield – Nil; and risk-free rate - $0.59.

SUBSEQUENT EVENTS

Subsequent to June 30, 2021, the Company issued 1,328,466 common shares pursuant to warrant exercises for gross proceeds of $342,106.

NATURE AND EXTENT OF INVOLVEMENT IN PSILOCYBIN

The Company is researching and developing a number of mushroom and fungal products, and the Company is producing psilocybin with the help of Applied Pharmaceutical Innovation (API), which is contracted by and working under the Company's direction. The Company does not have any commercial brands or products, other than used in research, that include psilocybin. The Company is looking into the various medicinal molecules found in functional mushrooms such as Reishi, Lions Mane and Cordyceps and others.

The Company's plans include formulating, manufacturing, and distributing various functional mushroom products including but not limited to extracted mushroom infused ready-to-drink beverages, mushroom extract proprietary formulated tinctures, mushroom extract powders, mushroom extract infused coffee and mushroom extract infused chocolate.

The Company is currently conducting its psilocybin research in Canada at the University of Alberta. As well the Company has a number of planned research and clinical trial sites internationally including Leiden University Medical Center, Macquarie University, University of Western Ontario, King's College, The Imperial College of London, and several prominent Universities throughout the United States of America

On May 5, 2020, the Company announced the establishment of a research division agreement with Applied Pharmaceutical Innovation ("API"), a translational commercial drug development institute hosted in the University of

NATURE AND EXTENT OF INVOLVEMENT IN PSILOCYBIN (continued)

Alberta's Faculty of Pharmacy and Pharmaceutical Sciences. Through the agreement, Mydecine has the ability to immediately commence fungal discovery investigations with varietal mushrooms and their extracts, including scheduled substances with the assistance of artificial intelligence ("AI"). Research and development are commencing with a significant program to extract, analyze, and determine the effects of various compounds from fungi and their pharmacokinetic disposition and development of dosage forms for specific indications, providing Mydecine with an extensive assets and capacity to become a leader in the space. The end goal is developing products with clinical applications over a period of three years.

On December 8, 2020, the Company completed its first commercial harvest at a contract cultivation facility in Jamaica and subsequently completed the first commercial export of legal psilocybin mushrooms to its cGMP site at API.

On December 11, 2020, the Company made first legal import of psilocybin mushrooms to Canada based on its access to Health Canada dealer's license schedule 1. This import allows the company to extract purified psilocybin for controlled research purposes.

On June 16, 2021, Mydecine Innovations announces it has launched its in-silico drug discovery program in conjunction with researchers at the University of Alberta (UofA), using machine learning to rapidly screen hundreds of thousands of molecules without the need to produce them all, allowing the Company to focus on those with the strongest potential.

MYDECINE OPERATIONS

1220611 B.C. Ltd. (d.b.a Mydecine Group)

On April 30, 2020, the Company acquired 100% of 1220611 B.C. Ltd. dba Mydecine Group ("Mydecine") by issuing 17,000,000 common shares to shareholders of Mydecine and 1,360,000 common shares to an arm's length finder. Mydecine is a vertically integrated Company engaged to utilize medicinal, health and wellness capabilities found in mushroom and fungi. The Company intends to complete research and development, as well as cultivate and process compounds found in mushroom and fungi.

The acquisition of Mydecine does not constitute a business combination because these entities do not meet the definition of a business under IFRS 3 - Business Combination. As a result, under IFRS, the transaction has been measured at the fair value of equity consideration issued to acquire these entities. The purchase price was determined based on IFRS 2 – *Share Based Payments*.

Acquisition of 1220611 B.C. Ltd. d/b/a Mydecine Innovation Group Inc. (continued)

Purchase price	$
17,000,000 common shares	2,210,000
1,360,000 finders' common shares	176,800
Consideration paid in excess of net assets acquired	2,386,800

Mydecine was in the early stage of development. As such, the remaining unidentifiable asset did not meet the intangible asset criteria for capitalization. Accordingly, the Company expensed $2,386,800 in the Statement of Loss and Comprehensive Loss.

Rationale for acquisition:

The acquisition of Mydecine provides the Company with opportunity to diversify into the field of mycology.

MYDECINE OPERATIONS (continued)

1220611 B.C. Ltd. (d.b.a Mydecine Group) (continued)

During the year ended December 31, 2020, the Company acquired other businesses which is not in the field of mycology. See the filed December 31, 2020 year-end report for additional details.

Mindleap Health Inc.

On June 16, 2020, the Company entered into a Share Exchange Agreement ("MindLeap SEA") to acquire 100% of MindLeap Health Inc. ("MindLeap"). MindLeap is an arm's length Canadian-based healthcare Company that is developing a digital telehealth platform ("Telehealth Platform"). MindLeap's Telehealth Platform complements the Company's business plan as a mental health provider to its users. The MindLeap SEA closed on August 19, 2021 ("Acquisition Date").

Pursuant to the terms of the arrangement, the Company issued 6,363,636 common shares of the Company and will provide $1,000,000 in working capital to support software development initiatives.

As consideration, the Company agreed to issue 6,363,636 common shares, contingent anti-dilution securities, and certain milestone share-based payments (Collectively, "MindLeap Consideration"). The terms of the MindLeap Consideration are described below:

a) As consideration, the Company issued 6,363,636 common shares with a fair value of $2,513,636 that are subject to certain escrow conditions.

   As at December 31, 2020, there are 3,785,010 common shares held in escrow and will be released pursuant to the following schedule ("MindLeap Release Dates"):

12 months from the MindLeap Closing Date	¼ of escrowed securities
18 months from the MindLeap Closing Date	¼ of escrowed securities
24 months from the MindLeap Closing Date	¼ of escrowed securities

b) Pursuant to the terms of the agreement with MindLeap, the Company is obligated to issue additional common shares ("MindLeap Anti-Dilution Securities") subject to certain conditions. Each MindLeap Anti-Dilution Security is exercisable to acquire common shares on the MindLeap Release Dates, for no additional consideration, in the event the volume-weighted average closing price of the Company's common shares on the NEO Exchange in the 20 trading days prior to the MindLeap Release Dates is less than $0.55. This contingent consideration was accounted for as a derivative liability and revalued at period end. As at August 19, 2020 and December 31, 2020, the Company's estimate of the fair value of the anti-dilutive securities was $2,131,938 and $1,586,744, respectively.

c) The Company entered into a definitive bonus share agreement ("Bonus Share") providing for the issuance of up to an additional 9,750,000 common shares to designated officers, employees, and consultants of MindLeap upon the achievement of the following milestones ("Milestones"):

   - 500,000 common shares if MindLeap signs 100 revenue generating clinic partners by the end of 2021;
   - 250,000 common shares if MindLeap generates $250,000 in revenue for 2020;
   - 1,000,000 common shares if MindLeap signs up 1,000 specialists that are also actually engaged and paid subscribers generating revenue by 2021;
   - 3,000,000 common shares if MindLeap generates $5,000,000 in revenue in 2021; and
   - 5,000,000 common shares if MindLeap generates $10,000,000 in revenue in 2021.

MYDECINE OPERATIONS (continued)

Acquisition of MindLeap Health Inc. (continued)

As at the Closing Date and December 31, 2020, the fair value of the Bonus Shares was $Nil as the probability of meeting the Milestones was low.
The acquisition of MindLeap constituted a business combination because this entity met the definition of a business under IFRS 3 - Business Combination.

Purchase price:	$
6,363,636 common shares	2,513,636
MindLeap – Anti-Dilution Securities	2,131,938
Settlement of loan	-
Total consideration paid	4,645,574
Cash	92,267
Taxes receivable	7,622
Intangible asset – software platform	172,898
Accounts payable	(24,290)
Loan liabilities	(350,000)
Net liabilities assumed	(101,503)
Goodwill	4,747,077
Total	4,645,574

The Company determined that MindLeap's platform design, content and business objectives were synergistic with the Company's business plans and objectives. Goodwill consists of an assembled workforce, cost synergies and future economic potential of MindLeap.

Loan liabilities include $250,000 that relates to a working capital loan issued to MindLeap as per the conditions set in the MindLeap SEA.

Rationale for acquisition:

MindLeap's digital health platform provides the Company the ability to diversify into the digital health space and provide health services that will complement the Company's other product offerings. Although the platform was in the development phase when acquired, the Company anticipates attracting a robust user base, and revenues, in the near term from customers seeking self-help and assisted therapy. The Company expects additional growth when the platform is incorporated into Mydecine's clinical trials and later when used as part of approved psychedelic-based therapies.

On July 21, 2020, Mindleap signed an agreement with Brightmind ("Brightmind") to launch a comprehensive meditation program on Mindleap's advanced digital health platform. Under the terms of the agreement Brightmind will provide specialized meditation content to Mindleap and Mindleap will make that content available for purchase on the platform.

On August 4, 2020, MindLeap announced that it was expanding its digital therapeutic offerings by adding three additional programs to its platform.

On September 17, 2020, MindLeap announced that it has implemented a comprehensive information security rollout of next-generation cyber-security solutions to meet HIPAA compliance standards.

On September 30, 2020, MindLeap officially launched its digital telehealth mobile application for mental coaching and wellbeing.

MYDECINE OPERATIONS (continued)

NeuroPharm Inc.

On July 14, 2020, the Company entered into a Share Exchange Agreement ("NeuroPharm SEA") to acquire 100% of NeuroPharm Inc. ("NeuroPharm"). NeuroPharm is an arm's length Canadian-based healthcare company that is conducting research and development of certain therapies for veterans, emergency medical service providers, and front-line personnel. The NeuroPharm SEA closed on August 28, 2020 ("NeuroPharm Closing Date").

As consideration, the Company agreed to issue 9,000,000 common shares, contingent anti-dilution securities, and 10,000,000 performance warrants (Collectively, "NeuroPharm Consideration"). The terms of the NeuroPharm Consideration are described below:

a) The Company issued 9,000,000 common shares on August 28, 2020 ("NeuroPharm Closing Date") with a fair value of $4,860,000 that are subject to certain escrow conditions.

b) Pursuant to the terms of the NeuroPharm SEA, the Company is obligated to issue additional common shares ("NeuroPharm Anti-Dilution Securities"). Each NeuroPharm Anti-Dilution Security is exercisable to acquire common shares on the NeuroPharm Release Dates, for no additional consideration, in the event the volume-weighted average closing price of the Company's common shares on the Canadian Securities Exchange ("CSE") in the 20 trading days prior to the NeuroPharm Release Dates is less than $0.70. This contingent consideration was accounted for as an equity instrument under IFRS 2 – Share Based Payment and was recorded at fair value at the date of acquisition. As at August 28, 2020, the Company's estimate of the fair value of the anti-dilutive securities was $2,752,572. On September 12, 2020, pursuant to the NeuroPharm Anti-Dilution Securities clause, the Company issued additional 1,426,764 common shares and the Company reclassified $1,299,441 from reserve to share capital.

c) Pursuant to the terms of the NeuroPharm SEA, the Company issued 10,000,000 performance warrants ("Performance Warrants") that vest as follows:
   - 900,000 Performance Warrants will vest upon each successful completion of a clinical trial designed to study psilocybin in Veterans, up to a maximum vesting of 5,400,000 Performance warrants; and,
   - 920,000 Performance Warrants will vest upon each filing by NeuroPharm of a patent application in Canada and/or the United States, subject to the acceptance of the application by the regulatory authority to a maximum vesting of 4,600,000 Performance Warrants (Vested).

   As at December 31, 2020, 4,600,000 Performance Warrants (relating to the filing of patent applications) have vested. Each Performance Warrant expires five years from the date of issuance and is exercisable at a 20% discount to the Company's stock price on the NEO.

The Performance Warrants were accounted for as an equity instrument under IFRS 2 – Share Based Payments and recorded at fair value at acquisition. As at August 28, 2020, the fair value of the Performance Warrants $980,640.

The acquisition of NeuroPharm does not constitute a business combination because this entity does not meet the definition of a business under IFRS 3 – Business Combination. As a result, the transaction has been measured at the fair value of equity consideration issued to acquire these entities. The fair value of the consideration paid was determined based on the fair value of the assets received as determined based on IFRS 2 – Share Based Payments.

MYDECINE OPERATIONS (continued)

Acquisition of NeuroPharm Inc. (continued)

Purchase price:	$
9,000,000 common shares	4,860,000
NeuroPharm – Anti-Dilution Securities	2,752,572
Performance Warrants	980,640
Total consideration paid	8,593,212
Cash	411,458
Liabilities assumed	(76,684)
Net assets assumed	334,773
Consideration paid in excess of unidentifiable assets	8,258,439
	8,593,212

NeuroPharm was in the early stage of developing technologies to treat various mental health conditions targeting the treatment of disorders such as PTSD, depression, addiction, anxiety, and panic disorders as well as migraine and cluster headaches. At the time of acquisition, the Company was conducting research and was in the processes of drafting provisional patents related to psilocybin which did not meet the definition of intangible assets. As such, the remaining unidentifiable assets in the amount of $8,258,439 were expensed in the Consolidated Statement of Loss and Comprehensive Loss.

Rationale for acquisition:

NeuroPharm was in the early stage of developing technologies to treat various mental health conditions targeting the treatment of disorders such as PTSD, depression, addiction, anxiety, and panic disorders as well as migraine and cluster headaches. NeuroPharm's acquisition let the Company to diversify into the mental health treatment space and provide health services that will allow Company to cater its mission.

On July 14, 2020, NeuroPharm, entered into a collaborative relationship with Leiden University Medical Center of The Netherlands ("LUMC") for the initiation of clinical trials. The project, "NeuroPharm Veteran PTSD Research Project (NVPRP)," is preparing an IRB-ready protocol to be used for a LUMC based clinical trial for the specific treatment of PTSD in veterans.

On August 13, 2020, the Company announced that NeuroPharm was recently covered in Forbes for its ground-breaking psilocybin clinical trials for treatment of PTSD.

On October 7, 2020, NeuroPharm has filed a provisional patent application with the United States Patent and Trademark Office (USPTO) covering composition of matter claims regarding a psychedelic therapy enhancer for the treatment of certain psychiatric disorders, including enhancements to treatments for PTSD.

The provisional patent application covers, among other things, an enhancer that reduces the enzymatic breakdown of psilocin, the active ingredient in psilocybin that causes psychedelic effects. This may result in an enhanced psychedelic

experience in the treatment of PTSD, whether by extended in time, intensity, intensity per dose, or a combination thereof.

On October 14, 2020 the Company announced it has engaged FreeMind Group LLC to assist NeuroPharm in securing non-dilutive funding opportunities globally.

FINANCINGS

On February 8, 2021, the Company completed a bought-deal financing and issued 34,500,000 Units for gross proceeds of $17,250,000. Each Unit consists of one common share of the Company and one common share purchase warrant. Each Warrant entitles the holder to purchase one common share of the Company at an exercise price of $0.70 per Warrant Share for a period of 36 months. The Company paid share issuance cost of $1,917,097, issued 862,500 Finance Fee Units ("Finance Unit"). Using the residual method, the Company allocated $912,708 to contributed surplus. Each Finance Unit consists of one common share and one share purchase warrant ("Finance Warrant"). Each Finance Warrant is exercisable to acquire one additional common share at any time until February 12, 2024, at an exercise price of $0.70 per warrant. The fair value of the Finance Unit was measured using a Monte Carlo with a fair value of $603,742. The Finance Unit were measured using the Monte Carlo pricing model with the following assumptions: stock price - $0.52; exercise price - $0.70; expected life – 3 years; volatility – 120%; dividend yield – Nil; and risk-free rate - $0.59. In addition, the Company issued 2,415,000 Broker Warrants ("Broker Warrant"). The fair value of the Broker Warrants was measured at $1,690,477. The Broker Warrants were measured using the Monte Carlo pricing model with the following assumptions: stock price - $0.52; exercise price - $0.70; expected life – 3 years; volatility – 120%; dividend yield – Nil; and risk-free rate - $0.59.

The Company intended use for the above financings is finance operations and continue to build the Companies core competencies in research and development.

Convertible Debenture

On October 16, 2020, the Company completed a non-brokered private placement of secured convertible debentures notes for gross proceeds of $4,700,000 ("Convertible Debenture"). Each Convertible Debenture has a maturity date of twelve months from the closing date, bears interest at 10% per annum and is convertible into Units at $0.20 per Unit. Each Unit consists of one common share and one common share purchase warrant. Each common share purchase warrant is exercisable into one additional common share at a price of $0.30 for a period of 24 months from the issuance date of the warrant.

During the period ended June 30, 2021, the Company issued 13,795,350 common shares pursuant to the conversion of convertible debt of $2,583,141. The Company transferred $219,583 from equity component of convertible debenture to share capital.

PROPOSED TRANSACTIONS

As of the date of this MD&A, the Company is executing a spin-off of the cannabis assets which is scheduled to be completed during fourth quarter of 2021.

On March 31, 2021, the Company announced that it has entered into a plan to spin-off the cannabis assets in accordance to the business corporation act during quarter ended December 31, 2021.

Upon completion of the Arrangement, Mydecine's principal business will focus on the development and commercialization of solutions for treating mental health problems through its psilocybin research and development

PROPOSED TRANSACTIONS (continued)

and it will no longer be involved in the manufacturing or sale of cannabis and CBD products. The Arrangement is subject to, among other things, the approval of the Supreme Court of British Columbia, the approval by the Mydecine shareholders at a special meeting to be held on a date to be announced in the future (the "Meeting"),regulatory and stock exchange approval and completion the SpinCo Financing

SELECTED QUARTERLY INFORMATION

The table below presents selected financial data for the Company's eight most recently completed quarters, all prepared in accordance with IFRS.

	Three months ended			
	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020 (restated)
Total revenue	($5,193)	($16,012)	($126,616)	$62,451
Expenses	4,061,948	5,165,591	3,764,333	5,351,154
Total assets	19,174,162	22,499,276	9,531,131	9,440,773
Total liabilities	3,148,490	3,038,722	5,970,432	5,037,338
Net loss	-3,774,765	-5,156,523	-9,556,427	-13,678,244
Net loss per share, basic and diluted	-0.02	-0.03	-0.07	-0.08

	Three months ended			
	June 30, 2020 (restated)	March 31, 2020 (restated)	December 31, 2019 (restated)	September 30, 2019 (restated)
Total revenue	$21,658	$52,458	$77,011	$85,445
Expenses	2,203,870	241,949	718,694	906,386
Total assets	9,373,440	2,013,090	2,059,743	20,249,474
Total liabilities	564,571	320,422	231,298	77,675
Net loss	-4,553,009	-192,366	-18,678,640	-840,596
Net loss per share, basic and diluted	-0.05	-0.01	-0.41	-0.04

Fluctuation in assets is mostly due to cash from financing activities and the acquisition of certain equipment and capitalization of development of the MindLeap asset. The amount and timing of expenses and availability of capital resources vary substantially from quarter to quarter, depending on the availability of funding from investors or collaboration partners. Total revenues decreased in Q2 2021 relative from the comparative quarters due the re-allocation of certain rental income to the Company's equity associate.

Expenses during Q2 2021 grew relative to the comparative period due to the overall strategic re-organization, totaling $1.9 million. Lastly, the Company recorded a revaluation of its derivative liability, totaling $249,549.

CONSOLIDATED RESULTS OF OPERATIONS

All of the balances set out in this and following sections, including the Summary of results conform to IFRS standards.

	Three months ended		Six months ended	
	June 30, 2021	**June 30, 2020**	**June 30, 2021**	**June 30, 2020**
	$	**$**	**$**	**$**
Sales	**5,193**	21,658	**21,205**	26,233
Cost of goods sold	**131**	(7,801)	**(9,997)**	(10,676)
Gross margin	**5,324**	13,857	**11,208**	15,557
Expenses				
Finance cost	**27,960**	5,425	**123,697**	6,369
Corporate development	**429,866**	769,712	**2,427,893**	774,690
Amortization	**37,663**	(3,566)	**79,195**	23,862
Consulting fees	**1,194,102**	1,278,116	**2,218,023**	1,282,386
Director and management fees	**341,632**	63,485	**832,508**	181,102
Foreign exchange loss	**93,233**	(8,817)	**315,608**	(136,781)
Insurance	**153,223**	-	**153,223**	-
Office and miscellaneous	**137,255**	37,308	**221,475**	50,425
Share of losses from investment in Joint Venture	**105,318**	(7,971)	**108,101**	(7,791)
Share of losses from investment in Associate	**(115,467)**	-	**41,752**	-
Professional fees	**697,414**	74,359	**1,350,469**	99,833
Regulatory and filing fees	**12,276**	12,390	**177,912**	14,447
Research and development	**713,142**	1,383	**943,352**	1,383
Salaries	**234,331**	-	**234,331**	-
Share-based payments	**-**	(17,954)	**-**	156,074
Total expenses	**(4,061,948)**	(2,203,870)	**(9,227,539)**	(2,445,819)
Other income (expense)				
Change in fair value of derivative liabilities	**249,549**	-	**221,893**	-
Consideration paid in excess of identifiable assets	**-**	(2,386,800)	**-**	(2,386,800)
Rental income	**32,310**	12,379	**65,466**	60,264
Gain (loss) on settlement of debt	**-**	11,425	**(2,319)**	11,425
	281,859	(2,362,996)	**285,040**	(2,315,111)
Net loss for the period	**(3,774,765)**	(4,553,009)	**(8,931,291)**	(4,745,373)

RESULTS OF OPERATIONS – EXPENSES

For the three months ended June 30, 2021 and 2020

The Company recorded net loss of $3,774,765 compared to a net loss of $4,553,009 for the corresponding period in 2020. Some of the significant charges to operations are as follows:

- The Company incurred corporate development expense in the amount of $429,866 (2020 - $769,712) is a decrease from 2020, from the company originally creating its branding, website and other marketing assets in 2020.

RESULTS OF OPERATIONS – EXPENSES (continued)

For the three months ended June 30, 2021 and 2020 (continued)

- The Company incurred consulting expenses of $1,194,102 (2020 - $1,278,116), the decrease in expenditure is due to the Company's utilizing consultants in 2020 to structure financing deals as well as to consult on the development and commercialization of solutions for treating mental health problems through its psilocybin research.

- Foreign exchange loss of $93,233 (2020 – gain of $8,817) is due to the weakening US dollar during the period ended June 30, 2021. The Company's parent Company is denominated in Canadian whereas the US subsidiaries are denominated in the US dollar, resulting in fluctuations in foreign exchange.

- Director fees of $341,632 (2020 - $63,485) is attributed to changes in key management personnel, cost to hire industry experts, and a scientific advisory board.

- Share of losses from investment in Joint Venture of $105,318 recorded (2020 - $7,971 gain) due to the Company's investment in Alternative Distribution Company LLC. Share of gain from investment in Associate of $115,467 recorded (2020 - $nil) relates to the Company's 37.5% investment in Trellis Holdings, LLC.

- Professional fees of $697,414 (2020- $74,359), is a result of the Company engaging various legal and accounting professionals to assist with the listing process to the London Stock Exchange and Nasdaq.

- Research and development costs of $713,142 (2020- $1,383), due to the enhanced research for solutions of treating mental health problems through psilocybin.

- Salaries of $234,331 (2020- $nil), due to the conversion from contractors to employees during the quarter ended June 30, 2021.

- During the three months ended June 30, 2021, the Company issued 730,297 common shares with a fair value of $278,201 to satisfy employee and consulting agreements of 289,710 shares and satisfy the MindLeap anti-dilution agreement of 440,587 shares.

- Share based payments decreased to $nil from a reverse of expense resulting in a gain of $17,954 for the three months ended June 30, 2020, as the Company did not issue any stock options during the three months ended June 30, 2021.

For the six months ended June 30, 2021 and 2020

The Company recorded net loss of $ 8,931,291compared to a net loss of $4,745,373 for the corresponding period in 2020. Some of the significant charges to operations are as follows:

- The Company incurred corporate development expense in the amount of $2,427,893 (2020 - $774,690), as the Company completed marketing campaigns to raise awareness and branding of the Company and solidify its position within the psychedelic space and mental health.

- The Company incurred consulting expenses of $2,218,023 (2020 - $1,282,386), as the Company increased expenditure to consultants for structuring finance deals as well as to consult on the development and commercialization of solutions for treating mental health problems through its psilocybin research.

RESULTS OF OPERATIONS – EXPENSES (continued)

For the six months ended June 30, 2021 and 2020 (continued)

- Foreign exchange loss of $315,608 (2020 – gain of $136,781) is due to the weakening US dollar during the period ended June 30, 2021. The Company's parent Company is denominated in Canadian whereas the US subsidiaries are denominated in the US dollar, resulting in fluctuations in foreign exchange.

- Director fees of $832,508 (2020 - $181,102) is attributed to changes in key management personnel, cost to hire industry experts, and a scientific advisory board.

- Share of losses from investment in Joint Venture of $108,101 recorded (2020 - $7,791 Gain) due to the Company's investment in Alternative Distribution Company LLC. Share of losses from investment in Associate of $41,752 recorded (2020 - $nil) relates to the Company's 37.5% investment in Trellis Holdings, LLC.

- Professional fees of $1,350,469 (2020- $99,833), with the Company engaging various legal and accounting professionals to assist with the listing process to the London Stock Exchange and Nasdaq.

- Research and development costs of $943,352 (2020-$1,383), due from the enhanced research with solutions to treat mental health problems through psilocybin.

- Salaries of $234,331 (2020- $nil), due to the conversion from contractors to employees.

- During the six months ended June 30, 2021, the Company issued 822,951 common shares with a fair value of $323,602 to satisfy employee and consulting agreements of 289,710 shares. Satisfy the MindLeap anti-dilution agreement (440,587 shares) and settle debt of $43,081 and recorded a loss on settlement of debt of $2,319.

- Share based payments decreased to $nil from $156,074 as the Company did not issue any stock options during the six months ended June 30, 2021.

RESULTS OF OPERATIONS – REVENUES

During 2021, the Company's principal business focused on the development and commercialization of solutions for treating mental health problems through its psilocybin research and development and it will no longer have ownership interest in the manufacturing or sale of cannabis and CBD products. As a result, the company has limited revenues.

LIQUIDITY

The Company is focused on the emerging psychedelic medicines market. As of the date of this MD&A, the Company has received minimal revenues to date and may have incidental interest income it may earn on funds invested in short-term deposits. As a result, its ability to conduct operations is based on its current cash and its ability to raise funds, primarily from equity sources, and there can be no assurance that the Company will be able to do so.

The Company's continued existence is dependent upon its ability to raise additional capital, the continuing support of its creditors, and ultimately, the attainment of profitable operations and positive cash flows. The Company's loans, lease payments and debt covenants are in good standing as of the date of this MD&A.

At June 30, 2021, the Company's working capital is $7,755,990 (December 31, 2020 – working capital deficiency of $3,307,867) and cash of $7,025,810 (December 31, 2020 - $2,190,702).

LIQUIDITY (continued)

The Company's subsidiaries have not yet generated any significant income but revenues are expected to increase over time. This will contribute to the Company's overall liquidity and the Company intends to use income from operations to satisfy long term liquidity needs. Until these subsidiaries generate significant revenue, their ability to assist the Company by providing increased liquidity is very limited.

The research and development, real estate and CBD business is risky and dependent on many factors. There is certain stigmatism to psychedelics, cannabis, cannabis derivatives and cannabis is federally illegal in the United States. Revenue from operations consisted during the three and six months ended June 30, 2021 was $5,193 and $21,205 (2020 - $21,658 $26,233) from the sale of pens and vaporizers. This revenue will not contribute to the Company's future liquidity as the cannabis assets will be spun-off in the near future. The Company ensures that sufficient funds are raised from private placements or loans to meet its operating requirements, after taking into account existing cash. The Company's cash is held in business accounts which are available on demand for the Company's business and are not invested in any asset-backed deposits or investments. All of the financial liabilities of the Company are due within 12 months to the exception of lease liabilities.

However, if the Company is unable to develop its brand successfully, revenues will be limited. There is no assurance that the Company will successfully grow its brand.

LIQUIDITY AND CAPITAL RESOURCES – CASH FLOW

OPERATING ACTIVITIES

Cash used in operating activities for the six months ended June 30, 2021 was $12,992,042 as compared to $2,885,142 in the comparative 2020 period. Relative to the comparative period, the Company entered into the psychedelic space and as a result, hired various consultants and incurred additional costs. These costs did not exist in the comparative period. In addition, the Company incurred various legal, accounting and consulting costs in the normal course of operations.

INVESTING ACTIVITES

Equipment purchases made during the six months ended June 30, 2021 amount to $170,831 (2020 - $ 36,257). Cash used to generate internally generated intangible asset for $471,919 as compared to $nil in the comparative period of 2020. Lease payments incurred $56,113 during the six months ended June 30, 2021 where in comparative period in 2020 was $ 39,692.

FINANCING ACTIVITIES

Cash provided from financing activities for the six-month ended June 30, 2021 was $18,538,149 (2020 - $ 4,726,531). Proceeds from bought deal, net of share issuance cost during the period was $15,332,904 (2020 -$ 4,690,373). During the six-month ended June 30, 2021, the Company raised $3,205,245 from (2020 - $ Nil) from warrants exercised.

CAPITAL RESOURCES

The Company's objective when managing capital is to maintain adequate cash resources to support planned activities which include administrative costs and general expenditures. In the management of capital, the Company includes cash and the components of shareholders' equity. 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. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. Historically, funding for the Company's plan is primarily managed through the issuance of additional common shares, through its commercial

CAPITAL RESOURCES (continued)

activities and through obtaining financing. There are no assurances that funds will be made available to the Company when required. In order to carry out the planned development and pay for administrative costs, the Company will spend its existing working capital and expects to raise additional amounts as needed. The Company will continue to assess new business and seek to acquire an interest in additional business if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

The Company invests all capital that is surplus to its immediate operational needs in short-term, liquid and highly rated financial instruments, such as cash, and all are held in major Canadian financial institutions. 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 and six -months ended June 30, 2021. The Company is not subject to externally imposed capital requirements.

TRANSACTIONS WITH RELATED PARTIES

The Directors and Executive Officers of the Company are as follows:

Joshua Bartch	CEO
Dean Ditto	CFO
Damon Michaels	COO
Jim Gunning	Chief Marketing Officer
Dr. Rakesh Jetly	Chief Medical Officer
Rob Roscow	Chief Science Officer

The Company incurred the following related party transactions, with associated persons or corporations, which were measured at the exchange amount as follows:

Key management includes directors, executive officers and officers which constitutes the management team. The Company paid or accrued compensation in form of consulting fees to companies controlled by directors, executive officers and officers as follows:

Management Compensation *Period Ended June 30, 2021*	$
Director and management fees paid to the CFO of the Company	56,255
Director and management fees paid to a former director of the Company	97,422
Director and management fees paid to the CEO of the Company	142,618
Management fees paid to the COO	182,344
Management fees paid to other officers of the Company	319,767
Fees paid or accrued to the CEO of MindLeap	266,810
Total	1,065,216

Management Compensation *Period ended June 30, 2020*	$
Director, management and legal fees paid to a director of the Company	62,242
Director and management fees paid to Benjamin Martch	74,112
Director and management fees paid to Joshua Bartch, CEO Of the Company	100,116
Total	237,470

As at June 30, 2021, accounts payable and accrued liabilities were due to related parties of $83,955 (December 31, 2020 - $116,311).

TRANSACTIONS WITH RELATED PARTIES (continued)

The Company has a rent receivable of $76,843 (December 31, 2020 - $27,746) from Trellis as at June 30, 2021 and during the period ended June 30, 2021, the Company recorded rental income from Trellis for $65,466.

The Company has an account receivable of $14,855 (December 31, 2020 - $Nil) from Alt Distribution as at June 30, 2021 and during the period ended June 30, 2021, the Company recorded sales revenue from Alt Distribution for $14,722 (December 31, 2020 - $Nil).

On May 5, 2020, the Company acquired 37.5% of Trellis from two related parties of the Company. There are no ongoing contractual or other commitments resulting from the transaction. Joshua Bartch, CEO received 25,000,000 common shares and Benjamin Martch, the former Chief Marketing Officer, received 3,000,000 common shares of the Company in exchange for the investment.

All related party transactions are in the normal course of operations and have been measured at the agreed to amounts, which is the amount of consideration established and agreed to by the related parties.

OFF BALANCE SHEET ARRANGEMENTS

As at June 30. 2021, the Company had no off-balance sheet arrangements.

OUTSTANDING SHARE DATA

Issued and Outstanding:

As of the date of this MD&A the Company has 238,686,348 common shares, 14,343,157 stock options and 68,490,547 warrants outstanding.

CONTINGENCIES

There is no other contingency outstanding as of date of this discussion.

RISKS AND UNCERTAINTIES

Selling vaporizers in the United States

Selling vaporizers in the United States can involve significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. While the demand for vaporizers is wide spread and can result in substantial reward, marketing will be a significant influencer in development of the Company. The Company is creating a lifestyle brand around the Company and is significantly influenced by how the Company appears in the market place. Significant expenses may be required to establish the lifestyle brand to be accepted in the market place.

Psilocybin industry

Psilocybin is currently a Schedule I drug under the Controlled Drugs and Substances Act (CDSA) and it is a criminal offence to possess substances under the CDSA without a prescription and Health Canada has not approved psilocybin and psilocin as drugs. Any activities such as sale, possession, production, etc. of the substance is prohibited unless authorized for clinical trial or research purposes under section 56 of the CDSA. Health Canada can grant exemptions under section 56 of the CDSA to use controlled substances if it is deemed to be necessary for a medical or scientific purpose or is otherwise in the public interest. Health Canada must also approve the clinical trials.

RISKS AND UNCERTAINTIES (continued)

Psilocybin industry (continued)

Any delays of the Company in obtaining, or failure to obtain regulatory approvals from Health Canada to commence or continue clinical testing would significantly delay the development of the Company's markets and products and could have a material adverse effect on its business, results of operations and financial condition.

Government Regulation

In addition to various trade organizations that the Company will be subject to, the consumer agriculture and food warehousing / processing industry is subject to various federal, and provincial laws and regulations on, standards, claims, safety, efficacy and other matters from regulatory bodies such as Canadian Food Inspection Agency **(**CFIA**),** BC FoodSafe Program and the department of Health Protection in Fraser Health. Regulatory approvals by government agencies on the Company's facilities may be withheld or not granted at all and if granted may be subject to recalls which would materially affect the Company.

Although the Company's activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail development, production, manufacture, product claims, marketing or commercialization. Amendments to current laws and regulations governing operations and activities of the consumer health industry or more stringent implementation thereof could have a substantial adverse impact on the Company.

Uninsured Risks

The Company may carry insurance to protect against certain risks in such amounts as it considers adequate. Risks not insured against include key person insurance as the Company heavily relies on the Company officers.

Conflicts of Interest

Certain directors of the Company also serve as directors and/or officers of other companies involved in other business ventures. Consequently, there exists the possibility for such directors to be in a position of conflict. Any decision made by such directors involving the Company will be made in accordance with their duties and obligations to deal fairly and in good faith with the Company and such other companies. In addition, such directors will declare, and refrain from voting on, any matter in which such directors may have a conflict of interest.

Negative Operating Cash Flows

As the Company is at the start-up stage it may continue to have negative operating cash flows. Without the injection of further capital and the development of revenue streams from its business, the Company may continue to have negative operating cash flows until it can be sufficiently developed to commercialize.

Reliance on Key Personnel and Advisors

The Company relies heavily on its officers. The loss of their services may have a material adverse effect on the business of the Company. There can be no assurance that one or all of the employees of, and contractors engaged by, the Company will continue in the employ of, or in a consulting capacity to, the Company or that they will not set up competing businesses or accept positions with competitors. There is no guarantee that certain employees of, and contractors to, the Company who have access to confidential information will not disclose the confidential information.

RISKS AND UNCERTAINTIES (continued)

Licenses, Patents and Proprietary Rights

The Company's success could depend on its ability to protect its intellectual property, including trade secrets, and continue its operations without infringing the proprietary rights of third parties and without having its own rights infringed.

Risks Related as a Going Concern

At June 30, 2021, the Company had not yet achieved profitable operations, has accumulated losses of $103,213,550 since its inception and expects to incur further losses in the development of its business, all of which casts significant doubt about the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent upon its ability to generate future profitable operations and/or to obtain the necessary financing to conduct its planned business, meet its on-going levels of corporate overhead and discharge its liabilities as they come due. These consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge liabilities in the normal course of business. Although the Company presently has sufficient financial resources to undertake its currently planned business and has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. Accordingly, it does not give effect to adjustments, if any that would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities in other than the normal course of business and at amounts which may differ from those shown in these consolidated financial statements.

Uncertainty Regarding Penetration of the Target Market

The commercial success of the Company's business as compared with those of its competitors depends on its acceptance by potential users and the consumer community. Market acceptance will largely depend on the reputation of the Company, its marketing strategy, consumer acceptance and the Company's services and performance. The Company's success will depend on its ability to commercialize and expand its network users. The Company will need to expand its marketing and sales operations and establish business relations with suppliers and users in a timely manner. In order to meet its business objectives, the Company will have to ensure that its facilities and services are safe, reliable and cost-effective, and bring the expected return. There can be no assurance that the Company's facilities and services will be accepted and recommended.

Competition, Technological Obsolescence

The agriculture and food warehousing / processing industries are competitive. Others in the field may have significantly more financial, technical, distribution and marketing resources. Technological progress and product development may cause the Company's services and facilities offerings to become obsolete or may reduce their market acceptance.

Operating History and Expected Losses

The Company expects to make significant investments in order to develop its products and services, increase marketing efforts, improve its operations, conduct research and development and update its equipment. As a result, start-up operating losses are expected and such losses may be greater than anticipated, which could have a significant effect on the long-term viability of the Company.

RISKS AND UNCERTAINTIES (continued)

Reliance on Joint Ventures, License Assignors and Other Parties

The nature of the Company's operations requires it to enter into various agreements with partners, joint venture partners, other agriculture and food warehousing / processing facilities, and equipment suppliers in the business world, government agencies, licensors, licensees, and other parties for the successful operation of its businesses and the successful marketing of its services.

There is no guarantee that those with whom the Company needs to deal will not adopt other technologies or that they will not develop alternative business strategies, acting either alone or in conjunction with other parties, including the Company's competitors, in preference to those of the Company.

Growth Management

In executing the Company's business plan for the future, there will be significant pressure on management, operations and technical resources. The Company anticipates that its operating and personnel costs will increase in the future. In order to manage its growth, the Company will have to increase the number of its technical and operational employees and efficiently manage its employees, while at the same time efficiently maintaining a large number of relationships with third parties.

Potential Liability

The Company is subject to the risk of potential liability claims with respect to its agriculture and food warehousing / processing facilities. Should such claims be successful, plaintiffs could be awarded significant amounts of damages, which could exceed the limits of any liability insurance policies that may be held by the Company. There is no guarantee that the Company will be able to obtain, maintain in effect or increase any such insurance coverage on acceptable terms or at reasonable costs, or that such insurance will provide the Company with adequate protection against potential liability.

Disclosure Regarding the Company's Proposed Research into the United States Psilocybin Industry

Legal risks

All drugs on the CDSA schedules require a prescription. It is a criminal offence to possess substances scheduled under the CDSA without a prescription.

Under the CDSA, person who is in possession of a substance under Schedule III without a prescription is liable to:

(i) a maximum of three years imprisonment if found guilty of an indictable offence; or

(ii) a maximum $1000 fine for the first offence and/or a maximum 6-month term of imprisonment, increasing to a maximum fine of $2000 for each subsequent offense and/or a maximum of 1 year in prison if found guilty of a summary conviction offence.

A person who produces or is in possession of a substance under Schedule III for the purpose of trafficking, or exportation is liable to:

(i) a maximum of ten years imprisonment if found guilty of an indictable offence; or

(ii) a maximum 18 months' imprisonment if found guilty of a summary conviction offence.

RISKS AND UNCERTAINTIES (continued)

Psilocybin industry

Canada

Psilocybin is currently a Schedule III drug under the Controlled Drugs and Substances Act (CDSA) and it is a criminal offence to possess substances under the CDSA without a prescription and Health Canada has not approved psilocybin and psilocin as drugs. Any activities such as sale, possession, production, etc. of the substance is prohibited unless authorized for clinical trial or research purposes under section 56 of the CDSA. Health Canada can grant exemptions under section 56 of the CDSA to use controlled substances if it is deemed to be necessary for a medical or scientific purpose or is otherwise in the public interest. Health Canada must also approve the clinical trials.

Any delays of the Company in obtaining, or failure to obtain regulatory approvals from Health Canada to commence or continue clinical testing would significantly delay the development of the Company's markets and products and could have a material adverse effect on its business, results of operations and financial condition.

United States of America

Psilocybin is currently a Schedule I drug under the Controlled Substances Act (CSA) which list Schedule I substances as those that have the following findings:

A. The drug or other substance has a high potential for abuse.
B. The drug or other substance has no currently accepted medical use in treatment in the United States.
C. There is a lack of accepted safety for use of the drug or other substance under medical supervision.

No prescriptions may be written for Schedule I substances, and such substances are subject to production quotas which the DEA imposes.
The following disclosure is intended to comply with the Canadian Securities Administrators Staff Notice 51-352 – *Issuers with U.S. Marijuana-Related Activities*.

Regulatory Risks

The U.S. legal cannabis industry is highly regulated, highly competitive and evolving rapidly. As such, new risks may emerge, and management may not be able to predict all such risks or be able to predict how such risks may impact on actual results.

Participants in the U.S. legal cannabis industry 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 restrictions of operations. In addition, changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of the participant and, thereby, on the Company's prospective returns. Further, the Company may be subject to a variety of claims and lawsuits. Adverse outcomes in some or all of these claims may result in significant monetary damages or injunctive relief that could adversely affect the Company's ability to conduct its business. The litigation and other claims are subject to inherent uncertainties and management's view of these matters may change in the future. A material adverse impact on the Company's financial statements also could occur for the period in which the effect of an unfavorable final outcome becomes probable and reasonably estimable.

RISKS AND UNCERTAINTIES (continued)

Nature of the Company's Involvement in the U.S. Cannabis Industry

During 2021, the Company's principal business will focus on the development and commercialization of solutions for treating mental health problems through its psilocybin research and development and will spin-off the interest in cannabis assets and will no longer have ownership interest in the manufacturing or sale of cannabis and CBD assets. The Company will complete the spin-off of cannabis assets in 2021.

See the filed December 31, 2021 Management Discussion & Analysis for discussion on the Risk and Uncertainties of the Company's involvement in the U.S Cannabis Industry.

FINANCIAL AND DISCLOSURE CONTROLS AND PROCEDURES

During the three-month ended June 30, 2021, there has been no significant change in the Company's internal control over financial reporting since last year.

The management of the Company has filed the Venture Issuer Basic Certificate with the Interim Filings on SEDAR at www.sedar.com.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the venture issuer basic certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost-effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency, and timeliness of interim and annual filings and other reports provided under securities legislation.