



MYDECINE[™]
MEDICINE EVOLVED

MYDECINE INNOVATIONS GROUP INC.

**NOTICE OF MEETING
AND
MANAGEMENT INFORMATION CIRCULAR

FOR THE
ANNUAL GENERAL AND SPECIAL MEETING
OF SHAREHOLDERS**

DATED: AUGUST 23, 2021

The Meeting will be in a virtual-only format, via online live webcast hosted by TSX Trust. A virtual-only meeting format is being applied in order to give all shareholders an equal opportunity to participate in the Meeting regardless of geographic location or other particular constraints, circumstances or risks as a result of the COVID-19 pandemic. Shareholders will not be able to attend the Meeting in person. Important details about the Meeting and how shareholders can participate virtually are set out in this information circular and the accompanying proxy materials.

MYDECINE INNOVATIONS GROUP INC.

August 23, 2021

Dear Shareholders:

You are invited to attend an annual general and special meeting (the “**Meeting**”) of the shareholders (the “**Mydecine Shareholders**”) of Mydecine Innovations Group Inc. (“**Mydecine**”, or the “**Company**”).

When	Where
September 20, 2021 11:00 a.m. Pacific Time	Online at: https://virtual-meetings.tsxtrust.com/1220 Password: mydecine2021 (case sensitive)

You are entitled to vote at the Meeting if you held your common shares of Mydecine at the close of business on August 9, 2021.

In order to address the public health impact of the coronavirus disease (COVID-19) pandemic, mitigate health and safety risks to Mydecine’s shareholders, employees and other stakeholders, and abide by government guideline limiting indoor public events, Mydecine will hold a virtual-only Meeting via live webcast. Mydecine Shareholders will have an equal opportunity to participate in the Meeting online, regardless of geographic location, as well as to ask questions and vote on certain topics. Non-registered (or beneficial) shareholders who have not duly appointed themselves as proxyholder will be able to participate in the Meeting as guests, but guests will not be able to vote or speak at the Meeting. Mydecine Shareholders will not be able to attend the Meeting physically.

At the Meeting, you will be asked to consider and vote upon regular annual general meeting matters and the following principal transaction.

Arrangement – Spin-out of Mydecine’s Cannabis Subsidiaries to Spinco

At the Meeting, you will be asked to consider and vote upon a proposed statutory plan of arrangement of Mydecine (the “**Arrangement**”) involving Mydecine, its securityholders and Mydecine’s wholly owned subsidiary ALT House Cannabis Inc. (“**Spinco**”), which will hold, pursuant to a pre-Arrangement reorganization, an interest in the following subsidiaries of Mydecine: (i) 1176392 BC Ltd, (wholly owned); (ii) Alternative Distribution Company, LLC (50% interest); (iii) Drink Fresh Water, LLC, (wholly owned); (iv) Tealief Brands, LLC, (wholly owned); (v) Relyfe Brands, LLC, (wholly owned); (vi) We are Kured, LLC, (wholly owned); and (vii) Trellis Holdings Oregon OP, LLC (37.5% interest) (collectively, the “**Cannabis Subsidiaries**”). The Arrangement will involve, among other things, (a) certain changes to the charter documents of Mydecine and (b) certain exchanges of securities resulting in Mydecine Shareholders being entitled to receive one new common share of Mydecine (a “**New Mydecine Share**”) and 0.010416 of one common share of Spinco (a “**Spinco Share**”) for each Mydecine Share held if the Arrangement becomes effective.

Upon completion of the Arrangement, Spinco will own the Cannabis Subsidiaries previously held by Mydecine. Mydecine Shareholders will hold 100% of the outstanding Spinco Shares upon completion of the Arrangement. Detailed information regarding the Arrangement is contained in the attached Notice of Meeting and Management Information Circular (the “**Circular**”).

In order to become effective, the Arrangement must be approved by a special resolution passed by at least a two-thirds majority of the votes cast by Mydecine Shareholders at the Meeting and present in person or by proxy. Completion of the Arrangement is also subject to receipt of certain required regulatory approvals, including the approval of the Supreme Court of British Columbia (the “**Court**”), and other customary closing conditions, all of which are described in more detail in the Circular.

The board of directors of Mydecine (the “**Board**”) has unanimously determined that the Arrangement is fair and is in the best interests of Mydecine. **Accordingly, the Board recommends that the Mydecine Shareholders vote FOR the Arrangement.**

Voting

If you are not registered as the holder of your Mydecine Shares but hold your Mydecine Shares through a broker or other intermediary, you should follow the instructions provided by your broker or other intermediary to vote your Mydecine Shares. See the section in the accompanying Circular entitled “*General Proxy Information - Non-Registered Holders*” for further information on how to vote your Mydecine Shares.

If you are a registered Mydecine Shareholder, you must deliver the completed form of proxy to the office of Mydecine’s registrar and transfer agent, National Securities Administrators Ltd. located at 702 – 777 Hornby Street, Vancouver, British Columbia, V6Z 1S4, Confidential Facsimile: 1-604-559-8908, by fax, hand or by mail or to the Company’s head office at Suite 810 – 789 West Pender Street, Vancouver, British Columbia V6C 1H2, not less than 48 hours (excluding Saturdays, Sundays, and holidays) before the scheduled time of the Meeting or any adjournment. The Chair of the Meeting may waive the proxy cut-off time at his discretion without notice. Please vote as soon as possible. Voting by proxy will not prevent you from voting in person (virtually) if you attend the Meeting and revoke your proxy, but will ensure that your vote will be counted if you are unable to attend.

While certain matters, such as the timing of the receipt of Court approval, are beyond the control of Mydecine, if the resolution approving the Arrangement is passed by the requisite majority of Mydecine Shareholders at the Meeting, it is anticipated that the Arrangement will be completed and become effective on or about September 27, 2021 or shortly thereafter.

The Aequitas Neo Exchange has neither reviewed nor approved the disclosure in this Circular.

Sincerely,

“*David Joshua Barch*”
Chief Executive Officer

FREQUENTLY ASKED QUESTIONS ABOUT THE ARRANGEMENT AND THE MEETING

*The following are some questions that you, as a Mydecine Shareholder, may have relating to the Arrangement and the Meeting, and answers to those questions. These questions and answers do not provide all of the information relating to the Arrangement, the Meeting or the matters to be considered at the Meeting and are qualified in their entirety by the more detailed information contained elsewhere in the Circular. You are urged to read the Circular in its entirety before making a decision related to your Mydecine Shares. Any capitalized terms used but not defined in these Frequently Asked Questions shall have the meanings ascribed to them in the accompanying Management Information Circular (the “**Circular**”).*

Q: What am I voting on?

A: You are voting on regular annual general meeting items, such as the election of directors of Mydecine and the appointment of Mydecine’s auditors. You will also vote to increase the size of the Board to seven (7) directors.

You are also being asked to consider and, if deemed advisable, to vote FOR the resolution approving the Arrangement (the “**Arrangement Resolution**”), pertaining to the Arrangement involving Mydecine, its securityholders and Mydecine’s subsidiaries, Spinco and the Cannabis Subsidiaries. The Arrangement will involve, among other things, (a) certain changes to the charter documents of Mydecine and (b) certain exchanges of securities resulting in Mydecine Shareholders being entitled to receive one new common share of Mydecine (a “**New Mydecine Share**”) and 0.010416 of one common share of Spinco (a “**Spinco Share**”) for each Mydecine Share held if the Arrangement becomes effective.

Upon completion of the Arrangement, Spinco will own the Cannabis Subsidiaries previously held by Mydecine and Mydecine Shareholders will hold 100% of the outstanding Spinco Shares. Detailed information regarding the Arrangement is contained in the attached Notice of Meeting and Circular.

Mydecine Shareholders are also being asked to approve the New Mydecine Equity Incentive Plan. Mydecine has adopted the New Mydecine Equity Incentive Plan in order to provide incentive compensation to directors, officers, employees and consultants of Mydecine as well as to assist Mydecine in attracting, motivating and retaining qualified directors, management personnel and consultants. The purpose of the New Mydecine Equity Incentive Plan is to provide additional incentive for participants’ efforts to promote the growth and success of the business of Mydecine.

As the New Mydecine Equity Incentive Plan will not carry forward to Spinco, and in contemplation of the Arrangement becoming effective, the directors of Spinco have adopted the Spinco Stock Option Plan. Mydecine Shareholders will be asked to approve and ratify the Spinco Stock Option Plan.

Q: When and where is the Meeting?

A: The Meeting will take place on September 20, 2021 at 11:00 a.m. (Pacific time) in a virtual-only format, via online live webcast hosted by TSX Trust. Shareholders of Mydecine as of August 9, 2021, being the Record Date for the Meeting, shall be entitled to participate in the Meeting virtually in accordance with the instructions contained in the Circular.

Q: Who is soliciting my proxy?

A: Your proxy is being solicited by management of Mydecine. The Circular is furnished in connection with that solicitation. The solicitation of proxies for the Meeting will be made primarily by mail, and may be supplemented by telephone.

Q: Who can attend and vote at the Meeting and what is the quorum for the Meeting?

A: Only Mydecine Shareholders of record as of the close of business on August 9, 2021, the record date for the Meeting, are entitled to receive notice of and to attend, and vote at, the Meeting or any adjournment(s) or postponement(s) of the Meeting.

In accordance with Mydecine's articles of incorporation, the quorum for the transaction of business at the Meeting will be two or more persons who are, or who represent by proxy, shareholders who, in the aggregate, hold at least 5% of the issued shares entitled to be voted at the meeting.

Q: How many Mydecine Shares are entitled to vote?

A: As of August 9, 2021 being the Record Date for the Meeting, there were 240,014,814 Mydecine Shares outstanding and entitled to vote at the Meeting. You are entitled to one vote for each Mydecine Share that you own.

Q: What will I receive in the Arrangement?

A: If the Arrangement is completed, Mydecine Shareholders will be entitled to receive one New Mydecine Share and 0.010416 of a Spinco Share in exchange for each Mydecine Share held on the Effective Date of the Arrangement.

Q: What vote is required at the Meeting to approve the Resolutions?

A: The resolution approving the Arrangement (the "**Arrangement Resolution**") must be passed by the affirmative vote of at least two-thirds of the votes cast at the Meeting by Mydecine Shareholders.

The New Mydecine Equity Incentive Plan, the Spinco Stock Option Plan and the increase of the size of the Board to seven (7) must be approved by a simple majority of the Mydecine Shareholders.

Q: How do I vote?

A: Please see pages 23-27 of the Circular for detailed information regarding voting options.

Q: What if I return my proxy but do not mark it to show how I wish to vote?

A: If your proxy is signed and dated and returned without specifying your choice or is returned specifying both choices, your Mydecine common shares will be voted FOR the Arrangement Resolution, FOR the New Mydecine Equity Incentive Plan, FOR the Spinco Stock Option Plan, and FOR the increase of the size of the Board to seven (7) in accordance with the recommendations of the Board.

Q: When is the cut-off time for delivery of proxies?

A: Proxies must be received not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time of the Meeting or any adjournment thereof. In this case, assuming no adjournment, the proxy-cut off time is 11:00 a.m. (Pacific time) on September 16, 2021. The Chair of the Meeting may waive the proxy cut-off time at their discretion without notice.

Q: What are the recommendations of the Directors on the Arrangement?

A: After taking into consideration, among other things, the Plan of Arrangement and Arrangement Agreement, the continued participation of the Mydecine Shareholders in the Cannabis Subsidiaries through Spinco, Diversification and Business Opportunities of the Arrangement, the fairness opinion of Eight Capital regarding the fairness of the Arrangement (based on the Plan of Arrangement and Arrangement Agreement), the directors have concluded that the Arrangement is in the best interests of Mydecine and is fair to the Mydecine Shareholders and recommend that Mydecine Shareholders vote FOR the Arrangement Resolution to approve the Arrangement.

Q: Why are the directors making this recommendation?

A: In reaching their conclusion that the Arrangement is fair to Mydecine Shareholders and that it is in the best interests of Mydecine, the directors considered and relied upon a number of factors, including those described under the headings “*The Arrangement – Reasons for the Arrangement*” in the Circular.

Q: In addition to the approval of Mydecine Shareholders, are there any other approvals required for the Arrangement?

A: Yes, the Arrangement requires the approval of the Court and also is subject to the receipt of certain regulatory approvals, including the approval of the NEO-X. See “*The Arrangement – Court Approval of the Arrangement*” and “*The Arrangement – Regulatory Approvals*” in the Circular.

Q: Do any directors or executive officers of Mydecine have any interests in the Arrangement that are different from, or in addition to, those of the Mydecine Shareholders?

A: In considering the recommendation of the Board to vote in favour of the matters discussed in the Circular, Mydecine Shareholders should note that the directors and executive officers of Mydecine, to the extent that they hold Mydecine Shares, have interests in the Arrangement that are the same as interests of Mydecine Shareholders generally. Further, all holders of Mydecine stock options, which include Mydecine directors and executive officers, have interests in the Arrangement. It should also be noted that certain directors and executive officers of Mydecine will initially act as executive officers and directors of Spinco following the completion of the Arrangement. See “*The Arrangement – Interests of Certain Persons in the Arrangement*” in the Circular.

Q: Do I need to send in my Mydecine Share certificates?

A: You are not required to send the certificates representing your Mydecine common shares to validly cast your vote in respect of the Arrangement Resolution. You are required to send in certificates in order to receive New Mydecine Shares or Spinco Shares, except as otherwise disclosed herein in the case of physical certificates. See “*The Arrangement – Procedure for Distribution of Certificates*” in the Circular.

Q: What will happen to the Mydecine Shares that I currently own after completion of the Arrangement and can I expect to receive my Spinco Shares and New Mydecine Shares?

A: Assuming completion of the Arrangement, if you hold your Mydecine common shares through an intermediary or if they are represented by a direct registration statement (“**DRS**”), then you are not required to take any action and Spinco Shares and New Mydecine Shares will be delivered to your intermediary through the procedures in place for such purposes between

CDS & Co. or similar entities and such intermediaries or a new DRS statement will be mailed to you, as applicable. If you hold your Mydecine common shares through an intermediary, you should contact your intermediary if you have questions regarding this process.

As soon as practicable after the completion of the Arrangement, the Depositary will forward, to each Registered Mydecine Shareholder who has not dissented to the Arrangement, a letter of transmittal containing instructions with respect to the deposit of certificates for Mydecine Shares with the Depositary for use in exchanging their Mydecine Share certificates for certificates representing:

- (a) New Mydecine Shares; and
- (b) Spinco Shares,

to which they are entitled under the Arrangement. Upon return of a properly completed letter of transmittal, together with certificates formerly representing Mydecine Shares and such other documents as the Depositary may require, certificates for the appropriate number of New Mydecine Shares and Spinco Shares will be distributed.

See "*The Arrangement – Procedure for Distribution of Certificates*" in the Circular.

Q: How will the votes be counted?

A: National Securities Administrators Ltd., Mydecine's transfer agent, counts and tabulates the proxies. Proxies are counted and tabulated by the transfer agent in such a manner as to preserve the confidentiality of the voting instructions of Registered Mydecine Shareholders, subject to a limited number of exceptions. At the Meeting, the host of the virtual meeting, TSX Trust Company, will count and tabulate votes cast at the Meeting and consolidate with cast by proxy as tabulated by the transfer agent.

Q: How will I know when the Arrangement will be implemented?

A: The effective date of the Arrangement will occur upon satisfaction or waiver of all of the conditions to the completion of the Arrangement. If the requisite level of approval is obtained at the Meeting and all other conditions are satisfied, the effective date is expected to occur on or about September 27, 2021 or shortly thereafter. On the effective date of the Arrangement, Mydecine will publicly announce that the conditions are satisfied or waived and that the Arrangement has been implemented.

Q: Are there risks I should consider in deciding whether to vote for the Arrangement Resolution?

A: Yes. Mydecine Shareholders should carefully consider the risk factors relating to the Arrangement. Some of these risks include, but are not limited to: (i) the Arrangement Agreement may be terminated at the discretion of the directors of Mydecine; (ii) there can be no certainty that all conditions precedent to the Arrangement will be satisfied; (iii) Mydecine will incur costs even if the Arrangement is not completed; (iv) directors and executive officers of Mydecine may have interests in the Arrangement that are different from those of the Mydecine Shareholders; (v) the market price for Mydecine common shares and Spinco Shares (if the Spinco Shares are listed) may decline; (vi) there is no guarantee that the Spinco Shares will be listed on a stock exchange or that a market for such shares will develop; and (vii) Spinco Shares may not be qualified investments under the *Income Tax Act* (Canada) for a trust governed by a Registered Plan (as defined in the Circular).

See “*The Arrangement – Risks Associated with the Arrangement*” in the Circular and Appendix L – *Risk Factors*.

Q: What are the Canadian income tax consequences of the Arrangement?

A: For a summary of certain material Canadian income tax consequences of the Arrangement, see “Certain Canadian Federal Income Tax Considerations”. Such summary is not intended to be legal or tax advice to any particular Mydecine Shareholder. Mydecine Shareholders should consult their own tax advisors with respect to their particular circumstances.

Q: Am I entitled to Dissent Rights?

A: Mydecine Shareholders have the right to dissent in respect of the Arrangement Resolution. See “*The Arrangement - Rights of Dissent*” in the Circular.

NOTICE OF MEETING

NOTICE IS GIVEN that an annual general and special meeting (the “**Meeting**”) of the holders of common shares (“**Mydecine Shareholders**”) of Mydecine Innovations Group Inc. (“**Mydecine**”) will be held virtually at <https://virtual-meetings.tsxtrust.com/1220> (password: mydecine2021) on September 20, 2021 at 11:00 a.m. (Pacific time) for the following purposes:

1. to receive Mydecine’s audited financial statements for the financial year ended December 31, 2020 and the auditor’s report thereon;
2. to appoint MNP LLP, as Mydecine’s auditor for the ensuing fiscal year and to authorize the directors to set the auditor’s remuneration;
3. to set the number of directors at seven (7);
4. to elect the directors of Mydecine for the ensuing year;
5. to approve the New Mydecine Equity Incentive Plan;
6. to consider pursuant to an interim order of the Supreme Court of British Columbia dated August 20, 2021 (the “**Mydecine Interim Order**”) and, if thought advisable, to pass, with or without amendment, a special resolution (the “**Arrangement Resolution**”) approving an arrangement (the “**Arrangement**”) under Section 288 of the *Business Corporations Act* (British Columbia), the full text of which resolution is set forth in Appendix A to the accompanying Management Information Circular (the “**Circular**”);
7. to approve the Spinco Stock Option Plan; and
8. to transact such further or other business as may properly come before the shareholders at the Meeting or any adjournments thereof.

The Circular provides additional information relating to the matters to be addressed at the Meeting, including the Arrangement, and is deemed to form part of this Notice. Any capitalized terms used but not defined herein shall have the meanings ascribed to them in the Circular.

In order to address the public health impact of the coronavirus disease (COVID-19) pandemic, mitigate health and safety risks to Mydecine’s shareholders, employees and other stakeholders, and abide by government guideline limiting indoor public events, Mydecine will hold a virtual-only Meeting via live webcast, hosted by TSX Trust. Mydecine Shareholders will have an equal opportunity to participate in the Meeting online, regardless of geographic location, as well as to ask questions and vote on certain topics. Non-registered (or beneficial) shareholders who have not duly appointed themselves as proxyholder will be able to participate in the Meeting as guests, but guests will not be able to vote or speak at the Meeting. Mydecine Shareholders will not be able to attend Meeting physically. A summary of the information shareholders and proxyholders will need to attend the Meeting online is provided in this Circular attached to this Notice of Meeting.

A Mydecine Shareholder who intends to exercise a right of dissent should carefully consider and comply with the provisions of sections 237 to 247 of the *Business Corporations Act* (British Columbia), and should seek independent legal advice. Failure to strictly comply with the provisions of those sections and to adhere to the procedures established therein may result in the loss of all rights thereunder.

The Aequitas Neo Exchange has neither reviewed nor approved the disclosure in the Circular.

DATED at Vancouver, British Columbia this 23rd day of August, 2021.

**BY ORDER OF THE BOARD OF DIRECTORS OF
MYDECINE INNOVATIONS GROUP INC.**

“David Joshua Barch”
Chief Executive Officer

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INFORMATION CONTAINED IN THIS INFORMATION CIRCULAR

The information contained in this Circular, unless otherwise indicated, is given as of August 23, 2021.

No person has been authorized to give any information or to make any representation in connection with the matters being considered herein other than those contained in this Circular and, if given or made, such information or representation should be considered or relied upon as not having been authorized. This Circular does not constitute an offer to sell, or a solicitation of an offer to acquire, any securities, or the solicitation of a proxy, by any person in any jurisdiction in which such an offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such an offer of proxy solicitation. Neither the delivery of this Circular nor any distribution of securities referred to herein shall, under any circumstances, create any implication that there has been no change in the information set forth herein since the date of this Circular.

Information contained in this Circular should not be construed as legal, tax or financial advice and Mydecine Shareholders are urged to consult their own professional advisors in connection with the matters considered in this Circular.

The Arrangement has not been approved or disapproved by any securities regulatory authority, nor has any securities regulatory authority passed upon the fairness or merits of the Arrangement or upon the accuracy or adequacy of the information contained in this Circular and any representation to the contrary is unlawful.

The Aequitas Neo Exchange has neither reviewed nor approved the disclosure in this Circular.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS AND RISKS

This Circular and the documents incorporated into this Circular by reference, contain “forward-looking statements” within the meaning of the U.S. Private Securities Litigation Reform Act of 1995 and “forward-looking information” within the meaning of the applicable Canadian securities legislation (forward-looking information and forward-looking statements being collectively herein after referred to as “**forward-looking statements**”) that are based on expectations, estimates and projections as at the date of this Circular or the dates of the documents incorporated herein by reference, as applicable. These forward-looking statements include but are not limited to statements and information concerning the Arrangement; the timing for the implementation of the Arrangement and the potential benefits of the Arrangement; the likelihood of the Arrangement being completed; steps of the Arrangement; statements relating to the business and future activities of, and developments related to, Mydecine and Spinco after the date of this Circular and prior to the Effective Time and to and of Mydecine and Spinco after the Effective Time; receipt of approval of the Mydecine Shareholders and Court approval of the Arrangement; regulatory approval of the Arrangement; market position, and future financial or operating performance of Mydecine and Spinco; and other events or conditions that may occur in the future.

Any statements that involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often but not always using phrases such as “expects”, or “does not expect”, “is expected”, “anticipates” or “does not anticipate”, “plans”, “budget”, “scheduled”, “forecasts”, “estimates”, “believes” or “intends” or variations of such words and phrases or stating that certain actions, events or results “may” or “could”, “would”, “might”, or “will” be taken to occur or be achieved) are not statements of historical fact and may be forward-looking statements and are intended to identify forward-looking statements, which include statements relating to, among other things, the ability of Mydecine or Spinco to successfully compete in the market.

These forward-looking statements are based on the beliefs of Mydecine’s management, as well as on assumptions, which such management believes to be reasonable based on information currently available at the time such statements were made. However, there can be no assurance that the

forward-looking statements will prove to be accurate. Such assumptions and factors include, among other things, the satisfaction of the terms and conditions of the Arrangement including the approval of the Arrangement and fairness by the Court, and the receipt of the required governmental and regulatory approvals and consents.

By their nature, forward-looking statements are based on assumptions and involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Mydecine or Spinco to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Forward-looking statements are subject to a variety of risks, uncertainties and other factors which could cause actual events or results to differ from those expressed or implied by the forward-looking statements, including, without limitation: the Arrangement Agreement may be terminated at the discretion of the board of directors of Mydecine or Spinco; general business, economic, competitive, political, regulatory and social uncertainties; uncertainty related to consumer perception of mushrooms and changing public tastes; dilutive effects to Mydecine Shareholders; risks related to the ability to complete acquisitions; risks related to the ability of Mydecine and Spinco to find appropriate joint venture and research partners; and community and non-governmental actions and regulatory risks.

This list is not exhaustive of the factors that may affect any of forward-looking statements of Mydecine and Spinco. Forward-looking statements are statements about the future and are inherently uncertain. Actual results could differ materially from those projected in the forward-looking statements as a result of the matters set out or incorporated by reference in this Circular generally and certain economic and business factors, some of which may be beyond the control of Mydecine and Spinco. Some of the important risks and uncertainties that could affect forward-looking statements are described further under the heading "*The Arrangement – Risks Associated with the Arrangement*", and in Appendix L – *Risk Factors*. Mydecine and Spinco do not intend, and do not assume any obligation, to update any forward-looking statements, other than as required by applicable law. For all of these reasons, Mydecine Shareholders should not place undue reliance on forward-looking statements.

NOTE TO UNITED STATES SECURITYHOLDERS

THE ARRANGEMENT AND THE SECURITIES TO BE ISSUED IN CONNECTION WITH THE ARRANGEMENT HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SEC OR SECURITIES REGULATORY AUTHORITIES IN ANY STATE IN THE UNITED STATES, NOR HAS THE SEC OR THE SECURITIES REGULATORY AUTHORITIES OF ANY STATE IN THE UNITED STATES PASSED UPON THE FAIRNESS OR MERITS OF THE ARRANGEMENT OR UPON THE ADEQUACY OR ACCURACY OF THIS CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The Spinco Shares to be issued by Spinco to Mydecine Shareholders in the United States pursuant to the Arrangement have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States, and will be issued in reliance on the exemption from the registration requirements of the U.S. Securities Act set forth in the Section 3(a)(10) thereunder on the basis of the approval of the Court, and corresponding exemptions under the securities laws of each state of the United States in which Mydecine Shareholders in the United States are domiciled. The exemption from registration under Section 3(a)(10) of the U.S. Securities Act exempts from registration the issuance of any securities issued in exchange for one or more bona fide outstanding securities where, among other things, 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 at which the fairness of the terms and conditions of such exchange are approved at which all persons to whom it is proposed to issue securities in such exchange have the right to appear and receive timely and adequate notice thereof. The Court issued the Mydecine Interim Order on August 20, 2021 and, subject to the approval of the Arrangement by the Mydecine Shareholders, a hearing for the Mydecine Final Order approving the Arrangement will be held at 9:45 a.m. (Pacific time) on September 24, 2021 (or as soon thereafter as legal counsel can be heard) at 800 Smithe Street, Vancouver, British Columbia, Canada. All Mydecine Shareholders are

entitled to appear and be heard at this hearing. Accordingly, the Mydecine Final Order, if granted by the Court after the Court considers the substantive and procedural fairness of the Arrangement to the Mydecine Shareholders, will constitute a basis for the exemption from the registration requirements of the U.S. Securities Act pursuant to Section 3(a)(10) thereunder with respect to the Spinco Shares to be issued in connection with the Arrangement. Prior to the hearing on the Mydecine Final Order, the Court will be informed of this effect of the Mydecine Final Order. See “The Arrangement – Court Approval of the Arrangement”.

The Spinco Shares to be issued to Mydecine Shareholders in the United States under the Arrangement will be freely transferable under U.S. federal securities laws, except that the U.S. Securities Act imposes restrictions on the resale of securities received pursuant to the Arrangement by persons who: (a) are, or within the 90 days immediately before such resale were, “affiliates” (as such term is understood under U.S. securities laws) of Spinco; or (b) were “affiliates” of Spinco within 90 days prior to the Effective Date. 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 Spinco 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. Mydecine Shareholders in the United States who are affiliates of Spinco solely by their status as an officer or director of Spinco may sell their Spinco Shares outside of the United States in compliance with Regulation S under the U.S. Securities Act. See “Regulatory Law Matters and Securities Law Matters – United States Securities Law Matters”.

Mydecine is a company existing under the laws of British Columbia, Canada. The solicitation of Mydecine 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 requirements of Section 14(a) of the Exchange Act by virtue of an exemption applicable to proxy solicitations by “foreign private issuers” (as defined in Rule 3b-4 under the 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, which are different from the requirements applicable to proxy solicitations under the Exchange Act. Mydecine Shareholders should be aware that disclosure requirements under such Canadian laws are different from requirements under United States corporate and securities laws relating to issuers organized under United States laws, and this Circular has not been filed with or approved by the SEC or the securities regulatory authority of any state within the United States.

The enforcement by Mydecine Shareholders in the United States of civil liabilities under United States federal securities laws may be affected adversely by the fact that each of Mydecine and Spinco are incorporated in jurisdictions outside the United States, certain of their directors and executive officers are residents of Canada and all of their assets and the assets of such persons are located outside the United States. Mydecine Shareholders in the United States may not be able to sue a foreign company or its officers or directors in a foreign court for violations of United States federal securities laws. It may be difficult to compel a foreign company and its officers and directors to subject themselves to a judgment by a United States court. As a result, it may be difficult or impossible for Mydecine Shareholders in the United States to effect service of process within the United States upon Mydecine, Spinco, their respective officers or directors 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, Mydecine Shareholders resident in the United States should not assume that Canadian courts: (a) would enforce judgments of United States courts obtained in actions against such persons predicated upon civil liabilities under the 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 securities laws of the United States or “blue sky” laws of any state within the United States.

The financial statements of Spinco included herein have been prepared in accordance with IFRS and are subject to Canadian auditing and auditor independence standards. As a result, such financial statements and financial information of Spinco may not be comparable to and may differ in material ways to financial statements prepared in accordance with U.S. GAAP and United States auditing and auditor independence standards. U.S. Holders of Mydecine Shares should consult with their own professional advisors for an understanding of the differences between IFRS and U.S. GAAP, and of how those differences might affect the financial information presented herein.

Information concerning the Cannabis Subsidiaries publicly available and filed on SEDAR by Mydecine uses terms that comply with reporting standards in Canada, which differ from the requirements of United States securities Laws.

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 Mydecine.

Mydecine Shareholders should be aware that the acquisition by Mydecine Shareholders of the Spinco Shares pursuant to the Arrangement described herein may have tax consequences both in Canada and the United States. Such consequences for Mydecine Shareholders may not be described fully herein. Mydecine Shareholders who are resident in Canada are advised to review the summary contained in this Circular under the heading "*Certain Canadian Federal Income Tax Considerations*", and all Mydecine Shareholders are urged to consult their own tax advisors to determine the particular tax consequences to them of the 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.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents, filed by Mydecine with securities commissions or similar regulatory authorities in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island, and Newfoundland and Labrador are specifically incorporated by reference into, and form an integral part of, this Circular:

1. audited consolidated financial statements for the year ended December 31, 2020, with comparatives for the twelve-month period ended December 31, 2019 and the related management's discussion and analysis filed on SEDAR on April 30, 2021;
2. interim unaudited consolidated financial statements for the three-month period ended March 31, 2021, with comparatives for the three-month period ended March 31, 2020 and the related management's discussion and analysis filed on SEDAR on May 17, 2021;
3. annual information form for year ended December 31, 2019 and filed on SEDAR on July 15, 2020; and
4. material change reports filed on SEDAR on February 2, 2021, February 25, 2021, and March 26, 2021.

Copies of the documents incorporated herein by reference may be obtained, upon request, to any shareholder of Mydecine at no charge, or may be inspected at the registered office of Mydecine during normal business hours until the date of the Meeting. These documents are also available under Mydecine's profile on the SEDAR website at www.sedar.com.

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 or supersedes such statement. Any statement so modified or superseded shall not constitute a part of this Circular, except as so modified or superseded. 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.

CURRENCY AND EXCHANGE RATES

Unless otherwise indicated herein, references to “\$”, “Cdn\$” or “Canadian dollars” are to Canadian dollars, and references to “US\$” or “U.S. dollars” are to United States dollars.

REPORTING CURRENCIES AND ACCOUNTING PRINCIPLES

The financial statements of Mydecine and Spinco in this Circular are reported in Canadian dollars and have been prepared in accordance with IFRS.

GLOSSARY OF TERMS

In this Circular and accompanying Notice of Meeting, unless there is something in the subject matter inconsistent therewith, the following terms shall have the respective meanings set out below, words importing the singular number shall include the plural and vice versa and words importing any gender shall include all genders.

“ACB”	means “adjusted cost base”, as defined in the Tax Act.
“affiliate”	has the meaning ascribed to that term in the National Instrument 45-106 – <i>Prospectus Exemptions</i> .
“Aggregate Value”	means the sum of (a) the fair market value of a New Mydecine Share determined immediately after the Effective Time; and (b) the fair market value of a Spinco Share determined immediately after the Effective Time.
“Arrangement Agreement”	means the amended and restated arrangement agreement dated August 9, 2021, between Mydecine and Spinco, a copy of which is attached hereto as Appendix C, as such may be supplemented or amended from time to time.
“Arrangement Provisions”	means Part 9, Division 5 of the BCBCA;
“Arrangement Resolution”	means the special resolution of the Mydecine Shareholders approving the Plan of Arrangement which is to be considered at the Meeting, substantially in the form and content of Appendix A attached hereto.
“Arrangement”	Means the proposed statutory plan of arrangement of Mydecine involving Mydecine, the Cannabis Subsidiaries and Spinco.
“BCBCA”	means the <i>Business Corporations Act</i> (British Columbia) and the regulations made thereunder, as now in effect and as they may be promulgated or amended from time to time.
“BCSC”	means the British Columbia Securities Commission.
“Board”	means the board of directors of Mydecine as constituted from time to time.
“Business Day”	means any day that is not a Saturday, a Sunday or a statutory or civic holiday in Vancouver, British Columbia.
“Canadian Securities Administrators”	means the voluntary umbrella organization of Canada’s provincial and territorial securities regulators.
“Cannabis Subsidiaries”	means, collectively: (i) U.S. Landco; (ii) Alternative Distribution Company, LLC; (iii) Drink Fresh Water, LLC; (iv) Tealief Brands, LLC; (v) Relyfe Brands, LLC; (vi) We are Kured, LLC; and (vii) Trellis Holdings Oregon OP, LLC.
“CBD”	means cannabidiol.

“Circular”	means, collectively, the Notice of Meeting and this Management Information Circular of Mydecine, including all appendices hereto, sent to Mydecine Shareholders in connection with the Meeting.
“Class A Common Shares”	means the shares of Mydecine resulting from the alteration of Mydecine’s authorized share capital and Articles by the renaming and redesignation of all the issued and unissued common shares of Mydecine in accordance with the Plan of Arrangement.
“Closing”	means September 27, 2021 or such other date as the Arrangement closes.
“Constating Documents”	means , in respect of Mydecine and Spinco, their respective Articles and related Notice of Articles under the BCBCA;
“Court”	means the Supreme Court of British Columbia.
“CRA”	means the Canada Revenue Agency.
“CSE”	means the Canadian Securities Exchange.
“Depository”	means National Securities Administrators Ltd., or such other depository as Mydecine may determine.
“DGCL”	means the Delaware General Corporation Law (Title 8, Chapter 1 of the Delaware Code, as amended).
“Dissent Notice”	means a validly delivered written objection to the Arrangement Resolution, as described under “ <i>Dissent Rights</i> .”
“Dissenting Shareholder”	means a Mydecine Shareholder who delivers a Dissent Notice and validly exercises the right of dissent provided with respect to the Arrangement, as described under “ <i>Dissent Rights</i> .”
“Effective Date”	means the date upon which the Arrangement becomes effective.
“Effective Time”	means 12:01 a.m. (Pacific time) on the Effective Date or such other time on the Effective Date as may be agreed in writing by Mydecine and Spinco.
“Exchange Act”	means the United States Exchange Securities Act of 1934, as amended and the rules and regulations promulgated thereunder.
“Fairness Opinion”	means the opinion delivered by Eight Capital to the Board, a full copy of which is attached as Appendix J.
“IFRS”	means International Financial Reporting Standards, as adopted by the International Accounting Standards Board.
“Law” or “Laws”	means all laws (including common law), by-laws, statutes, rules, regulations, principles of law and equity, orders, rulings,

ordinances, judgements, injunctions, determinations, awards, decrees or other requirements, whether domestic or foreign, and the terms and conditions of any Permit of or from any Governmental Entity or self-regulatory authority (including the NEO-X), and the term “applicable” with respect to such Laws and in a context that refers to a Party, means such Laws as are applicable to such Party and/or its Subsidiaries or their business, undertaking, property or securities and emanate from a Person having jurisdiction over the Party and/or its Subsidiaries or its or their business, undertaking, property or securities.

“MD&A” means management’s discussion and analysis of financial statements.

“Meeting” means the annual general and special meeting of Mydecine Shareholders, including any adjournment or postponement thereof, held in accordance with the Mydecine Interim Order to consider, among other things, the Arrangement Resolution.

“Mindleap Agreement” means the share exchange agreement dated June 17, 2020, among Mydecine, Mindleap Health Inc. and shareholders of Mindleap Health Inc.

“Mydecine” means Mydecine Innovations Group Inc., a company existing under the laws of British Columbia.

“Mydecine Class A Common Shares” means the shares of Mydecine resulting from the alteration of Mydecine’s authorized share capital and Articles by the renaming and redesignation of all the issued and unissued common shares of Mydecine in accordance with the Plan of Arrangement.

“Mydecine 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 the Spinco Shares to Mydecine Shareholders in the United States, in a form acceptable to Spinco and Mydecine, each acting reasonably, approving the Arrangement, as such order may be amended by the Court (with consent of both Spinco and Mydecine, each acting reasonably) at any time prior to the Effective Date.

“Mydecine Interim Order” means the interim order of the Court made 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 the Spinco Shares to Mydecine Shareholders in the United States, in a form acceptable to Spinco and Mydecine, each acting reasonably, providing for, among other things, the calling and holding of the Meeting, as the same may be amended by the Court with the consent of Spinco and Mydecine, each acting reasonably.

“Mydecine Performance Warrants”	means the 10,000,000 performance warrants dated August 31, 2020 issued by Mydecine pursuant to the Neuropharm Agreement, each exercisable into a Mydecine Share on a cashless basis.
“Mydecine Share Warrant”	means a share purchase warrant of Mydecine outstanding and unexercised immediately prior to the Effective Time.
“Mydecine Shareholders”	means the holders of Mydecine Shares and the New Mydecine Shares, as the case may be.
“Mydecine Shares” or “Common Shares”	means the issued and outstanding common shares of Mydecine and, following the renaming and redesignation of such common shares as Class A Common Shares in accordance with the Plan of Arrangement, means the Class A Common Shares.
“Mydecine Stock Option Plan”	means the existing incentive stock option plan of Mydecine, which is intended to be replaced by the New Mydecine Equity Incentive Plan.
“Mydecine Stock Options”	means the stock options of Mydecine for the purchase of Mydecine Shares issued under the Mydecine Stock Option Plan outstanding immediately prior to the Effective Time.
“Mydecine Top-Up Right Holders”	means the Mydecine Shareholders entitled to receive Mydecine Top-Up Shares.
“Mydecine Top-Up Shares”	means, collectively: (a) the Mydecine Shares to be issued on August 31, 2021 and February 28, 2022 to certain Mydecine Shareholders who were previously shareholders of Neuropharm pursuant to the Neuropharm Agreement if certain conditions are met as set out therein; and (b) the Mydecine Shares to be issued on August 17, 2021 and February 17, 2022 and August 17, 2022 to certain Mydecine Shareholders who were previously shareholders of Mindleap Health Inc. pursuant to the Mindleap Agreement if certain conditions are met as set out therein.
“Mydecine Unit Warrant”	means a unit purchase warrant of Mydecine outstanding and unexercised immediately prior to the Effective Time.
“Mydecine Warrant Certificates”	means the certificates representing the Mydecine Warrants.
“Mydecine Warrant Indenture”	means the warrant indenture dated as of February 8, 2021 between Mydecine and the Warrant Agent governing the terms of certain of the Mydecine Share Warrants.
“NEO-X”	means the Aequitas Neo Exchange.
“Neuropharm”	means Neuropharm Inc.
“Neuropharm Agreement”	means the share exchange agreement dated July 14, 2020, as amended on August 31, 2020 among Mydecine, Neuropharm Inc. and shareholders of Neuropharm Inc.

“New Mydecine Equity Incentive Plan”	means the new equity incentive plan of Mydecine.
“New Mydecine Shares”	means the newly created common shares in the capital of Mydecine issued in connection with the Arrangement.
“New Mydecine Stock Option In-The-Money Amount”	in respect of a Mydecine Stock Option means the amount, if any, by which the total fair market value (determined immediately after the Effective Time) of the New Mydecine Shares that a holder is entitled to acquire on exercise of a New Mydecine Stock Option at and from the Effective Time exceeds the amount payable to acquire such shares.
“New Mydecine Stock Option”	means a stock option to be issued by Mydecine pursuant to section 3.1(c) of the Plan of Arrangement.
“NI 52-110”	means National Instrument 52-110 “ <i>Audit Committees</i> ” of the Canadian Securities Administrators.
“Non-Registered Holder”	means a Mydecine Shareholder who is not a Registered Mydecine Shareholder.
“Non-Resident Holders”	has the meaning attributed to that term in this Circular under “ <i>Certain Canadian Federal Income Tax Considerations – Holders not Resident in Canada</i> ”.
“Notice of Intention”	has the meaning ascribed to it under the heading “ <i>The Arrangement - Dissent Rights</i> ”.
“Notice of Meeting”	means the notice to the Mydecine Shareholders which accompanies this Circular.
“Old Mydecine Stock Option In-The-Money Amount”	in respect of a Mydecine Stock Option means the amount, if any, by which the total fair market value (determined immediately before the Effective Time) of the Mydecine Shares that a holder is entitled to acquire on exercise of a Mydecine Stock Option immediately before the Effective Time exceeds the amount payable to acquire such shares.
“paid-up capital”	has the meaning ascribed to such term for the purposes of the Tax Act.
“Person”	includes an individual, sole proprietorship, partnership, unincorporated association, unincorporated syndicate, unincorporated organization, trust, body corporate, trustee, executor, administrator or other legal representative, government (including any Governmental Entity) or any other entity, whether or not having legal status.
“Plan of Arrangement”	means the plan of arrangement of Mydecine and Spinco, and any amendments or variations thereto made in accordance with the Plan of Arrangement or upon the direction of the Court in the Mydecine Final Order with the consent of Spinco and Mydecine, each acting reasonably.
“Record Date”	Means August 9, 2021.

“Registered Mydecine Shareholder”	means a registered holder of Mydecine Shares.
“Registered Plan”	means a trust governed by a registered retirement savings plan, a registered retirement income fund, a registered disability savings plan, a deferred profit sharing plan, a tax-free savings account or a registered education savings plan, each as defined in the Tax Act.
“Registrar”	means the Registrar of Companies under the BCBCA.
“Regulatory Approvals”	means those sanctions, rulings, consents, orders, exemptions, permits and other approvals (including the waiver or lapse, without objection, of a prescribed time under a statute or regulation that states that a transaction may be implemented if a prescribed time lapses following the giving of notice without an objection being made) of Governmental Entities.
“Resident Holders”	has the meaning ascribed thereto in this Circular under “ <i>Certain Canadian Federal Income Tax Considerations</i> ”.
“SEC”	means the United States Securities and Exchange Commission.
“Securities Act”	means the <i>Securities Act</i> (British Columbia) and the regulations made thereunder.
“Securities Laws”	means the Securities Act and the U.S. Securities Act, together with all other applicable state, federal and provincial securities Laws, rules and regulations and published policies thereunder, as now in effect and as they may be promulgated or amended from time to time.
“SEDAR”	means the System for Electronic Document Analysis and Retrieval as outlined in NI 13-101, which can be accessed online at www.sedar.com .
“Spinco Board”	means the board of directors of Spinco as constituted from time to time.
“Spinco Shares”	means the common shares in the capital of Spinco.
“Spinco Stock Option Plan”	means the Stock Option Plan of Spinco.
“Spinco”	means ALT House Cannabis Inc.
“Tax Act”	means the <i>Income Tax Act</i> (Canada), as amended from time to time, and the regulations made thereunder.
“U.S. HoldCo Shares”	means the shares of common stock in the capital of U.S. HoldCo.
“U.S. HoldCo”	means a corporation to be incorporated pursuant to a certificate of incorporation (or articles of incorporation) to be filed with the

Secretary of State of the State of Delaware pursuant to the DGCL.

“U.S. Holder”

means a beneficial owner of a Mydecine Share or Spinco Share, as the case may be, who is, for U.S. federal income tax purposes:

- (i) an individual citizen or resident of the United States;
- (ii) a corporation or other entity classified as a corporation created or organized in or under the laws of the United States or any political subdivision thereof;
- (iii) an estate the income of which is subject to U.S. federal income taxation regardless of its source; or
- (iv) a trust if: (i) a court within the United States can exercise primary supervision over it, and one or more United States persons have the authority to control all substantial decisions of the trust, or (ii) the trust has a valid election in effect under applicable U.S. Treasury regulations to be treated as a United States person.

“U.S. LandCo”

means 1176392 BC Ltd., a corporation existing pursuant to the laws of British Columbia to be converted to a corporation to be incorporated pursuant to a certificate of incorporation (or articles of incorporation) to be filed with the Secretary of State of the State of Delaware pursuant to the DGCL.

“U.S. Securities Act”

means the United States Securities Act of 1933, as amended and the rules and regulations promulgated thereunder.

“U.S. Treaty”

means the Canada-United States Income Tax Convention (1980), as amended.

“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.

SUMMARY

This summary is qualified in its entirety by the more detailed information appearing elsewhere in this Circular, including the Appendices which are incorporated into and form part of this Circular. Terms with initial capital letters in this summary are defined in the Glossary of Terms immediately preceding this summary.

The Meeting

The Meeting will be held virtually on September 20, 2021 commencing at 11:00 a.m. (Pacific time).

In order to address the public health impact of the coronavirus disease (COVID-19) pandemic, mitigate health and safety risks to Mydecine's shareholders, employees and other stakeholders, and abide by government guideline limiting indoor public events, Mydecine will hold a virtual-only Meeting via live webcast, hosted by TSX Trust. Mydecine Shareholders will have an equal opportunity to participate in the Meeting online, regardless of geographic location, as well as to ask questions and vote on certain topics. Non-registered (or beneficial) shareholders who have not duly appointed themselves as proxyholder will be able to participate in the Meeting as guests, but guests will not be able to vote or speak at the Meeting. Mydecine Shareholders will not be able to attend Meeting physically. A summary of the information shareholders and proxyholders will need to attend the Meeting online is set out on pages 23-27.

Record Date

Only Mydecine Shareholders of record at the close of business on August 9, 2021 will be entitled to receive notice of and vote at the Meeting, or any adjournment or postponement thereof.

Purpose of the Meeting

At the Meeting, Mydecine Shareholders will be voting on regular annual general meeting items, including the election of directors of Mydecine and the appointment of auditors of Mydecine. In addition, the Mydecine Shareholders will be asked to consider and, if deemed advisable, to pass, a resolutions increasing the size of the Board from five to seven directors, a resolution approving the New Mydecine Equity Incentive Plan and the Arrangement Resolution approving a statutory plan of arrangement. The full text of the Arrangement Resolution is set out in Appendix A to this Circular. In order to implement the Arrangement, the Arrangement Resolution must be approved, with or without amendment, by at least two-thirds of the votes cast in respect of the Arrangement Resolution by Mydecine Shareholders, in person (virtually) or represented by proxy at the Meeting. See "*The Arrangement – Approval of Arrangement Resolution*".

Mydecine Shareholders will also be asked at the Meeting to consider and, if deemed advisable, to pass an ordinary resolution approving Mydecine's New Mydecine Equity Incentive Plan and Spinco's Equity Incentive Plan.

The Arrangement

The Arrangement will constitute a plan of arrangement of Mydecine and Spinco. In order for the Arrangement to be effective, it must be approved by a special resolution passed by the Mydecine Shareholders holding a majority of not less than two-thirds of the Mydecine Shares represented in person (virtually) or by proxy at the Meeting that voted on the resolution. The disclosure of the principal features of the Arrangement, as summarized below and as disclosed in more detail elsewhere in this Circular, is qualified in its entirety by reference to the full text of the Arrangement Agreement.

The principal business of Mydecine has been focused on the development and commercialization of solutions for treating mental health problems through its psilocybin research and development. Mydecine will continue this business; however, the purpose of the Arrangement is to allow Mydecine to spin out its legacy cannabis and CBD assets and liabilities in the Cannabis Subsidiaries to Spinco

with the intent to unlock the value thereof, as well as to allow Mydecine to pursue other potential business opportunities for its core psilocybin business. The creation of two separate companies dedicated to the pursuit of their respective businesses will provide Mydecine Shareholders with diversification and potential for increased liquidity for their investment portfolios, as they will hold a direct interest in two companies, each of which is focused on different industries.

Pursuant to the Plan of Arrangement, there will be a reorganization of capital of Mydecine which includes the exchange of Mydecine Shares by Mydecine Shareholders for New Mydecine Shares and Spinco Shares held by Mydecine. Immediately following completion of the Plan of Arrangement, Mydecine Shareholders who received Spinco Shares will continue to hold an interest in each part of the current business of Mydecine through the continued ownership of their New Mydecine Shares and the ownership of Spinco Shares distributed to them. **Mydecine Shareholders should refer to Appendix E for detailed information about Spinco post-Arrangement, Appendix G for pro-forma financial statements of Spinco and Appendix H for pro-forma financial statements of Mydecine post-Arrangement.**

The Arrangement Agreement provides for, among other things, (a) the transfer of 100% of Mydecine's interest in the Cannabis Subsidiaries to Spinco; (b) certain changes to the charter documents of Mydecine and (c) certain exchanges of securities pursuant to the Arrangement resulting in Mydecine Shareholders being entitled to receive one new common share of Mydecine (an "**New Mydecine Share**") and 0.010416 of one common share of Spinco (a "**Spinco Share**") for each Mydecine Share held if the Arrangement becomes effective.

Pursuant to the Arrangement Agreement, prior to the commencement of the Plan of Arrangement, Mydecine shall complete the following steps (the "**Pre-Arrangement Reorganization**"):

- (a) the parties shall incorporate U.S. HoldCo;
- (b) U.S. LandCo shall emigrate from the laws of the Province of British Columbia to the laws of the State of Delaware;
- (c) Mydecine shall sell and transfer all of the shares of the Cannabis Subsidiaries to Spinco and, in consideration therefor, Spinco shall issue to Mydecine the Spinco Shares; and
- (d) Spinco shall sell and transfer all of the shares of the Cannabis Subsidiaries to U.S. HoldCo and, in consideration therefor, U.S. HoldCo shall issue to the Spinco one share in the common stock of U.S. HoldCo, being all of the issued and outstanding shares of U.S. HoldCo.

Under the Plan of Arrangement, commencing at the Effective Time, the events and transactions set out in (a) to (i) below, inclusive, will occur and be deemed to occur chronologically, without any further act or formality required on the part of any person:

- (a) each Mydecine Share outstanding in respect of which a Dissenting Shareholder has validly exercised his, her or its Dissent Rights (each, a "**Dissenting Share**") will be directly transferred and assigned by such Dissenting Shareholder to Mydecine, without any further act or formality and free and clear of any liens, charges and encumbrances of any nature whatsoever, and will be cancelled and cease to be outstanding and such Dissenting Shareholders will cease to have any rights as Mydecine Shareholders other than the right to be paid the fair value for their Mydecine Shares by Mydecine;
- (b) Mydecine shall undertake a reorganization of capital within the meaning of section 86 of the Tax Act as follows, with the steps occurring in the following order:
 - (i) the authorized share capital and Notice of Articles and Articles of Mydecine will be altered by:

- (A) renaming and redesignating all of the issued and unissued Mydecine Shares as “*Class A common shares without par value*” (the “**Class A Common Shares**”) and amending special rights and restrictions attached to the Class A Common Shares to provide the holders thereof with the following rights:
 - (I) to vote at all meetings of shareholders of Mydecine (except meetings at which only holders of a specified class of shares are entitled to vote) and shall be entitled to two votes for each Class A Common Share held;
 - (II) to receive, subject to the rights of the holders of another class of shares, any dividends declared by Mydecine; and
 - (III) to receive, *pari passu* with the New Mydecine Shares (as defined below), and subject to the rights of the holders of another class of shares, the remaining property of Mydecine on the liquidation, dissolution or winding up of Mydecine, whether voluntary or involuntary;
- (B) creating a new class consisting of an unlimited number of “*common shares without par value*” (the “**New Mydecine Shares**”) with special rights and restrictions attached to the New Mydecine Shares to provide the holders thereof with the following rights:
 - (I) to vote at all meetings of shareholders of Mydecine (except meetings at which only holders of a specified class of shares are entitled to vote) and shall be entitled to one vote for each New Mydecine Share held;
 - (II) to receive, subject to the rights of the holders of another class of shares, any dividends declared by Mydecine; and
 - (III) to receive, *pari passu* with the Class A Common Shares, and subject to the rights of the holders of another class of shares, the remaining property of Mydecine on the liquidation, dissolution or winding up of Mydecine, whether voluntary or involuntary;
- (ii) Mydecine’s Notice of Articles and Articles will be amended to reflect the alterations in step (b)(i) above;
- (iii) each issued and outstanding Class A Common Share outstanding on the Share Distribution Record Date will be exchanged for (i) one New Mydecine Share and (ii) 0.010416 Spinco Shares; the holders of Class A Common Shares will be removed from the central securities register of Mydecine as the holders of Class A Common Shares and will be added to the central securities register of Mydecine as the holders of the number of New Mydecine Shares that they have received on the exchange set forth in this step (b)(iii); and the Spinco Shares transferred to the former holders of Class A Common Shares will be registered in the name of such former holders and Mydecine will provide Spinco and its registrar and transfer agent notice to make the appropriate entries in the central securities register of Spinco;
- (iv) the Class A Common Shares, none of which will be issued or outstanding once the exchange in step (b)(iii) above is completed, will be cancelled and the appropriate entries made in the central securities register of Mydecine and the

authorized share structure of Mydecine will be amended by eliminating the Class A Common Shares;

- (v) the aggregate amount added to the stated capital of the New Mydecine Shares issued pursuant to step (b)(iii) above shall be equal to the amount, if any, by which (A) the aggregated paid-up capital (as that term is used for purposes of the Tax Act) of the Class A Common Shares immediately prior to the Effective Time, exceeds (B) the fair market value of the Spinco Shares distributed pursuant to step (b)(iii) above;
- (c) each Mydecine Stock Option then outstanding to acquire one Mydecine Share will be exchanged for:
- (i) one New Mydecine Stock Option to acquire one New Mydecine Share having an exercise price equal to the product of the original exercise price of the Mydecine Stock Option multiplied by the fair market value of a New Mydecine Share at the Effective Time divided by the total of the fair market value of a New Mydecine Share and the fair market value of 0.010416 Spinco Shares at the Effective Time; and
 - (ii) one option to acquire 0.010416 Spinco Shares (a "**Spinco Option**"), each whole Spinco Option having an exercise price equal to the product of the original exercise price of the Mydecine Stock Option multiplied by the fair market value of 0.010416 Spinco Shares at the Effective Time divided by the total of the fair market value of one New Mydecine Share and 0.010416 Spinco Shares at the Effective Time,

provided that the aforesaid exercise prices will be adjusted to the extent, if any, required to ensure that the aggregate New Mydecine Stock Option In-The-Money Amount of the New Mydecine Stock Option and the Spinco Option immediately after the exchange does not exceed the Old Mydecine Stock Option In the Money Amount immediately before the exchange of the Mydecine Stock Option so exchanged. It is intended that subsection 7(1.4) of the Tax Act apply to the exchange of Mydecine Stock Options;

- (d) in accordance with the certificates representing or warrant indenture governing the terms of each Mydecine Share Warrant, as applicable, each Mydecine Share Warrant then outstanding will be deemed to be amended to entitle the holder of a Mydecine Share Warrant to receive, upon due exercise of the Mydecine Share Warrant, for the original exercise price:
- (i) one New Mydecine Share for each Mydecine Share that was issuable upon due exercise of the Mydecine Share Warrant immediately prior to the Effective Time; and
 - (ii) 0.010416 Spinco Shares for each Mydecine Share that was issuable upon due exercise of the Mydecine Share Warrant immediately prior to the Effective Time;
- (e) in accordance with the certificates representing the Mydecine Unit Warrants, each Mydecine Unit Warrant then outstanding will be deemed to be amended to entitle the holder of a Mydecine Unit Warrant to receive, upon due exercise of the Mydecine Unit Warrant, for the original exercise price:
- (i) one New Mydecine Share for each Mydecine Share that was issuable upon due exercise of the Mydecine Unit Warrant immediately prior to the Effective Time;

- (ii) 0.010416 Spinco Shares for each Mydecine Share that was issuable upon due exercise of the Mydecine Unit Warrant immediately prior to the Effective Time; and
 - (iii) one Mydecine Share Warrant, amended in accordance with step (d) above, for each Mydecine share purchase warrant that was issuable upon due exercise of the Mydecine Unit Warrant immediately prior to the Effective Time;
- (f) in accordance with the certificates representing the Mydecine Performance Warrants, each Mydecine Performance Warrant then outstanding will be deemed to be amended to entitle the holder thereof to receive, upon due exercise of the Mydecine Performance Warrant, for the original exercise price:
- (i) one New Mydecine Share for each Mydecine Share that was issuable upon due exercise of the Mydecine Performance Warrant immediately prior to the Effective Time on a cashless basis in accordance with the terms thereof; and
 - (ii) 0.010416 Spinco Shares for each Mydecine Share that was issuable upon due exercise of the Mydecine Performance Warrant immediately prior to the Effective Time on a cashless basis in accordance with the terms thereof;
- (g) upon a condition for issuance of Mydecine Top-Up Shares being met, the applicable Mydecine Top-Up Right Holders shall receive:
- (i) one New Mydecine Share for each Mydecine Top-Up Share that was issuable; and
 - (ii) 0.010416 Spinco Shares for each Mydecine Top-Up Share that was issuable;
- (h) the Spinco Incorporation Share issued to Mydecine on incorporation will be cancelled for no consideration and as a result thereof:
- (i) Mydecine will cease to be, and will be deemed to have ceased to be, the holder of the Spinco Incorporation Share and to have any rights as a holder of the Spinco Incorporation Share; and
 - (ii) Mydecine will be removed as the holder of the Spinco Incorporation Share from the central securities register of Spinco; and
- (i) in the event that the number of outstanding Mydecine Shares changes between the date hereof and the Effective Time, the fraction 0.010416 referred to in this Plan of Arrangement will be adjusted so that it is the fraction calculated by dividing the number of Spinco Spinout Shares by the number of outstanding Mydecine Shares immediately prior to the Effective Time.

Upon completion of the Arrangement and pursuant to the terms of the Arrangement Agreement, the total number of outstanding Spinco Shares will be equal to 0.010416 of the total number of Mydecine Shares issued and outstanding immediately prior to the Effective Time.

Mydecine and Spinco have agreed to implement the Arrangement in accordance with the Arrangement Agreement and the Plan of Arrangement. As at the date of this Circular, Mydecine has obtained the Mydecine Interim Order providing for, among other things, the calling and holding of the Meeting. If the Arrangement Resolution is approved at the Meeting, Mydecine will on or about September 24, 2021 apply to the Court for the Mydecine Final Order. If the Mydecine Final Order is obtained, subject to the satisfaction or waiver of any conditions contained in the Arrangement Agreement, the Arrangement will become effective in accordance with the Mydecine Final Order.

Reasons for the Arrangement and Recommendation of Board

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

In the course of its evaluation of the Plan of Arrangement, the Board considered a number of factors, including among others, the following:

- (a) *Continued Participation by Mydecine Shareholders in the Cannabis Subsidiaries Through Spinco.* Mydecine Shareholders, through their ownership of Spinco Shares, will also continue to participate in the Cannabis Subsidiaries. The Mydecine Shareholders will hold 100% of the issued Spinco Shares upon completion of the Arrangement. Spinco will own 100% of the Cannabis Subsidiaries allowing Spinco to pursue development of the Cannabis Subsidiaries. It is expected that certain of the current management of Mydecine will also participate as management of Spinco.
- (b) *No Change to Ownership Position.* The Arrangement does not change the ownership position of the current Mydecine Shareholders of Mydecine. Each Mydecine Shareholder will hold the same number of shares in Mydecine post-Arrangement as pre-Arrangement. Each Mydecine Shareholder will hold the same pro rata ownership in Spinco as they hold in Mydecine. On completion of the Arrangement, the proportional interest that Mydecine Shareholders will own in the assets of Mydecine (pre-Arrangement) will remain unchanged.
- (c) *Diversification.* The creation of two separate companies dedicated to the pursuit of their respective businesses will provide Mydecine Shareholders with diversification and potential for increased liquidity for their investment portfolios, as they will hold a direct interest in two companies, each of which is focused on different industries.
- (d) *Business Opportunities.* The Spinout Transaction is expected to provide greater market awareness of Mydecine, Spinco, and their respective assets, and offer the companies increased flexibility to utilize and exploit their respective assets, without unnecessary dilution to the other. Mydecine will be able to pursue business and finance opportunities unavailable to it unless it divests its U.S. cannabis assets, including its proposed listing on the NASDAQ Capital Markets and London Stock Exchange. Spinco will be able to maximize the development of business opportunities with respect to the legalization of cannabis and the emerging cannabis and CBD markets. Also, the Arrangement would provide each of Mydecine and Spinco with the flexibility to secure financing and/or partners in respective assets without unnecessarily diluting shareholders of the other company.
- (e) *Approval of Mydecine Shareholders and the Court are required.* The following required approvals protect the rights of Mydecine Shareholders: the Arrangement must be approved by at least two-thirds of the votes cast in respect of the Arrangement Resolution by Mydecine Shareholders, present virtually or represented by proxy at the Meeting; and the Arrangement must also be sanctioned by the Court, which will consider the fairness of the Arrangement to Mydecine Shareholders.
- (f) *Fairness Opinion.* The Fairness Opinion of Eight Capital to the effect that, as of August 9, 2021 subject to the assumptions, limitations and qualifications contained therein, the Arrangement (based on the Plan of Arrangement and Arrangement Agreement) is fair, from a financial point of view, to the Mydecine Shareholders.

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.

For further information on the reasons for the Arrangement, see “*The Arrangement – Reasons for the Arrangement*” in this Circular.

Fairness Opinion

Eight Capital has provided the Fairness Opinion to Mydecine’s board of directors in respect of the fairness of the terms of the Arrangement, from a financial point of view, to the Mydecine Shareholders. Based upon its review and such other matters as Eight Capital has considered relevant, and subject to the limitations stated in the Fairness Opinion, it is its opinion that, as of August 9, 2021 the Arrangement (based on the Plan of Arrangement and Arrangement Agreement) is fair, from a financial point of view, to the Mydecine Shareholders.

For further information see the Fairness Opinion attached to this Circular as Appendix J and “*The Arrangement – Fairness Opinion*” in this Circular.

Conditions to Arrangement Becoming Effective

In addition to the information noted immediately below under “Court Approval of the Arrangement” and “Stock Exchange Approvals”, the Arrangement is subject to the satisfaction, on or before the Effective Date, of a number of conditions precedent, certain of which may only be waived in accordance with the Arrangement Agreement. The mutual conditions precedent, among others, are as follows:

- the Mydecine Interim Order will have been granted in form and substance satisfactory to Mydecine, and such order will not have been set aside or modified in a manner unacceptable to Mydecine, on appeal or otherwise
- the Arrangement Resolution, with or without amendment, will have been approved and adopted by the Mydecine Shareholders at the Meeting in accordance with the Arrangement Provisions, the Constatng Documents of Mydecine, the Mydecine Interim Order and the requirements of any applicable regulatory authorities;
- the Mydecine Final Order will have been obtained in form and substance satisfactory to each of Mydecine and Spinco;
- the Pre-Arrangement Reorganization shall have been completed;
- all other consents, orders, regulations and approvals, including regulatory and judicial approvals and orders required or necessary or desirable for the completion of the transactions provided for in the Arrangement Agreement and the Plan of Arrangement will have been obtained or received from the persons, authorities or bodies having jurisdiction in the circumstances each in form acceptable to Mydecine and Spinco;
- there will not be in force any order or decree restraining or enjoining the consummation of the transactions contemplated by the Arrangement Agreement and the Plan of Arrangement;
- no law, regulation or policy will have been proposed, enacted, promulgated or applied which interferes or is inconsistent with the completion of the Arrangement and Plan of Arrangement, including any material change to the income tax laws of Canada, which would reasonably be

expected to have a material adverse effect on any of Mydecine, the Mydecine Shareholders or Spinco if the Arrangement is completed;

- notices of dissent pursuant to Article 5 of the Plan of Arrangement will not have been delivered by Mydecine Shareholders holding greater than 5% of the outstanding Mydecine Shares; and
- the Arrangement Agreement will not have been terminated under Article 6 of the Arrangement Agreement.

The foregoing conditions may be waived in accordance with the Arrangement Agreement, if applicable.

Court Approval of the Arrangement

Under the BCBCA, Mydecine is allowed to apply for the Mydecine Interim Order and is required to apply for the Mydecine Final Order to obtain the approval of the Court to the calling of the Meeting and to the Arrangement. On August 20, 2021, Mydecine obtained the Mydecine Interim Order providing for the calling and holding of the Meeting and other procedural matters. A copy of the Mydecine Interim Order is attached as Appendix D to the Circular.

The Court hearing to obtain the Mydecine Final Order approving the Arrangement is scheduled at 9:45 a.m., Vancouver time, on September 24, 2021, subject to the approval of the Arrangement Resolution at the Meeting. A copy of the Notice of Hearing of Petition for the Mydecine Final Order approving the Arrangement is attached as Appendix D to the Circular.

Mydecine Shareholders who wish to participate in or be represented at the Court hearing should consult with their legal advisors as to the necessary requirements.

Stock Exchange Approval

The issued and outstanding Mydecine Shares are listed for trading on the NEO-X. Mydecine has not received conditional approval from the NEO-X for the Arrangement. There can be no guarantee that NEO-X conditional approval will be obtained.

Spinco intends to apply to list the Spinco Shares on either the CSE or the NEO-X, at the discretion of the directors of Spinco, following completion of the Arrangement. However, there can be no assurance that Spinco will apply to list the Spinco Shares on the CSE, the NEO-X or any other stock exchange and if it does, that the application would be approved. Any listing will be subject to Spinco meeting initial listing requirements of the CSE, the NEO-X, or any other stock exchange. It is not a condition of the Arrangement that the NEO-X or the CSE shall have approved the listing of the Spinco Shares on the NEO-X or the CSE. Therefore, unless and until such a listing of the Spinco Shares is obtained, holders of Spinco Shares may not have a market for their Spinco Shares.

The disclosure in this Circular has not been reviewed by the NEO-X.

See “*The Arrangement – Regulatory Approvals*” in this Circular.

Dissent Rights

A Mydecine Shareholder has the right to dissent in respect of the Arrangement and to be paid the fair value for its Common Shares by the Company, however dissent rights procedures must be strictly followed. See the description under “Rights of Dissent”, the relevant sections of the Interim Order found at Appendix D to this Circular, and the relevant sections of the BCBCA which have been reproduced in Appendix K to this Circular.

See “*The Arrangement - Dissent Rights*” in this Circular.

Income Tax Considerations

Summary of Certain Canadian Income Tax Considerations

For a summary of the principal Canadian federal income tax considerations generally applicable under the Tax Act to Mydecine Shareholders in connection with the Arrangement, see “*Certain Canadian Federal Income Tax Considerations*” of this Circular.

The summary at “Certain Canadian Federal Income Tax Considerations” of this Circular is not intended to be legal or tax advice to any particular Mydecine Shareholder. Accordingly, Mydecine Shareholders are urged to consult their own tax advisors with respect to their particular circumstances

United States Tax Law Matters

Each U.S. Holder of Mydecine Shares should consult its own tax advisor as to the particular tax consequences to it of the receipt of Spinco Shares and New Mydecine Shares pursuant to the Arrangement and the ownership and disposition of the Spinco Shares and New Mydecine Shares received, including the effects of applicable U.S. federal, state and local tax laws and non-U.S. tax laws and possible changes in tax laws.

Court Approval

The Arrangement requires Court approval under the BCBCA. In addition to this approval, the Court will be asked for a declaration following a Court hearing that the Arrangement is fair to the Mydecine Shareholders. Prior to the mailing of this Circular, Mydecine submitted, along with other materials, a copy of the Circular to the Court and subsequently obtained the Mydecine Interim Order providing for the calling and holding of the Meeting, the Dissent Rights and certain other procedural matters. Following receipt of Mydecine Shareholder Approval, Mydecine intends to make application to the Court for the Mydecine Final Order at 9:45 a.m. (Pacific time), or as soon thereafter as counsel may be heard, on September 24, 2021 at 800 Smithe Street, Vancouver, British Columbia, Canada, or at any other date and time as the Court may direct. Miller Thomson LLP, counsel to Mydecine, has advised that, in deciding whether to grant the Mydecine Final Order, the Court will consider, among other things, the fairness of the Arrangement to Mydecine Shareholders.

Any Mydecine Shareholder who wishes to appear or be represented and to present evidence or arguments at that hearing must file and serve a response to petition no later than 2:00 p.m. (Pacific time) on September 21, 2021 along with any other documents required, all as set out in the Mydecine Interim Order and notice of petition (the “**Notice of Petition**”), the text of which are set out in Appendix D to this Circular and satisfy any other requirements of the Court. Such Persons should consult with their legal advisors as to the necessary requirements.

The Court may approve the Arrangement either as proposed or as amended in any manner the Court may direct, and subject to compliance with such terms and conditions, if any, as the Court sees fit.

The Court will be advised, prior to the hearing, that the Court’s approval of the Arrangement (including the fairness thereof) will form a basis for the exemption from the registration requirements of the U.S. Securities Act provided by Section 3(a)(10) thereof with respect to the Spinco Shares to be received by Mydecine Shareholders pursuant to the Arrangement. See “*The Arrangement – Court Approval of the Arrangement*”.

Regulatory Law Matters and Securities Law Matters

Canadian Securities Law Matters

The issuance pursuant to the Arrangement of the New Mydecine Shares and the Spinco Shares, as well as all other issuances, trades and exchanges of securities under the Arrangement, will be made

pursuant to exemptions from the registration and prospectus requirements contained in applicable Canadian provincial securities legislation or, where required, exemption orders or rulings from various securities regulatory authorities in the provinces and territories of Canada where Mydecine Shareholders are resident. Mydecine is currently a “reporting issuer” under the applicable securities legislation in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island, and Newfoundland and Labrador. Under National Instrument 45-102 – *Resale of Securities* (and if required, orders and rulings from various securities regulatory authorities in the provinces and territories of Canada where Mydecine Shareholders are resident), the New Mydecine Shares and Spinco Shares received by Mydecine Shareholders pursuant to the Arrangement may be resold through registered dealers in Canadian provinces or territories without any “hold period” restriction (provided that no unusual effort is made to prepare the market or create a demand for these securities, no extraordinary commission or consideration is paid in respect of the sale and, if the seller is an insider or officer of the issuer, the seller has no reasonable grounds to believe that the issuer is in default of securities legislation). Resales of New Mydecine Shares and Spinco Shares will, however, be subject to resale restrictions where the sale is made from the holdings of any Person or combination of Persons holding a sufficient number of New Mydecine Shares or Spinco Shares, as the case may be, to affect materially the control of Mydecine or Spinco, respectively.

See “*The Arrangement – Regulatory Law Matters and Securities Law Matters*”.

United States Tax Law Matters

Each U.S. Holder of Mydecine Shares should consult its own tax advisor as to the particular tax consequences to it of the receipt of Spinco Shares pursuant to the Mydecine spinout and the ownership and disposition of the Spinco Shares received, including the effects of applicable U.S. federal, state and local tax laws and non-U.S. tax laws and possible changes in tax laws.

Risk Factors

Mydecine Shareholders should carefully consider the risk factors relating to the Arrangement. Some of these risks include, but are not limited to: (i) the Arrangement Agreement may be terminated in certain circumstances, including in the event of a change having a material adverse effect on the business of either Mydecine or Spinco; (ii) there can be no certainty that all conditions precedent to the Arrangement will be satisfied; (iii) Mydecine will incur costs even if the Arrangement is not completed; (iv) directors and executive officers of Mydecine have interests in the Arrangement that are similar to those of the Mydecine Shareholders; (v) the market price for New Mydecine Shares and Spinco Shares (if the Spinco Shares are listed) may decline; (vi) Mydecine and any relevant intermediary may sell Spinco Shares on behalf of a Mydecine Shareholder to meet Mydecine’s withholding tax obligations (including any applicable interest and penalties) arising as a result of any deemed dividend and any such sales may negatively impact the trading price of the Spinco Shares (if listed); (vii) there is no guarantee that the Spinco Shares will be listed on the NEO-X or CSE or that a market for such shares will develop; (viii) Spinco Shares may not be qualified investments under the Tax Act for a Registered Plan; and (ix) the issue of New Mydecine Shares under the Arrangement and their subsequent sale may cause the market price of New Mydecine Shares to decline from current or anticipated levels.

For more information see “*The Arrangement - Risks Associated with the Arrangement*” together with Appendix L – *Risk Factors*. Additional risks and uncertainties, including those currently unknown or considered immaterial by Mydecine, may also adversely affect the Mydecine Shares, the Spinco Shares, and/or the businesses of Mydecine and Spinco following the Arrangement. Mydecine Shareholders should also carefully consider the risk factors associated with the businesses of Mydecine and Spinco included in this Circular, including the documents incorporated by reference therein. See Appendix L – *Risk Factors* for a description of these risks.

GENERAL PROXY INFORMATION

VOTING BY PROXY

Only registered shareholders or duly appointed proxyholders are permitted to vote at the Meeting. Common shares of the Company (“**Common Shares**”) represented by a properly executed proxy will be voted or be withheld from voting on each matter referred to in the Notice of Meeting in accordance with the instructions of the shareholder on any ballot that may be called for and if the shareholder specifies a choice with respect to any matter to be acted upon, the Common Shares will be voted accordingly.

If a shareholder does not specify a choice and the shareholder has appointed one of the Management Proxyholders as proxyholder, the Management Proxyholder will vote in favour of the matters specified in the Notice of Meeting and in favour of all other matters proposed by management at the Meeting.

The enclosed form of proxy also gives discretionary authority to the person named therein as proxyholder with respect to amendments or variations to matters identified in the Notice of the Meeting and with respect to other matters which may properly come before the Meeting. At the date of this Information Circular, management of the Company knows of no such amendments, variations or other matters to come before the Meeting.

COMPLETION AND RETURN OF PROXY

If you are not registered as the holder of your Mydecine Shares but hold your Mydecine Shares through a broker or other intermediary, you should follow the instructions provided by your broker or other intermediary to vote your Mydecine Shares. See the section in the accompanying Circular entitled “*General Proxy Information - Non-Registered Holders*” for further information on how to vote your Mydecine Shares.

If you are a registered Mydecine Shareholder, you must deliver the completed form of proxy to the office of Mydecine’s registrar and transfer agent, National Securities Administrators Ltd., located at 702 – 777 Hornby Street, Vancouver, British Columbia, V6Z 1S4, Confidential Facsimile: 1-604-559-8908, by fax, hand or by mail or to the Company’s head office at Suite 810 – 789 West Pender Street, Vancouver, British Columbia V6C 1H2, not less than 48 hours (excluding Saturdays, Sundays, and holidays) before the scheduled time of the Meeting or any adjournment. The Chair of the Meeting may waive the proxy cut-off time at his discretion without notice. Please vote as soon as possible. Voting by proxy will not prevent you from voting in person (virtually) if you attend the Meeting and revoke your proxy, but will ensure that your vote will be counted if you are unable to attend.

APPOINTMENT OF PROXYHOLDER

The purpose of a proxy is to designate persons who will vote the proxy on a shareholder’s behalf in accordance with the instructions given by the shareholder in the proxy. The persons whose names are printed in the enclosed form of proxy are officers or members of the board of directors (the “**Directors**” or the “**Board**”) of the Company (the “**Management Proxyholders**”).

A shareholder has the right to appoint a person other than a Management Proxyholder, to represent the shareholder at the Meeting by striking out the names of the Management Proxyholders and by inserting the desired person’s name in the blank space provided or by executing a proxy in a form similar to the enclosed form. A proxyholder need not be a shareholder.

NON-REGISTERED HOLDERS

Only shareholders whose names appear on the records of the Company as the registered holders of Common Shares or duly appointed proxyholders are permitted to vote at the Meeting. Most shareholders of the Company are “non-registered” shareholders because the

Common Shares they own are not registered in their name but instead are registered in the name of a nominee such as a brokerage firm through which they purchased the Common Shares; bank, trust company, trustee or administrator of self-administered RRSPs, RRIFs, RESPs and similar plans; or clearing agency such as The Canadian Depository for Securities Limited (each a “**Nominee**”). If you purchased your Common Shares through a broker, you are likely a non-registered holder.

In accordance with securities regulatory policy, the Company has distributed copies of the Meeting materials, being the Notice of Meeting, this Information Circular and the proxy, to the Nominees for distribution to non-registered holders.

Nominees are required to forward the Meeting materials to non-registered holders to seek their voting instructions in advance of the Meeting. Common Shares held by Nominees can only be voted in accordance with the instructions of the non-registered holder. The Nominees often have their own form of proxy, mailing procedures and provide their own return instructions. If you wish to vote by proxy, you should carefully follow the instructions from the Nominee in order that your Common Shares are voted at the Meeting.

If you, as a non-registered holder, wish to vote at the Meeting in person (virtually), you should appoint yourself as proxyholder by writing your name in the space provided on the request for voting instructions or proxy provided by the Nominee and return the form to the Nominee in the envelope provided. If you wish to vote at the Meeting in person (virtually), do not complete the voting section of the form as your vote will be taken at the Meeting.

NON-OBJECTING BENEFICIAL HOLDERS

These securityholder materials are being sent to both registered and non-registered owners of the Common Shares. The Company is sending the proxy-related materials for the Meeting directly to “non-objecting beneficial owners” (“**NOBOs**”), as defined under NI 54-101. If you are a non-registered owner, and the Company or its agent has sent these materials directly to you, your name and address and information about your NOBO holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the Nominee(s) holding on your behalf. By choosing to send these materials to NOBOs directly, the Company (and not the Nominees holding on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions.

OBJECTING BENEFICIAL HOLDERS

The Company does not intend to pay for Nominees to deliver to “objecting beneficial owners (“**OBOs**”), as defined under NI 54-101, the proxy-related materials and Form 54-101F7 – *Request for Voting Instructions Made by Intermediary*. As a result, OBOs will not receive the Meeting materials unless their respective Nominee assumes the costs of delivery.

REVOCABILITY OF PROXY

Any registered shareholder who has returned a proxy may revoke it at any time before it has been exercised. In addition to revocation in any other manner permitted by law, a registered shareholder, his attorney authorized in writing or, if the registered shareholder is a corporation, a corporation under its corporate seal or by an officer or attorney thereof duly authorized, may revoke a proxy by instrument in writing, including a proxy bearing a later date. The instrument revoking the proxy must be deposited at the registered office of the Company, at any time up to and including the last business day preceding the date of the Meeting, or any adjournment thereof, or with the chairman of the Meeting on the day of the Meeting. **Only registered shareholders have the right to revoke a proxy. Non-registered holders who wish to change their vote must, in sufficient time in advance of the Meeting, arrange for their respective Nominees to revoke the proxy on their behalf.**

INSTRUCTIONS FOR ATTENDING AND VOTING AT THE VIRTUAL MEETING

The Meeting will be hosted online by way of a live webcast hosted by TSX Trust due to the COVID-19 Pandemic and given the restrictions on public gatherings and in the best interest of the health of all participants in the Meeting. A summary of the information shareholders will need to attend the virtual Meeting is provided below. The Meeting will begin at **11:00 A.M. Pacific Time on September 20, 2021.**

Registered Shareholders and duly appointed proxyholders who log into the Meeting online will be able to listen, ask questions and securely vote through the web-based platform, provided they are connected to the internet and follow the instructions set out in this Information Circular.

In order to attend the Meeting, registered shareholders, duly appointed proxyholders and guests must log in online as set out below:

Step 1: Log in online at <https://virtual-meetings.tsxtrust.com/1220> at least 15 minutes before the Meeting starts.

Step 2: Follow the instructions below, as applicable:

- **Registered shareholders:** Click “I have a login” and enter in the Username and Password before the start of the Meeting. The Username is the 15-digit control number located on the form of proxy or in the e-mail notification you received from the Depository, National Securities Administrators Ltd. (“**National Securities**”) and the Password is “mydecine2021” (case sensitive). **Please note that when registered shareholders using a 15-digit control number login to the Meeting and vote during the meeting, registered shareholders will be revoking any and all previously submitted proxies and replacing such proxies with their vote on the matters put forth at the Meeting. If registered shareholders DO NOT wish to revoke all previously submitted proxies, they should not vote at the Meeting.**
- **Duly appointed proxyholders:** Proxyholders who have been duly appointed and registered with National Securities as described in this Circular will receive a separately assigned 12-digit control number by email from TSX Trust after the proxy voting deadline has passed and the proxyholder has been duly appointed and registered. This control number will be the Proxyholder’s Username and will be different from the 15-digit control number located on the form of proxy or in the e-mail notification from National Securities. Click “I have a login” and enter a control number (Username) and Password before the start of the Meeting. The Password is “mydecine2021”.
- **Guests:** Non-registered shareholders who have not appointed themselves or any third parties proxyholders and therefore do not have a control number or a Username, may still attend the Meeting by clicking “I am a guest” and completing the online form. Guests will not be able to vote or ask questions at the Meeting.

If you attend the Meeting online, it is important that you are connected to the internet at all times during the Meeting in order to vote when balloting commences, if you wish to do so. It is your responsibility to ensure connectivity for the duration of the Meeting. You should not use Internet Explorer as a browser due to technical incompatibilities and should allow ample time to check into the Meeting online and complete the related procedure.

Voting at the Virtual Meeting

A registered shareholder or a non-registered shareholder who has appointed themselves or a third party as proxyholder to represent them at the Meeting will appear on a list of shareholders prepared by the Company's registrar and transfer agent, National Securities, for the Meeting.

To have their Common Shares voted at the Meeting, each registered shareholder will be required to enter their control number (Username) provided by National Securities and each duly appointed proxyholder will be required to enter their control number (Username) provided by TSX Trust 15 minutes prior to the start of the Meeting as set forth in more detail above.

Non-registered shareholders who appoint themselves or a third party as a proxyholder **MUST** register with National Securities and provide National Securities with their proxyholder's contact information. Once National Securities has received the proxyholder's contact information, it will provide it to TSX Trust so that TSX Trust may provide the proxyholder with a 12-digit control number (Username) by e-mail. **After** submitting their proxy form or voting instruction form (if applicable) the non-registered shareholders or proxyholder **MUST** register in advance of the Meeting by emailing tsxtrustproxyvoting@tmx.com the "Request for Control Number" form, which can be found here <https://tsxtrust.com/resource/en/75>. Failure to register the proxyholder with TSX Trust will result in the non-registered shareholder or proxyholder not receiving a control number from TSX Trust to participate in the Meeting and such non-registered shareholder or proxyholder would only be able to attend the Meeting as a guest. **Without a control number (Username), non-registered shareholders or proxyholders will not be able to vote at the Meeting.**

U.S. Beneficial Holders

In order to attend and vote at the Meeting, United States beneficial holders ("**US Holders**") must first obtain a valid legal proxy from their broker, bank or other agent and then register in advance to attend the Meeting. US Holders must follow instructions from their broker or bank included with these proxy materials, or contact their broker or bank to request a legal proxy form. After first obtaining a valid legal proxy from the broker, bank or other agent, to then register to attend the Meeting, US Holders must submit a copy of their legal proxy to National Securities. Requests for registration should be directed to:

National Securities Administrators Ltd.
702 – 777 Hornby Street
Vancouver, British Columbia
V6Z 1S4

OR

Fax to: 1-604-559-8908

Requests for registration must be labeled as "Legal Proxy" and received no later than **11:00 a.m. Pacific Time on September 16, 2021**. US Holders will receive a confirmation of their registration by email after National Securities receives the registration materials. US Holders may then attend the Meeting and vote their Shares during the Meeting. Please note that US Holders are required to register their appointment by emailing tsxtrustproxyvoting@tmx.com the "Request for Control Number" form, which can be found here <https://tsxtrust.com/resource/en/75>.

It is important that you are connected to the internet at all times during the Meeting in order to vote when balloting commences.

In order to participate online, shareholders must have a valid 15-digit control number (Username) from National Securities and duly appointed proxyholders must have a valid 12-digit control number (Username) from TSX Trust.

Appointment of Proxies

Shareholders who wish to appoint a third party proxyholder to represent them at the online Meeting **must submit their proxy or voting instruction form (if applicable) prior to registering your proxyholder. Registering your proxyholder is an additional step once you have submitted your proxy or voting instruction form. Failure to register the proxyholder will result in the proxyholder not receiving a Username to participate in the Meeting.** To register a proxyholder, the shareholders or proxyholder **MUST** register in advance of the Meeting by emailing tsxtrustproxyvoting@tmx.com the “Request for Control Number” form, which can be found here <https://tsxtrust.com/resource/en/75>.

If you, or the shareholder that appointed you as a proxyholder fails to register and request a control number, this will result in the inability to participate at the meeting.

A proxy can be submitted to National Securities either in person, or by mail or courier, to 702 – 777 Hornby Street, Vancouver, British Columbia, V6Z 1S4, via the internet at www.eproxy.ca or via email sent to proxy@transferagent.ca. The proxy must be deposited with National Securities by no later than 11:00 a.m. Pacific Time on September 16, 2021, or if the Meeting is adjourned or postponed, not less than 48 hours, excluding Saturdays, Sundays and statutory holidays, before the commencement of such adjourned or postponed meeting.

If a shareholder who has submitted a proxy attends the Meeting via the webcast and has accepted the terms and conditions when entering the Meeting online, any votes cast by such shareholder on a ballot during the Meeting will be counted and the submitted proxy will be disregarded.

In all cases, all proxies must be received and all proxyholders must be registered before 11:00 a.m. Pacific Time on September 16, 2021 or in the case of adjournment or postponement of the Meeting, not less than 48 hours excluding Saturdays, Sundays and holidays, prior to the time of the Meeting.

Voting Securities and Principal Holders

The authorized voting share capital of Mydecine consists of an unlimited number of Mydecine Shares. Each holder of Mydecine Shares is entitled to one vote for each Mydecine Share registered in his or her name at the close of business on August 9, 2021, the date fixed by the directors as the record date for determining who is entitled to receive notice of and to vote at the Meeting.

At the close of business on August 9, 2021 (being the Record Date), there were 240,014,814 Mydecine Shares issued and outstanding. To the knowledge of Mydecine’s directors and officers, other than David Joshua Bartch, no persons or companies beneficially own, directly or indirectly, or exercise control or direction over shares carrying more than 10% of the voting rights attached to all Mydecine Shares.

MYDECINE ANNUAL GENERAL AND SPECIAL MEETING ITEMS, OTHER THAN THE ARRANGEMENT

Election of Directors

Directors of Mydecine are elected at each annual general meeting and hold office until the next annual general meeting or until that person sooner ceases to be a director. The shareholders will be asked to pass an ordinary resolution to set the number of directors of Mydecine at seven (7) for the next year, subject to any increases permitted by Mydecine’s Articles.

Unless you provide other instructions, the enclosed proxy will be voted for the nominees listed below. Management does not expect that any of the nominees will be unable to serve as a director. If before the Meeting any vacancies occur in the slate of nominees listed below, the person named in the proxy

will exercise his or her discretionary authority to vote the shares represented by the proxy for the election of any other person or persons as directors.

Management proposes to nominate the persons named in the table below for election as director. The information concerning the proposed nominees has been furnished by each of them:

Name, Province or State and Country of Residence and Present Office Held	Period Served as Director	Number of Shares Beneficially Owned, Directly or Indirectly, or over which Control or Direction is Exercised⁽¹⁾	Present Principal Occupation
David Joshua Bartch Director, CEO Colorado, USA	Since June 22, 2018	30,529,956	President of Evolutionary Ventures LLC; Director of Revolutionary Software LLC; President of Trellis Holdings RE; President of Doctors Orders Group; President of Doctors Orders Maryland LLC; and President of Doctors Orders Mass LLC.
Damon Michaels⁽²⁾ Director, COO Florida, USA	Since May 11, 2020	2,550,000	Founder of Emerald Baron Consulting; VP Sales & Marketing of HB Farms; and General Manager of Ebbu LLC.
Gordon Neal⁽²⁾⁽³⁾ Director B.C., Canada	Since January 11, 2021	Nil	President of New Pacific Metals; VP Corporate Development of Silvercorp Metals Corp.; and VP Corporate Development of MAG Silver Corp.
Josephine Wu⁽²⁾ Director Hong Kong	Since January 14, 2021	Nil	Founder and CIO of Aionious Management Limited; Managing Director of UBP Asset Management Asia Ltd; and Managing Partner of Light & Salt Capital Management Limited.
Robert Roscow Director, CSO Colorado, USA	Since December 9, 2020	1,800,000	Director of Genetics Research of Victory Hemp Foods; Director of Genetics Research of Canopy Growth Corporation; and Director of Genetics Research of Ebbu LLC. Psychiatrist at the Canadian Armed Forces.
Dr. Saeid Babaei Director	To be voted on at the Meeting.	Nil	Chairman and CEO of Virotek BioSciences Inc.;
Andre Peschong Director	To be voted on at the Meeting.	Nil	Managing Partner of Bridgewater Capital; Director of ConversionPoint Technologies; Director of SVI; Advisory Board Member of Logiq.

Notes:

- (1) As at the date of the circular.
- (2) Member of the Audit Committee.
- (3) Chair of the Audit Committee.

Other than as disclosed herein, no proposed director of the Company is or has been, within the past 10 years, a director, chief executive officer or chief financial officer of any company that, while the person was acting in that capacity:

- (a) was subject to an order that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or
- (b) was subject to an order 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.

No proposed director of the Company has, within the past 10 years, become 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 the assets of the proposed director.

To the knowledge of the Company, no nominee for director of the Company has been subject to: (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable shareholder in deciding whether to vote for a proposed director.

Other than as disclosed herein, no proposed director of the Company is or has been, within the past 10 years, a director or executive officer of any company 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.

For the purposes of the above, “order” means (a) a cease trade order; (b) an order similar to a cease trade order; or (c) 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.

Executive Compensation

The purpose of this section is to describe the compensation of certain named executive officers of the Company and the directors of the Company for the most recently completed financial year of the Company in accordance with Form 51-102F6 – *Statement of Executive Compensation* published by the Canadian Securities Administrators. When used in this section, “**Named Executive Officers**” or “**NEOs**” means the chief executive officer, the chief financial officer and each of the three most highly compensated executive officers of the Company or the four most highly compensated individuals acting in a similar capacity, other than the chief executive officer, at the end of the most recently completed financial year. The directors and officers of the Company as of the date hereof were: David Joshua Barch (Director, CEO), Damon Michaels (Director, COO), Robert Roscow (Director, CSO), Dean Ditto (CFO), Rakesh Jetly (Chief Medical Officer), Sanford Stein (Corporate Secretary), Gordon Neal (Director), and Josephine Wu (Director).

Overview

The Company’s compensation policies are founded on the principle that compensation should be aligned with shareholders’ interests, while also recognizing that the Company’s performance is dependent upon its ability to retain highly trained, experienced and committed directors, executive officers and employees who have the necessary skill sets, education, experience and personal qualities required to manage the business of the Company. The Company also recognizes that the various components of its compensation program must be sufficiently flexible to adapt to unexpected

developments in the technology industry and the impact of internal and market-related occurrences from time to time.

Compensation Components

The Company's executive compensation program is comprised of the following components: (a) base salary, (b) consulting fees, and (c) stock option grants.

The compensation components are designed to address the following key objectives:

- align compensation with shareholders' interests;
- attract and retain highly qualified management;
- focus performance by linking incentive compensation to the achievement of business objectives and financial and operational results; and
- encourage retention of key executives for leadership succession.

The aggregate value of these principal components and related benefits are used as a basis for assessing the overall competitiveness of the Company's executive compensation package. When determining executive compensation, including the assessment of the competitiveness of the Company's compensation program, management and the Board of Directors rely on their concurrent and past experiences and collective knowledge. With that background, ultimate determinations as to executive compensation are based on (i) informal discussion among board members and management, (ii) negotiation with the executive in question and (iii) a view to what is in the best interests of the Company and its various stakeholders. The Company does not employ any formal benchmarking procedures in determining executive compensation.

The Board of Directors did not consider the implications of the risks associated with the Company's compensation practices; however, given the Company's size and nature of compensation provided to its executives in the last fiscal year, the Board of Directors does not view significant risk that would be likely to have a material adverse effect on the Company. The Company's management is not permitted to purchase financial instruments, including, for greater certainty, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds that are designed to hedge or offset a decrease in market value of equity securities of the Company granted as compensation or held, directly or indirectly, by management.

Base Salaries and Consulting Fees

The base salary and consulting fee component is intended to provide a fixed level of competitive pay that is established at the time when an officer, employee or consultant joins the Company. The Board of Directors periodically reviews compensation levels to determine if adjustments are necessary.

Incentive Options

The Company has in effect the Mydecine Stock Option Plan (which, subject to shareholder approval, shall be replaced by the New Mydecine Equity Incentive Plan) in order to provide effective incentives to directors, officers, senior management personnel, consultants, and employees of the Company and to enable the Company to attract and retain experienced and qualified individuals in those positions by permitting such individuals to directly participate in an increase in per share value created for shareholders.

Summary Compensation Table

The following table sets out information concerning the compensation accrued to the Company's NEOs and directors for the two most recently completed financial years.

Name and principal position	Year	Salary (CDN\$)	Share-based awards (\$)	Option-based awards (\$) ⁽³⁾	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$)	Total compensation (\$)
					Annual incentive plans	Long-term incentive plans			
David Joshua Barch ⁽¹⁾ Chief Executive Officer, Interim Chief Financial Officer and Director	2020	152,560	Nil	666,500	Nil	Nil	Nil	Nil	819,060
	2019	237,537	Nil	Nil	Nil	Nil	Nil	Nil	237,537
Damon Michaels Chief Operating Officer and Director	2020	128,681	Nil	555,000	Nil	Nil	Nil	Nil	683,681
	2019	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Robert Roscow Chief Science Officer and Director	2020	110,606	Nil	322,500	Nil	Nil	Nil	Nil	433,106
	2019	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Michael Connolly ⁽²⁾ Chief Compliance Officer and Director	2020	181,730	Nil	165,000	Nil	Nil	Nil	Nil	346,730
	2019	138,299	Nil	Nil	Nil	Nil	Nil	Nil	138,299

Notes:

- (1) Mr. Barch resigned as Interim Chief Financial Officer in January 2021.
- (2) Mr. Connolly resigned as Chief Compliance Officer and Director in February 2021.
- (3) The value of incentive stock options granted is calculated by subtracting the exercise price of each option from the closing price of the Company's common shares on the last day of the fiscal year in which the options were granted, and subtracting the value of options that were surrendered.

Incentive Plan Awards

Outstanding share-based awards and option-based awards

The following table sets forth particulars of all awards outstanding at the end of the most recently completed financial year end for each NEO:

Name (a)	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration	Value of unexercised in-the-money options (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
David Joshua Barch	3,100,000	\$0.21	2025-Sep-24	666,500	Nil	Nil	Nil

	Option-based Awards				Share-based Awards		
Michael A. Connolly	1,000,000	\$0.26	2025-Sep-30	165,000	Nil	Nil	Nil
Robert Roscow	1,500,000	\$0.21	2025-Sep-24	322,500	Nil	Nil	Nil
Damon Michaels	3,000,000	\$0.24	2025-Sep-16	555,000	Nil	Nil	Nil

Incentive plan awards – value vested or earned during the year

The following table sets out equity compensation plan information as at the end of the financial year ended December 31, 2020:

Name	Option-based awards – Value vested during the year (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
David Joshua Barch	Nil	Nil	Nil
Michael A. Connolly	Nil	Nil	Nil
Robert Roscow	Nil	Nil	Nil
Damon Michaels	Nil	Nil	Nil

The Company granted stock options Mydecine’s directors and officers pursuant to the Mydecine Stock Option Plan. Stock options have been determined by the Company’s directors and are only granted in compliance with applicable laws and regulatory policy. The policies of the NEO-X limit the granting of stock options to employees, officers, directors and consultants of the Company and provide limits on the length of term, number and exercise price of such options. Mydecine intends to replace the Mydecine Stock Option Plan with the New Mydecine Equity Incentive Plan.

Termination and Change of Control Benefits

None of the Company’s NEOs are entitled to any additional or special compensation or remuneration on the termination of their engagement with the Company.

Director compensation

The following table sets forth particulars of all awards outstanding at the end of the most recently completed financial year end for each director who is not also a NEO:

Name	Fees earned (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
Eric Knutson ⁽¹⁾	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Benjamin Martch ⁽²⁾	82,504	Nil	Nil	Nil	Nil	Nil	82,504

Notes:

(1) Mr. Knutson resigned as director in December 2020.

(2) Mr. Martch resigned as director in July 2020.

Indebtedness of Directors and Executive Officers

None of our directors or executive officers, proposed nominees for election as directors, or associates of any of them, is or has been indebted to Mydecine or our subsidiaries at any time since the beginning of the most recently completed financial year and no indebtedness remains outstanding as at the date of this Circular.

Interest of Informed Persons in Material Fundamental Changes

No informed person of Mydecine, no proposed nominee for election as a director of Mydecine, and no associate or affiliate of any of these persons, has any material interest, direct or indirect, in any transaction since the commencement of our last financial year or in any proposed transaction, which, in either case, has materially affected or will materially affect Mydecine or any of our subsidiaries.

An “informed person” means:

- a. a director or executive officer of Mydecine;
- b. a director or executive officer of a person or company that is itself an informed person or subsidiary of Mydecine;
- c. any person or company who beneficially owns, directly or indirectly, voting securities of Mydecine or who exercises control or direction over voting securities of Mydecine or a combination of both carrying more than 10 percent of the voting rights attached to all outstanding voting securities of Mydecine other than voting securities held by the person or company as underwriter in the course of a distribution; and
- d. Mydecine if it has purchased, redeemed or otherwise acquired any of its securities, so long as it holds any of its securities.

Audit Committee

Under this heading, Mydecine is including the disclosure required by Form 52-110F2 of National Instrument 52-110 Audit Committees (“NI 52-110”).

Audit Committee Charter

The Audit Committee Charter was adopted by Mydecine’s Audit Committee and the Board of Directors. The full text of Mydecine’s Audit Committee Charter is set out below.

<p>CHARTER OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS OF MYDECINE INNOVATIONS GROUP INC. (the “Company”)</p> <p>1. Purpose</p> <p>1.1. The Audit Committee is ultimately responsible for the policies and practices</p>

relating to integrity of financial and regulatory reporting, as well as internal controls to achieve the objectives of safeguarding of corporate assets; reliability of information; and compliance with policies and laws. Within this mandate, the Audit Committee's role is to:

- (a) support the Board of Directors in meeting its responsibilities to shareholders;
 - (b) enhance the independence of the external auditor;
 - (c) facilitate effective communications between management and the external auditor and provide a link between the external auditor and the Board of Directors;
 - (d) increase the credibility and objectivity of the Company's financial reports and public disclosure.
- 1.2. The Audit Committee will make recommendations to the Board of Directors regarding items relating to financial and regulatory reporting and the system of internal controls following the execution of the Committee's responsibilities as described herein.
- 1.3. The Audit Committee will undertake those specific duties and responsibilities listed below and such other duties as the Board of Directors from time to time prescribe.

2. Membership

- 2.1. Each member of the Audit Committee must be a director of the Company.
- 2.2. The Audit Committee will consist of at least three members, the majority of whom are neither officers nor employees of the Company or any of its affiliates.
- 2.3. The members of the Audit Committee will be appointed annually by and will serve at the discretion of the Board of Directors.

3. Authority

- 3.1. In addition to all authority required to carry out the duties and responsibilities included in this charter, the Audit Committee has specific authority to:
 - (a) engage, and set and pay the compensation for, independent counsel and other advisors as it determines necessary to carry out its duties and responsibilities; and
 - (b) communicate directly with management and any internal auditor, and with the external auditor without management involvement.
 - (c) Approve interim financial statements and interim MD&A on behalf of the Board of Directors.

4. Duties and Responsibilities

- 4.1. The duties and responsibilities of the Audit Committee include:
 - (a) recommending to the Board of Directors the external auditor to be nominated by the Board of Directors;
 - (b) recommending to the Board of Directors the compensation of the external auditor;
 - (c) reviewing the external auditor's audit plan, fee schedule and any related services proposals;

- (d) overseeing the work of the external auditor;
- (e) ensuring that the external auditor is in good standing with the Canadian Public Accountability Board and will enquire if there are any sanctions imposed by the CPAB on the external auditor;
- (f) ensuring that the external auditor meets the rotation requirements for partners and staff on the Company's audits;
- (g) reviewing and discussing with management and the external auditor the annual audited financial statements, including discussion of material transactions with related parties, accounting policies, as well as the external auditor's written communications to the Committee and to management;
- (h) reviewing the external auditor's report, audit results and financial statements prior to approval by the Board of Directors;
- (i) reporting on and recommending to the Board of Directors the annual financial statements and the external auditor's report on those financial statements, prior to Board approval and dissemination of financial statements to shareholders and the public;
- (j) reviewing financial statements, MD&A and annual and interim earnings press releases prior to public disclosure of this information;
- (k) ensuring adequate procedures are in place for review of all public disclosure of financial information by the Company, prior to its dissemination to the public;
- (l) overseeing the adequacy of the Company's system of internal accounting controls and internal audit process obtaining from the external auditor summaries and recommendations for improvement of such internal accounting controls;
- (m) ensuring the integrity of disclosure controls and internal controls over financial reporting;
- (n) resolving disputes between management and the external auditor regarding financial reporting;
- (o) establishing procedures for:
 - i. the receipt, retention and treatment of complaints received by the Company from employees and others regarding accounting, internal accounting controls or auditing matters and questionable practices relating thereto; and
 - ii. the confidential, anonymous submission by employees of the Company or concerns regarding questionable accounting or auditing matters.
- (p) reviewing and approving the Company's hiring policies with respect to partners or employees (or former partners or employees) of either a former or the present external auditor;
- (q) pre-approving all non-audit services to be provided to the Company or any subsidiaries by the Company's external auditor;
- (r) overseeing compliance with regulatory authority requirements for disclosure of external auditor services and Audit Committee activities.

4.2. The Audit Committee will report, at least annually, to the Board regarding the

Committee's examinations and recommendations.

5. Meetings

- 5.1. The quorum for a meeting of the Audit Committee is a majority of the members of the Committee who are not officers or employees of the Company or of an affiliate of the Company.
- 5.2. The members of the Audit Committee must elect a chair from among their number and may determine their own procedures.
- 5.3. The Audit Committee may establish its own schedule that it will provide to the Board of Directors in advance.
- 5.4. The external auditor is entitled to receive reasonable notice of every meeting of the Audit Committee and to attend and be heard thereat.
- 5.5. A member of the Audit Committee or the external auditor may call a meeting of the Audit Committee.
- 5.6. The Audit Committee will meet separately with the President and separately with the Chief Financial Officer of the Company at least annually to review the financial affairs of the Company.
- 5.7. The Audit Committee will meet with the external auditor of the Company at least once each year, at such time(s) as it deems appropriate, to review the external auditor's examination and report.
- 5.8. The chair of the Audit Committee must convene a meeting of the Audit Committee at the request of the external auditor, to consider any matter that the auditor believes should be brought to the attention of the Board of Directors or the shareholders.

6. Reports

- 6.1. The Audit Committee will record its recommendations to the Board in written form which will be incorporated as a part of the minutes of the Board of Directors' meeting at which those recommendations are presented.

7. Minutes

- 7.1. The Audit Committee will maintain written minutes of its meetings, which minutes will be filed with the minutes of the meetings of the Board of Directors.

Composition of the Audit Committee

As of the date of this Circular, the following are the members of the Audit Committee:

Name of Member	Independent⁽¹⁾	Financially Literate⁽¹⁾
Josephine Wu	Independent	Financially Literate
Gordon Neal ⁽²⁾	Independent	Financially Literate
Andre Peschong	Independent	Financially Literate

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

(2) Chair of the Audit Committee.

Relevant Education and Experience of Audit Committee Members

Messrs. Josephine Wu, Gordon Neal and Andre Peschong are all financially literate as they each have an understanding of the accounting principles used by the Company to prepare its financial statements; the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and provisions; the 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 the Company's financial statements, or the experience actively supervising one or more individuals engaged in such activities; and an understanding of internal controls and procedures for financial reporting.

Josephine Wu

Josephine Wu has over 18 years of hedge fund, family office and global asset management experiences including 10 years of listed, pre-IPO and early-stage Pan-Asia healthcare investment experience. She has been CIO and portfolio manager with combined assets under management over US\$5 billion. She is the founder and CIO of Aionious Management Limited, a dedicated healthcare investment company which invests and provides business development and commercialization strategies in pan Asia region, specifically in China. Ms. Wu brings in an extensive network of experts in operation, clinical, market positioning and regulatory knowledge in the Pan Asia healthcare landscape. Her investments in different stages healthcare companies have led to a few successful commercialization launches of pharmaceutical products, regulatory approvals for decontamination solutions for hospitals and research centers and signing of strategic partnerships in commercialization transactions and IPOs.

Gordon Neal

Gordon Neal has more than 35 years' experience in governance, corporate finance and investor relations. He founded Neal McInerney Investor Relations in 1991. Through marketing more than \$4 billion in debt and equity financings, his company grew to be the second largest full-service Investor Relations firm in Canada with offices in Vancouver, Toronto and Los Angeles. His clients included; BCE, Nortel, Bell Canada International, Bell Mobility, Clearnet, Intrawest, Canaccord Capital, BMO Nesbitt Burns, and Blackberry (RIM). Prior to that, Mr. Neal was VP Corporate Development at MAG Silver Corp. where he provided capital market strategies and solutions to the board. He is currently the President of New Pacific Metals Corp. Mr. Neal has served on the boards of Falco Resources, Balmoral Resources, Americas Petrogas, Rockgate Capital, and Xiana Mining. Mr. Neal has raised more than \$500 million for resources companies since 2004. Mr. Neal graduated from Dalhousie University with a B.Sc. in Biochemistry. He has also served as a member of the Dalhousie University Senate and Board of Governors.

Andre Peschong

Andre Peschong has had a 25+ year career in the Investment Banking, M&A and fund management industry. He has also served as CEO, CSO and other C-level and board member engagements throughout his career. Currently, Mr. Peschong serves as the managing partner of Bridgewater Capital, a firm he co-founded in 1994. His activities with Bridgewater consist of traditional Investment Banking, mergers and acquisitions and other capital advisory engagements. Mr. Peschong currently sits on the Board of Directors for ConversionPoint Technologies, an e-Commerce technology company where he previously served as the Chief Strategy Officer and helped co-found. He is also on the Board of Directors for SVI a leading company in patented LIDAR based technologies used primarily for biometric identification, autonomous vehicles, object recognition systems and other military and commercial applications. Mr. Peschong sits on the Advisory Board for Logiq (formerly Weyland Tech), a publicly traded company (LGIQ). Logiq is a leading global provider of m-Commerce and fintech business enablement solutions with its Platform-as-a-Service (PaaS) model. Logiq is also a specialized digital marketing technology company using their technology platform to lower clients and

brands cost of customer acquisition and curating key audiences for their clients products and or services. Prior activities - In 1994 he was a founding member of Bridgewater Capital Corporation, a boutique merchant/investment banking firm to public and private companies. During his career in the capital markets he has structured, negotiated and closed over \$500 million in equity capital and M&A transactions for both public and private companies. Advised and worked with many early and mid-stage public and private companies providing strategic advisory focusing at the board level as well as traditional merchant/investment banking advisory work, M&A, capital structuring, joint ventures, private placements and business development. Mr. Peschong has been very successful in bringing select companies to Europe exposing them to longer term capital partners, investors, joint venture opportunities and business development opportunities. Mr. Peschong co-founded, managed and deployed capital for three different fund strategies over his career, with a combined assets under management of \$150 million. Mr. Peschong was also the CEO of a consumer products company in the health and wellness industry for 5 years. During his career Mr. Peschong has experienced all sides of a financing transaction which gives him unique insight and perspective into what risks are being looked at by investors and allows him to properly guide entrepreneurs and management teams through the process of raising capital from diligence, packaging and structuring, to an ultimate capital raise. Mr. Peschong has been authored and quoted in many articles on Angel investing and the economic landscape for Forbes, Businessweek, New York Times, Blogging stocks and Seeking Alpha.

Audit Committee Oversight

Since the commencement of Mydecine’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.

Reliance on Exemptions in NI 52-110 regarding De Minimis Non-audit Services or on a Regulatory Order Generally

Since the commencement of Mydecine’s most recently completed financial year, Mydecine has not relied on the exemption in section 2.4 (*De Minimis Non-audit Services*) of NI 52-110 (which exempts all non-audit services provided by Mydecine’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 Mydecine, 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), or an exemption from NI 52-110, in whole or in part, granted by a securities regulator under Part 8 (*Exemptions*) of NI 52-110.

Pre-Approval Policies and Procedures

The Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services.

External Auditor Service Fees (By Category)

The following table discloses the fees billed to Mydecine by its external auditor during the years ended December 31, 2019 and 2020:

Financial Year Ending	Audit Fees⁽¹⁾	Audit-Related Fees	Tax Fees⁽²⁾	All Other Fees
December 31, 2020	\$300,000	Nil	\$44,000	Nil
December 31, 2019	\$25,000	\$500	\$1,000	Nil

(1) “Audit Fees” include fees necessary to perform the annual audit and if applicable, quarterly reviews of Mydecine’s consolidated financial statements. Audit Fees include fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit Fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.

- (2) "Tax Fees" include fees for all tax services other than those included in "Audit Fees" and "Audit-Related Fees". This category includes fees for tax compliance, tax planning and tax advice. These fees relate to preparing and filing Mydecine's Canadian tax returns and related schedules.

Reliance on Exemptions in NI 52-110 regarding Audit Committee Composition & Reporting Obligations

Since Mydecine is a venture issuer, it relies on the exemption contained in section 6.1 of NI 52-110 from the requirements of Part 3 Composition of the Audit Committee (as described in 'Composition of the Audit Committee' above) and Part 5 Reporting Obligations of NI 52-110 (which requires certain prescribed disclosure about the Audit Committee in this Circular).

Corporate Governance

National Instrument 58-101 *Disclosure of Corporate Governance Practices* of the Canadian securities administrators requires Mydecine to annually disclose certain information regarding its corporate governance practices. Under this heading, Mydecine is providing the disclosure required by Form 58-101F2.

Board of Directors

The Board of Mydecine facilitates its exercise of independent supervision over Mydecine's management through frequent meetings of the Board.

Josephine Wu and Gordon Neal are "independent" in that they are independent and free from any interest and any business or other relationship which could or could reasonably be perceived to, materially interfere with the director's ability to act with the best interests of Mydecine, other than the interests and relationships arising from shareholders. David Joshua Bartch, Damon Michaels and Robert Roscow are officers of Mydecine and are therefore not independent.

The operations of Mydecine do not support a large Board, and the Board has determined that the current size and constitution of the Board is appropriate for Mydecine's current stage of development. The Board is responsible for appointing senior management and for monitoring their performance and developing descriptions of the positions for the Board, including the limits on management's responsibilities and the corporate objectives to be met by the management.

Directorships

Certain of the directors are presently a director of one or more other reporting issuers (or equivalent) in a Canadian or foreign jurisdiction, as follows:

Name of Director	Other reporting issuer (or equivalent in a foreign jurisdiction)
Gordon Neal	Wealth Minerals (WML:TSXV) Interra Copper (IMCX:CSE) Altina Capital (ALTN.P:TSXV)

Orientation and Continuing Education

There is no formal orientation or training program for new members of the Board. New directors are briefed on strategic plans, short, medium and long term corporate objectives, business risks and mitigation strategies, corporate governance guidelines and existing company policies and have the opportunity to become familiar with the Company by meeting with the other directors and with the executive officers. Orientation activities are tailored to the particular needs and experience of each director and the overall needs of the Board.

The skills and knowledge of the Board as a whole is such that the Board believes no formal continuing education process is currently required. The Board is comprised of individuals with varying backgrounds, who have, both collectively and individually, extensive experience in running and managing public companies. Board members are encouraged to communicate with management, auditors and technical consultants to keep themselves current with industry trends and developments and changes in legislation, with management's assistance. Board members have full access to the Company's records. Those Board members who are required by their professional associations to participate in continuing professional development throughout the year, include courses and seminars that are relevant to their roles as directors and officers to make the most of these educational opportunities.

Ethical Business Conduct

Corporate governance is the structure and process used to direct and manage the business and affairs of a corporation with the objective of enhancing shareholder value. The Board believes that Mydecine has in place corporate governance practices that are both effective and appropriate to Mydecine's size and its business operations.

The Board also relies on the fiduciary duties placed on individual directors by Mydecine's governing corporate legislation and the common law to ensure the Board operates independently of management and in the best interests of Mydecine. The Board has found that these, combined with the conflict of interest provisions of the *Business Corporations Act* (BC), as well as the relevant securities regulatory instruments, help ensure that directors exercise independent judgment in considering transactions and agreements in respect of which a director or executive officer has a material interest.

Nomination of Directors

The Board has the responsibility for identifying potential Board candidates. The Board assesses potential candidates to fill perceived needs on the Board for required skill, expertise, independence and other factors.

Compensation

Compensation is determined by the Board and is based on the compensation paid for directors and senior officers of companies of a similar size and stage of development. The appropriate compensation reflects the need to provide incentive and compensation for the time and effort expended by the directors and its management while taking into account the financial and other resources of the Company.

Other Board Committees

The Board has three standing committees: an Audit Committee (members: Gordon Neal and Josephine Wu), an Executive Compensation Committee (members: Gordon Neal, Josephine Wu and Joshua Barch) and a Nominating and Corporate Governance Committee (members: Gordon Neal and Josephine Wu). Upon their election, Andre Peschong will join the Audit Committee, and both Andre Peschong and Dr. Saeid Babaei will join the Executive Compensation Committee and Nominating and Corporate Governance Committee.

Assessments

The Board conducts informal annual assessments of the Board's effectiveness, its individual directors and its committees.

Adoption of the New Mydecine Equity Incentive Plan

Business

At the Meeting, Mydecine Shareholders will be asked to consider and, if deemed advisable, to approve, with or without variation, an ordinary resolution (the “**New Mydecine Equity Incentive Plan Resolution**”) approving the New Mydecine Equity Incentive Plan of Mydecine. A copy of the New Mydecine Equity Incentive Plan is available, upon request, to any shareholder of Mydecine at no charge, or may be inspected at the registered office of Mydecine during normal business hours until the date of the Meeting.

Recommendation of the Board

The Board recommends that Mydecine Shareholders vote in favour of the approval of the New Mydecine Equity Incentive Plan Resolution. **The persons named in the form of proxy, unless expressly directed to the contrary in such form of proxy, will vote such proxies FOR the New Mydecine Equity Incentive Plan Resolution to approve the New Mydecine Equity Incentive Plan.**

Reasons for the Recommendation

In support of its recommendation to Mydecine Shareholders to vote **FOR** the New Mydecine Equity Incentive Plan Resolution, the Board considered that the New Mydecine Equity Incentive Plan is an efficient and effective plan to provide Mydecine with a share-related mechanism to (a) to advance the interests of Mydecine by enhancing the ability of Mydecine and its subsidiaries to attract, motivate and retain employees, officers, directors, and consultants, (b) to reward such persons for their sustained contributions and (c) to encourage such persons to take into account the long-term corporate performance of Mydecine.

Purpose

The purposes of the New Mydecine Equity Incentive Plan are (a) to advance the interests of Mydecine by enhancing the ability of Mydecine and its subsidiaries to attract, motivate and retain employees, officers, directors, and consultants, which either of directors or officers may be consultants or employees, (b) to reward such persons for their sustained contributions and (c) to encourage such persons to take into account the long-term corporate performance of Mydecine.

Eligible Participants

Pursuant to the terms of the New Mydecine Equity Incentive Plan, individuals who are: (i) employees, including officers and directors, employed by Mydecine or any parent or subsidiary of the Mydecine (each an “**Employee**”), (ii) directors who are not Employees (each a “**Director**”), (iii) consultants or advisers who provide *bona fide* services to Mydecine, or a parent or subsidiary of Mydecine, as an independent contractor and who qualifies as a consultant or advisor under Instruction A.1.(a)(1) of Form S-8 under the U.S. Securities Act (each a “**Consultant**”), and (iv) any prospective Employee, Director, or Consultant who has accepted an offer of employment or service and will be an Employee, Director, or Consultant after the commencement of their service, (each an “**Eligible Participant**”) are eligible to participate in the New Mydecine Equity Incentive Plan.

Types of Awards

The New Mydecine Equity Incentive Plan provides for the grant of share options (“**Options**”). All Options will be granted pursuant to an Award Agreement (as such term is defined in the New Mydecine Equity Incentive Plan, an “**Award Agreement**”) evidencing the Options granted under the New Mydecine Equity Incentive Plan (an “**Option Agreement**”).

The New Mydecine Equity Incentive Plan provides for the grant of share appreciation rights (“**SARs**”). All SARs will be granted pursuant to an Award Agreement evidencing the SARs granted under the New Mydecine Equity Incentive Plan (a “**SAR Agreement**”).

The New Mydecine Equity Incentive Plan provides for the grant of restricted shares (“**Restricted Shares**”). All Restricted Shares will be granted pursuant to an Award Agreement evidencing the Restricted Shares granted under the New Mydecine Equity Incentive Plan (a “**Restricted Share Agreement**”).

The New Mydecine Equity Incentive Plan provides for the grant of restricted share units (“**RSU**”). All RSUs will be granted pursuant to an Award Agreement evidencing the RSUs granted under the New Mydecine Equity Incentive Plan (a “**RSU Agreement**”).

The Options, SARs, Restricted Shares and RSUs granted pursuant to the New Mydecine Equity Incentive Plan are collectively referred to as “**New Mydecine Equity Incentive Plan Awards**” in this Circular.

The New Mydecine Equity Incentive Plan provides for the grant of other share-based awards to participants (“**Other Share-Based Awards**”), which awards would include the grant of Common Shares. All Other Share-Based Awards will be granted pursuant to an Award Agreement evidencing the Other Share-Based Awards granted under the New Mydecine Equity Incentive Plan.

Plan Administration

The New Mydecine Equity Incentive Plan will be administered by a committee of at least one Director of the Company as the Board may appoint to administer this Plan or, if no such committee has been appointed by the Board, the Board (the “**Plan Administrator**”). All capitalized terms used in this section shall have the meaning ascribed to them in the New Mydecine Equity Incentive Plan. Subject to the provisions of the New Mydecine Equity Incentive Plan, the Plan Administrator will have the authority, in its discretion, to:

- (a) to determine the Fair Market Value;
- (b) to select the Service Providers to whom Awards may be granted;
- (c) to determine the number of the Shares to be covered by each Award;
- (d) to approve forms of Award Agreement for use under the Plan;
- (e) to determine the terms and conditions, not inconsistent with the terms of the Plan, of any Award. Such terms and conditions include, but are not limited to, the exercise price, the time or times when Awards may be exercised (which may be based on performance criteria), any vesting criteria or Periods of Restriction, any vesting acceleration or waiver of forfeiture or repurchase restrictions, and any restriction or limitation regarding any Award or the Shares relating thereto, based in each case on such factors as the Administrator, in its sole discretion, will determine;
- (f) to construe and interpret the terms of the Plan, any Award Agreement, and Awards granted pursuant to the Plan;
- (g) to prescribe, amend, and rescind rules and regulations relating to the Plan, including rules and regulations relating to sub-plans established for the purpose of satisfying applicable foreign laws and/or qualifying for preferred tax treatment under applicable tax laws;
- (h) to modify or amend each Award (subject to Section 15(c) of the Plan), including (A) the discretionary authority to extend the post-termination exercisability period of Awards and (B) accelerate the satisfaction of any vesting criteria or waiver of forfeiture or repurchase restrictions;
- (i) to allow Participants to satisfy withholding tax obligations by electing to have the Company withhold from the Shares or cash to be issued upon exercise or vesting of an Award that number of the Shares or cash having a Fair Market Value equal to the minimum amount required to be withheld. The Fair Market Value of any Shares to be withheld will be determined

on the date that the amount of tax to be withheld is to be determined. All elections by a Participant to have Shares or cash withheld for this purpose will be made in such form and under such conditions as the Administrator may deem necessary or advisable;

- (j) to authorize any person to execute on behalf of the Company any instrument required to effect the grant of an Award previously granted by the Administrator;
- (k) to allow a Participant to defer the receipt of the payment of cash or the delivery of the Shares that would otherwise be due to such Participant under an Award, subject to compliance (or exemption) from Code Section 409A;
- (l) to determine whether Awards will be settled in cash, Shares, other securities, other property, or in any combination thereof;
- (m) to determine whether Awards will be adjusted for dividends or dividend equivalents;
- (n) to create Other Share Based Awards for issuance under the Plan;
- (o) to impose such restrictions, conditions, or limitations as it determines appropriate as to the timing and manner of any resales by a Participant or other subsequent transfers by the Participant of any securities issued as a result of or under an Award, including without limitation, (A) restrictions under an insider trading policy, and (B) restrictions as to the use of a specified brokerage firm for such resales or other transfers; and
- (p) to make all other determinations deemed necessary or advisable for administering the Plan.

Shares Available for Awards

Subject to adjustments as provided for under the New Mydecine Equity Incentive Plan, the maximum aggregate number of Shares that may be issued under the Plan together with all of the Company's other Share Compensation Arrangements is 80,000,000 Shares. The Shares subject to the Plan may be authorized, but unissued, or reacquired shares, provided that the acquisition of Common Shares by Mydecine for cancellation shall not constitute non-compliance with the New Mydecine Equity Incentive Plan for any New Mydecine Equity Incentive Plan Awards outstanding prior to such purchase of Common Shares for cancellation.

Options

An Option entitles a holder thereof to purchase a Common Share at an exercise price set at the time of the grant, which exercise price will be determined by the Administrator, (the "**Exercise Price**") but shall be based on one of the following (subject to the terms of the New Mydecine Equity Incentive Plan):

- (i) the five-day volume weighted average trading price, calculated by dividing the total value by the total volume of Common Shares traded for the relevant period;
- (ii) the closing price of the underlying Common Shares on the previous trading day prior to the date of grant of the Option; or
- (iii) a reasonable pre-determined formula, based on a weighted average trading price or average daily high and low board lot trading prices for a short period of time prior to the date of grant of the Option.

In the event that such Common Shares are not listed and posted for trading on any exchange, the Exercise Price shall be the fair market value of such Common Shares as determined by the Board in its sole discretion and, with respect to a New Mydecine Equity Incentive Plan Award made to a U.S.

Taxpayer, in accordance with Section 409A of the Code (as defined in the New Mydecine Equity Incentive Plan).

The term of each Option will be fixed by the Plan Administrator, but may not exceed 10 years from the grant date.

Share Appreciation Rights

A share appreciation right (or SAR) is the right to receive payment of an amount equal to the excess of the fair market value of a New Mydecine Share on the date of exercise of the SAR over the base price of the SAR. The per share exercise price for the Common Shares that will determine the amount of the payment to be received upon exercise of a SAR will be determined by the Plan Administrator and will be no less than one hundred percent (100%) of the fair market value per Common Share on the date of grant. Otherwise, the Administrator, subject to the provisions of the Plan, will have complete discretion to determine the terms and conditions of SARs granted under the Plan.

Upon exercise of a SAR, a Participant will be entitled to receive payment from the Company in an amount determined by multiplying:

- (i) The difference between the Fair Market Value of a Share on the date of exercise over the exercise price; times
- (ii) The number of Shares with respect to which the SAR is exercised.

At the discretion of the Plan Administrator, the payment upon SAR exercise may be in cash, in Common Shares, other securities, or other property of equivalent value, or in some combination thereof. A SAR granted under the New Mydecine Equity Incentive Plan will expire upon the date determined by the Administrator, in its will be entitled to receive all dividends and other distributions paid with respect to such Restricted Shares unless otherwise provided in the Award Agreement. sole discretion, and set forth in the SAR Agreement. Notwithstanding the foregoing, the date of expiry may not be further than 10 years from the grant date.

Restricted Shares

Each Award of Restricted Shares will be evidenced by an Restricted Shares Agreement that will specify the period of restriction (the “**Period of Restriction**”) and the applicable restrictions, the number of Restricted Shares granted, and such other terms and conditions as the Plan Administrator, in its sole discretion, will determine. Unless the Plan Administrator determines otherwise, Restricted Shares will be held by the Company as escrow agent until the restrictions on such Restricted Shares have lapsed. The Plan Administrator, in its discretion, may accelerate the time at which any restrictions will lapse or be removed.

In addition to any other restrictions set forth in Restricted Share Agreement, until such time that the restricted period for the Restricted Shares has lapsed pursuant to the terms of the Restricted Share Agreement, which restricted period the Plan Administrator may in its sole discretion accelerate at any time, the holder of Restricted Shares shall not be permitted to sell, transfer, pledge, or otherwise encumber the Restricted Shares.

During the Period of Restriction, unless the Plan Administrator determines otherwise, an Eligible Participant holding Restricted Shares may exercise the voting rights applicable to those Restricted Shares, and will be entitled to receive all dividends and other distributions paid with respect to such Restricted Shares unless otherwise provided in the Restricted Share Agreement.

Restricted Shares may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated until the end of the applicable Period of Restriction

Restricted Share Units

The New Mydecine Equity Incentive Plan allows the Company to grant RSUs, each of which is a unit that is equivalent in value to a Common Share and that upon vesting results in the holder thereof being issued, at the discretion of the Board, a Common Share. Each award of RSUs to an Eligible Participant will be evidenced by an RSU Agreement that will specify the terms, conditions, and restrictions related to the grant, including the number of RSUs and such other terms and conditions as the Plan Administrator, in its sole discretion, will determine.

Payment of earned RSUs will be made as soon as practicable after the date(s) determined by the Plan Administrator and set forth in the RSU Agreement. The Plan Administrator, in its sole discretion, may settle earned RSUs in cash, Shares, other securities, other property, or a combination of both.

The holders of RSUs shall have no voting rights as the Company's shareholders. Prior to settlement or forfeiture, RSUs awarded under the New Mydecine Equity Incentive Plan may, at the Plan Administrator's discretion, provide for a right to dividend equivalents.

Other Share-Based Awards

Other Share-Based Awards may be granted either alone, in addition to, or in tandem with, other Awards granted under the Plan and/or cash awards made outside of the Plan New Equity Incentive Plan. The Plan Administrator shall have authority to determine the Eligible Participants to whom and the time or times at which Other Share-Based Awards shall be made, the amount of such Other Share-Based Awards, and all other conditions of the Other Share-Based Awards including any dividend and/or voting rights.

Effect of Termination on Awards

If an Eligible Participant ceases to be such, the Eligible Participant may exercise any Options within such period of time as is specified in the Option Agreement to the extent that the Option is vested on the date of termination (but in no event later than the expiration of the term of such Option as set forth in the Option Agreement). In the absence of a specified time in the Option Agreement, the Option will remain exercisable for three (3) months (or twelve (12) months in the case of termination on account of Disability or death) following the Eligible Participant's termination. Unless otherwise provided by the Plan Administrator, if on the date of termination the Eligible Participant is not vested as to an Option, the Common Shares covered by the unvested portion of the Option will be forfeited and will revert to the New Mydecine Equity Incentive Plan and again will become available for grant under the New Mydecine Equity Incentive Plan. If after termination, the Eligible Participant does not exercise a Option as to all of the vested Common Shares within the time specified by the Plan Administrator, the Option will terminate, and remaining Common Shares covered by such Option will be forfeited and will revert to the New Mydecine Equity Incentive Plan and again will become available for grant under the New Mydecine Equity Incentive Plan.

Change in Control

Upon a Change of Control, as defined in the New Mydecine Equity Incentive Plan, the following shall take place with respect to the New Mydecine Equity Incentive Plan Awards and Other Share-Based Awards:

- (i) Options and SARs. Each outstanding Option and SAR shall be assumed or an equivalent Option or SAR substituted by the acquiring or successor corporation or a Parent of the acquiring or successor corporation. Unless determined otherwise by the Plan Administrator, in the event that the successor corporation refuses to assume or substitute for the Option or SAR, the Eligible Participant shall fully vest in and have the right to exercise the Option or SAR

as to all of the Common Shares, including those as to which it would not otherwise be vested or exercisable. If a Option or SAR is not assumed or substituted in the event of a Change in Control, the Plan Administrator shall notify the Eligible Participant in writing or electronically that the Option or SAR shall be exercisable, to the extent vested, for a period of up to fifteen (15) days from the date of such notice, and the Option or SAR shall terminate upon the expiration of such period. For the purposes of this paragraph, the Option or SAR shall be considered assumed if, following the Change in Control, the Option or SAR confers the right to purchase or receive, for each Common Share subject to the Option or SAR immediately prior to the Change in Control, the consideration (whether shares, cash, or other securities or property) received in the Change in Control by holders of the Common Shares for each Common Share held on the effective date of the transaction (and if holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding Common Shares); provided, however, that if such consideration received in the Change in Control is not solely common shares of the acquiring or successor corporation or its Parent, the Plan Administrator may, with the consent of the acquiring or successor corporation, provide for the consideration to be received upon the exercise of the Option or SAR, for each Common Share subject to the Option or SAR, to be solely common shares of the acquiring or successor corporation or its Parent equal in fair market value to the per share consideration received by holders of Common Shares in the Change in Control. Notwithstanding anything herein to the contrary, an Award that vests, is earned, or is paid out upon the satisfaction of one or more performance goals will not be considered assumed if the Company or the acquiring or successor corporation modifies any of such performance goals without the Eligible Participant's consent; provided, however, that a modification to such performance goals only to reflect the acquiring or successor corporation's post-Change in Control corporate structure will not be deemed to invalidate an otherwise valid Award assumption.

- (ii) Restricted Shares, Restricted Share Units, and Other Share-Based Awards. Each outstanding Award of Restricted Shares, Restricted Share Units, or Other Share-Based Awards shall be assumed or an equivalent restricted share, restricted share unit, or other share based award substituted by the acquiring or successor corporation or a Parent of the acquiring or successor corporation. Unless determined otherwise by the Plan Administrator, in the event that the acquiring or successor corporation refuses to assume or substitute for the Award, the Eligible Participant shall fully vest in the Award including as to Restricted Shares or RSUs that would not otherwise be vested, all applicable restrictions will lapse, and all performance objectives and other vesting criteria will be deemed achieved at targeted levels. For the purposes of this paragraph, an Award of Restricted Shares, RSUs, and Other Share-Based Awards shall be considered assumed if, following the Change in Control, the award confers the right to purchase or receive, for each Share subject to the Award immediately prior to the Change in Control (and if a Restricted Share Unit, for each Share as determined based on the then current value of the unit), the consideration (whether shares, cash, or other securities or property) received in the Change in Control by holders of the Shares for each Share held on the effective date of the transaction (and if holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding Shares); provided, however, that if such consideration received in the Change in Control is not solely common shares of the successor corporation or its Parent, the Plan Administrator may, with the consent of the acquiring or successor corporation, provide that the consideration to be received for each Share (and if a Restricted Share Unit, for each Share as determined based on the then current value of the unit) be solely common shares of the acquiring or successor corporation or its Parent equal in fair market value to the per share consideration received by holders of Shares in the Change in Control. Notwithstanding anything herein to the contrary, an Award that vests, is earned, or is paid out upon the satisfaction of one or more performance goals will not be considered assumed if the Company or the acquiring or successor corporation modifies any of the performance goals without the Eligible Participant's consent; provided, however, that a modification to the performance goals only to reflect the acquiring or successor

corporation's post-Change in Control corporate structure will not be deemed to invalidate an otherwise valid Award assumption.

Assignability

Except as required by law, the rights of an Eligible Participant under the New Mydecine Equity Incentive Plan may not be sold, pledged, assigned, hypothecated, transferred, or disposed of in any manner, except to the Eligible Participant's estate or legal representative, and may be exercised, during the lifetime of the Eligible Participant, only by the Eligible Participant.

Amendment, Suspension or Termination of the New Mydecine Equity Incentive Plan

The Board may at any time amend, alter, suspend, or terminate the Plan, provided that the Company may obtain shareholder approval of any New Mydecine Equity Incentive Plan amendment to the extent necessary or, as determined by the Plan Administrator in its sole discretion, desirable to comply with Applicable Laws

No amendment, alteration, suspension, or termination of the New Mydecine Equity Incentive Plan will impair the rights of any Eligible Participant with respect to outstanding New Mydecine Equity Incentive Plan Awards, unless mutually agreed otherwise between the Eligible Participant and the Plan Administrator, which agreement must be in writing and signed by the Eligible Participant and the Company. Termination of the New Mydecine Equity Incentive Plan will not affect the Plan Administrator's ability to exercise the powers granted to it hereunder with respect to New Mydecine Equity Incentive Plan Awards granted under the New Mydecine Equity Incentive Plan prior to the date of such termination.

NEO-X Approval

The NEO-X requires Mydecine Shareholder approval of security-based compensation arrangements that involve the issuance from treasury or potential issuance from treasury of securities of an issuer. The New Mydecine Equity Incentive Plan Resolution must be passed by the majority of the votes cast by Mydecine Shareholders present or represented by proxy who are entitled to vote at the Meeting.

As of the date of this Circular, Mydecine has not implemented the New Mydecine Equity Incentive Plan and has not conditionally granted any awards under the New Mydecine Equity Incentive Plan. The New Mydecine Equity Incentive Plan is subject to the compliance with the listing requirements of the NEO-X and the approval of the Mydecine Shareholders.

At the Meeting, Mydecine Shareholders will be asked to pass a resolution in substantially the following form:

"IT IS RESOLVED AS AN ORDINARY RESOLUTION THAT:

1. The New Mydecine Equity Incentive Plan of Mydecine and the reservation for issuance thereunder of up to 80,000,000 common shares of Mydecine, is hereby confirmed, ratified and approved as the New Mydecine Equity Incentive Plan of Mydecine and Mydecine has the ability to grant options and other awards under the New Mydecine Equity Incentive Plan;
2. The options and other awards to be issued under the New Mydecine Equity Incentive Plan, and all unallocated options and other awards under the New Mydecine Equity Incentive Plan, be and are hereby approved;
3. The Board is hereby authorized to make such amendments to the New Mydecine Equity Incentive Plan from time to time, as may be required by the applicable regulatory authorities, or as may be considered appropriate by the Board, in its sole discretion, provided always that such amendments be subject to the approval of the regulatory authorities, if applicable, and in

certain cases, in accordance with the terms of the New Mydecine Equity Incentive Plan, the approval of the shareholders;

4. Notwithstanding the passing of the foregoing resolution, the board of directors of Mydecine may, without further notice or approval of the shareholders of Mydecine, revoke this resolution, in whole or in part, at any time prior to the New Mydecine Equity Incentive Plan becoming effective; and
5. Any one officer of Mydecine be, and is hereby authorized and directed, for and on behalf of Mydecine, to finalize, sign or deliver all documents, to enter into any agreements and to do and perform all acts and things as such individual, in his or her discretion, deems necessary or advisable in order to give effect to the intent of this resolution and the matters authorized hereby, including compliance with all securities laws and regulations and the rules and requirements of the Aequitas Neo Exchange, such determination to be conclusively evidenced by the finalizing, signing or delivery of such document or agreement or the performing of such act or thing.”

Unless otherwise instructed, the proxies solicited by management will be voted FOR the New Mydecine Equity Incentive Plan.

Appointment of Auditor

Mydecine Shareholders will be requested to appoint MNP LLP, of Toronto, Ontario (“MNP”) as auditors of Mydecine to hold office until the next annual meeting of shareholders and to authorize the directors of Mydecine to fix their remuneration and the terms of their engagement. MNP have been auditors of Mydecine since March 15, 2021.

Mydecine’s Audit Committee recommends the appointment of MNP as Mydecine’s auditor to hold office until Mydecine’s next annual general meeting. The Audit Committee proposes that the Board of Directors be authorized to fix the remuneration to be paid to the auditor.

Unless otherwise instructed, the proxies solicited by management will be voted for the appointment of MNP LLP, as Mydecine’s auditor.

Management Contracts

The management functions of Mydecine are not to any substantial degree performed by any person other than the executive officers and directors of Mydecine.

THE ARRANGEMENT

Steps Prior to Arrangement Agreement

Prior to the implementation of the Arrangement Agreement, Mydecine shall complete the following steps:

- (a) the parties shall incorporate U.S. HoldCo;
- (b) U.S. LandCo shall emigrate from the laws of the Province of British Columbia to the laws of the State of Delaware;
- (c) Mydecine shall sell and transfer all of the shares of the Cannabis Subsidiaries to Spinco and, in consideration therefor, Spinco shall issue to Mydecine the Spinco Shares; and
- (d) Spinco shall sell and transfer all of the shares of the Cannabis Subsidiaries to U.S. HoldCo and, in consideration therefor, U.S. HoldCo shall issue to the Spinco one share in the common stock of U.S. HoldCo, being all of the issued and outstanding shares of U.S. Holdco.

Background to the Arrangement Agreement

The provisions of the Arrangement Agreement are the result of negotiations between Mydecine and Spinco. Under the Arrangement, Spinco shall acquire all of the issued and outstanding shares which are held by Mydecine in the Cannabis Subsidiaries.

Eight Capital was retained by Mydecine to provide the Fairness Opinion, regarding the fairness, from a financial point of view of the Arrangement to the Mydecine Shareholders.

After careful consideration, including a thorough review of the terms of the Arrangement Agreement, and taking into account the best interests of Mydecine and the impact on Mydecine's stakeholders, consultation with its professional advisors, and after receiving the Fairness Opinion delivered by Eight Capital, the Board unanimously resolved: (i) to accept the advice of its professional advisors; (ii) that the Arrangement is fair, from a financial point of view, to the Mydecine Shareholders and is in the best interests of Mydecine; (iii) to approve the Arrangement, and (iv) to recommend that Mydecine Shareholders vote in favour of the Arrangement Resolution. Mydecine issued press releases announcing the proposed Arrangement on March 10, 2021 and May 19, 2021.

Fairness Opinion

Based upon and subject to the assumptions, limitations and qualifications set out in the Fairness Opinion, Eight Capital is of the opinion that, as of August 9, 2021 the Arrangement is fair, from a financial point of view, to the Mydecine Shareholders.

The Fairness Opinion is attached as Appendix J to this Circular. The summary of the Fairness Opinion described in this Circular is qualified in its entirety by reference to the full text of the Fairness Opinion.

The Arrangement

At the Meeting, Mydecine Shareholders will be asked to consider and, if thought advisable, to pass, the Arrangement Resolution to approve the Arrangement under the BCBCA pursuant to the terms of the Arrangement Agreement and the Plan of Arrangement. The Arrangement, the Plan of Arrangement and the terms of the Arrangement Agreement are summarized below. This summary does not purport to be complete and is qualified in its entirety by reference to the Arrangement Agreement, which has been filed by Mydecine under its profile on SEDAR at www.sedar.com, and the Plan of Arrangement, which is attached to this Circular as Appendix B.

In order to implement the Arrangement, the Arrangement Resolution must be approved by at least two-thirds of the votes cast by the Mydecine Shareholders. A copy of the Arrangement Resolution is set out in Appendix A of this Circular.

If the Arrangement is approved at the Meeting and the Mydecine Final Order approving the Arrangement is issued by the Court and the applicable conditions to the completion of the Arrangement are satisfied or waived, the Arrangement will take effect commencing at the Effective Time (which will be commencing at 12:01 a.m. (Pacific time)) on the Effective Date (which is expected to be on or about September 27, 2021 or shortly thereafter).

Principal Steps of the Arrangement

Under the Plan of Arrangement, commencing at the Effective Time, the events and transactions set out in (a) to (i) below, inclusive, will occur and be deemed to occur chronologically, without any further act or formality required on the part of any person:

- (a) each Mydecine Share outstanding in respect of which a Dissenting Shareholder has validly exercised his, her or its Dissent Rights (each, a "**Dissenting Share**") will be directly transferred and assigned by such Dissenting Shareholder to Mydecine, without any further act or formality and free and clear of any liens, charges and encumbrances of any nature whatsoever, and will be cancelled and cease to be outstanding and such

Dissenting Shareholders will cease to have any rights as Mydecine Shareholders other than the right to be paid the fair value for their Mydecine Shares by Mydecine;

- (b) Mydecine shall undertake a reorganization of capital within the meaning of section 86 of the Tax Act as follows, with the steps occurring in the following order:
- (i) the authorized share capital and Notice of Articles and Articles of Mydecine will be altered by:
 - (A) renaming and redesignating all of the issued and unissued Mydecine Shares as “*Class A common shares without par value*” (the “**Class A Common Shares**”) and amending special rights and restrictions attached to the Class A Common Shares to provide the holders thereof with the following rights:
 - (I) to vote at all meetings of shareholders of Mydecine (except meetings at which only holders of a specified class of shares are entitled to vote) and shall be entitled to two votes for each Class A Common Share held;
 - (II) to receive, subject to the rights of the holders of another class of shares, any dividends declared by Mydecine; and
 - (III) to receive, *pari passu* with the New Mydecine Shares (as defined below), and subject to the rights of the holders of another class of shares, the remaining property of Mydecine on the liquidation, dissolution or winding up of Mydecine, whether voluntary or involuntary;
 - (B) creating a new class consisting of an unlimited number of “*common shares without par value*” (the “**New Mydecine Shares**”) with special rights and restrictions attached to the New Mydecine Shares to provide the holders thereof with the following rights:
 - (I) to vote at all meetings of shareholders of Mydecine (except meetings at which only holders of a specified class of shares are entitled to vote) and shall be entitled to one vote for each New Mydecine Share held;
 - (II) to receive, subject to the rights of the holders of another class of shares, any dividends declared by Mydecine; and
 - (III) to receive, *pari passu* with the Class A Common Shares, and subject to the rights of the holders of another class of shares, the remaining property of Mydecine on the liquidation, dissolution or winding up of Mydecine, whether voluntary or involuntary;
 - (ii) Mydecine’s Notice of Articles and Articles will be amended to reflect the alterations in step (b)(i) above;
 - (iii) each issued and outstanding Class A Common Share outstanding on the Share Distribution Record Date will be exchanged for (i) one New Mydecine Share and (ii) 0.010416 Spinco Shares; the holders of Class A Common Shares will be removed from the central securities register of Mydecine as the holders of Class A Common Shares and will be added to the central securities register of Mydecine as the holders of the number of New Mydecine Shares

that they have received on the exchange set forth in this step (b)(iii); and the Spinco Shares transferred to the former holders of Class A Common Shares will be registered in the name of such former holders and Mydecine will provide Spinco and its registrar and transfer agent notice to make the appropriate entries in the central securities register of Spinco;

- (iv) the Class A Common Shares, none of which will be issued or outstanding once the exchange in step (b)(iii) above is completed, will be cancelled and the appropriate entries made in the central securities register of Mydecine and the authorized share structure of Mydecine will be amended by eliminating the Class A Common Shares;
 - (v) the aggregate amount added to the stated capital of the New Mydecine Shares issued pursuant to step (b)(iii) above shall be equal to the amount, if any, by which (A) the aggregated paid-up capital (as that term is used for purposes of the Tax Act) of the Class A Common Shares immediately prior to the Effective Time, exceeds (B) the fair market value of the Spinco Shares distributed pursuant to step (b)(iii) above;
- (c) each Mydecine Stock Option then outstanding to acquire one Mydecine Share will be exchanged for:
- (i) one New Mydecine Stock Option to acquire one New Mydecine Share having an exercise price equal to the product of the original exercise price of the Mydecine Stock Option multiplied by the fair market value of a New Mydecine Share at the Effective Time divided by the total of the fair market value of a New Mydecine Share and the fair market value of 0.010416 Spinco Shares at the Effective Time; and
 - (ii) one option to acquire 0.010416 Spinco Shares (a “**Spinco Option**”), each whole Spinco Option having an exercise price equal to the product of the original exercise price of the Mydecine Stock Option multiplied by the fair market value of 0.010416 Spinco Shares at the Effective Time divided by the total of the fair market value of one New Mydecine Share and 0.010416 Spinco Shares at the Effective Time,

provided that the aforesaid exercise prices will be adjusted to the extent, if any, required to ensure that the aggregate New Mydecine Stock Option In-The-Money Amount of the New Mydecine Stock Option and the Spinco Option immediately after the exchange does not exceed the Old Mydecine Stock Option In the Money Amount immediately before the exchange of the Mydecine Stock Option so exchanged. It is intended that subsection 7(1.4) of the Tax Act apply to the exchange of Mydecine Stock Options;

- (d) in accordance with the certificates representing or warrant indenture governing the terms of each Mydecine Share Warrant, as applicable, each Mydecine Share Warrant then outstanding will be deemed to be amended to entitle the holder of a Mydecine Share Warrant to receive, upon due exercise of the Mydecine Share Warrant, for the original exercise price:
- (i) one New Mydecine Share for each Mydecine Share that was issuable upon due exercise of the Mydecine Share Warrant immediately prior to the Effective Time; and
 - (ii) 0.010416 Spinco Shares for each Mydecine Share that was issuable upon due exercise of the Mydecine Share Warrant immediately prior to the Effective Time;

- (e) in accordance with the certificates representing the Mydecine Unit Warrants, each Mydecine Unit Warrant then outstanding will be deemed to be amended to entitle the holder of a Mydecine Unit Warrant to receive, upon due exercise of the Mydecine Unit Warrant, for the original exercise price:
 - (i) one New Mydecine Share for each Mydecine Share that was issuable upon due exercise of the Mydecine Unit Warrant immediately prior to the Effective Time;
 - (ii) 0.010416 Spinco Shares for each Mydecine Share that was issuable upon due exercise of the Mydecine Unit Warrant immediately prior to the Effective Time; and
 - (iii) one Mydecine Share Warrant, amended in accordance with step (d) above, for each Mydecine share purchase warrant that was issuable upon due exercise of the Mydecine Unit Warrant immediately prior to the Effective Time;
- (f) in accordance with the certificates representing the Mydecine Performance Warrants, each Mydecine Performance Warrant then outstanding will be deemed to be amended to entitle the holder thereof to receive, upon due exercise of the Mydecine Performance Warrant, for the original exercise price:
 - (i) one New Mydecine Share for each Mydecine Share that was issuable upon due exercise of the Mydecine Performance Warrant immediately prior to the Effective Time on a cashless basis in accordance with the terms thereof; and
 - (ii) 0.010416 Spinco Shares for each Mydecine Share that was issuable upon due exercise of the Mydecine Performance Warrant immediately prior to the Effective Time on a cashless basis in accordance with the terms thereof;
- (g) upon a condition for issuance of Mydecine Top-Up Shares being met, the applicable Mydecine Top-Up Right Holders shall receive:
 - (i) one New Mydecine Share for each Mydecine Top-Up Share that was issuable; and
 - (ii) 0.010416 Spinco Shares for each Mydecine Top-Up Share that was issuable;
- (h) the Spinco Incorporation Share issued to Mydecine on incorporation will be cancelled for no consideration and as a result thereof:
 - (i) Mydecine will cease to be, and will be deemed to have ceased to be, the holder of the Spinco Incorporation Share and to have any rights as a holder of the Spinco Incorporation Share; and
 - (ii) Mydecine will be removed as the holder of the Spinco Incorporation Share from the central securities register of Spinco; and
- (i) in the event that the number of outstanding Mydecine Shares changes between the date hereof and the Effective Time, the fraction 0.010416 referred to in this Plan of Arrangement will be adjusted so that it is the fraction calculated by dividing the number of Spinco Spinout Shares by the number of outstanding Mydecine Shares immediately prior to the Effective Time.

Recommendation of the Board

After taking into consideration, among other things, the Court approval and the Fairness Opinion of Eight Capital regarding the fairness, from a financial point of view, of the Arrangement (based on the Plan of Arrangement and Arrangement Agreement) to the Mydecine Shareholders, the directors have concluded that the Arrangement is in the best interests of Mydecine and is fair to the Mydecine Shareholders. **Accordingly, the Board recommends that Mydecine Shareholders vote FOR the Arrangement Resolution.**

All directors of Mydecine and the senior officers of Mydecine intend to vote all of their Mydecine Shares in favour of the Arrangement Resolution, subject to the terms of the Arrangement Agreement and the Mydecine Voting Agreements.

Reasons for the Arrangement

The Board has reviewed and considered an amount of information and considered a number of factors relating to the Arrangement with the benefit of advice from Mydecine's senior management and its financial and legal advisors. The following is a summary of the principal reasons for the recommendation of the Board that Mydecine Shareholders vote FOR the Arrangement Resolution:

- (a) *Continued Participation by Mydecine Shareholders in the Cannabis Subsidiaries Through Spinco.* Mydecine Shareholders, through their ownership of Spinco Shares, will also continue to participate in the Cannabis Subsidiaries. The Mydecine Shareholders will hold 100% of the issued Spinco Shares upon completion of the Arrangement. Spinco will own 100% of the Cannabis Subsidiaries allowing Spinco to pursue development of the Cannabis Subsidiaries. It is expected that certain of the current management of Mydecine will also participate as management of Spinco.
- (b) *No Change to Ownership Position.* The Arrangement does not change the ownership position of the current Mydecine Shareholders of Mydecine. Each Mydecine Shareholder will hold the same number of shares in Mydecine post-Arrangement as pre-Arrangement. Each Mydecine Shareholder will hold the same pro rata ownership in Spinco as they hold in Mydecine. On completion of the Arrangement, the proportional interest that Mydecine Shareholders will own in the assets of Mydecine (pre-Arrangement) will remain unchanged.
- (c) *Diversification.* The creation of two separate companies dedicated to the pursuit of their respective businesses will provide Mydecine Shareholders with diversification and potential for increased liquidity for their investment portfolios, as they will hold a direct interest in two companies, each of which is focused on different industries.
- (d) *Business Opportunities.* The Spinout Transaction is expected to provide greater market awareness of Mydecine, Spinco, and their respective assets, and offer the companies increased flexibility to utilize and exploit their respective assets, without unnecessary dilution to the other. Mydecine will be able to pursue business and finance opportunities unavailable to it unless it divests its U.S. cannabis assets, including its proposed listing on the NASDAQ Capital Markets and London Stock Exchange. Spinco will be able to maximize the development of business opportunities with respect to the legalization of cannabis and the emerging cannabis and CBD markets. Also, the Arrangement would provide each of Mydecine and Spinco with the flexibility to secure financing and/or partners in respective assets without unnecessarily diluting shareholders of the other company.
- (e) *Approval of Mydecine Shareholders and the Court are required.* The following required approvals protect the rights of Mydecine Shareholders: the Arrangement must be approved by at least two-thirds of the votes cast in respect of the Arrangement Resolution by Mydecine Shareholders, present virtually or represented by proxy at the Meeting; and the Arrangement

must also be sanctioned by the Court, which will consider the fairness of the Arrangement to Mydecine Shareholders.

- (f) *Fairness Opinion.* The Board has received the Fairness Opinion of Eight Capital to the effect that, as of August 9, 2021 subject to the assumptions, limitations and qualifications contained therein, the Arrangement (based on the Plan of Arrangement and Arrangement Agreement) is fair, from a financial point of view, to the Mydecine Shareholders.

In view of the wide variety of factors and information considered in connection with their evaluation of the Arrangement, the Board did not find it practicable to, and therefore did not, quantify or otherwise attempt to assign any relative weight to each specific factor or item of information considered in reaching their conclusions and recommendations. In addition, individual members of the Board may have given different weights to different factors or items of information.

Approval of Arrangement Resolution

At the Meeting, the Mydecine Shareholders will be asked to approve the Arrangement Resolution, the full text of which is set out in Appendix A to this Circular. In order for the Arrangement to become effective, as provided in the Mydecine Interim Order and by the BCBCA, the Arrangement Resolution must be approved by at least two-thirds of the votes cast on the Arrangement Resolution by Mydecine Shareholders. Should Mydecine Shareholders fail to approve the Arrangement Resolution by the requisite majority, the Arrangement will not be completed.

The Board has approved the terms of the Arrangement Agreement and the Plan of Arrangement and recommends that the Mydecine Shareholders vote FOR the Arrangement Resolution. See “*The Arrangement – Recommendation of the Board*” above.

The Arrangement Agreement

The description of the Arrangement Agreement, both below and elsewhere in this Circular, is a summary only, is not exhaustive and is qualified in its entirety by reference to the terms of the Arrangement Agreement, which is incorporated by reference herein and may be found under Mydecine’s profile on SEDAR at www.sedar.com.

Effective Date and Conditions of the Arrangement

If the Arrangement Resolution is passed, the Mydecine Final Order of the Court is obtained approving the Arrangement, every requirement of the BCBCA relating to the Arrangement has been complied with and all other conditions disclosed under “*The Arrangement – The Arrangement Agreement*” are met or waived, the Arrangement will become effective commencing at 12:01 a.m. (Pacific time) on the Effective Date. It is currently expected that the effective date of the Arrangement will be on or about September 27, 2021 or shortly thereafter.

Conditions to the Arrangement Becoming Effective

In order for the Arrangement to become effective, certain conditions must have been satisfied or waived which conditions are summarized below.

Mutual Conditions

The obligations of the parties to complete the Arrangement are subject to the fulfillment of each of the following conditions precedent on or before the Effective Time, certain of which may only be waived in accordance with the Arrangement Agreement. The mutual conditions precedent, among others, are as follows:

- (a) the Mydecine Interim Order will have been granted in form and substance satisfactory to Mydecine, and such order will not have been set aside or modified in a manner unacceptable to Mydecine, on appeal or otherwise
- (b) the Arrangement Resolution, with or without amendment, will have been approved and adopted by the Mydecine Shareholders at the Meeting in accordance with the Arrangement Provisions, the Constatng Documents of Mydecine, the Mydecine Interim Order and the requirements of any applicable regulatory authorities;
- (c) the Mydecine Final Order will have been obtained in form and substance satisfactory to each of Mydecine and Spinco;
- (d) the Pre-Arrangement Reorganization shall have been completed;
- (e) all other consents, orders, regulations and approvals, including regulatory and judicial approvals and orders required or necessary or desirable for the completion of the transactions provided for in the Arrangement Agreement and the Plan of Arrangement will have been obtained or received from the persons, authorities or bodies having jurisdiction in the circumstances each in form acceptable to Mydecine and Spinco;
- (f) there will not be in force any order or decree restraining or enjoining the consummation of the transactions contemplated by the Arrangement Agreement and the Plan of Arrangement;
- (g) no law, regulation or policy will have been proposed, enacted, promulgated or applied which interferes or is inconsistent with the completion of the Arrangement and Plan of Arrangement, including any material change to the income tax laws of Canada, which would reasonably be expected to have a material adverse effect on any of Mydecine, the Mydecine Shareholders or Spinco if the Arrangement is completed;
- (h) notices of dissent pursuant to Article 5 of the Plan of Arrangement will not have been delivered by Mydecine Shareholders holding greater than 5% of the outstanding Mydecine Shares; and
- (i) the Arrangement Agreement will not have been terminated under Article 6 of the Arrangement Agreement.

The foregoing conditions may be waived in accordance with the Arrangement Agreement, if applicable.

Conditions in favour of Mydecine

The obligation of Mydecine to complete the Arrangement is subject to the fulfillment of each of the following conditions precedent on or before the Effective Time (each of which is for the exclusive benefit of Mydecine and may be waived by Mydecine):

- (a) no adverse material change will have occurred in the business, affairs, financial condition or operations of Spinco;
- (b) Mydecine will have received a satisfactory fairness opinion for Mydecine and tax advice satisfactory to Mydecine, in its sole discretion, respecting the tax consequences of the Arrangement to the Mydecine Shareholders (which fairness opinion and tax advice have been received); and
- (c) the representations and warranties of Spinco as set out in the Arrangement Agreement will be true and correct on and as of the Effective Date as if they were made on and as of such date, except as affected by transactions contemplated or permitted by the Arrangement Agreement and except for any failures or breaches of representations or warranties which would not have a material adverse effect on the business, assets, financial condition or results of operations of Spinco, taken as a whole.

The foregoing conditions will be for the sole benefit of Mydecine and may be waived by it in whole or in part at any time.

Conditions in favour of Spinco

The obligation of Spinco to complete the Arrangement is subject to the fulfillment of each of the following conditions precedent on or before the Effective Time (each of which is for the exclusive benefit of Spinco and may be waived by Spinco):

- (a) no adverse material change will have occurred in the business, affairs, financial condition or operations of Mydecine; and
- (b) the representations and warranties of Mydecine as set out in the Arrangement Agreement will be true and correct on and as of the Effective Date as if they were made on and as of such date, except as affected by transactions contemplated or permitted by the Arrangement Agreement and except for any failures or breaches of representations or warranties which would not have a material adverse effect on the business, assets, financial condition or results of operations of Mydecine, taken as a whole.

The foregoing conditions will be for the sole benefit of Spinco and may be waived by it in whole or in part at any time.

Termination

The Arrangement Agreement may be terminated at any time before or after the holding of the Meeting, and before or after the granting of the Mydecine Final Order, but in each case prior to the Effective Date, be terminated by direction of the Board of Mydecine without further action on the part of Mydecine Shareholders, or the board of directors of Spinco, and nothing expressed or implied herein or in the Plan of Arrangement will be construed as fettering the absolute discretion of the board of directors of Mydecine to terminate the Arrangement Agreement and discontinue efforts to effect the Arrangement for whatever reasons it may consider appropriate.

Completion of the Arrangement

The Arrangement will become effective commencing at 12:01 a.m. (Pacific time) on the date upon which all of the conditions to completion of the Arrangement as set out in the Arrangement Agreement have been satisfied or waived in accordance with the Arrangement Agreement, all documents agreed to be delivered thereunder have been delivered to the satisfaction of the recipient, acting reasonably, and the filings required under the BCBCA have been filed with the Registrar. Completion of the Arrangement is expected to occur on or about September 27, 2021; however, it is possible that completion may be delayed beyond this date if the conditions to completion of the Arrangement cannot be met on a timely basis.

Procedure for Distribution of Certificates

Share Certificates

Assuming completion of the Arrangement, if you hold your Mydecine common shares through an intermediary or if they are represented by a direct registration statement (“DRS”), then you are not required to take any action and Spinco Shares and New Mydecine Shares will be delivered to your intermediary through the procedures in place for such purposes between CDS & Co. or similar entities and such intermediaries, or a new DRS statement will be mailed to you, as applicable. If you hold your Mydecine common shares through an intermediary, you should contact your intermediary if you have questions regarding this process.

In the case of Registered Mydecine Shareholders, as soon as practicable following the Effective Date, the Depositary will forward, to each Registered Mydecine Shareholder who has not dissented to the Arrangement, a letter of transmittal containing instructions with respect to the deposit of certificates for Mydecine Shares with the Depositary for use in exchanging their Mydecine Share certificates for certificates representing:

- (a) New Mydecine Shares; and
- (b) Spinco Shares,

to which they are entitled under the Arrangement. Upon return of a properly completed letter of transmittal, together with certificates formerly representing Mydecine Shares and such other documents as the Depositary may require, certificates for the appropriate number of New Mydecine Shares and Spinco Shares will be distributed.

Fractional Shares

No holder of Mydecine Shares shall receive fractional securities of Mydecine or Spinco and no cash will be paid in lieu thereof. Any fractions resulting will be rounded to the nearest whole number, with fractions of one-half or greater being rounded to the next higher whole number and fractions of less than one-half being rounded to the next lower whole number.

Effects of the Arrangement on Mydecine Shareholders' Rights

Mydecine Shareholders receiving New Mydecine Shares and Spinco Shares under the Arrangement will remain shareholders of Mydecine and will also become shareholders of Spinco. Spinco, like Mydecine, is a company governed by the BCBCA.

Court Approval of the Arrangement

An arrangement under the BCBCA requires Court approval.

Mydecine Interim Order

On August 20, 2021 Mydecine obtained the Mydecine Interim Order providing for the calling and holding of the Meeting and certain other procedural matters. The text of the Mydecine Interim Order is set out in Appendix D to this Circular.

Mydecine Final Order

Subject to the terms of the Arrangement Agreement, and if the Arrangement Resolution is approved by Mydecine Shareholders at the Meeting in the manner required by the Mydecine Interim Order, Mydecine intends to make an application to the Court for the Mydecine Final Order.

The application for the Mydecine Final Order approving the Arrangement is currently scheduled for September 24, 2021 at 9:45 a.m. (Pacific time), or as soon thereafter as counsel may be heard, at 800 Smithe Street, Vancouver, British Columbia, Canada, or at any other date and time as the Court may direct. Any Mydecine Shareholder or any other interested party who wishes to appear or be represented and to present evidence or arguments at that hearing of the application for the Mydecine Final Order must file and serve a response to petition no later than 2:00 p.m. (Pacific time) on September 21, 2021 along with any other documents required, all as set out in the Mydecine Interim Order and the Notice of Petition, the text of which are set out in Appendix D to this Circular, and satisfy any other requirements of the Court. Such Persons should consult with their legal advisors as to the necessary requirements. In the event that the hearing is adjourned, then, subject to further order of the Court, only those Persons having previously filed and served a response to petition will be given notice of the adjournment.

The Court has broad discretion under the BCBCA when making orders with respect to the Arrangement. The Court will consider, among other things, the fairness and reasonableness of the Arrangement, both from a substantive and a procedural point of view. The Court may approve the Arrangement, either as proposed or as amended, on the terms presented or substantially on those terms. Depending upon the nature of any required amendments, Mydecine or Spinco may determine not to proceed with the Arrangement.

The Spinco Shares to be issued to Mydecine Shareholders in exchange for their Mydecine Shares pursuant to the Arrangement, have not been and will not be registered under the U.S. Securities Act or the Securities Laws of any state of the United States and will be issued and exchanged in reliance upon the exemption from registration under the U.S. Securities Act provided by Section 3(a)(10) thereof and exemptions provided under the Securities Laws of each state of the United States in which Mydecine Shareholders reside. Section 3(a)(10) of the U.S. Securities Act exempts the issuance of any securities issued in exchange for one or more bona fide outstanding securities from the general requirement of registration under the U.S. Securities Act 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 to those to whom the securities will be issued, 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 will be advised prior to the hearing of the application for the Mydecine Final Order that if the terms and conditions of the Arrangement, and the fairness thereof, are approved by the Court, the Spinco Shares to be received by Mydecine Shareholders pursuant to the Arrangement will not require registration under the U.S. Securities Act pursuant to Section 3(a)(10) thereunder. Accordingly, the Mydecine 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 issuance of the Spinco Shares in exchange for the Mydecine Shares pursuant to the Arrangement. See "*The Arrangement – Regulatory Law Matters*" below.

For further information regarding the Court hearing and your rights in connection with the Court hearing, see the form of Notice of Hearing of Petition attached at Appendix D to this Circular. The Notice of Hearing of Petition constitutes notice of the Court hearing of the application for the Mydecine Final Order and is your only notice of the Court hearing.

Regulatory Approvals

The Mydecine Shares are listed and posted for trading on the NEO-X. It is a condition of the Arrangement that the NEO-X conditional approval is obtained for the Arrangement.

Spinco intends to apply to list the Spinco Shares on the CSE or the NEO-X. However, there can be no assurance that Spinco will apply to list the Spinco Shares on the CSE, the NEO-X, or any other stock exchange and if it does, that the application would be approved. Any listing will be subject to Spinco meeting initial listing requirements of the CSE, the NEO-X, or any other stock exchange. It is not a condition of the Arrangement that the CSE, the NEO-X, or any other stock exchange shall have approved the listing of the Spinco Shares on the CSE, the NEO-X, or any other stock exchange. Therefore, unless and until such a listing of the Spinco Shares is obtained, holders of Spinco Shares may not have a market for their Spinco Shares.

Regulatory Law Matters and Securities Law Matters

Other than the Mydecine Final Order and the approval of the NEO-X, Mydecine is not aware of any material approval, consent or other action by any federal, provincial, state or foreign government or any administrative or regulatory agency that would be required to be obtained in order to complete the Arrangement. In the event that any such approvals or consents are determined to be required, such approvals or consents will be sought. Any such additional requirements could delay the Effective Date or prevent the completion of the Arrangement. While there can be no assurance that any regulatory consents or approvals that are determined to be required will be obtained, Mydecine currently

anticipates that any such consents and approvals that are determined to be required will have been obtained or otherwise resolved by the Effective Date. Subject to receipt of the Mydecine Shareholder Approval at the Meeting, receipt of the Mydecine Final Order and the satisfaction or waiver of all other conditions specified in the Arrangement Agreement, the Effective Date is expected to be on or about September 27, 2021 or shortly thereafter.

Canadian Securities Law Matters

Each Mydecine Shareholder is urged to consult such Mydecine Shareholder's professional advisors to determine the Canadian conditions and restrictions applicable to trades in the New Mydecine Shares or Spinco Shares.

Status under Canadian Securities Laws

Mydecine is a reporting issuer in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island, and Newfoundland and Labrador, and its shares currently trade on the NEO-X.

Upon completion of the Arrangement, Spinco expects that it will be a reporting issuer in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island, and Newfoundland and Labrador. Spinco intends to apply to list the Spinco Shares on the CSE or the NEO-X. However, there can be no assurance that Spinco will apply to list the Spinco Shares on the CSE, the NEO-X, or any other stock exchange and if it does, that the application would be approved. Any listing will be subject to Spinco meeting initial listing requirements of the CSE, the NEO-X, or any other stock exchange. It is not a condition of the Arrangement that the CSE, the NEO-X, or any other stock exchange shall have approved the listing of the Spinco Shares on the CSE, the NEO-X, or any other stock exchange. Therefore, unless and until such a listing of the Spinco Shares is obtained, holders of Spinco Shares may not have a market for their Spinco Shares.

Distribution and Resale of New Mydecine Shares and Spinco Shares under Canadian Securities Laws

The distribution of the New Mydecine Shares and Spinco Shares pursuant to the Arrangement will constitute a distribution of securities which is exempt from the prospectus requirements of Canadian securities legislation and is exempt from or otherwise is not subject to the registration requirements under applicable securities legislation. The New Mydecine Shares and Spinco Shares (if listed) received pursuant to the Arrangement will not be legended and may be resold through registered dealers in each of the provinces of Canada provided that (i) the trade is not a "control distribution" as defined National Instrument 45-102 - *Resale of Securities* of the Canadian Securities Administrators, (ii) no unusual effort is made to prepare the market or to create a demand for the New Mydecine Shares or the Spinco Shares, as the case may be, (iii) no extraordinary commission or consideration is paid to a Person or company in respect of such sale, and (iv) if the selling security holder is an insider or officer of Mydecine or Spinco, as the case may be, the selling security holder has no reasonable grounds to believe that Mydecine or Spinco, as the case may be, is in default of applicable Canadian Securities Laws.

The issuance pursuant to the Arrangement of the New Mydecine Shares and the Spinco Shares, as well as all other issuances, trades and exchanges of securities under the Arrangement, will be made pursuant to exemptions from the registration and prospectus requirements contained in applicable Canadian provincial securities legislation or, where required, exemption orders or rulings from various securities regulatory authorities in the provinces and territories of Canada where Mydecine Shareholders are resident. Mydecine is currently a "reporting issuer" under the applicable securities legislation in the provinces of British Columbia, Alberta and Ontario. Under National Instrument 45-102 – *Resale of Securities* (and if required, orders and rulings from various securities regulatory authorities in the provinces and territories of Canada where Mydecine Shareholders are resident), the New Mydecine Shares and Spinco Shares received by Mydecine Shareholders pursuant to the Arrangement may be resold through registered dealers in Canadian provinces or territories without

any “hold period” restriction (provided that no unusual effort is made to prepare the market or create a demand for these securities, no extraordinary commission or consideration is paid in respect of the sale and, if the seller is an insider or officer of the issuer, the seller has no reasonable grounds to believe that the issuer is in default of securities legislation). Resales of New Mydecine Shares and Spinco Shares will, however, be subject to resale restrictions where the sale is made from the holdings of any Person or combination of Persons holding a sufficient number of New Mydecine Shares or Spinco Shares, as the case may be, to affect materially the control of Mydecine or Spinco, respectively.

United States Securities Law Matters

Resales of Spinco Shares within the United States after the Effective Time

The resale rules under the U.S. Securities Act applicable to Mydecine Shareholders in the United States are summarized below. The following summary is a general overview of certain requirements of U.S. federal securities laws that may be applicable to Mydecine Shareholders in the United States with respect to securities of Spinco that they may receive pursuant to or following the Arrangement. All Mydecine Shareholders in the United States are urged to consult with their own legal counsel to ensure that any proposed resale or exercise of such Spinco Shares complies with applicable Securities Laws.

Non-Affiliates of Spinco

Mydecine Shareholders in the United States who are not “affiliates” of Spinco at the time of, or within 90 days before, their resale of Spinco Shares and who were not “affiliates” of Spinco within 90 days prior to the Effective Date, may generally resell Spinco Shares without restriction under the U.S. Securities Act. An “affiliate” of an issuer is a person that directly or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the issuer. “Control” means the possession, direct or indirect, of the power to direct or cause direction of the management and policies of an issuer, whether through the ownership of voting securities, by contract or otherwise. Typically, persons who are executive officers, directors or 10% or greater shareholders of an issuer are considered to be its “affiliates”.

Affiliates of Spinco

Mydecine Shareholders in the United States who are affiliates of Spinco at the time of, or within 90 days before, their resale of Spinco Shares or who were affiliates of Spinco at the time of, or within 90 days prior to the Effective Date, will be subject to restrictions on resale imposed by the U.S. Securities Act with respect to the Spinco Shares. These Mydecine Shareholders may not resell their Spinco Shares unless such securities are registered under the U.S. Securities Act or an exemption from registration is available, such as pursuant to Regulation S or Rule 144, if available, as follows:

- ***Resale of Spinco Shares Pursuant to Regulation S.*** In general, under Regulation S, persons who are affiliates of Spinco at the time of their resale of Spinco Shares solely by virtue of their status as an officer or director of Spinco may sell Spinco Shares outside of the United States to a person that is not “U.S. person” within the meaning of Regulation S in an “offshore transaction” in accordance with Regulation S (which would include a sale through the NEO-X or CSE, if applicable) if neither the seller nor any person acting on its behalf engages in “directed selling efforts” in the United States and no selling commission, fee or other remuneration is paid in connection with such sale other than a usual and customary broker’s commission. For purposes of Regulation S, “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” in the sale transaction. Certain additional restrictions are applicable to a holder of Spinco Shares who is an affiliate of Spinco at the time of their resale of Spinco Shares other than by virtue of his or her status as an officer or director of Spinco.

- *Resale of Spinco Shares Pursuant to Rule 144.* In general, under Rule 144 under the U.S. Securities Act, if available, persons who are affiliates of Spinco at the time of, or within 90 days before, their resale of Spinco Shares, or who were affiliates of Spinco at the time of, or within 90 days prior to the Effective Date, will be entitled to sell Spinco Shares in the United States, provided that during any three-month period, the number of such Spinco Shares sold does not exceed the greater of one percent of the then outstanding securities of such class or, if such securities are listed on a United States securities exchange, the average weekly trading volume of such securities during the four-week period preceding the date of sale, subject to specified restrictions on manner of sale, notice requirements, aggregation rules and the availability of current public information about Spinco; and provided, further, that the other conditions applicable to a sale pursuant to Rule 144 are satisfied.

Each U.S. Holder of Mydecine Shares should consult its own tax advisor as to the particular tax consequences to it of the receipt of Spinco Shares pursuant to the Mydecine spinout and the ownership and disposition of the Spinco Shares received, including the effects of applicable U.S. federal, state and local tax laws and non-U.S. tax laws and possible changes in tax laws.

Fees and Expenses

Mydecine will pay all of the costs, fees and expenses, including the fees and expenses of advisors, accountants and legal counsel, incurred in connection with the Arrangement and the transactions contemplated by the Arrangement Agreement.

Interests of Certain Persons in the Arrangement

In considering the recommendation of the Board with respect to the Arrangement, Mydecine Shareholders should be aware that Mydecine's senior management and the Board will participate in the Arrangement, to the extent they are Mydecine Shareholders, in the same manner as Mydecine Shareholders. There are no collateral benefits to be received by the directors or executive officers of Mydecine as a result of the Arrangement.

Directors

The directors (other than directors who are also executive officers) do not hold any Mydecine Shares. All of the Mydecine Shares held by the directors will be treated in the same fashion under the Arrangement as Mydecine Shares held by every other Mydecine Shareholder.

Executive Officers

The current responsibility for the general management of Mydecine is held and discharged by a group of executive officers. The executive officers of Mydecine are as follows:

Name	Position	Mydecine Shares
David Joshua Barch	CEO	30,529,956
Dean Ditto	CFO	Nil
Damon Michaels	COO	2,550,000
Robert Roscow	CSO	1,800,000
Sanford Stein	Corporate Secretary	Nil

The executive officers of Mydecine hold, in the aggregate, 34,879,956 Mydecine Shares representing approximately 14.53% of the Mydecine Shares as of the Record Date. All of the Mydecine Shares held by the executive officers of Mydecine will be treated in the same fashion under the Arrangement as Mydecine Shares held by every other Mydecine Shareholder.

Risks Associated with the Arrangement

In evaluating the Arrangement, Mydecine Shareholders should carefully consider the following risk factors relating to the Arrangement. The following risk factors are not a definitive list of all risk factors associated with the Arrangement. Additional risks and uncertainties, including those currently unknown or considered immaterial by Mydecine, may also adversely affect trading price of the New Mydecine Shares, the Spinco Shares and/or the businesses of Mydecine and Spinco following the Arrangement. In addition to the risk factors relating to the Arrangement set out below, Mydecine Shareholders should also carefully consider the risk factors associated with the businesses of Mydecine and Spinco included in this Circular, the Appendices to this Circular and in the documents incorporated by reference herein. If any of the risk factors materialize, the expectations, and the predictions based on them, may need to be re-evaluated. The risks associated with the Arrangement include:

The Arrangement Agreement may be terminated in certain circumstances, including in the event of a change having an adverse material effect on Mydecine.

Each of Mydecine and Spinco has the right to terminate the Arrangement Agreement in certain circumstances. Accordingly, there is no certainty, nor can Mydecine provide any assurance, that the Arrangement Agreement will not be terminated by either Mydecine or Spinco before the completion of the Arrangement. For example, Spinco has the right, in certain circumstances, to terminate the Arrangement Agreement if changes occur that, in the aggregate, have an adverse material effect on Mydecine. Although an adverse material effect excludes certain events that are beyond the control of Mydecine (such as general changes in the global economy or changes that affect the mining industry generally and which do not have a materially disproportionate effect on Mydecine), there is no assurance that a change having an adverse material effect on Mydecine will not occur before the Effective Date, in which case Spinco could elect to terminate the Arrangement Agreement and the Arrangement would not proceed.

There can be no certainty that all conditions precedent to the Arrangement will be satisfied.

The completion of the Arrangement is subject to a number of conditions precedent, certain of which are outside the control of Mydecine, including satisfaction of the conditions precedent to the Arrangement and receipt of the Mydecine Final Order. There can be no certainty, nor can Mydecine provide any assurance, that these conditions will be satisfied or, if satisfied, when they will be satisfied. If the Arrangement is not completed, the market price of the Mydecine Shares may decline to the extent that the current market price reflects a market assumption that the Arrangement will be completed. If the Arrangement is not completed and the Board decides to seek another merger or arrangement, there can be no assurance that it will be able to find a party willing to pay an equivalent or more attractive price than the total consideration to be paid pursuant to the Arrangement.

Mydecine will incur costs even if the Arrangement is not completed.

Certain costs related to the Arrangement, such as legal, accounting and Fairness Opinion fees, must be paid by Mydecine even if the Arrangement is not completed. Mydecine is liable for its costs incurred in connection with the Arrangement. See “*The Arrangement – Termination*”.

The market price for the Mydecine Shares may decline.

If the Arrangement is not approved by the Mydecine Shareholders, the market price of the Mydecine Shares may decline to the extent that the current market price of the Mydecine Shares reflects a market assumption that the Arrangement will be completed. If the Arrangement Resolution is not approved and the Board decides to seek another merger or arrangement, there can be no assurance that it will be able to find a party willing to pay an equivalent or more attractive price than the total consideration to be paid pursuant to the Arrangement.

If the Arrangement is approved and Mydecine determines that a deemed dividend arose as a consequence of the Arrangement, Mydecine will be entitled to deduct and withhold from any consideration payable or otherwise deliverable to a Mydecine Shareholder (including the New Mydecine Shares and the Spinco Shares) such amounts as Mydecine is required or permitted to deduct and withhold under the Tax Act. To the extent that Mydecine is required to deduct and withhold from consideration, Mydecine is entitled to liquidate such consideration to the extent necessary in order to fund its deduction, withholding and remittance obligations (including any applicable interest and penalties). Any such sales may negatively impact the trading price of the New Mydecine Shares or Spinco Shares (if listed). See “*Certain Canadian Federal Income Tax Considerations*”.

Spinco Shares may not be qualified investments under the Tax Act for a Registered Plan.

There is no assurance when, or if, the Spinco Shares will be listed on the CSE, the NEO-X, or on any other stock exchange. If the Spinco Shares are not listed on a “designated stock exchange”, as defined in the Tax Act, or if Spinco does not otherwise satisfy the conditions in the Tax Act to be a “public corporation” before the due date for Spinco’s first income tax return and/or does not make the election in its first income tax return to be deemed to be a public corporation from the beginning of such year, the Spinco Shares will not be considered to be a “qualified investment” under the Tax Act for a Registered Plan from their date of issue. Where a Registered Plan acquires a Spinco Share in circumstances where the Spinco 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 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. See “*Certain Canadian Federal Income Tax Considerations – Holders Residents in Canada - Eligibility for Investment*”.

Dissent Rights

The following description of the rights of registered Mydecine Shareholders to dissent and be paid fair value for their Common Shares is not a comprehensive statement of the procedures to be followed by a registered Mydecine Shareholder and is qualified in its entirety by the reference to the full text of the Mydecine Interim Order and Sections 237 to 247 of the BCA, copies of which are attached to this Circular as Appendices D and K, respectively. **A registered Mydecine Shareholder who intends to exercise a right of dissent should carefully consider and comply with the provisions of Section 237 to 247 of the BCBCA, as modified by the Mydecine Interim Order, and should seek independent legal advice.** Failure to comply with the provisions of those sections, as modified by the Mydecine Interim Order, and to adhere to the procedures established therein may result in the loss of all rights thereunder. The Court on hearing the application for the Mydecine Final Order has the discretion to alter the rights of dissent described herein based on the evidence presented at such hearing.

A Mydecine Shareholder who intends to exercise its right of dissent must deliver a written Dissent Notice to Mydecine at:

Mydecine Innovations Group Inc.
c/o Miller Thomson LLP

400 – 725 Granville Street
Vancouver, BC
V7Y 1G5,

Attention: Bryan Hicks

and with a copy by email to bjhicks@millerthomson.com

by no later than 11:00 a.m. (Vancouver time) on September 16, 2021, and must not vote any Common Shares it holds in favour of the Arrangement Resolution. A Beneficial Shareholder who wishes to exercise its rights of dissent must arrange for the registered Shareholder holding its Common Shares to deliver the Dissent Notice. The Dissent Notice must contain all of the information specified in the Mydecine Interim Order.

If the Arrangement Resolution is passed at the Meeting, the Company must send by registered mail to every Dissenting Shareholder, prior to the date set for the hearing of the Mydecine Final Order, a notice (a “**Notice of Intention**”) stating that, subject to receipt of the Mydecine Final Order and satisfaction of the other conditions set out in the Arrangement Agreement, the Company intends to complete the Arrangement, and advising the Dissenting Shareholder that if the Dissenting Shareholder intends to proceed with its exercise of its rights of dissent it must deliver to the Company, within one month of the mailing of the Notice of Intention, a written statement containing the information specified by the Mydecine Interim Order, together with the certificates representing the Common Shares it holds.

A Dissenting Shareholder delivering such a written statement may not withdraw from its dissent and, at the Effective Date, will be deemed to have transferred to the Company all of the Common Shares it holds. The Company will pay to each Dissenting Shareholder the amount agreed between the Company and the Dissenting Shareholder for its Common Shares. Either the Company or a Dissenting Shareholder may apply to the Court if no agreement on the terms of the sale of the Common Shares held by the Dissenting Shareholder has been reached and the Court may:

- a. determine the fair value that the Common Shares had immediately before the passing of the Arrangement Resolution, excluding any appreciation or depreciation in anticipation of the Arrangement unless exclusion would be inequitable, or order that such fair value be established by arbitration or by reference to the Registrar, or a referee of the court;
- b. join in the application each other Dissenting Shareholder which has not reached an agreement for the sale of its Common Shares to the Company; and
- c. make consequential orders and give directions it considers appropriate.

If a Dissenting Shareholder fails to strictly comply with the requirements of its rights of dissent set out in the Mydecine Interim Order, it will lose such rights, the Company will return to the Dissenting Shareholder the certificates representing the Common Shares that were delivered to the Company, if any, and, if the Arrangement is completed, that Dissenting Shareholder will be deemed to have participated in the Arrangement on the same terms as other Shareholders who did not exercise their rights of dissent.

If a Dissenting Shareholder strictly complies with the foregoing requirements but the Arrangement is not completed, then the Company will return to the Dissenting Shareholder the certificates delivered to the Company, if any, pursuant to its rights of dissent.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

The following is, as of the date of this Circular, a summary of the principal Canadian federal income tax considerations under the Tax Act generally applicable to Mydecine Shareholders who exchange their Mydecine Shares pursuant to the Arrangement, and who at all relevant times, for purposes of the Tax Act (i) holds Mydecine Shares, and will hold New Mydecine Shares and Spinco Shares acquired pursuant to the Arrangement, as capital property, and (ii) deals at “arm’s length” and are not “affiliated” (in each case, within the meaning of the Tax Act) with any of Mydecine and Spinco (each such Mydecine Shareholder, a “**Holder**”).

Mydecine Shares, New Mydecine Shares and Spinco Shares generally will be considered capital property to a Mydecine Shareholder for purposes of the Tax Act unless the Mydecine Shareholder holds such shares in the course of carrying on a business of buying and selling securities or the Mydecine Shareholder has acquired or holds them in a transaction or transactions considered to be

an adventure or concern in the nature of trade. In circumstances where Mydecine Shares, New Mydecine Shares and Spinco Shares may not otherwise constitute capital property to a particular holder who is resident in Canada for purposes of the Tax Act, such holder may be entitled to elect that such securities be deemed to be capital property by making an irrevocable election under subsection 39(4) of the Tax Act to deem every “Canadian security” (as defined in the Tax Act) owned by such holder in the taxation year of the election and in each subsequent taxation year to be capital property. Mydecine Shareholders contemplating such an election should first consult their own tax advisors.

This summary is based on the current provisions of the Tax Act in force on the date hereof, and counsel’s understanding of the current published administrative policies and assessing practices of the Canada Revenue Agency (“CRA”). The 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 “Tax Proposals”), and assumes that all Tax Proposals will be enacted in the form proposed. However, there is no certainty that the Tax Proposals will be enacted in the form currently proposed, if at all. The summary does not otherwise take into account or anticipate any changes in law, whether by judicial, governmental or legislative decision or action, or other changes in administrative policies or assessing practices of the CRA, nor does it take into account provincial, territorial or foreign income tax legislation or considerations, which legislation or considerations may materially differ from Canadian federal income tax legislation or considerations.

This summary does not apply to Holders which are “financial institutions” for the purposes of the market-to-market rules in the Tax Act, “specified financial institutions” or an interest in which would be a “tax shelter” or a “tax shelter investment” or has entered or will enter into a “derivative forward agreement”, a “synthetic disposition arrangement” or a “dividend rental arrangement”, each as defined in the Tax Act. This summary also does not apply to a Holder that has made a functional currency reporting election pursuant to the Tax Act. In addition, this summary does not address the tax considerations relevant to Holders who acquired their Mydecine Shares on the exercise of an employee stock option. **Such holders should consult their own tax advisors.**

Further, this summary is not applicable to a Holder that is a corporation resident in Canada (or does not deal at arm's length within the meaning of the Tax Act with a corporation resident in Canada that is) or that becomes as part of a transaction or event or series of transactions or events that includes the Arrangement, controlled by a non-resident person, or a group of non-resident persons not dealing with each other at arm's length, for purposes of section 212.3 of the Tax Act. Any such holder should consult its own tax advisor.

In addition, this summary does not address the Canadian federal income tax considerations applicable to holders of Mydecine Stock Options, Mydecine Share Warrants, Mydecine Unit Warrant, Mydecine Performance Warrants or Mydecine Top-Up Shares in connection with the Arrangement or in connection with New Mydecine Equity Incentive Plan Awards or other Share-Based Awards made under the New Mydecine Equity Incentive Plan. Such holders should consult their own tax advisors.

This summary is of a general nature only and 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, business or tax advice or representations to any particular Mydecine Shareholder. Accordingly, Mydecine Shareholders should consult their own tax advisors with respect to their particular circumstances, including the application and effect of the income and other tax laws of any country, province, state or local tax authority.

For purposes of the Tax Act, all amounts relating to the acquisition, holding or disposition of Mydecine Shares, New Mydecine Shares or Spinco Shares, including interest, dividends, ACB and proceeds of disposition must be converted into Canadian dollars based on the relevant exchange rate applicable on the effective date (as determined in accordance with the Tax Act) of the related acquisition, disposition or recognition of income.

Holders Resident in Canada

This part of the summary is generally applicable to Holders , who, for the purposes of the Tax Act and at all relevant times, are resident, or deemed to be resident, in Canada (“**Resident Holders**”).

The following portion of this summary, other than the portion under the heading “*Holders Resident in Canada – Dissenting Resident Holders*”, applies to Resident Holders that are not Dissenting Shareholders

Exchange of Mydecine Shares for New Mydecine Shares and Spinco Shares

Resident Holders should not be considered to have disposed of their Mydecine Shares on the renaming and redesignation of all of the issued Mydecine Shares to Class A Common Shares under the Plan of Arrangement.

Resident Holders will be considered to have disposed of their Mydecine Shares on the exchange of their Mydecine Shares for New Mydecine Shares and Spinco Shares.

The exchange of Mydecine Shares for New Mydecine Shares and Spinco Shares pursuant to the Arrangement is intended to qualify as a tax-deferred reorganization under section 86 of the Tax Act. Provided the fair market value of the Spinco Shares received by holders of Mydecine Shares on the exchange does not exceed the aggregate “paid-up capital” (as determined for purposes of the Tax Act) of all of the issued and outstanding Mydecine Shares immediately before the exchange, the receipt of the Spinco Shares by a Resident Holder on the exchange should not give rise to any deemed dividend to the Resident Holder. Mydecine expects that the fair market value of all of the Spinco Shares to be received by Mydecine Shareholders pursuant to the exchange will be substantially less than the aggregate “paid-up capital” (as determined for purposes of the Tax Act) of all of the issued and outstanding Mydecine Shares immediately before such exchange, and that no deemed dividend should therefore arise as a result of the exchange of Mydecine Shares for New Mydecine Shares and Spinco Shares pursuant to the Arrangement.

The cost to a Resident Holder of Spinco Shares acquired on the exchange of Mydecine Shares for New Mydecine Shares and Spinco Shares will be equal to the fair market value of the Spinco Shares at the time of the exchange. The cost to a Resident Holder of New Mydecine Shares acquired on the exchange will be equal to the amount, if any, by which the ACB of the Resident Holder’s Mydecine Shares immediately before the exchange exceeds the fair market value of the Spinco Shares received on the exchange.

Assuming that the fair market value of the Spinco Shares received by holders of Mydecine Shares upon the exchange of Mydecine Shares for New Mydecine Shares and Spinco Shares pursuant to the Arrangement does not exceed the aggregate “paid-up capital” (as determined for purposes of the Tax Act) of all of the issued and outstanding Mydecine Shares immediately before the exchange, a Resident Holder whose Mydecine Shares are exchanged for New Mydecine Shares and Spinco Shares pursuant to the Arrangement will be deemed to have disposed of its Mydecine Shares for proceeds of disposition equal to the greater of (i) the ACB to the Resident Holder of its Mydecine Shares immediately before the exchange, and (ii) the fair market value, at the time of the exchange, of the Spinco Shares received by such Resident Holder. Consequently, a Resident Holder will only realize a capital gain on the exchange if, and to the extent that, the fair market value of the Spinco Shares received by such Resident Holder on the exchange exceeds the ACB of such Resident Holder’s Mydecine Shares immediately before the exchange. See “*Holders Resident in Canada – Taxation of Capital Gains and Capital Losses*” below for a general description of the treatment of capital gains and capital losses under the Tax Act.

Dividends on Shares

A Resident Holder who is an individual will be required to include in income for a taxation year any dividends received or deemed to be received on the Resident Holder's Mydecine Shares, New Mydecine Shares or Spinco Shares in such taxation year, and will be subject to the gross-up and dividend tax credit rules applicable to taxable dividends received from taxable Canadian corporations, including the enhanced gross-up and dividend tax credit rules applicable to any dividends designated by Mydecine or Spinco, as the case may be, as "eligible dividends", as defined in the Tax Act. There may be limitations on the ability of Mydecine or Spinco to designate dividends as eligible dividends.

A Resident Holder that is a corporation will be required to include in income for a taxation year any dividend received or deemed to be received on the Resident Holder's Mydecine Shares, New Mydecine Shares or Spinco Shares in such taxation year, but generally will be entitled to deduct an equivalent amount in computing its taxable income to the extent and under the circumstances specified in the Tax Act. In the event that a dividend is deemed to have been received on the exchange of Mydecine Shares for New Mydecine Shares and Spinco Shares under the Arrangement, Resident Holders that are corporations may wish to consult their tax advisors on the tax consequences of the deemed receipt of such a dividend, including the potential application of subsection 55(2) of the Tax Act that may result in a portion or all of such deemed dividend being treated as a capital gain, depending on the circumstances.

A "private corporation" or a "subject corporation" (as defined in the Tax Act) may be liable under Part IV of the Tax Act to pay an additional tax, which may be refundable, of 38 $\frac{1}{3}$ % on any dividend that it receives or is deemed to receive on Mydecine Shares, New Mydecine Shares or Spinco Shares to the extent that the dividend is deductible in computing the corporation's taxable income.

Disposition of New Mydecine Shares and Spinco Shares

A Resident Holder that disposes or is deemed to dispose of a New Mydecine Share or a Spinco Share in a taxation year generally will realize a capital gain (or capital loss) equal to the amount by which the proceeds of disposition of the New Mydecine Share or Spinco Share, as the case may be, exceed (or are less than) the sum of the Resident Holder's ACB of such New Mydecine Share or Spinco Share, as the case may be, determined immediately before the disposition and any reasonable costs of disposition. See "Taxation of Capital Gains and Losses" below.

Taxation of Capital Gains and Losses

Generally, a Resident Holder will be required to include in computing the Resident Holder's income for a taxation year one-half of the amount of any capital gain (a "**taxable capital gain**") realized by the Resident Holder in that year. A Resident Holder will generally be entitled 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 by the Resident Holder in that year. Allowable capital losses in excess of taxable capital gains for a taxation year may be carried back to any of the three preceding taxation years or carried forward to any subsequent taxation year and deducted against net taxable capital gains realized in such years to the extent and under the circumstances specified in the Tax Act.

Where a Resident Holder is a corporation, the amount of any capital loss arising on a disposition or deemed disposition of any New Mydecine Share or Spinco Share, as the case may be, may be reduced by the amount of dividends received or deemed to have been received by it on such New Mydecine Share or Spinco Share, as the case may be, to the extent and under the circumstances described in the Tax Act. Similar rules may apply where a corporation is a member of a partnership or a beneficiary of a trust that owns New Mydecine Shares or Spinco Shares, as the case may be, or where a trust or partnership of which a corporation is a beneficiary or a member is a member of a partnership or a beneficiary of a trust that owns such securities.

A Resident Holder that is a "Canadian-controlled private corporation" (as defined in the Tax Act) may be required to pay an additional tax of 10 $\frac{2}{3}$ %, which may be refundable, on certain investment income, which includes taxable capital gains.

Minimum Tax

A Resident Holder who is an individual (including certain trusts) is subject to minimum tax under the Tax Act. This tax is computed by reference to adjusted taxable income. Eighty percent (80%) of capital gains (net of capital losses) and the actual amount of taxable dividends (not including any gross-up) are included in determining the adjusted taxable income of an individual. Any additional tax payable by an individual under the minimum tax provisions may be carried forward and applied against certain tax otherwise payable in any of the seven immediately following taxation years, to the extent specified by the Tax Act.

Dissenting Resident Holders

The following portion of this summary is generally applicable to a Resident Holder that is a Dissenting Shareholder (a “**Dissenting Resident Holder**”).

A Dissenting Resident Holder who, as a result of the exercise of Dissent Rights, is entitled to be paid the fair value of their Mydecine Shares by Mydecine will be deemed to have received a taxable dividend in the taxation year of payment equal to the amount, if any, by which such payment (other than that portion that is in respect of interest, if any, awarded by the Court) exceeds the “paid-up capital” (determined for purposes of the Tax Act) attributable to such Dissenting Resident Holder’s Mydecine Shares immediately before their surrender to Mydecine pursuant to the Arrangement. The tax consequences described above under the heading “*Holders Resident in Canada – Dividends on Shares*” will generally apply with respect to any such deemed dividend.

In addition, a Dissenting Resident Holder will be considered to have disposed of such Mydecine Shares for proceeds of disposition equal to the payment received (other than that portion that is in respect of interest, if any, awarded by the Court), less the amount of any deemed dividend arising on the surrender of such shares as described above. The Dissenting Resident Holder will, in general, realize a capital gain (or a capital loss) equal to the amount by which such proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the ACB to such holder of the Mydecine Shares immediately before their surrender to Mydecine pursuant to the Arrangement. Any such capital gain or capital loss will be subject to the same tax treatment as described above under the heading “*Holders Resident in Canada – Taxation of Capital Gains and Capital Losses*”.

Interest, if any, awarded by the Court to a Dissenting Resident Holder will be included in the Dissenting Resident Holder’s income for the purposes of the Tax Act.

Dissenting Resident Holders should consult their own tax advisors with respect to the tax implications to them of the exercise of Dissent Rights.

Eligibility for Investment

The New Mydecine Shares and the Spinco Shares to be issued pursuant to the Arrangement would, if issued on the date of this Circular, be “qualified investments” under the Tax Act for trusts governed by a registered retirement savings plan (“**RRSP**”), a registered retirement income fund (“**RRIF**”), a deferred profit sharing plan, a registered education savings plan (“**RESP**”), a registered disability savings plan (“**RDSP**”) and a tax-free savings account (“**TFSA**”) (collectively, “**Registered Plans**”), each as defined in the Tax Act, provided that, at such time, such New Mydecine Shares and Spinco Shares are listed on a “designated stock exchange” as defined in the Tax Act, which includes the NEO-X and the CSE or Mydecine or Spinco, as the case may be, is a “public corporation” as defined in the Tax Act. If the Spinco Shares are not listed on a designated stock exchange at the time they are issued pursuant to the Arrangement, but such Spinco Shares become listed on a designated stock exchange in Canada before the due date for Spinco’s first income tax return and Spinco makes the

appropriate election under the Tax Act in that return, such Shares will be considered qualified investments for Registered Plans from the date of issuance.

If the Spinco Shares are not listed on a designated stock exchange before the due date for Spinco's first income tax return or if Spinco does not otherwise satisfy the conditions in the Tax Act to be a "public corporation", the Spinco 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 Spinco Share in circumstances where the Spinco 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 under or the subscriber or holder (the "**Controlling Individual**") of 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 RESP, such plan may have its tax exempt status revoked.

Notwithstanding that the New Mydecine Shares and the Spinco Shares may be a qualified investment for a Registered Plan, the Controlling Individual of a RRSP, RRIF, RESP, RDSP or TFSA, as the case may be, will be subject to a penalty tax if such securities are "prohibited investments" for purposes of the Tax Act for the RRSP, RRIF, RESP, RDSP or TFSA, as the case may be. The New Mydecine Shares and/or Spinco Shares, as the case may be will not generally be prohibited investments for a RRSP, RRIF, RESP, RDSP or TFSA if the Controlling Individual deals at arm's length with Mydecine and/or Spinco, as the case may be, for the purposes of the Tax Act, and does not have a "significant interest" (as defined in the Tax Act) in Mydecine and/or Spinco, as the case may be. In addition, New Mydecine Shares and/or Spinco Shares, as the case may be, will generally not be prohibited investments if such securities are "excluded property" as defined in the Tax Act. Mydecine Shareholders should consult their own tax advisors as to whether New Mydecine Shares and/or Spinco Shares will be prohibited investments in their particular circumstances, including with respect to whether the New Mydecine Shares and/or the Spinco Shares, as the case may be, would be "excluded property", as defined in the Tax Act.

Holders Not Resident in Canada

This part of the summary is generally applicable to Holders, who, at all relevant times, for purposes of the Tax Act, have not been and will not be resident or deemed to be resident in Canada at any time while they have held or will hold Mydecine Shares, New Mydecine Shares or Spinco Shares, and who do not use or hold, will not use or hold and are not and will not be, deemed to use or hold such Mydecine Shares, New Mydecine Shares or Spinco Shares, in carrying on a business in Canada ("**Non-Resident Holders**"). Special rules, which are not discussed in this summary, may apply to a non-resident that is an insurer carrying on business in Canada and elsewhere or that is an "authorized foreign bank" (as defined in the Tax Act).

The following portion of this summary, other than the portion under the heading "*Holders Not Resident in Canada – Dissenting Non-Resident Holders*", applies to Non-Resident Holders that are not Dissenting Shareholders.

Exchange of Shares for New Mydecine Shares and Spinco Shares

Non-Resident Holders should not be considered to have disposed of their Mydecine Shares on the renaming and redesignation of all of the issued Mydecine Shares to Class A Common Shares under the Plan of Arrangement.

The exchange of Mydecine Shares for New Mydecine Shares and Spinco Shares pursuant to the Arrangement is intended to qualify as a tax-deferred reorganization pursuant to section 86 of the Tax Act. The discussion above under the heading "Holders Resident in Canada – Exchange of Mydecine Shares for Mydecine New Shares and Spinco Shares" with respect to the deemed dividend potentially resulting from the receipt of Spinco Shares by a Resident Holder applies equally to a Non-Resident Holder. As noted in the above discussion, Mydecine does not expect to be deemed to have paid a

dividend as a result of the exchange of Mydecine Shares for New Mydecine Shares and Spinco Shares pursuant to the Arrangement.

Assuming that the fair market value of the Spinco Shares distributed to holders of Mydecine Shares upon the exchange of Mydecine Shares for New Mydecine Shares and Spinco Shares pursuant to the Arrangement does not exceed the aggregate “paid-up capital” (as determined for purposes of the Tax Act) of all of the issued and outstanding Mydecine Shares immediately before the exchange, a Non-Resident Holder whose Mydecine Shares are exchanged for New Mydecine Shares and Spinco Shares pursuant to the Arrangement will be deemed to have disposed of its Mydecine Shares for proceeds of disposition equal to the greater of (i) the ACB to the Non-Resident Holder of its Mydecine Shares immediately before the exchange, and (ii) the fair market value, at the time of the exchange, of the Spinco Shares received by such Non-Resident Holder. Consequently, a Non-Resident Holder will only realize a capital gain on the exchange if, and to the extent that, the fair market value of the Spinco Shares received by such Non-Resident Holder on the exchange exceeds the ACB of such Resident Holder's Mydecine Shares immediately before the exchange.

The cost to a Non-Resident Holder of Spinco Shares acquired on the exchange of Mydecine Shares for New Mydecine Shares and Spinco Shares will be equal to the fair market value of the Spinco Shares at the time of the exchange. The cost to a Non-Resident Holder of New Mydecine Shares acquired on the exchange will be equal to the amount, if any, by which the ACB of the Non-Resident Holder's Mydecine Shares immediately before the exchange exceeds the fair market value of the Spinco Shares received on the exchange. A Non-Resident Holder who participates in the Arrangement will not be subject to tax under the Tax Act on any capital gain realized on the exchange of Mydecine Shares for New Mydecine Shares and Spinco Shares, provided that the Mydecine Shares are not “taxable Canadian property” (as defined in the Tax Act), as discussed below, to the Non-Resident Holder at the time of the exchange or an applicable income tax treaty or convention exempts the capital gain from tax under the Tax Act.

Mydecine Shares will generally not constitute taxable Canadian property of a Non-Resident Holder at the time of disposition, if the Mydecine Shares are listed on a designated stock exchange, as defined in the Tax Act, which includes the NEO-X, at the Effective Time unless at any time during the 60-month period immediately preceding the disposition, both the following conditions are satisfied concurrently: (i) (a) the Non-Resident Holder, (b) persons with whom the Non-Resident Holder did not deal at arm's length, (c) partnerships in which the Non-Resident Holder or a person with whom the Non-Resident Holder did not deal at arm's length holds a membership interest, directly or indirectly, through one or more partnerships, or (d) any combination of the persons and partnerships described in (a) through (c), owned or was considered to own 25% or more of the issued Mydecine Shares or of any class of the capital stock of Mydecine, and (ii) more than 50% of the fair market value of the Mydecine Shares was derived directly or indirectly from one or any combination of real or immovable property situated in Canada, “Canadian resource properties”, “timber resource properties” (each as defined in the Tax Act), and options in respect of, or interests in, or for civil law rights in, any such properties (whether or not such property exists). Mydecine Shares may also be deemed to be “taxable Canadian property” pursuant to the Tax Act.

Even if the Mydecine Shares are taxable Canadian property of a Non-Resident Holder, such Non-Resident Holder may be exempt from tax under the Tax Act on the disposition of such Mydecine Shares by virtue of an applicable income tax treaty or convention. In cases where a Non-Resident Holder disposes, or is deemed to dispose, of a Mydecine Share that is taxable Canadian property of that Non-Resident Holder, and the Non-Resident Holder is not entitled to an exemption from tax under the Tax Act or pursuant to the terms of an applicable income tax treaty or convention, the consequences under the heading “*Holders Resident in Canada – Taxation of Capital Gains and Capital Losses*” will generally be applicable to such disposition. Non-Resident Holders who may hold Mydecine Shares as taxable Canadian property should consult their own tax advisors.

Dividends on Shares

Dividends paid or credited, or deemed to be paid or credited, on a Non-Resident Holder's Mydecine Shares, New Mydecine Shares or Spinco Shares will be subject to withholding tax under Part XIII of the Tax Act at a rate of 25%, unless the rate is reduced under the provisions of an applicable income tax treaty or convention. In the case of a Non-Resident Holder who is the beneficial owner of dividends and is a resident of the United States for purposes of the US Treaty and who is entitled to the benefits of the US Treaty, the rate of withholding will generally be reduced to 15%.

If Mydecine determines that a deemed dividend arose as a consequence of the Arrangement, Mydecine will be entitled to deduct and withhold from any consideration payable or otherwise deliverable to a Non-Resident Holder (including the Spinco Shares) 25%, subject to reduction under the provisions of an applicable income tax treaty or convention, of the deemed dividend under Part XIII of the Tax Act. To the extent that Mydecine is required to deduct and withhold from consideration that is not cash, including the Spinco Shares, Mydecine will take such actions as may be reasonably necessary in order to meet Mydecine's withholding tax obligations arising as a result of any deemed dividend to Non-Resident Shareholders. Non-Resident Holders may be subject to additional tax consequences in Canada as a result of any such actions taken by Mydecine to meet its withholding obligations under the Tax Act.

Dissenting Non-Resident Holders

The following portion of this summary applies to a Non-Resident Holder that is a Dissenting Shareholder (a "**Dissenting Non-Resident Holder**").

A Dissenting Non-Resident Holder who, as a result of the exercise of Dissent Rights, is entitled to be paid the fair value of their Mydecine Shares by Mydecine will be deemed to have received a taxable dividend in the taxation year of payment equal to the amount, if any, by which such payment (other than that portion that is in respect of interest, if any, awarded by the Court) exceeds the "paid-up capital" (determined for purposes of the Tax Act) attributable to such Dissenting Non-Resident Holder's Mydecine Shares immediately before their surrender to Mydecine pursuant to the Arrangement. Any such deemed dividend will be subject to Canadian withholding at the same rate as described above under the heading "*Holders Not Resident in Canada – Dividends Shares*" with respect to dividends on New Mydecine Shares and Spinco Shares.

In addition, a Dissenting Non-Resident Holder will be considered to have disposed of such Mydecine Shares for proceeds of disposition equal to the payment received (other than that portion that is in respect of interest, if any, awarded by the Court), less the amount of any deemed dividend arising on the surrender of such shares as described above. A Dissenting Non-Resident Holder will, in general, realize a capital gain (or a capital loss) equal to the amount by which such proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the ACB to such holder of the Mydecine Shares immediately before their surrender to Mydecine pursuant to the Arrangement. A Non-Resident Dissenting Holder will not be subject to tax under the Tax Act on any capital gain realized on the disposition of its Mydecine Shares unless such Mydecine 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, as discussed above under the headings "*Holders Not Resident in Canada – Exchange of Mydecine Shares for New Mydecine Shares and Spinco Shares*".

Interest, if any, awarded by the Court to a Dissenting Non-Resident Holder will not be subject to Canadian withholding tax. Dissenting Non-Resident Holders should consult their own tax advisors with respect to the tax implications to them of the exercise of their Dissent Rights.

UNITED STATES TAX CONSIDERATIONS

Each U.S. Holder of Mydecine Shares should consult its own tax advisor as to the particular tax consequences to it of the receipt of Spinco Shares pursuant to the Mydecine spinout and the

ownership and disposition of the Spinco Shares received, including the effects of applicable U.S. federal, state and local tax laws and non-U.S. tax laws and possible changes in tax laws.

INFORMATION CONCERNING SPINCO

Spinco is currently a wholly-owned subsidiary of Mydecine that has been formed to acquire and hold the Cannabis Subsidiaries. The registered and records office of Spinco is located at 400-725 Granville Street, Vancouver, British Columbia, V7Y 1G5. Upon completion of the Arrangement and the Arrangement, Spinco expects that it will be a reporting issuer in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island, and Newfoundland and Labrador and will hold the Cannabis Subsidiaries.

Spinco intends to apply to list the Spinco Shares on the CSE or the NEO-X. However, there can be no assurance that Spinco will apply to list the Spinco Shares on the CSE, the NEO-X or any other stock exchange and if it does, that the application would be approved. Any listing will be subject to Spinco meeting initial listing requirements of the CSE, the NEO-X, or any other stock exchange. It is not a condition of the Arrangement that the CSE, the NEO-X, or any other stock exchange shall have approved the listing of the Spinco Shares on the CSE, the NEO-X, or any other stock exchange. Therefore, unless and until such a listing of the Spinco Shares is obtained, holders of Spinco Shares may not have a market for their Spinco Shares.

Upon completion of the Arrangement, each Mydecine Shareholder will become a shareholder of Spinco. Information relating to Spinco after the Arrangement is contained in Appendices E, F and G to this Circular.

PARTICULARS OF OTHER MATTERS TO BE ACTED UPON

Approval of Spinco Stock Option Plan

As the New Mydecine Equity Incentive Plan will not carry forward to Spinco, and in contemplation of the Arrangement becoming effective, the directors of Spinco have adopted the Spinco Stock Option Plan. At the Meeting, Mydecine Shareholders will be asked to approve and ratify the Spinco Stock Option Plan. The Spinco Stock Option Plan was approved by the board of directors of Spinco on August 9, 2021.

For a full description of the Spinco Stock Option Plan, see Appendix E– *Information Concerning Spinco*. The description is qualified in its entirety by reference to the full text of the Spinco Stock Option Plan which is available for review at the Meeting and prior thereto at Mydecine’s offices.

At the Meeting, Mydecine Shareholders will be asked to pass a resolution in substantially the following form:

“IT IS RESOLVED AS AN ORDINARY RESOLUTION THAT:

1. Spinco adopt the Spinco Stock Option Plan and the reservation for issuance thereunder of up to 10% of the aggregate number of common shares of Spinco as are issued and outstanding from time to time, is hereby confirmed, ratified and approved as the stock option plan of Spinco and Spinco has the ability to grant options under the Spinco Stock Option Plan;
2. The options to be issued under the Spinco Stock Option Plan, and all unallocated options under the Spinco Stock Option Plan, be and are hereby approved;
3. The Spinco Board is hereby authorized to make such amendments to the Spinco Stock Option Plan from time to time, as may be required by the applicable regulatory authorities, or as may be considered appropriate by the Spinco Board, in its sole discretion, provided always that such amendments be subject to the approval of the regulatory authorities, if applicable, and in

certain cases, in accordance with the terms of the Spinco Stock Option Plan, the approval of the shareholders;

4. Notwithstanding the passing of the foregoing resolution, the board of directors of Spinco may, without further notice or approval of the shareholders of Spinco, revoke this resolution, in whole or in part, at any time prior to the Spinco Stock Option Plan becoming effective; and
5. Any one officer of Spinco be, and is hereby authorized and directed, for and on behalf of Spinco, to finalize, sign or deliver all documents, to enter into any agreements and to do and perform all acts and things as such individual, in his or her discretion, deems necessary or advisable in order to give effect to the intent of this resolution and the matters authorized hereby, including compliance with all securities laws and regulations, such determination to be conclusively evidenced by the finalizing, signing or delivery of such document or agreement or the performing of such act or thing.”

Recommendation of the Directors

Management of Mydecine recommends that Mydecine Shareholders vote **in favour** of the foregoing resolutions to approve the Spinco Equity Incentive Plan. Unless such authority is withheld, the Persons named in the enclosed Proxy intend to vote in favour of the approval of the foregoing resolutions.

OTHER MATTERS

Management of Mydecine is not aware of any matters to come before the Meeting other than as set forth in the Notice of Meeting that accompanies this Circular. If any other matter properly comes before the Meeting, it is the intention of the Persons named in the enclosed Form of Proxy to vote the Mydecine Shares represented thereby in accordance with their best judgment on such matter.

INTEREST OF EXPERTS

To the best of Mydecine’s knowledge, as at the date hereof Eight Capital, which has prepared the Fairness Opinion, the summary of which is included in this Circular, nor any director, officer, employee or partner thereof, have received a direct or indirect interest in a property of Mydecine or Spinco or any associate or affiliate thereof except as disclosed herein.

None of the aforementioned Persons nor any directors, officers, employees and partners, as applicable, of each of the aforementioned companies and partnerships, is currently expected to be elected, appointed or employed as a director, officer or employee of Mydecine or Spinco or any associate or affiliate of Mydecine or Spinco.

MNP LLP are the auditors for Mydecine and Spinco. MNP LLP has confirmed that they are independent with respect to Mydecine within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Alberta.

ADDITIONAL INFORMATION

Additional information relating to Mydecine is on SEDAR at www.sedar.com. Shareholders may contact Mydecine to request copies of financial statements and MD&A at the following address:

Mydecine Innovations Group Inc.
Suite 810 – 789 West Pender Street
Vancouver, BC V6C 1H2

Financial information is provided in Mydecine's financial statements and MD&A for its most recently completed financial year which are filed on SEDAR.

APPROVAL OF DIRECTORS

The contents and sending of this Circular, including the Notice of Meeting, have been approved and authorized by the Board.

August 23, 2021

BY ORDER OF THE BOARD OF DIRECTORS

(Signed) David Joshua Bartch
Chief Executive Officer

**APPENDIX A
ARRANGEMENT RESOLUTION**

BE IT RESOLVED AS A SPECIAL RESOLUTION OF THE MYDECINE SHAREHOLDERS THAT:

1. The arrangement (the “**Arrangement**”) under section 288 of the *Business Corporations Act* (British Columbia) (the “**BCBCA**”) involving Mydecine Innovations Group Inc., a corporation existing under the laws of the Province of British Columbia (“**Mydecine**”), its shareholders and Alt House Cannabis Inc. a corporation incorporated pursuant to the laws of the Province of British Columbia (“**Spinco**”), all as more particularly described and set forth in the management information circular (the “**Information Circular**”) of Mydecine dated August [●], 2021 (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 Appendix “A” to the Information 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 Mydecine and Spinco dated August 9, 2021, and all the transactions contemplated therein, the actions of the directors of Mydecine in approving the Arrangement and the actions of the directors and officers of Mydecine in executing and delivering the Arrangement Agreement and any amendments thereto are hereby confirmed, ratified, authorized and approved.
4. Notwithstanding that this resolution has been passed (and the Arrangement approved and agreed to) by the shareholders of Mydecine or that the Arrangement has been approved by the Supreme Court of British Columbia, the directors of Mydecine are hereby authorized and empowered, without further notice to, or approval of, the shareholders of Mydecine:
 - (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 at any time prior to the Effective Time (as defined in the Arrangement Agreement).
5. Any one director or officer of Mydecine is hereby authorized and directed, for and on behalf and in the name of Mydecine, to execute and deliver, whether under the corporate seal of Mydecine 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 Mydecine, 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 Mydecine,

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.

**APPENDIX B
PLAN OF ARRANGEMENT UNDER
PART 9, DIVISION 5 OF THE *BUSINESS CORPORATIONS ACT* (BRITISH COLUMBIA)**

ARTICLE 1 DEFINITIONS AND INTERPRETATION

- 1.1 **Definitions.** In this Exhibit “A” - *Plan of Arrangement*, the following capitalized words and terms will have the following meanings:
- (a) **“Arrangement”** means the arrangement pursuant to the Arrangement Provisions as contemplated by the provisions of the Arrangement Agreement and this Plan of Arrangement;
 - (b) **“Arrangement Agreement”** means the amended and restated arrangement agreement dated August 9, 2021, between Mydecine and Spinco, to which this Exhibit “A” – *Plan of Arrangement* is attached, as such may be supplemented or amended from time to time;
 - (c) **“Arrangement Provisions”** means Part 9, Division 5 of the BCBCA;
 - (d) **“Arrangement Resolution”** means the special resolution of the Mydecine Shareholders to approve the Arrangement, as required by the Mydecine Interim Order and the BCBCA, in substantially the form as set out in Schedule “A” attached hereto;
 - (e) **“BCBCA”** means the *Business Corporations Act*, S.B.C. 2002, c. 57, as amended;
 - (f) **“Business Day”** means a day which is not a Saturday, Sunday or statutory holiday in Vancouver, British Columbia;
 - (g) **“Court”** means the Supreme Court of British Columbia;
 - (h) **“Depository”** means National Securities Administrators Ltd., or such other depository as Mydecine may determine;
 - (i) **“Dissent Procedures”** means the rules pertaining to the exercise of Dissent Rights as set forth in Division 2 of Part 8 of the BCBCA and Article 5 of this Plan of Arrangement, as may be modified by the Mydecine Interim Order, the Arrangement Agreement, or the Plan of Arrangement;
 - (j) **“Dissent Rights”** means the right of a registered holder of Mydecine Shares to dissent from the Arrangement Resolution in accordance with the provisions of the BCBCA, as may be modified by the Mydecine Interim Order, the Arrangement Agreement, or this Plan of Arrangement, and to be paid the fair value of the Mydecine Shares in respect of which the holder dissents;
 - (k) **“Dissenting Share”** has the meaning given in section 3.1(a) of this Plan of Arrangement;
 - (l) **“Dissenting Shareholder”** means a registered holder of Mydecine Shares who validly exercises Dissent Rights in respect of the Arrangement in strict compliance with the Dissent Procedures and who has not withdrawn or been deemed to have withdrawn such exercise of Dissent Rights;
 - (m) **“Effective Date”** will be the date of the closing of the Arrangement;
 - (n) **“Effective Time”** means 12:01 a.m. (Pacific time) on the Effective Date or such other time on the Effective Date as agreed to in writing by Mydecine and Spinco;

- (o) **"Final Order"** means the final order of the Court approving the Arrangement;
- (p) **"Final Proscription Date"** has the meaning given in section 6.4 of this Plan of Arrangement;
- (q) **"IFRS"** means International Financial Reporting Standards as issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee;
- (r) **"In the Money Amount"** at a particular time with respect to a Mydecine Option, Mydecine Replacement Option or Spinco Option means the amount, if any, by which the fair market value of the underlying security exceeds the exercise price of the relevant option at such time;
- (s) **"Information Circular"** means the management information circular of Mydecine, including all appendices attached thereto, to be sent to the Mydecine Shareholders in connection with the Mydecine Meeting, together with any amendments or supplements thereto;
- (t) **"Letter of Transmittal"** means the letter of transmittal in respect of the Arrangement to be sent to Mydecine Shareholders together with the Information Circular;
- (u) **"Mindleap Agreement"** means the share exchange agreement dated June 17, 2020, among Mydecine, Mindleap Health Inc. and shareholders of Mindleap Health Inc.;
- (v) **"Mydecine"** means Mydecine Innovations Group Inc., a corporation existing under the laws of the Province of British Columbia;
- (w) **"Mydecine Board"** means the board of directors of Mydecine;
- (x) **"Mydecine Class A Common Shares"** has the meaning set out in section 3.1(b) of this Plan of Arrangement;
- (y) **"Mydecine Interim Order"** means the interim order of the Court providing advice and directions in connection with the Mydecine Meeting and the Arrangement;
- (z) **"Mydecine Meeting"** means the special meeting of the Mydecine Shareholders and any adjournments thereof to be held to, among other things, consider and, if deemed advisable, approve the Arrangement;
- (aa) **"Mydecine Optionholders"** means holders of the Mydecine Options;
- (bb) **"Mydecine Options"** means the stock options to acquire Mydecine Shares that are outstanding immediately prior to the Effective Time;
- (cc) **"Mydecine Performance Warrants"** means the 10,000,000 performance warrants dated August 31, 2020 issued by Mydecine pursuant to the Neuropharm Agreement, each exercisable into a Mydecine Share on a cash-less basis;
- (dd) **"Mydecine Replacement Option"** means an option to acquire a New Mydecine Share to be issued by Mydecine to a holder of an Mydecine Option pursuant to section 3.1(c) of this Plan of Arrangement;
- (ee) **"Mydecine Share Warrantholders"** means holders of the Mydecine Share Warrants;

- (ff) **“Mydecine Share Warrants”** means the share purchase warrants of Mydecine exercisable to acquire Mydecine Shares that are outstanding immediately prior to the Effective Time;
- (gg) **“Mydecine Shareholder”** means a holder of Mydecine Shares, Mydecine Class A Common Shares or New Mydecine Shares, as the context requires;
- (hh) **“Mydecine Shares”** means the existing common shares which Mydecine is authorized to issue as the same are constituted immediately before the Effective Time;
- (ii) **“Mydecine Stock Option Plan”** means the existing stock option plan of Mydecine, as updated and amended from time to time;
- (jj) **“Mydecine Top-Up Right Holders”** means the Mydecine Shareholders entitled to receive Mydecine Top-Up Shares;
- (kk) **“Mydecine Top-Up Shares”** means, collectively: (a) the Mydecine Shares to be issued on August 31, 2021 and February 28, 2022 to certain Mydecine Shareholders who were previously shareholders of Neuropharm Inc. pursuant to the Neuropharm Agreement if certain conditions are met as set out therein; and (b) the Mydecine Shares to be issued on August 17, 2021 and February 17, 2022 and August 17, 2022 to certain Mydecine Shareholders who were previously shareholders of Mindleap Health Inc. pursuant to the Mindleap Agreement if certain conditions are met as set out therein;
- (ll) **“Mydecine Unit Warrantholders”** means holders of Mydecine Unit Warrants;
- (mm) **“Mydecine Unit Warrants”** means the unit purchase warrants of Mydecine, each exercisable to acquire one Mydecine Share and one share purchase warrant (each warrant exercisable to acquire one Mydecine Share), that are outstanding immediately prior to the Effective Time;
- (nn) **“Neuropharm Agreement”** means the share exchange agreement dated July 14, 2020, as amended on August 31, 2020 among Mydecine, Neuropharm Inc. and shareholders of Neuropharm Inc.;
- (oo) **“New Mydecine Shares”** has the meaning set out in section 3.1(b) of this Plan of Arrangement;
- (pp) **“Plan of Arrangement”** means this plan of arrangement, as the same may be amended from time to time;
- (qq) **“Section 3(a)(10) Exemption”** means the exemption from the registration requirements of the U.S. Securities Act set forth in section 3(a)(10) of the U.S. Securities Act;
- (rr) **“Share Distribution Record Date”** means the close of business on the Business Day immediately preceding the Effective Date for the purpose of determining the Mydecine Shareholders entitled to receive New Mydecine Shares and Spinco Shares pursuant to this Plan of Arrangement or such other date as the Mydecine Board may select;
- (ss) **“Spinco”** means Alt House Cannabis Inc.;
- (tt) **“Spinco Board”** means the board of directors of Spinco;
- (uu) **“Spinco Incorporation Share”** means the one Spinco Share held by Mydecine that was issued to Mydecine on the incorporation of Spinco;

- (vv) **“Spinco Options”** means share purchase options issued pursuant to the Spinco Stock Option Plan, including the Spinco Options to be issued pursuant to section 3.1(c) of this Plan of Arrangement;
- (ww) **“Spinco Shareholder”** means a holder of Spinco Shares;
- (xx) **“Spinco Shares”** means the common shares without par value which Spinco is authorized to issue as the same are constituted on the date hereof;
- (yy) **“Spinco Spinout Shares”** means 2,500,000 Spinco Shares (or such other amount as agreed to in writing by Mydecine and Spinco) to be issued to Mydecine pursuant to subsection 3.1(b)(iii) of this Plan of Arrangement to complete the acquisition of the Assets and to be distributed to the Mydecine Shareholders pursuant to the Arrangement Agreement and this Plan of Arrangement;
- (zz) **“Spinco Stock Option Plan”** means the stock option plan to be adopted by Spinco pursuant to the Arrangement Agreement and this Plan of Arrangement, in substantially similar terms as the Mydecine Stock Option Plan and may otherwise be modified, amended or restated as more particularly described in the Information Circular;
- (aaa) **“Tax Act”** means the *Income Tax Act* (Canada), R.S.C. 1985 (5th Supp.) c.1, as amended;
- (bbb) **“Transfer Agent”** means National Securities Administrators Ltd., the registrar and transfer agent of Mydecine;
- (ccc) **“Transferred Companies”** means, collectively, the U.S. Cannabis Companies and U.S. Landco;
- (ddd) **“U.S. Cannabis Companies”** means:
 - (i) Alternative Distribution Company, LLC (formerly Levee Street Holdings, LLC)
 - (ii) Drink Fresh Water, LLC
 - (iii) Tealief Brands, LLC
 - (iv) Relyfe Brands, LLC
 - (v) We are Kured, LLC
 - (vi) Trellis Holdings Oregon OP, LLC
- (eee) **“U.S. HoldCo”** means a corporation to be incorporated pursuant to the laws of the state of Delaware;
- (fff) **“U.S. LandCo”** means 1176392 BC Ltd., a corporation existing pursuant to the laws of British Columbia; and
- (ggg) **“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

1.2 **Interpretation Not Affected by Headings.** The division of this Plan of Arrangement into articles, sections and subsections and the insertion of headings are for convenience of reference only and will not affect the construction or interpretation of this Plan of Arrangement. Unless otherwise specifically indicated, the terms “*this Plan of Arrangement*”, “*hereof*”, “*hereunder*” and similar expressions refer to this Plan of Arrangement as a whole and not to

any particular article, section or subsection and include any agreement or instrument supplementary or ancillary hereto.

- 1.3 **Number and Gender.** Unless the context otherwise requires, words importing the singular number only will include the plural and vice versa, words importing the use of either gender will include both genders and neuter and words importing persons will include firms and corporations.
- 1.4 **Meaning.** Words and phrases used herein and defined in the BCBCA will have the same meaning herein as in the BCBCA, unless the context otherwise requires.
- 1.5 **Date for any Action.** If any date on which any action is required to be taken under this Plan of Arrangement is not a Business Day, such action will be required to be taken on the next succeeding Business Day.
- 1.6 **Currency.** All amounts of money which are referred to in this Plan of Arrangement are expressed in lawful money of Canada.
- 1.7 **Accounting Matters.** Unless otherwise stated, all accounting terms used in this Plan of Arrangement will have the meanings attributable thereto under IFRS, as applicable and all determinations of an accounting nature are required to be made will be made in a manner consistent with IFRS.
- 1.8 **Reference to Legislation.** References in this Plan of Arrangement to any statute or sections thereof will include such statute as amended or substituted and any regulations promulgated thereunder from time to time in effect.
- 1.9 **Reference to Agreements and Instruments.** References in this Agreement to any other agreement, instrument or other document will include such agreement, instrument or other document as the same may be amended, supplemented or otherwise modified from time to time in accordance with the terms thereof.
- 1.10 **Governing Law; Submission to Jurisdiction; Waiver of Jury Trial.** This Plan of Arrangement will 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, without regard to the principles of conflict of laws thereof. All disputes relating in any way to this Plan of Arrangement will be resolved by the Courts of British Columbia. The parties expressly waive any objection based on personal jurisdiction, venue or forum *non conveniens*. EACH PARTY HEREBY IRREVOCABLY WAIVES ALL RIGHTS TO TRIAL BY JURY IN ANY ACTION, CLAIM, SUIT, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO THIS PLAN OF ARRANGEMENT OR THE ACTIONS OF SUCH PARTY IN THE NEGOTIATION, ADMINISTRATION, PERFORMANCE AND ENFORCEMENT HEREOF.
- 1.11 **Schedules.** Schedule "A" – The Arrangement Resolution attached hereto is incorporated into and form an integral part of this Plan of Arrangement.

ARTICLE 2 ARRANGEMENT AGREEMENT

- 2.1 **Arrangement Agreement.** This Plan of Arrangement is made pursuant and subject to the provisions of the Arrangement Agreement.

ARTICLE 3 THE ARRANGEMENT

- 3.1 **The Arrangement.** On the Effective Date, the following will occur and be deemed to occur in the following chronological order without further act or formality, notwithstanding anything

contained in the provisions attaching to any of the parties hereto, but subject to the provisions of Article 7 below:

- (a) each Mydecine Share outstanding in respect of which a Dissenting Shareholder has validly exercised his, her or its Dissent Rights (each, a “**Dissenting Share**”) will be directly transferred and assigned by such Dissenting Shareholder to Mydecine, without any further act or formality and free and clear of any liens, charges and encumbrances of any nature whatsoever, and will be cancelled and cease to be outstanding and such Dissenting Shareholders will cease to have any rights as Mydecine Shareholders other than the right to be paid the fair value for their Mydecine Shares by Mydecine;
- (b) Mydecine shall undertake a reorganization of capital within the meaning of section 86 of the Tax Act as follows, with the steps occurring in the following order:
 - (i) the authorized share capital and Notice of Articles and Articles of Mydecine will be altered by:
 - (A) renaming and redesignating all of the issued and unissued Mydecine Shares as “*Class A common shares without par value*” (the “**Mydecine Class A Common Shares**”) and amending the special rights and restrictions attached to the Mydecine Class A Common Shares to provide the holders thereof with the following rights:
 - (I) to vote at all meetings of shareholders of Mydecine (except meetings at which only holders of a specified class of shares are entitled to vote) and shall be entitled to two votes for each Mydecine Class A Common Share held;
 - (II) to receive, subject to the rights of the holders of any other class of shares, any dividends declared by Mydecine; and
 - (III) to receive, *pari passu* with the New Mydecine Shares (as defined below), and subject to the rights of the holders of any other class of shares, the remaining property of Mydecine on the liquidation, dissolution or winding up of Mydecine, whether voluntary or involuntary;
 - (B) creating a new class of shares consisting of an unlimited number of “*common shares without par value*” (the “**New Mydecine Shares**”) with special rights and restrictions attached to the New Mydecine Shares to provide the holders thereof with the following rights:
 - (I) to vote at all meetings of shareholders of Mydecine (except meetings at which only holders of a specified class of shares are entitled to vote) and shall be entitled to one vote for each New Mydecine Share held;
 - (II) to receive, subject to the rights of the holders of any other class of shares, any dividends declared by Mydecine; and
 - (III) to receive, *pari passu* with the Mydecine Class A Common Shares, and subject to the rights of the holders of any other class of shares, the remaining property of Mydecine on the liquidation, dissolution or winding up of Mydecine, whether voluntary or involuntary;

- (ii) Mydecine's Notice of Articles and Articles will be amended to reflect the alterations in subsection 3.1(b)(i) above;
 - (iii) each issued and outstanding Mydecine Class A Common Share outstanding on the Share Distribution Record Date will be exchanged for (i) one New Mydecine Share and (ii) 0.010416 Spinco Shares; the holders of Mydecine Class A Common Shares will be removed from the central securities register of Mydecine as the holders of Mydecine Class A Common Shares and will be added to the central securities register of Mydecine as the holders of the number of New Mydecine Shares that they have received on the exchange set forth in this subsection 3.1(b)(iii); and the Spinco Shares transferred to the former holders of Mydecine Class A Common Shares will be registered in the name of such former holders and Mydecine will provide Spinco and its registrar and transfer agent notice to make the appropriate entries in the central securities register of Spinco;
 - (iv) the Mydecine Class A Common Shares, none of which will be issued or outstanding once the exchange in subsection 3.1(b)(iii) above is completed, will be cancelled and the appropriate entries made in the central securities register of Mydecine and the authorized share structure of Mydecine will be amended by eliminating the Mydecine Class A Shares;
 - (v) the aggregate amount added to the stated capital of the New Mydecine Shares issued pursuant to subsection 3.1(b)(iii) above shall be equal to the amount, if any, by which (A) the aggregated paid-up capital (as that term is used for purposes of the Tax Act) of the Mydecine Class A Common Shares immediately prior to the Effective Time, exceeds (B) the fair market value of the Spinco Shares distributed pursuant to subsection 3.1(b)(iii) above;
- (c) each Mydecine Option then outstanding to acquire one Mydecine Share will be exchanged for:
- (i) one Mydecine Replacement Option to acquire one New Mydecine Share having an exercise price equal to the product of the original exercise price of the Mydecine Option multiplied by the fair market value of a New Mydecine Share at the Effective Time divided by the total of the fair market value of a New Mydecine Share and the fair market value of 0.010416 Spinco Shares at the Effective Time; and
 - (ii) one Spinco Option to acquire 0.010416 Spinco Shares, each whole Spinco Option having an exercise price equal to the product of the original exercise price of the Mydecine Option multiplied by the fair market value of 0.010416 Spinco Shares at the Effective Time divided by the total of the fair market value of one New Mydecine Share and 0.010416 Spinco Shares at the Effective Time,
- provided that the aforesaid exercise prices will be adjusted to the extent, if any, required to ensure that the aggregate In the Money Amount of the Mydecine Replacement Option and the Spinco Option immediately after the exchange does not exceed the In the Money Amount immediately before the exchange of the Mydecine Option so exchanged. It is intended that subsection 7(1.4) of the Tax Act apply to the exchange of Mydecine Options;
- (d) in accordance with the certificates representing or warrant indenture governing the terms of each Mydecine Share Warrant, as applicable, each Mydecine Share Warrant then outstanding will be deemed to be amended to entitle the Mydecine Share

Warrantholder to receive, upon due exercise of the Mydecine Share Warrant, for the original exercise price:

- (i) one New Mydecine Share for each Mydecine Share that was issuable upon due exercise of the Mydecine Share Warrant immediately prior to the Effective Time; and
 - (ii) 0.010416 Spinco Shares for each Mydecine Share that was issuable upon due exercise of the Mydecine Share Warrant immediately prior to the Effective Time;
- (e) in accordance with the certificates representing the Mydecine Unit Warrants, each Mydecine Unit Warrant then outstanding will be deemed to be amended to entitle the Mydecine Unit Warrantholder to receive, upon due exercise of the Mydecine Unit Warrant, for the original exercise price:
 - (i) one New Mydecine Share for each Mydecine Share that was issuable upon due exercise of the Mydecine Unit Warrant immediately prior to the Effective Time;
 - (ii) 0.010416 Spinco Shares for each Mydecine Share that was issuable upon due exercise of the Mydecine Unit Warrant immediately prior to the Effective Time; and
 - (iii) one Mydecine Share Warrant, amended in accordance with section 3.1(d) above, for each Mydecine share purchase warrant that was issuable upon due exercise of the Mydecine Unit Warrant immediately prior to the Effective Time;
- (f) in accordance with the certificates representing the Mydecine Performance Warrants, each Mydecine Performance Warrant then outstanding will be deemed to be amended to entitle the holder thereof to receive, upon due exercise of the Mydecine Performance Warrant, for the original exercise price:
 - (i) one New Mydecine Share for each Mydecine Share that was issuable upon due exercise of the Mydecine Performance Warrant immediately prior to the Effective Time on a cashless basis in accordance with the terms thereof; and
 - (ii) 0.010416 Spinco Shares for each Mydecine Share that was issuable upon due exercise of the Mydecine Performance Warrant immediately prior to the Effective Time on a cashless basis in accordance with the terms thereof;
- (g) upon a condition for issuance of Mydecine Top-Up Shares being met, the applicable Mydecine Top-Up Right Holders shall receive:
 - (i) one New Mydecine Share for each Mydecine Top-Up Share that was issuable; and
 - (ii) 0.010416 Spinco Shares for each Mydecine Top-Up Share that was issuable;
- (h) the Spinco Incorporation Share issued to Mydecine on incorporation will be cancelled for no consideration and as a result thereof:
 - (i) Mydecine will cease to be, and will be deemed to have ceased to be, the holder of the Spinco Incorporation Share and to have any rights as a holder of the Spinco Incorporation Share; and
 - (ii) Mydecine will be removed as the holder of the Spinco Incorporation Share from the central securities register of Spinco; and

- (i) in the event that the number of outstanding Mydecine Shares changes between the date hereof and the Effective Time, the fraction 0.010416 referred to in this Plan of Arrangement will be adjusted so that it is the fraction calculated by dividing the number of Spinco Spinout Shares by the number of outstanding Mydecine Shares immediately prior to the Effective Time.
- 3.2 **No Fractional Shares or Options.** Notwithstanding any other provision of this Arrangement, no fractional Spinco Shares will be distributed to the Mydecine Shareholders and no fractional Spinco Options will be distributed to the holders of Mydecine Options, and, as a result, all fractional amounts arising under this Plan of Arrangement will be rounded down to the next whole number without any compensation therefor. Any Spinco Shares not distributed as a result of so rounding down will be cancelled by Spinco.
- 3.3 **Share Distribution Record Date.** In subsection 3.1(b)(iii) above, the reference to a holder of an Mydecine Share will mean a person who is an Mydecine Shareholder on the Share Distribution Record Date, subject to the provisions of Article 5 below
- 3.4 **Deemed Fully Paid and Non-Assessable Shares.** All New Mydecine Shares issued pursuant hereto will be deemed to be validly issued and outstanding as fully paid and non-assessable shares for all purposes of the BCBCA.
- 3.5 **Supplementary Actions.** Notwithstanding that the transactions and events set out in section 3.1 above will occur and will be deemed to occur in the chronological order therein set out without any act or formality, each of Mydecine and Spinco will be required to make, do and execute or cause and procure to be made, done and executed all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may be required to give effect to, or further document or evidence, any of the transactions or events set out in section 3.1 above, at each of their sole cost and expense pursuant to section 7.6 of the Arrangement Agreement, including, without limitation, any resolutions of directors authorizing the issue, transfer or redemption of shares, any share transfer powers evidencing the transfer of shares and any receipt therefor, any necessary additions to or deletions from share registers, and agreements for stock options.
- 3.6 **Withholding.** Each of Mydecine, Spinco and the Depositary will be entitled to deduct and withhold from any cash payment or any issue, transfer or distribution of New Mydecine Shares, Spinco Shares, Mydecine Replacement Options or Spinco Options made pursuant to this Plan of Arrangement such amounts as may be required to be deducted and withheld pursuant to the Tax Act or any other applicable law, and any amount so deducted and withheld will be deemed for all purposes of this Plan of Arrangement to be paid, issued, transferred or distributed to the person entitled thereto under the Plan of Arrangement. Without limiting the generality of the foregoing, any New Mydecine Shares or Spinco Shares so deducted and withheld may be sold on behalf of the person entitled to receive them for the purpose of generating cash proceeds, net of brokerage fees and other reasonable expenses, sufficient to satisfy all remittance obligations relating to the required deduction and withholding, and any cash remaining after such remittance will be paid to the person forthwith.
- 3.7 **No Liens.** Any exchange or transfer of securities pursuant to this Plan of Arrangement will be free and clear of any liens, restrictions, charges, pledges, leases, hypothecations, security interests, encumbrances, adverse claims or other claims of third parties of any kind.
- 3.8 **U.S. Securities Law Matters.** The Court will be advised that the Arrangement will be carried out with the intention that all securities issued and exchanged in a transaction exempt from registration under the U.S. Securities Act on completion of the Arrangement will be issued and exchanged in reliance on the Section 3(a)(10) Exemption.

ARTICLE 4 CERTIFICATES

- 4.1 **Spinco Share Certificates.** As soon as practicable following the Effective Date, Mydecine or Spinco will deliver or cause to be delivered to the Depositary one or more certificates representing the aggregate number of Spinco Shares required to be distributed to registered holders of Mydecine Shares as at immediately prior to the Effective Time in accordance with the provisions of subsection 3.1(b)(iii) above, which certificates will be held by the Depositary as agent and nominee for such holders for distribution thereto in accordance with the provisions of section 6.1 below.
- 4.2 **New Mydecine Share Certificates.** As soon as practicable following the Effective Date, Mydecine will deliver or cause to be delivered to the Depositary one or more certificates representing the aggregate number of New Mydecine Shares required to be issued to registered holders of Mydecine Shares as at immediately prior to the Effective Time in accordance with the provisions of subsection 3.1(e) above, which certificates will be held by the Depositary as agent and nominee for such holders for distribution thereto in accordance with the provisions of section 6.1 below.
- 4.3 **Stock Option Agreements.** The stock option agreements for the Mydecine Options will be deemed to be amended by Mydecine to reflect the adjusted exercise price of the Mydecine Replacement Options, and Spinco will enter into stock option agreements for the Spinco Options issued pursuant to subsection 3.1(c) above.

ARTICLE 5 RIGHTS OF DISSENT

- 5.1 **Dissent Right.** Registered holders of Mydecine Shares may exercise Dissent Rights with respect to their Mydecine Shares in connection with the Arrangement pursuant to Division 2 of Part 8 of the BCBCA, as modified by the Mydecine Interim Order, the Final Order or any other order of the Court, the Arrangement Agreement or this Article 5, and provided that such Dissenting Shareholder delivers a written notice of dissent to Mydecine by 2:00 p.m. (Pacific Time) on the day that is two (2) Business Days before the day of the Mydecine Meeting or any adjournment or postponement thereof.
- 5.2 **Dealing with Dissenting Shares.** Mydecine Shareholders who duly exercise Dissent Rights with respect to their Dissenting Shares and who:
- (a) are ultimately entitled to be paid fair value for their Dissenting Shares by Mydecine: (i) will be deemed not to have participated in the transactions in Article 3 (other than section 3.1(a) above); (ii) will be entitled to be paid by Mydecine the fair value of such Dissenting Shares, which fair value shall be determined in accordance with sections 244 and 245 of the BCBCA as of the close of business on the Business Day before the Arrangement Resolution was adopted; (iii) will not be entitled to any other payment or consideration, including any consideration that would have been received under the Arrangement had such holder not exercised their Dissent Rights; and (iv) will be deemed to have transferred their Dissenting Shares to Mydecine for cancellation as of the Effective Time pursuant to section 3.1(a) above; or
 - (b) for any reason are ultimately not entitled to be paid for their Dissenting Shares, will be deemed to have participated in the Arrangement on the same basis as a non-dissenting Mydecine Shareholder and will receive New Mydecine Shares and Spinco Shares on the same basis as every other non-dissenting Mydecine Shareholder;

but in no case will Mydecine or any other person be required to recognize such persons as holding Mydecine Shares on or after the Effective Date.

- 5.3 **Reservation of Spinco Shares.** If a Mydecine Shareholder exercises Dissent Rights, Mydecine will, on the Effective Date, set aside and not distribute that portion of the Spinco Spinout Shares which is attributable to the Mydecine Shares for which Dissent Rights have been exercised. If the dissenting Mydecine Shareholder is ultimately not entitled to be paid for their Dissenting Shares, Mydecine will distribute to such Mydecine Shareholder his, her or its *pro rata* portion of the Spinco Spinout Shares. If a Mydecine Shareholder duly complies with the Dissent Procedures and is ultimately entitled to be paid for their Dissenting Shares, then Mydecine will retain the portion of the Spinco Spinout Shares attributable to such Mydecine Shareholder and such shares will be dealt with as determined by the Mydecine Board in its discretion.

ARTICLE 6 DELIVERY OF SHARES

6.1 Delivery of Shares.

- (a) Upon surrender to the Depositary for cancellation of a certificate that immediately before the Effective Time represented one or more outstanding Mydecine Shares, together with a duly completed and executed Letter of Transmittal and such additional documents and instruments as the Depositary may reasonably require, the holder of such surrendered certificate will be entitled to receive in exchange therefor, and the Depositary will deliver to such holder following the Effective Time, a certificate representing the New Mydecine Shares and a certificate representing the Spinco Shares that such holder is entitled to receive in accordance with section 3.1 above.
- (b) After the Effective Time and until surrendered for cancellation as contemplated by section 6.1(a) above, each certificate that immediately prior to the Effective Time represented one or more Mydecine Shares will be deemed at all times to represent only the right to receive in exchange therefor a certificate representing the New Mydecine Shares and a certificate representing the Spinco Shares that such holder is entitled to receive in accordance with section 3.1 above.

- 6.2 **Lost Certificates.** If any certificate that immediately prior to the Effective Time represented one or more outstanding Mydecine Shares that were exchanged for New Mydecine Shares and Spinco Shares in accordance with section 3.1 above, will have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the holder claiming such certificate to be lost, stolen or destroyed, the Depositary will deliver in exchange for such lost, stolen or destroyed certificate, the New Mydecine Shares and Spinco Shares that such holder is entitled to receive in accordance with section 3.1 above. When authorizing such delivery of New Mydecine Shares and Spinco Shares that such holder is entitled to receive in exchange for such lost, stolen or destroyed certificate, the holder to whom such securities are to be delivered will, as a condition precedent to the delivery of such New Mydecine Shares and Spinco Shares give a bond satisfactory to Mydecine, Spinco and the Depositary in such amount as Mydecine, Spinco and the Depositary may direct, or otherwise indemnify Mydecine, Spinco and the Depositary in a manner satisfactory to Mydecine, Spinco and the Depositary, against any claim that may be made against Mydecine, Spinco or the Depositary with respect to the certificate alleged to have been lost, stolen or destroyed.

- 6.3 **Distributions with Respect to Unsurrendered Certificates.** No dividend or other distribution declared or made after the Effective Time with respect to New Mydecine Shares or Spinco Shares with a record date after the Effective Time will be delivered to the holder of any unsurrendered certificate that, immediately prior to the Effective Time, represented outstanding Mydecine Shares unless and until the holder of such certificate will have complied with the provisions of either of section 6.1 or 6.2 above. Subject to applicable law and to section 3.6 above, at the time of such compliance, there will, in addition to the delivery of the New Mydecine Shares and Spinco Shares to which such holder is thereby entitled, be delivered to

such holder, without interest, the amount of the dividend or other distribution with a record date after the Effective Time theretofore paid with respect to such New Mydecine Shares and/or Spinco Shares, as applicable.

- 6.4 **Limitation and Proscription.** To the extent that a former Mydecine Shareholder will not have complied with the provisions of either of section 6.1 or 6.2 above, as applicable, on or before the date that is six (6) years after the Effective Date (the “**Final Proscription Date**”), then the New Mydecine Shares and Spinco Shares that such former Mydecine Shareholder was entitled to receive will be automatically cancelled without any repayment of capital in respect thereof and the New Mydecine Shares and Spinco Shares to which such Mydecine Shareholder was entitled, will be delivered to Spinco (in the case of the Spinco Shares) or Mydecine (in the case of the New Mydecine Shares) by the Depositary and certificates representing such New Mydecine Shares and Spinco Shares will be cancelled by Mydecine and Spinco, as applicable, and the interest of the former Mydecine Shareholder in such New Mydecine Shares and Spinco Shares or to which it was entitled will be terminated as of such Final Proscription Date.

ARTICLE 7 AMENDMENTS & WITHDRAWAL

- 7.1 **Amendments.** Mydecine, in its sole discretion, reserves the right to amend, modify and/or supplement this Plan of Arrangement from time to time at any time prior to the Effective Time provided that any such amendment, modification or supplement must be contained in a written document that is filed with the Court and, if made following the Mydecine Meeting, approved by the Court.
- 7.2 **Amendments Made Prior to or at the Mydecine Meeting.** Any amendment, modification or supplement to this Plan of Arrangement may be proposed by Mydecine at any time prior to or at the Mydecine Meeting with or without any prior notice or communication, and if so proposed and accepted by the Mydecine Shareholders voting at the Mydecine Meeting, will become part of this Plan of Arrangement for all purposes.
- 7.3 **Amendments Made After the Mydecine Meeting.** Any amendment, modification or supplement to this Plan of Arrangement may be proposed by Mydecine after the Mydecine Meeting but prior to the Effective Time and any such amendment, modification or supplement which is approved by the Court following the Mydecine Meeting will be effective and will become part of the Plan of Arrangement for all purposes. Notwithstanding the foregoing, any amendment, modification or supplement to this Plan of Arrangement may be made following the granting of the Final Order unilaterally by Mydecine, provided that it concerns a matter which, in the reasonable opinion of Mydecine, is of an administrative nature required to better give effect to the implementation of this Plan of Arrangement and is not adverse to the financial or economic interests of any holder of New Mydecine Shares or Spinco Shares.
- 7.4 **Withdrawal.** Notwithstanding any prior approvals by the Court or by Mydecine Shareholders, the Mydecine Board may decide not to proceed with the Arrangement and to revoke the Arrangement Resolution at any time prior to the Effective Time, without further approval of the Court or the Mydecine Shareholders.

**SCHEDULE "A" TO PLAN OF ARRANGEMENT
ARRANGEMENT RESOLUTION**

BE IT RESOLVED AS A SPECIAL RESOLUTION OF THE MYDECINE SHAREHOLDERS THAT:

1. The arrangement (the "**Arrangement**") under section 288 of the *Business Corporations Act* (British Columbia) (the "**BCBCA**") involving Mydecine Innovations Group Inc., a corporation existing under the laws of the Province of British Columbia ("**Mydecine**"), its shareholders and Alt House Cannabis Inc. a corporation incorporated pursuant to the laws of the Province of British Columbia ("**Spinco**"), all as more particularly described and set forth in the management information circular (the "**Information Circular**") of Mydecine dated August 23, 2021 (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 Appendix A to the Information 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 Mydecine and Spinco dated August 9, 2021, and all the transactions contemplated therein, the actions of the directors of Mydecine in approving the Arrangement and the actions of the directors and officers of Mydecine in executing and delivering the Arrangement Agreement and any amendments thereto are hereby confirmed, ratified, authorized and approved.
4. Notwithstanding that this resolution has been passed (and the Arrangement approved and agreed to) by the shareholders of Mydecine or that the Arrangement has been approved by the Supreme Court of British Columbia, the directors of Mydecine are hereby authorized and empowered, without further notice to, or approval of, the shareholders of Mydecine:
 - (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 at any time prior to the Effective Time (as defined in the Arrangement Agreement).
5. Any one director or officer of Mydecine is hereby authorized and directed, for and on behalf and in the name of Mydecine, to execute and deliver, whether under the corporate seal of Mydecine 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 Mydecine, 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 Mydecine,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.

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APPENDIX C
AMENDED AND RESTATED ARRANGEMENT AGREEMENT
(see attached)

AMENDED AND RESTATED ARRANGEMENT AGREEMENT

THIS AMENDED AND RESTATED ARRANGEMENT AGREEMENT is dated as of August 9, 2021.

BETWEEN:

MYDECINE INNOVATIONS GROUP INC., a corporation existing under the *Business Corporations Act* (British Columbia)
("Mydecine")

AND:

ALT HOUSE CANNABIS INC., a corporation existing under the *Business Corporations Act* (British Columbia)
("Spinco")

WHEREAS:

- A. Mydecine and Spinco are parties to a certain arrangement agreement dated March 10, 2021 (the "**Original Arrangement Agreement**");
- B. Mydecine owns shares in the U.S. Cannabis Companies (as defined below) and the U.S. Landco (as defined below) (collectively, the "**Transferred Companies**");
- C. pursuant to the Original Arrangement Agreement, Mydecine and Spinco intend to proceed with a corporate restructuring by way of a statutory arrangement under the BCBCA, pursuant to which Mydecine and Spinco will participate in a series of transactions whereby, among other things, Mydecine will transfer all its shares in the Transferred Companies to Spinco in consideration for, among other things, Spinco Spinout Shares (as defined below), which will ultimately be distributed to the holders of Mydecine Shares such that the holders of Mydecine Shares (other than Dissenting Shareholders) will become holders of Spinco Spinout Shares;
- D. Mydecine proposes to convene a meeting of the Mydecine Shareholders (as defined below) to consider the Arrangement pursuant to Part 9, Division 5 of the BCBCA, on the terms and conditions set forth in the Plan of Arrangement; and
- E. each of the parties to the Original Arrangement Agreement have agreed to amend and restate the Original Arrangement Agreement.

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the mutual agreements and covenants herein contained (the receipt and adequacy of such consideration being mutually acknowledged by each party), the parties covenant and agree as follows:

ARTICLE 1

DEFINITIONS, INTERPRETATION AND EXHIBIT

1.1 Definitions. In this Agreement, including the above Recitals, the following capitalized words and terms will have the following meanings:

- (a) "**Agreement**" means this amended and restated arrangement agreement (including the exhibits and schedules attached hereto), as the same may be supplemented, modified or amended from time to time;
- (b) "**Arrangement**" means the arrangement pursuant to the Arrangement Provisions as contemplated by the provisions of this Agreement and the Plan of Arrangement;

- (c) **“Arrangement Provisions”** means Part 9, Division 5 of the BCBCA;
- (d) **“Arrangement Resolution”** means the special resolution of the Mydecine Shareholders to approve the Arrangement, as required by the Interim Order and the BCBCA, in substantially the form as set out in Schedule “A” attached to the Plan of Arrangement;
- (e) **“BCBCA”** means the *Business Corporations Act*, S.B.C. 2002, c. 57, as amended;
- (f) **“Business Day”** means a day which is not a Saturday, Sunday or statutory holiday in Vancouver, British Columbia;
- (g) **“Constating Documents”** means, in respect of Mydecine and Spinco, their respective Articles and related Notice of Articles under the BCBCA;
- (h) **“Court”** means the Supreme Court of British Columbia;
- (i) **“DGCL”** means the Delaware General Corporation Law (Title 8, Chapter 1 of the Delaware Code, as amended);
- (j) **“Dissent Procedures”** means the rules pertaining to the exercise of Dissent Rights as set forth in Division 2 of Part 8 of the BCBCA and Article 5 of the Plan of Arrangement, as may be modified by the Interim Order, the Agreement or the Plan of Arrangement;
- (k) **“Dissent Rights”** means the right of a registered holder of Mydecine Shares to dissent from the Arrangement Resolution in accordance with the provisions of the BCBCA, as may be modified by the Interim Order, this Agreement, or the Plan of Arrangement, and to be paid the fair value of the Mydecine Shares in respect of which the holder dissents;
- (l) **“Dissenting Shareholder”** means a registered holder of Mydecine Shares who validly exercises Dissent Rights in respect of the Arrangement in strict compliance with the Dissent Procedures and who has not withdrawn or been deemed to have withdrawn such exercise of Dissent Rights;
- (m) **“Effective Date”** means the date upon which the Arrangement becomes effective in accordance with the Plan of Arrangement and the Final Order;
- (n) **“Effective Time”** means 12:01 a.m. (Pacific time) on the Effective Date or such other time on the Effective Date as agreed to in writing by Mydecine and Spinco;
- (o) **“Exchanged Securities”** means the Mydecine Shares, the Mydecine Options, the Mydecine Share Warrants, the Mydecine Unit Warrants, the Mydecine Performance Warrants and the Mydecine Top-Up Rights.
- (p) **“Final Order”** means the final order of the Court approving the Arrangement;
- (q) **“IFRS”** means International Financial Reporting Standards as issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee;
- (r) **“In the Money Amount”** at a particular time with respect to a Mydecine Option, Mydecine Replacement Option or Spinco Option means the amount, if any, by which the fair market value of the underlying security exceeds the exercise price of the relevant option at such time;
- (s) **“Information Circular”** means the management information circular of Mydecine, including all appendices attached thereto, to be sent to the Mydecine Shareholders in connection with the Mydecine Meeting, together with any amendments or supplements thereto;
- (t) **“Interim Order”** means the interim order of the Court containing declarations and directions in connection with the Arrangement and the holding of the Mydecine Meeting, as such order may be affirmed, amended or modified by any court of competent jurisdiction;
- (u) **“Mindleap Agreement”** means the share exchange agreement dated June 17, 2020, among Mydecine, Mindleap Health Inc. and shareholders of Mindleap Health Inc.;

- (v) **“Mydecine”** means Mydecine Innovations Group Inc., a corporation incorporated pursuant to the laws of the Province of British Columbia;
- (w) **“Mydecine Board”** means the board of directors of Mydecine;
- (x) **“Mydecine Class A Common Shares”** has the meaning set out in subsection 3.1(b) of the Plan of Arrangement;
- (y) **“Mydecine Meeting”** means the special meeting of the Mydecine Shareholders and any adjournments thereof to be held to, among other things, consider and, if deemed advisable, approve the Arrangement;
- (z) **“Mydecine Options”** means the stock options to acquire Mydecine Shares that are outstanding immediately prior to the Effective Time;
- (aa) **“Mydecine Performance Warrants”** means the 10,000,000 performance warrants dated August 31, 2020 issued by Mydecine pursuant to the Neuropharm Agreement, each exercisable into a Mydecine Share on a cashless basis;
- (bb) **“Mydecine Replacement Option”** means an option to acquire a New Mydecine Share to be issued by Mydecine to a holder of a Mydecine Option pursuant to subsection 3.1(c) of the Plan of Arrangement;
- (cc) **“Mydecine Share Warrants”** means the share purchase warrants of Mydecine exercisable to acquire Mydecine Shares that are outstanding immediately prior to the Effective Time;
- (dd) **“Mydecine Shareholder”** means a holder of Mydecine Shares, Mydecine Class A Common Shares or New Mydecine Shares, as the context requires;
- (ee) **“Mydecine Shares”** means the existing common shares in the capital of Mydecine as the same are constituted immediately before the Effective Time;
- (ff) **“Mydecine Stock Option Plan”** means the existing stock option plan of Mydecine, as updated and amended from time to time;
- (gg) **“Mydecine Top-Up Right Holders”** means the Mydecine Shareholders entitled to receive Mydecine Top-Up Shares;
- (hh) **“Mydecine Top-Up Shares”** means, collectively: (a) the Mydecine Shares to be issued on August 31, 2021 and February 28, 2022 to certain Mydecine Shareholders who were previously shareholders of Neuropharm Inc. pursuant to the Neuropharm Agreement if certain conditions are met as set out therein; and (b) the Mydecine Shares to be issued on August 17, 2021 and February 17, 2022 and August 17, 2022 to certain Mydecine Shareholders who were previously shareholders of Mindleap Health Inc. pursuant to the Mindleap Agreement if certain conditions are met as set out therein;
- (ii) **“Mydecine Unit Warrants”** means the unit purchase warrants of Mydecine, each exercisable to acquire one Mydecine Share and one share purchase warrant (each warrant exercisable to acquire one Mydecine Share), that are outstanding immediately prior to the Effective Time;
- (jj) **“NEO”** means the NEO Exchange;
- (kk) **“Neuropharm Agreement”** means the share exchange agreement dated July 14, 2020, as amended on August 31, 2020 among Mydecine, Neuropharm Inc. and shareholders of Neuropharm Inc.;
- (ll) **“New Mydecine Shares”** has the meaning set out in subsection 3.1(b) of the Plan of Arrangement;
- (mm) **“Notice of Meeting”** means the notice of special meeting of the Mydecine Shareholders in respect of the Mydecine Meeting;
- (nn) **“party”** means either Mydecine or Spinco and **“parties”** means, collectively, Mydecine and Spinco;

- (oo) **“person”** means and includes an individual, sole proprietorship, partnership, unincorporated association, unincorporated syndicate, unincorporated organization, trust, body corporate, a trustee, executor, administrator or other legal representative and the Crown or any agency or instrumentality thereof;
- (pp) **“Plan of Arrangement”** means the plan of arrangement substantially in the form attached to this Agreement as Exhibit “A”, as the same may be amended or supplemented from time to time;
- (qq) **“Pre-Arrangement Steps”** has the meaning ascribed thereto in Section 4.10;
- (rr) **“Record Date”** means the record date with respect to voting at the Mydecine Meeting;
- (ss) **“Registrar”** means the Registrar of Companies under the BCBCA;
- (tt) **“Section 3(a)(10) Exemption”** means the exemption from the registration requirements of the U.S. Securities Act set forth in section 3(a)(10) of the U.S. Securities Act;
- (uu) **“Spinco”** means Alt House Cannabis Inc.;
- (vv) **“Spinco Board”** means the board of directors of Spinco;
- (ww) **“Spinco Options”** means stock options issued pursuant to the Spinco Stock Option Plan, including the Spinco Options to be issued pursuant to subsection 3.1(c) of the Plan of Arrangement;
- (xx) **“Spinco Shares”** means common shares in the capital of Spinco;
- (yy) **“Spinco Spinout Shares”** means the 2,500,000 Spinco Shares (or such other amount as agreed to in writing by Mydecine and Spinco) to be issued to Mydecine pursuant to the terms hereof;
- (zz) **“Spinco Stock Option Plan”** means the stock option plan to be adopted by Spinco in accordance with Section 4.3 on substantially similar terms as the Mydecine Stock Option Plan and as may otherwise be modified, amended or restated as more particularly described in the Information Circular;
- (aaa) **“Tax Act”** means the *Income Tax Act* (Canada), R.S.C. 1985 (5th Supp.) c.1, as amended;
- (bbb) **“Transferred Companies”** means, collectively, the U.S. Cannabis Companies and U.S. Landco;
- (ccc) **“U.S. Cannabis Companies”** means:
 - (i) Alternative Distribution Company, LLC (formerly Levee Street Holdings, LLC)
 - (ii) Drink Fresh Water, LLC
 - (iii) Tealief Brands, LLC
 - (iv) Relyfe Brands, LLC
 - (v) We are Kured, LLC
 - (vi) Trellis Holdings Oregon OP, LLC
- (ddd) **“U.S. HoldCo”** means a corporation to be incorporated pursuant to a certificate of incorporation (or articles of incorporation) to be filed with the Secretary of State of the State of Delaware pursuant to the DGCL;
- (eee) **“U.S. LandCo”** means 1176392 BC Ltd., a corporation existing pursuant to the laws of British Columbia to be converted, as part of the Pre-Arrangement Steps, to a corporation to be incorporated pursuant to a certificate of incorporation (or articles of incorporation) to be filed with the Secretary of State of the State of Delaware pursuant to the DGCL; and
- (fff) **“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.

1.2 Currency. All amounts of money which are referred to in this Agreement are expressed in lawful money of Canada.

1.3 Interpretation Not Affected by Headings. The division of this Agreement into articles, sections and subsections and the insertion of headings are for convenience of reference only and will not affect the construction or interpretation of the provisions of this Agreement. The terms “*this Agreement*”, “*hereof*”, “*herein*”, “*hereunder*” and similar expressions refer to this Agreement and the exhibits and schedules attached hereto as a whole and not to any particular article, section or subsection hereof and include any agreement or instrument supplementary or ancillary hereto.

1.4 Sections. References herein to Articles, Sections, Subsections and Schedules are to articles, sections and subsections of and schedules to this Agreement.

1.5 Number and Gender. In this Agreement, unless the context otherwise requires, words importing the singular will include the plural and vice versa and words importing the use of either gender will include both genders and neuter and words importing persons will include firms and corporations.

1.6 Date for any Action. In the event that any date on which any action is required to be taken hereunder by Mydecine or Spinco is not a Business Day in the place where the action is required to be taken, such action will be required to be taken on the next succeeding day which is a Business Day in such place.

1.7 Meaning. Words and phrases used herein and defined in the BCBCA will have the same meaning herein as in the BCBCA unless the context otherwise requires.

1.8 Accounting Matters. Unless otherwise stated, all accounting terms used in this Agreement will have the meanings attributable thereto under IFRS, as applicable and all determinations of an accounting nature are required to be made will be made in a manner consistent with IFRS.

1.9 Reference to Legislation. References in this Agreement to any statute or sections thereof will include such statute as amended or substituted and any regulations promulgated thereunder from time to time in effect.

1.10 Reference to Agreements and Instruments. References in this Agreement to any other agreement, instrument or other document will include such agreement, instrument or other document as the same may be amended, supplemented or otherwise modified from time to time in accordance with the terms thereof.

1.11 Enforceability. All representations, warranties, covenants and opinions in or contemplated by this Agreement as to the enforceability of any covenant, agreement or document are subject to enforceability being limited by applicable bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other laws relating to or affecting creditors’ rights generally, and the discretionary nature of certain remedies (including specific performance and injunctive relief and general principles of equity).

1.12 Exhibits. Attached hereto and deemed to be incorporated into and form an integral part of this Agreement as Exhibit “A” is the Plan of Arrangement.

ARTICLE 2 ARRANGEMENT

2.1 Arrangement. The parties agree to effect the Arrangement pursuant to the Arrangement Provisions on the terms and subject to the conditions contained in this Agreement and the Plan of Arrangement.

2.2 Effective Date of Arrangement. The Arrangement will become effective on the Effective Date as set out in the Plan of Arrangement.

2.3 Commitment to Effect. Subject to termination of this Agreement pursuant to Article 6 hereof, the parties will each use all commercially reasonable efforts and do all things reasonably required to cause the Plan of Arrangement to become effective by no later than September 30, 2021, or by such other later date as Mydecine and Spinco may determine, and in conjunction therewith to cause the conditions described in Section 5.1 to be complied with prior to the Effective Date. Without limiting the generality of the foregoing, the parties will proceed forthwith to apply for the Interim Order and Mydecine will call the

Mydecine Meeting and mail the Information Circular to the Mydecine Shareholders.

2.4 Interim Order. Subject to the approval by the Court, the Interim Order will provide that:

- (a) the securities of Mydecine for which holders will be entitled to vote on the Arrangement Resolution will be the Mydecine Shares;
- (b) the Mydecine Shareholders will be entitled to vote on the Arrangement Resolution, with each shareholder being entitled to one vote for each Mydecine Share held by such holder as of the record date; and
- (c) the requisite majority for the approval of the Arrangement Resolution will be two-thirds ($\frac{2}{3}$) of the votes cast by the Mydecine Shareholders entitled to vote on the Arrangement Resolution and present in person or by proxy at the Mydecine Meeting.

2.5 Filing of Final Order. Subject to the rights of termination contained in Article 6 hereof, upon the Mydecine Shareholders approving the Arrangement Resolution in accordance with the provisions of the Interim Order and the BCBCA, Mydecine obtaining the Final Order (including the Court's approval of the fairness of the Transaction) and the other conditions contained in Article 5 hereof being complied with or waived, Mydecine on its behalf and on behalf of Spinco will, if required, file with the Registrar: (a) the records and information required by the Registrar pursuant to the Arrangement Provisions; and (b) a copy of the Final Order.

2.6 U.S. Securities Law Matters. The parties agree that the Arrangement will be carried out with the intention that all securities to be issued and exchanged pursuant to the Arrangement will be issued and exchanged in reliance on the Section 3(a)(10) Exemption. 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 and the Court will hold a hearing approving the fairness of the terms and conditions of the Arrangement that each holder of the Exchanged Securities shall have the right to attend the hearing of the Court to give approval of the Arrangement and providing them with sufficient information necessary for them to exercise that right;
- (b) prior to the hearing required to approve the Arrangement, the Court will be advised by the parties 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 with respect to the securities to be issued in exchange for the Exchanged Securities;
- (c) the Court will be required to have sufficient information before it to determine the value of the securities to be surrendered and the securities to be issued in the Arrangement in order to satisfy itself as to the substantive and procedural fairness of the terms and conditions of the Arrangement to the holders of the Exchanged Securities by finding, after holding the hearing, that the terms and conditions of the Arrangement are fair (both procedurally and substantively) to those to whom securities will be issued in exchange for the Exchanged Securities;
- (d) Mydecine will ensure that each holder of the Exchanged Securities will be given adequate notice advising them of their right to attend the hearing of the Court to give approval of the Arrangement and providing them with sufficient information necessary for them to exercise that right;
- (e) each holder of the Exchanged Securities that is a resident of the United States or a "U.S. person" within the meaning of Regulation S under the U.S. Securities Act will be advised that securities issued in exchange for the Exchanged Securities pursuant to the Arrangement have not been registered under the U.S. Securities Act and will be issued in a transaction exempt from the registration requirements under the U.S. Securities Act in reliance on the Section 3(a)(10) Exemption;
- (f) the Final Order approving the Arrangement that is obtained from the Court will expressly state that the terms and conditions of the Arrangement is approved by the Court as being fair, substantively and procedurally, to those to whom securities will be issued in exchange for the Exchanged Securities;

- (g) the Interim Order approving the Mydecine Meeting will specify that each holder of the Exchanged Securities will have the right to appear before the Court at the hearing of the Court to give approval of the Arrangement so long as such holder of the Exchanged Securities files a Response to Petition within a reasonable time and in accordance with the requirements of the Interim Order and Section 3(a)(10) under the U.S. Securities Act; and
- (h) the Final Order will include a statement substantially to the following effect:
“This Order shall serve as a basis of a claim to an exemption, pursuant to section 3(a)(10) of the United States Securities Act of 1933 (the “Act”), as amended, from the registration requirements of the Act, regarding the distribution of securities of Mydecine Innovations Group Inc. and Alt House Cannabis Inc. pursuant to the Plan of Arrangement.”

ARTICLE 3 REPRESENTATIONS AND WARRANTIES

3.1 Representations and Warranties. Each of the parties hereby represents and warrants to the other party as of the date hereof that:

- (a) it is a corporation validly existing under the applicable laws of the jurisdiction of its incorporation, and has full capacity and authority to enter into this Agreement and to perform its covenants and obligations hereunder;
- (b) it has taken all corporate actions necessary to authorize the execution and delivery of this Agreement and to consummate the transactions contemplated herein and this Agreement has been duly executed and delivered by it;
- (c) 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 Constatng Documents or other governing corporate documents, (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; and
- (d) no dissolution, winding up, bankruptcy, liquidation or similar proceedings has been commenced or are pending or proposed in respect of it.

ARTICLE 4 COVENANTS

4.1 Covenants. On and after the date hereof, each of the parties covenants and agrees with the other party hereto that it shall do and perform, or cause to be done and performed, all such further acts and things, and shall execute and deliver all such agreements, certificates, assurances, notices and other documents and instruments, and shall make all necessary filings and obtain all necessary approvals, consents and acceptances of appropriate regulatory authorities, at the sole cost and expense of such party pursuant to Section 7.6, as may be reasonably necessary in order to carry out the intent and accomplish the purposes of this Agreement including, for greater certainty, the Plan of Arrangement, the consummation of the transactions contemplated hereby on the Effective Date and the enforceability of the transactions contemplated hereby and the maintenance of the desired tax and securities law-related treatment of the transactions contemplated hereby following the Effective Date.

4.2 Interim Order and Final Order. The parties acknowledge that Mydecine will apply to and obtain from the Court, pursuant to the Arrangement Provisions, the Interim Order providing for, among other things, the calling and holding of the Mydecine Meeting for the purpose of considering and, if deemed advisable, approving and adopting the Arrangement Resolution. The parties each covenant and agree that if the approval of the Arrangement by the Mydecine Shareholders as set out in Section 5.1(b) is obtained, Mydecine will thereafter (subject to the exercise of any discretionary authority granted to

Mydecine's directors) take the necessary actions to submit the Arrangement to the Court for approval and apply for the Final Order and, subject to compliance with any of the other conditions provided for in Article 5 below and to the rights of termination contained in Article 6 below, file the material described in Section 2.5 with the Registrar, if required.

4.3 Spinco Stock Option Plan. In connection with the Arrangement, but prior to the Effective Time, Spinco will adopt the Spinco Stock Option Plan.

4.4 Mydecine Options. The parties acknowledge that pursuant to the Arrangement, each Mydecine Option then outstanding to acquire one Mydecine Share will be exchanged for:

- (a) one Mydecine Replacement Option to acquire one New Mydecine Share having an exercise price equal to the product of the original exercise price of the Mydecine Option multiplied by the fair market value of a New Mydecine Share at the Effective Time divided by the total of the fair market value of a New Mydecine Share and the fair market value of 0.010416 Spinco Shares at the Effective Time; and
- (b) one Spinco Option to acquire 0.010416 Spinco Shares, each whole Spinco Option having an exercise price equal to the product of the original exercise price of the Mydecine Option multiplied by the fair market value of 0.010416 Spinco Shares at the Effective Time divided by the total of the fair market value of one New Mydecine Share and 0.010416 Spinco Shares at the Effective Time,

provided that the aforesaid exercise prices will be adjusted to the extent, if any, required to ensure that the aggregate In the Money Amount of the Mydecine Replacement Option and the Spinco Option immediately after the exchange does not exceed the In the Money Amount immediately before the exchange of the Mydecine Option so exchanged. It is intended that subsection 7(1.4) of the Tax Act apply to the exchange of Mydecine Options and Spinco agrees to promptly issue Spinco Shares upon the due exercise of Spinco Options.

4.5 Mydecine Share Warrants. The parties acknowledge that, from and after the Effective Date, all Mydecine Share Warrants will entitle the holder to receive, upon due exercise of each Mydecine Share Warrant, for the original exercise price:

- (a) one New Mydecine Share for each Mydecine Share that was issuable upon due exercise of the Mydecine Share Warrant immediately prior to the Effective Time; and
- (b) 0.010416 Spinco Shares for each Mydecine Share that was issuable upon due exercise of the Mydecine Share Warrant immediately prior to the Effective Time,

and Spinco hereby covenants that it will forthwith upon receipt of written notice from Mydecine from time to time issue, as directed by Mydecine, that number of Spinco Shares as may be required to satisfy the foregoing.

Mydecine will, as agent for Spinco, collect and pay to Spinco an amount for each 0.010416 Spinco Shares so issued that is equal to the exercise price under the Mydecine Share Warrant multiplied by the fair market value of 0.010416 Spinco Shares at the Effective Time divided by the total fair market value of one New Mydecine and 0.010416 Spinco Shares at the Effective Time.

4.6 Mydecine Unit Warrants. The parties acknowledge that, from and after the Effective Date, all Mydecine Unit Warrants will entitle the holder to receive, upon due exercise of each Mydecine Unit Warrant, for the original exercise price:

- (a) one New Mydecine Share for each Mydecine Share that was issuable upon due exercise of the Mydecine Share Warrant immediately prior to the Effective Time;
- (b) 0.010416 Spinco Shares for each Mydecine Share that was issuable upon due exercise of the Mydecine Share Warrant immediately prior to the Effective Time; and
- (c) one Mydecine Share Warrant, amended in accordance with section 3.1(d) of the Plan of Arrangement, for each Mydecine share purchase warrant that was issuable upon due exercise of the Mydecine Unit Warrant immediately prior to the Effective Time,

and Spinco hereby covenants that it will forthwith upon receipt of written notice from Mydecine from time to time issue, as directed by Mydecine, that number of Spinco Shares as may be required to

satisfy the foregoing.

Mydecine will, as agent for Spinco, collect and pay to Spinco an amount for each 0.010416 Spinco Shares so issued that is equal to the exercise price under the Mydecine Unit Warrant or Mydecine Share Warrant, as applicable, multiplied by the fair market value of 0.010416 Spinco Shares at the Effective Time divided by the total fair market value of one New Mydecine and 0.010416 Spinco Shares at the Effective Time.

4.7 Mydecine Performance Warrants. The parties acknowledge that, from and after the Effective Date, all Mydecine Performance Warrants will entitle the holder to receive, upon due exercise of each Mydecine Performance Warrant, for the original exercise price, on a cashless basis in accordance with the terms of the Mydecine Performance Warrants:

- (a) one New Mydecine Share for each Mydecine Share that was issuable upon due exercise of the Mydecine Performance Warrant immediately prior to the Effective Time; and
- (b) 0.010416 Spinco Shares for each Mydecine Share that was issuable upon due exercise of the Mydecine Performance Warrant immediately prior to the Effective Time,

and Spinco hereby covenants that it will forthwith upon receipt of written notice from Mydecine from time to time issue, as directed by Mydecine, that number of Spinco Shares as may be required to satisfy the foregoing.

4.8 Mydecine Top-Up Rights. The parties acknowledge that, from and after the Effective Date, upon a condition for issuance of Mydecine Top-Up Shares being met, the applicable Mydecine Top-Up Right Holders shall receive:

- (a) one New Mydecine Share for each Mydecine Top-Up Share that was issuable; and
- (b) 0.010416 Spinco Shares for each Mydecine Top-Up Share that was issuable,

and Spinco hereby covenants that it will forthwith upon receipt of written notice from Mydecine from time to time issue, as directed by Mydecine, that number of Spinco Shares as may be required to satisfy the foregoing.

4.9 Fair Market Value. For the purposes of Section 4.4 and 4.5 above and section 3.1 of the Plan of Arrangement, fair market value of the New Mydecine Shares and the Spinco Shares will be determined by the Mydecine Board, acting in good faith.

4.10 Pre-Arrangement Steps. Prior to the Arrangement, the parties shall complete the following steps (collectively, the “Pre-Arrangement Steps”):

- (a) Spinco shall incorporate U.S. HoldCo;
- (b) U.S. LandCo shall emigrate from the laws of the Province of British Columbia to the laws of the State of Delaware;
- (c) Mydecine shall sell and transfer all of the shares of the Transferred Companies to Spinco and, in consideration therefor, Spinco shall issue to Mydecine the Spinco Spinout Shares; and
- (d) Spinco shall sell and transfer all of the shares of the Transferred Companies to U.S. HoldCo and, in consideration therefor, U.S. HoldCo shall issue to the Spinco one share in the common stock of U.S. HoldCo.

4.11 Cash. The parties acknowledge that Mydecine shall not transfer any cash to Spinco in connection with the Arrangement including, without limitation, for purposes of compliance with the Section 3(a)(10) Exemption.

4.12 Listing of Spinco Shares. Spinco covenants and agrees that it will use its commercially reasonable efforts to list the Spinco Shares on the Canadian Securities Exchange or another recognized Canadian stock exchange as soon as practicable following the closing of the Arrangement.

ARTICLE 5 CONDITIONS

5.1 Conditions Precedent. The respective obligations of the parties to complete the transactions contemplated by this Agreement will be subject to the satisfaction of the following conditions:

- (a) the Interim Order will have been granted in form and substance satisfactory to Mydecine, and such order will not have been set aside or modified in a manner unacceptable to Mydecine, on appeal or otherwise;
- (b) the Arrangement Resolution, with or without amendment, will have been approved and adopted by the Mydecine Shareholders at the Mydecine Meeting in accordance with the Arrangement Provisions, the Constatng Documents of Mydecine, the Interim Order and the requirements of any applicable regulatory authorities;
- (c) the Final Order will have been obtained in form and substance satisfactory to each of Mydecine and Spinco;
- (d) the Pre-Arrangement Steps shall have been completed;
- (e) all other consents, orders, regulations and approvals, including regulatory and judicial approvals and orders required or necessary or desirable for the completion of the transactions provided for in this Agreement and the Plan of Arrangement will have been obtained or received from the persons, authorities or bodies having jurisdiction in the circumstances each in form acceptable to Mydecine and Spinco;
- (f) there will not be in force any order or decree restraining or enjoining the consummation of the transactions contemplated by this Agreement and the Plan of Arrangement;
- (g) no law, regulation or policy will have been proposed, enacted, promulgated or applied which interferes or is inconsistent with the completion of the Arrangement and Plan of Arrangement, including any material change to the income tax laws of Canada, which would reasonably be expected to have a material adverse effect on any of Mydecine, the Mydecine Shareholders or Spinco if the Arrangement is completed;
- (h) notices of dissent pursuant to Article 5 of the Plan of Arrangement will not have been delivered by Mydecine Shareholders holding greater than 5% of the outstanding Mydecine Shares; and
- (i) this Agreement will not have been terminated under Article 6 below.

Except for the conditions set forth in Sections 5.1(a) - 5.1(c) and 5.1(i) above, which may not be waived, any of the other conditions in this Section 5.1 may be waived by either Mydecine or Spinco at its discretion.

5.2 Satisfaction of Conditions. The conditions set out in section 5.1 above will be conclusively deemed to have been satisfied, waived or released upon the occurrence of the Effective Date.

5.3 Merger of Representations, Warranties and Covenants. The representations and warranties in Section 3.1 above will be conclusively deemed to be correct as of the Effective Date and the covenants in Section 4.1 above will be conclusively deemed to have been complied with in all respects as of the Effective Date, and each will accordingly merge in and not survive the effectiveness of the Arrangement.

ARTICLE 6 AMENDMENT AND TERMINATION

6.1 Amendment. Subject to any mandatory applicable restrictions under the Arrangement Provisions or the Final Order, this Agreement, including the Plan of Arrangement, may at any time and from time to time before or after the holding of the Mydecine Meeting, but prior to the Effective Date, be amended by the written agreement of the parties hereto without, subject to applicable law, further notice to or authorization on the part of the Mydecine Shareholders.

6.2 Termination. Subject to Section 6.3, this Agreement may at any time before or after the holding of the Mydecine Meeting, and before or after the granting of the Final Order, but in each case prior to the Effective Date, be terminated by direction of the Mydecine Board without further action on the part of the Mydecine Shareholders and nothing expressed or implied herein or in the Plan of Arrangement will be

construed as fettering the absolute discretion by the Mydecine Board to elect to terminate this Agreement and discontinue efforts to effect the Arrangement for whatever reasons it may consider appropriate.

6.3 Cessation of Right. The right of Mydecine or Spinco or any other party to amend or terminate the Plan of Arrangement pursuant to Section 6.1 and Section 6.2 will be extinguished upon the occurrence of the Effective Date.

ARTICLE 7 GENERAL

7.1 Notices. All notices which may or are required to be given pursuant to any provision of this Agreement will be given or made in writing and will be deemed to be validly given if served personally or by electronic transmission with acknowledgment of receipt, in the case of Mydecine or Spinco:

810-789 West Pender Street, Vancouver BC V6C 1H2
Attention: David Joshua Bartch
email: jbartch@mydecineinc.com

in each case with a copy to:

Miller Thomson LLP, 5800-40 King Street West, Toronto, Ontario M5H 3S1
Attention: Lawrence Wilder
email: lwilder@millerthomson.com

7.2 Entire Agreement. This Agreement constitutes the entire agreement between the parties with respect to the subject matter of this Agreement and supersedes all prior and contemporaneous agreements, understandings, negotiations and discussions, whether oral or written, of the parties.

7.3 Binding Effect. This Agreement and the Arrangement will be binding upon and will enure to the benefit of the parties and their respective successors and permitted assigns.

7.4 Assignment. Neither of the parties may assign its rights or obligations under this Agreement or the Arrangement without the prior written consent of the other party hereto. Nothing contained in this Agreement shall create any rights in, or be deemed to have been executed for the benefit of, any person that is not a party hereto or a successor or permitted assign of such a party as a third party beneficiary or otherwise.

7.5 Waiver. Any waiver or release of the provisions of this Agreement, to be effective, must be in writing and executed by the party granting such waiver or release.

7.6 Fees, Costs and Expenses. All fees, costs and expenses (including, without limitation, legal fees and expenses) incurred by a party in connection with this Agreement, the Arrangement and the transactions contemplated hereby and thereby will be borne by the party that incurred the fees, costs and expense or as otherwise mutually agreed by the parties.

7.7 Governing Law; Submission to Jurisdiction; Waiver of Jury Trial. This Agreement will 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. All disputes relating in any way to this Agreement will be resolved by the Courts of British Columbia. The parties expressly waive any objection based on personal jurisdiction, venue or forum *non conveniens*. EACH PARTY HEREBY IRREVOCABLY WAIVES ALL RIGHTS TO TRIAL BY JURY IN ANY ACTION, CLAIM, SUIT, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE ACTIONS OF SUCH PARTY IN THE NEGOTIATION, ADMINISTRATION, PERFORMANCE AND ENFORCEMENT HEREOF.

7.8 Time of Essence. Time is of the essence of this Agreement.

7.9 Counterparts. This Agreement may be executed in counterparts, each of which will be deemed an original, and all of which together constitute one and the same instrument. Execution of this Agreement electronically or manually, and the electronic delivery of this Agreement in counterparts will constitute valid delivery of the same.

[Signature Page Follows]

IN WITNESS WHEREOF the parties have executed this Agreement as of the date first above written.

MYDECINE INNOVATIONS GROUP INC.

(signed) David Joshua Bartch

By:

David Joshua Bartch, CEO

ALT HOUSE CANNABIS INC.

(signed) David Joshua Bartch

By:

David Joshua Bartch, Director

EXHIBIT “A”

TO THE AMENDED AND RESTATED ARRANGEMENT AGREEMENT DATED AS OF THE 9th DAY OF AUGUST, 2021, BETWEEN MYDECINE INNOVATIONS GROUP INC. AND ALT HOUSE CANNABIS INC.

PLAN OF ARRANGEMENT

UNDER PART 9, DIVISION 5 OF THE *BUSINESS CORPORATIONS ACT* (BRITISH COLUMBIA)

ARTICLE 1 DEFINITIONS AND INTERPRETATION

- 1.1 **Definitions.** In this Exhibit “A” - *Plan of Arrangement*, the following capitalized words and terms will have the following meanings:
- (a) **“Arrangement”** means the arrangement pursuant to the Arrangement Provisions as contemplated by the provisions of the Arrangement Agreement and this Plan of Arrangement;
 - (b) **“Arrangement Agreement”** means the amended and restated arrangement agreement dated August 9, 2021, between Mydecine and Spinco, to which this Exhibit “A” – *Plan of Arrangement* is attached, as such may be supplemented or amended from time to time;
 - (c) **“Arrangement Provisions”** means Part 9, Division 5 of the BCBCA;
 - (d) **“Arrangement Resolution”** means the special resolution of the Mydecine Shareholders to approve the Arrangement, as required by the Interim Order and the BCBCA, in substantially the form as set out in Schedule “A” attached hereto;
 - (e) **“BCBCA”** means the *Business Corporations Act*, S.B.C. 2002, c. 57, as amended;
 - (f) **“Business Day”** means a day which is not a Saturday, Sunday or statutory holiday in Vancouver, British Columbia;
 - (g) **“Court”** means the Supreme Court of British Columbia;
 - (h) **“Depository”** means National Securities Administrators Ltd., or such other depository as Mydecine may determine;
 - (i) **“Dissent Procedures”** means the rules pertaining to the exercise of Dissent Rights as set forth in Division 2 of Part 8 of the BCBCA and Article 5 of this Plan of Arrangement, as may be modified by the Interim Order, the Arrangement Agreement, or the Plan of Arrangement;
 - (j) **“Dissent Rights”** means the right of a registered holder of Mydecine Shares to dissent from the Arrangement Resolution in accordance with the provisions of the BCBCA, as may be modified by the Interim Order, the Arrangement Agreement, or this Plan of Arrangement, and to be paid the fair value of the Mydecine Shares in respect of which the holder dissents;
 - (k) **“Dissenting Share”** has the meaning given in section 3.1(a) of this Plan of Arrangement;
 - (l) **“Dissenting Shareholder”** means a registered holder of Mydecine Shares who validly exercises Dissent Rights in respect of the Arrangement in strict compliance with the Dissent Procedures and who has not withdrawn or been deemed to have withdrawn such exercise of Dissent Rights;
 - (m) **“Effective Date”** will be the date of the closing of the Arrangement;

- (n) **“Effective Time”** means 12:01 a.m. (Pacific time) on the Effective Date or such other time on the Effective Date as agreed to in writing by Mydecine and Spinco;
- (o) **“Final Order”** means the final order of the Court approving the Arrangement;
- (p) **“Final Proscription Date”** has the meaning given in section 6.4 of this Plan of Arrangement;
- (q) **“IFRS”** means International Financial Reporting Standards as issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee;
- (r) **“In the Money Amount”** at a particular time with respect to a Mydecine Option, Mydecine Replacement Option or Spinco Option means the amount, if any, by which the fair market value of the underlying security exceeds the exercise price of the relevant option at such time;
- (s) **“Information Circular”** means the management information circular of Mydecine, including all appendices attached thereto, to be sent to the Mydecine Shareholders in connection with the Mydecine Meeting, together with any amendments or supplements thereto;
- (t) **“Interim Order”** means the interim order of the Court providing advice and directions in connection with the Mydecine Meeting and the Arrangement;
- (u) **“Letter of Transmittal”** means the letter of transmittal in respect of the Arrangement to be sent to Mydecine Shareholders together with the Information Circular;
- (v) **“Mindleap Agreement”** means the share exchange agreement dated June 17, 2020, among Mydecine, Mindleap Health Inc. and shareholders of Mindleap Health Inc.;
- (w) **“Mydecine”** means Mydecine Innovations Group Inc., a corporation existing under the laws of the Province of British Columbia;
- (x) **“Mydecine Board”** means the board of directors of Mydecine;
- (y) **“Mydecine Class A Common Shares”** has the meaning set out in section 3.1(b) of this Plan of Arrangement;
- (z) **“Mydecine Meeting”** means the special meeting of the Mydecine Shareholders and any adjournments thereof to be held to, among other things, consider and, if deemed advisable, approve the Arrangement;
- (aa) **“Mydecine Optionholders”** means holders of the Mydecine Options;
- (bb) **“Mydecine Options”** means the stock options to acquire Mydecine Shares that are outstanding immediately prior to the Effective Time;
- (cc) **“Mydecine Performance Warrants”** means the 10,000,000 performance warrants dated August 31, 2020 issued by Mydecine pursuant to the Neuropharm Agreement, each exercisable into a Mydecine Share on a cash-less basis;
- (dd) **“Mydecine Replacement Option”** means an option to acquire a New Mydecine Share to be issued by Mydecine to a holder of an Mydecine Option pursuant to section 3.1(c) of this Plan of Arrangement;
- (ee) **“Mydecine Share Warrantholders”** means holders of the Mydecine Share Warrants;
- (ff) **“Mydecine Share Warrants”** means the share purchase warrants of Mydecine exercisable to acquire Mydecine Shares that are outstanding immediately prior to the Effective Time;

- (gg) **“Mydecine Shareholder”** means a holder of Mydecine Shares, Mydecine Class A Common Shares or New Mydecine Shares, as the context requires;
- (hh) **“Mydecine Shares”** means the existing common shares which Mydecine is authorized to issue as the same are constituted immediately before the Effective Time;
- (ii) **“Mydecine Stock Option Plan”** means the existing stock option plan of Mydecine, as updated and amended from time to time;
- (jj) **“Mydecine Top-Up Right Holders”** means the Mydecine Shareholders entitled to receive Mydecine Top-Up Shares;
- (kk) **“Mydecine Top-Up Shares”** means, collectively: (a) the Mydecine Shares to be issued on August 31, 2021 and February 28, 2022 to certain Mydecine Shareholders who were previously shareholders of Neuropharm Inc. pursuant to the Neuropharm Agreement if certain conditions are met as set out therein; and (b) the Mydecine Shares to be issued on August 17, 2021 and February 17, 2022 and August 17, 2022 to certain Mydecine Shareholders who were previously shareholders of Mindleap Health Inc. pursuant to the Mindleap Agreement if certain conditions are met as set out therein;
- (ll) **“Mydecine Unit Warrant Holders”** means holders of Mydecine Unit Warrants;
- (mm) **“Mydecine Unit Warrants”** means the unit purchase warrants of Mydecine, each exercisable to acquire one Mydecine Share and one share purchase warrant (each warrant exercisable to acquire one Mydecine Share), that are outstanding immediately prior to the Effective Time;
- (nn) **“Neuropharm Agreement”** means the share exchange agreement dated July 14, 2020, as amended on August 31, 2020 among Mydecine, Neuropharm Inc. and shareholders of Neuropharm Inc.;
- (oo) **“New Mydecine Shares”** has the meaning set out in section 3.1(b) of this Plan of Arrangement;
- (pp) **“Plan of Arrangement”** means this plan of arrangement, as the same may be amended from time to time;
- (qq) **“Section 3(a)(10) Exemption”** means the exemption from the registration requirements of the U.S. Securities Act set forth in section 3(a)(10) of the U.S. Securities Act;
- (rr) **“Share Distribution Record Date”** means the close of business on the Business Day immediately preceding the Effective Date for the purpose of determining the Mydecine Shareholders entitled to receive New Mydecine Shares and Spinco Shares pursuant to this Plan of Arrangement or such other date as the Mydecine Board may select;
- (ss) **“Spinco”** means Alt House Cannabis Inc.;
- (tt) **“Spinco Board”** means the board of directors of Spinco;
- (uu) **“Spinco Incorporation Share”** means the one Spinco Share held by Mydecine that was issued to Mydecine on the incorporation of Spinco;
- (vv) **“Spinco Options”** means share purchase options issued pursuant to the Spinco Stock Option Plan, including the Spinco Options to be issued pursuant to section 3.1(c) of this Plan of Arrangement;
- (ww) **“Spinco Shareholder”** means a holder of Spinco Shares;
- (xx) **“Spinco Shares”** means the common shares without par value which Spinco is authorized to issue as the same are constituted on the date hereof;

- (yy) “**Spinco Spinout Shares**” means 2,500,000 Spinco Shares (or such other amount as agreed to in writing by Mydecine and Spinco) to be issued to Mydecine pursuant to subsection 3.1(b)(iii) of this Plan of Arrangement to complete the acquisition of the Assets and to be distributed to the Mydecine Shareholders pursuant to the Arrangement Agreement and this Plan of Arrangement;
- (zz) “**Spinco Stock Option Plan**” means the stock option plan to be adopted by Spinco pursuant to the Arrangement Agreement and this Plan of Arrangement, in substantially similar terms as the Mydecine Stock Option Plan and may otherwise be modified, amended or restated as more particularly described in the Information Circular;
- (aaa) “**Tax Act**” means the *Income Tax Act* (Canada), R.S.C. 1985 (5th Supp.) c.1, as amended;
- (bbb) “**Transfer Agent**” means National Securities Administrators Ltd., the registrar and transfer agent of Mydecine;
- (ccc) “**Transferred Companies**” means, collectively, the U.S. Cannabis Companies and U.S. Landco;
- (ddd) “**U.S. Cannabis Companies**” means:
 - (i) Alternative Distribution Company, LLC (formerly Levee Street Holdings, LLC)
 - (ii) Drink Fresh Water, LLC
 - (iii) Tealief Brands, LLC
 - (iv) Relyfe Brands, LLC
 - (v) We are Kured, LLC
 - (vi) Trellis Holdings Oregon OP, LLC
- (eee) “**U.S. HoldCo**” means a corporation to be incorporated pursuant to the laws of the state of Delaware;
- (fff) “**U.S. LandCo**” means 1176392 BC Ltd., a corporation existing pursuant to the laws of British Columbia; and
- (ggg) “**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.

- 1.2 **Interpretation Not Affected by Headings.** The division of this Plan of Arrangement into articles, sections and subsections and the insertion of headings are for convenience of reference only and will not affect the construction or interpretation of this Plan of Arrangement. Unless otherwise specifically indicated, the terms “*this Plan of Arrangement*”, “*hereof*”, “*hereunder*” and similar expressions refer to this Plan of Arrangement as a whole and not to any particular article, section or subsection and include any agreement or instrument supplementary or ancillary hereto.
- 1.3 **Number and Gender.** Unless the context otherwise requires, words importing the singular number only will include the plural and vice versa, words importing the use of either gender will include both genders and neuter and words importing persons will include firms and corporations.
- 1.4 **Meaning.** Words and phrases used herein and defined in the BCBCA will have the same meaning herein as in the BCBCA, unless the context otherwise requires.
- 1.5 **Date for any Action.** If any date on which any action is required to be taken under this Plan of Arrangement is not a Business Day, such action will be required to be taken on the next succeeding Business Day.

- 1.6 **Currency.** All amounts of money which are referred to in this Plan of Arrangement are expressed in lawful money of Canada.
- 1.7 **Accounting Matters.** Unless otherwise stated, all accounting terms used in this Plan of Arrangement will have the meanings attributable thereto under IFRS, as applicable and all determinations of an accounting nature are required to be made will be made in a manner consistent with IFRS.
- 1.8 **Reference to Legislation.** References in this Plan of Arrangement to any statute or sections thereof will include such statute as amended or substituted and any regulations promulgated thereunder from time to time in effect.
- 1.9 **Reference to Agreements and Instruments.** References in this Agreement to any other agreement, instrument or other document will include such agreement, instrument or other document as the same may be amended, supplemented or otherwise modified from time to time in accordance with the terms thereof.
- 1.10 **Governing Law; Submission to Jurisdiction; Waiver of Jury Trial.** This Plan of Arrangement will 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, without regard to the principles of conflict of laws thereof. All disputes relating in any way to this Plan of Arrangement will be resolved by the Courts of British Columbia. The parties expressly waive any objection based on personal jurisdiction, venue or forum *non conveniens*. EACH PARTY HEREBY IRREVOCABLY WAIVES ALL RIGHTS TO TRIAL BY JURY IN ANY ACTION, CLAIM, SUIT, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO THIS PLAN OF ARRANGEMENT OR THE ACTIONS OF SUCH PARTY IN THE NEGOTIATION, ADMINISTRATION, PERFORMANCE AND ENFORCEMENT HEREOF.
- 1.11 **Schedules.** Schedule "A" – The Arrangement Resolution attached hereto is incorporated into and form an integral part of this Plan of Arrangement.

ARTICLE 2 ARRANGEMENT AGREEMENT

- 2.1 **Arrangement Agreement.** This Plan of Arrangement is made pursuant and subject to the provisions of the Arrangement Agreement.

ARTICLE 3

THE ARRANGEMENT

- 3.1 **The Arrangement.** On the Effective Date, the following will occur and be deemed to occur in the following chronological order without further act or formality, notwithstanding anything contained in the provisions attaching to any of the parties hereto, but subject to the provisions of Article 7 below:
- (a) each Mydecine Share outstanding in respect of which a Dissenting Shareholder has validly exercised his, her or its Dissent Rights (each, a "**Dissenting Share**") will be directly transferred and assigned by such Dissenting Shareholder to Mydecine, without any further act or formality and free and clear of any liens, charges and encumbrances of any nature whatsoever, and will be cancelled and cease to be outstanding and such Dissenting Shareholders will cease to have any rights as Mydecine Shareholders other than the right to be paid the fair value for their Mydecine Shares by Mydecine;
 - (b) Mydecine shall undertake a reorganization of capital within the meaning of section 86 of the Tax Act as follows, with the steps occurring in the following order:

- (i) the authorized share capital and Notice of Articles and Articles of Mydecine will be altered by:
 - (A) renaming and redesignating all of the issued and unissued Mydecine Shares as “*Class A common shares without par value*” (the “**Mydecine Class A Common Shares**”) and amending the special rights and restrictions attached to the Mydecine Class A Common Shares to provide the holders thereof with the following rights:
 - (I) to vote at all meetings of shareholders of Mydecine (except meetings at which only holders of a specified class of shares are entitled to vote) and shall be entitled to two votes for each Mydecine Class A Common Share held;
 - (II) to receive, subject to the rights of the holders of any other class of shares, any dividends declared by Mydecine; and
 - (III) to receive, *pari passu* with the New Mydecine Shares (as defined below), and subject to the rights of the holders of any other class of shares, the remaining property of Mydecine on the liquidation, dissolution or winding up of Mydecine, whether voluntary or involuntary;
 - (B) creating a new class of shares consisting of an unlimited number of “*common shares without par value*” (the “**New Mydecine Shares**”) with special rights and restrictions attached to the New Mydecine Shares to provide the holders thereof with the following rights:
 - (I) to vote at all meetings of shareholders of Mydecine (except meetings at which only holders of a specified class of shares are entitled to vote) and shall be entitled to one vote for each New Mydecine Share held;
 - (II) to receive, subject to the rights of the holders of any other class of shares, any dividends declared by Mydecine; and
 - (III) to receive, *pari passu* with the Mydecine Class A Common Shares, and subject to the rights of the holders of any other class of shares, the remaining property of Mydecine on the liquidation, dissolution or winding up of Mydecine, whether voluntary or involuntary;
- (ii) Mydecine’s Notice of Articles and Articles will be amended to reflect the alterations in subsection 3.1(b)(i) above;
- (iii) each issued and outstanding Mydecine Class A Common Share outstanding on the Share Distribution Record Date will be exchanged for (i) one New Mydecine Share and (ii) 0.010416 Spinco Shares; the holders of Mydecine Class A Common Shares will be removed from the central securities register of Mydecine as the holders of Mydecine Class A Common Shares and will be added to the central securities register of Mydecine as the holders of the number of New Mydecine Shares that they have received on the exchange set forth in this subsection 3.1(b)(iii); and the Spinco Shares transferred to the former holders of Mydecine Class A Common Shares will be registered in the name of such former holders and Mydecine will provide Spinco and its registrar and transfer agent notice to make the appropriate entries in the central securities register of Spinco;
- (iv) the Mydecine Class A Common Shares, none of which will be issued or outstanding once the exchange in subsection 3.1(b)(iii) above is completed, will be cancelled and the appropriate entries made in the central securities register of Mydecine and the

authorized share structure of Mydecine will be amended by eliminating the Mydecine Class A Shares;

- (v) the aggregate amount added to the stated capital of the New Mydecine Shares issued pursuant to subsection 3.1(b)(iii) above shall be equal to the amount, if any, by which (A) the aggregated paid-up capital (as that term is used for purposes of the Tax Act) of the Mydecine Class A Common Shares immediately prior to the Effective Time, exceeds (B) the fair market value of the Spinco Shares distributed pursuant to subsection 3.1(b)(iii) above;
- (c) each Mydecine Option then outstanding to acquire one Mydecine Share will be exchanged for:
 - (i) one Mydecine Replacement Option to acquire one New Mydecine Share having an exercise price equal to the product of the original exercise price of the Mydecine Option multiplied by the fair market value of a New Mydecine Share at the Effective Time divided by the total of the fair market value of a New Mydecine Share and the fair market value of 0.010416 Spinco Shares at the Effective Time; and
 - (ii) one Spinco Option to acquire 0.010416 Spinco Shares, each whole Spinco Option having an exercise price equal to the product of the original exercise price of the Mydecine Option multiplied by the fair market value of 0.010416 Spinco Shares at the Effective Time divided by the total of the fair market value of one New Mydecine Share and 0.010416 Spinco Shares at the Effective Time,

provided that the aforesaid exercise prices will be adjusted to the extent, if any, required to ensure that the aggregate In the Money Amount of the Mydecine Replacement Option and the Spinco Option immediately after the exchange does not exceed the In the Money Amount immediately before the exchange of the Mydecine Option so exchanged. It is intended that subsection 7(1.4) of the Tax Act apply to the exchange of Mydecine Options;

- (d) in accordance with the certificates representing or warrant indenture governing the terms of each Mydecine Share Warrant, as applicable, each Mydecine Share Warrant then outstanding will be deemed to be amended to entitle the Mydecine Share Warrantholder to receive, upon due exercise of the Mydecine Share Warrant, for the original exercise price:
 - (i) one New Mydecine Share for each Mydecine Share that was issuable upon due exercise of the Mydecine Share Warrant immediately prior to the Effective Time; and
 - (ii) 0.010416 Spinco Shares for each Mydecine Share that was issuable upon due exercise of the Mydecine Share Warrant immediately prior to the Effective Time;
- (e) in accordance with the certificates representing the Mydecine Unit Warrants, each Mydecine Unit Warrant then outstanding will be deemed to be amended to entitle the Mydecine Unit Warrantholder to receive, upon due exercise of the Mydecine Unit Warrant, for the original exercise price:
 - (i) one New Mydecine Share for each Mydecine Share that was issuable upon due exercise of the Mydecine Unit Warrant immediately prior to the Effective Time;
 - (ii) 0.010416 Spinco Shares for each Mydecine Share that was issuable upon due exercise of the Mydecine Unit Warrant immediately prior to the Effective Time; and
 - (iii) one Mydecine Share Warrant, amended in accordance with section 3.1(d) above, for each Mydecine share purchase warrant that was issuable upon due exercise of the Mydecine Unit Warrant immediately prior to the Effective Time;
- (f) in accordance with the certificates representing the Mydecine Performance Warrants, each Mydecine Performance Warrant then outstanding will be deemed to be amended to entitle the

holder thereof to receive, upon due exercise of the Mydecine Performance Warrant, for the original exercise price:

- (i) one New Mydecine Share for each Mydecine Share that was issuable upon due exercise of the Mydecine Performance Warrant immediately prior to the Effective Time on a cashless basis in accordance with the terms thereof; and
 - (ii) 0.010416 Spinco Shares for each Mydecine Share that was issuable upon due exercise of the Mydecine Performance Warrant immediately prior to the Effective Time on a cashless basis in accordance with the terms thereof;
- (g) upon a condition for issuance of Mydecine Top-Up Shares being met, the applicable Mydecine Top-Up Right Holders shall receive:
- (i) one New Mydecine Share for each Mydecine Top-Up Share that was issuable; and
 - (ii) 0.010416 Spinco Shares for each Mydecine Top-Up Share that was issuable;
- (h) the Spinco Incorporation Share issued to Mydecine on incorporation will be cancelled for no consideration and as a result thereof:
- (i) Mydecine will cease to be, and will be deemed to have ceased to be, the holder of the Spinco Incorporation Share and to have any rights as a holder of the Spinco Incorporation Share; and
 - (ii) Mydecine will be removed as the holder of the Spinco Incorporation Share from the central securities register of Spinco; and
- (i) in the event that the number of outstanding Mydecine Shares changes between the date hereof and the Effective Time, the fraction, being 0.010416, referred to in this Plan of Arrangement will be adjusted so that it is the fraction calculated by dividing the number of Spinco Spinout Shares by the number of outstanding Mydecine Shares immediately prior to the Effective Time.

3.2 **No Fractional Shares or Options.** Notwithstanding any other provision of this Arrangement, no fractional Spinco Shares will be distributed to the Mydecine Shareholders and no fractional Spinco Options will be distributed to the holders of Mydecine Options, and, as a result, all fractional amounts arising under this Plan of Arrangement will be rounded down to the next whole number without any compensation therefor. Any Spinco Shares not distributed as a result of so rounding down will be cancelled by Spinco.

3.3 **Share Distribution Record Date.** In subsection 3.1(b)(iii) above, the reference to a holder of an Mydecine Share will mean a person who is an Mydecine Shareholder on the Share Distribution Record Date, subject to the provisions of Article 5 below

3.4 **Deemed Fully Paid and Non-Assessable Shares.** All New Mydecine Shares issued pursuant hereto will be deemed to be validly issued and outstanding as fully paid and non-assessable shares for all purposes of the BCBCA.

3.5 **Supplementary Actions.** Notwithstanding that the transactions and events set out in section 3.1 above will occur and will be deemed to occur in the chronological order therein set out without any act or formality, each of Mydecine and Spinco will be required to make, do and execute or cause and procure to be made, done and executed all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may be required to give effect to, or further document or evidence, any of the transactions or events set out in section 3.1 above, at each of their sole cost and expense pursuant to section 7.6 of the Arrangement Agreement, including, without limitation, any resolutions of directors authorizing the issue, transfer or redemption of shares, any share transfer powers evidencing the transfer of shares and any receipt therefor, any necessary additions to or deletions from share registers, and agreements for stock options.

- 3.6 **Withholding.** Each of Mydecine, Spinco and the Depositary will be entitled to deduct and withhold from any cash payment or any issue, transfer or distribution of New Mydecine Shares, Spinco Shares, Mydecine Replacement Options or Spinco Options made pursuant to this Plan of Arrangement such amounts as may be required to be deducted and withheld pursuant to the Tax Act or any other applicable law, and any amount so deducted and withheld will be deemed for all purposes of this Plan of Arrangement to be paid, issued, transferred or distributed to the person entitled thereto under the Plan of Arrangement. Without limiting the generality of the foregoing, any New Mydecine Shares or Spinco Shares so deducted and withheld may be sold on behalf of the person entitled to receive them for the purpose of generating cash proceeds, net of brokerage fees and other reasonable expenses, sufficient to satisfy all remittance obligations relating to the required deduction and withholding, and any cash remaining after such remittance will be paid to the person forthwith.
- 3.7 **No Liens.** Any exchange or transfer of securities pursuant to this Plan of Arrangement will be free and clear of any liens, restrictions, charges, pledges, leases, hypothecations, security interests, encumbrances, adverse claims or other claims of third parties of any kind.
- 3.8 **U.S. Securities Law Matters.** The Court will be advised that the Arrangement will be carried out with the intention that all securities issued and exchanged in a transaction exempt from registration under the U.S. Securities Act on completion of the Arrangement will be issued and exchanged in reliance on the Section 3(a)(10) Exemption.

ARTICLE 4 CERTIFICATES

- 4.1 **Spinco Share Certificates.** As soon as practicable following the Effective Date, Mydecine or Spinco will deliver or cause to be delivered to the Depositary one or more certificates representing the aggregate number of Spinco Shares required to be distributed to registered holders of Mydecine Shares as at immediately prior to the Effective Time in accordance with the provisions of subsection 3.1(b)(iii) above, which certificates will be held by the Depositary as agent and nominee for such holders for distribution thereto in accordance with the provisions of section 6.1 below.
- 4.2 **New Mydecine Share Certificates.** As soon as practicable following the Effective Date, Mydecine will deliver or cause to be delivered to the Depositary one or more certificates representing the aggregate number of New Mydecine Shares required to be issued to registered holders of Mydecine Shares as at immediately prior to the Effective Time in accordance with the provisions of subsection 3.13.1(e) above, which certificates will be held by the Depositary as agent and nominee for such holders for distribution thereto in accordance with the provisions of section 6.1 below.
- 4.3 **Stock Option Agreements.** The stock option agreements for the Mydecine Options will be deemed to be amended by Mydecine to reflect the adjusted exercise price of the Mydecine Replacement Options, and Spinco will enter into stock option agreements for the Spinco Options issued pursuant to subsection 3.13.1(c) above.

ARTICLE 5 RIGHTS OF DISSENT

- 5.1 **Dissent Right.** Registered holders of Mydecine Shares may exercise Dissent Rights with respect to their Mydecine Shares in connection with the Arrangement pursuant to Division 2 of Part 8 of the BCBCA, as modified by the Interim Order, the Final Order or any other order of the Court, the Arrangement Agreement or this Article 5, and provided that such Dissenting Shareholder delivers a written notice of dissent to Mydecine by 2:00 p.m. (Pacific Time) on the day that is two (2) Business Days before the day of the Mydecine Meeting or any adjournment or postponement thereof.
- 5.2 **Dealing with Dissenting Shares.** Mydecine Shareholders who duly exercise Dissent Rights with respect to their Dissenting Shares and who:
- (a) are ultimately entitled to be paid fair value for their Dissenting Shares by Mydecine: (i) will be deemed not to have participated in the transactions in Article 3 (other than section

3.1(a) above); (ii) will be entitled to be paid by Mydecine the fair value of such Dissenting Shares, which fair value shall be determined in accordance with sections 244 and 245 of the BCBCA as of the close of business on the Business Day before the Arrangement Resolution was adopted; (iii) will not be entitled to any other payment or consideration, including any consideration that would have been received under the Arrangement had such holder not exercised their Dissent Rights; and (iv) will be deemed to have transferred their Dissenting Shares to Mydecine for cancellation as of the Effective Time pursuant to section 3.1(a) above; or

- (b) for any reason are ultimately not entitled to be paid for their Dissenting Shares, will be deemed to have participated in the Arrangement on the same basis as a non-dissenting Mydecine Shareholder and will receive New Mydecine Shares and Spinco Shares on the same basis as every other non-dissenting Mydecine Shareholder;

but in no case will Mydecine or any other person be required to recognize such persons as holding Mydecine Shares on or after the Effective Date.

- 5.3 **Reservation of Spinco Shares.** If a Mydecine Shareholder exercises Dissent Rights, Mydecine will, on the Effective Date, set aside and not distribute that portion of the Spinco Spinout Shares which is attributable to the Mydecine Shares for which Dissent Rights have been exercised. If the dissenting Mydecine Shareholder is ultimately not entitled to be paid for their Dissenting Shares, Mydecine will distribute to such Mydecine Shareholder his, her or its *pro rata* portion of the Spinco Spinout Shares. If a Mydecine Shareholder duly complies with the Dissent Procedures and is ultimately entitled to be paid for their Dissenting Shares, then Mydecine will retain the portion of the Spinco Spinout Shares attributable to such Mydecine Shareholder and such shares will be dealt with as determined by the Mydecine Board in its discretion.

ARTICLE 6 DELIVERY OF SHARES

6.1 Delivery of Shares.

- (a) Upon surrender to the Depositary for cancellation of a certificate that immediately before the Effective Time represented one or more outstanding Mydecine Shares, together with a duly completed and executed Letter of Transmittal and such additional documents and instruments as the Depositary may reasonably require, the holder of such surrendered certificate will be entitled to receive in exchange therefor, and the Depositary will deliver to such holder following the Effective Time, a certificate representing the New Mydecine Shares and a certificate representing the Spinco Shares that such holder is entitled to receive in accordance with section 3.1 above.
- (b) After the Effective Time and until surrendered for cancellation as contemplated by section 6.1(a) above, each certificate that immediately prior to the Effective Time represented one or more Mydecine Shares will be deemed at all times to represent only the right to receive in exchange therefor a certificate representing the New Mydecine Shares and a certificate representing the Spinco Shares that such holder is entitled to receive in accordance with section 3.1 above.

- 6.2 **Lost Certificates.** If any certificate that immediately prior to the Effective Time represented one or more outstanding Mydecine Shares that were exchanged for New Mydecine Shares and Spinco Shares in accordance with section 3.1 above, will have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the holder claiming such certificate to be lost, stolen or destroyed, the Depositary will deliver in exchange for such lost, stolen or destroyed certificate, the New Mydecine Shares and Spinco Shares that such holder is entitled to receive in accordance with section 3.1 above. When authorizing such delivery of New Mydecine Shares and Spinco Shares that such holder is entitled to receive in exchange for such lost, stolen or destroyed certificate, the holder to whom such securities are to be delivered will, as a condition precedent to the delivery of such New Mydecine Shares and Spinco Shares give a bond satisfactory to Mydecine, Spinco and the Depositary in such amount as Mydecine, Spinco and the Depositary may direct, or otherwise indemnify Mydecine, Spinco and the

Depository in a manner satisfactory to Mydecine, Spinco and the Depository, against any claim that may be made against Mydecine, Spinco or the Depository with respect to the certificate alleged to have been lost, stolen or destroyed.

- 6.3 **Distributions with Respect to Unsurrendered Certificates.** No dividend or other distribution declared or made after the Effective Time with respect to New Mydecine Shares or Spinco Shares with a record date after the Effective Time will be delivered to the holder of any unsurrendered certificate that, immediately prior to the Effective Time, represented outstanding Mydecine Shares unless and until the holder of such certificate will have complied with the provisions of either of section 6.1 or 6.2 above. Subject to applicable law and to section 3.6 above, at the time of such compliance, there will, in addition to the delivery of the New Mydecine Shares and Spinco Shares to which such holder is thereby entitled, be delivered to such holder, without interest, the amount of the dividend or other distribution with a record date after the Effective Time theretofore paid with respect to such New Mydecine Shares and/or Spinco Shares, as applicable.
- 6.4 **Limitation and Proscription.** To the extent that a former Mydecine Shareholder will not have complied with the provisions of either of section 6.1 or 6.2 above, as applicable, on or before the date that is six (6) years after the Effective Date (the “**Final Proscription Date**”), then the New Mydecine Shares and Spinco Shares that such former Mydecine Shareholder was entitled to receive will be automatically cancelled without any repayment of capital in respect thereof and the New Mydecine Shares and Spinco Shares to which such Mydecine Shareholder was entitled, will be delivered to Spinco (in the case of the Spinco Shares) or Mydecine (in the case of the New Mydecine Shares) by the Depository and certificates representing such New Mydecine Shares and Spinco Shares will be cancelled by Mydecine and Spinco, as applicable, and the interest of the former Mydecine Shareholder in such New Mydecine Shares and Spinco Shares or to which it was entitled will be terminated as of such Final Proscription Date.

ARTICLE 7 AMENDMENTS & WITHDRAWAL

- 7.1 **Amendments.** Mydecine, in its sole discretion, reserves the right to amend, modify and/or supplement this Plan of Arrangement from time to time at any time prior to the Effective Time provided that any such amendment, modification or supplement must be contained in a written document that is filed with the Court and, if made following the Mydecine Meeting, approved by the Court.
- 7.2 **Amendments Made Prior to or at the Mydecine Meeting.** Any amendment, modification or supplement to this Plan of Arrangement may be proposed by Mydecine at any time prior to or at the Mydecine Meeting with or without any prior notice or communication, and if so proposed and accepted by the Mydecine Shareholders voting at the Mydecine Meeting, will become part of this Plan of Arrangement for all purposes.
- 7.3 **Amendments Made After the Mydecine Meeting.** Any amendment, modification or supplement to this Plan of Arrangement may be proposed by Mydecine after the Mydecine Meeting but prior to the Effective Time and any such amendment, modification or supplement which is approved by the Court following the Mydecine Meeting will be effective and will become part of the Plan of Arrangement for all purposes. Notwithstanding the foregoing, any amendment, modification or supplement to this Plan of Arrangement may be made following the granting of the Final Order unilaterally by Mydecine, provided that it concerns a matter which, in the reasonable opinion of Mydecine, is of an administrative nature required to better give effect to the implementation of this Plan of Arrangement and is not adverse to the financial or economic interests of any holder of New Mydecine Shares or Spinco Shares.
- 7.4 **Withdrawal.** Notwithstanding any prior approvals by the Court or by Mydecine Shareholders, the Mydecine Board may decide not to proceed with the Arrangement and to revoke the Arrangement Resolution at any time prior to the Effective Time, without further approval of the Court or the Mydecine Shareholders.

SCHEDULE "A"
ARRANGEMENT RESOLUTION

BE IT RESOLVED AS A SPECIAL RESOLUTION OF THE MYDECINE SHAREHOLDERS THAT:

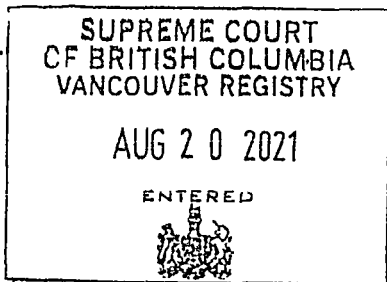
1. The arrangement (the "**Arrangement**") under section 288 of the *Business Corporations Act* (British Columbia) (the "**BCBCA**") involving Mydecine Innovations Group Inc., a corporation existing under the laws of the Province of British Columbia ("**Mydecine**"), its shareholders and Alt House Cannabis Inc. a corporation incorporated pursuant to the laws of the Province of British Columbia ("**Spinco**"), all as more particularly described and set forth in the management information circular (the "**Information Circular**") of Mydecine dated August ●, 2021 (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 Appendix "A" to the Information 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 Mydecine and Spinco dated August 9, 2021, and all the transactions contemplated therein, the actions of the directors of Mydecine in approving the Arrangement and the actions of the directors and officers of Mydecine in executing and delivering the Arrangement Agreement and any amendments thereto are hereby confirmed, ratified, authorized and approved.
4. Notwithstanding that this resolution has been passed (and the Arrangement approved and agreed to) by the shareholders of Mydecine or that the Arrangement has been approved by the Supreme Court of British Columbia, the directors of Mydecine are hereby authorized and empowered, without further notice to, or approval of, the shareholders of Mydecine:
 - (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 at any time prior to the Effective Time (as defined in the Arrangement Agreement).
5. Any one director or officer of Mydecine is hereby authorized and directed, for and on behalf and in the name of Mydecine, to execute and deliver, whether under the corporate seal of Mydecine 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 Mydecine, 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 Mydecine,

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.

**APPENDIX D
COURT MATERIALS**

MYDECINE INTERIM ORDER

(see attached)



S 217453

No. VANCOUVER REGISTRY

IN THE SUPREME COURT OF BRITISH COLUMBIA

IN THE MATTER OF SECTION 288 OF THE BRITISH COLUMBIA BUSINESS CORPORATIONS ACT, S.B.C. 2002, C. 57, AS AMENDED

AND

IN THE MATTER OF A PROPOSED ARRANGEMENT INVOLVING MYDECINE INNOVATIONS GROUP INC. AND ALT HOUSE CANNABIS INC.

MYDECINE INNOVATIONS GROUP INC.

PETITIONER

ORDER MADE AFTER APPLICATION (INTERIM ORDER)

BEFORE) MASTER BILAWICH.) 20/AUG/2021

ON THE APPLICATION of the Petitioner, Mydecine Innovations Group Inc. ("Mydecine"), without notice, filed on August 17, 2021 for an Interim Order under Section 291 of the British Columbia Business Corporations Act, S.B.C. 2002, c. 57, as amended (the "BCBCA") in connection with an arrangement under Section 288 of the BCBCA, coming on for hearing (by Teams) at 800 Smithe Street, Vancouver, British Columbia on August 20, 2021, and on hearing Bryan Hicks, counsel for Mydecine, and upon reading the Affidavit #1 of Joshua Bartch made on August 17, 2021 (the "Bartch Affidavit");

THIS COURT ORDERS that:

DEFINITIONS

- 1. Unless otherwise specified, capitalized terms in this Order will have the same meaning as set out in the Notice of Annual General and Special Meeting of Shareholders (the "Notice") and the accompanying management information circular of Mydecine (the "Information Circular"), which are attached as Exhibit "A" to the Bartch Affidavit.

SPECIAL MEETING

- 2. Pursuant to Section 291(2)(b)(i) and Section 289(1)(a)(i) and (e) of the BCBCA, Mydecine is authorized and directed to call, hold and conduct an annual general and special meeting (the "Meeting") of the holders (the "Mydecine Shareholders") of

common shares of Mydecine (the “**Mydecine Shares**”), to be held on September 20, 2021, commencing at 11:00 am (Pacific Time) virtually by live webcast online at <https://virtual-meetings.tsxtrust.com/1220> to:

- (a) consider and, if deemed advisable, to pass, with or without variation, a special resolution (the “**Arrangement Resolution**”), a draft of which is attached as **Appendix “A”** to the Information Circular, approving and adopting in accordance with Section 289(1)(a)(i) and (e) of the BCBCA an arrangement under Section 288 of the BCBCA (the “**Arrangement**”) substantially as contemplated in the plan of arrangement attached as **Appendix “B”** to the Information Circular (the “**Plan of Arrangement**”); and
 - (b) to act upon such other matters as may properly come before the Meeting or any adjournment(s) or postponement(s) thereof.
3. For greater certainty, attendance at the Meeting virtually via the live webcast shall constitute attendance “in person”.
 4. The Meeting shall be called, held and conducted in accordance with the BCBCA, the Notice, the Information Circular, the articles of Mydecine 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 Meeting, such rulings and directions not to be inconsistent with this Interim Order, and to the extent of any inconsistency, this Interim Order shall govern.

AMENDMENTS

5. Mydecine is authorized to make, in the manner contemplated by and subject to the Amended and Restated Arrangement Agreement (the “**Arrangement Agreement**”) dated August 9, 2021 between Mydecine and ALT House Cannabis Inc. (“**SpinCo**”), such amendments, modifications or supplements to the Arrangement, the Plan of Arrangement, the Arrangement Agreement and the Notice as it may determine without any additional notice to or authorization of the Mydecine Shareholders or further orders of this Court. The Arrangement, the Plan of Arrangement, the Arrangement Agreement and the Notice as so amended, modified or supplemented, shall be the Arrangement, the Plan of Arrangement, the Arrangement Agreement and the Notice to be submitted to Mydecine Shareholders at the Meeting, as applicable, and the subject of the Arrangement Resolution.

ADJOURNMENTS AND POSTPONEMENTS

6. Notwithstanding the provisions of the BCBCA and the articles of Mydecine, and subject to the terms of the Arrangement Agreement, the board of directors of Mydecine (the “**Mydecine Board**”) by resolution shall be entitled to adjourn or postpone the Meeting on one or more occasions without the necessity of first convening the Meeting or first obtaining any vote of the Mydecine Shareholders respecting the adjournment or postponement, and without the need for approval of this Court. Mydecine shall provide

notice of any such adjournment or postponement by press release, newspaper advertisement or notice sent to the Mydecine Shareholders by one of the methods specified in Paragraph 10 of this Interim Order, as determined to be the most appropriate method of communication by the Mydecine Board.

RECORD DATE

7. The record date for determining the Mydecine Shareholders entitled to receive the Notice, the Information Circular and the form of proxy for use at the Meeting (collectively, the “**Meeting Materials**”) is 5:00 p.m. (Pacific Time) on August 9, 2021 (the “**Record Date**”).
8. The Record Date will not change in respect of any adjournments or postponements of the Meeting.

NOTICE OF SPECIAL MEETING

9. The Information Circular is hereby deemed to represent sufficient and adequate disclosure, including for the purpose of Section 290(1)(a) of the BCBCA, and Mydecine shall not be required to send to the Mydecine Shareholders any other or additional statement pursuant to Section 290(1)(a) of the BCBCA.
10. The Meeting Materials, with such amendments or additional documents as counsel for Mydecine may advise are necessary or desirable, and as are not inconsistent with the terms of this Interim Order, shall be sent:
 - (a) to registered Mydecine Shareholders, determined as at the Record Date, at least twenty-one (21) days prior to the date of the Meeting, excluding the date of mailing or delivery, by prepaid ordinary mail or by delivery in person or by recognized courier service, addressed to the registered Mydecine Shareholder at its address as it appears in Mydecine’s central securities register as at the Record Date;
 - (b) to beneficial Mydecine Shareholders (those whose names do not appear in the securities register of Mydecine) as of the Record Date, by at least twenty-one (21) days prior to the date of the Meeting, excluding the date of mailing or delivery, by providing the requisite number of copies of the Meeting Materials to intermediaries and registered nominees to facilitate the distribution of the Meeting Materials to beneficial Mydecine Shareholders;
 - (c) at any time by email or facsimile transmission to any Mydecine Shareholder, determined as of the Record Date, who identifies himself or herself to the satisfaction of Mydecine (acting through its representative), who requests such email or facsimile transmission; and
 - (d) to the directors and auditor of Mydecine by prepaid ordinary mail or by delivery in person or by recognized courier service or by email or facsimile transmission, at

least twenty-one (21) days prior to the date of the Meeting, excluding the date of mailing, delivery or transmission

and substantial compliance with this Paragraph shall constitute good and sufficient notice of the Meeting.

11. The Meeting Materials need not be sent to any registered Mydecine Shareholder where mail previously sent to such Mydecine Shareholder by Mydecine or its registrar and transfer agent has been returned to Mydecine or its registrar and transfer agent on at least two previous consecutive occasions.
12. Accidental failure of or omission by Mydecine to give notice to any one or more Mydecine Shareholder, 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 Mydecine (including, without limitation, any inability to use postal services) shall not constitute a breach of this Interim Order or a defect in the calling of the Meeting and shall not invalidate any resolution passed or proceeding taken at the Meeting, but if any such failure or omission is brought to the attention of Mydecine, then it shall use commercially reasonable efforts to rectify it by the method and in the time most reasonably practicable in the circumstances.

DEEMED RECEIPT OF NOTICE

13. The Meeting Materials and any amendments, modifications, updates or supplements to the Meeting Materials and any notice of adjournment or postponement of the Meeting, shall be deemed to have been received,
 - (a) in the case of mailing, at the time specified at 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, upon receipt by Mydecine from SEDAR of confirmation of filing; and
 - (f) in the case of beneficial Mydecine Shareholders, three (3) business days after delivery thereof to intermediaries and registered nominees.

UPDATING MEETING MATERIALS

14. Notice of any amendments, modifications, updates or supplements to any of the information provided in the Meeting Materials may be communicated, at any time prior to the Meeting, to the Mydecine Shareholders by press release, news release, newspaper advertisement or by notice sent to the Mydecine Shareholders by any of the means set forth in Paragraph 10 of this Interim Order, as determined to be the most appropriate method of communication by the Mydecine Board.

PERMITTED ATTENDEES

15. The only persons entitled to attend the Meeting shall be:
- (a) the registered Mydecine Shareholders, as of the Record Date, or their respective proxyholders;
 - (b) directors, officers, auditors and advisors of Mydecine;
 - (c) directors, officers, auditors and advisors of SpinCo; and
 - (d) other persons with the permission of the Chair of the Meeting;

and the only persons entitled to vote at the Meeting shall be the Mydecine Shareholders as of the Record Date.

SOLICITATION OF PROXIES

16. Mydecine is authorized to use the forms of proxy in substantially the same form as is attached as **Exhibit "C"** to the Bartch Affidavit, subject to Mydecine's ability to insert dates and other relevant information in the final form thereof and to make other non-substantive changes and changes legal counsel advise are necessary or appropriate.
17. Mydecine 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.
18. The procedures for the use of proxies at the Meeting and revocation of proxies shall be as set out in the Notice and the Information Circular.
19. Mydecine may in its discretion generally waive the time limits for the deposit of proxies by Mydecine Shareholders if Mydecine 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

20. At the Meeting, the votes shall be taken on the following bases:

- (a) each registered Mydecine Shareholder whose name is entered on the central securities register of Mydecine as of the Record Date is entitled to one vote for each Mydecine Share held as at the Record Date; and
- (b) the requisite and sole approvals required to pass the Arrangement Resolution shall be the affirmative vote of at least two-thirds of the votes cast by Mydecine Shareholders at the Meeting present in person or represented by proxy, entitled to vote on the Arrangement Resolution, voting as a single class (excluding from the count of total votes cast any spoiled, illegible and/or defective ballots and abstentions).

21. A quorum at the Meeting shall be two or more persons who are, or who represent by proxy, Mydecine Shareholders who, in the aggregate, hold at least 5% of the Mydecine Shares entitled to be voted at the Meeting.

SCRUTINEER

22. The scrutineer for the Meeting shall be a representative of National Securities Administrators Ltd., or such other person as may be appointed at the Meeting. 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 Mydecine and to the Chair written reports on matters related to their duties.

DISSENT RIGHTS

23. Each Registered Mydecine Shareholder is granted rights to dissent (the “**Dissent Rights**”) in respect of the Arrangement Resolution in accordance with Division 2 of Part 8 of the BCBCA, as modified by the Plan of Arrangement, this Interim Order and the Final Order, including that:

- (a) a registered Mydecine Shareholder intending to exercise the Dissent Rights must give a written notice of dissent (a “**Dissent Notice**”) to Mydecine at:

Mydecine Innovations Group Inc.
 c/o Miller Thomson LLP
 400 – 725 Granville Street
 Vancouver, British Columbia
 V7Y 1G5
 Attention: Bryan Hicks

and with a copy by email to bjhicks@millerthomson.com

by no later than 2:00pm (Pacific Time) on September 16, 2021, or if the Meeting is postponed or adjourned then by 2:00pm (Pacific Time) on the day that is two Business Days before the new date of the Meeting;

- (b) to exercise Dissent Rights:
- (i) the Mydecine Shareholder must dissent with respect to all of the Mydecine Shares registered in his, her or its name or if dissenting on behalf of a beneficial Mydecine Shareholder, with respect to all of the Mydecine Shares registered in his, her or its name and beneficially owned by the beneficial Mydecine Shareholder on whose behalf the Mydecine Shareholder is dissenting;
 - (ii) a registered Mydecine Shareholder must prepare a separate notice of dissent for him, her or itself, if dissenting on his, her or its own behalf, and for each other beneficial Mydecine Shareholder who beneficially owns Mydecine Shares registered in the Mydecine Shareholder's name and on whose behalf the Mydecine Shareholder is dissenting;
 - (iii) The Dissent Notice must set out the number of Mydecine Shares in respect of which the Dissent Rights are being exercised (the "**Notice Shares**") and:
 - (A) if such Mydecine Shares constitute all of the Mydecine Shares of which the Mydecine Shareholder is the registered and beneficial owner and the Mydecine Shareholder owns no other Mydecine Shares beneficially, a statement to that effect;
 - (B) if such Mydecine Shares constitute all of the Mydecine Shares of which the Mydecine Shareholder is both the registered and beneficial owner, but the Mydecine Shareholder owns additional Mydecine Shares beneficially, a statement to that effect and the names of the registered Mydecine Shareholders of those other Mydecine Shares, the number of Mydecine Shares held by each such registered Mydecine Shareholder and a statement that written notices of dissent are being or have been sent with respect to such other Mydecine Shares; or
 - (C) if the Dissent Rights are being exercised by a registered Mydecine Shareholder who is not the beneficial owner of such Mydecine Shares, a statement to that effect and the name and address of the beneficial Mydecine Shareholder and a statement that the registered Mydecine Shareholder is dissenting with respect to all Mydecine Shares of the beneficial Mydecine Shareholder registered in such registered holder's name;
- (c) if the Arrangement Resolution is approved, and Mydecine notifies a registered holder of Notice Shares of Mydecine's intention to act upon the Arrangement

Resolution pursuant to Section 243 of the BCBCA, in order to exercise Dissent Rights:

- (i) such Mydecine Shareholder must, within one month after Mydecine gives such notice, send to Mydecine a written notice that such holder requires the purchase of all of the Notice Shares in respect of which such holder has given notice of dissent;
 - (ii) such written notice must be accompanied by the certificate or certificates representing those Mydecine Shares (including a written statement prepared in accordance with Section 244(1)(c) of the BCBCA if the dissent is being exercised by the Mydecine Shareholder on behalf of a beneficial Mydecine Shareholder), whereupon, subject to the provisions of the BCBCA relating to the termination of Dissent Rights, the Mydecine Shareholder becomes a "**Dissenting Holder**", and is bound to sell and Mydecine is bound to purchase those Mydecine Shares; and
 - (iii) such Dissenting Holder may not vote, or exercise or assert any rights of a Mydecine Shareholder in respect of such Notice Shares, other than the rights set forth in Division 2 of Part 8 of the BCBCA, as modified by the Plan of Arrangement and this Interim Order;
- (d) Dissenting Holders who are:
- (i) ultimately entitled to be paid fair value for their Mydecine Shares, will be paid an amount equal to such fair value by Mydecine, and will be deemed to have transferred such Mydecine Shares as of the Effective Time to Mydecine, without any further act or formality, and free and clear of all liens, claims and encumbrances, and will not be entitled to any other payment or consideration including any payment or consideration that would have been payable under the Arrangement had such Mydecine Shareholder not exercised their Dissent Rights; or
 - (ii) ultimately not entitled, for any reason, to be paid fair value for their Mydecine Shares, will be deemed to have participated in the Arrangement on the same basis as a non-dissenting Mydecine Shareholder and will be entitled to receive only the Consideration per Mydecine Share in the same manner as such non-dissenting Mydecine Shareholder;
- (e) if a Dissenting Holder is ultimately entitled to be paid for his, her or its Notice Shares, such Dissenting Holder may enter an agreement with Mydecine for the fair value of such Notice Shares. If such Dissenting Holder does not reach an agreement with Mydecine, such Dissenting Holder, or Mydecine, may apply to the Court, and the Court may:

- (i) determine the payout value of the Notice Shares, or order that the payout value of the Notice Shares be established by arbitration or by reference to the registrar, or a referee, of the Court;
 - (ii) join in the application of each Dissenting Holder who has not agreed with Mydecine on the amount of the payout value of the Notice Shares; and
 - (iii) make consequential orders and give directions as the Court considers appropriate;
- (f) there is no obligation on Mydecine to make application to the Court. The Dissenting Holder will be entitled to receive the fair value that the Notice Shares had as of the close of business on the day before the Arrangement Resolution was adopted at the Meeting, excluding any appreciation or depreciation in anticipation of the vote (unless such exclusion would be inequitable). After a determination of the fair value of the Notice Shares, Mydecine must then promptly pay that amount to the Dissenting Holder;
- (g) in no circumstances will Mydecine or any other Person be required to recognize a Person as a Dissenting Holder: (i) unless such Person is the registered holder of those Mydecine Shares in respect of which Dissent Rights are sought to be exercised immediately prior to the Effective Time; (ii) if such Person has voted or instructed a proxy holder to vote such Notice Shares in favour of the Arrangement Resolution; or (iii) unless such Person has strictly complied with the procedures for exercising Dissent Rights set out in Sections 237 to 247 of the BCBCA, as modified by the Plan of Arrangement and this Interim Order and does not withdraw such notice of dissent prior to the Effective Time;
- (h) in no event will SpinCo, Mydecine or any other Person be required to recognize a Dissenting Holder as the holder of any Mydecine Share in respect of which Dissent Rights have been validly exercised and not withdrawn at and after the Effective Time, and at the Effective Time the names of such Dissenting Holders will be deleted from the central securities register of Mydecine as at the Effective Time;
- (i) for greater certainty, in addition, to any other restrictions in this Interim Order, no Person shall be entitled to exercise Dissent Rights with respect to Mydecine Shares in respect of which a Person has voted or has instructed a proxy holder to vote in favour of the Arrangement Resolution; and
- (j) Dissent Rights with respect to Notice Shares:
- (i) will terminate and cease to apply to the Dissenting Holder if, before full payment is made for the Notice Shares, the Arrangement in respect of which the notice of dissent was sent is abandoned or by its terms will not proceed, a court permanently enjoins or sets aside the corporate action approved by the Arrangement Resolution, or the Dissenting Holder withdraws the notice of dissent with Mydecine's written consent; and

- (ii) if any of these events occur, Mydecine must return the share certificates representing the Mydecine Shares to the Dissenting Holder and the Dissenting Holder regains the ability to vote and exercise its rights as a Mydecine Shareholder.

APPLICATION FOR FINAL ORDER

- 24. Mydecine shall include in the Meeting Materials, when sent in accordance with Paragraph 10 of this Interim Order, a copy of the Notice of Petition in substantially the form attached as **Exhibit "B"** to the Barch 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 10 and/or 13 of this Interim Order, whether such persons reside within British Columbia or within another jurisdiction.
- 25. The form of Notice of Petition attached as **Exhibit "B"** to the Barch Affidavit is hereby approved as the form of notice for the hearing of the application for the Final Order.
- 26. Subject to any ruling of the Court hearing the application for the Final Order, the persons entitled to appear and be heard at any hearing to sanction and approve the Arrangement, shall be only:
 - (a) Mydecine;
 - (b) SpinCo;
 - (c) Mydecine Shareholders and other persons who have served and filed a Response to Petition and have otherwise complied with the Supreme Court Civil Rules and Paragraph 27 of this Interim Order.
- 27. The sending of the Meeting Materials in the manner contemplated by Paragraph 10 of this Interim Order 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 Mydecine's counsel at:

Miller Thomson LLP
 400 – 725 Granville Street
 Vancouver, BC V7Y 1G5
 Attention: Bryan Hicks

by or before 2:00 p.m. (Pacific Time) on September 21, 2021.

28. Upon the approval by the Mydecine Shareholders of the Arrangement Resolution, in the manner set forth in this Interim Order, Mydecine may apply to this Court (the "Application") for an Order:

- (a) Pursuant to Section 291(4)(a) of the BCBCA approving the Arrangement; and
- (b) Pursuant to Section 291(4)(c) of the BCBCA declaring that the Arrangement is fair and reasonable to the Mydecine Shareholders

(collectively the "Final Order"),

and the hearing of the Application will be held on September 24, 2021 at 9:45 a.m. (Pacific Time) or as soon thereafter as the Application can be heard or at such other date and time as this Court may direct, at the Courthouse at 800 Smithe Street, Vancouver, British Columbia or as the Court may direct.


29. 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 of this Interim Order, need be served and provided with notice of the adjourned hearing date.

VARIANCE

30. Mydecine shall be entitled, at any time, to apply to vary this Interim Order.

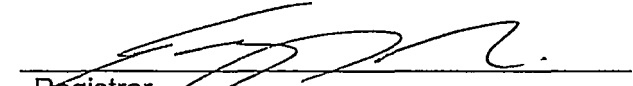
31. Rules 8-1 and 16-1 (3), (8) – (12) of the Supreme Court Civil Rules will not apply to any further applications in respect of this proceeding, including the application for the Final Order and any application to vary this Interim Order.

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 Petitioner
 Bryan Hicks


 By the Court



 Registrar



No. 8217453
VANCOUVER REGISTRY

**IN THE SUPREME COURT OF BRITISH
COLUMBIA**

IN THE MATTER OF SECTION 288 OF THE
BRITISH COLUMBIA
BUSINESS CORPORATIONS ACT, S.B.C. 2002,
C. 57, AS AMENDED

AND

IN THE MATTER OF A PROPOSED
ARRANGEMENT INVOLVING
MYDECINE INNOVATIONS GROUP INC. AND
ALT HOUSE CANNABIS INC.

MYDECINE INNOVATIONS GROUP INC.

**ORDER MADE AFTER APPLICATION
(INTERIM ORDER)**

MILLER THOMSON LLP
Barristers and Solicitors

Pacific Centre, 400-725 Granville Street
P.O. BOX 10325, Vancouver - BC V7Y 1G5, Canada
Telephone: 604.687.2242
Attention: Bryan Hicks, File No.: 0255466.0005

NOTICE OF PETITION

(see attached)

No. S217453
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

IN THE MATTER OF SECTION 288 OF THE BRITISH COLUMBIA
BUSINESS CORPORATIONS ACT, S.B.C. 2002, C.57, AS AMENDED

AND

IN THE MATTER OF A PROPOSED ARRANGEMENT INVOLVING
MYDECINE INNOVATIONS GROUP INC. AND ALT HOUSE CANNABIS INC.

MYDECINE INNOVATIONS GROUP INC.

PETITIONER

NOTICE OF PETITION

TO: The holders (the "**Mydecine Shareholders**") of common shares of Mydecine
Innovations Group Inc.

AND TO: ALT House Cannabis Inc.

NOTICE IS HEREBY GIVEN that a Petition to the Court has been filed by Mydecine in the Supreme Court of British Columbia for approval, pursuant to section 291 of the *Business Corporations Act*, S.B.C. 2002 c. 57 and amendments thereto, of an arrangement contemplated in an Amended and Restated Arrangement Agreement dated August 9, 2021 involving Mydecine and ALT Cannabis Inc. (the "**Arrangement**").

NOTICE IS FURTHER GIVEN that by Order of the Supreme Court of British Columbia, dated August 20, 2021, the Court has given directions by means of an Interim Order (the "**Interim Order**") on the calling of a meeting (the "**Meeting**") of the Mydecine Shareholders for the purpose of, among other things, considering and voting upon the special resolution to approve the Arrangement.

NOTICE IS FURTHER GIVEN that if the Arrangement is approved at the Meeting, Mydecine intends to apply to the Supreme Court of British Columbia for a final order (the "**Final Order**") approving the Arrangement and declaring it to be fair and reasonable to the Mydecine Shareholders, which application will be heard by telephone at the courthouse at 800 Smithe Street, in the City of Vancouver, in the Province of British Columbia, or as the

Court may direct, on September 24, 2021 at 9:45 a.m. (Pacific Time) or so soon thereafter as counsel may be heard or at such other date and time as the Court may direct.

IF YOU WISH TO BE HEARD AT THE HEARING OF THE APPLICATION FOR THE FINAL ORDER OR WISH TO BE NOTIFIED OF ANY FURTHER PROCEEDINGS, YOU MUST GIVE NOTICE OF YOUR INTENTION by filing a form entitled "Response to Petition" together with any evidence or materials which you intend to present to the Court at the Vancouver Registry of the Supreme Court of British Columbia and YOU MUST ALSO DELIVER a copy of the Response to Petition and any other evidence or materials to Mydecine's address for delivery, which is set out below, on or before 2:00pm (Pacific Time) on September 21, 2021.

YOU OR YOUR SOLICITOR may file the Response to Petition. You may obtain a form of Response to Petition at the Registry. The address of the Registry is 800 Smithe Street, Vancouver, British Columbia, V6Z 2E1.

IF YOU DO NOT FILE A RESPONSE TO PETITION AND ATTEND EITHER IN PERSON OR BY COUNSEL at the time of the hearing of the application for the Final Order, the Court may approve the Arrangement, as presented, or may approve it subject to such terms and conditions as the Court deems fit, all without further notice to you. If the Arrangement is approved, it will affect the rights of the Mydecine Shareholders.

A copy of the Petition to the Court and the other documents that were filed in support of the Interim Order and will be filed in support of the Final Order will be provided to any Mydecine Shareholder upon request in writing addressed to the solicitors of the Petitioner at the address for delivery set out below.

The Petitioner's address for delivery is:

Miller Thomson LLP
400 – 725 Granville Street
Vancouver, BC V7Y 1G5
Attention: Bryan Hicks

DATED this 20th day of August, 2021



Solicitor for the Petitioner
Bryan Hicks

APPENDIX E

INFORMATION CONCERNING SPINCO

The following describes the proposed business financial and share capital position of Spinco (as defined herein) following the completion of the Arrangement (as defined herein) and should be read together with the Spinco Financial Statements attached hereto as Appendices G and H and the Carve-Out Financial Statements in respect of the Cannabis Subsidiaries (as defined herein) attached hereto as Appendix E. Except where the context otherwise requires, all of the information contained in this Appendix E is made on the basis that the Arrangement described in the management information circular of Mydecine Innovations Group Inc. (“Mydecine”) dated August 23, 2021 (the “Circular”) has been completed.

Terms used in this Appendix that are not otherwise defined herein are defined in the Circular to which this Appendix is attached.

CORPORATE STRUCTURE

Name, Address and Incorporation

ALT House Cannabis Inc. (“**Spinco**”) is a private company incorporated under the BCBCA on March 9, 2021 as 1293440 B.C. Ltd. On June 29, 2021, Spinco changed its name to “ALT House Cannabis Inc.”. Spinco’s head office and principal business address are located at 400 – 725 Granville Street, Vancouver, BC, V7Y 1G5.

Intercorporate Relationships

Spinco as one subsidiary, being ALT House Cannabis U.S. Inc. (“**U.S. Holdco**”), which was incorporated under Delaware law. U.S. Holdco will hold 100% of Mydecine’s current interest in the Cannabis Subsidiaries (as defined herein).

DESCRIPTION OF THE BUSINESS

Spinco was incorporated for the purpose of the Arrangement and currently has no assets or operating history. The Arrangement, if successfully completed, will result in Spinco holding the Cannabis Subsidiaries transferred to it from Mydecine. See “*The Arrangement*” above and “*Information Concerning Spinco – The Assets*” below for a description of the Cannabis Subsidiaries.

On completion of the Arrangement, Spinco intends to conduct its business by operating the Cannabis Subsidiaries in accordance with their current operations, as briefly outlined in “*Information Concerning Spinco – The Cannabis Subsidiaries*” below.

The future operating results and financial position of Spinco cannot be predicted. Shareholders should review the Spinco Financial Statements attached as Appendices G and H to this Circular.

THE CANNABIS SUBSIDIARIES

Following the completion of the Arrangement, Spinco will hold an interest in the following corporations (the “**Cannabis Subsidiaries**”) which are comprised of:

- a) 1176392 BC Ltd. a company which holds the US farming real estate assets located in Oregon. (wholly owned) and shall be renamed following its emigration to Delaware;
- b) Alternative Distribution Company, LLC – a distribution company that distributes CBD/hemp products (50% ownership interest);

- c) Drink Fresh Water, LLC - a premier hemp-infused beverage company which products include a nano-amplified alkaline water and proprietary sparkling tea blends (wholly owned);
- d) Tealief Brands, LLC - TeaLief blends top-grade tea with the utmost delectable herbs, all carefully infused with the highest quality CBD (cannabinoids) (wholly owned);
- e) Relyfe Brands, LLC - a health-focused CBD gel capsule company (wholly owned);
- f) We are Kured, LLC - a hemp-derived CBD company that offers products using full-spectrum CBD oil, such as vaporizing pens (wholly owned);and
- g) Trellis Holdings Oregon OP, LLC - operating company that owns several Oregon Liquor Control Commission medical and recreational cannabis licenses as well as operates a vertically integrated cannabis business (37.5% ownership interest).

After completion of the Arrangement, Spinco will be the owner of the Cannabis Subsidiaries through U.S. Holdco in accordance with the ownership interest outlined above.

AVAILABLE FUNDS

Available Funds

Spinco expects to have approximately \$5,000 in available funds upon completion of the Arrangement (the “**Available Funds**”), derived from a \$5,000 contribution by Mydecine in connection with the completion of the Arrangement. In addition, any exercises of the share purchase warrants of Mydecine (“**Mydecine Share Warrants**”) or stock options of Spinco to be issued in exchange for stock options of Mydecine pursuant to the Arrangement (each, a “**Spinco Stock Option**”) and the issuance of Spinco Shares on exercise thereof will provide additional funds to Spinco.

Principal Purposes

Spinco anticipates that it will use the expected Available Funds for administrative purposes in relation to managing its share and real estate assets.

Any exercises of the Spinco Stock Options or Mydecine Share Warrants and the issuance of Spinco Shares on exercise thereof will provide additional funds to Spinco, which will be added to Spinco's working capital.

There may be circumstances where, for sound business reasons, a re-allocation of funds may be necessary.

DIVIDENDS OR DISTRIBUTIONS

Spinco has not paid dividends since its incorporation. Spinco currently intends to retain all available funds, if any, for use in its business and does not anticipate paying any dividends for the foreseeable future.

MANAGEMENT’S DISCUSSION AND ANALYSIS

Spinco’s Management has not yet prepared an annual management’s discussion and analysis.

Selected Financial Information

Spinco has not completed a financial year since its incorporation. The following table sets out selected financial information on a pro forma basis assuming completion of the Arrangement as of March 31, 2021 and should be read in conjunction with, and is qualified by reference to the Spinco Financial Statements attached hereto as Appendix “F”.

Current assets	\$95,575
Investment assets	\$6,323,038
Total assets	\$6,418,613
Total Liabilities.....	\$228,450
Shareholders' equity	\$6,190,163

DESCRIPTION OF SHARE CAPITAL

In accordance with the Articles of Incorporation of Spinco, the authorized capital of Spinco consists of an unlimited number of common shares without par value (the “**Spinco Shares**”). See the Plan of Arrangement, which is attached to this Circular as Appendix “B”, for a description of Spinco Shares to be issued and issuable on completion of the Arrangement.

Holders of Spinco Shares are entitled to one vote per share at all meetings of shareholders, to receive dividends as and when declared by the directors and to receive a *pro rata* share of the assets of Spinco available for distribution to holders of Spinco Shares in the event of liquidation, dissolution or winding-up of Spinco. All rank *pari passu*, each with the other, as to all benefits which might accrue to the holders of common shares.

CONSOLIDATED CAPITALIZATION

The following table and the notes thereto set forth the share and loan capital of Spinco as at May 31, 2021, assuming the capital of Mydecine does not change prior to the completion of the Arrangement. The following table should be read in conjunction with, and is qualified by reference to, the Spinco Financial Statements attached as Appendix “F” to this Circular.

Designation of Security	Authorized	Amount Outstanding after giving effect to the Arrangement ⁽¹⁾
Common Shares	unlimited	2,500,000
Options ⁽²⁾	250,000	151,482

(1) All share figures are unaudited.

(2) Represents Spinco Stock Options to be issued in exchange for the Mydecine Stock Options pursuant to the Arrangement.

OPTIONS TO PURCHASE SECURITIES

The board of directors of Spinco (the “**Spinco Board**”) has adopted a stock option plan (the “**Spinco Stock Option Plan**”). The following summary of certain provisions of the Spinco Stock Option Plan does not purport to be complete and is subject in its entirety to the detailed provisions of the Spinco Stock Option Plan, a copy of which will be made available, upon request, to any shareholder of Mydecine at no charge, or may be inspected at the registered office of Mydecine during normal business hours until the date of the Meeting.

Spinco Stock Option Plan

Purpose

Spinco will have in place the Spinco Stock Option Plan to provide effective incentives to directors, officers, senior management personnel, consultants, and employees of Spinco and to enable Spinco

to attract and retain experienced and qualified individuals in those positions by permitting such individuals to directly participate in an increase in per share value created for shareholders.

Summary of the Spinco Stock Option Plan

The Spinco Stock Option Plan will reserve 10% of the issued and outstanding Spinco Shares for incentive stock option grants under the plan to qualifying persons. In addition, the Spinco Stock Option Plan will limit the number of stock options which may be granted to any one individual to not more than 5% of the total issued shares of the company in any 12 month period. The number of options granted to any one consultant, or a person employed to provide investor relations activities, in any 12 month period must not exceed 2% of the total issued shares of Spinco. All Spinco Stock Options to be issued in exchange for the Mydecine Stock Options pursuant to the Arrangement will be deemed to be incorporated into the Spinco Stock Option Plan. Any new stock options granted under the Spinco Stock Option Plan may be subject to such vesting provisions as determined by the Board.

Securities Issuable under the Arrangement Agreement

In accordance with the Plan of Arrangement and the Arrangement Agreement, Spinco is required to issue certain securities upon exercise of Mydecine convertible securities. See sections 3.1(d), (e), (f) and (g) of *Appendix B – Plan of Arrangement*.

The total securities issuable pursuant to such Mydecine convertible securities are set out below:

Mydecine Security	Total number of Spinco securities to be issued
Mydecine Share Warrants	Up to 711,316 Spinco Shares
Mydecine Unit Warrants	Up to 25,155 Spinco Shares
Mydecine warrants underlying Mydecine Unit Warrants	Up to 25,155 Spinco Shares
Mydecine Performance Warrants	Up to 104,160 Spinco Shares
Mydecine Top-Up Shares	To be determined based on calculations set out in the MindLeap Agreement and the NeuroPharm Agreement (see on SEDAR).

PRIOR SALES

Prior to the Arrangement, Spinco has not issued any Spinco Shares except one (1) Spinco Share issued at incorporation at a price of \$0.00001 per share to Mydecine on March 9, 2021, which Spinco Share shall be repurchased for cancellation pursuant to the Arrangement.

Upon completion of the Arrangement, it is anticipated that Spinco will issue approximately 2,500,000 Spinco Shares (based on there being 240,014,814 Mydecine Shares issued and outstanding as of August 9, 2021 and not including any Mydecine Shares that may be issued pursuant to the exercise of Mydecine Share Warrants, Mydecine Performance Warrants and/or Mydecine Stock Options

subsequent thereto) to the Mydecine Shareholders in consideration for the shares of the Cannabis Subsidiaries.

ESCROW SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTIONS ON TRANSFER

To the knowledge of Spinco, as of the date of the Circular, no securities of any class of securities of Spinco are held in escrow or subject to contractual restrictions on transfer or are anticipated to be held in escrow or subject to contractual restrictions on transfer following the completion of the Arrangement.

PRINCIPAL SECURITYHOLDERS

To the knowledge of the directors and senior officers of Spinco, no person other than David Joshua Barch, upon completion of the Arrangement, will beneficially own, control or direct, directly or indirectly, shares carrying more than 10% of voting rights attached to each class of the then outstanding voting securities of Spinco.

DIRECTORS AND EXECUTIVE OFFICERS

The following table sets forth certain information with respect to each proposed director and executive officer of Spinco.

Name, Position and Province of Residence ⁽¹⁾⁽²⁾	Director or Officer Since	Principal Occupation for the Past Five Years	No. of Securities Beneficially Owned, Controlled or Directed, Directly or Indirectly, After the Arrangement ⁽³⁾⁽⁴⁾⁽⁵⁾	Share Percentage ⁽⁶⁾
David Joshua Barch ⁽⁷⁾ CEO, CFO, Corporate Secretary & Director Colorado, USA	August 9, 2021	See "Management" below.	318,000 Spinco Shares 32,289 Stock options	12.72%
Todd Heinzl ⁽⁷⁾ Director Ontario, Canada	August 9, 2021	See "Management" below.	19,182 Spinco Shares 20,832 Stock options	0.77%

- (1) The information as to residence and principal occupation, not being within the knowledge of Spinco, has been furnished by the respective directors and officers individually.
- (2) Directors serve until the earlier of the next annual general meeting or their resignation.
- (3) The information as to securities beneficially owned, controlled or directed, directly or indirectly, not being within the knowledge of Spinco, has been furnished by the respective directors and officers individually based on shareholdings in Mydecine as of the date of the Circular.
- (4) "Stock options" means the Spinco Stock Options to be issued, pursuant to the Arrangement, in exchange for Mydecine Stock Options.
- (5) "Warrants" represent Spinco Shares that will be issuable upon exercise of outstanding Mydecine Share Warrants or Mydecine Performance Warrants.
- (6) Calculated on an undiluted basis assuming 2,500,000 Spinco Shares issued and outstanding on completion of the Arrangement.
- (7) Denotes proposed member of audit committee.

Upon the completion of the Arrangement, it is expected the directors and officers of Spinco as a group, will beneficially own, control or direct, directly or indirectly, an aggregate of approximately 337,182

Spinco Shares representing approximately 13.5% of the issued Spinco Shares, assuming 2,500,000 Spinco Shares are issued to shareholders of Mydecine pursuant to the Arrangement.

Management

David Joshua Barch, age 34, CEO, CFO, Corporate Secretary and Director

Mr. Barch's passion for business starting at very a young age and his entrepreneurial career took off in 2009 when he co-founded AudioTranscriptionist.com, a successful transcription website. In November of 2009, Barch founded Doctors Orders, a Dispensary based in Denver, Colorado. He continued to scale Doctors Orders as a brand and a company throughout the state of Colorado with the desire to include both retail and cultivation among this business.

In 2013, Barch expanded Doctors Orders across the nation, successfully incorporating various dispensaries, cultivation facilities, and extraction brands. During this same year, he also founded a boutique investment firm with a strong presence in both the US and Canadian markets. This boutique investment firm was built to focus on both public and private business opportunities to facilitate M&A, reverse takeovers, reverse mergers, and many different financings.

In 2014, Barch cofounded Cannabase.io, the USA's most significant legal and sophisticated cannabis wholesale platform. Due to his intense focus on the burgeoning hemp industry, Barch decided to divest his Cannabis assets gradually. Helix TCS later acquired Cannabase.io.

As CEO, CFO, Corporate Secretary and Director of Spinco, David Joshua Barch is responsible for overseeing operations and new acquisitions and strategies for Spinco.

Todd Heinzl, age 57, Director

Mr. Heinzl currently serves as the Chief Executive Officer of The Governance Box Inc., a company focused on assisting globally minded small and mid-cap companies develop corporate governance policy and a senior stock exchange listing outcome for their shareholders. The Governance Box Inc. offers structured and disciplined strategic thought leadership for each company through the development, implementation and adoption of effective corporate policy. Mr. Heinzl also serves on the following boards as a director: Mydecine Innovations Group, Inc. as a board observer since 2020, Sprout AI, Inc. since 2020, Empatho Corp. since 2020, Virotek Biosciences Inc. since 2021 and Vinza Capital Management Inc. since 2021. Mr. Heinzl holds over 30 years of experience in the investment, merchant banking, and financial services industry. In recent years, Mr. Heinzl, as a consulting professional, has integrated the governance, a mandatory component, and management of the process of listing companies on a senior stock exchange such as NASDAQ. Sector agnostic, Mr. Heinzl works with companies from a variety of industries to facilitate maturity within their stock listings in an orderly, precise, and compliant process. Senior stock exchanges such as NASDAQ Capital Market, NEO, London Stock Exchange are increasingly demanding and rigorous oversight regarding the listing requirements of the issuers thereby making exchange experience invaluable. Mr. Heinzl recently completed Wharton School of Business Governance Essentials; Currently enrolled in Wharton School of Business Leadership Program; attended the University of Waterloo; earned his designation as a Certified Investment Manager (CIM) from the Canadian Securities Institute; and was awarded with the Fellow of Canadian Securities Institute (FCSI) fellowship designation.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Corporate Cease Trade Orders or Bankruptcies

Other than as disclosed herein, none of the directors or executive officers of Spinco is, as at the date of this Circular, or has been within 10 years before the date of this Circular, a director, chief executive officer or chief financial officer of any company (including Spinco) that, while that person was acting in

that capacity, or after that person ceased to act in such capacity but resulting from an event that occurred while that person was acting in such capacity, was the subject of a cease trade order, an order similar to a cease trade order, or an order that denied the company access to any exemption under securities legislation in each case for a period of more than 30 consecutive days.

None of the directors or executive officers of Spinco, or to our knowledge, shareholders holding a sufficient number of securities to affect materially the control of Spinco (i) is as at the date of this Circular, or has been within 10 years before the date of this Circular, a director or executive officer of any company (including Spinco) that, while that person was acting in that capacity, or within a year of that person ceasing to act in such capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or 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 (ii) has, within 10 years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of such director, executive officer or shareholder.

Penalties or Sanctions

None of directors or executive officers of Spinco, or to our knowledge, our shareholders holding a sufficient number of securities to affect materially the control of Spinco, 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 to a reasonable investor in making an investment decision.

Bankruptcies

No director or executive officer of Spinco or a shareholder holding a sufficient number of securities of Spinco to affect materially the control of Spinco: (i) is, as at the date of this Prospectus, or has been within the ten years before the date hereof, a director or executive officer of any company, including Spinco, 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 (ii) has, within the ten years before 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 director, executive officer or shareholder.

Conflicts of Interest

The directors of Spinco are required by law to act honestly and in good faith with a view to the best interests of Spinco and to disclose any interests, which they may have in any project or opportunity of Spinco. If a conflict of interest arises at a meeting of the Board, any director in a conflict will disclose his interest and abstain from voting on such matter.

DIRECTOR AND EXECUTIVE COMPENSATION

To date, Spinco has not carried on any active business other than entering into the Arrangement Agreement. No compensation has been paid to date by Spinco to its directors and executive officers.

The following is a discussion of all significant elements of compensation to be awarded to, earned by, paid to or payable to Named Executive Officers of Spinco, once Spinco becomes a reporting issuer, to the extent this compensation has been determined.

For the purposes hereof, the term Named Executive Officer, or “NEO”, means each Chief Executive Officer, each Chief Financial Officer and Spinco’s most highly compensated executive officer, other than the Chief Executive Officer and the Chief Financial Officer, who was serving as an executive officer as at the end of the Corporation’s most recently completed financial year and whose total compensation exceeds \$150,000 and any additional individuals for whom disclosure would have been provided except that the individual was not serving as an officer of Spinco at the end of Spinco’s most recently completed financial year. Spinco expects that for the fiscal year ended December 31, 2021, its NEOs will be David Joshua Bartch (Director, CEO, CFO and Corporate Secretary), Todd Heinzl (Director).

Compensation Discussion and Analysis

At its present stage of development, Spinco does not have any formal objectives, criteria and analysis for determining the compensation of its NEOs and primarily relies on the discussions and determinations of the board of directors.

Equity Based Awards

The Board believes that encouraging its executives and employees to become shareholders is the best way of aligning their interests with those of its shareholders. Equity participation is accomplished through the Spinco Equity Incentive Plan. Awards under the Spinco Equity Incentive Plan may be granted to executives and employees taking into account a number of factors, including the amount and term of Awards previously granted, base salary, bonus and competition factors. The type, amount and terms of the Awards granted will be determined by the Board.

Defined Benefit Plans

Spinco does not have any defined benefit or actuarial plan.

Termination and Change of Control Benefits

Spinco does not have any contracts, agreements, plans or arrangements in place with any NEOs that provides for payment following or in connection with any termination (whether voluntary, involuntary or constructive) resignation, retirement, a change of control of Spinco or a change in an NEOs responsibilities.

Director Compensation

Spinco does not have any arrangements, standard or otherwise, pursuant to which directors are compensated by Spinco for their services in their capacity as directors, or for committee participation, involvement in special assignments or for services as consultants or experts. As with the NEOs, the Board intends to compensate directors primarily through the grant of Awards under the Spinco Equity Incentive Plan, and reimbursement of expenses incurred by such persons acting as directors of Spinco.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No director or officer of Spinco, or person who acted in such capacity in the last financial year, or any other individual who at any time during the most recently completed financial year of Spinco was a director of Spinco or any associate of Spinco, is indebted to Spinco, nor is any indebtedness of any such person to another entity the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by Spinco.

AUDIT COMMITTEE

Upon completion of the Arrangement, Spinco will have an audit committee (the “**Spinco Audit Committee**”). The Spinco Audit Committee’s role is to act in an objective, independent capacity as a liaison between the auditors, management and the Board and to ensure the auditors have a facility to consider and discuss governance and audit issues with parties not directly responsible for operations.

Audit Committee Charter

The full text of the charter of Spinco's Audit Committee is set forth in Exhibit I to this Appendix “D”.

Composition of Audit Committee

The members of Spinco’s Audit Committee will be:

David Joshua Bartch	Not Independent ⁽¹⁾	Financially literate ⁽²⁾
Todd Heinzl	Independent ⁽¹⁾	Financially literate ⁽²⁾

Notes:

- (1) A member of an audit committee is independent if the member has no direct or indirect material relationship with Spinco, 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 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 Spinco’s financial statements.

Relevant Education and Experience

Each member of the Spinco Audit Committee has adequate education and experience that is relevant to his performance as a Spinco Audit Committee member and, in particular, the requisite education and experience that have provided the member with:

- (a) an understanding of the accounting principles used by Spinco to prepare its financial statements and the ability to assess the general application of those principles in connection with estimates, accruals and reserves;
- (b) 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 Spinco’s financial statements or experience actively supervising individuals engaged in such activities; and
- (c) an understanding of internal controls and procedures for financial reporting.

See “Directors and Executive Officers” for further details of each audit committee member’s relevant education and experience.

Audit Committee Oversight

At no time was a recommendation of the Spinco Audit Committee to nominate or compensate an external auditor not adopted by the Board.

Reliance on Certain Exemptions

At no time has Spinco relied on the exemption in Section 2.4, or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110.

Pre-Approval Policies and Procedures

Except as described in the charter of Spinco's Audit Committee, the Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services.

External Auditor Service Fees

Spinco has not incurred any external audit fees since incorporation.

Exemption

Spinco will rely upon the exemption provided by section 6.1 of NI 52-110 from the requirement to comply with Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations).

CORPORATE GOVERNANCE

Board of Directors

The Board has responsibility for the stewardship of Spinco including responsibility for strategic planning, identification of the principal risks of Spinco's business and implementation of appropriate systems to manage these risks, succession planning (including appointing, training and monitoring senior management), communications with investors and the financial community and the integrity of Spinco's internal control and management information systems.

The Board sets long term goals and objectives for Spinco and formulates the plans and strategies necessary to achieve those objectives and to supervise senior management in their implementation. The Board delegates the responsibility for managing the day-to-day affairs of Spinco to senior management but retains a supervisory role in respect of, and ultimate responsibility for, all matters relating to Spinco and its business. The Board is responsible for protecting shareholders' interests and ensuring that the incentives of the shareholders and of management are aligned.

As part of its ongoing review of business operations, the Board will review, as frequently as required, the principal risks inherent in Spinco's business including financial risks, through periodic reports from management of such risks, and assesses the systems established to manage those risks. Directly and through the Audit Committee, the Board also will also assess the integrity of internal control over financial reporting and management information systems.

In addition to those matters that must, by law, be approved by the Board, the Board is required to approve any material dispositions, acquisitions and investments outside the ordinary course of business, long-term strategy, and organizational development plans. Management of Spinco is authorized to act without board approval, on all ordinary course matters relating to Spinco's business.

The Board will also monitor Spinco's compliance with timely disclosure obligations and reviews material disclosure documents prior to distribution. The Board is responsible for selecting the CEO and appointing senior management and for monitoring their performance.

The Board considers that the following directors are "independent" in that they are independent and free from any interest and any business or other relationship which could or could reasonably be perceived to, materially interfere with the director's ability to act with the best interests of Spinco, other than interests and relationships arising from shareholding: Darryl Jones and Christopher Cooper. The Board considers that David Joshua Bartch, the CEO of Spinco is not independent because he is a member of management.

Directorships

Certain of the directors are presently a director of one or more other reporting issuers (or equivalent) in a Canadian or foreign jurisdiction, as follows:

Name of Director	Other reporting issuer (or equivalent in a foreign jurisdiction)
David Joshua Bartch	Mydecine Innovations Group Inc.

Orientation and Continuing Education

The Board is responsible for providing orientation for all new recruits to the Board. Each new director brings a different skill set and professional background, and with this information, the Board is able to determine what orientation to the nature and operations of Spinco's business will be necessary and relevant to each new director. Spinco provides continuing education for its directors as the need arises and encourages open discussion at all meetings, which format encourages learning by the directors.

Ethical Business Conduct

The Board relies on the fiduciary duties placed on individual directors by Spinco's governing corporate legislation and the common law to ensure the Board operates independently of management and in the best interests of Spinco. The Board has found that these, combined with the conflict of interest provisions of the BCBCA, as well as the relevant securities regulatory instruments, to ensure that directors exercise independent judgment in considering transactions and agreements in respect of which a director or executive officer has a material interest.

Nomination of Directors

The Board performs the functions of a nominating committee with respect to appointment of directors. The Board believes that this is a practical approach at this stage of Spinco's development. While there are not specific criteria for board membership, Spinco attempts to attract and maintain directors with business knowledge, which assists in guiding management of Spinco.

The Board considers its size each year when it considers the number of directors to recommend to the shareholders for election at the annual meeting of shareholders. The Board takes into account the number required to carry out the Board's duties effectively and to maintain a diversity of views and experience.

Compensation

The Board is responsible for determining all forms of compensation, including long-term incentive in the form of stock options, to be granted to the CEO, the CFO and the directors, and for reviewing the CEO's recommendations respecting compensation of the other officers of Spinco, to ensure such arrangements reflect the responsibilities and risks associated with each position. When determining the compensation of its officers, the Board considers: (i) recruiting and retaining executives critical to the success of Spinco and the enhancement of shareholder value; (ii) providing fair and competitive compensation; (iii) balancing the interests of management and the shareholders; and (iv) rewarding performance, both on an individual basis and with respect to operations in general.

Other Board Committees

The Board has no other committees other than the Audit Committee described in this Circular under the heading "Audit Committee".

Assessments

The Board will annually review its own performance and effectiveness as well as the Audit Committee Charter and recommend revisions as necessary. Neither Spinco nor the Board has adopted formal procedures to regularly assess the Board, the Audit Committee or the individual directors as to their effectiveness and contribution. Effectiveness is subjectively measured by comparing actual corporate

results with stated objectives. The contributions of individual directors will be informally monitored by the other Board members, bearing in mind the business strengths of the individual and the purpose of originally nominating the individual to the Board.

The Board will monitor the adequacy of information given to directors, communication between the Board and management and the strategic direction and processes of the Board and its committees.

The Board believes its corporate governance practices are appropriate and effective for Spinco, given its size and operations. Spinco's corporate governance practice allows Spinco to operate efficiently, with checks and balances that control and monitor management and corporate functions without excessive administrative burden.

RISK FACTORS

In addition to the other information contained in this Circular, the factors outlined in Appendix L – “Risk Factors” should be considered carefully when considering risk related to Spinco's proposed business.

Additional risk factors relating to Spinco and the Shareholders in connection with the Arrangement are set out in the Circular under the heading “The Arrangement – Risks Associated with the Arrangement” and in Appendix L – “Risk Factors”.

PROMOTER

Mydecine took the initiative in Spinco's organization and, accordingly, may be considered to be the promoter of Spinco within the meaning of applicable securities legislation.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Spinco is not a party to any material legal proceedings and Spinco is not aware of any such proceedings known to be contemplated.

Since incorporation, there have not been any penalties or sanctions imposed against Spinco by a court relating to provincial or territorial securities legislation or by a securities regulatory authority, nor have there been any other penalties or sanctions imposed by a court or regulatory body against Spinco, and Spinco has not entered into any settlement agreements before a court relating to provincial or territorial securities legislation or with a securities regulatory authority.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except as set elsewhere in this Circular, none of the proposed directors or executive officers of Spinco or any person that is expected to beneficially own or control or direct more than 10% of any class or series of shares of Spinco, or any associate or affiliate of any of the foregoing persons, has or has had any material interest in any past transaction within the three years before the date of this Circular, or any proposed transaction, that has materially affected or would materially affect Spinco or any of its subsidiaries.

Certain directors and officers of Spinco are also the directors and officers of Mydecine.

MATERIAL CONTRACTS

The only agreement that Spinco has entered into since its incorporation or will enter into as part of the Arrangement which may be reasonably regarded as being currently material is the Arrangement Agreement, a copy of which may be inspected at the registered office of Mydecine during normal business hours until the date of the Meeting

EXPERTS

MNP LLP are the auditors for Spinco. MNP LLP has confirmed that they are independent with respect to Mydecine within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Alberta.

None of the aforementioned persons nor any directors, officers, employees or partners, as applicable, of each of the aforementioned companies and partnerships, has received or will receive as a result of the Arrangement a direct or indirect interest in a property of Spinco or any associate or affiliate of Spinco, nor is currently expected to be elected, appointed or employed as a director, officer or employee of Spinco or any associate or affiliate of Spinco.

AUDITORS

The auditors of Spinco are MNP LLP at 1155 Boul. Rene-Levesque O., 23^e Etage, Montreal, QC H3B 2K2.

REGISTRAR AND TRANSFER AGENT

The Registrar and Transfer Agent for the Spinco Shares is National Securities Administrators Ltd. at its principal offices located at 702 – 777 Hornby Street, Vancouver, British Columbia, V6Z 1S4.

FINANCIAL STATEMENTS

Spinco Financial Statements are attached hereto as Appendix “F”.

Carve-Out Financial Statements of the Cannabis Subsidiaries are attached hereto as Appendix “E”.

Spinco Pro Forma Financial Statements are attached hereto as Appendix “H”.

**EXHIBIT I TO APPENDIX “E”
SPINCO AUDIT COMMITTEE CHARTER**

ALT HOUSE CANNABIS INC.

(THE “COMPANY”)

AUDIT COMMITTEE CHARTER

1. Purpose

- (a) The Audit Committee is ultimately responsible for the policies and practices relating to integrity of financial and regulatory reporting, as well as internal controls to achieve the objectives of safeguarding of corporate assets; reliability of information; and compliance with policies and laws. Within this mandate, the Audit Committee’s role is to:
 - (i) support the Board of Directors in meeting its responsibilities to shareholders;
 - (ii) enhance the independence of the external auditor;
 - (iii) facilitate effective communications between management and the external auditor and provide a link between the external auditor and the Board of Directors;
 - (iv) increase the credibility and objectivity of the Company’s financial reports and public disclosure.
- (b) The Audit Committee will make recommendations to the Board of Directors regarding items relating to financial and regulatory reporting and the system of internal controls following the execution of the Committee’s responsibilities as described herein.
- (c) The Audit Committee will undertake those specific duties and responsibilities listed below and such other duties as the Board of Directors from time to time prescribe.

2. Membership

- (a) Each member of the Audit Committee must be a director of the Company.
- (b) The Audit Committee will consist of at least three members, the majority of whom are neither officers nor employees of the Company or any of its affiliates.
- (c) The members of the Audit Committee will be appointed annually by and will serve at the discretion of the Board of Directors.

3. Authority

- (a) In addition to all authority required to carry out the duties and responsibilities included in this charter, the Audit Committee has specific authority to:
 - (i) engage, and set and pay the compensation for, independent counsel and other advisors as it determines necessary to carry out its duties and responsibilities; and
 - (ii) communicate directly with management and any internal auditor, and with the external auditor without management involvement.
 - (iii) Approve interim financial statements and interim MD&A on behalf of the Board of Directors.

4. **Duties and Responsibilities**

- (a) The duties and responsibilities of the Audit Committee include:
- (i) recommending to the Board of Directors the external auditor to be nominated by the Board of Directors;
 - (ii) recommending to the Board of Directors the compensation of the external auditor;
 - (iii) reviewing the external auditor's audit plan, fee schedule and any related services proposals;
 - (iv) overseeing the work of the external auditor;
 - (v) ensuring that the external auditor is in good standing with the Canadian Public Accountability Board and will enquire if there are any sanctions imposed by the CPAB on the external auditor;
 - (vi) ensuring that the external auditor meets the rotation requirements for partners and staff on the Company's audits;
 - (vii) reviewing and discussing with management and the external auditor the annual audited financial statements, including discussion of material transactions with related parties, accounting policies, as well as the external auditor's written communications to the Committee and to management;
 - (viii) reviewing the external auditor's report, audit results and financial statements prior to approval by the Board of Directors;
 - (ix) reporting on and recommending to the Board of Directors the annual financial statements and the external auditor's report on those financial statements, prior to Board approval and dissemination of financial statements to shareholders and the public;
 - (x) reviewing financial statements, MD&A and annual and interim earnings press releases prior to public disclosure of this information;
 - (xi) ensuring adequate procedures are in place for review of all public disclosure of financial information by the Company, prior to its dissemination to the public;
 - (xii) overseeing the adequacy of the Company's system of internal accounting controls and internal audit process obtaining from the external auditor summaries and recommendations for improvement of such internal accounting controls;
 - (xiii) ensuring the integrity of disclosure controls and internal controls over financial reporting;
 - (xiv) resolving disputes between management and the external auditor regarding financial reporting;
 - (xv) establishing procedures for:
 - the receipt, retention and treatment of complaints received by the Company from employees and others regarding accounting, internal accounting controls or auditing matters and questionable practices relating thereto; and
 - the confidential, anonymous submission by employees of the Company or concerns regarding questionable accounting or auditing matters.
 - (xvi) reviewing and approving the Company's hiring policies with respect to partners

or employees (or former partners or employees) of either a former or the present external auditor;

(xvii) pre-approving all non-audit services to be provided to the Company or any subsidiaries by the Company's external auditor;

(xviii) overseeing compliance with regulatory authority requirements for disclosure of external auditor services and Audit Committee activities.

(b) The Audit Committee will report, at least annually, to the Board regarding the Committee's examinations and recommendations.

5. **Meetings**

(a) The quorum for a meeting of the Audit Committee is a majority of the members of the Committee who are not officers or employees of the Company or of an affiliate of the Company.

(b) The members of the Audit Committee must elect a chair from among their number and may determine their own procedures.

(c) The Audit Committee may establish its own schedule that it will provide to the Board of Directors in advance.

(d) The external auditor is entitled to receive reasonable notice of every meeting of the Audit Committee and to attend and be heard thereat.

(e) A member of the Audit Committee or the external auditor may call a meeting of the Audit Committee.

(f) The Audit Committee will meet separately with the President and separately with the Chief Financial Officer of the Company at least annually to review the financial affairs of the Company.

(g) The Audit Committee will meet with the external auditor of the Company at least once each year, at such time(s) as it deems appropriate, to review the external auditor's examination and report.

(h) The chair of the Audit Committee must convene a meeting of the Audit Committee at the request of the external auditor, to consider any matter that the auditor believes should be brought to the attention of the Board of Directors or the shareholders.

6. **Reports**

(a) The Audit Committee will record its recommendations to the Board in written form which will be incorporated as a part of the minutes of the Board of Directors' meeting at which those recommendations are presented.

7. **Minutes**

(a) The Audit Committee will maintain written minutes of its meetings, which minutes will be filed with the minutes of the meetings of the Board of Directors.

**APPENDIX F
AUDITED CARVE OUT FINANCIAL STATEMENTS
(CANNABIS SUBSIDIARIES)**

(see attached)

**MYDECINE INNOVATION GROUP INC. CARVE-OUT
CONSOLIDATED CARVE-OUT FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

(Expressed in Canadian dollars)

Independent Auditor's Report



To the Shareholders of Mydecine Innovation Group Inc. Carve-Out:

Opinion

We have audited the carve-out consolidated financial statements of Mydecine Innovation Group Inc. Carve-Out and its subsidiaries (the "Company"), which comprise the carve-out consolidated statements of financial position as at December 31, 2020 and December 31, 2019 and the carve-out consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the carve-out consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying carve-out consolidated financial statements present fairly, in all material respects, the carve-out consolidated financial position of the Company as at December 31, 2020 and December 31, 2019 and its carve-out consolidated financial performance and its carve-out consolidated 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 Carve-out 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 carve-out 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the carve-out consolidated financial statements, which indicates that as at December 31, 2020 and December 31, 2019, the Company during the years ended, incurred a net loss. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on 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 carve-out consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

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

Management is responsible for the preparation and fair presentation of the carve-out 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 carve-out consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the carve-out 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 Carve-out Consolidated Financial Statements

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

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

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 Jo-Ann Lempert.

Montréal, Québec

July 13, 2021

MNP SENCRL, s.r.l.¹

¹ FCPA auditor, FCA, public accountancy permit no. A122514

MYDECINE INNOVATIONS GROUP INC. (FORMERLY NEWLEAF BRANDS INC.)
CARVE-OUT CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(EXPRESSED IN CANADIAN DOLLARS)

As at,	Note	December 31, 2020	December 31, 2019
		\$	\$
Current assets			
Cash		486	12,731
Rent receivable		27,746	-
Inventory		47,262	501,658
Total current assets		75,494	514,389
Non-current assets			
Investment in joint venture	5	620,092	-
Investment in associate	6	4,481,988	-
Right-of-use asset	9	-	69,305
Investment properties	8	1,418,345	1,316,983
Property and equipment	7	-	6,258
Total assets		6,595,919	1,906,935
Current liabilities			
Accounts payable and accrued liabilities		154,154	(1,385)
Income taxes	16	72,060	40,820
Lease liability – current portion	9	-	67,588
Total current liabilities		226,214	107,023
Shareholders' equity			
Net parent investment	11	6,369,705	1,799,912
Total shareholders' equity		6,369,705	1,799,912
Total liabilities and shareholders' equity		6,595,919	1,906,935

Nature and continuance of operations (Note 1)

Approved on behalf of the Board on July 13, 2021

“Damon Michaels”

Director – Damon Michaels

“David Joshua Barch”

Director – David Joshua Barch

The accompanying notes are an integral part of these carve-out consolidated financial statements.

MYDECINE INNOVATIONS GROUP INC. (FORMERLY NEWLEAF BRANDS INC.)
CARVE-OUT CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(EXPRESSED IN CANADIAN DOLLARS)

For the years ended,	Note	December 31, 2020 \$	December 31, 2019 \$
Sales		55,873	98,360
Cost of goods sold		(37,370)	(76,940)
Gross margin		18,503	21,420
Expenses			
Corporate development		(70,212)	(27,494)
Amortization	7,9	(33,119)	(46,389)
Consulting fees		(5,379)	(145,110)
Foreign exchange loss		(27,412)	-
Office and miscellaneous		(73,442)	(87,370)
Share of losses from investment in Joint Venture	5	(93,035)	-
Share of losses from investment in Associate	6	426,635	-
Regulatory and filing fee		(150,000)	-
Professional fees		(11,402)	(2,069)
Total expenses		(37,366)	(308,432)
Other income (expense)			
Change in fair value of investment property	8	134,145	66,346
Loss on termination of lease	9	(27,097)	-
Inventory write-off		(458,921)	-
Rental income	15	115,702	157,835
Consideration paid in excess of net assets acquired from acquisitions	10	-	(18,050,589)
		(236,171)	(17,826,408)
Net loss for the year before income taxes		(255,034)	(18,113,420)
Income taxes	16	(31,240)	(40,820)
Net loss for the year before translation adjustment		(286,274)	(18,154,240)
Foreign currency translation adjustment		(4,476)	(8,245)
Net loss and comprehensive loss for the year		(290,750)	(18,162,485)

The accompanying notes are an integral part of these carve-out consolidated financial statements.

**MYDECINE INNOVATIONS GROUP INC. (FORMERLY NEWLEAF BRANDS INC.)
 CARVE-OUT CONSOLIDATED STATEMENTS OF NET PARENT INVESTMENT
 (EXPRESSED IN CANADIAN DOLLARS)**

	Note	Net Parent Investment
Balance, December 31, 2018		
Contributions from Parent	11	\$ 1,589,882
Foreign currency translation adjustment		18,372,515
Net loss for the year		(8,245)
		(18,154,240)
Balance, December 31, 2019		
Contributions from Parent	11	\$ 1,799,912
Foreign currency translation adjustment		4,860,543
Net loss for the year		(4,476)
		(286,274)
Balance, December 31, 2020		\$ 6,369,705

The accompanying notes are an integral part of these carve-out consolidated financial statements.

MYDECINE INNOVATIONS GROUP INC. (FORMERLY NEWLEAF BRANDS INC.)
CARVE-OUT CONSOLIDATED STATEMENTS OF CASH FLOWS
(EXPRESSED IN CANADIAN DOLLARS)

For the years ended,	Note	December 31, 2020	December 31, 2019
Cash flows used in			
Operating activities			
Net loss for the year		\$ (286,274)	\$ (18,154,240)
Items not affecting cash:			
Inventory write-off		458,921	-
Amortization	7,9	33,119	46,389
Regulatory and filing fee		150,000	-
Change in fair value of investment property	8	(134,145)	(66,346)
Consideration paid in excess of net assets acquired from acquisitions		-	18,050,589
Foreign exchange loss		27,718	-
Rental income	15	(115,702)	(151,200)
Loss on termination of lease	9	27,097	-
Share of losses from investment in Joint Venture	5	93,035	-
Share of income from investment in Associate	6	(426,635)	-
		(172,866)	(274,808)
Changes in non-cash working capital items:			
Prepays and deposits		-	119,058
Income taxes		31,240	40,820
Inventory		766	(35,230)
Accounts payable and accrued liabilities		11,969	(13,920)
Cash used in operating activities		(128,891)	(164,080)
Investing activities			
Lease termination payment	9	(10,186)	-
Lease payments	9	(45,475)	(45,558)
Net cash used in investing activities		(55,661)	(45,558)
Financing activities			
Increase in net parent investment	11	162,740	218,834
Net cash provided from financing activities		162,740	218,834
Foreign exchange on cash		9,567	5,064
Increase in cash during the year		(21,812)	9,196
Cash, beginning of the year		12,731	(1,529)
Cash, end of the year		\$ 486	\$ 12,731

The accompanying notes are an integral part of these carve-out consolidated financial statements.

**MYDECINE INNOVATIONS GROUP INC. (FORMERLY NEWLEAF BRANDS INC.)
 NOTES TO THE CARVE-OUT CONSOLIDATED STATEMENTS
 FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
 EXPRESSED IN CANADIAN DOLLARS**

1. NATURE AND CONTINUANCE OF OPERATIONS

Mydecine Innovations Group Inc. Carve-Out (the “Company”) is engaged in the development of real estate properties in North America, distribution of Cannabidiol (“CBD”) and development of US cannabis assets. 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.

Going Concern

As at December 31, 2020, the Company incurred a net loss of \$286,274 (December 31, 2019 - \$18,154,240) during the year ended on December 31, 2020. 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. 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. These material uncertainties may cast significant doubt as to the Company’s ability to continue as a going concern.

These carve-out consolidated financial statements (“Carve-Out 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. 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 carve-out consolidated financial statements.

In addition, the outbreak of the novel strain of coronavirus, specifically identified as “COVID-19”, has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Entity and its operating subsidiaries in future periods. Due to the worldwide COVID-19 outbreak, material uncertainties may come into existence that could influence management’s going concern assumption. Management cannot accurately predict the future impact COVID-19 may have on:

- Demand for Cannabidiol;
- The severity and the length of potential measures taken by governments to manage the spread of the virus and their effect on labour availability and supply lines;
- Availability of essential supplies; and,
- Ability to obtain funding.

At the date of the approval of these carve-out consolidated financial statements, the Canadian and United States government has not introduced measures which impede the activities of the Company. Management believes the business will continue and accordingly, the current situation bears no impact on management’s going concern assumption. However, it is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company in future periods.

These carve-out consolidated financial statements do not reflect the adjustments to the carrying values and classifications of assets and liabilities, or to the reported expenses that would be necessary if the Company were unable to realise its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

MYDECINE INNOVATIONS GROUP INC. (FORMERLY NEWLEAF BRANDS INC.)
NOTES TO THE CARVE-OUT CONSOLIDATED STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
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2. ARRANGEMENT AGREEMENT

Subsequent to December 31, 2020, Mydecine Innovation Group Inc. (the “Entity”) intends to strategically reorganize its business.

In connection with the reorganization, the Company will assume the Entity’s US Cannabis, real estate and CBD related operations to be paid by the issuance of 10,000,000 common shares of the Company (“SpinCo Shares”) to the Entity. The Company will then complete a share capital reorganization by way of a statutory plan of arrangement (“Arrangement”) whereby the Company will spin-out the SpinCo shares to the Company’s shareholders.

Upon closing of the Arrangement, the Company will be owned exclusively by existing shareholders of the Entity, keeping their identical proportion to their pre-Arrangement shareholdings of the Entity.

Closing of the Arrangement is subject to several conditions including, but not limited to, approval by The Entity shareholders and receipt of court and necessary regulatory approvals.

These carve-out financial statements reflect the assets, liabilities, expenses and cash flows of the operations included in the US Cannabis, CBD and real estate assets to be spun out by the Entity.

3. BASIS OF PREPARATION

Statement of Compliance

These carve-out consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standard (“IFRS”), as issued by the International Accounting Standards Board (“IASB”). The policies set out below have been consistently applied to all periods presented unless otherwise noted.

The purpose of these carve-out consolidated financial statements is to provide general purpose historical financial information of the Company in connection with the Arrangement detailed in Note 2. Therefore, these carve-out financial statements present the historical financial information of the Company, where only specifically identifiable assets and liabilities are included, and allocations of shared income and expenses of the Entity that are attributable to the Company.

These carve-out consolidated financial statements were approved and authorized for issuance by the Company’s Board of Directors on July 13, 2021.

Basis of Measurement

These carve-out consolidated financial statements have been prepared on a historical cost basis. Historical costs are generally based upon the fair value of the consideration given in exchange for goods and services.

The basis of preparation for the carve-out consolidated statements of financial position, loss and comprehensive loss, cash flows and changes in net parent investment of the Entity have been applied. The carve-out consolidated financial statements have been extracted from historical accounting records of the Entity with estimates used, when necessary, for certain allocations.

- The carve-out statements of consolidated financial position reflect the assets and liabilities recorded by the Company which have been assigned to the Company on the basis that they are specifically identifiable and attributable to the Company;
- Income taxes have been calculated as if the Company had been a separate legal entity and had filed separate tax returns for the period presented.

Management cautions readers of these carve-out financial statements that the Company's results do not necessarily reflect what the results of operations, financial position, or cash flows would have been had the Company been a separate stand-alone entity. Further, the allocation of income and expense in these carve-out consolidated statements of loss and comprehensive loss does not necessarily reflect the nature and level of the Company's future income and operating expenses. The net parent investment in the Company, presented as equity in these carve-out financial statements, includes the contributed capital and accumulated deficit and comprehensive loss of the Company.

MYDECINE INNOVATIONS GROUP INC. (FORMERLY NEWLEAF BRANDS INC.)
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3. BASIS OF PREPARATION (CONTINUED)

Basis of Measurement (continued)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Functional Currency

All figures presented in the carve-out consolidated financial statements are reflected in Canadian dollars; however, the functional currency of the Company and its subsidiaries (the “Group”) is the US dollar.

Foreign currency transactions are translated to the respective functional currencies of the Company’s entities at the exchange rates in effect on the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the foreign exchange rate applicable at the statement of financial position date. Non-monetary items carried at historical cost denominated in foreign currencies are translated to the functional currency at the date of the transactions. Non-monetary items carried at fair value denominated in foreign currencies are translated to the functional currency at the date when the fair value was determined. Realized and unrealized exchange gains and losses are recognized through profit and loss.

On consolidation, the assets and liabilities of foreign operations reported in their functional currencies are translated into Canadian dollars, the Group’s presentation currency, at period-end exchange rates. Income and expenses, and cash flows of foreign operations are translated into Canadian dollars using average exchange rates. Exchange differences resulting from translating foreign operations are recognized in accumulated other comprehensive income (loss).

Basis of Consolidation

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly and indirectly, to govern the financial and operating policies of an entity and be exposed to the variable returns from its activities. The financial statements of subsidiaries are included in the carve-out consolidated financial statements from the date that control commences until the date that control ceases. The following is a list of the Company’s operating subsidiaries:

Name	Jurisdiction of incorporation	Interest
Kured Latin America LLC (inactive)	US	100%
New Age Farm Washington, LLC	US	100%
Relyfe Brands, LLC	US	100%
Tealief Brands, LLC	US	100%
We are Kured, LLC	US	100%

All inter-company transactions and balances have been eliminated in the carve-out consolidated financial statement presentation.

4. SIGNIFICANT ACCOUNTING POLICIES

Significant Accounting Policies

The preparation of the carve-out consolidated financial statements requires that the Company’s management make judgments and estimates of effects of uncertain future events on the carrying amounts of the Company’s assets and liabilities at the end of the reporting period. Actual future outcomes could differ from present estimates and judgments, potentially having material future effects on the Company’s carve-out consolidated financial statements. Estimates are reviewed on an ongoing basis and are based on historical experience and other facts and circumstances. Revisions to estimates and the resulting effects on the carrying amounts of the Company’s assets and liabilities are accounted for prospectively.

MYDECINE INNOVATIONS GROUP INC. (FORMERLY NEWLEAF BRANDS INC.)
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4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The significant accounting policies used by the Company are as follows:

Equity accounted investments

Equity accounted investments are those entities in which the Company has significant influence but does not have control over the financial and operating policies of the investees. Significant influence is presumed to exist when the Company holds between 20 percent and 50 percent of the voting power of another entity. Joint arrangement entities are those over which the Company has joint control, established by contractual agreement and requiring unanimous consent for strategic, financial, and operating decisions. Joint ventures are joint arrangements whereby the parties have joint control of the arrangement and have rights to the net assets of the arrangement.

Investments in associates and joint ventures are accounted for by the equity method, whereby the original cost of the investment is adjusted for the Company's share of earnings or losses less dividends since significant influence was acquired. When net accumulated losses from an equity accounted investment exceed its carrying amount, the investment balance is reduced to \$nil and additional losses are not provided for unless the Company is committed to provide other financial support to the investee. The Company resumes accounting for its portion of income (loss) of the investment when the entity subsequently reports net income and the Company's share of that net income exceeds the share of net losses not recognized during the period the equity method was suspended.

Profits or losses resulting from transactions between the Company and its associates are eliminated to the extent of the interest in the associate. The Company determines at each reporting date whether there is objective evidence that the investments in associates are impaired. The financial statements of associates are prepared for the same reporting period as the Company. Where necessary adjustments are made to bring the accounting policies of associates in line with those of the Company.

The Company accounts for the following using the equity method as the Company does not have control:

Name	Jurisdiction	Interest
Trellis Holdings LLC.	US	37.5%
Alternative Distribution LLC (Formerly, Levee Street Holdings LLC.)	US	50%

Financial instruments

The Company adopted all the requirements of IFRS 9 Financial Instruments on January 1, 2018. IFRS 9 utilizes a revised model for recognition and measurement of financial instruments in a single, forward-looking "expected loss" impairment model.

The following is the Company's accounting policy for financial instruments under IFRS 9:

Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive loss ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

The following table shows the classifications under IFRS 9:

Financial assets/liabilities	Classification under IFRS 9
Cash	Amortized cost
Rent receivable	Amortized cost
Accounts payable	Amortized cost
Lease liability	Amortized cost

Financial Instruments

Measurement

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of loss and comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of loss and comprehensive loss in the period in which they arise. Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive loss.

Financial assets through other comprehensive income ("FVTOCI")

Financial assets that meet the following conditions are measured at FVTOCI:

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

The Company does not currently hold any financial instruments designated as FVTOCI.

Equity instruments designated as FVTOCI

On initial recognition, the Company may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in other comprehensive income. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination. Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other OCI. The cumulative gain or loss is not reclassified to profit or loss on disposal of the equity instrument, instead, it is transferred to retained earnings. The Company does not currently hold any equity instruments designated as FVTOCI.

Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the statements of loss and comprehensive loss.

Financial liabilities

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the statements of loss and comprehensive loss.

Revenue from Contracts with Customers

IFRS 15, Revenue from Contracts with Customers ("IFRS 15) specifies how and when revenue should be recognized based on a five-step model, which is applied to all contracts with customers. The Company's accounting policy for revenue recognition under IFRS 15 is to follow a five-step model to determine the amount and timing of revenue to be recognized:

1. Identifying the contract with a customer
2. Identifying the performance obligations within the contract
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognizing revenue when/as performance obligation(s) are satisfied.

Revenue from the sale of CBD and hemp products are recognized when the Company transfers control of the good to the customer. This evaluation was made based on whether the business obtains control of the product before transferring to the end consumer. Control of the product transfers at a point in time either upon shipment to or receipt by the customer, depending on the contractual terms. The Company recognizes revenue in an amount that reflects the consideration that the Company expects to receive considering any variation that may result from rights of return.

Rental income from rental properties is recognized per the terms of lease contracts, on a monthly basis, for each month the lessee has access to use the property. As at December 31, 2020, all rental income is generated from Trellis Holdings LLC., which the Company owns 37.5% and is accounted for as an equity accounted investment.

MYDECINE INNOVATIONS GROUP INC. (FORMERLY NEWLEAF BRANDS INC.)
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4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and equipment

The Company records property and equipment at cost less accumulated amortization and accumulated impairment losses. It recognizes amortization to write off the cost of assets less their residual values over their useful lives, using the following methods and rates:

Equipment – 5 years

Right-of-use assets – straight-line over term of lease

An item of property and equipment is de-recognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss. Where an item of property, plant and equipment and deferred costs consist of major components with different useful lives, the components are accounted for as separate items of property, plant and equipment and deferred expenditures. Expenditures incurred to replace a component of an item of property, plant and equipment that is accounted for separately, including major inspection and overhaul expenditures, are capitalized.

Investment property

The Company uses the fair value method to account for real estate classified as investment properties. A property is determined to be an investment property when it is principally held either to earn rental income or for capital appreciation, or both. Investment properties also include properties that are under development or redevelopment for future use as investment property. Investment properties are initially measured at cost including transaction costs, or at fair value if acquired in a business combination. Subsequent to initial recognition, investment properties are carried at fair value. Gains or losses arising from changes in fair value are included in net income during the period in which they arise. As at December 31, 2020, the fair value of the Company's investment properties was substantiated by a third-party appraisal expert.

Income taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years. Deferred tax is recorded using the liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for relating to goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable loss, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Inventory

Inventory is valued at the lower of cost and net realizable value. The Company's inventory is comprised of CBD products, and purchased finished goods for resale. The cost of inventory is calculated using the weighted average method and comprises all costs of purchase necessary to bring the goods to sale. Net realizable value represents the estimated selling price for products sold in the ordinary course of business less the estimated costs necessary to make the sale. Management uses the most reliable evidence available in determining the net realizable value of inventories. Actual selling prices may differ from estimates, based on market conditions at the time of sale. Allowances are made against obsolete or damaged inventory and charged to cost of sales. The reversal of any write-down of inventory arising from increase in the net realizable value is recognized as a reduction of cost of sales in the period in which the reversal occurred. During the year ended December 31, 2020, the Company wrote-off inventory of \$458,921.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of long-lived assets

Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

For the purpose of testing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating unit, or "CGU"). An impairment loss is recognized for the amount, if any, by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less cost to sell and the value in use (being the present value of expected future cash flows of the asset or CGU). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the lesser of the revised estimate of recoverable amount and the carrying amount that would have been recorded had no impairment loss been previously recognized, with the exception of goodwill and indefinite lived intangible assets.

Leases

The Company assesses whether a contract is or contains a lease at inception of the contract. A lease is recognized as a right-of-use asset and corresponding liability at the commencement date. Each lease payment included in the lease liability is apportioned between the repayment of the liability and a finance cost. The finance cost is recognized in "finance and other costs" in the carve-out consolidated statement of comprehensive (loss) income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability. Lease liabilities represent the net present value of fixed lease payments (including in-substance fixed payments); variable lease payments based on an index, rate, or subject to a fair market value renewal condition; amounts expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and payments of penalties for terminating the lease, if it is probable that the lessee will exercise that option.

The Company's lease liability is recognized net of lease incentives receivable. The lease payments are discounted using the interest rate implicit in the lease or, if that rate cannot be determined, the lessee's incremental borrowing rate. The period over which the lease payments are discounted is the expected lease term, including renewal and termination options that the Company is reasonably certain to exercise.

Payments associated with short-term leases and leases of low-value assets are recognized as an expense on a straight-line basis in general and administration and sales and marketing expense in the carve-out consolidated statement of comprehensive (loss) income. Short term leases are defined as leases with a lease term of 12 months or less.

Variable lease payments that do not depend on an index, rate, or subject to a fair market value renewal condition are expensed as incurred and recognized in costs of goods sold, general and administration or sales and marketing expense, as appropriate given how the underlying leased asset is used, in the carve-out consolidated statement of comprehensive loss.

Right-of-use assets are measured at cost, which is calculated as the amount of the initial measurement of lease liability plus any lease payments made at or before the commencement date, any initial direct costs and related restoration costs. The right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the useful life of the underlying asset. The depreciation is recognized from the commencement date of the lease.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Significant accounting judgments and estimates

The preparation of financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported revenues and expenses during the year. Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

The following are the critical judgments and estimates that management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the carve-out consolidated financial statements:

Business combination and asset acquisition

Judgement is required to determine if the Company's acquisition represented a business combination or an asset purchase. More specifically, management concluded that most of the Company's acquisitions did not represent a business, as the assets acquired were not an integrated set of activities with inputs, processes and outputs. For acquisitions that represented the purchase of assets, no goodwill was recognized on the transactions and acquisition costs were capitalized to the assets purchased rather than expensed. As the Company concluded that most of the acquisition was an asset acquisition, an allocation of the purchase price to the individual identifiable assets acquired, including identifiable and unidentifiable intangible assets, and liabilities assumed based on their fair values at the date of purchase was required. The fair values of the net assets acquired were calculated using significant estimates and judgments. If estimates or judgments differed, this could result in a materially different allocation of net assets on the carve-out consolidated statement of financial position.

In a business combination, substantially all identifiable assets, liabilities and contingent liabilities acquired are recorded at the date of acquisition at their respective fair values. One of the most significant areas of judgment and estimation relates to the determination of the fair value of these assets and liabilities, including the fair value of contingent consideration, if applicable. If any intangible assets are identified, depending on the type of intangible asset and the complexity of determining its fair value, an independent external valuation expert may develop the fair value, using appropriate valuation techniques, which are generally based on a forecast of the total expected future net cash flows. These valuations 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. In certain circumstances where estimates have been made, the Company may obtain third-party valuations of certain assets, which could result in further refinement of the fair-value allocation of certain purchase prices and accounting adjustments.

Functional Currency

The functional currency of the Company and each of the Company's subsidiaries is the currency of the primary economic environment in which the respective entity operates. Such determination involves certain judgements to identify the primary economic environment. The Company reconsiders the functional currency of an entity if there is a significant change in the events and/or conditions which determine the primary economic environment. In the event of a change of functional currency, the Company revalues the classification of financial instruments.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Significant accounting judgments and estimates (continued)

Impairment of long-lived assets

Long-lived assets are reviewed for impairment upon the occurrence of events or changes in circumstances indicating that the carrying value of the asset may not be recoverable. For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). The recoverable amount is the higher of an asset's fair value less costs to sell and value in use (being the present value of the expected future cash flows of the relevant asset or cash-generating unit). An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Management evaluates impairment losses for potential reversals when events or circumstances warrant such consideration.

Estimated useful life of long-lived assets

Judgment is used to estimate each component of a long-lived asset's useful life and is based on an analysis of all pertinent factors including, but not limited to, the expected use of the asset and in the case of an intangible asset, contractual provisions that enable renewal or extension of the asset's legal or contractual life without substantial cost, and renewal history. If the estimated useful lives were incorrect, it could result in an increase or decrease in the annual amortization expense, and future impairment charges or recoveries.

Income taxes

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

The Company's effective income tax rate can vary significantly for various reasons, including the mix and volume of business in lower income tax jurisdictions and in jurisdictions for which no deferred income tax assets have been recognized because management believed it was not probable that future taxable profit would be available against which income tax losses and deductible temporary differences could be utilized.

Provisions

Provisions are accrued for liabilities with uncertain timing or amounts, if, in the opinion of management, it is both likely that a future event will confirm that a liability had been incurred at the date of the carve-out consolidated financial statements and the amount can be reasonably estimated. In cases where it is not possible to determine whether such a liability has occurred, or to reasonably estimate the amount of loss until the performance of some future event, no accrual is made until that time. In the ordinary course of business, the Company may be party to legal proceedings which include claims for monetary damages asserted against the Company. The adequacy of provisions is regularly assessed as new information becomes available.

Leases

Leases requires lessees to discount lease payments using the rate implicit in the lease if that rate is readily available. If that rate cannot be readily determined, the lessee is required to use its incremental borrowing rate. The Company generally uses the incremental borrowing rate when initially recording real estate leases as the implicit rates are not readily available as information from the lessor regarding the fair value of underlying assets and initial direct costs incurred by the lessor related to the leased assets is not available.

The Company determines the incremental borrowing rate as the interest rate the Company would pay to borrow over a similar term the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The Company used an incremental borrowing rate of 15%.

Leases requires lessees to estimate the lease term. In determining the period which the Company has the right to use an underlying asset, management considers the non-cancellable period along with all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option.

MYDECINE INNOVATIONS GROUP INC. (FORMERLY NEWLEAF BRANDS INC.)
NOTES TO THE CARVE-OUT CONSOLIDATED STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
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4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Significant accounting judgments and estimates (continued)

Fair values

Certain of the Company's assets and liabilities are measured at fair value. In estimating fair value, the Company uses market-observable data to the extent it is available. In certain cases where Level 1 inputs are not available the Company will engage third party qualified valuers to perform the valuation.

Going concern

Since March 2020, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the Company's financial results.

Recent Accounting Pronouncements

As at the date of authorization of these financial statements, the IASB and the IFRS Interpretations Committee had issued certain pronouncements that are mandatory for the Company's accounting periods commencing on or after January 1, 2021. Many are not applicable or do not have a significant impact to the Company, have been excluded. The Company had assessed that no material impact is expected upon the adoption of the following amendments on its carve-out consolidated financial statements:

Amendments to IAS 1

In January 2020, the IASB issued amendments to IAS 1 which clarify the requirements for classifying liabilities as either current or non-current by: (i) specifying that the conditions which exist at the end of the reporting period determine if a right to defer settlement of a liability exists; (ii) clarifying that settlement of a liability refers to the transfer to the counterparty of cash, equity instruments, other assets or services; (iii) clarifying that classification is unaffected by management's expectation about events after the balance sheet date; and (iv) clarifying the classification requirements for debt an entity may settle by converting it into equity.

The amendments clarify existing requirements, rather than make changes to the requirements, and so are not expected to have a significant impact on an entity's financial statements. However, the clarifications may result in reclassification of some liabilities from current to non-current or vice-versa, which could impact an entity's loan covenants. Because of this impact, the IASB has provided a longer effective date to allow entities to prepare for these amendments. In July 2020, the IASB issued an amendment to defer the effective date of the amendments by one year from its originally planned effective date to annual periods beginning on or after January 1, 2023 due to the impact of COVID-19. Early application is permitted.

Amendments to IAS 37 – Provisions, Contingent Liabilities and Contingent Assets ("IAS 37")

In May 2020, the IASB issued amendments to update IAS 37. The amendments specify that in assessing whether a contract is onerous under IAS 37, the cost of fulfilling a contract includes both the incremental costs and an allocation of costs that relate directly to contract activities. The amendments also include examples of costs that do, and do not, relate directly to a contract. These amendments are effective for annual periods beginning on or after January 1, 2022. Earlier application is permitted.

MYDECINE INNOVATIONS GROUP INC. (FORMERLY NEWLEAF BRANDS INC.)
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5. INVESTMENT IN JOINT VENTURE

The Company owns 50% of Alternative Distribution Company LLC (formerly Levee Street Holdings LLC) (“Alternative Distribution”). Alternative Distribution operates in Texas, U.S. and is a distributor of alternative products, including CBD products. The Company provides strategic funding and direction to Alternative Distribution.

Based on the terms of the arrangement, management has determined that Alternative Distribution meets the definition of a joint venture. Accordingly, the investment is accounted for using the equity method in these carve-out consolidated financial statements.

	December 31, 2020
	\$
Opening balance, December 31, 2019	-
Equity contributed from Mydecine Innovation Group Inc.	395,010
Cash contributed from Mydecine Innovation Group Inc.	314,023
Share of losses from investment in Joint Venture	(93,035)
Foreign exchange gain (loss)	4,094
Ending balance, December 31, 2020	620,092

The following table summarizes the relevant financial information of the Company’s associate and reflects the amounts presented in the financial statements of Alternative Distribution Company:

	December 31, 2020
	\$
Cash and cash equivalents	269,267
Current financial liabilities	(319,983)
Non-current financial liabilities	(774,951)
Depreciation and amortisation	51,630
Interest expense	7,487

For the year ended December 31, 2020, Alternative Distribution Company reported revenues of \$58,544 and expenses of \$244,614, totalling a net loss of \$186,070 on its financial statements.

6. INVESTMENT IN ASSOCIATE

The Company owns 37.5% of the issued and outstanding share capital of Trellis Holdings Oregon Op LLC (“Trellis”). Trellis has operated since 2015 and operates in the medical and recreational cannabis markets in the U.S. At December 31, 2020, the Company held 37,500 units of Trellis, representing an ownership of 37.5%. The Company provides strategic funding and advice to Trellis.

Management has determined that Trellis meets the definition of an equity associate. Accordingly, the investment is accounted for using the equity method in these carve-out consolidated financial statements.

The following table summarizes the investment in associate:

	December 31, 2020
	\$
Opening balance, December 31, 2019	-
Equity contributed from Mydecine Innovation Group Inc.	4,160,240
Proportionate share of rental income	(70,000)
Share of reported net income	426,635
Foreign exchange gain (loss)	(34,887)
Ending balance, December 31, 2020	4,481,988

MYDECINE INNOVATIONS GROUP INC. (FORMERLY NEWLEAF BRANDS INC.)
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6. INVESTMENT IN ASSOCIATE (CONTINUED)

The following table summarizes the financial information of the Company's associate and reflects the amounts presented in the financial statements of Trellis, amended in accordance with the accounting policies of the Company.

	December 31, 2020
	\$
Current assets	1,615,950
Non-current assets	221,846
Current liabilities	(2,062,541)
Non-current liabilities	(741,335)
Depreciation and amortization	(122,043)
Interest expense	(42,938)

7. EQUIPMENT

	Equipment
	\$
Cost	
Balance at December 31, 2018	23,960
Foreign exchange	4
Balance, December 31, 2019	23,964
Disposal	(6,553)
Foreign exchange	(1,810)
Balance, December 31, 2020	15,601
Accumulated amortization	
Balance at December 31, 2018	15,746
Amortization	1,960
Balance, December 31, 2019	17,706
Amortization	1,057
Disposal	(3,166)
Foreign exchange	4
Balance, December 31, 2020	15,601
Net book values	
December 31, 2019	6,258
December 31, 2020	-

8. INVESTMENT PROPERTIES

The Company owns investment properties located in Oregon, U.S. During the year ended December 31, 2020, the Company recognized rental income and expenses of \$115,702 and \$Nil, respectively. The fair value of the Company's property assets is estimated based on sales comparisons. Management used an external valuator with experience in the Cannabis industry to assist with the investment property valuation. As at December 31, 2020, the fair value of the property was estimated to be approximately US\$1,114,000 (CAD - \$1,418,345) (2019 – US\$1,014,000 (CAD - \$1,316,983). As at December 31, 2020, there are no contractual obligations. The Company's properties are rented to a related party (refer to note 14).

MYDECINE INNOVATIONS GROUP INC. (FORMERLY NEWLEAF BRANDS INC.)
NOTES TO THE CARVE-OUT CONSOLIDATED STATEMENTS
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8. INVESTMENT PROPERTIES (CONTINUED)

	Total \$
Balance at December 31, 2018	1,315,089
Change in fair value	66,346
Foreign exchange	(64,452)
Balance, December 31, 2019	1,316,983
Change in fair value	134,145
Foreign exchange	(32,783)
Balance, December 31, 2020	1,418,345

9. RIGHT-OF-USE ASSET AND LEASE LIABILITIES

The Company's primary leases consist of an office space. The Company used an incremental borrowing rate of 15%.

The following is a continuity schedule of right-of-use assets for the years ended December 31, 2020 and December 31, 2019:

	Office lease \$
Right-of-use assets	-
Balance, January 1, 2019	-
Addition	115,595
Depreciation	(44,790)
Foreign exchange	(1,500)
Balance, December 31, 2019	69,305
Depreciation	(39,324)
Foreign exchange	(231)
Lease termination	(29,750)
Balance, December 31, 2020	-

The following is a continuity schedule of lease liabilities for years ended December 31, 2020 and December 31, 2019:

	Office lease \$
Lease liabilities	-
Balance, January 1, 2019	-
Additions	115,595
Payments	(46,545)
Foreign exchange	1,462
Balance, December 31, 2019	67,588
Interest	6,620
Payments	(46,825)
Foreign exchange	(173)
Lease termination	(27,210)
Balance, December 31, 2020	-
Less: current portion	-
Non-current portion	-

On December 1, 2020, the Company terminated an office lease and paid additional rent of \$10,732 and forfeited the Company's security deposit of \$15,620. The Company recorded a loss on lease termination of \$27,097.

MYDECINE INNOVATIONS GROUP INC. (FORMERLY NEWLEAF BRANDS INC.)
NOTES TO THE CARVE-OUT CONSOLIDATED STATEMENTS
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10. ASSET ACQUISITIONS

RELYFE BRAND, LLC

On August 18, 2019, the Company entered into a definitive agreement (the “Transaction”) to acquire 100% of Relyfe Brand LLC (“Relyfe”). Relyfe is a CBD gel capsule Company. On August 18, 2019, the Company completed the Transaction, issued 8,433,191 common shares of the Company and 843,319 finder common shares of the Company.

The acquisition of Relyfe 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:

Consideration paid:	
Common shares and finder common shares, 9,276,510 shares at \$0.93	\$ 8,627,155
Total consideration paid	\$ 8,627,155
Total assets acquired:	
Inventory	\$ 175,020
Unidentifiable assets acquired	\$ 8,452,135
Consideration paid in excess of net assets acquired from acquisition	\$ (8,452,135)

TEALIEF BRAND, LLC

On August 18, 2019, the Company entered into a definitive agreement (the “Transaction”) to acquire 100% of Tealief Brand LLC (“Tealief”). Tealief is a tea bag Company. On August 18, 2019, the Company completed the Transaction, issued 8,433,191 common shares of the Company and 843,319 finder common shares of the Company.

The acquisition of Tealief 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.

Consideration paid:	
Cash	\$ 141,215
Common shares and finder common shares, 9,276,510 shares at \$0.93	\$ 8,627,155
Total consideration paid	\$ 8,768,370
Total assets acquired:	
Inventory	\$ 283,901
Unidentifiable assets acquired	\$ 8,484,469
Consideration paid in excess of net assets acquired from acquisition	\$ (8,484,469)

DRINK FRESH WATER, LLC

On September 30, 2018, the Company entered into a definitive agreement (the “Transaction”) to acquire 100% of Drink Fresh Water, LLC (“DFW”). On February 8, 2019, the Company completed the Transaction and issued 345,280 common shares of the Company. DFW is a CBD infused beverage company with their flagship product, a CBD infused, nano amplified alkaline water.

The acquisition of DFW 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 is being measured at the fair value of equity consideration issued to acquire these entities.

MYDECINE INNOVATIONS GROUP INC. (FORMERLY NEWLEAF BRANDS INC.)
NOTES TO THE CARVE-OUT CONSOLIDATED STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
EXPRESSED IN CANADIAN DOLLARS

10. ASSET ACQUISITIONS (CONTINUED)

DRINK FRESH WATER, LLC (CONTINUED)

The purchase price was determined based on IFRS 2 - Share Based Payments:

Consideration paid:	
Cash	\$ 102,315
Common shares, 345,280 shares at \$2.93	\$ 1,011,670
Total consideration paid	\$ 1,113,985
Unidentifiable assets acquired	1,113,985
Consideration paid in excess of net assets acquired from acquisition	\$ (1,113,985)

11. CONTRIBUTIONS FROM PARENT

The Company's investment in the operations of the carve-out Company is presented as net parent investment in the carve-out financial statements. Deficit/capital contributions represent the accumulated net contributions from the Parent since January 1, 2018.

12. CAPITAL DISCLOSURES

The Entity manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and development of the Company's various US assets. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Entity's management to sustain future development of the business. The businesses in which the Company currently is in the start-up stage; as such the Entity is dependent on external financing to fund activities. In order to further the development of the Entity's businesses and pay for administrative costs, the Entity will spend its existing working capital and raise additional funds as needed.

There were no changes in the Company's approach to capital management during the year ended December 31, 2020. The Company is not currently subject to externally imposed capital requirements.

13. SEGMENTED INFORMATION

The Company operates in one reportable operating segment, being US Cannabis assets in the United States.

14. FINANCIAL INSTRUMENTS AND RISK FACTORS

(a) Fair values

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

The fair value of transactions is classified according to the following hierarchy based on the amount of observable inputs used to value the instrument.

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – Inputs are other than quoted prices in Level 1 that are either directly or indirectly observable for the asset or liability.
- Level 3 – Inputs for the asset or liability that are not based on observable market data.

Assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the placement within the fair value hierarchy level.

MYDECINE INNOVATIONS GROUP INC. (FORMERLY NEWLEAF BRANDS INC.)
NOTES TO THE CARVE-OUT CONSOLIDATED STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
EXPRESSED IN CANADIAN DOLLARS

14. FINANCIAL INSTRUMENTS AND RISK FACTORS (CONTINUED)

(b) Credit risk

Credit risk is the risk of loss associated with a counter party's inability to fulfil its payment obligations. The Company's credit risk is primarily attributable to cash. The Company has no significant concentration of credit risk arising from operations. Cash is held with major financial institutions, from which management believes the risk of loss to be minimal. The Company has not experienced any significant credit losses and believes it is not exposed to any significant credit risk.

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they become due. The Company's exposure to liquidity risk is dependent on raising of funds to meet commitments and sustain operations. The Company controls liquidity risk by management of working capital and cash flows. 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.

(d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. If interest rates decrease, the Company will generate smaller interest revenue. The Company is not exposed to significant interest rate risk due to the short-term maturity of its monetary assets.

(e) Currency risk

The Company is exposed to currency risk related to the fluctuation of foreign exchange rates and the degree of volatility of those rates. Currency risk is limited to the portion of the Company's business transactions and balances denominated in currencies other than the United States dollar.

15. RELATED PARTY TRANSACTIONS

The Company incurred the following related party transactions, with associated persons or corporations as follows:

- a) Key management includes directors, executive officers and officers which constitutes the management team. The Company did not incur any related party expenses during the years ended December 31, 2020 and 2019.

The Company has recorded rental income from Trellis for \$115,702 (2019 - \$157,835) and advanced funds to Alt Distribution, totalling \$314,023.

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 Barch, 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.

MYDECINE INNOVATIONS GROUP INC. (FORMERLY NEWLEAF BRANDS INC.)
NOTES TO THE CARVE-OUT CONSOLIDATED STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
EXPRESSED IN CANADIAN DOLLARS

16. INCOME TAXES

The following schedule reconciles the expected income tax expense (recovery) at the Canadian combined federal and provincial statutory rate of 27% (2019 - 27%) to the amounts recognized in the consolidated statements of loss and comprehensive loss:

	December 31, 2020	December 31, 2019
Net loss before recovery of income taxes	\$ (255,034)	\$ (18,113,420)
Expected income tax (recovery) expense	(68,860)	(4,890,620)
Difference in foreign tax rates	39,460	1,099,890
Functional currency translation	125,010	-
Non-deductible expenses	67,010	58,940
Change in tax attributes not recognized	(131,380)	3,772,610
Income tax (recovery) expense	\$ 31,240	\$ 40,820

The following table summarize the components of the income tax expense:

	December 31, 2020	December 31, 2019
Current tax expense	31,240	40,820
Deferred tax expense	-	-
Income tax expense	31,240	40,820

The following table summarizes the components of deferred tax:

	December 31, 2020	December 31, 2019
Deferred Tax Assets		
Non-capital losses carried forward	\$ 54,314	\$ -
Right-of use liability	-	360
Property and equipment	-	14,190
	54,314	14,550
Deferred Tax Liabilities		
Right-of-use asset	-	(14,550)
Equity Investment	(54,314)	-
	(54,314)	(14,550)
Net deferred tax asset (liability)	\$ -	\$ -

MYDECINE INNOVATIONS GROUP INC. (FORMERLY NEWLEAF BRANDS INC.)
NOTES TO THE CARVE-OUT CONSOLIDATED STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
EXPRESSED IN CANADIAN DOLLARS

16. INCOME TAXES (CONTINUED)

Unrecognized deferred tax assets

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

	December 31, 2020	December 31, 2019
Inventory	458,920	-
Property and equipment	3,279,070	3,372,450
Equity investments	88,940	-
Excess consideration	17,283,200	18,050,590
Non-capital losses carried forward	13,814,130	14,010,120
Total unrecognized deductible temporary differences	34,924,260	35,433,160

The non-capital loss carry forwards will expire between 2034 and 2040. The remaining deductible temporary differences may be carried forward indefinitely.

Deferred tax assets have not been recognized in respect of these items because it is not probable the future taxable profit will be available against which the Group can utilize the benefits therefrom.

MYDECINE INNOVATION GROUP INC. CARVE-OUT
CONDENSED INTERIM CONSOLIDATED CARVE-OUT FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2021 AND 2020
(Unaudited -Expressed in Canadian dollars)

MYDECINE INNOVATIONS GROUP INC. (FORMERLY NEWLEAF BRANDS INC.)
CARVE-OUT INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)

As at,	Note	March 31, 2021	December 31, 2020
		\$	\$
Current assets			
Cash		4,010	486
Accounts receivable		54,944	27,746
Inventory		36,620	47,262
Total current assets		95,574	75,494
Non-current assets			
Investment in joint venture	5	617,309	620,092
Investment in associate	6	4,304,874	4,481,988
Investment properties	8	1,400,855	1,418,345
Total assets		6,418,612	6,595,919
Current liabilities			
Accounts payable and accrued liabilities		154,073	154,154
Income taxes		72,060	72,060
Total current liabilities		226,133	226,214
Shareholders' equity			
Net parent investment	9	6,192,079	6,369,705
Total shareholders' equity		6,192,079	6,369,705
Total liabilities and shareholders' equity		6,418,612	6,595,919

Nature and continuance of operations (Note 1)

Approved on behalf of the Board on August 9, 2021

“Damon Michaels”
 Director – Damon Michaels

“David Joshua Barch”
 Director – David Joshua Barch

The accompanying notes are an integral part of these carve-out condensed interim consolidated financial statements.

MYDECINE INNOVATIONS GROUP INC. (FORMERLY NEWLEAF BRANDS INC.)
CARVE-OUT CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)

For the three-month period ended,	Note	March 31, 2021 \$	March 31, 2020 \$
Sales		16,012	4,575
Cost of goods sold		(10,128)	(2,875)
Gross margin		5,884	1,700
Expenses			
Corporate development		(92)	(4,978)
Consulting fees		(266)	(1,654)
Depreciation		-	(11,755)
Office and miscellaneous		(756)	(5,923)
Share of losses from investment in Joint Venture	5	(2,783)	-
Share of losses from investment in Associate	6	(157,219)	-
Foreign exchange		-	(14,401)
Total expenses		(161,116)	(38,711)
Other income			
Rental income	13	33,159	47,883
		33,159	47,883
Net income (loss) for the period		(122,073)	10,872
Foreign currency translation adjustment		(19,704)	(117,442)
Net loss and comprehensive loss for the period		(141,777)	(106,570)

The accompanying notes are an integral part of these unaudited carve-out condensed interim consolidated financial statements.

**MYDECINE INNOVATIONS GROUP INC. (FORMERLY NEWLEAF BRANDS INC.)
 CARVE-OUT CONDENSED INTERIM CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
 (UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)**

	Note	Net Parent Investment
Balance, December 31, 2019		1,799,912
Contributions from Parent	9	105,603
Foreign currency translation adjustment		(117,442)
Net income(loss) for the period		10,872
Balance, March 31, 2020		(1,798,945)
<hr/>		
Balance, December 31, 2020		6,369,705
Contributions from Parent	9	(35,449)
Foreign currency translation adjustment		(19,704)
Net loss for the period		(122,073)
Balance, March 31, 2021		6,192,479

The accompanying notes are an integral part of these carve-out condensed interim consolidated financial statements.

MYDECINE INNOVATIONS GROUP INC. (FORMERLY NEWLEAF BRANDS INC.)
CARVE-OUT CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)

For the three-month period ended,	Note	March 31, 2021	March 31, 2020
Cash flows used in			
Operating activities			
Net income (loss) for the period		\$ (122,073)	\$ 10,872
Items not affecting cash:			
Amortization			11,755
Foreign exchange loss			14,401
Rental income	13	(33,159)	(47,883)
Share of losses from investment in Joint Venture	5	2,783	-
Share of income from investment in Associate	6	157,219	-
		4,770	(10,855)
Changes in non-cash working capital items:			
Accounts receivable		(9,593)	-
Inventory		10,060	-
Accounts payable and accrued liabilities		(1,674)	-
Cash used in operating activities		3,563	(10,885)
Foreign exchange on cash		(39)	(877)
Increase in cash and cash equivalents during the period		3,563	(10,855)
Cash, beginning of the year		486	12,731
Cash, end of the period		\$ 4,010	\$ 999

The accompanying notes are an integral part of these carve-out condensed interim consolidated financial statements.

MYDECINE INNOVATIONS GROUP INC. (FORMERLY NEWLEAF BRANDS INC.)
NOTES TO THE CARVE-OUT CONSOLIDATED STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2021 AND 2020
EXPRESSED IN CANADIAN DOLLARS

1. NATURE AND CONTINUANCE OF OPERATIONS

Mydecine Innovations Group Inc. Carve-Out (the “Company”) is engaged in the development of real estate properties in North America, distribution of Cannabidiol (“CBD”) and development of US cannabis assets. 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.

Going Concern

As at March 31, 2021, the Company has incurred a net loss of \$122,073 (March 31, 2020 – net income \$10,872). 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. 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. These material uncertainties may cast significant doubt as to the Company’s ability to continue as a going concern.

These carve-out condensed interim consolidated financial statements (“Carve-Out 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. 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 carve-out consolidated financial statements

In addition, the outbreak of the novel strain of coronavirus, specifically identified as “COVID-19”, has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Entity and its operating subsidiaries in future periods. Due to the worldwide COVID-19 outbreak, material uncertainties may come into existence that could influence management's going concern assumption. Management cannot accurately predict the future impact COVID-19 may have on:

- Demand for Cannabidiol;
- The severity and the length of potential measures taken by governments to manage the spread of the virus and their effect on labour availability and supply lines;
- Availability of essential supplies; and,
- Ability to obtain funding.

At the date of the approval of these carve-out financial statements, the Canadian and United States government has not introduced measures which impede the activities of the Company. Management believes the business will continue and accordingly, the current situation bears no impact on management's going concern assumption. However, it is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Entity in future periods

These carve-out financial statements do not reflect the adjustments to the carrying values and classifications of assets and liabilities, or to the reported expenses that would be necessary if the Company were unable to realise its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

MYDECINE INNOVATIONS GROUP INC. (FORMERLY NEWLEAF BRANDS INC.)
NOTES TO THE CONSOLIDATED STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2021 AND 2020
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2. ARRANGEMENT AGREEMENT

Subsequent to March 31, 2021, Mydecine Innovation Group Inc. (the “Entity”) intends to strategically reorganize its business.

In connection with the reorganization, the Company will assume the Entity’s real estate and CBD related operations to be paid by the issuance of 2,500,000 common shares of the Company (“SpinCo Shares”) to the Company. The Company will then complete a share capital reorganization by way of a statutory plan of arrangement (“Arrangement”) whereby the Company will spin-out the SpinCo shares to the Company’s shareholders.

Upon closing of the Arrangement, the Company will be owned exclusively by existing shareholders of the Entity, keeping their identical proportion to their pre-Arrangement shareholdings of the Company.

Closing of the Arrangement is subject to several conditions including, but not limited to, approval by The Entity shareholders and receipt of court and necessary regulatory approvals.

These carve-out financial statements reflect the assets, liabilities, expenses and cash flows of the operations included in the exploration business to be spun out by the Entity.

3. BASIS OF PREPARATION

Statement of Compliance

The carve-out condensed interim financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). These carve-out condensed interim financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting (“IAS 34”).

These carve-out interim unaudited condensed financial statements do not include all of the information required for full annual financial statements and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this carve-out unaudited condensed interim financial report be read in conjunction with the annual financial statements of the Company for the year ended December 31, 2020. The effects of the adoption of new and amended IFRS pronouncements have been disclosed below in these carve-out condensed interim financial statements.

The accounting policies and methods of application applied by the Company in these carve-out condensed interim financial statements are the same as those applied in the Company’s most recent annual financial statements for the year ended December 31, 2020.

These financial statements were approved for issuance by the Company’s board of directors (“Board”) on August 15, 2021.

Basis of Measurement

These consolidated carve-out financial statements have been prepared on a historical cost basis except for derivative financial instruments, which are measured at fair value through profit and loss, as explained in the accounting policies below. Historical costs are generally based upon the fair value of the consideration given in exchange for goods and services.

The basis of preparation for the carve-out statements of financial position, loss and comprehensive loss, cash flows and changes in equity of the Entity have been applied. The carve-out financial statements have been extracted from historical accounting records of the Entity with estimates used, when necessary, for certain allocations.

- The carve-out statements of financial position reflect the assets and liabilities recorded by the Company which have been assigned to the Company on the basis that they are specifically identifiable and attributable to the Company;
- Income taxes have been calculated as if the Company had been a separate legal entity and had filed separate tax returns for the period presented.

MYDECINE INNOVATIONS GROUP INC. (FORMERLY NEWLEAF BRANDS INC.)
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3. BASIS OF PREPARATION (CONTINUED)

Basis of Measurement (continued)

Management cautions readers of these carve-out financial statements that the Company's results do not necessarily reflect what the results of operations, financial position, or cash flows would have been had the Company been a separate entity. Further, the allocation of income and expense in these carve-out statements of loss and comprehensive loss does not necessarily reflect the nature and level of the Company's future income and operating expenses. The Company's investment in the Company, presented as equity in these carve-out financial statements, includes the accumulated total loss and comprehensive loss of the Company.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Functional Currency

All figures presented in the consolidated financial statements are reflected in Canadian dollars; however, the functional currency of the Company and its subsidiaries is the US dollar.

Foreign currency transactions are translated to the respective functional currencies of the Company's entities at the exchange rates in effect on the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the foreign exchange rate applicable at the statement of financial position date. Non-monetary items carried at historical cost denominated in foreign currencies are translated to the functional currency at the date of the transactions. Non-monetary items carried at fair value denominated in foreign currencies are translated to the functional currency at the date when the fair value was determined. Realized and unrealized exchange gains and losses are recognized through profit and loss.

On consolidation, the assets and liabilities of foreign operations reported in their functional currencies are translated into Canadian dollars, the Group's presentation currency, at period-end exchange rates. Income and expenses, and cash flows of foreign operations are translated into Canadian dollars using average exchange rates. Exchange differences resulting from translating foreign operations are recognized in accumulated other comprehensive income (loss).

Basis of Consolidation

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly and indirectly, to govern the financial and operating policies of an entity and be exposed to the variable returns from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The following is a list of the Company's operating subsidiaries:

Name	Jurisdiction of incorporation	Interest
Kured Latin America LLC (inactive)	US	100%
New Age Farm Washington, LLC	US	100%
Relyfe Brands, LLC	US	100%
Tealief Brands, LLC	US	100%
We are Kured, LLC	US	100%

All inter-company transactions and balances have been eliminated in the consolidated financial statement presentation.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies followed in these carve-out unaudited financial statements have been applied consistently to all periods presented in these financial statements. There are no new standards issued but not yet effective up to the date of these financial statements.

MYDECINE INNOVATIONS GROUP INC. (FORMERLY NEWLEAF BRANDS INC.)
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5. INVESTMENT IN JOINT VENTURE

The Company owns 50% of Alternative Distribution Company LLC (formerly Levee Street Holdings LLC) (“Alternative Distribution”). Alternative Distribution operates in Texas, U.S. and is a distributor of alternative products, including CBD products. The Company provides strategic funding and direction to Alternative Distribution.

Based on the terms of the arrangement, management has determined that Alternative Distribution meets the definition of a joint venture. Accordingly, the investment is accounted for using the equity method in these consolidated financial statements.

	\$
Opening balance, December 31, 2019	-
Equity contributed from Mydecine Innovation Group Inc.	395,010
Cash contributed from Mydecine Innovation Group Inc.	314,023
Share of losses from investment in Joint Venture	(93,035)
Foreign exchange gain (loss)	4,094
Ending balance, December 31, 2020	620,092
Share of losses from investment in Joint Venture	(2,783)
Ending balance, March 31, 2021	617,309

The following table summarizes the relevant financial information of the Company’s associate and reflects the amounts presented in the financial statements of Alternative Distribution Company:

	\$
Cash and cash equivalents	55,384
Current financial liabilities	(917,714)
Non-current financial liabilities	(1,035,556)
Depreciation and amortisation	(37,005)
Interest expense	(27,706)
	-

For the period ended March 31, 2021, Alternative Distribution Company reported revenues of \$332,999 and expenses of \$338,564, totalling a net loss of \$5,565 on its financial statements.

6. INVESTMENT IN ASSOCIATE

The Company owns 37.5% of the issued and outstanding share capital of Trellis Holdings Oregon Op LLC (“Trellis”). Trellis has operated since 2015 and operates in the medical and recreational cannabis markets in the U.S. At December 31, 2020, the Company held 37,500 units of Trellis, representing an ownership of 37.5%. The Company provides strategic funding and advice to Trellis.

Management has determined that Trellis meets the definition of an equity associate. Accordingly, the investment is accounted for using the equity method in these consolidated financial statements.

The following table summarizes the investment in associate:

	December 31, 2020
	\$
Opening balance, December 31, 2019	-
Equity contributed from Mydecine Innovation Group Inc.	4,160,240
Proportionate share of rental income	(70,000)
Share of reported net income	426,635
Foreign exchange loss	(34,887)
Ending balance, December 31, 2020	4,481,988
Proportionate share of rental income	(19,985)

MYDECINE INNOVATIONS GROUP INC. (FORMERLY NEWLEAF BRANDS INC.)
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Share of reported losses	(157,219)
Ending balance, March 31, 2021	4,304,874

6. INVESTMENT IN ASSOCIATE (CONTINUED)

The following table summarizes the financial information of the Company's associate and reflects the amounts presented in the financial statements of Trellis, amended in accordance with the accounting policies of the Company.

	March 31, 2021
	\$
Current assets	1,275,960
Non-current assets	169,162
Current liabilities	(1,759,543)
Non-current liabilities	(739,932)
Depreciation and amortization	(48,583)
Interest expense	(13,556)

7. PROPERTY AND EQUIPMENT

	Equipment
	\$
Cost	
Balance, December 31, 2019	23,964
Disposal	(6,553)
Foreign exchange	(1,810)
Balance, December 31, 2020 and March 31, 2021	15,601
Accumulated amortization	
Balance, December 31, 2019	17,706
Amortization	1,057
Disposal	(3,166)
Foreign exchange	4
Balance, December 31, 2020 and March 31, 2021	15,601
Net book values	
December 31, 2020	-
March 31, 2021	-

8. INVESTMENT PROPERTIES

The Company owns investment properties located in Oregon, U.S. During the year ended December 31, 2020, the Company recognized rental income and expenses of \$115,702 and \$Nil, respectively. The fair value of the Company's property assets is estimated based on an income capitalization. Management used an external valuator with experience in the Cannabis industry to assist with the investment property valuation. As at December 31, 2020 and March 31, 2021, the fair value of the property was estimated to be approximately US\$1,114,000 (CAD - \$1,418,345) (December 31, 2020 - \$US1,114,000) (CAD - \$1,418,345). As at March 31, 2021, there are no contractual obligations. The Company's properties are rented to a related party.

MYDECINE INNOVATIONS GROUP INC. (FORMERLY NEWLEAF BRANDS INC.)
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8. INVESTMENT PROPERTIES (CONTINUED)

	Total \$
Balance, December 31, 2019	1,316,983
Change in fair value	134,147
Foreign exchange	(32,785)
Balance, December 31, 2020	1,418,345
Change in fair value	-
Foreign exchange	(17,490)
Balance, March 31, 2021	1,400,855

9. CONTRIBUTIONS FROM MYDECINE INNOVATION GROUP INC.

The Company's investment in the operations of the carve-out Company is presented as net parent investment in the carve-out financial statements. Deficit/capital contributions represent the accumulated net contributions from the Parent since January 1, 2018.

10. CAPITAL DISCLOSURES

The Entity manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and development of the Company's various US assets. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Entity's management to sustain future development of the business. The businesses in which the Company currently is in the start-up stage; as such the Entity is dependent on external financing to fund activities. In order to further the development of the Entity's businesses and pay for administrative costs, the Entity will spend its existing working capital and raise additional funds as needed.

There were no changes in the Company's approach to capital management during the period ended March 31, 2021. The Company is not currently subject to externally imposed capital requirements.

11. SEGMENTED INFORMATION

The Company operates in one reportable operating segment, being US Cannabis assets in the United States.

12. FINANCIAL INSTRUMENTS AND RISK FACTORS

(a) Fair values

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

The fair value of transactions is classified according to the following hierarchy based on the amount of observable inputs used to value the instrument.

MYDECINE INNOVATIONS GROUP INC. (FORMERLY NEWLEAF BRANDS INC.)
NOTES TO THE CONSOLIDATED STATEMENTS
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12. FINANCIAL INSTRUMENTS AND RISK FACTORS (CONTINUED)

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – Inputs are other than quoted prices in Level 1 that are either directly or indirectly observable for the asset or liability.
- Level 3 – Inputs for the asset or liability that are not based on observable market data.

Assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the placement within the fair value hierarchy level.

(b) Credit risk

Credit risk is the risk of loss associated with a counter party's inability to fulfil its payment obligations. The Company's credit risk is primarily attributable to cash. The Company has no significant concentration of credit risk arising from operations. Cash is held with major financial institutions, from which management believes the risk of loss to be minimal. The Company has not experienced any significant credit losses and believes it is not exposed to any significant credit risk.

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they become due. The Company's exposure to liquidity risk is dependent on raising of funds to meet commitments and sustain operations. The Company controls liquidity risk by management of working capital and cash flows. 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.

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. If interest rates decrease, the Company will generate smaller interest revenue. The Company is not exposed to significant interest rate risk due to the short-term maturity of its monetary assets.

(d) Currency risk

The Company is exposed to currency risk related to the fluctuation of foreign exchange rates and the degree of volatility of those rates. Currency risk is limited to the portion of the Company's business transactions and balances denominated in currencies other than the United States dollar.

13. RELATED PARTY TRANSACTIONS

The Company incurred the following related party transactions, with associated persons or corporations as follows:

- a) Key management includes directors, executive officers and officers which constitutes the management team. The Company did not incur any related party expenses during the year ended December 31, 2020 and 2019.

As at March 31, 2021, the Company has a rent receivable of \$45,351 (December 31, 2020 - \$27,746) from Trellis a and during the period ended March 31, 2021, the Company recorded rental income from Trellis for \$33,159 (2019 - \$47,883).

The Company has an account receivable of \$9,593 (December 31, 2020 - \$Nil) from Alt Distribution as at March 31, 2021 and during the period ended March 31, 2021, the Company recorded sales revenue from Alt Distribution for \$14,722 (December 31, 2020 - \$Nil).

MYDECINE INNOVATIONS GROUP INC. CARVE-OUT

MANAGEMENT DISCUSSION AND ANALYSIS

YEARS ENDED DECEMBER 31, 2020 AND 2019

(Expressed in Canadian dollars)

**MYDECINE INNOVATIONS GROUP INC. CARVE-OUT
MANAGEMENT DISCUSSION & ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

The following Management Discussion and Analysis ("MD&A") of Mydecine Innovation Group Inc. Carve-out (the "Entity" or "Carve-out") has been prepared by management, in accordance with the requirements of National instrument 51-102 ("NI 51-102") as of July 15, 2021 and should be read in conjunction with the audited carveout financial statements of the Entity for the year ended December 31, 2020 and 2019 and the related notes contained therein which have been prepared under International Financial Reporting Standards ("IFRS"). The information contained herein is not a substitute for detailed investigation or analysis on any particular issue. The information provided in this document is not intended to be a comprehensive review of all matters and developments concerning the Entity.

Our 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 "Mydecine", we mean Mydecine Innovations Group Inc. Carve-Out 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 Kured'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;*
- *U.S. federal government 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; and,*
- *U.S. federal government status that may contradict local and state legislation respecting the legal status of psilocybin;*

**MYDECINE INNOVATIONS GROUP INC. CARVE-OUT
MANAGEMENT DISCUSSION & ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

FORWARD LOOKING STATEMENTS (CONTINUED)

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. Carve-Out (the “Company”) is engaged in the development of real estate properties in North America and distribution of Cannabidiol (“CBD”). 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.

SIGNIFICANT EVENTS/OVERALL PERFORMANCE

Subsequent to December 31, 2020, Mydecine intends to strategically reorganize its business.

In connection with the reorganization, the entity will acquire certain real estate and distribution of various cannabis related assets to be paid by the issuance of 10,000,000 common shares of the Entity (“SpinCo Shares”) to Mydecine. Mydecine will then complete a share capital reorganization by way of a statutory plan of arrangement (“Arrangement”) whereby the Company will spin-out the SpinCo shares to the Company’s shareholders.

Upon closing of the Arrangement, the Entity will be owned exclusively by existing shareholders of the Company, keeping their identical proportion to their pre-Arrangement shareholdings of the Company.

Closing of the Arrangement is subject to several conditions including, but not limited to, approval by The Company shareholders and receipt of court and necessary regulatory approvals.

These carve-out financial statements reflect the assets, liabilities, expenses and cash flows of the operations included in the business to be spun out by the Company.

OPERATIONS

Trellis Holdings Oregon, LLC.

On May 5, 2020, the Company acquired 37.5% of the issued and outstanding share capital of Trellis Holdings Oregon Op LLC (“Trellis”). Trellis has operated since 2015 and operates in the medical and recreational cannabis markets in the U.S. Trellis maintains an 11-acre recreational cultivation property in southern Oregon and operates a medical and recreational cannabis dispensary in Portland, Oregon. At December 31, 2020, the Company held 37,500 units of Trellis, representing an ownership of 37.5%. The Company provides strategic funding and advice to Trellis.

Alt Distribution Company, LLC (Formerly, Levee Street Holdings, LLC)

On April 27, 2020, the Company acquired 50% of Alternative Distribution Company LLC (formerly Levee Street Holdings LLC) (“Alternative Distribution”). Alternative Distribution operates in Texas, U.S. and is a distributor of alternative products, including CBD products. The Company provides strategic funding and direction to Alternative Distribution.

**MYDECINE INNOVATIONS GROUP INC. CARVE-OUT
MANAGEMENT DISCUSSION & ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

OPERATIONS (CONTINUED)

Investment Property

From time to time, the Company seeks for value- added real estate investments. These acquired properties are assets in which the Company hopes to be able to earn positive cash flows, by offering them for rent, and to gain appreciation on in their respective markets. In August 2018, the Company acquired 1175987 B.C. Ltd. (“Oregon Properties”) to further develop and grow its business. 1175987 B.C. Ltd. was later amalgamated with the Company’s wholly owned subsidiary, 1176392 B.C. Ltd. Through the acquisition of the Oregon Properties, the Company acquired 11.1 acres of land, divided into two legal plots, located at Cave Junction, Oregon.

OTHER CBD RELATED BUSINESSES

We are Kured (“Kured”)

During the year ended December 31, 2019 and year ended December 31, 2020, Kured was actively promoting the brand through attendance at trade shows, presentations and marketing outreach. The Company is now working with various distributors and marketers to gain market share. Kured believes that as it launches the next generation pen, it will cement relationships with retailers, marketers, and distributors that will lead to increased sales and Kured will begin to see positive margins in future quarters. In addition to the vape pens, Kured has been actively developing its product lines and the Company will report on these as information becomes available. On August 22, 2019, the Company announced that Kured will be offering new 500MG Gem Pod (the “Gem Pod”) in addition to the Company’s current product offering to capitalize on the recent craze of the Gem Pods in the tobacco space. The Company is looking to provide a healthier derivative of the product and will be available in a 1-unit packet and a 3-unit packet that will be distributed in the United States. On April 9, 2020, Kured announced the launch of its new CBD flower pre-rolled joints. The CBD flower used is grown naturally with no chemical herbicides, pesticides or synthetic fertilizers. These 1.0-1.2 gram joints are vegan, 3rd party lab tested and are available in 6 terpene infused flavor profiles. The flavor profiles include Pineapple Express, Blueberry Cookies, Strawberry Diesel, OG Kush, Charlotte’s Web and Mango.

SELECTED ANNUAL INFORMATION

The Company’s selected financial information for the past three fiscal years is as follows:

	December 31, 2020 (audited) \$	December 31, 2019 (audited) \$	December 31, 2018 (unaudited) \$
Total revenue	55,873	98,360	207,655
Expenses	(37,366)	(308,432)	(950,349)
Total assets	6,595,919	1,906,935	1,603,044
Total liabilities	226,214	107,023	13,162
Net loss	(286,274)	(18,154,240)	(6,457,629)

The significant increase in total assets year over year is due to the acquisition of various distribution and cannabis investments. In 2020, revenues decreased due to the overall impact of COVID-19 on the economy.

**MYDECINE INNOVATIONS GROUP INC. CARVE-OUT
MANAGEMENT DISCUSSION & ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

SELECTED QUARTERLY INFORMATION

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

	Three months ended			
	December 31, 2020	September 30, 2020	June 30, 2020	March 31, 2020
Total revenue	12,482	17,158	21,658	4,575
Net income (loss)	148,879	(478,680)	18,254	25,273

	Three months ended			
	December 31, 2019	September 30, 2019	June 30, 2019	March 31, 2019
Total revenue	22,898	17,158	28,662	29,642
Net income (loss)	(17,995,580)	25,188	(17,308)	(166,540)

During Q4 2020, the Company recognized a gain on equity pick up of \$426,635 from the Company's investment in Trellis Holdings and a loss on equity pick up of \$93,035 from the Company's investment of Alt Distribution.

The Company recorded a net loss of \$478,680 during Q3 2020 and is related to the write-off of inventory, totaling \$458,921.

During Q4 2019, the Company recognized a loss of \$17,954,760, which \$18,050,589 is related to consideration paid in excess of identifiable assets.

PROPOSED TRANSACTIONS

As of the date of this MD&A, there are no proposed transactions.

OFF BALANCE SHEET ARRANGEMENTS

At December 31, 2020, the Company had no off-balance sheet arrangements.

CONTINGENCIES

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

**MYDECINE INNOVATIONS GROUP INC. CARVE-OUT
MANAGEMENT DISCUSSION & ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

CONSOLIDATED RESULTS OF OPERATIONS

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

For the years ended,	December 31, 2020	December 31, 2019
	\$	\$
Sales	55,873	98,360
Cost of goods sold	(37,370)	(76,940)
Gross margin	18,503	21,420
Expenses		
Corporate development	(70,212)	(27,494)
Amortization	(33,119)	(46,389)
Consulting fees	(5,379)	(145,110)
Foreign exchange loss	(27,412)	-
Office and miscellaneous	(73,442)	(87,370)
Share of losses from investment in Joint Venture	(93,035)	-
Share of losses from investment in Associate	426,635	-
Regulatory and filing fee	(150,000)	-
Professional fees	(11,402)	(2,069)
Total expenses	(37,366)	(308,432)
Other income (expense)		
Change in fair value of investment property	134,145	66,346
Loss on termination of lease	(27,097)	-
Inventory write-off	(458,921)	-
Rental income	115,702	157,835
Consideration paid in excess of net assets acquired from acquisitions	-	(18,050,589)
Gain (loss) on settlement of debts	-	-
	(236,171)	(17,826,408)
Net loss for the year	(255,034)	(18,113,420)

RESULTS OF OPERATIONS - EXPENSES

The Company recorded net loss of \$255,034 compared to a net loss of \$18,113,420 for the corresponding period in 2019. Some of the significant charges to operations are as follows:

The Company incurred corporate development expenses in the amount of \$70,212 (2019 - \$27,494) as the Company completed marketing campaigns to raise awareness and branding of Company.

The Company incurred Consulting expenses of \$5,379 (2019 - \$145,110), as the Company initiated cash preservation strategies related to its US operations.

Foreign exchange loss of \$27,412 (2019 – \$Nil) is due to fluctuating foreign exchange rates between the US and Canadian dollar.

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RESULTS OF OPERATIONS - EXPENSES

During the year ended December 31, 2020, the Company acquired 50% of Alternative Distribution, LLC, which is classified as a joint venture. The Company recorded its share of losses from the joint venture totaling \$93,035 (2019 - \$Nil).

During the year ended December 31, 2020, the Company acquired 37.5% of Trellis Holdings, LLC, which was classified as an equity associate. The Company recorded its share of income of \$426,635 (2019 - \$Nil) since the date of acquisition on May 5, 2020.

Consideration in excess of identifiable assets incurred was \$Nil (2019 - \$18,050,589) during the period and is related to the acquisition of assets during the period. In general, consideration in excess is incurred to incentivize the seller to complete the sale.

LIQUIDITY

The Company is focused on the US real estate and CBD business. 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.

At December 31, 2020, the Company has a working capital deficiency of \$150,720 (December 31, 2019 –working capital of \$407,366).

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 real estate and CBD business is risky and dependent on many factors. There is certain stigmatism to cannabis, cannabis derivatives and cannabis is federally illegal in the United States. Revenue from operations consisted of \$55,873 (2019 - \$98,360) from the sale of pens and vaporizers. This revenue will contribute to the Company's liquidity and the Company intends to collect rent to alleviate some of the liquidity issues. 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 year ended December 31, 2020 was \$128,891 as compared to \$164,080 in the comparative 2019 period. The Company decreased the overall cash spend on the Company's operations due to an overall decline in business from the impact of Covid-19.

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LIQUIDITY AND CAPITAL RESOURCES – CASH FLOW

INVESTING ACTIVITIES

The Company used cash of \$45,475 (2019 - \$45,558) due to lease payments made during the years.

FINANCING ACTIVITIES

Cash provided from financing activities for the year ended December 31, 2020 was \$162,740 (2019 - \$218,834) due to cash contributions from Mydecine Innovation Group Inc.

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 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 year ended December 31, 2020. The Company is not subject to externally imposed capital requirements.

TRANSACTIONS WITH RELATED PARTIES

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:

The Company has record rental income from Trellis for \$115,702 (2019 - \$157,835) and advanced funds to Alt Distribution, totaling \$314,023.

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.

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TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

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.

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.

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 U.S. federal government, 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.

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RISKS AND UNCERTAINTIES (CONTINUED)

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.

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.

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 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 Related as a Going Concern

At December 31, 2020, the Company had not yet achieved profitable operations 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.

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RISKS AND UNCERTAINTIES (CONTINUED)

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.

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.

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RISKS AND UNCERTAINTIES (CONTINUED)

Disclosure Regarding the Company's Proposed Investments in Entities Carrying on Business in the United States Cannabis Industry

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.

The U.S. legal cannabis industry is subject to extensive controls and regulations, which may significantly affect the financial condition of market participants. The marketability of any product may be affected by numerous factors that are beyond the control of the participant and which cannot be predicted, such as changes to government regulations, including those relating to taxes and other government levies which may be imposed. Changes in government levies, including taxes, could reduce the Company's investments' earnings and could make future investments uneconomic. The industry is also subject to numerous legal challenges, which may significantly affect the financial condition of market participants and which cannot be reliably predicted.

The Company expects to derive its revenues from the U.S. legal cannabis industry, which industry is illegal under U.S. federal law. As a result of the conflicting views between state legislatures and the federal government regarding cannabis, investments in cannabis businesses in the U.S. are subject to inconsistent legislation and regulation.

The Company's financings are expected to be focused in those U.S. states that have legalized the medical and/or adult-use of cannabis. Almost half of the U.S. states have enacted legislation to legalize and regulate the sale and use of medical cannabis without limits on THC, while other states have legalized and regulate the sale and use of medical cannabis with strict limits on the levels of THC. However, the U.S. federal government has not enacted similar legislation and the cultivation, sale and use of cannabis remains illegal under U.S. federal law pursuant to the CSA. The federal government of the U.S. has specifically reserved the right to enforce federal laws in regards to the sale and disbursement of medical or adult-use use cannabis, even if state law sanctioned such sale and disbursement. It is presently unclear whether the U.S. federal government intends to enforce federal laws relating to cannabis where the conduct at issue is legal under applicable state law. This risk was further heightened by the revocation of the Cole Memorandum (defined below) in January 2018.

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RISKS AND UNCERTAINTIES (CONTINUED)

Disclosure Regarding the Company's Proposed Investments in Entities Carrying on Business in the United States Cannabis Industry (continued)

Further, there can be no assurance that state laws legalizing and regulating the sale and use of cannabis will not be repealed or overturned, or that local governmental authorities will not limit the applicability of state laws within their respective jurisdictions. It is also important to note that local and city ordinances may strictly limit and/or restrict the distribution of cannabis in a manner that will make it extremely difficult or impossible to transact business in the cannabis industry. If the U.S. 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 state laws are repealed or curtailed, then the Company's investments in such businesses would be materially and adversely affected notwithstanding that the Company may not be directly engaged in the sale or distribution of cannabis. U.S. federal actions against any individual or entity engaged in the marijuana industry or a substantial repeal of marijuana-related legislation could adversely affect the Company, its business and its investments. The Company's funding of businesses involved in the medical and adult-use cannabis industry may be illegal under the applicable federal laws of the United States and other applicable law. There can be no assurances the federal government of the United States or other jurisdictions will not seek to enforce the applicable laws against the Company. The consequences of such enforcement would be materially adverse to the Company and the Company's business and could result in the forfeiture or seizure of all or substantially all of the Company's assets.

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

Through the acquisition of WAK, the Company will have involvement in the cannabis industry in the United States. The Company is engaged in the distribution of vape pens and CBD and THC derivatives in the United States.

Illegality under U.S. Federal Law

More than half of the U.S. states have enacted legislation to regulate the sale and use of cannabis on either a medical or adult-use level. However, notwithstanding the permissive regulatory environment of cannabis at the state-level, cannabis continues to be categorized as a controlled substance under the CSA in the U.S. and, as such, activities within the cannabis industry are illegal under U.S. federal law.

As a result of the conflicting views between state legislatures and the U.S. federal government regarding cannabis, investments in cannabis-related businesses in the U.S. are subject to a higher degree of uncertainty and risk. Unless and until the U.S. federal government amends the CSA with respect to cannabis (and as to the timing or scope of any such potential amendment there can be no assurance), there can be no assurance that it will not seek to prosecute cases involving cannabis businesses that are otherwise compliant with state law. Such potential proceedings 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. Such proceedings could have a material adverse effect on the Company's business, revenues, operating results and financial condition as well as the Company's reputation, even if such proceedings were concluded successfully in favor of the Company.

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RISKS AND UNCERTAINTIES (CONTINUED)

Disclosure Regarding the Company's Proposed Investments in Entities Carrying on Business in the United States Cannabis Industry (continued)

The inconsistent regulation of cannabis at the U.S. federal and state levels was addressed in 2013 when then Deputy Attorney General, James Cole, authored a memorandum (the "Cole Memorandum") acknowledging that although cannabis is a controlled substance at the U.S. federal level, several U.S. states have enacted laws relating to cannabis for medical purposes. The Cole Memorandum noted that in jurisdictions that have enacted laws legalizing cannabis in some form and that have also implemented strong and effective regulatory and enforcement systems to control the cultivation, distribution, sale and possession of cannabis, conduct in compliance with those laws and regulations is less likely to be a priority at the U.S. federal government level. However, the Department of Justice ("DOJ") has never provided specific guidelines for what regulatory and enforcement systems it deems sufficient under the Cole Memorandum standard. However, on January 4, 2018 the Cole Memorandum was revoked by Attorney General Jeff Sessions. While this did not create a change in U.S. federal law, as the Cole Memorandum was not itself law, the revocation added to the uncertainty of U.S. federal enforcement of the CSA in states where cannabis use is regulated. Sessions also issued a one-page memorandum (the "Sessions Memorandum"). This confirmed the rescission of the Cole Memorandum and explained that the Cole Memorandum was "unnecessary" due to existing general enforcement guidance as set forth in the U.S. Attorney's Manual (the "USAM"). The USAM enforcement priorities, like those of the Cole Memorandum, are also based on the U.S. federal government's limited resources, and include "law enforcement priorities set by the Attorney General," the "seriousness" of the alleged crimes, the "deterrent effect of criminal prosecution," and "the cumulative impact of particular crimes on the community."

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RISKS AND UNCERTAINTIES (CONTINUED)

Disclosure Regarding the Company's Proposed Investments in Entities Carrying on Business in the United States Cannabis Industry (continued)

While the Sessions Memorandum does emphasize that marijuana is a Schedule I controlled substance and states the statutory view that it is a “dangerous drug and that marijuana activity is a serious crime,” it does not otherwise guide U.S. Attorneys that the prosecution of marijuana-related offenses is now a DOJ priority. Furthermore, the Sessions Memorandum explicitly describes itself as a guide to prosecutorial discretion. Such discretion is firmly in the hands of U.S. Attorneys in deciding whether or not to prosecute marijuana-related offenses. U.S. Attorneys could individually continue to exercise their discretion in a manner similar to that displayed under the Cole Memorandum’s guidance. Dozens of U.S. Attorneys across the country have affirmed their commitment to proceeding in this manner, or otherwise affirming that their view of U.S. federal enforcement priorities has not changed, although a few have displayed greater ambivalence. In California, at least one U.S. Attorney has made comments indicating a desire to enforce the CSA. Adam Braverman, Interim U.S. Attorney for the Southern District of California, has stated that the rescission of the Cole Memorandum “returns trust and local control to federal prosecutors” to enforce the CSA. Additionally, Greg Scott, the Interim U.S. Attorney for the Eastern District of California, has a history of prosecuting medical cannabis activity; and his office published a statement that cannabis remains illegal under U.S. federal law, and that his office would “evaluate violations of those laws in accordance with our district’s federal law enforcement priorities and resources.” The Rohrabacher Blumenauer Appropriations Amendment (originally the Rohrabacher Farr Amendment) has been included in U.S. federal government’s annual spending bills since 2014. This amendment restricts the Department of Justice from using U.S. federal government funds to prevent states with medical cannabis regulations from implementing laws that authorize the use, distribution, possession or cultivation of medical cannabis. In 2017, Senator Patrick Leahy (D-Vermont) introduced a parity amendment to H.R.1625—a vehicle for the Consolidated Appropriations Act of 2018, preventing U.S. federal prosecutors from using federal funds to impede the implementation of medical cannabis laws enacted at the state level, subject to Congress restoring such funding (“Leahy Amendment”). The Leahy Amendment was set to expire with the 2018 fiscal year on September 30, 2018; however, Congress approved a nine-week continuing resolution from the 2018 fiscal year (the “Continuing Resolution”). The Continuing Resolution has the result of providing ongoing and consistent protection for the medical cannabis industry until December 7, 2018. Congress has been negotiating the 2019 fiscal year appropriations since February 2018.

Although we expect that language protecting the medical cannabis industry will be included in the final 2019 fiscal year appropriations bill, there can be no assurance that the final 2019 fiscal year appropriations bill will include appropriations protecting the medical cannabis industry. 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 U.S. federal law, American 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 state law, could be prosecuted for violations of U.S. federal law. If Congress restores funding, for example by declining to include the Rohrabacher-Farr Amendment in 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 CSA 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 adult-use cannabis laws.

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RISKS AND UNCERTAINTIES (CONTINUED)

Disclosure Regarding the Company's Proposed Investments in Entities Carrying on Business in the United States Cannabis Industry (continued)

As previously stated, 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 the Company, including its reputation and ability to conduct business, the listing of its securities on any stock exchange, its financial position, operating results, profitability or liquidity or the market price of its publicly traded shares. In addition, it is difficult for the Company 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. The approach to the enforcement of laws related to cannabis may be subject to change or may not proceed as previously outlined.

The Company's activities in the U.S. cannabis industry will be made: (i) only in those states that have enacted laws legalizing cannabis in an appropriate manner; and (ii) only in those entities that have fully complied with such state (and local) laws and regulations and have the licenses, permits or authorizations to properly carry on each element of their business.

The Company will continue to monitor, evaluate and re-assess the regulatory framework in each state in which it may hold an investment, and the U.S. federal laws applicable thereto, on an ongoing basis; and will update its continuous disclosure regarding government policy changes or new or amended guidance, laws or regulations regarding cannabis in the U.S.

Anti-Money Laundering Laws and Regulations

The Company is subject to a variety of laws and regulations in Canada and the U.S. that involve money laundering, financial record-keeping and proceeds of crime, including the U.S. *Currency and Foreign Transactions Reporting Act* of 1970 (commonly known as 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), the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada), as amended and the rules and regulations thereunder, and any related or similar rules, regulations or guidelines, issued, administered or enforced by governmental authorities in the U.S. and Canada. Further, under U.S. federal law, banks or other financial institutions that provide a cannabis business with a chequing account, debit or credit card, small business loan, or any other service could be found guilty of money laundering, aiding and abetting, or conspiracy.

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RISKS AND UNCERTAINTIES (CONTINUED)

Disclosure Regarding the Company's Proposed Investments in Entities Carrying on Business in the United States Cannabis Industry (continued)

Despite these laws, the FinCEN issued the FinCEN Memorandum on February 14, 2014 outlining the pathways for financial institutions to bank marijuana businesses in compliance with U.S. federal enforcement priorities. The FinCEN Memorandum states that in some circumstances, it is permissible for banks to provide services to cannabis-related businesses without risking prosecution for violation of U.S. federal money laundering laws. It refers to supplementary guidance in a DOJ memorandum issued to U.S. federal prosecutors relating to the prosecution of money laundering offenses predicated on cannabis-related violations of the CSA (the "**2014 Cole Memo**"). The 2014 Cole Memo was rescinded as of January 4, 2018, along with the Cole Memorandum, removing guidance that enforcement of applicable financial crimes was not a DOJ priority.

Attorney General Sessions' revocation of the Cole Memorandum and the 2014 Cole Memo has not affected the status of the FinCEN Memorandum, nor has the Department of the Treasury given any indication that it intends to rescind the FinCEN Memorandum itself. Though it was originally intended for the 2014 Cole Memo and the FinCEN Memorandum to work in tandem, the FinCEN Memorandum appears to remain in effect as a standalone document which explicitly lists the eight enforcement priorities originally cited in the rescinded Cole Memorandum. Although the FinCEN Memorandum remains intact, indicating that the Department of the Treasury and FinCEN intend to continue abiding by its guidance, it is unclear whether the current administration will continue to follow the guidelines of the FinCEN Memorandum.

Overall, since the production and possession of cannabis is illegal under U.S. federal law, there is a strong argument that banks cannot accept for deposit funds from businesses involved with the cannabis industry. Consequently, businesses involved in the cannabis industry often have difficulty finding a bank willing to accept their business. As the Company will have a material ancillary involvement in the U.S. legal cannabis industry, the Company may find that it is unable to open bank accounts with certain Canadian financial institutions, which in turn may make it difficult to operate the Company's business.

The Company's activities, and any proceeds thereof, may be considered proceeds of crime due to the fact that cannabis remains illegal federally in the U.S. This may restrict the ability of the Company to declare or pay dividends, effect other distributions or subsequently repatriate such funds back to Canada.

Furthermore, while the Company has no current intention to declare or pay dividends on its shares in the foreseeable future, the Company may decide or be required to suspend declaring or paying dividends without advance notice and for an indefinite period of time.

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RISKS AND UNCERTAINTIES (CONTINUED)

Disclosure Regarding the Company's Proposed Investments in Entities Carrying on Business in the United States Cannabis Industry (continued)

Canadian Securities Regulatory Matters

The Company's involvement in the U.S. cannabis industry may become the subject of heightened scrutiny by regulators, stock exchanges, clearing agencies and other authorities in Canada. It has been reported in Canada that the Canadian Depository for Securities Limited is considering a policy shift that would see its subsidiary, CDS Clearing and Depository Services Inc. ("CDS"), refuse to settle trades for cannabis issuers that have investments in the U.S. CDS is Canada's central securities depository, clearing and settling trades in the Canadian equity, fixed income and money markets. The TMX Group, the owner and operator of CDS, subsequently issued a statement on August 17, 2017 reaffirming that there is no CDS ban on the clearing of securities of issuers with cannabis-related activities in the U.S., despite media reports to the contrary, and that the TMX Group was working with regulators to arrive at a solution that will clarify this matter, which would be communicated at a later time. If such a ban were to be implemented, it would have a material adverse effect on the ability of holders of Common Shares to make and settle trades. In particular, the Common Shares would become highly illiquid and, until an alternative was implemented, investors would have no ability to effect a trade of the Common Shares through the facilities of a stock exchange, should the Common Shares have become listed on a stock exchange.

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 ("MOU") with Aequitas NEO Exchange Inc., the CSE, the Toronto Stock Exchange, and the TSX Venture Exchange. The 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 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 at a time when the Common Shares are listed on a stock exchange, it would have a material adverse effect on the ability of holders of Common Shares to make and settle trades. In particular, the Common Shares would become highly illiquid as until an alternative was implemented, investors would have no ability to affect a trade of the Common Shares through the facilities of the applicable stock exchange.

Heightened Scrutiny

For the reasons set forth above, the Company's future investments in the U.S. may become the subject of heightened scrutiny by regulators, stock exchanges and other authorities in Canada. As a result, the Company 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 the Company's ability to invest in the U.S. or any other jurisdiction, in addition to those described herein.

**MYDECINE INNOVATIONS GROUP INC. CARVE-OUT
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RISKS AND UNCERTAINTIES (CONTINUED)

Disclosure Regarding the Company's Proposed Investments in Entities Carrying on Business in the United States Cannabis Industry (continued)

Change in Laws, Regulations and Guidelines

The Company's proposed business operations will indirectly be affected by a variety of laws, regulations and guidelines relating to the manufacture, management, transportation, storage and disposal of cannabis, but also including laws and regulations relating to consumable products health and safety, the conduct of operations and the protection of the environment. These laws and regulations are broad in scope and subject to evolving interpretations, which could require participants to incur substantial costs associated with compliance or alter certain aspects of its business plans. In addition, violations of these laws, or allegations of such violations, could disrupt certain aspects of the Company's business plans and result in a material adverse effect on certain aspects of its planned operations.

Unfavorable Publicity or Consumer Perception

The legal cannabis industry in the United States is at an early stage of its development. Cannabis has been, and will continue to be, a controlled substance for the foreseeable future. Consumer perceptions regarding legality, morality, consumption, safety, efficacy and quality of cannabis are mixed and evolving. 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 the Company. Further, adverse publicity reports or other media attention regarding cannabis in general or associating the consumption of cannabis with illness or other negative effects or events, could have such a material adverse effect. Public opinion and support for medical and adult-use cannabis use 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 marijuana as opposed to legalization in general). The Company's ability to gain and increase market acceptance of its proposed investment business may require substantial expenditures on investor relations, strategic relationships and marketing initiatives. There can be no assurance that such initiatives will be successful and their failure may have an adverse effect on the Company.

Risks Related to Intellectual Property

Our success will depend in part upon our ability to protect our intellectual property and proprietary technologies and upon the nature and scope of the intellectual property protection we receive. The ability to compete effectively and to achieve partnerships will depend on our ability to develop and maintain proprietary aspects of our technology and to operate without infringing on the proprietary rights of others. The presence of such proprietary rights of others could severely limit our ability to develop and commercialize our products, to conduct our existing research and could require financial resources to defend litigation, which may be in excess of our ability to raise such funds.

**MYDECINE INNOVATIONS GROUP INC. CARVE-OUT
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RISKS AND UNCERTAINTIES (CONTINUED)

Risks Related to Intellectual Property (continued)

There is no assurance that our pending patent applications or those that we intend to acquire will be approved in a form that will be sufficient to protect our proprietary technology and gain or keep any competitive advantage that we may have or, once approved, will be upheld in any post-grant proceedings brought by any third parties.

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

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

Pandemic Impact Disclosure

Since March 2020, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the Company's financial results.

FINANCIAL AND DISCLOSURE CONTROLS AND PROCEDURES

During the year ended December 31, 2020, 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.

**MYDECINE INNOVATIONS GROUP INC. CARVE-OUT
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FINANCIAL AND DISCLOSURE CONTROLS AND PROCEDURES (CONTINUED)

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.

MYDECINE INNOVATIONS GROUP INC. CARVE-OUT
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PERIOD ENDED MARCH 31, 2021 AND 2020
(Expressed in Canadian dollars)

MYDECINE INNOVATIONS GROUP INC. CARVE-OUT
MANAGEMENT DISCUSSION & ANALYSIS
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The following Management Discussion and Analysis ("MD&A") of Mydecine Innovation Group Inc. Carve-out (the "Entity" or "Carve-out") has been prepared by management, in accordance with the requirements of National instrument 51-102 ("NI 51-102") as of July 15, 2021 and should be read in conjunction with the period ended March 31, 2021 and audited carveout financial statements of the Entity for the year ended December 31, 2020 and 2019 and the related notes contained therein which have been prepared under International Financial Reporting Standards ("IFRS"). The information contained herein is not a substitute for detailed investigation or analysis on any particular issue. The information provided in this document is not intended to be a comprehensive review of all matters and developments concerning the Entity.

Our 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 "Mydecine", we mean Mydecine Innovations Group Inc. Carve-Out 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 Kured'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;
- U.S. federal government 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; and,
- U.S. federal government status that may contradict local and state legislation respecting the legal status of psilocybin;

MYDECINE INNOVATIONS GROUP INC. CARVE-OUT
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FORWARD LOOKING STATEMENTS (CONTINUED)

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. Carve-Out (the "Company") is engaged in the development of real estate properties in North America and distribution of Cannabidiol ("CBD"). 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.

SIGNIFICANT EVENTS/OVERALL PERFORMANCE

Subsequent to March 31, 2021, Mydecine intends to strategically reorganize its business.

In connection with the reorganization, the entity will acquire certain real estate and distribution of various cannabis related assets to be paid by the issuance of 10,000,000 common shares of the Entity ("SpinCo Shares") to Mydecine. Mydecine will then complete a share capital reorganization by way of a statutory plan of arrangement ("Arrangement") whereby the Company will spin-out the SpinCo shares to the Company's shareholders.

Upon closing of the Arrangement, the Entity will be owned exclusively by existing shareholders of the Company, keeping their identical proportion to their pre-Arrangement shareholdings of the Company.

Closing of the Arrangement is subject to several conditions including, but not limited to, approval by The Company shareholders and receipt of court and necessary regulatory approvals.

These carve-out financial statements reflect the assets, liabilities, expenses and cash flows of the operations included in the business to be spun out by the Company.

OPERATIONS

Trellis Holdings Oregon, LLC.

On May 5, 2020, the Company acquired 37.5% of the issued and outstanding share capital of Trellis Holdings Oregon Op LLC ("Trellis"). Trellis has operated since 2015 and operates in the medical and recreational cannabis markets in the U.S. Trellis maintains an 11-acre recreational cultivation property in southern Oregon and operates a medical and recreational cannabis dispensary in Portland, Oregon. At December 31, 2020, the Company held 37,500 units of Trellis, representing an ownership of 37.5%. The Company provides strategic funding and advice to Trellis.

Alt Distribution Company, LLC (Formerly, Levee Street Holdings, LLC)

On April 27, 2020, the Company acquired 50% of Alternative Distribution Company LLC (formerly Levee Street Holdings LLC) ("Alternative Distribution"). Alternative Distribution operates in Texas, U.S. and is a distributor of alternative products, including CBD products. The Company provides strategic funding and direction to Alternative Distribution.

MYDECINE INNOVATIONS GROUP INC. CARVE-OUT
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OPERATIONS (CONTINUED)

Investment Property

From time to time, the Company seeks for value-added real estate investments. These acquired properties are assets in which the Company hopes to be able to earn positive cash flows, by offering them for rent, and to gain appreciation on in their respective markets. In August 2018, the Company acquired 1175987 B.C. Ltd. (“Oregon Properties”) to further develop and grow its business. 1175987 B.C. Ltd. was later amalgamated with the Company’s wholly owned subsidiary, 1176392 B.C. Ltd. Through the acquisition of the Oregon Properties, the Company acquired 11.1 acres of land, divided into two legal plots, located at Cave Junction, Oregon.

OTHER CBD RELATED BUSINESSES

We are Kured (“Kured”)

During the year ended December 31, 2019 and year ended December 31, 2020, Kured was actively promoting the brand through attendance at trade shows, presentations and marketing outreach. The Company is now working with various distributors and marketers to gain market share. Kured believes that as it launches the next generation pen, it will cement relationships with retailers, marketers, and distributors that will lead to increased sales and Kured will begin to see positive margins in future quarters. In addition to the vape pens, Kured has been actively developing its product lines and the Company will report on these as information becomes available. On August 22, 2019, the Company announced that Kured will be offering new 500MG Gem Pod (the “Gem Pod”) in addition to the Company’s current product offering to capitalize on the recent craze of the Gem Pods in the tobacco space. The Company is looking to provide a healthier derivative of the product and will be available in a 1-unit packet and a 3-unit packet that will be distributed in the United States. On April 9, 2020, Kured announced the launch of its new CBD flower pre-rolled joints. The CBD flower used is grown naturally with no chemical herbicides, pesticides or synthetic fertilizers. These 1.0-1.2 gram joints are vegan, 3rd party lab tested and are available in 6 terpene infused flavor profiles. The flavor profiles include Pineapple Express, Blueberry Cookies, Strawberry Diesel, OG Kush, Charlotte’s Web and Mango.

SELECTED QUARTERLY INFORMATION

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

	Three months ended			
	March 31, 2021	December 31, 2020	September 30, 2020	June 30, 2020
Total revenue	16,012	12,482	17,158	21,658
Net income (loss)	(122,073)	148,879	(478,680)	18,254

	Three months ended			
	March 31, 2020	December 31, 2019	September 30, 2019	June 30, 2019
Total revenue	4,575	22,898	17,158	28,662
Net income (loss)	25,273	(17,995,580)	25,188	(17,308)

During Q4 2020, the Company recognized a gain on equity pick up of \$426,635 from the Company’s investment in Trellis Holdings and a loss on equity pick up of \$93,035 from the Company’s investment of Alt Distribution.

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SELECTED QUARTERLY INFORMATION

The Company recorded a net loss of \$478,680 during Q3 2020 and is related to the write-off of inventory, totaling \$458,921.

During Q4 2019, the Company recognized a loss of \$17,954,760, which \$18,050,589 is related to consideration paid in excess of identifiable assets.

During Q1 2021, the Company recognized an overall loss of \$122,073 relative to net income of \$10,872 in the comparative period. The Company experienced overall losses in the Company's equity investee which resulted in a greater loss during Q1, 2021.

PROPOSED TRANSACTIONS

As of the date of this MD&A, there are no proposed transactions.

OFF BALANCE SHEET ARRANGEMENTS

At March 31, 2021, the Company had no off-balance sheet arrangements.

CONTINGENCIES

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

RESULTS OF OPERATIONS

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

	March 31, 2021	March 31, 2020
	\$	\$
For the three-month period ended,		
Sales	16,012	4,575
Cost of goods sold	(10,128)	(2,875)
Gross margin	5,884	1,700
Expenses		
Corporate development	(92)	(4,978)
Consulting fees	(266)	(1,654)
Depreciation	-	(11,755)
Office and miscellaneous	(756)	(5,923)
Share of losses from investment in Joint Venture	(2,783)	-
Share of losses from investment in Associate	(157,219)	-
Foreign exchange	-	(14,401)
Total expenses	(161,116)	(38,711)
Other income		
Rental income	33,159	47,883
Net income (loss) for the period	(122,073)	10,872

MYDECINE INNOVATIONS GROUP INC. CARVE-OUT
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RESULTS OF OPERATIONS - EXPENSES

The Company recorded net loss of \$122,073 compared to a net income of \$10,872 for the corresponding period in 2020. Some of the significant charges to operations are as follows:

During the year ended December 31, 2020, the Company acquired 50% of Alternative Distribution, LLC, which is classified as a joint venture. The Company recorded its share of losses from the joint venture totaling \$2,783 (2020 - \$Nil).

During the year ended December 31, 2020, the Company acquired 37.5% of Trellis Holdings, LLC, which was classified as an equity associate. The Company recorded its share of losses of \$157,219 (2020 - \$Nil) since the date of acquisition on May 5, 2020.

LIQUIDITY

The Company is focused on the US real estate and CBD business. 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.

At March 31, 2021, the Company has a working capital deficiency of \$133,559 (December 31, 2020 – of \$150,720).

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 real estate and CBD business is risky and dependent on many factors. There is certain stigmatism to cannabis, cannabis derivatives and cannabis is federally illegal in the United States. Revenue from operations consisted of \$16,012 (2020 - \$4,575) from the sale of pens and vaporizers. This revenue will contribute to the Company's liquidity and the Company intends to collect rent to alleviate some of the liquidity issues. 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 provided by (used in) operating activities for the period ended March 31, 2021 was \$3,563 as compared to (\$10,885) in the comparative 2019 period.

MYDECINE INNOVATIONS GROUP INC. CARVE-OUT
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LIQUIDITY AND CAPITAL RESOURCES – CASH FLOW

INVESTING AND FINANCING ACTIVITIES

There were no investing or financing activities during the three-month period ended March 31, 2021.

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 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 year ended December 31, 2020. The Company is not subject to externally imposed capital requirements.

TRANSACTIONS WITH RELATED PARTIES

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:

As at March 31, 2021, the Company has a rent receivable of \$45,351 (December 31, 2020 - \$27,746) from Trellis a and during the period ended March 31, 2021, the Company recorded rental income from Trellis for \$33,159 (2019 - \$47,883).

The Company has an account receivable of \$9,593 (December 31, 2020 - \$Nil) from Alt Distribution as at March 31, 2021 and during the period ended March 31, 2021, the Company recorded sales revenue from Alt Distribution for \$14,722 (December 31, 2020 - \$Nil).

MYDECINE INNOVATIONS GROUP INC. CARVE-OUT
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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.

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 U.S. federal government, 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.

MYDECINE INNOVATIONS GROUP INC. CARVE-OUT
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RISKS AND UNCERTAINTIES (CONTINUED)

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.

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.

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 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 Related as a Going Concern

At December 31, 2020, the Company had not yet achieved profitable operations 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.

MYDECINE INNOVATIONS GROUP INC. CARVE-OUT
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RISKS AND UNCERTAINTIES (CONTINUED)

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.

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.

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RISKS AND UNCERTAINTIES (CONTINUED)

Disclosure Regarding the Company's Proposed Investments in Entities Carrying on Business in the United States Cannabis Industry

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.

The U.S. legal cannabis industry is subject to extensive controls and regulations, which may significantly affect the financial condition of market participants. The marketability of any product may be affected by numerous factors that are beyond the control of the participant and which cannot be predicted, such as changes to government regulations, including those relating to taxes and other government levies which may be imposed. Changes in government levies, including taxes, could reduce the Company's investments' earnings and could make future investments uneconomic. The industry is also subject to numerous legal challenges, which may significantly affect the financial condition of market participants and which cannot be reliably predicted.

The Company expects to derive its revenues from the U.S. legal cannabis industry, which industry is illegal under U.S. federal law. As a result of the conflicting views between state legislatures and the federal government regarding cannabis, investments in cannabis businesses in the U.S. are subject to inconsistent legislation and regulation.

The Company's financings are expected to be focused in those U.S. states that have legalized the medical and/or adult-use of cannabis. Almost half of the U.S. states have enacted legislation to legalize and regulate the sale and use of medical cannabis without limits on THC, while other states have legalized and regulate the sale and use of medical cannabis with strict limits on the levels of THC. However, the U.S. federal government has not enacted similar legislation and the cultivation, sale and use of cannabis remains illegal under U.S. federal law pursuant to the CSA. The federal government of the U.S. has specifically reserved the right to enforce federal laws in regards to the sale and disbursement of medical or adult-use use cannabis, even if state law sanctioned such sale and disbursement. It is presently unclear whether the U.S. federal government intends to enforce federal laws relating to cannabis where the conduct at issue is legal under applicable state law. This risk was further heightened by the revocation of the Cole Memorandum (defined below) in January 2018.

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RISKS AND UNCERTAINTIES (CONTINUED)

Disclosure Regarding the Company's Proposed Investments in Entities Carrying on Business in the United States Cannabis Industry (continued)

Further, there can be no assurance that state laws legalizing and regulating the sale and use of cannabis will not be repealed or overturned, or that local governmental authorities will not limit the applicability of state laws within their respective jurisdictions. It is also important to note that local and city ordinances may strictly limit and/or restrict the distribution of cannabis in a manner that will make it extremely difficult or impossible to transact business in the cannabis industry. If the U.S. 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 state laws are repealed or curtailed, then the Company's investments in such businesses would be materially and adversely affected notwithstanding that the Company may not be directly engaged in the sale or distribution of cannabis. U.S. federal actions against any individual or entity engaged in the marijuana industry or a substantial repeal of marijuana-related legislation could adversely affect the Company, its business and its investments. The Company's funding of businesses involved in the medical and adult-use cannabis industry may be illegal under the applicable federal laws of the United States and other applicable law. There can be no assurances the federal government of the United States or other jurisdictions will not seek to enforce the applicable laws against the Company. The consequences of such enforcement would be materially adverse to the Company and the Company's business and could result in the forfeiture or seizure of all or substantially all of the Company's assets.

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

Through the acquisition of WAK, the Company will have involvement in the cannabis industry in the United States. The Company is engaged in the distribution of vape pens and CBD and THC derivatives in the United States.

Illegality under U.S. Federal Law

More than half of the U.S. states have enacted legislation to regulate the sale and use of cannabis on either a medical or adult-use level. However, notwithstanding the permissive regulatory environment of cannabis at the state-level, cannabis continues to be categorized as a controlled substance under the CSA in the U.S. and, as such, activities within the cannabis industry are illegal under U.S. federal law.

As a result of the conflicting views between state legislatures and the U.S. federal government regarding cannabis, investments in cannabis-related businesses in the U.S. are subject to a higher degree of uncertainty and risk. Unless and until the U.S. federal government amends the CSA with respect to cannabis (and as to the timing or scope of any such potential amendment there can be no assurance), there can be no assurance that it will not seek to prosecute cases involving cannabis businesses that are otherwise compliant with state law. Such potential proceedings 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. Such proceedings could have a material adverse effect on the Company's business, revenues, operating results and financial condition as well as the Company's reputation, even if such proceedings were concluded successfully in favor of the Company.

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RISKS AND UNCERTAINTIES (CONTINUED)

Disclosure Regarding the Company's Proposed Investments in Entities Carrying on Business in the United States Cannabis Industry (continued)

The inconsistent regulation of cannabis at the U.S. federal and state levels was addressed in 2013 when then Deputy Attorney General, James Cole, authored a memorandum (the "Cole Memorandum") acknowledging that although cannabis is a controlled substance at the U.S. federal level, several U.S. states have enacted laws relating to cannabis for medical purposes. The Cole Memorandum noted that in jurisdictions that have enacted laws legalizing cannabis in some form and that have also implemented strong and effective regulatory and enforcement systems to control the cultivation, distribution, sale and possession of cannabis, conduct in compliance with those laws and regulations is less likely to be a priority at the U.S. federal government level. However, the Department of Justice ("DOJ") has never provided specific guidelines for what regulatory and enforcement systems it deems sufficient under the Cole Memorandum standard. However, on January 4, 2018 the Cole Memorandum was revoked by Attorney General Jeff Sessions. While this did not create a change in U.S. federal law, as the Cole Memorandum was not itself law, the revocation added to the uncertainty of U.S. federal enforcement of the CSA in states where cannabis use is regulated. Sessions also issued a one-page memorandum (the "Sessions Memorandum"). This confirmed the rescission of the Cole Memorandum and explained that the Cole Memorandum was "unnecessary" due to existing general enforcement guidance as set forth in the U.S. Attorney's Manual (the "USAM"). The USAM enforcement priorities, like those of the Cole Memorandum, are also based on the U.S. federal government's limited resources, and include "law enforcement priorities set by the Attorney General," the "seriousness" of the alleged crimes, the "deterrent effect of criminal prosecution," and "the cumulative impact of particular crimes on the community."

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RISKS AND UNCERTAINTIES (CONTINUED)

Disclosure Regarding the Company's Proposed Investments in Entities Carrying on Business in the United States Cannabis Industry (continued)

While the Sessions Memorandum does emphasize that marijuana is a Schedule I controlled substance and states the statutory view that it is a "dangerous drug and that marijuana activity is a serious crime," it does not otherwise guide U.S. Attorneys that the prosecution of marijuana-related offenses is now a DOJ priority. Furthermore, the Sessions Memorandum explicitly describes itself as a guide to prosecutorial discretion. Such discretion is firmly in the hands of U.S. Attorneys in deciding whether or not to prosecute marijuana-related offenses. U.S. Attorneys could individually continue to exercise their discretion in a manner similar to that displayed under the Cole Memorandum's guidance. Dozens of U.S. Attorneys across the country have affirmed their commitment to proceeding in this manner, or otherwise affirming that their view of U.S. federal enforcement priorities has not changed, although a few have displayed greater ambivalence. In California, at least one U.S. Attorney has made comments indicating a desire to enforce the CSA. Adam Braverman, Interim U.S. Attorney for the Southern District of California, has stated that the rescission of the Cole Memorandum "returns trust and local control to federal prosecutors" to enforce the CSA. Additionally, Greg Scott, the Interim U.S. Attorney for the Eastern District of California, has a history of prosecuting medical cannabis activity; and his office published a statement that cannabis remains illegal under U.S. federal law, and that his office would "evaluate violations of those laws in accordance with our district's federal law enforcement priorities and resources." The Rohrabacher Blumenauer Appropriations Amendment (originally the Rohrabacher Farr Amendment) has been included in U.S. federal government's annual spending bills since 2014. This amendment restricts the Department of Justice from using U.S. federal government funds to prevent states with medical cannabis regulations from implementing laws that authorize the use, distribution, possession or cultivation of medical cannabis. In 2017, Senator Patrick Leahy (D-Vermont) introduced a parity amendment to H.R.1625—a vehicle for the Consolidated Appropriations Act of 2018, preventing U.S. federal prosecutors from using federal funds to impede the implementation of medical cannabis laws enacted at the state level, subject to Congress restoring such funding ("Leahy Amendment"). The Leahy Amendment was set to expire with the 2018 fiscal year on September 30, 2018; however, Congress approved a nine-week continuing resolution from the 2018 fiscal year (the "Continuing Resolution"). The Continuing Resolution has the result of providing ongoing and consistent protection for the medical cannabis industry until December 7, 2018. Congress has been negotiating the 2019 fiscal year appropriations since February 2018.

Although we expect that language protecting the medical cannabis industry will be included in the final 2019 fiscal year appropriations bill, there can be no assurance that the final 2019 fiscal year appropriations bill will include appropriations protecting the medical cannabis industry. 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 U.S. federal law, American 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 state law, could be prosecuted for violations of U.S. federal law. If Congress restores funding, for example by declining to include the Rohrabacher-Farr Amendment in 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 CSA 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 adult-use cannabis laws.

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RISKS AND UNCERTAINTIES (CONTINUED)

Disclosure Regarding the Company's Proposed Investments in Entities Carrying on Business in the United States Cannabis Industry (continued)

As previously stated, 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 the Company, including its reputation and ability to conduct business, the listing of its securities on any stock exchange, its financial position, operating results, profitability or liquidity or the market price of its publicly traded shares. In addition, it is difficult for the Company 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. The approach to the enforcement of laws related to cannabis may be subject to change or may not proceed as previously outlined.

The Company's activities in the U.S. cannabis industry will be made: (i) only in those states that have enacted laws legalizing cannabis in an appropriate manner; and (ii) only in those entities that have fully complied with such state (and local) laws and regulations and have the licenses, permits or authorizations to properly carry on each element of their business.

The Company will continue to monitor, evaluate and re-assess the regulatory framework in each state in which it may hold an investment, and the U.S. federal laws applicable thereto, on an ongoing basis; and will update its continuous disclosure regarding government policy changes or new or amended guidance, laws or regulations regarding cannabis in the U.S.

Anti-Money Laundering Laws and Regulations

The Company is subject to a variety of laws and regulations in Canada and the U.S. that involve money laundering, financial record-keeping and proceeds of crime, including the U.S. Currency and Foreign Transactions Reporting Act of 1970 (commonly known as 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), the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada), as amended and the rules and regulations thereunder, and any related or similar rules, regulations or guidelines, issued, administered or enforced by governmental authorities in the U.S. and Canada. Further, under U.S. federal law, banks or other financial institutions that provide a cannabis business with a chequing account, debit or credit card, small business loan, or any other service could be found guilty of money laundering, aiding and abetting, or conspiracy.

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RISKS AND UNCERTAINTIES (CONTINUED)

Disclosure Regarding the Company's Proposed Investments in Entities Carrying on Business in the United States Cannabis Industry (continued)

Despite these laws, the FinCEN issued the FinCEN Memorandum on February 14, 2014 outlining the pathways for financial institutions to bank marijuana businesses in compliance with U.S. federal enforcement priorities. The FinCEN Memorandum states that in some circumstances, it is permissible for banks to provide services to cannabis-related businesses without risking prosecution for violation of U.S. federal money laundering laws. It refers to supplementary guidance in a DOJ memorandum issued to U.S. federal prosecutors relating to the prosecution of money laundering offenses predicated on cannabis-related violations of the CSA (the "2014 Cole Memo"). The 2014 Cole Memo was rescinded as of January 4, 2018, along with the Cole Memorandum, removing guidance that enforcement of applicable financial crimes was not a DOJ priority.

Attorney General Sessions' revocation of the Cole Memorandum and the 2014 Cole Memo has not affected the status of the FinCEN Memorandum, nor has the Department of the Treasury given any indication that it intends to rescind the FinCEN Memorandum itself. Though it was originally intended for the 2014 Cole Memo and the FinCEN Memorandum to work in tandem, the FinCEN Memorandum appears to remain in effect as a standalone document which explicitly lists the eight enforcement priorities originally cited in the rescinded Cole Memorandum. Although the FinCEN Memorandum remains intact, indicating that the Department of the Treasury and FinCEN intend to continue abiding by its guidance, it is unclear whether the current administration will continue to follow the guidelines of the FinCEN Memorandum.

Overall, since the production and possession of cannabis is illegal under U.S. federal law, there is a strong argument that banks cannot accept for deposit funds from businesses involved with the cannabis industry. Consequently, businesses involved in the cannabis industry often have difficulty finding a bank willing to accept their business. As the Company will have a material ancillary involvement in the U.S. legal cannabis industry, the Company may find that it is unable to open bank accounts with certain Canadian financial institutions, which in turn may make it difficult to operate the Company's business.

The Company's activities, and any proceeds thereof, may be considered proceeds of crime due to the fact that cannabis remains illegal federally in the U.S. This may restrict the ability of the Company to declare or pay dividends, effect other distributions or subsequently repatriate such funds back to Canada.

Furthermore, while the Company has no current intention to declare or pay dividends on its shares in the foreseeable future, the Company may decide or be required to suspend declaring or paying dividends without advance notice and for an indefinite period of time.

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RISKS AND UNCERTAINTIES (CONTINUED)

Disclosure Regarding the Company's Proposed Investments in Entities Carrying on Business in the United States Cannabis Industry (continued)

Canadian Securities Regulatory Matters

The Company's involvement in the U.S. cannabis industry may become the subject of heightened scrutiny by regulators, stock exchanges, clearing agencies and other authorities in Canada. It has been reported in Canada that the Canadian Depository for Securities Limited is considering a policy shift that would see its subsidiary, CDS Clearing and Depository Services Inc. ("CDS"), refuse to settle trades for cannabis issuers that have investments in the U.S. CDS is Canada's central securities depository, clearing and settling trades in the Canadian equity, fixed income and money markets. The TMX Group, the owner and operator of CDS, subsequently issued a statement on August 17, 2017 reaffirming that there is no CDS ban on the clearing of securities of issuers with cannabis-related activities in the U.S., despite media reports to the contrary, and that the TMX Group was working with regulators to arrive at a solution that will clarify this matter, which would be communicated at a later time. If such a ban were to be implemented, it would have a material adverse effect on the ability of holders of Common Shares to make and settle trades. In particular, the Common Shares would become highly illiquid and, until an alternative was implemented, investors would have no ability to effect a trade of the Common Shares through the facilities of a stock exchange, should the Common Shares have become listed on a stock exchange.

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 ("MOU") with Aequitas NEO Exchange Inc., the CSE, the Toronto Stock Exchange, and the TSX Venture Exchange. The 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 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 at a time when the Common Shares are listed on a stock exchange, it would have a material adverse effect on the ability of holders of Common Shares to make and settle trades. In particular, the Common Shares would become highly illiquid as until an alternative was implemented, investors would have no ability to affect a trade of the Common Shares through the facilities of the applicable stock exchange.

Heightened Scrutiny

For the reasons set forth above, the Company's future investments in the U.S. may become the subject of heightened scrutiny by regulators, stock exchanges and other authorities in Canada. As a result, the Company 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 the Company's ability to invest in the U.S. or any other jurisdiction, in addition to those described herein.

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RISKS AND UNCERTAINTIES (CONTINUED)

Disclosure Regarding the Company's Proposed Investments in Entities Carrying on Business in the United States Cannabis Industry (continued)

Change in Laws, Regulations and Guidelines

The Company's proposed business operations will indirectly be affected by a variety of laws, regulations and guidelines relating to the manufacture, management, transportation, storage and disposal of cannabis, but also including laws and regulations relating to consumable products health and safety, the conduct of operations and the protection of the environment. These laws and regulations are broad in scope and subject to evolving interpretations, which could require participants to incur substantial costs associated with compliance or alter certain aspects of its business plans. In addition, violations of these laws, or allegations of such violations, could disrupt certain aspects of the Company's business plans and result in a material adverse effect on certain aspects of its planned operations.

Unfavorable Publicity or Consumer Perception

The legal cannabis industry in the United States is at an early stage of its development. Cannabis has been, and will continue to be, a controlled substance for the foreseeable future. Consumer perceptions regarding legality, morality, consumption, safety, efficacy and quality of cannabis are mixed and evolving. 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 the Company. Further, adverse publicity reports or other media attention regarding cannabis in general or associating the consumption of cannabis with illness or other negative effects or events, could have such a material adverse effect. Public opinion and support for medical and adult-use cannabis use 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 marijuana as opposed to legalization in general). The Company's ability to gain and increase market acceptance of its proposed investment business may require substantial expenditures on investor relations, strategic relationships and marketing initiatives. There can be no assurance that such initiatives will be successful and their failure may have an adverse effect on the Company.

Risks Related to Intellectual Property

Our success will depend in part upon our ability to protect our intellectual property and proprietary technologies and upon the nature and scope of the intellectual property protection we receive. The ability to compete effectively and to achieve partnerships will depend on our ability to develop and maintain proprietary aspects of our technology and to operate without infringing on the proprietary rights of others. The presence of such proprietary rights of others could severely limit our ability to develop and commercialize our products, to conduct our existing research and could require financial resources to defend litigation, which may be in excess of our ability to raise such funds.

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RISKS AND UNCERTAINTIES (CONTINUED)

Risks Related to Intellectual Property (continued)

There is no assurance that our pending patent applications or those that we intend to acquire will be approved in a form that will be sufficient to protect our proprietary technology and gain or keep any competitive advantage that we may have or, once approved, will be upheld in any post-grant proceedings brought by any third parties.

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

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

Pandemic Impact Disclosure

Since March 2020, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the Company's financial results.

FINANCIAL AND DISCLOSURE CONTROLS AND PROCEDURES

During the period ended March 31, 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.

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FINANCIAL AND DISCLOSURE CONTROLS AND PROCEDURES (CONTINUED)

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.

APPENDIX G
AUDITED FINANCIAL STATEMENTS OF SPINCO FOR PERIOD FROM INCORPORATION
(MARCH 9, 2021) TO MAY 31, 2021

(see attached)

Alt House Cannabis Inc. (formerly 1293440 B.C. Ltd.)

Audited Financial Statements

For the period from incorporation on March 9, 2021 to May 31, 2021

(Expressed in Canadian dollars)

To the Shareholder of Alt House Cannabis Inc. (formerly 1293440 B.C. Ltd.):

Opinion

We have audited the financial statements of Alt House Cannabis Inc. (formerly 1293440 B.C. Ltd.) (the "Company"), which comprise the statement of financial position as at May 31, 2021, and the statement of loss and comprehensive loss, changes in shareholders' equity and cash flows for the period from the date of incorporation on March 9, 2021 to May 31, 2021, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at May 31, 2021, and its financial performance and its cash flows for the period from the date of incorporation on March 9, 2021 to May 31, 2021, in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that the Company's continuation as a going concern is dependant on its ability to generate future cash flows and/or obtain additional financing. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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

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

In preparing the 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 Financial Statements

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

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

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.

Montréal, Québec

July 13, 2021

MNP¹ SENCRL, s.r.l.

¹ FCPA auditor, FCA, public accountancy permit no. A122514

Alt House Cannabis Inc. (formerly 1293440 B.C. Ltd.)**Statement of Financial Position***(Expressed in Canadian dollars)*

	As at May 31, 2021	
ASSETS		
CURRENT ASSETS		
Cash	\$	1
TOTAL ASSETS		1
CURRENT LIABILITIES		
Accounts Payable and Accrued Liabilities	\$	2,317
TOTAL LIABILITIES		2,317
SHAREHOLDERS' EQUITY		
Share capital (Note 4)	\$	1
Deficit		(2,317)
TOTAL SHAREHOLDERS' EQUITY		(2,316)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1

Nature and continuance of operations and going concern (Note 1)

They are signed on the Board's behalf by:

*"Dean Ditto"*_____
Director*"Josh Barch"*_____
Director*The accompanying notes are an integral part of these financial statements*

Alt House Cannabis Inc. (formerly 1293440 B.C. Ltd.)
Statement of Loss and Comprehensive Loss
For the period from incorporation on March 9, 2021 to May 31, 2021
(Expressed in Canadian dollars)

	2021
<i>Expenses</i>	\$
Professional Fees	2,317
Net loss and comprehensive loss for the period	\$ (2,317)
Basic and diluted loss per share for the period	\$ (2,317)
Weighted average number of common shares outstanding – basic and diluted	1

The accompanying notes are an integral part of these financial statements

Alt House Cannabis Inc. (formerly 1293440 B.C. Ltd.)
Statement of Changes in Shareholders' Equity
For the period from incorporation on March 9, 2021 to May 31, 2021
(Expressed in Canadian dollars)

	Number of common shares	Share capital	Deficit	Total shareholders' equity
Incorporation, March 9, 2021	-	\$ -	\$ -	\$ -
Share issued for cash on incorporation	1	1		1
Loss and comprehensive loss for the period			(2,317)	(2,317)
Balance, May 31, 2021	1	\$ 1	(2,317)	\$ (2,316)

The accompanying notes are an integral part of these financial statements

Alt House Cannabis Inc. (formerly 1293440 B.C. Ltd.)
Statement of Cash Flows
For the period from incorporation on March 9, 2021 to May 31, 2021
(Expressed in Canadian dollars)

	2021
Operating activity:	\$
Net loss	(2,317)
Operating activity before change in working capital item	(2,317)
Change in trade accounts payable	2,317
Cash flows from operating activities	-
Financing activity	
Share issued for cash	\$ 1
Net change in cash	1
Cash, beginning of period	-
Cash, end of the period	\$ 1

The accompanying notes are an integral part of these financial statements

Alt House Cannabis Inc. (formerly 1293440 B.C. Ltd.)**Notes to the Financial Statements****For the period from incorporation on March 9, 2021 to May 31, 2021***(Expressed in Canadian dollars)*

1 NATURE AND CONTINUANCE OF OPERATIONS AND GOING CONCERN

Alt House Cannabis Inc. (formerly 1293440 B.C. Ltd.) (the "Company") was incorporated in the province of British Columbia on March 9, 2021. The Company's registered and records office is 400-725 Granville Street, Vancouver, BC V7Y 1G5, Canada.

The Company was formed for the primary purpose of completing a Plan of Arrangement with the Company's parent Company, Mydecine Innovation Group Inc.

These financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. The Company's continuation as a going concern is dependent on its ability to generate future cash flows and/or obtain additional financing. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Management intends to finance operating costs over the next twelve months with, loans from directors and companies controlled by directors and/or private placements of common stock. There is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern.

Since March 2020, several measures have been implemented in Canada and the rest of the world in response to the increased impact from the novel coronavirus (COVID-19). The Company continues to operate its business at this time. While the impact of COVID-19 is expected to be temporary, the current circumstances are dynamic and the impacts of COVID-19 on business operations cannot be reasonably estimated at this time.

These financial statements were authorized for issue by the Board of Directors on July 13, 2021.

2 BASIS OF PREPARATION**(a) Statement of compliance**

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

These financial statements are presented in Canadian dollars, which is also the Company's functional currency. All values are rounded to the nearest dollar unless otherwise indicated. The significant accounting policies set out in note 3 have been applied consistently to all periods presented.

(b) Basis of presentation

The financial statements have been prepared on an accrual basis and are based on historical costs modified where applicable. The financial statements are presented in Canadian dollars unless otherwise noted. The policies set out below were consistently applied to all periods presented unless otherwise noted.

(c) Significant Judgments

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments applying to the Company's financial statements include:

- The assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty.

Alt House Cannabis Inc. (formerly 1293440 B.C. Ltd.)**Notes to the Financial Statements****For the period from incorporation on March 9, 2021 to May 31, 2021***(Expressed in Canadian dollars)*

3 SIGNIFICANT ACCOUNTING POLICIES

The preparation of the financial statements requires that the Company's management make judgments and estimates of effects of uncertain future events on the carrying amounts of the Company's assets and liabilities at the end of the reporting period. Actual future outcomes could differ from present estimates and judgments, potentially having material future effects on the Company's consolidated financial statements. Estimates are reviewed on an ongoing basis and are based on historical experience and other facts and circumstances. Revisions to estimates and the resulting effects on the carrying amounts of the Company's assets and liabilities are accounted for prospectively.

The significant accounting policies used by the Company are as follows:

Financial instruments

On incorporation, the Company adopted all the requirements of IFRS 9 Financial Instruments. IFRS 9 utilizes a revised model for recognition and measurement of financial instruments in a single, forward-looking "expected loss" impairment model.

The following is the Company's accounting policy for financial instruments under IFRS 9:

Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive loss ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

The following table shows the classifications under IFRS 9:

Financial assets/liabilities	Classification under IFRS 9
Cash	Amortized cost
Accounts Payable and Accrued Liabilities	Amortized cost

Financial Instruments**Measurement***Financial assets and liabilities at amortized cost*

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of loss and comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of loss and comprehensive loss in the period in which they arise. Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive loss.

Alt House Cannabis Inc. (formerly 1293440 B.C. Ltd.)**Notes to the Financial Statements****For the period from incorporation on March 9, 2021 to May 31, 2021***(Expressed in Canadian dollars)*

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Financial instruments (continued)***Financial assets through other comprehensive income ("FVTOCI")*

Financial assets that meet the following conditions are measured at FVTOCI:

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

The Company does not currently hold any financial instruments designated as FVTOCI.

Equity instruments designated as FVTOCI

On initial recognition, the Company may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in other comprehensive income. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination. Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other OCI. The cumulative gain or loss is not reclassified to profit or loss on disposal of the equity instrument, instead, it is transferred to retained earnings. The Company does not currently hold any equity instruments designated as FVTOCI.

Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

Derecognition*Financial assets*

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the statements of loss and comprehensive loss.

Financial liabilities

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the statements of loss and comprehensive loss.

Share Capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

Where share capital is issued, or received, as non-monetary consideration and the fair value of the asset received or given up is not readily determinable, the fair market value of the shares is used to record the transaction. The fair market value of the shares is based on the trading price of those shares on the appropriate stock exchange on the date of the agreement to issue or receive shares as determined by the board of directors.

Alt House Cannabis Inc. (formerly 1293440 B.C. Ltd.)**Notes to the Financial Statements****For the period from incorporation on March 9, 2021 to May 31, 2021***(Expressed in Canadian dollars)*

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Income taxes**

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years. Deferred tax is recorded using the liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for relating to goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable loss, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Basic and diluted loss per share

Basic loss per share is calculated by dividing the loss attributable to common equity holders of the Company by the weighted average number of common shares outstanding during the same period.

Diluted loss per share is calculated by adjusting loss attributable to common equity holders of the Company, and the weighted average number of common shares outstanding, for the effects of all dilutive potential common shares. Dilutive potential common shares shall be deemed to have been converted into common shares at the average market price at the beginning of the period or, if later, at the date of issue of the potential common shares.

Recent Accounting Pronouncements

As at the date of authorization of these financial statements, the IASB and the IFRS Interpretations Committee had issued certain pronouncements that are mandatory for the Company's accounting periods commencing on or after January 1, 2021. Many are not applicable or do not have a significant impact to the Company, have been excluded. The Company had assessed that no material impact is expected upon the adoption of the following amendments on its financial statements:

Amendments to IAS 1

In January 2020, the IASB issued amendments to IAS 1 which clarify the requirements for classifying liabilities as either current or non-current by: (i) specifying that the conditions which exist at the end of the reporting period determine if a right to defer settlement of a liability exists; (ii) clarifying that settlement of a liability refers to the transfer to the counterparty of cash, equity instruments, other assets or services; (iii) clarifying that classification is unaffected by management's expectation about events after the balance sheet date; and (iv) clarifying the classification requirements for debt an entity may settle by converting it into equity.

The amendments clarify existing requirements, rather than make changes to the requirements, and so are not expected to have a significant impact on an entity's financial statements. However, the clarifications may result in reclassification of some liabilities from current to non-current or vice-versa, which could impact an entity's loan covenants. Because of this impact, the IASB has provided a longer effective date to allow entities to prepare for these amendments. In July 2020, the IASB issued an amendment to defer the effective date of the amendments by one year from its originally planned effective date to annual periods beginning on or after January 1, 2023 due to the impact of COVID-19. Early application is permitted.

Amendments to IAS 37 – Provisions, Contingent Liabilities and Contingent Assets ("IAS 37")

In May 2020, the IASB issued amendments to update IAS 37. The amendments specify that in assessing whether a contract is onerous under IAS 37, the cost of fulfilling a contract includes both the incremental costs and an allocation of costs that relate directly to contract activities. The amendments also include examples of costs that do, and do not, relate directly to a contract. These amendments are effective for annual periods beginning on or after January 1, 2022. Earlier application is permitted.

Alt House Cannabis Inc. (formerly 1293440 B.C. Ltd.)**Notes to the Financial Statements****For the period from incorporation on March 9, 2021 to May 31, 2021***(Expressed in Canadian dollars)*

4 SHARE CAPITAL

a) Authorized

Unlimited number of common shares without par value.

b) Issued and outstanding

As at May 31, 2021, the Company issued one common shares at a price of \$1.

5 FINANCIAL INSTRUMENTS

(a) Fair values

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

The fair value of transactions is classified according to the following hierarchy based on the amount of observable inputs used to value the instrument.

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – Inputs are other than quoted prices in Level 1 that are either directly or indirectly observable for the asset or liability.
- Level 3 – Inputs for the asset or liability that are not based on observable market data.

Assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the placement within the fair value hierarchy level.

(b) Credit risk

Credit risk is the risk of loss associated with a counter party's inability to fulfil its payment obligations. The Company's credit risk is primarily attributable to cash. The Company has no significant concentration of credit risk arising from operations. The Company has not experienced any significant credit losses and believes it is not exposed to any significant credit risk.

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they become due. The Company's exposure to liquidity risk is dependent on raising of funds to meet commitments and sustain operations. The Company controls liquidity risk by management of working capital and cash flows. 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.

(d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. If interest rates decrease, the Company will generate smaller interest revenue. The Company is not exposed to significant interest rate risk due to the short-term maturity of its monetary assets.

Alt House Cannabis Inc. (formerly 1293440 B.C. Ltd.)**Notes to the Financial Statements****For the period from incorporation on March 9, 2021 to May 31, 2021***(Expressed in Canadian dollars)***6 MANAGEMENT OF CAPITAL**

The Company defines its capital as working capital and shareholders' equity. The Company manages its capital structure and makes adjustments to it based on the funds available to the Company in order to support future business opportunities. 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 is dependent upon external financing. In order to carry future 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. The Company is not subject to externally imposed capital requirements. The Company did not institute any changes to its capital management strategy during the year.

7 RELATED PARTY TRANSACTIONS

During the period from incorporation on March 9, 2021 to May 31, 2021, the Company did not have any transactions with related parties.

8 INCOME TAXES

Income tax recovery differs from the amount that would be computed by applying Canadian statutory income tax rate of 26.5% to income before taxes. The reasons for the difference are as follows:

	2021
	\$
Loss before taxes	(2,317)
Statutory tax rate	26.5%
Expected income tax (recovery)	(614)
Tax benefits not recognized	614
Income tax expense	-

The Company has not recognized a deferred tax asset in respect of its non-capital losses of \$2,317, which expire in 2041.

**APPENDIX H
PRO FORMA FINANCIAL STATEMENTS FOR SPINCO**

(see attached)

Alt House Cannabis Inc. (Formerly 1293440 B.C. LTD.)

UNAUDITED PRO-FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Prepared by Management)
(Expressed in Canadian Dollars)

ALT HOUSE CANNABIS INC. (FORMERLY, 1293440 B.C. LTD.)
PRO-FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at March 31, 2021

(Unaudited – Expressed in Canadian Dollars)

As at	Alt House Cannabis Inc. Monday, May 31, 2021	Carve-Out March 31, 2021	Notes	Pro-forma Adjustments	Pro-forma Consolidated
	\$	\$		\$	\$
ASSETS					
CURRENT ASSETS					
Cash	1	4,010		-	4,011
Inventory	-	38,820		-	38,820
Accounts receivable	-	54,944		-	54,944
	1	95,574		-	95,574
Investment in joint venture	-	617,309		-	617,309
Investment in associate	-	4,304,874		-	4,304,874
Investment properties	-	1,400,855		-	1,400,855
TOTAL ASSETS	1	6,418,612		-	6,418,613
LIABILITIES AND EQUITY					
CURRENT LIABILITIES					
Accounts payable and accrued liabilities	2,317	154,073		-	156,390
Income taxes	-	72,060		-	72,060
TOTAL LIABILITIES	2,317	226,133		-	228,450
EQUITY					
Share capital	1	-	3	6,192,479	6,192,480
Net parent investment	-	6,192,479	3	(6,192,479)	-
Deficit	(2,317)	-		-	(2,317)
TOTAL EQUITY	(2,316)	6,192,479		-	6,190,163
TOTAL LIABILITIES AND EQUITY	1	6,418,612		-	6,418,613

**MYDECINE INNOVATIONS GROUP INC. – CARVE OUT
PRO-FORMA CONSOLIDATED STATEMENT OF LOSS**

For the three-month period ended March 31, 2021
(Unaudited – Expressed in Canadian Dollars)

	Alt House Canabis Inc. For the period from incorporation on March 9, 2021 to May 31, 2021	Carve-Out March 31, 2021	Notes	Pro-forma Adjustments	Pro-forma Consolidated
	\$	\$		\$	\$
Sales	-	16,012		-	16,012
Cost of goods sold	-	(10,128)		-	(10,128)
Gross margin	-	5,884		-	5,884
Expenses					
Corporate development	-	(92)		-	(92)
Consulting fees	-	(266)		-	(266)
Office and miscellaneous	-	(756)		-	(756)
Share of losses from investment in Joint Venture	-	(2,783)		-	(2,783)
Share of losses from investment in Associate	-	(157,219)		-	(157,219)
Total expenses	-	(161,116)		-	(161,116)
Other income					
Rental income	-	33,159		-	33,159
	-	33,159		-	33,159
Net loss for the period	-	(122,073)		-	(122,073)

ALT HOUSE CANNABIS INC. (FORMERLY, 1293440 B.C. LTD.)
NOTES TO THE PRO-FORMA CONSOLIDATED FINANCIAL STATEMENTS

For the three month period ended March 31, 2021
(Unaudited – Expressed in Canadian Dollars)

Income Statement	Alt House Cannabis Inc. For the period from incorporation on March 9, 2021 to May 31, 2021	Carve-Out December 31, 2020	Notes	Pro-forma Adjustments	Pro-forma Consolidated
For the year ended,	\$	\$	\$	\$	\$
Sales	-	55,873			55,873
Cost of goods sold	-	(37,370)			(37,370)
Gross margin	-	18,503			18,503
Expenses					
Corporate development	-	(70,212)			(70,212)
Amortization	-	(33,119)			(33,119)
Consulting fees	-	(5,379)			(5,379)
Foreign exchange loss	-	(27,412)			(27,412)
Office and miscellaneous	-	(73,442)			(73,442)
Share of losses from investment in Joint Venture	-	(93,035)			(93,035)
Share of losses from investment in Associate	-	426,635			426,635
Professional fees	(2,317)	(11,402)			(13,719)
Regulatory and filing fees	-	(150,000)			(150,000)
Total expenses	(2,317)	(37,366)			(39,683)
Other income (expense)					
Change in fair value of derivative liabilities	-				
Change in fair value of investment property	-	134,145			134,145
Loss on termination of lease	-	(27,097)			(27,097)
Inventory write-off	-	(458,921)			(458,921)
Rental income	-	115,702			115,702
	-	(236,171)			(236,171)
Net loss for the year before income taxes	(2,317)	(255,034)			(257,351)
Income taxes	-	(31,240)			(31,240)
Net loss for the year	(2,317)	(286,274)			(288,591)

ALT HOUSE CANNABIS INC. (FORMERLY, 1293440 B.C. LTD.)
NOTES TO THE PRO-FORMA CONSOLIDATED FINANCIAL STATEMENTS

As at March 31, 2021

(Unaudited – Expressed in Canadian Dollars)

1. BASIS OF PRESENTATION

The unaudited pro-forma consolidated statement of financial position (the “Pro-Forma Financial Statements”) and consolidated statement of loss of Alt House Cannabis Inc. (formerly 1293440 B.C. Ltd.) (the “Company”) have been prepared by management of the Company to reflect the transaction (the “Transaction”) described in Note 2. The pro forma statements of financial position and statement of loss give effect to the proposed reorganization of and restructuring of the assets of the Company for the transfer of certain Mydecine Innovation Group Inc. (“Mydecine”) assets to the Company. As consideration, the Company will issue 2,500,000 common shares to Mydecine.

The Company was incorporated on March 9, 2021 and it changed its name from 1293440 BC Ltd. to Alt House Cannabis Inc. on June 29, 2021. The Company’s head office is 810-789 West Pender Street, Vancouver, British Columbia, Canada, V6C 1H2.

The Pro-Forma Financial Statements have been prepared for illustrative purposes using accounting policies consistent with International Financial Reporting Standards (“IFRS”) appropriate in the circumstances and pursuant to the assumptions and adjustments as further described in Note 3. The Pro-forma Financial Statements have been reported in Canadian dollars, unless otherwise stated.

The Pro-forma Financial Statements as at March 31, 2021, has been compiled from and include:

- a) Unaudited pro forma consolidated statement of financial position as at March 31, 2021 and statement of loss for the period ended March 31, 2021, combining:
 - I. Audited financial statements of the Company for the period from incorporation on March 9, 2021 to May 31, 2021;
 - II. Carve-out consolidated statement of financial position of Mydecine Innovation Group Inc. (“Mydecine”) as at March 31, 2021.

The Pro-forma Financial Statements as at December 31, 2020, has been compiled from and include:

- a) Unaudited pro forma consolidated statement of loss for the year ended December 31, 2020, combining:
 - I. Audited financial statements of the Company for the period from incorporation on March 9, 2021 to May 31, 2021;
 - II. Audited carve-out consolidated statement of financial position of Mydecine Innovation Group Inc. (“Mydecine”) as at December 31, 2020.

The unaudited pro-forma consolidated statement of financial position and statement of loss is not necessarily indicative of the Company’s consolidated financial position and statement of loss on closing of the Transaction had the Transaction closed on the dates assumed herein.

The unaudited pro-forma consolidated statement of financial position has been compiled from information derived from and should be read in conjunction with the following information, prepared in accordance with IFRS:

- The Company’s audited financial statements for the period from incorporation on March 9, 2021 to May 31, 2021;
- The audited carve-out financial statements as at and the year ended December 31, 2020;
- The unaudited carve-out financial statements for the three-month period ended March 31, 2021;
- The unaudited financial statements for Mydecine Innovation Group Inc. for the three-month period ended March 31, 2021; and,
- the additional information set out in Note 3 of this unaudited pro-forma consolidated statement of financial position that are directly attributable to the Transaction or factually supportable.

ALT HOUSE CANNABIS INC. (FORMERLY, 1293440 B.C. LTD.)
NOTES TO THE PRO-FORMA CONSOLIDATED FINANCIAL STATEMENTS

As at March 31, 2021

(Unaudited – Expressed in Canadian Dollars)

2. ARRANGEMENT AGREEMENT

On August 6, 2021, Mydecine entered into an amended and restated arrangement agreement (the “Arrangement Agreement”) with the Company. Under the Arrangement Agreement, Mydecine will transfer certain real estate and cannabis-related assets in the United States to the Company in exchange for 2,500,000 common shares of the Company. Mydecine will then complete a shares capital reorganization by way of statutory plan of arrangement (the “Arrangement”) whereby Mydecine will spin-out the 2,500,000 common shares of the Company to Mydecine’s shareholders on a pro rata basis.

Closing of the Arrangement is subject to several conditions including, but not limited to, approval by Mydecine’s shareholders and receipt of court and necessary regulatory approvals.

3. UNAUDITED PRO-FORMA ASSUMPTIONS AND ADJUSTMENTS

The Pro-forma Financials Statements gives effect to the completion of the Transaction incorporating the assumptions within Notes 1 and 2, as if it had occurred on the date presented, March 31, 2021. The amount contained within net parent investment of \$6,192,479 is transferred to share capital upon issuance of shares of the Company.

4. UNAUDITED PRO-FORMA CAPITAL STOCK

As a result of the Transaction and the pro-forma assumptions and adjustments, the pro-forma Capital Stock of the Company as at March 31, 2021 is comprised of the following:

	Number of common shares	Amount
Incorporation, March 9, 2021	1	1
Plan of Arrangement	2,500,000	6,192,479
Pro forma balance, at March 31, 2021	2,500,001	6,192,480

5. EFFECTIVE INCOME TAX RATE

The effective income tax rate for the resulting issuer is 27%.

APPENDIX I

PRO FORMA FINANCIAL STATEMENTS FOR MYDECINE

Mydecine Innovation Group Inc.

**UNAUDITED PRO-FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AND
LOSS**

(Prepared by Management)
(Expressed in Canadian Dollars)

**MYDECINE INNOVATIONS GROUP INC. CARVE OUT
PRO-FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at March 31, 2021

(Unaudited – Expressed in Canadian Dollars)

As at,	Mydecine Innovation Group March 31, 2021	Carve-Out March 31, 2021	Notes	Pro-forma Adjustments	Pro-forma Consolidated
	\$	\$		\$	\$
ASSETS					
CURRENT ASSETS					
Cash	11,324,999	(4,010)			11,320,989
Inventory	36,620	(36,620)			-
Taxes receivable	17,711	-			17,711
Prepays	3,982,350	-			3,982,350
Accounts receivable	54,944	(54,944)			-
	15,416,624	(95,574)			-
Investment in joint venture	617,309	(617,309)			-
Intangible assets	155,617	-			155,617
Investment in associate	4,304,874	(4,304,874)			-
Investment properties	1,400,855	(1,400,855)			-
Right-of-use asset	198,036	-			198,036
Equipment	405,961	-			405,961
TOTAL ASSETS	22,499,276	(6,418,612)			-
LIABILITIES AND EQUITY					
CURRENT LIABILITIES					
Accounts payable and accrued liabilities	920,817	(154,073)			766,744
Derivative liability	1,440,368	-			1,440,368
convertible debenture	464,770	-			464,770
Lease liability	212,767	-			212,767
Income taxes	-	(72,060)			(72,060)
TOTAL LIABILITIES	3,038,722	(226,133)			-
EQUITY					
Capital stock	105,408,931	-			105,408,931
Net parent investment	-	(6,192,479)	3	6,192,479	-
Equity component of convertible debt	35,107	-			35,107
Accumulated other comprehensive loss	(468,601)	-			(468,601)
Reserves	13,923,899	-			13,923,899
Deficit	(99,438,782)	-	3	(6,192,479)	(105,631,261)
TOTAL EQUITY	19,460,554	(6,192,479)			-
TOTAL LIABILITIES AND EQUITY	22,499,276	(6,418,612)			-

**MYDECINE INNOVATIONS GROUP INC. – CARVE OUT
PRO-FORMA CONSOLIDATED STATEMENT OF LOSS**

For the three-month period ended March 31, 2021

(Unaudited – Expressed in Canadian Dollars)

Income Statement	Mydecine Innovation Group	Carve-Out	Notes	Pro-forma	Pro-forma
For the period ended,	March 31, 2021	March 31, 2021		Adjustments	Consolidated
	\$	\$		\$	\$
Sales	16,012	(16,012)			-
Cost of goods sold	(10,128)	10,128			-
Gross margin	5,884	(5,884)		-	-
Expenses					
Finance cost	(95,737)	-			(95,737)
Corporate development	(1,998,027)	92			(1,997,935)
Amortization	(41,532)	-			(41,532)
Consulting fees	(1,023,921)	266			(1,023,655)
Director and management fees	(490,876)	-			(490,876)
Foreign exchange loss	(222,375)	-			(222,375)
Office and miscellaneous	(84,220)	756			(83,464)
Share of losses from investment in Joint Venture	(2,783)	2,783			-
Share of losses from investment in Associate	(157,219)	157,219			-
Professional fees	(653,055)	-			(653,055)
Regulatory and filing fees	(165,636)	-			(165,636)
Research and development	(230,210)	-			(230,210)
Share-based payments	-	-			-
Total expenses	(5,165,591)	161,116.00		-	(5,004,475)
Other income (expense)					
Change in fair value of derivative liabilities	(27,656)	-			(27,656)
Rental income	33,159	(33,159)			-
Gain on settlement of debts	(2,319)	-			(2,319)
	3,184	(33,159)		-	(29,975)
Net loss for the period	(5,156,523)	122,073		-	(5,034,450)

MYDECINE INNOVATIONS GROUP INC. – CARVE OUT PRO-FORMA CONSOLIDATED STATEMENT OF LOSS

For the three-month period ended March 31, 2021

(Unaudited – Expressed in Canadian Dollars)

Income Statement For the year ended,	Mydecine Innovation Group Inc. December 31, 2020 \$	Carve-Out December 31, 2020 \$	Notes	Pro-forma Adjustments \$	Pro-forma Consolidated \$
Sales	58,490.00	(55,873)			2,617
Cost of goods sold	(37,370)	37,370			-
Gross margin	21,120.00	-	18,503.00		2,617.00
Expenses					
Finance cost	(182,866)				(182,866)
Corporate development	(2,330,168)	70,212			(2,259,956)
Amortization	(90,199)	33,119			(57,080)
Consulting fees	(3,387,105)	5,379			(3,381,726)
Director and management fees	(539,347)	-			(539,347)
Foreign exchange loss	(107,870)	27,412			(80,458)
Office and miscellaneous	(381,796)	73,442			(308,354)
Share of losses from investment in Joint Venture	(93,035)	93,035			-
Share of losses from investment in Associate	426,635	(426,635)			-
Professional fees	(945,537)	11,402			(934,135)
Regulatory and filing fees	(201,818)	150,000			(51,818)
Research and development	(1,290,548)	-			(1,290,548)
Share-based payments	(2,487,509)	-			(2,487,509)
Total expenses	(11,611,163)	37,366.00			(11,573,797)
Other income (expense)					
Change in fair value of derivative liabilities	545,194	-			545,194
Change in fair value of investment property	134,147	(134,145)			2
Loss on termination of lease	(27,097)	27,097			-
Impairment of intangible asset	(284,890)	-			(284,890)
Impairment of good will	(4,747,077)	-			(4,747,077)
Inventory write-off	(458,921)	458,921			-
Transaction costs	(24,025)	-			(24,025)
Rental income	115,702	(115,702)			-
Consideration paid in excess of net assets acquired from acquisitions	(10,645,239)	-			(10,645,239)
Gain on settlement of debts	33,304	-			33,304
	(15,358,902)	236,171.00			(15,122,731)
Net loss for the year before income taxes	(26,948,945)	255,034			(26,693,911)
Income taxes	-	31,240			(26,693,911)
Net loss for the year	(26,948,945)	286,274			(28,953,865)

**MYDECINE INNOVATIONS GROUP INC. – CARVE OUT
NOTES TO THE PRO-FORMA CONSOLIDATED FINANCIAL STATEMENTS**

(Unaudited – Expressed in Canadian Dollars)

1. BASIS OF PRESENTATION

The unaudited pro-forma consolidated statement of financial position (the “Pro-forma Financial Statements”) and consolidated statement of loss of Mydecine Innovation Group Inc. (the “Company”) has been prepared by management for inclusion in the Management Information Circular of the Company dated August 23, 2021. They should be read in conjunction with the audited financial statements of the Company for the year ended December 31, 2020, the audited consolidated carve-out financial statements of the Company for the year ended December 31, 2020. The Pro-Forma Financial Statements reflect the transaction (the “Transaction”) described in Note 2.

The Pro-forma Financial Statement has been prepared for illustrative purposes using accounting policies consistent with International Financial Reporting Standards (“IFRS”) appropriate in the circumstances and pursuant to the assumptions and adjustments as further described in Note 3. The Pro-forma Financial Statement has been reported in Canadian dollars, unless otherwise stated.

The Pro-Forma Financial Statement as at March 31, 2021, have been compiled from and include:

- a) Unaudited pro forma consolidated statement of financial position as at March 31, 2021 and statement of loss for the period ended March 31, 2021, combining:
 - I. The unaudited interim statement of financial position of the Company as at March 31, 2021, and;
 - II. Consolidated carve-out statement of financial position of the Company as at March 31, 2021.

The Pro-forma Financial Statements as at December 31, 2020, have been compiled from and include:

- a) Statement of loss for the year ended December 31, 2020, combining:
 - I. Audited statement of financial position of the Company as at December 31, 2020, and;
 - II. Audited consolidated carve-out statement of financial position of the Company as at December 31, 2020.

The unaudited pro-forma consolidated statement of financial position and statement of loss is not necessarily indicative of the Company’s consolidated financial position and statement of loss on closing of the Transaction had the Transaction closed on the dates assumed herein.

The unaudited pro-forma consolidated statement of financial position has been compiled from information derived from and should be read in conjunction with the following information, prepared in accordance with IFRS:

- The Company’s audited financial statements for the period from inception on March 9, 2021 to May 31, 2021;
- The audited consolidated carve-out financial statements as at and the year ended December 31, 2020;
- The unaudited consolidated carve-out financial statements for the three-month period ended March 31, 2021;
- The unaudited financial statements for Mydecine Innovation Group Inc. for the three-month period ended March 31, 2021; and,
- the additional information set out in Note 3 of this unaudited pro-forma consolidated statement of financial position that are directly attributable to the Transaction or factually supportable.

**MYDECINE INNOVATIONS GROUP INC. – CARVE OUT
NOTES TO THE PRO-FORMA CONSOLIDATED FINANCIAL STATEMENTS**

(Unaudited – Expressed in Canadian Dollars)

2. ARRANGEMENT AGREEMENT

On August 6, 2021, the Company entered into an amended and restated arrangement agreement (the “Arrangement Agreement”) with Alt House Cannabis Inc. (“Alt House”), a subsidiary of the Company which shall hold the Company’s U.S. cannabis and real estate assets. Under the Arrangement Agreement, the Company will transfer certain real estate and cannabis-related assets in the United States to Alt House in exchange for 2,500,000 common shares of Alt House. The Company will then complete a shares capital reorganization by way of statutory plan of arrangement (the “Arrangement”) whereby the Company will spin-out the 2,500,000 common shares of Alt House to the Company’s shareholders on a pro rata basis.

Closing of the Arrangement is subject to several conditions including, but not limited to, approval by the Company’s shareholders and receipt of court and necessary regulatory approvals.

3. UNAUDITED PRO-FORMA ASSUMPTIONS AND ADJUSTMENTS

The Pro-forma Financials Statement gives effect to the completion of the Transaction incorporating the assumptions within Notes 1 and 2, as if it had occurred on the date presented, March 31, 2021. The amount contained within net parent investment of \$6,192,479 is transferred to share capital upon issuance of shares of the Company.

4. UNAUDITED PRO-FORMA CAPITAL STOCK

As a result of the Transaction and the pro-forma assumptions and adjustments, the pro-forma Capital Stock of the Company as at March 31, 2021 is comprised of the following:

	Number of common shares	Amount
Incorporation, March 9, 2021	1	1
Plan of Arrangement	2,500,000	6,192,479
Pro forma balance, at March 31, 2021	2,500,001	6,192,480

5. EFFECTIVE INCOME TAX RATE

The effective income tax rate for the resulting issuer is 27%.

APPENDIX F
FAIRNESS OPINION

August 9, 2021

Mydecine Innovations Group Inc.
Suite 810 – 789 West Pender Street
Vancouver, BC
V6C 1H2

To the Board of Directors (the “**Board**”) of Mydecine Innovations Group Inc.:

Eight Capital (“**Eight Capital**”, “**we**” or “**us**”) understands that Mydecine Innovations Group Inc. (“**Mydecine**” or the “**Company**”) has entered into an amended and restated arrangement agreement (the “**Arrangement Agreement**”) with its affiliate, Alt House Cannabis Inc. (“**Spinco**”). Pursuant to, and subject to the terms and conditions of, the Arrangement Agreement, Mydecine and Spinco propose to proceed with a corporate restructuring by way of a statutory arrangement under the *Business Corporations Act* (British Columbia) (“**BCBCA**”), pursuant to which Mydecine and Spinco will participate in a series of transactions (collectively, the “**Spinout Transaction**”) whereby, among other things, Mydecine will transfer all of its shares in the U.S. Cannabis Assets (as defined below) to Spinco in consideration for, among other things, 2,500,000 common shares of Spinco (the “**Spinout Shares**”) which will ultimately be distributed to the holders of Mydecine common shares (the “**Mydecine Shares**”) such that the holders of Mydecine Shares (the “**Shareholders**”) (other than any dissenting Shareholders) will become the sole holders of Spinout Shares.

The Spinout Transaction will result in the divestment by Mydecine of its ownership interest in: (i) Alternative Distribution Company, LLC (formerly Levee Street Holdings LLC); (ii) Drink Fresh Water, LLC; (iii) Tealief Brands, LLC; (iv) Relyfe Brands, LLC; (v) We Are Kured, LLC; (vi) Trellis Holdings Oregon OP, LLC; and (vii) 1176392 BC Ltd. (collectively, the “**U.S. Cannabis Assets**”). The U.S. Cannabis Assets were acquired by the Company between December 2017 and May 2020 when the Company, then named NewLeaf Brands Inc., was focused primarily on the U.S. CBD and recreational cannabis markets.

In April of 2020, the Company announced that it had entered into a Letter of Intent to acquire a 100% ownership interest in 1220611 B.C. Ltd. (operating as Mydecine Group) (“**Mydecine Group**”), which transaction was subsequently completed on April 30, 2020. On June 1, 2020, the Company announced that it would change its name to Mydecine Innovations Group Inc. to align the Company’s brand with its new strategic focus following the acquisition of Mydecine Group. Since its acquisition of Mydecine Group, the Company has acquired a number of other businesses in the field of psychedelic medicine, which is now the primary focus of Mydecine.

On September 15, 2020, the Company announced that it had formed a special committee to evaluate a number of options to increase shareholder value, including a potential spin-out of the U.S. Cannabis Assets.

On January 27, 2021, the Company announced that it had formally applied to list its common shares and warrants on the NASDAQ Capital Markets (“**NASDAQ**”) and noted that it intends to satisfy all of the applicable listing requirements.

On March 10, 2021, the Company entered into an arrangement agreement with Spinco (the “**March Arrangement Agreement**”) to complete the transfer of the U.S. Cannabis Assets to Spinco in exchange for approximately 10,000,000 common shares of SpinCo, which were to be distributed to Mydecine’s shareholders on a *pro rata* basis.

On August 9, 2021, the Company entered into the Arrangement Agreement, which amended and restated the terms of the March Arrangement Agreement.

You have requested Eight Capital’s opinion (the “**Opinion**”) with respect to the fairness, as of the date hereof, of

the consideration being issued to the Shareholders in connection with the Spinout Transaction (the “**Consideration**”), from a financial point of view. This Opinion is provided pursuant to a letter agreement between Eight Capital and the Company entered into on June 8, 2021 (the “**Engagement Agreement**”).

Eight Capital Engagement and Background

The Board formally engaged Eight Capital on June 8, 2021, pursuant to the Engagement Agreement. Eight Capital will receive a fee from Mydecine for the delivery of the Opinion. In addition, Eight Capital is to be reimbursed for its reasonable out-of-pocket expenses and is to be indemnified by Mydecine as described in the indemnity that forms part of the Engagement Agreement. The fees payable to Eight Capital by Mydecine in respect of the delivery of this Opinion are not contingent upon the conclusions reached by Eight Capital or the consummation of the Spinout Transaction.

Independence of Eight Capital

None of Eight Capital, its affiliates, or associates, is an insider, associate or affiliate (as such terms are defined in the *Securities Act* (Ontario)) of Mydecine, or any of its associates or affiliates, including Spinco (the “**Interested Parties**”).

Eight Capital has neither provided financial advisory services nor participated in any financings involving Mydecine or its Interested Parties over the past 24 months.

Eight Capital has not entered into any other agreements or arrangements with any Interested Party with respect to any future dealings. Eight Capital may however, in the ordinary course of its business, provide financial advisory or investment banking services to one or more of the Interested Parties from time to time. Eight Capital believes that it does not have any conflicts of interest (real or perceived) with regard to any Interested Party in providing this Opinion.

Credentials of Eight Capital

Eight Capital is one of Canada’s leading independent full-service investment dealers with operations in mergers and acquisitions, corporate finance, equity sales and trading and investment research and a member of the Investment Industry Regulatory Organization of Canada and the Canadian Investor Protection Fund. The Opinion expressed herein is the opinion of Eight Capital, the form and content of which have been approved for release by a committee of its executives, each of whom is experienced in merger, acquisition, divestiture and valuation matters.

Scope of Review

The assessment of fairness, from a financial point of view, must be determined in the context of the Spinout Transaction. In connection with rendering our Opinion, we have reviewed or carried out (as applicable), considered and relied upon, among other things, the following:

1. Arrangement Agreement dated August 9, 2021;
2. The March Arrangement Agreement;
3. Draft MNP document titled “Mydecine Innovations Group Inc. Proposed Reorganization – Go-Public Transaction Workplan” dated May 27, 2021;
4. Mydecine’s Winter 2020/2021 corporate presentation;
5. Mydecine’s interim financial statements for the period ended March 31, 2021;

6. Mydecine's management discussion and analysis for the period ended March 31, 2021;
7. Mydecine's annual financial statements for the year ended December 31, 2020;
8. Mydecine's management discussion and analysis for the year ended December 31, 2020;
9. Public filings submitted by Mydecine to securities commissions or similar regulatory authorities in Canada, which are available on SEDAR, including management information circulars, prospectuses, material change reports, and press releases;
10. Discussions with senior management of Mydecine, members of the Board of Directors, and counsel to the Board of Directors, with respect to the information referred to herein and other issues considered by Eight Capital to be relevant;
11. Certain public information relating to the business, financial and operating performance and equity trading history of Mydecine and other selected public companies, to the extent considered by Eight Capital to be relevant;
12. Public information with respect to certain spin-out transactions considered by Eight Capital to be relevant;
13. Such other economic, financial market, industry and corporate information, investigations and analyses as Eight Capital considered necessary and appropriate in the circumstances.

Eight Capital has not, to the best of our knowledge, been denied access by Mydecine to any information requested.

Assumptions and Limitations

Eight Capital not been asked to prepare and has not prepared a formal valuation or appraisal of Mydecine, Spinco, or any of their respective affiliates or of any of the assets, liabilities or securities of Mydecine or Spinco or any of their respective affiliates, and our Opinion should not be construed as such. In addition, our Opinion is not, and should not be construed as, advice as to the price at which securities of either Mydecine or Spinco may trade or be valued at any future date.

With Mydecine's approval, we have relied upon and have assumed the completeness, accuracy and fair presentation of all financial and other information, data, advice, opinions and representations obtained by us from public sources, or provided to us by Mydecine and its respective affiliates or otherwise obtained pursuant to our engagement and our Opinion is conditional upon such completeness, accuracy and fair presentation. Subject to the exercise of professional judgement and except as expressly described herein, we have not been requested to, or attempted to verify independently the completeness, accuracy or fairness of presentation of any of such information. We have not conducted or provided any valuation or appraisal of any assets or liabilities, nor have we evaluated the solvency of Mydecine, Spinco or any of their respective affiliates under any provincial or federal laws relating to bankruptcy, insolvency or similar matters. Without limiting the foregoing, we have not separately met with the independent auditor of Mydecine or Spinco in connection with preparing our Opinion and with Mydecine's permission we have assumed the accuracy and fair presentation, and relied upon, Mydecine's audited financial statements and the reports of auditors thereon, and the interim unaudited financial statements of each of Mydecine.

With respect to historical financial data, and forward-looking information provided to us concerning Mydecine and/or Spinco, we have assumed that they have been reasonably prepared on a basis reflecting the most reasonable assumptions, estimates and judgments of management of Mydecine, having regard to their business, plans, financial conditions and future prospects.

In providing our Opinion, we have also assumed that: (i) each of Mydecine and Spinco will comply in all material respects with the terms of the Arrangement Agreement; (ii) any governmental, regulatory or other consents and approvals necessary for the completion of the Spinout Transaction will be waived or satisfied without any adverse

effect on Mydecine, Spinco, or the Spinout Transaction; and (iii) the Spinout Transaction will be completed substantially in accordance with its terms as set forth in the Arrangement Agreement and without any adverse waiver or amendment of any material term or condition thereof and all applicable laws.

Except as expressly noted above and under "Scope of Review", we have not conducted any investigation concerning the financial condition, assets, liabilities (contingent or otherwise), business, operations or prospects of Mydecine, Spinco or any of their respective affiliates.

Mydecine has represented to us, in a certificate of the Chief Executive Officer and the Chief Financial Officer of Mydecine, among other things, that the information (financial or otherwise), data, documents and other materials of whatsoever nature or kind provided to us by or on behalf of Mydecine regarding Mydecine and its subsidiaries and their respective assets, including, without limitation, the written information and discussions concerning Mydecine referred to above under the heading "Scope of Review" (collectively, the "**Information**"), are true, complete and correct at the date the Information was provided to us and that, since the date on which the Information was provided to us, there has been no material change, financial or otherwise.

We are not legal, tax or accounting experts and we express no opinion concerning any legal, tax or accounting matters concerning the Spinout Transaction or the sufficiency of Eight Capital's Opinion for Mydecine's purposes.

In rendering our Opinion, Eight Capital expresses no view as to the likelihood that the conditions to the completion Spinout Transaction will be satisfied or waived.

Our Opinion does not address the relative merits of the Spinout Transaction as compared to any strategic alternatives that may be available to Mydecine, nor does it address the relative merits of any transactions entered into by Mydecine in connection with the Spinout Transaction. Our Opinion is limited to the fairness, as of the date hereof, of the Consideration, from a financial point of view to the Shareholders, assuming such consideration was received on the date hereof, and we express no opinion as to any decision which Mydecine or the Board may make regarding the Spinout Transaction.

Our Opinion is rendered on the basis of securities markets, economic, financial and general business conditions prevailing as at the date hereof and the conditions and prospects, financial and otherwise, of Mydecine, as they are reflected in the Information or otherwise obtained by us from public sources including the materials noted above under "Scope of Review", and as they were represented to us in our discussions with management of Mydecine and its affiliates and advisors. Our Opinion is conditional on all assumptions being correct.

This Opinion is provided to the Board for its exclusive use only in considering the Spinout Transaction and may not be relied upon by any other person, used for any other purpose or published or disclosed to any other person without the prior written consent of Eight Capital; provided that under the terms of the Engagement Agreement, Eight Capital has consented to the inclusion of the text and description of the Opinion in any disclosure document to be mailed to Shareholders in connection with the Spinout Transaction so long as such disclosure document is provided to Eight Capital and the disclosure therein relating to Eight Capital and the Opinion is approved by us, acting reasonably. Our Opinion is not intended to be and does not constitute a recommendation to the Board or to any Shareholder, security holder or creditor.

Eight Capital believes that its financial analyses must be considered as a whole and that selecting portions of its analyses and the factors considered by it, without considering all factors and analyses together, could create a misleading view of the process underlying our Opinion. The preparation of a fairness opinion is complex and is not necessarily susceptible to partial analysis or summary description and any attempt to carry this out could lead to undue emphasis on any particular factor or analysis.

Approach to Fairness

In considering fairness of the Consideration, from a financial point of view, Eight Capital considered the proposed Spinout Transaction from the perspective of the Shareholders as a whole and did not consider the specific circumstances of any particular shareholder, including with regard to income tax considerations.

Key Considerations

Eight Capital based its conclusion in the Opinion upon a number of quantitative and qualitative factors including, but not limited to:

- The proposed Spinout Transaction does not change the ownership position of the current Shareholders of Mydecine. Each Shareholder will hold the same number of shares in Mydecine post-Spinout Transaction as pre-Spinout Transaction.
- Each Shareholder of Mydecine will hold the same pro rata ownership in Spinco as they hold in Mydecine.
- On completion of the Spinout Transaction, the proportional interest that Mydecine Shareholders will own in the assets of Mydecine (pre-Spinout Transaction) will remain unchanged.
- If Spinco is successful in securing a listing of its shares on a recognized stock exchange as part of the Spinout Transaction, the value of Spinco shares may increase owing to the improved liquidity.
- Since the acquisition of Mydecine Group in May of 2020, Mydecine has transitioned from a cannabis and CBD lifestyle company to a company focused on the research, development, and acceptance of psychedelic medicine. As such, the current market capitalization is representative of investor interest in the psychedelic medicine industry, in the view of Eight Capital.
- The Spinout Transaction will remove an obstacle to Mydecine achieving its stated goal of listing on the NASDAQ and the London Stock Exchange, since the Company cannot comply with the NASDAQ Listing Qualification requirements and comparable London Stock Exchange requirements regarding cannabis assets until the Spinout Transaction is complete.
- Post-Spinout Transaction Mydecine will be focused on being an emerging biopharma and life sciences company committed to the research, development, and acceptance of psychedelic medicine for mainstream use. Accordingly, Mydecine and Spinco will be pursuing different market opportunities and may have different risk profiles going forward which would attract differing investor bases and could impact future financing prices for both Mydecine and Spinco and levels of interest in investment.
- The Spinout Transaction is expected to provide greater market awareness of Mydecine, Spinco, and their respective assets, and offer the companies increased flexibility to utilize and exploit their respective assets, without unnecessary dilution to the other.
- The Spinout Transaction would provide each of Mydecine and Spinco with the flexibility to secure financing and/or partners in respective assets without unnecessarily diluting shareholders of the other company.

Conclusion

Based upon and subject to the assumptions, qualifications and limitations contained herein, Eight Capital is of the opinion that, as of the date hereof, the Consideration to be received by the Shareholders pursuant to the Spinout Transaction is fair, from a financial point of view.

Yours very truly,

Eight Capital

Eight Capital

APPENDIX K

PROCEDURE TO EXERCISE RIGHT OF DISSENT UNDER THE BCBCA

Pursuant to the Mydecine Interim Order, Mydecine Shareholders have the right to dissent to the Arrangement. Such right of dissent is described in the Circular. See “Rights of Dissent” for details of the right to dissent and the procedure for compliance with the right of dissent. The full text of Sections 237 to 247 of the BCBCA is set forth below. Note that certain provisions of Sections 237 to 247 have been modified by the Mydecine Interim Order.

SECTIONS 237 TO 247 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, or
- (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, 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,

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.

(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 it is permitted to carry on; or
 - (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;
 - (b) under section 272, in respect of a resolution to adopt an amalgamation agreement;
 - (c) 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.
- (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, 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), (d), (e) or (f) 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 that 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.

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 shares under, or in purported compliance with, this Division.

APPENDIX L

RISK FACTORS

Mydecine Shareholders should carefully consider the specific risk factors set out below, in addition to the other information contained in the Circular, before making any decision on voting on the Arrangement Resolution. Additional risks and uncertainties not currently known to the board of Mydecine may also have an adverse effect on Mydecine and Spinco's business.

Risks Related to the Arrangement

Failure to Obtain Necessary Approvals for Completion of the Arrangement

There is no assurance that the Arrangement can be completed as proposed.

The completion of the Arrangement is subject to a number of conditions precedent, certain of which are outside the control of Mydecine or Spinco, including the approvals of the Exchange, the Court and the Mydecine Shareholders. There can be no certainty, nor can Mydecine or Spinco provide any assurances, that these conditions will be satisfied or, if satisfied, when they will be satisfied. Should the Arrangement fail to receive the required approvals, the Arrangement will not proceed and Spinco will remain a wholly-owned subsidiary of Mydecine.

There is no assurance that the Arrangement can be completed without Mydecine Shareholders exercising their Dissent Rights in respect of a substantial number of Mydecine Shares. Should holders of more than 5% of the issued and outstanding Mydecine Shares successfully exercise their Dissent Rights, the Arrangement will not proceed and Spinco will remain a wholly-owned subsidiary of Mydecine.

Possible Non-Completion of Arrangement

There is no assurance that the Arrangement will receive regulatory, court or shareholder approval or will be completed. If the Arrangement is completed, Spinco Shareholders (which will include shareholders of Mydecine who receive Spinco Shares) will be subject to the risk factors described herein relating to the business of Spinco.

Risks Related to Common Shares

Nature of the Securities and No Assurance of any Listing

Spinco Shares are not currently listed on any stock exchange and there is no assurance that the shares will be listed. Even if a listing is obtained, the holding of Spinco Shares will involve a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. Spinco Shares should not be purchased by persons who cannot afford the possibility of the loss of their entire investment. Furthermore, an investment in securities of Spinco should not constitute a major portion of an investor's portfolio.

Shareholders will not be able to receive a return on their Common Shares unless they sell them because Spinco does not intend to pay any cash dividends on its Common Shares in the near future.

Spinco intends to retain any future earnings to finance the development and expansion of its business. Spinco does not anticipate paying any cash dividends on its Common Shares in the

near future. Unless Spinco pays dividends, its shareholders will not be able to receive a return on their shares unless they sell them.

Dilution

Issuances of additional securities including, but not limited to, its Common Shares or some form of convertible debentures, may result in a substantial dilution of the equity interests of any shareholders.

Risks Related to Mydecine and Spinco (each, the “Company”)

Substantial Number of Authorized but Unissued Shares

Mydecine has an unlimited number of Mydecine Shares that may be issued by the Board without further action or approval of the Company’s shareholders. While the Board is required to fulfill its fiduciary obligations in connection with the issuance of such shares, the shares may be issued in transactions with which not all shareholders agree, and the issuance of such shares will cause dilution to the ownership interests of the Mydecine shareholders.

Dilution

The financial risk of Mydecine’s future activities will be borne to a significant degree by purchasers of the Mydecine Shares. If Mydecine issues Mydecine Shares from its treasury for financing purposes, control of Mydecine may change and purchasers may suffer additional dilution.

Additional Requirements for Capital

Substantial additional financing may be required if the Mydecine is to successfully develop its business. No assurances can be given that the Mydecine will be able to raise the additional capital that it may require for its anticipated future development. Any additional equity financing may be dilutive to investors and debt financing, if available, may involve restrictions on financing and operating activities. There is no assurance that additional financing will be available on terms acceptable to the Mydecine, if at all. If the Mydecine is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations or anticipated expansion.

Negative Cash Flow from Operations

Mydecine had negative cash flow for the nine (9) months ended September 30, 2020 and a negative cash flow for the year ended December 31, 2019. To the extent that Mydecine has negative operating cash flow in future periods, it will need to allocate a portion of its cash (including proceeds from the Offering) to fund such negative cash flow. If the Company experiences future negative cash flow, the Company may also be required to raise additional funds through the issuance of equity or debt securities. There can be no assurance that Mydecine will be able to generate a positive cash flow from its operations, that additional capital or other types of financing will be available when needed, or that these financings will be on terms favourable to Mydecine.

Limited Operating History

Mydecine has no products producing positive cash flow and its ultimate success will depend on its ability to generate cash flow from its products in the future. Mydecine has not earned profits to date and there is no assurance that it will do so in the future. Significant capital investment will be required to achieve profitable sales from the Mydecine’s existing and future products. There is no assurance that Mydecine will be able to raise the required funds to continue these activities.

Management of Growth

Mydecine may be subject to growth-related risks including pressure on its internal systems and controls. Mydecine’s ability to manage its growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee

base. The inability of Mydecine to deal with this growth could have a material adverse impact on its business, operations and prospects. While management believes that it will have made the necessary investments in infrastructure to process anticipated volume increases in the short term, Mydecine may experience growth in the number of its employees and the scope of its operating and financial systems, resulting in increased responsibilities for Mydecine's personnel, the hiring of additional personnel and, in general, higher levels of operating expenses. In order to manage its current operations and any future growth effectively, Mydecine will also need to continue to implement and improve its operational, financial and management information systems and to hire, train, motivate, manage and retain its employees. There can be no assurance that Mydecine will be able to manage such growth effectively, that its management, personnel or systems will be adequate to support Mydecine's operations or that Mydecine will be able to achieve the increased levels of revenue commensurate with the increased levels of operating expenses associated with this growth.

Conflicts of Interest

All of Mydecine's directors and officers act as directors and/or officers of other health and wellness companies. As such, the Company's directors and officers may be faced with conflicts of interests when evaluating alternative health and wellness opportunities. In addition, Mydecine's directors and officers may prioritize the business affairs of another Company over the affairs of Mydecine.

Personnel

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

Public Health Crisis

Mydecine's business, operations and financial condition could be materially and adversely affected by the outbreak of epidemics or pandemics or other health crises, including the recent outbreak of COVID-19. On January 30, 2020, the World Health Organization declared the outbreak a global health emergency, on March 11, 2020, the World Health Organization declared the outbreak a pandemic, and on March 13, 2020 the U.S. declared that the COVID-19 outbreak in the United States constitutes a national emergency. To date, there have been a large number of temporary business closures, quarantines and a general reduction in consumer activity in Canada, the United States, Europe and Asia. The outbreak has caused companies and various international jurisdictions to impose travel, gathering and other public health restrictions. While these effects are expected to be temporary, the duration of the various disruptions to businesses locally and internationally and the related financial impact cannot be reasonably estimated at this time. Similarly, the Company cannot estimate whether or to what extent this outbreak and the potential financial impact may extend to countries outside of those currently impacted. The Company is actively assessing and responding where possible to the potential impact of the COVID-19 pandemic.

Such public health crises can result in volatility and disruptions in the supply and demand for cannabis products, global supply chains and financial markets, as well as declining trade and market sentiment, and reduced mobility of people, all of which could affect commodity prices, interest rates, credit ratings, credit risk and inflation. The risks to the Company of such public health crises also include risks to employee health and safety, a slowdown or temporary suspension of operations impacted by an outbreak, increased labour and fuel costs, regulatory changes, political or economic instabilities or civil unrest. The extent to which COVID-19 will or may impact the Company is uncertain and these factors are beyond the Company's control; however, it is possible that COVID-19 may have a material adverse effect on the Company's business, results of operations and financial condition.

Legal Proceedings

From time to time, Mydecine may be a party to legal and regulatory proceedings, including matters involving governmental agencies, entities with whom it does business and other proceedings arising in the ordinary course of business. Mydecine will evaluate its exposure to these legal and regulatory proceedings and establish reserves for the estimated liabilities in accordance with generally accepted

accounting principles. Assessing and predicting the outcome of these matters involves substantial uncertainties. Unexpected outcomes in these legal proceedings, or changes in management's evaluations or predictions and accompanying changes in established reserves, could have an adverse impact on Mydecine's financial results.

Regulatory Compliance

Achievement of Mydecine's business objectives is subject to compliance with regulatory requirements enacted by governmental authorities. Mydecine may incur costs and obligations related to regulatory compliance. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. The Company may be required to compensate those suffering loss or damage by reason of its operations and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Regulatory Changes

The success of Mydecine'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 Mydecine's business and success. There is no assurance that activities of the Company will continue to be legally permissible.

Product Liability

As a distributor of products designed to be ingested or inhaled by humans, Mydecine faces an inherent risk of exposure to product liability claims, regulatory action and litigation if its products are alleged to have caused damages, loss or injury. In addition, the sale of Mydecine's products involve the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. A product liability claim or regulatory action against the Company could result in increased costs, could adversely affect Mydecine's reputation with its clients and consumers generally, and could have a material adverse effect on the results of operations and financial condition of Mydecine.

Mydecine currently does not carry any product liability insurance coverage. Even though Mydecine is not aware of any product liability claims at this time, its business exposes itself to potential product liability, recalls and other liability risks that are inherent in the sale of food products. Mydecine can provide no assurance that such potential claims will not be asserted against it. A successful liability claim or series of claims brought against Mydecine could have a material adverse effect on its business, financial condition and results of operations.

Although Mydecine intends to obtain adequate product liability insurance, it cannot provide any assurances that it will be able to obtain or maintain adequate product liability insurance on acceptable terms, if at all, or that such insurance will provide adequate coverage against potential liabilities. Claims or losses in excess of any product liability coverage that may be obtained by Mydecine could have a material adverse effect on its business, financial conditional and results of operations.

Product Liability Claims

Mydecine may be required to pay for losses or injuries purportedly or actually caused by its products. Historically, there have been no product liability claims; however, there is no assurance that this trend will continue in the future. In the event that the Company's products are found to cause any injury or damage, Mydecine will be subject to substantial liability. This liability may exceed the funds available by Mydecine and result in the failure of its business.

Trademark Protection

Mydecine currently has not obtained any trademarks. Failure to register trademarks for the Company or its products could require Mydecine to rebrand its products resulting in a material adverse impact on its business.

Employees May Engage in Misconduct or other Improper Activities

The Company's employees may engage in misconduct or other improper activities, including noncompliance with regulatory standards and requirements, which could have a material adverse effect on its business. The Company is exposed to the risk of employee fraud or other misconduct. Misconduct by employees could include failures to comply with applicable regulations, provide accurate information to the governmental authorities, comply with protocol and standards the Company has established, comply with federal, provincial, state and local laws, healthcare, fraud and abuse laws and regulations, report financial information or data accurately or disclose unauthorized activities to the Company. In particular, sales, marketing and business arrangements in the healthcare industry are subject to extensive laws and regulations intended to prevent fraud, kickbacks, self-dealing, and other abusive practices. These laws and regulations may restrict or prohibit a wide range of pricing, discounting, marketing and promotion, sales commission, customer incentive programs and other business arrangements. Employee misconduct could also involve the improper use of information obtained in the course of clinical trials, which could result in regulatory sanctions and serious harm to the Company's reputation. If any such actions are instituted against the Company, and the Company is not successful in defending itself or asserting its rights, those actions could have a substantial impact on the Company's business and results of operations, including the imposition of substantial fines or other sanctions.

Acquisition of Businesses

Mydecine may expand its business through the acquisition of companies or businesses or by entering into collaborations, each of which could disrupt the Mydecine's business and harm its financial condition

Mydecine has in the past and may in the future seek to expand its pipeline and capabilities by acquiring one or more companies or businesses or entering into collaborations. Acquisitions and collaborations involve numerous risks, including, but not limited to: substantial cash expenditures; technology development risks; potentially dilutive issuances of equity securities; incurrence of debt and contingent liabilities, some of which may be difficult or impossible to identify at the time of acquisition; difficulties in assimilating the operations of the acquired companies; potential disputes regarding contingent consideration; diverting the Company's management's attention away from other business concerns; entering markets in which the Company has limited or no direct experience; and potential loss of the Company's key employees or key employees of the acquired companies or businesses.

Mydecine's management has experience in making acquisitions and entering collaborations; however, the Company cannot provide assurance that any acquisition or collaboration will result in short-term or long-term benefits to it. Mydecine may incorrectly judge the value or worth of an acquired company or business. In addition, Mydecine's future success would depend in part on its ability to manage the rapid growth associated with some of these acquisitions and collaborations. Mydecine cannot provide assurance that it would be able to successfully combine its business with that of acquired businesses or manage a collaboration. Furthermore, the development or expansion of the Company's business may require a substantial capital investment by Mydecine.

Competition

Mydecine faces competition in the markets in which it operates. Some of the Company's competitors may also be better positioned to develop superior product features and technological innovations and able to better adapt to market trends than the Company. The Company's ability to compete depends on, among other things, high product quality, short lead-time, timely delivery, competitive pricing, range of product offerings and superior customer service and support. Increased competition may require the Company to reduce prices or increase costs and may have a material adverse effect on its financial condition and results of operations.

Any decrease in the quality of the Company's products or level of service to customers or any occurrence of a price war among the Company's competitors and the Company may adversely affect the business and results of operations.

Product Liability Claims

Mydecine may be required to pay for losses or injuries purportedly or actually caused by its products. Historically, there have been no product liability claims; however, there is no assurance that this trend will continue in the future. In the event that the Company's products are found to cause any injury or damage, the Company will be subject to substantial liability. This liability may exceed the funds available by the Company and result in the failure of its business.

Smaller Companies

Market perception of junior companies may change, potentially affecting the value of investors' holdings and the ability of Mydecine to raise further funds through the issue of further Shares or otherwise. The share price of publicly traded smaller companies can be highly volatile. The value of the Shares may go down as well as up and, in particular, the share price may be subject to sudden and large falls in value given the restricted marketability of the Shares.

Current Market Volatility

The securities markets in the United States and Canada have recently experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. It may be anticipated that any market for the Shares will be subject to market trends generally, notwithstanding any potential success of Mydecine. The value of the Shares distributed hereunder will be affected by such volatility.

Risks Related to Spinco**Risks Relating to the Cannabis Industry**

The cannabis industry is a new industry which 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 result in actual results differing from the results contained in any forward-looking statements.

This industry is subject to extensive controls and regulations, which may significantly affect the financial condition of market participants. The marketability of any product may be affected by numerous factors that are beyond the control of the investee companies and which cannot be predicted, such as changes to government regulations, including those relating to taxes and other government levies which may be imposed. Changes in government levies, including taxes, could reduce the investee companies' earnings and could make future capital investments or the investee companies' operations uneconomic. The cannabis industry is also subject to numerous legal challenges, which may significantly affect the financial condition of market participants and which cannot be reliably predicted.

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

In addition, a government regulatory agency could require Spinco to remove a particular product from the market. Any future recall or removal would result in additional costs to Spinco, including lost

revenues from any products that we are required to remove from the market, any of which could be material. Any such product recalls or removals could lead to liability, substantial costs and reduced growth prospects.

Limited Number of Products

Spinco is heavily reliant on the production and distribution of CBD related products. If they do not achieve sufficient market acceptance, it will be difficult for us to achieve profitability.

Spinco's revenue is derived almost exclusively from sales of CBD based products, and Spinco expects that its CBD based products will account for substantially all of its revenue for the foreseeable future. If the CBD market declines or CBD fails to achieve substantially greater market acceptance than it currently enjoys, Spinco will not be able to grow its revenues sufficiently for it to achieve consistent profitability.

Even if products to be distributed by Spinco conform to international safety and quality standards, sales could be adversely affected if consumers in target markets lose confidence in the safety, efficacy, and quality of CBD. Adverse publicity about CBD based products that Spinco sells may discourage consumers from buying products distributed by Spinco.

Brand Awareness

Spinco's products are sold in the United States and certain locations throughout Europe and online. Brand awareness has not been achieved inside or outside these regions. There is no assurance that Spinco will be able to achieve brand awareness in any of these regions. In addition, Spinco must develop successful marketing, promotional and sales programs in order to sell its products. If Spinco is not able to develop successful marketing, promotional and sales programs, then such failure will have a material adverse effect on the business, financial condition and operating results.

Disclosure Regarding the Spinco's Entities Carrying on Business in the United States Cannabis Industry

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 Spinco's prospective returns. Further, Spinco 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 Spinco'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 Spinco's financial statements also could occur for the period in which the effect of an unfavorable final outcome becomes probable and reasonably estimable.

The U.S. legal cannabis industry is subject to extensive controls and regulations, which may significantly affect the financial condition of market participants. The marketability of any product may be affected by numerous factors that are beyond the control of the participant and which cannot be predicted, such as changes to government regulations, including those relating to taxes and other government levies which may be imposed. Changes in government levies, including taxes, could reduce Spinco's investments' earnings and could make future investments uneconomic. The industry is also subject to numerous legal challenges, which may significantly affect the financial condition of market participants and which cannot be reliably predicted.

Spinco expects to derive its revenues from the U.S. legal cannabis industry, which industry is illegal under U.S. federal law. As a result of the conflicting views between state legislatures and the federal government regarding cannabis, investments in cannabis businesses in the U.S. are subject to inconsistent legislation and regulation.

Spinco's financings are expected to be focused in those U.S. states that have legalized the medical and/or adult-use of cannabis. Almost half of the U.S. states have enacted legislation to legalize and regulate the sale and use of medical cannabis without limits on THC, while other states have enacted legislation to legalize and regulate the sale and use of medical cannabis with strict limits on the levels of THC. However, the U.S. federal government has not enacted similar legislation and the cultivation, sale and use of cannabis remains illegal under federal law pursuant to the CSA. The federal government of the U.S. has specifically reserved the right to enforce federal law in regards to the sale and disbursement of medical or adult-use use cannabis, even if state law sanctioned such sale and disbursement. It is presently unclear whether the U.S. federal government intends to enforce federal laws relating to cannabis where the conduct at issue is legal under applicable state law. This risk was further heightened by the revocation of the Cole Memorandum (defined below) in January 2018.

Further, there can be no assurance that state laws legalizing and regulating the sale and use of cannabis will not be repealed or overturned, or that local governmental authorities will not limit the applicability of state laws within their respective jurisdictions. It is also important to note that local and city ordinances may strictly limit and/or restrict the distribution of cannabis in a manner that will make it extremely difficult or impossible to transact business in the cannabis industry. If the U.S. 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 state laws are repealed or curtailed, then the Spinco's investments in such businesses would be materially and adversely affected notwithstanding that the Spinco may not be directly engaged in the sale or distribution of cannabis. U.S. federal actions against any individual or entity engaged in the marijuana industry or a substantial repeal of marijuana-related legislation could adversely affect Spinco, its business and its investments. Spinco's funding of businesses involved in the medical and adult-use cannabis industry may be illegal under the applicable federal laws of the United States and other applicable law. There can be no assurances the federal government of the United States or other jurisdictions will not seek to enforce the applicable laws against Spinco. The consequences of such enforcement would be materially adverse to Spinco and Spinco's business and could result in the forfeiture or seizure of all or substantially all of Spinco's assets.

Illegality under U.S. Federal Law

More than half of the U.S. states have enacted legislation to regulate the sale and use of cannabis on either a medical or adult-use level. However, notwithstanding the permissive regulatory environment of cannabis at the state-level, cannabis continues to be categorized as a controlled substance under the CSA in the U.S. and, as such, activities within the cannabis industry are illegal under U.S. federal law.

As a result of the conflicting views between state legislatures and the federal government regarding cannabis, investments in cannabis-related businesses in the U.S. are subject to a higher degree of uncertainty and risk. Unless and until the U.S. federal government amends the CSA with respect to cannabis (and as to the timing or scope of any such potential amendment there can be no assurance), there can be no assurance that it will not seek to prosecute cases involving cannabis businesses that are otherwise compliant with state law. Such potential proceedings 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. Such proceedings could have a material adverse effect on the Spinco's business, revenues, operating results and financial condition as well as the Spinco's reputation, even if such proceedings were concluded successfully in favor of the Spinco.

The inconsistent regulation of cannabis at the federal and state levels was addressed in 2013 when then Deputy Attorney General, James Cole, authored a memorandum (the "**Cole Memorandum**")

acknowledging that although cannabis is a controlled substance at the federal level, several U.S. states have enacted laws relating to cannabis for medical purposes. The Cole Memorandum noted that in jurisdictions that have enacted laws legalizing cannabis in some form and that have also implemented strong and effective regulatory and enforcement systems to control the cultivation, distribution, sale and possession of cannabis, conduct in compliance with those laws and regulations is less likely to be a priority at the federal level. However, the Department of Justice (“**DOJ**”) has never provided specific guidelines for what regulatory and enforcement systems it deems sufficient under the Cole Memorandum standard. However, on January 4, 2018 the Cole Memorandum was revoked by Attorney General Jeff Sessions. While this did not create a change in federal law, as the Cole Memorandum was not itself law, the revocation added to the uncertainty of U.S. federal enforcement of the CSA in states where cannabis use is regulated. Attorney General Sessions also issued a one-page memorandum (the “**Sessions Memorandum**”). This confirmed the rescission of the Cole Memorandum and explained that the Cole Memorandum was “unnecessary” due to existing general enforcement guidance as set forth in the U.S. Attorney’s Manual (the “**USAM**”). The USAM enforcement priorities, like those of the Cole Memorandum, are also based on the federal government’s limited resources, and include “law enforcement priorities set by the Attorney General,” the “seriousness” of the alleged crimes, the “deterrent effect of criminal prosecution,” and “the cumulative impact of particular crimes on the community.”

While the Sessions Memorandum does emphasize that marijuana is a Schedule I controlled substance and states the statutory view that it is a “dangerous drug and that marijuana activity is a serious crime,” it does not otherwise guide U.S. Attorneys that the prosecution of marijuana-related offenses is now a DOJ priority. Furthermore, the Sessions Memorandum explicitly describes itself as a guide to prosecutorial discretion. Such discretion is firmly in the hands of U.S. Attorneys in deciding whether or not to prosecute marijuana-related offenses. U.S. Attorneys could individually continue to exercise their discretion in a manner similar to that displayed under the Cole Memorandum’s guidance. Dozens of U.S. Attorneys across the country have affirmed their commitment to proceeding in this manner, or otherwise affirming that their view of federal enforcement priorities has not changed, although a few have displayed greater ambivalence. In California, at least one U.S. Attorney has made comments indicating a desire to enforce the CSA. Adam Braverman, Interim U.S. Attorney for the Southern District of California, has stated that the rescission of the Cole Memorandum “returns trust and local control to federal prosecutors” to enforce the CSA. Additionally, Greg Scott, the Interim U.S. Attorney for the Eastern District of California, has a history of prosecuting medical cannabis activity; and his office published a statement that cannabis remains illegal under federal law, and that his office would “evaluate violations of those laws in accordance with our district’s federal law enforcement priorities and resources.”

The Rohrabacher Blumenauer Appropriations Amendment (originally the Rohrabacher Farr Amendment) has been included in federal annual spending bills since 2014. This amendment restricts the DOJ from using federal funds to prevent states with medical cannabis regulations from implementing laws that authorize the use, distribution, possession or cultivation of medical cannabis. In 2017, Senator Patrick Leahy (D-Vermont) introduced a parity amendment to H.R.1625—a vehicle for the *Consolidated Appropriations Act 2018*, preventing federal prosecutors from using federal funds to impede the implementation of medical cannabis laws enacted at the state level, subject to Congress restoring such funding (“**Leahy Amendment**”). The Leahy Amendment was set to expire with the 2018 fiscal year on September 30, 2018; however, Congress approved a nine-week continuing resolution from the 2018 fiscal year (the “**Continuing Resolution**”). The Continuing Resolution has the result of providing ongoing and consistent protection for the medical cannabis industry until December 7, 2018. Congress has been negotiating the 2019 fiscal year appropriations since February 2018. Although we expect that language protecting the medical cannabis industry will be included in the final 2019 fiscal year appropriations bill, there can be no assurance that the final 2019 fiscal year appropriations bill will include appropriations protecting the medical cannabis industry.

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 CSA, 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 the Rohrabacher-Farr Amendment in 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 CSA 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 adult-use cannabis laws.

As previously stated, 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 Spinco, including its reputation and ability to conduct business, the listing of its securities on any stock exchange, its financial position, operating results, profitability or liquidity or the market price of its publicly traded shares. In addition, it is difficult for Spinco 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. The approach to the enforcement of laws related to cannabis may be subject to change or may not proceed as previously outlined.

Spinco's activities in the U.S. cannabis industry will be made: (i) only in those states that have enacted laws legalizing cannabis in an appropriate manner; and (ii) only in those entities that have fully complied with such state (and local) laws and regulations and have the licenses, permits or authorizations to properly carry on each element of their business.

Spinco will continue to monitor, evaluate and re-assess the regulatory framework in each state in which it may hold an investment, and the federal laws applicable thereto, on an ongoing basis; and will update its continuous disclosure regarding government policy changes or new or amended guidance, laws or regulations regarding cannabis in the U.S.

Anti-Money Laundering Laws and Regulations

Spinco will be subject to a variety of laws and regulations that involve money laundering, financial record-keeping and proceeds of crime, including the U.S. Currency and Foreign Transactions Reporting Act of 1970 (commonly known as 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), the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada), as amended and the rules and regulations thereunder, and any related or similar rules, regulations or guidelines, issued, administered or enforced by governmental authorities in the U.S. and Canada. Further, under U.S. federal law, banks or other financial institutions that provide a cannabis business with a chequing account, debit or credit card, small business loan, or any other service could be found guilty of money laundering, aiding and abetting, or conspiracy.

Despite these laws, the Financial Crimes Enforcement Network ("**FinCEN**") issued the FinCEN Memorandum on February 14, 2014 outlining the pathways for financial institutions to bank marijuana businesses in compliance with federal enforcement priorities. The FinCEN Memorandum states that in some circumstances, it is permissible for banks to provide services to cannabis-related businesses without risking prosecution for violation of federal money laundering laws. It refers to supplementary guidance in a DOJ memorandum issued to federal prosecutors relating to the prosecution of money laundering offenses predicated on cannabis-related violations of the CSA (the "**2014 Cole Memo**"). The 2014 Cole Memo was rescinded as of January 4, 2018, along with the Cole Memorandum, removing guidance that enforcement of applicable financial crimes was not a DOJ priority.

Attorney General Sessions' revocation of the Cole Memorandum and the 2014 Cole Memo has not affected the status of the FinCEN Memorandum, nor has the Department of the Treasury given any indication that it intends to rescind the FinCEN Memorandum itself. Though it was originally intended for the 2014 Cole Memo and the FinCEN Memorandum to work in tandem, the FinCEN Memorandum

appears to remain in effect as a standalone document which explicitly lists the eight enforcement priorities originally cited in the rescinded Cole Memorandum. Although the FinCEN Memorandum remains intact, indicating that the Department of the Treasury and FinCEN intend to continue abiding by its guidance, it is unclear whether the current administration will continue to follow the guidelines of the FinCEN Memorandum.

Overall, since the production and possession of cannabis is illegal under U.S. federal law, there is a strong argument that banks cannot accept for deposit funds from businesses involved with the cannabis industry. Consequently, businesses involved in the cannabis industry often have difficulty finding a bank willing to accept their business. Spinco may find that it is unable to open bank accounts with certain financial institutions, which in turn may make it difficult to operate Spinco's business.

Spinco's activities, and any proceeds thereof, may be considered proceeds of crime due to the fact that cannabis remains illegal federally in the U.S. This may restrict the ability of Spinco to declare or pay dividends, effect other distributions or subsequently repatriate such funds back to Canada. Furthermore, while Spinco has no current intention to declare or pay dividends on its shares in the foreseeable future, Spinco may decide or be required to suspend declaring or paying dividends without advance notice and for an indefinite period of time.

Canadian Securities Regulatory Matters

Spinco's involvement in the U.S. cannabis industry may become the subject of heightened scrutiny by regulators, stock exchanges, clearing agencies and other authorities in Canada. It has been reported in Canada that the Canadian Depository for Securities Limited is considering a policy shift that would see its subsidiary, CDS Clearing and Depository Services Inc. ("**CDS**"), refuse to settle trades for cannabis issuers that have investments in the U.S. CDS is Canada's central securities depository, clearing and settling trades in the Canadian equity, fixed income and money markets. The TMX Group, the owner and operator of CDS, subsequently issued a statement on August 17, 2017 reaffirming that there is no CDS ban on the clearing of securities of issuers with cannabis-related activities in the U.S., despite media reports to the contrary, and that the TMX Group was working with regulators to arrive at a solution that will clarify this matter, which would be communicated at a later time. If such a ban were to be implemented, it would have a material adverse effect on the ability of holders of Shares to make and settle trades. In particular, the Shares would become highly illiquid and, until an alternative was implemented, investors would have no ability to effect a trade of the Shares through the facilities of a stock exchange, should the Shares have become listed on a stock exchange.

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 ("**MOU**") with Aequis NEO Exchange Inc., the CSE, the Toronto Stock Exchange, and the TSX Venture Exchange. The 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 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 at a time when the Shares are listed on a stock exchange, it would have a material adverse effect on the ability of holders of Shares to make and settle trades. In particular, the Shares would become highly illiquid as until an alternative was implemented, investors would have no ability to affect a trade of the Shares through the facilities of the applicable stock exchange.

Change in Laws, Regulations and Guidelines

Spinco's proposed business operations will indirectly be affected by a variety of laws, regulations and guidelines relating to the manufacture, management, transportation, storage and disposal of cannabis, but also including laws and regulations relating to consumable products health and safety, the conduct of operations and the protection of the environment. These laws and regulations are broad in scope and subject to evolving interpretations, which could require participants to incur

substantial costs associated with compliance or alter certain aspects of its business plans. In addition, violations of these laws, or allegations of such violations, could disrupt certain aspects of Spinco's business plans and result in a material adverse effect on certain aspects of its planned operations.

Unfavorable Publicity or Consumer Perception

The legal cannabis industry in the United States is at an early stage of its development. Cannabis has been, and will continue to be, a controlled substance for the foreseeable future. Consumer perceptions regarding legality, morality, consumption, safety, efficacy and quality of cannabis are mixed and evolving. 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 Spinco. Further, adverse publicity reports or other media attention regarding cannabis in general or associating the consumption of cannabis with illness or other negative effects or events, could have such a material adverse effect. Public opinion and support for medical and adult- use cannabis use 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 marijuana as opposed to legalization in general). Spinco's ability to gain and increase market acceptance of its proposed investment business may require substantial expenditures on investor relations, strategic relationships and marketing initiatives. There can be no assurance that such initiatives will be successful and their failure may have an adverse effect on Spinco.

Legalization of Recreational Cannabis

Extensive controls and regulations of the cannabis industry may significantly affect the financial condition of market participants, and prevent the realization of such market participants of any benefits from an expanded market for recreational cannabis products.

Uncertainty of Cannabis Industry

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

Difficulties in Quantifying Cannabis Industry

Because the cannabis 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 Spinco and, few, if any, established companies whose business model Spinco can follow or upon whose success Spinco can build. Accordingly, investors will have to rely on their own estimates in deciding about whether to invest in Spinco. There can be no assurance that Spinco'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.

Consolidation in Cannabis Industry

The cannabis industry is undergoing rapid growth and substantial change, which has resulted in an increase in competitors, consolidation and formation of strategic relationships. Acquisitions or other

consolidating transactions could harm Spinco in a number of ways, including by losing strategic partners if they are acquired by or enter into relationships with a competitor, losing customers, revenue and market share, or forcing Spinco to expend greater resources to meet new or additional competitive threats, all of which could harm Spinco's operating results. As competitors enter the market and become increasingly sophisticated, competition in Spinco's industry may intensify and place downward pressure on retail prices for its products and services, which could negatively impact its profitability.