Champignon Brands Inc. (Formerly, Nature Leaf Wellness Corp.)

Management Discussion & Analysis

Unaudited – Prepared by management

(Expressed in Canadian Dollars)

For the six month period ended March 31, 2020 and the period from incorporation on March 26, 2019 to March 31, 2019

Date: May 29, 2020

General

This Management's Discussion & Analysis ("MD&A") of Champignon Brands Inc. (the "Company") has been prepared by management and should be read in conjunction with the condensed interim consolidated financial statements ("Financial Statements") and accompanying notes for the six months period ended March 31, 2020 and the audited financial statements and accompanying notes for the year ended September 30, 2019. The Financial Statements, together with the following MD&A are intended to provide investors with a reasonable basis for assessing the financial performance of the Company as well as forward-looking statements relating to future performance. The Financial Statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and include the operating results of the Company.

This MD&A was reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on May 29, 2020.

The Company's critical accounting estimates, significant accounting policies and risk factors have remained substantially unchanged and are still applicable to the Company unless otherwise indicated. All amounts are expressed in Canadian dollars unless noted otherwise.

Additional information relating to the Company, including regulatory filings, can be found on the SEDAR website at www.sedar.com or the Company's website https://champignonbrands.com/.

Forward-Looking Statements

Information set forth in this MD&A may involve forward-looking statements within the meaning of Canadian securities laws. These statements relate to future events or future performance and reflect management's expectations regarding the Company's growth, results of operations, performance and business prospects and opportunities. Such forward-looking statements reflect management's current beliefs and are based on information currently available to management. All statements that are not historical facts, including without limitation, statements regarding future estimates, plans, programs, forecasts, projections, objectives, assumptions, expectations or beliefs of future performance, statements we make regarding financing and corporate plans relating to the potential acquisitions are "forward-looking statements." Forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "estimates", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, events, or developments to be materially different from any future results, events or developments expressed or implied by such forward looking statements. Such risks and uncertainties include, among others, the Company's requirements for additional financing, and the effect of capital market conditions and other factors on capital availability, the Company's limited operating history and lack of historical profits; competition; dependence on obtaining and maintaining regulatory approvals, including acquiring and renewing federal, provincial, state, municipal, local or other licenses; developments and changes in laws and regulations, including increased regulation of the Company's industries and the capital markets; economic and financial conditions; volatility in the capital markets; engaging in activities that could be later determined to be illegal under domestic or international laws; failure to obtain the necessary shareholder, government or regulatory approvals, including that of the CSE; failure to retain, secure and maintain key personnel and strategic partnerships including but not limited to executives, researchers, clinicians, customers and suppliers; These factors should be considered carefully, and readers are cautioned not to place undue reliance on such forward-looking statements.

Although the Company has attempted to identify important risk factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other risk factors that cause actions, events or results to differ from those anticipated, estimated or intended. Additional information identifying risks and uncertainties that could affect financial results is contained under the heading "Risk Factors" and otherwise Company's filings with Canadian securities regulators, which are available at www.sedar.com. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in forward-looking statements. The Company has no obligation to update any forward-looking statement, even if new information becomes available.

Overview

Champignon Brands Inc. (Formerly, Nature Leaf Wellness Corp.) (the "Company") was incorporated on March 26, 2019, under the laws of the province of British Columbia, Canada. The Company is engaged in the business of formulation and manufacturing of novel ketamine, anaesthetics and delivery platforms for nutraceutical and psychedelic medicine and the formulation and end distribution of a suite of mushroom infused beverage products. On June 7, 2019, the Company changed its name from Nature Leaf Wellness Corp. to Champignon Brands Inc. The shares of the Company are traded on the Canadian Securities Exchange ("CSE") (CSE:SHRM), United States OTC stock market (OTCQB:SHRMF) and on the Frankfurt Stock Exchange (FWB:496). The Company's fiscal year-end is September 30.

The Company's principal address is Suite 2300 - 1177 West Hastings Street Vancouver, BC V6E 2K3 records office and registered address are located at Suite 704-595 Howe Street, Vancouver BC V6C2T5.

Overall Performance

Second Quarter Highlights

On February 28, 2020, the Company completed a successful initial public offering ("IPO") of 18,916,667 common shares at a price of $0.15 per share for total gross proceeds of $2,837,500. The Company listed its common shares on the Canadian Securities Exchange effective February 27, 2020 under the trading symbol "SHRM."

On March 4, 2020, the Company announced plans to form a special advisory committee to evaluate the potential positive effects its medicinal mushroom formulations could have on individuals suffering from mental health disorders such as depression and PTSD (post traumatic stress disorder), as well as substance and alcohol use disorders. The company will appoint advisory board members who are qualified and experienced in areas such as medicine, psychology, mycology and pharmacology to assist with this research initiative.

On March 17, 2020, the Company acquired a 100% interest in Artisan Growers Ltd. ("Artisan Growers") for 8,000,000 common shares. Artisan Growers is craft mushroom research and cultivation company based in Kelowna B.C.

On March 20, 2020, the Company acquired a 100% interest in Novo Formulations Ltd ("Novo") for 12,500,000 common shares. Novo is a research and development company developing novel and innovative delivery systems for the pharmaceutical and nutraceutical industries.

On March 20, 2020, the Company announced a normal course issuer bid (the "NCIB") to purchase up to an aggregate of 2,411,883 common shares. Purchases may commence through the CSE and/or alternative trading systems on March 27, 2020 and will conclude on the earlier of the date on which purchases under the bid have been completed or March 27, 2021.

On March 27, 2020, the Company acquired a 100% interest in Tassili Life Sciences Corp. ("Tassili") for 16,000,001 common shares. Tassili is a research and development Company partnered with a multidisciplinary team of scientists and physicians at the University of Miami and are working to develop effective psilocybin-based therapeutics for the treatment of mild traumatic brain injuries and post traumatic stress disorder.

On March 26, 2020, the Company announced the appointment of Dr. Joseph Gabriele, PhD, a molecular pharmacologist specializing in signal transduction within the central nervous system, to its special advisory committee.

On March 31, 2020, the Company appointed Mr. Jay Kheita, ACPR, to its Special Advisory Committee. Mr. Kheita will lead the integration of the Company's novel and natural treatment protocols into its existing consumer packaged goods portfolio. Mr. Kheita holds pharmacy licenses in Canada, Australia and England and is the founder of AltMed Capital Corp., a leading Canadian psychedelic medicine clinic operator.

Subsequent Event Highlights (Continued)

On April 16, 2020, the Company appointed Mr. Jim Bailey, the former president of Red Bull Canada, to its Special Advisory Committee. Mr. Bailey previously served as the Global Chief Marketing Officer for Merrell Outdoors, overseeing both product and consumer marketing with annual revenues of US $600M.

On April 30, 2020, the Company acquired 100% of AltMed Capital Corp. ("AltMed") for total consideration of 75,674,000 common shares and 2,100,000 share purchase warrants. AltMed is a Canadian ketamine clinic operator, psychedelic medicine IP aggregator and novel drug discoverer. Altmed's clinic (the "CRTCE") is licensed (2018) by the College of Physicians and Surgeons Ontario (CPSO) under OHPP (out-of-hospital premise program) to administer ketamine treatments for indications, including, but not limited to, depression, bipolar disorder, posttraumatic stress disorder and obsessive-compulsive disorder (OCD).

On May 6, 2020, the Company appointed Mr. Pat McCutcheon to the Company's board of directors. Mr. McCutcheon is the CEO of MediPharm Labs Corp. (TSX: LABS). Mr. McCutcheon held senior roles with various large pharmaceutical companies, including Jansen Pharmaceuticals, Sanofi and Astra Zeneca – where he was directly responsible for launching a wide range of medical products. The Company also appointed Matthew Fish as President and Secretary. In his private practice as a securities lawyer, Mr. Fish has developed extensive experience with respect to public companies, capital markets, as well as mergers and acquisitions. In addition,

On May 11, 2020, the Company appointed Dr. Roger McIntyre as the CEO. Dr. McIntyre is a Professor of Psychiatry and Pharmacology at the University of Toronto and head of the Mood Disorders Psychopharmacology unit at the University Health Network, Toronto, Canada. Gareth Birdsall resigned from his positions of CEO, President and Secretary in connections with the appointments of Mr. Fish and Dr. McIntyre.

On May 11, 2020, the Company entered into a letter agreement with Canaccord Genuity Corp. ("Canaccord Genuity") and Eight Capital ("Eight" and together with Canaccord Genuity, the "Co-Lead Underwriters"), to purchase, on a bought deal private placement basis (the "Bought Deal"), 11,765,000 units of the Company (the "Units") at a price of $0.85 per Unit (the "Issue Price") amounting to aggregate gross proceeds of $10,000,250 (the "Offering"). Each Unit shall be comprised of one common share of the Company (a "Common Share") and one half of one common share purchase warrant of the Company (each whole warrant, a "Warrant"). Each Warrant shall be exercisable to acquire one Common Share at a price of $1.15 per Warrant for a period of 24 months from the closing of the Offering. The Offering will be conducted by a syndicate of underwriters (collectively, the "Underwriters") led by the Co-Lead Underwriters. The Company has granted the Co-Lead Underwriters an option (the "Underwriters' Option") to purchase up to an additional 5,882,500 Units at the Issue Price. The Underwriters' Option may be exercised in whole or in part upon written notice to the Company at any time up to 48 hours prior to the closing of the Offering. The Company has agreed to pay the Underwriters a cash commission payable on the closing date of the Offering equal to 7.0% of the aggregate gross proceeds of the Offering (including proceeds from the exercise of the Underwriters' Option) and to issue the Underwriters warrants (the "Broker Warrants"), exercisable to acquire, within 24 months from the closing of the Offering, in the aggregate, that number of Units which is equal to 7.0% of the number of Units sold under the Offering (including Units sold upon exercise of the Underwriters' Option), at an exercise price per Broker Warrant equal to the Issue Price.

On May 12, 2020, the Company executed a term sheet (the "Term Sheet") with California, U.S. based Wellness Clinic of Orange County Inc. (the "Wellness Clinic") The Wellness Clinic owns and operates a ketamine infusion treatment center located within the Mission Hospital's Laguna Beach campus. The completion of the Acquisition is subject to a number of conditions, including, but not limited to, the execution of a definitive agreement and completion of satisfactory due diligence. There can be no assurance that the Acquisition will be completed as proposed, or at all.

On May 25, 2020, the Company appointed Dr. Bill Wilkerson, LL.D. (Hon) to the board of directors. Dr. Wilkerson was previously President of one of Canada's largest health benefits companies, Liberty Health, and held senior executive positions at the Royal Bank of Canada, CBC, and the Toronto Symphony Orchestra.

Results of Operations - Revenue

During the three-and six-month period ended March 31, 2020, the Company recorded revenues of $316 and a gross margin of $120. The gross margin percentage approximates 38%. Revenues consists of the sale of merchandise, teas and other ancillary products.

The Company revenue relates to direct website sales. Website sales are recognized when the goods are shipped. Revenue excludes sales tax and is recorded net of discounts and an allowance for estimated returns unless the terms of the sale are final.

Cost of sales includes expenses incurred to acquire and produce inventory for sale, including product costs, inbound freight and duty costs, as well as provisions related to product shrinkage, excess or obsolete inventory, or lower of cost and net realizable value adjustments as required.

Subsequent to the period end, the Company received and has shipped two $50,000 bulk purchase orders for its consumer-packaged goods. These orders were final sales.

Results of Operations - Expenses

The Company incurred loss and comprehensive loss of $2,916,302 during the six months ended March 31, 2020 and $2,744,986 during the three months ended March 31, 2020. The Company was incorporated on March 26, 2019 and as such, there were no expenses in the comparative period.

The main factors that contributed to the loss in the three month period were accounting fees of $14,671, advertising and promotion of $881,910, amortization of 3,000, consulting fees of $308,966, filing fees of 18,073, legal fees of $49,161, office and miscellaneous of 132,874, research and development expenses of $50,000, and share based compensation of 1,320,452. The loss was partially offset by a foreign exchange gain of $4,001.

The main factors that contributed to the loss in the six month period were accounting fees of $14,671, advertising and promotion of $948,410, amortization of 6,000, consulting fees of $346,716, filing fees of 31,013, legal fees of $71,375, office and miscellaneous of $135,081, research and development expenses of $50,000, and share based compensation of 1,320,452. The loss was partially offset by a foreign exchange gain of $8,296.

Accounting fees consist of bookkeeping, financial reporting, audit and other costs associated with maintain the books and records of the Company.

Advertising and promotion related to branding, domestic and international marketing and advertising and prospectus printing costs.

Amortization relates to the Company's web assets.

Consulting fees consist of management fees, project management, executive assistances, capital markets advisory services, scientific advisors, foreign listing consultants, psychedelic industry experts, as the Company engages an array of consultants and various fees in connection with the acquisitions, respectively. The Company relies heavily on Consultants to help them achieve their goals on all facets of business and these consultants bring a wide range of expertise and connections to the Company. Consultants include management, advisors, technical support and other support roles.

Filing fees relate to fees associated with exchange, regulatory and transfer agent filing fees.

Office and miscellaneous consists of corporate service fees, office supplies

Professional fees totalling $71,375 consisted primarily of legal fees in connection with the initial public offering and subsequent business activities.

Research and development related to the formulation of new recipes by Drip Coffee Social Ltd.

Results of Operations – Expenses (Continued)

Share based compensation relates to stock options and acquisitions through share-based transactions. During the period ended March 31, 2020, the Company issued 7,900,000 stock options with a weighted average price of $0.32 with an average expiry of 1.95 years.

The Company was incorporated on March 26, 2019 and as such, there were no expenses for the comparative periods.

Summary of Quarterly Results

The following table sets forth selected quarterly financial information for each of the last eight most recently completed quarters. This information is derived from audited financial statements prepared by management and unaudited interim condensed consolidated financial statements. The information is reported in accordance with IFRS and expressed in Canadian Dollars unless otherwise stated.

	2020		2019	
	Qtr 2	Qtr 1	Qtr 4	Qtr 3
	$	$	$	$
Revenue	316	-	212	-
Total assets	14,068,311	1,019,632	1,160,474	1
Long term liabilities	-	-	-	-
Net Loss	(2,774,986)	(148,487)	(172,723)	-
Basic and diluted loss per share	(0.08)	(0.01)	(0.02)	-

The Company was incorporated on March 26, 2019 and has a September 30 year-end, therefore there are no comparative period numbers prior to this date.

The amount and timing of expenses and availability of capital resources vary substantially from quarter to quarter, depending on the level of activities being undertaken at any time and the availability of funding from investors or collaboration partners.

During Q2 2020, the Company completed its IPO and acquired key strategic acquisitions resulting in an overall increase in assets and expenses of $13,066,679 and $2,626,499, respectively, quarter over quarter.

Liquidity and Capital Resources

The financial statements have been prepared on a going-concern basis, which assumes the realization of assets and liquidation of liabilities in the normal course of business. Continuing operations, as intended, are dependent on management's ability to raise required funding through future equity issuances, its ability to execute the Company's business interests and develop profitable operations or a combination thereof, which is not assured, given today's volatile and uncertain financial markets. The Company may revise the Company's business programs depending on its working capital position.

The Company has financed its operations to date through the issuance of common shares.

	March 31, 2020	September 30, 2019
	$	$
Working capital	2,121,821	989,282
Liabilities	75,071	53,263
Accumulated Deficit	3,089,145	172,723

Other than the above mentioned current liabilities, the Company has no short-term capital spending requirements and future plans and expectations are based on the assumption that the Company will realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. There can be no assurance that the Company will be able to obtain adequate financing in the future or if available that such financing will be on acceptable terms. If adequate financing is not available when required, the Company may be required to delay, scale back or eliminate various programs and may be unable to continue in operation. The Company may seek such additional financing through debt or equity offerings. Any equity offering will result in dilution to the ownership interests of the Company's shareholders and may result in dilution to the value of such interests

Liquidity and Capital Resources (Continued)

The Company's future revenues, if any, are expected to be from the licensing of the Company's intellectual property. The economics of developing and realizing licensing revenues are affected by many factors including the cost of operations, regulatory approval, and results of clinical studies. There is no guarantee that the Company will be able to license its intellectual property.

The above proposed Bought Deal will assist with the Company's cash flow to execute its future plans.

Liquidity and Capital Resources – Cash Flow

Operating Activities:

During the period ended March 31, 2020, $1,933,609 (2019 – $Nil) cash was used in operating activities. This consisted mainly of cash paid for consulting, corporate development, legal expenditures, marketing, filing fees and day-to-day expenditures related to the various acquisitions completed during the period.

Financing Activities:

During the period ended March 31, 2020, the Company completed their IPO and raised net proceeds of $2,581,601.The Company received proceeds from broker warrant exercises of $6,398.

Investing Activities:

During the period ended March 31, 2020, the Company acquired cash of $9,621 through the acquisition of Tassili.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements that would potentially affect current or future operations or the financial condition of the Company.

Proposed Transactions

The Company does not currently have any proposed transactions approved by the Board of Directors. All current transactions are fully disclosed in the interim consolidated financial statements for the period ended March 31, 2020.

Related Party Transactions

The Directors and Executive Officers of the Company are as follows:
Roger McIntyre, CEO
Matthew Fish, President, Secretary and Director
Stephen Brohman, CFO
Gareth Birdsall, Director
Jerry Habuda, Director
Dr. Bill Wilkerson, Director
Pat McCutcheon, Director

The aggregate value of transactions and outstanding balances relating to key management personnel were as follows:

	For the period ended March 31,	
	2020	2019
Consulting fees paid or accrued to companies controlled by the CEO	$ 35,000	$ -
Consulting fees paid or accrued to companies controlled by the CFO	7,500	-
Share based compensation	69,456	-
Total	$ 111,956	$ -

Included in accounts payable and accrued liabilities is $1,575 (September 30, 2019 - $46,500) payable to directors and officers of the Company.

Financial Instruments

The Company classifies its cash and cash equivalents as financial assets at fair value through profit or loss and accounts payable and accrued liabilities, convertible debenture and loan payable as other financial liabilities.

The fair value of accounts payable and accrued liabilities and loan payable approximate their carrying value due to the short-term nature of these liabilities.

The Company classifies its fair value measurements within a fair value hierarchy, which reflects the significance of the inputs used in making the measurements as defined in IFRS 7 – *Financial Instruments – Disclosures.*

Level 1 – Observable inputs other than quoted prices include in Level 1, such as quoted prices for similar assets and

liabilities in active markets; quoted prices for identical or similar assets and liabilities that are not active; or other inputs that are observable or can be corroborated by observable market data. Cash and cash equivalents are classified as Level 1.

Level 2 – Observable inputs other than quoted prices, included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 – Significant unobservable inputs which are supported by little or no market activity.

Credit Risk

Credit risk is the risk of loss associated with counterparty's inability to fulfil its payment obligations. The Company's credit risk is primarily attributable to cash which is with a large Canadian financial institution. The Company believes this credit risk is insignificant.

Credit risk
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The majority of cash is deposited in bank accounts held with a major bank in Canada. As most of the Company's cash is held by one bank there is a concentration of credit risk. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies. Credit risk related to cash is assessed as low.

Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash. As of March 31, 2020, the Company had working capital of $2,121,821 (September 30, 2019 -$989,282) to cover short term obligations.

Historically, the Company's sole source of funding has been loans from related parties and private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding. Liquidity risk is assessed as moderate.

Foreign exchange risk
Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company is not exposed to foreign exchange risk.

Interest rate risk
Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As at March 31, 2020 and September 30, 2019, the Company did not have any financial instruments subject to interest rate risk.

Capital management
The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of equity and cash. There were no changes in the Company's approach to capital management during the period. The Company is not subject to any externally imposed capital requirements.

New Significant Accounting Policies

IFRS 16 Leases

IFRS 16 specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17 Leases. The Company has not early-adopted this standard. Since the Company has no leases, there was no material impact on the Company's financial statements upon adoption of this standard.

Business Combinations

Judgement is used in determining whether an acquisition is a business combination or an asset acquisition. In determining the allocation of the purchase price in a business combination, including any acquisition-related contingent consideration, estimates including market based and appraisal values are used.

The Company measures all assets acquired and liabilities assumed at their acquisition-date fair values. Non-controlling interests in the acquiree are measured on the basis of the non-controlling interests' proportionate share of this equity in the acquiree's identifiable net assets. The excess of the aggregate consideration paid over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed, is recognized as goodwill as of the acquisition date.

Other MD&A Disclosure Requirements

Disclosure by venture issuer

An analysis of the material components of the Company's general and administrative expenses is disclosed in the financial statements to which this MD&A relates.

Outstanding Share Data
As at the date of this document, the Company had the following number of securities outstanding:

- 159,404,694 common shares issued and outstanding;
- 11,550,000 options outstanding; and
- 5,844,808 warrants outstanding.

Additional Disclosure for Venture Issuers without Significant Revenue

Additional disclosures concerning the Company's expenses are provided in the Company's statement of loss and comprehensive loss and note disclosures contained in its consolidated financial statements for the period ended March 31, 2020. These statements are available on its SEDAR Page. Site accessed through www.sedar.com.

RISK FACTORS

This section discusses factors relating to the business of Company that should be considered by both existing and potential investors. The information in this section is intended to serve as an overview and should not be considered comprehensive and the Company may face risks and uncertainties not discussed in this section, or not currently known to us, or that we deem to be immaterial. All risks to the Company's business have the potential to influence its operations in a materially adverse manner.

Additional Requirements for Capital

Substantial additional financing may be required if the Company is to be successful develop its business. No assurances can be given that the Company 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 Company, if at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations or anticipated expansion.

Limited Operating History

The Company has no consumer products producing positive cash flow and its ultimate success will depend on its ability to generate cash flow from its products in the future. The Company has not earned profits to date from CPG sales 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 Company's existing and future products. There is no assurance that the Company will be able to raise the required funds to continue these activities.

Public Health Crisis

The Company'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 12, 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 China. 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. As at the date of this MD&A, the CRTCE facility is still operational but at a reduced capacity as a result of the COVID-19 outbreak and there is no assurance as to when it will be able to operate at full capacity, our retail distribution expansion initiatives have been postponed indefinitely. Such public health crises can result in volatility and disruptions in the supply and demand for health and wellness 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. At this point, 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.

Failure to Meet Business Objectives

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

Development of New Products and Services

The Company's success will depend, in part, on its ability to develop, introduce and market new and innovative products and services. If there is a shift in consumer demand, the Company must meet such demand through new and innovative products and services or else its business will fail. The Company's ability to develop, market and produce new products is subject to it having substantial capital. There is no assurance that the Company will be able to develop new and innovative products or have the capital necessary to develop such products.

Distribution/Supply Chain Interruption

The Company is susceptible to risks relating to distributor and supply chain interruptions. Distribution is largely accomplished through independent contractors, therefore, an interruption (e.g., a labour strike) for any length of time affecting such independent contractors may have a significant impact on the Company's ability to sell its products. Supply chain interruptions, including a production or inventory disruption, could impact product quality and availability. Inherent to producing products is a potential for shortages or surpluses in future years if demand and supply are materially different from long-term forecasts. The Company monitors category trends and regularly reviews maturing inventory levels.

In addition, the Company is subject to supply chain risks relating to the necessary equipment, pharmaceuticals and supplies necessary to provide treatments. If there is a shortage in any of these items, the Company may not be able to treat patients and recover the necessary funds.

Dependence on Management Team

The Company will depend on certain key senior managers to oversee the core marketing, business development, operational and fund-raising activities and who have developed key relationships in the industry. Their loss or departure in the short-term would have an adverse effect on the Company's future performance.

Reporting Issuer Status

As a reporting issuer, the Company is subject to reporting requirements under applicable Securities Laws and stock exchange policies. The Company is working with its legal, accounting and financial advisors to identify those areas in which changes should be made to its subsidiaries financial management control systems to manage its obligations as a subsidiary of a public company. Compliance with these requirements will increase legal and financial compliance costs, make some activities more difficult, time consuming or costly and increase demand on existing systems and resources. Among other things, the Company is required to file annual, quarterly and current reports with respect to its business and results of operations and maintain effective disclosure controls and procedures and internal controls over financial reporting. To maintain and, if required, improve disclosure controls and procedures and internal controls over financial reporting to meet this standard, significant resources and management oversight may be required. As a result, management's attention may be diverted from other business concerns, which could harm the Company's business and results of operations.

Product Liability Insurance

The Company currently does not carry any product liability insurance coverage. Even though the Company is not aware of any product liability claims currently, its business exposes itself to potential product liability, recalls and other liability risks that are inherent in the sale of food products. The Company can provide no assurance that such potential claims will not be asserted against it. A successful liability claim or series of claims brought against the Company could have a material adverse effect on its business, financial condition, and results of operations.

Although the Company 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 of on acceptable terms, if at all, or that such insurance will provide adequate coverage against potential liabilities. Claims or losses more than any product liability cover that may be obtained by the Company could have a material adverse effect on its business, financial conditional and results of operations.

Trademark Protection

The Company currently has no obtained any trademarks. Failure to register trademarks for the Company or its products could require the Company to rebrand its products resulting in a material adverse impact on its business.

Government Regulation

The processing, manufacturing, packaging, labelling, advertising and distribution of the Company'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 of our products that fall within their jurisdiction. Such regulatory agencies may not accept the evidence of safety for any new ingredients that the Company may want to market, may determine that a particular product 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 the Company from marketing particular products or using certain statements of nutritional support on its products. The Company 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 the Company to remove a particular product from the market. Any future recall or removal would result in additional costs to the Company, 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.

General Healthcare Regulation Healthcare service providers in Canada are subject to various governmental regulation and licensing requirements and, as a result, the Company's businesses operate in an environment in which government regulations and funding play a key role. The level of government funding directly reflects government policy related to healthcare spending, and decisions can be made regarding such funding that are largely beyond the businesses' control. Any change in governmental regulation, delisting of services, and licensing requirements relating to healthcare services, or their interpretation and application, could adversely affect the business, financial condition, and results of operations of these business units. In addition, the Company could incur significant costs while complying with any changes in the regulatory regime. Noncompliance with any existing or proposed laws or regulations could result in audits, civil or regulatory proceedings, fines, penalties, injunctions, recalls or seizures, any of which could adversely affect the reputation, operations, or financial performance of the Company

Competition

The Company 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.

Many of our competitors have substantially greater financial, technical and human resources than we do and have significantly greater experience than us in conducting preclinical testing and human clinical trials of product candidates, scaling up manufacturing operations and obtaining regulatory approvals of products. Accordingly, our competitors may succeed in obtaining regulatory approval for products more rapidly than we do.

Smaller Companies

Market perception of junior companies may change, potentially affecting the value of investors' holdings and the ability of the Company to raise further funds through the issue of further Common Shares or otherwise. The share price of publicly traded smaller companies can be highly volatile. The value of the Common Shares may go down as well as up and the share price may be subject to sudden and large falls in value given the restricted marketability of the Common 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 Common Shares will be subject to market trends generally, notwithstanding any potential success of the Company. The value of the Common Shares distributed hereunder will be affected by such volatility.

Conflicts of Interest

All of the Company'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, the Company's Directors and officers may prioritize the business affairs of another Company over the affairs of the Company.

Personnel

The Company has a small management team and the loss of any key individual could affect the Company's business. Additionally, the Company 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 the Company.

The Company relies heavily on the availability of physicians and other healthcare professionals to provide services at its facilities. If physicians and other healthcare professionals were unable or unwilling to provide these services in the future, this would cause interruptions in the Company's business until these services are replaced. As such, vacancies and disabilities relating to the Company's current medical staff may cause interruptions in our business and result in lower revenues. As we expand our operations, we may encounter difficulty in securing the necessary professional medical and skilled support staff to support our expanding operations. There is currently a shortage of certain medical physicians in Canada and this may affect the Company's ability to hire physicians and other healthcare practitioners in adequate numbers to support its growth plans, which may adversely affect the business, financial condition and results of operations.

Commercialization

Given the early stage of our product development, we can make no assurance that our research and development programs will result in regulatory approval or commercially viable products. To achieve profitable operations, we, alone or with others, must successfully develop, gain regulatory approval, and market our future products. We currently have no products that have been approved by the FDA, Health Canada or any similar regulatory authority. To obtain regulatory approvals for our product candidates being developed and to achieve commercial success, clinical trials must demonstrate that the product candidates are safe for human use and that they demonstrate efficacy. While we have commenced pre-clinical trials we have not yet completed later stage clinical trials for any of our product candidates.

Many product candidates never reach the stage of clinical testing and even those that do have only a small chance of successfully completing clinical development and gaining regulatory approval. Unsatisfactory results relating to a research and development program may cause us or our collaborators to abandon commitments to that program. Positive results of early preclinical research may not be indicative of the results that will be obtained in later stages of preclinical or clinical research. Similarly, positive results from early-stage clinical trials may not be indicative of favourable outcomes in later-stage clinical trials, and we can make no assurance that any future studies, if undertaken, will yield favourable results.

Commercialization (continued)

The early stage of our product development makes it particularly uncertain whether any of our product development efforts will prove to be successful and meet applicable regulatory requirements, and whether any of our product candidates will receive the requisite regulatory approvals, be capable of being manufactured at a reasonable cost or be successfully marketed. If we are successful in developing our current and future product candidates into approved products, we will still experience many potential obstacles such as the need to develop or obtain manufacturing, marketing and distribution capabilities. If we are unable to successfully commercialize any of our products, our financial condition and results of operations may be materially and adversely affected.

We can make no assurance that any future studies, if undertaken, will yield favourable results. Many companies in the biotechnology industries have suffered significant setbacks in later-stage clinical trials after achieving positive results in early-stage development, and we cannot be certain that we will not face similar setbacks. These setbacks have been caused by, among other things, preclinical findings made while clinical trials were underway or safety or efficacy observations made in clinical trials, including previously unreported adverse events. Moreover, preclinical, and clinical data are often susceptible to varying interpretations and analyses, and many companies that believed their product candidates performed satisfactorily in preclinical studies and clinical trials nonetheless failed to obtain FDA approval. If we fail to produce positive results in our programs, the development timeline and regulatory approval and commercialization prospects for our leading product candidates, and, correspondingly, our business and financial prospects, would be materially adversely affected.

Clinical Trial Failure Risk

Before obtaining marketing approval from regulatory authorities for the sale of our product candidates, we must conduct extensive clinical trials in humans to demonstrate the safety and efficacy of the product candidates. Clinical testing is expensive and difficult to design and implement, can take many years to complete and has uncertain outcomes. The outcome of preclinical studies and early clinical trials may not predict the success of later clinical trials, and interim results of a clinical trial do not necessarily predict results. Several companies in the pharmaceutical and biotechnology industries have suffered significant setbacks in advanced clinical trials due to lack of efficacy or unacceptable safety profiles, notwithstanding promising results in earlier trials.

We do not know whether the clinical trials we may conduct will demonstrate adequate efficacy and safety to result in regulatory approval to market any of our product candidates in any jurisdiction. A product candidate may fail for safety or efficacy reasons at any stage of the testing process. A major risk we face is the possibility that none of our product candidates under development will successfully gain market approval from the FDA or other regulatory authorities, resulting in us being unable to derive any commercial revenue from them after investing significant amounts of capital in their development.

Research Delays

We cannot predict whether any clinical trials will begin as planned or will be completed on schedule, or at all. Significant clinical trial delays could allow our competitors to bring products to market before us, which would impair our ability to successfully commercialize our product candidates and may harm our financial condition, results of operations and prospects. The commencement and completion of clinical trials for our products may be delayed for a number of reasons, including delays related, but not limited, to: failure by regulatory authorities to grant permission to proceed or placing the clinical trial on hold; patients failing to enroll or remain in our trials at the rate we expect; product candidates demonstrating a lack of safety or efficacy during clinical trials; patients choosing an alternative treatment for the indications for which we are developing any of our product candidates or participating in competing clinical trials; patients failing to complete clinical trials due to dissatisfaction with the treatment, side effects or other reasons; reports of clinical testing on similar technologies and products raising safety and/or efficacy concerns; competing clinical trials and scheduling conflicts with participating clinicians; clinical investigators not performing our clinical trials on their anticipated schedule, dropping out of a trial, or employing methods not consistent with the clinical trial protocol, regulatory requirements or other third parties not performing data collection and analysis in a timely or accurate manner; inspections of clinical trial sites by regulatory bodies or ethics committees finding regulatory violations that require us to undertake corrective action, resulting in suspension or termination of one or more sites or the imposition of a clinical hold on the entire study; one or more regulatory bodies or ethics committees rejecting, suspending, or terminating the study at an investigational site, precluding enrolment of additional subjects, or withdrawing its approval of the trial; or failure to reach agreement on acceptable terms with prospective clinical trial sites.

Confidentiality of Personal and Health Information

The Company and its subsidiaries' employees and consultants have access, in the course of their duties, to personal information of clients of the Company and specifically their medical histories. There can be no assurance that the Company's existing policies, procedures and systems will be sufficient to address the privacy concerns of existing and future clients whether or not such a breach of privacy were to have occurred as a result of the Company's employees or arm's length third parties. If a client's privacy is violated, or if the Company is found to have violated any law or regulation, it could be liable for damages or for criminal fines and/or penalties.

Psychedelic Regulatory Risk

Psychedelic therapy is a new and emerging industry with substantial existing regulations and uncertainty as to future regulations. There is no assurance the Company will be able to derive meaningful revenue from its investment in psychedelic therapy development, or to pursue that business to the extent currently proposed.

Regulatory Approval Risks

The development and commercialization activities and product candidates are significantly regulated by several governmental entities, including the FDA, Health Canada, and comparable authorities in other countries. Regulatory approvals are required prior to each clinical trial and we may fail to obtain the necessary approvals to commence or continue clinical testing. We must comply with regulations concerning the manufacture, testing, safety, effectiveness, labelling, documentation, advertising, and sale of products and product candidates and ultimately must obtain regulatory approval before we can commercialize a product candidate. The time required to obtain approval by such regulatory authorities is unpredictable but typically takes many years following the commencement of preclinical studies and clinical trials. Any analysis of data from clinical activities we perform is subject to confirmation and interpretation by regulatory authorities, which could delay, limit, or prevent regulatory approval. Even if we believe results from our clinical trials are favourable to support the marketing of our product candidates, the FDA or other regulatory authorities may disagree. We have not obtained regulatory approval for any product candidate and it is possible that none of our existing product candidates or any future product candidates will ever obtain regulatory approval.

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

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. 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.

Risks Related to Intellectual Property (Continued)

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