TRYP THERAPEUTICS INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year-ended August 31, 2021

This management discussion and analysis ("**MD&A**") of the operations and financial condition of the Company is dated as of December 22, 2021 and describes the operating and financial results of the Company for the year-ended August 31, 2021. MD&A of financial condition and the results of operations should be read in conjunction with the August 31, 2021 audited consolidated financial statements and the August 31, 2020 audited financial statements together with accompanying notes. The audited consolidated financial statements of the Company for the year-ended August 31, 2021, are prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). The most recent audited financial statements of the Company for the year ended August 31, 2020 and all comparative information herein have been prepared in accordance with International Financial Reporting Standards ("IFRS").

Throughout the report we refer to "Tryp" the "Company", "we", "us", "our" or "its". All these terms are used in respect of Tryp Therapeutics Inc.

This report contains "forward-looking information" within the meaning of applicable securities laws in Canada. Forward-looking information may relate to our outlook and anticipated events or results and may include information regarding our financial position, business strategy, growth strategies, budgets, operations, financial results, taxes, dividend policy, plans and objectives. Particularly, information regarding our expectations of future results, performance, achievements, prospects or opportunities or the markets in which we operate is forward-looking information. In some cases, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "targets", "expects" or "does not expect", "outlook", "prospects", "strategy", "intends", "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might", "will", "occur" or "be achieved". In addition, any statements that refer to expectations, intentions, projections or other characterizations of future events or circumstances contain forward-looking information. Statements containing forward-looking information are not historical facts but instead represent management's expectations, estimates and projections regarding future events or circumstances. Forward-looking information contained in this MD&A and other forward-looking information are based on our opinions, estimates and assumptions in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors that we currently believe are appropriate and reasonable in the circumstances. Despite a careful process to prepare and review the forward-looking information, there can be no assurance that the underlying opinions, estimates and assumptions will prove to be correct.

The forward-looking information in this report represents our expectations as of the date of this MD&A. The Company does not have any policies to update or revise any forward-looking information whether as a result of new information, future events or otherwise, except as required under applicable securities laws in Canada. Forward-looking information in this MD&A includes, but is not limited to, information relating to: the timing, progress, and results of preclinical and clinical studies for our psilocybin-based drug products (TRP-8802 and TRP-8803) and any future drug candidates we may develop, including statements regarding the timing of initiation and completion of studies and related preparatory work, the period during which the results of the studies will become available, and our research and development programs; the potential of undesirable side effects or other properties relating to our drug candidates that could delay or

prevent their regulatory approval, limit their commercial potential, or result in significant negative consequences following any potential marketing approval; the potential for our identified research priorities to advance our drug candidates; the potential benefits of and our ability to establish collaborations or strategic relationships or obtain additional funding; the potential for substantial delays in our clinical studies or our failure to demonstrate safety and efficacy to the satisfaction of applicable regulatory authorities; our ability to obtain and maintain regulatory approval of our drug candidates, including TRP-8802, TRP-8803, and any other future drug candidates, and any related restrictions, limitations and/or warnings in the label of an approved product candidate; our intellectual property position, including the scope of protection, if any, we are able to establish and maintain for intellectual property rights covering TRP-8802, TRP-8803, and any additional drug candidates we may develop, and our ability not to infringe, misappropriate, or otherwise violate any third-party intellectual property rights; our ability and the potential to successfully manufacture our drug candidates for clinical studies and for commercial use, if approved; the commercial prospects of our drug candidates in light of the intellectual property rights of others; our ability to obtain funding for our operations, including funding necessary to complete further development of our drug candidates; our plans to research, develop, and commercialize our drug candidates; our ability to attract collaborators with development, regulatory, and commercialization expertise; the size and growth potential of the markets for our drug candidates; the rate and degree of market acceptance and clinical utility of TRP-8802, TRP-8803 and any future drug candidates we may develop, if approved; the pricing and reimbursement of TRP-8802, TRP-8803 and any future drug candidates we may develop, if approved; regulatory developments in the United States and other countries; our ability to contract with third-party suppliers and manufacturers and their ability to perform adequately; the success of competing therapies that are or may become available; our ability to retain the continued service of our key professionals and to identify, hire, and retain additional qualified professionals; the accuracy of our estimates regarding expenses, future revenue, capital requirements, and needs for additional financing; and the impact of laws and regulations and potential changes to laws and regulations.

We have based our assumptions for basis of our forward-looking information largely on the Company's current expectations, estimates, assumptions, and projections about future events and financial and other trends that the Company believes, as of the date of such statements, may affect its business, financial condition and results of operations. Such expectations, estimates, assumptions, and projections, many of which are beyond our control, are based on and include but are not limited to: (i) the Company's ability to obtain positive results of preclinical and clinical studies; (ii) the Company's ability to obtain regulatory approvals; (iii) general business and economic conditions; (iv) the Company's ability to successfully out-license or sell its current drug candidates and in-license and develop new drug candidates; (v) the availability of financing on reasonable terms; (vi) the Company's ability to attract and retain skilled staff; (vii) market competition; (viii) the products and technology offered by the Company's competitors; and (ix) the Company's ability to protect patents and proprietary rights.

Additional information about risks and uncertainties is contained in this MD&A and in the Company's prospectus dated, December 8, 2020 (the "**Prospectus**"), a copy of which is available under the Company's profile on SEDAR at www.sedar.com

Additionally, a more complete discussion of the risks and uncertainties facing the Company is disclosed in the Company's continuous disclosure filings with Canadian securities regulatory authorities at www.sedar.com.

All forward-looking information herein is qualified in its entirety by this cautionary statement, and the Company disclaims any obligation to revise or update any such forward-looking information or to publicly announce the result of any revisions to any of the forward-looking information contained herein to reflect future results, events or developments, except as required by law.

Overview, Performance and Operations

The Company was incorporated under *the BC Business Corporations Act* on September 24, 2019 under the name "Artos Pharma Corp." ("Artos"). On June 30, 2020, Artos changed its name to "Tryp Therapeutics Inc" (the "Company").

Tryp is a pharmaceutical company focused on developing psilocybin-based compounds for the treatment of diseases with high unmet medical needs. The Company's lead development program is designed to treat neuropsychiatric disorders through the dosing of formulations of synthetic psilocybin. The primary indications are in the areas of chronic pain including fibromyalgia, phantom limb pain, and complex regional pain syndrome; and eating disorders including binge eating and hypothalamic obesity. See the Company's Prospectus under heading *"General Development and Business of the Company*" as filed on www.sedar.com for further information.

On December 17, 2020, the Company successfully closed its initial public offering, pursuant to the Company's Prospectus and commenced trading on the Canadian Stock Exchange ("**CSE**") on December 18, 2020 under the symbol "**TRYP**".

On March 16, 2021, Tryp Therapeutics (USA) Inc. was incorporated in the State of Delaware, United States of America and is 100% owned by Tryp Therapeutics Inc.

On April 5, 2021, the Company initiated quoting activity on the OTCQB Venture Market under the symbol "**TRYPF**" and is eligible for settlement and transfer of its common shares in the United States with The Depository Trust Company.

The Company's principal address, records office and registered address are located at 301 – 1665 Ellis Street, Kelowna, BC V1Y 2B3, Canada.

The COVID-19 pandemic promoted various recommendations and safety measures from governmental authorities to try and limit the pandemic. The response of governmental authorities is having a significant impact on the private sector and individuals, including unprecedented business, employment and economic disruptions. During the current reporting period, aspects of the Company's business continue to be affected by the COVID-19 pandemic, with the Company's operations within local rules and regulations. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or results of operations at this time

In addition to the below summary please refer to the Company's Prospectus as filed on www.sedar.com under the Company's profile.

During the recent year-ended August 31, 2021 and as at the date of this report herein, the Company reports the following:

Corporate

OTCQB Quoting and DTC Eligibility

On April 5, 2021 Tryp announced that it had initiated quoting activity on the OTCQB Venture Market and that it was eligible for settlement and transfer of its common shares in the United States with The Depository Trust Company (DTC).

Intellectual Property

On March 18, 2021 Tryp announced the filing of a provisional patent (US 63/161,070) to improve how psychedelics are administered across a wide range of indications. The provisional patent describes novel methods for the formulation, delivery, and dosing of psychedelics resulting in a potential reduction in the time spent by patients in the psychedelic state. The Company's intellectual property also includes a PCT filing (PCT/IB2020/058597) made September 16, 2020. Tryp expects to make additional provisional patent filings in 2022 related to its psilocybin-based drug development program.

Partnerships

On May 3, 2021 Tryp announced a master service agreement with Fluence to provide design and training for the psychotherapeutic portion of Tryp's clinical trial activities. Fluence is led by researchers and psychotherapists with direct experience in psychedelic clinical trials and is the foremost provider of psychotherapeutic training for health professionals that are administering psychedelic compounds to patients. The company is dedicated to increasing awareness, availability, and safety of psychedelic therapies, psychedelic integration, and related healthcare services.

On May 10, 2021 Tryp announced a master service agreement with Clinlogix, a Contract Research Organization, to support Tryp's clinical development of its PFN™ program.

On May 25, 2021 Tryp announced an agreement with Alcami Corporation, a global pharmaceutical contract development and manufacturing organization, to support the proprietary formulation of products for Tryp's PFN™ program. Tryp's collaboration with Alcami will initially focus on developing oral formulations for Tryp's proprietary psilocybin Active Pharmaceutical Ingredient being manufactured by Curia (formerly known as AMRI).

On July 7, 2021 Tryp announced an advisory agreement with George Mashour, M.D., Ph.D., who serves as Chair of the Department of Anesthesiology at the University of Michigan Medical School

Tryp's collaboration with the University of Michigan is part of a series of upcoming bridging studies designed to expand Tryp's intellectual property portfolio for the company's novel TRP-8803 drug formulation compared with conventional oral formulations of synthetic psilocybin. This series of studies will also facilitate the advancement of TRP-8803 into Phase 2b clinical trials.

On August 10, 2021 Tryp announced an agreement with Calvert Labs to design and execute exploratory studies related to Tryp's Psilocybin-for-Neuropsychiatric Disorders (PFN™) program. Calvert Labs, an Altasciences company, has a proven track record of executing FDA-approved studies across a broad range of therapeutic indications. The studies will focus on generating toxicology and blood exposure level data for Tryp's proprietary, psilocybin-based formulation, TRP-8803, while strengthening Tryp's intellectual property portfolio for the drug product. The completion of these studies will also provide regulatory support for the Company's novel methods for the formulation, delivery, and dosing of its products in future clinical studies.

Directors, Officers and Advisors

On April 1, 2021 Tryp appointed Mr. McKee to serve as Chief Executive Officer. Mr. McKee will continue to serve as Chairman of the Company's board of directors. Tryp's former CEO, Jim Kuo, will continue to serve as a director on the Company's board.

Greg McKee brings more than 20 years of biotechnology, life sciences management and leadership and venture investment experience to the company. Before joining Tryp, he founded Torrent Ventures, an early stage digital health and medical technology venture fund, and served as chief executive officer of CONNECT, the largest Southern California start-up accelerator creating and scaling of innovative life sciences and technology companies. Prior to CONNECT he was chairman, president and chief executive officer publicly traded Nventa Biopharmacueticals which successfully merged with Akela Pharma. Additionally, he has held senior management roles at Genzyme Corporation, which was acquired by Sanofi for $22 billion. Mr. McKee has lived and worked in Tokyo, Japan for seven years managing a $550M investment portfolio at the Mizuho Group and as an investment banker with UBS. He was also senior advisor to the Former Minister of Foreign Affairs of Japan. Additionally, Mr. McKee lived and worked in Singapore for 2 years managing Genzyme's business units in South East Asia and mainland China. Mr. McKee earned a B.A. in Economics from the University of Washington, a M.A. in International Studies from The Joseph H. Lauder Institute and an M.B.A from the Wharton School, at the University of Pennsylvania. He has been a member of Young President's Organization (YPO) since 2006.

On March 8, 2021 Tryp appointed Luke Hayes to serve as Chief Financial Officer. Mr. Hayes has been active in the life science industry for more than 20 years with experience in technology transfer, venture capital, and finance. He started his career doing business development for Dow Chemical with responsibility for pharmaceutical customers including Lilly and AbbVie. He spent more than a decade doing venture capital investing while supporting a wide range of companies as a Director and advisor. Mr. Hayes has deep experience with corporate finance and capital formation activities as well as extensive relationships throughout the life science industry. He earned a B.S. in Chemical Engineering from Brigham Young University and an MBA from the UCLA Anderson School of Management.

On July 26, 2021, Tryp appointed Robin Carhart-Harris, Ph.D. as SAB Chairman and added Daniel Clauw M.D as the Scientific Advisor.

Dr. Carhart-Harris initially joined Tryp's SAB in February 2021 and has since been instrumental in advising the Company through the development of its Psilocybin-for-Neuropsychiatric Disorders program. He currently serves as Director of the_Neuroscape Psychedelic Division at the University of California, San Francisco as well as Founder and Head of the Centre for Psychedelic Research, Division of Brain Sciences, at Imperial College London. Dr. Carhart-Harris has published over 100 papers in peer-reviewed scientific journals and is one of the most cited researchers in the medical application of psychedelic compounds.

Dr. Clauw is a world-leading expert in fibromyalgia and other nociplastic pain indications, or pain that is believed to derive from a dysfunction of the central nervous system whose processing of pain signals has become distorted. He currently serves as Director of the Chronic Pain & Fatigue Research Center and Professor of Anesthesiology, Medicine, and Psychiatry at the University of Michigan Medical School. Dr. Clauw has participated in the development of all of the currently approved treatments for fibromyalgia and brings decades of expertise in nociplastic pain to the SAB.

On August 18, 2021, Tryp appointed Dennis Langer, M.D., J.D as a Senior Advisor.

Dr. Langer has been a Director, Co-Founder, and CEO of various public and private biotechnology, specialty pharmaceutical, and diagnostic companies. He previously served as Senior Vice President of Research and Development at GlaxoSmithKline and as CEO of Neose Technologies. He currently serves as a Director of Myriad Genetics, Inc. and the Whitehead Institute for Biomedical Research. Dr. Langer previously served as a Director at several biotechnology companies that were successfully acquired including Pharmacopeia, Cytogen, Sirna Therapeutics, and Transkaryotic Therapies. Dr. Langer earned a B.A. from Columbia University, an M.D. from the Georgetown University School of Medicine, and a J.D. (cum laude) from Harvard Law School.

On October 7, 2021, Tryp announced the collaborated with Paul Hutson, PharmD and Christopher Nicholas, PhD, at the University of Wisconsin-Madison.

Dr. Hutson and Dr. Nicholas will serve as Investigators on a clinical pharmacology study to evaluate the safety and pharmacokinetics of TRP-8803 in healthy, volunteer patients. The completion of the studies will

provide further regulatory support for TRP-8803 as well as insight into the pharmacokinetic profile of TRP-8803. TRP-8803 is expected to be used in Tryp's Phase 2b studies and eventual commercialization as the Company develops the product for chronic pain indications such as fibromyalgia and phantom limb pain, among other diseases.

Dr. Hutson is Professor of the Pharmacy Practice Division at the University of Wisconsin-Madison School of Pharmacy and brings years of experience assessing the therapeutic uses of psilocybin and other psychoactive medications to the partnership. Dr. Hutson has been prolific in evaluating blood exposure levels of psilocybin-based products in patients and the impact on patients as the Principal Investigator for a safety and dose escalation clinical trial for psilocybin performed at the University of Wisconsin-Madison. Dr. Hutson also serves as Director of the University of Wisconsin-Madison Transdisciplinary Center for Research in Psychoactive Substances in the University of Wisconsin School of Pharmacy.

For additional information on Tryp's Directors and Officers see the Company's Prospectus as filed on www.sedar.com under the Company's profile.

Results of Operations

Financial Results for the year ended August 31, 2021

The Company had no operating revenues during the year-ended August 31, 2021 and relies on external financings to generate capital for its continued operations. As a result of its activities, the Company continues to incur losses.

For the year-ended August 31, 2021, the Company reported a $8,254,709 (2020 - $422,617) net loss and comprehensive loss and $0.14 (2020 - $0.02) basic and diluted loss per share. The current period loss was primarily attributed to general and administration costs as described hereinbelow of $1,758,658 (2020 - $372,139) and share-based payments of $2,461,631 (2020 - $nil) in connection the grant of stock options.

The summary of general and administrative expenditures included:

	For the Year-Ended August 31, 2021	For the period ended September 24, 2019 (incorporation) to August 31, 2020
Professional Fees	**$64,687**	$-
Consulting fees and salaries	**1,069,886**	**-**
Insurance	**90,635**	**-**
Office and administration fees	**329,220**	372,139
Regulatory and legal fees	**204,230**	**-**
Total G&A Expenses	**$1,758,658**	**$372,139**

Consulting fees and salaries relate to services provided by consultants and employees, including management, of the development of the Company's business plan, business advisory services provided to management to assist in the preparation of its going public transaction and related documentation and filing requirements.

Regulatory fees relate to listing and exchange fees in connection with the going public transaction and listing on the CSE.

In addition to administration and general expenses incurred as described above the Company incurred the following:

Marketing and corporate development *expenses* of $1,984,502 (2020 - $27,672) relating to media advisory marketing campaigns, ongoing website development, social media and news release dissemination.

Research and Development expenses of $889,979 (2020 - $8,327) relating to consulting fees and analytical support in relation to the development of the Company's business plans for its PFN™ program.

The summary of research and development expenditures included:

	For the Year Ended August 31, 2021	For the period ended September 24, 2020 (incorporation) to August 31, 2020
Preclinical Activities for TRP-8803	**$ 424,822**	$ -
Development Activities for TRP-8802	**465,157**	-
Other	**-**	8,327
	$ 889,979	$ 8,327

Summary of Annual Results

	For the year ended August 31, 2021	For the period ended September 24, 2019 (incorporation) to August 31, 2020
Revenue	**$-**	$-
Net loss and comprehensive loss	**($8,254,709)**	($422,617)
Basic and diluted loss per share	**($0.14)**	($0.02)
Weighted average shares outstanding	**57,512,239**	18,998,964

Liquidity and capital resources

	August 31 2021	August 31 2020
Financial position:		
Cash and cash equivalents	**$3,692,271**	$1,019,100
Working capital	**$3,897,849**	$855,092
Total assets	**$4,108,176**	$2,035,045
Shareholders' equity	**$3,922,813**	$1,842,337

As at August 31, 2021, the Company's working capital balance was $3,897,849 (August 31, 2020 - $855,092) which included prepaid expenditures and advances of $369,166 (August 30, 2020 - $28,700) for marketing and corporate development.

The intangible assets for the period ended August 31, 2021 of $24,804 (August 31, 2020 - $960,725) represents the capital investment of $nil during the period ended August 31, 2021 (August 31, 2020 - $960,725) for patent applications filing and expenses. In April 2021 the Company determined that it was in the Company's best interest with respect to its IP strategy to discontinue the prosecution of the Additional Purchase Assets resulting in an impairment in value of intangible assets of $960,565 (2020 - $Nil) during the year ended August 31, 2021.

Costs	Intellectual Property
Balance at September 24, 2019 (incorporation)	-
Additions – Note 7	$ 960,725
Balance August 31, 2020	960,725
Additions	24,804
Impairment	(960,565)
Balance August 31, 2021	$ **24,964**

On December 17, 2020 the Company completed the offering for gross proceeds of $5,002,500 and on February 16, 2021 the Company completed a private placement for gross proceeds of $2,000,000. Prior equity sales from incorporation on September 24, 2019 to August 31, 2020 included an aggregate of $1,068,793.

During the period ended August 31, 2021, the Company issued an aggregate 2,885,000 common share pursuant the exercise of 2,885,000 IPO Warrants at an exercise price of $0.50.

Summary of Quarterly Results

Quarter Ended	**31-Aug-21**	**30-May-21**	**28-Feb-21**	**30-Nov-20**
Revenue	**$-**	**$-**	**$-**	**$-**
Net loss and comprehensive loss	**($2,760,192)**	**($2,571,084)**	**($2,390,093)**	**($533,340)**
Basic and diluted loss per share	**($0.05)**	**($0.04)**	**($0.05)**	**($0.01)**
Weighted average shares outstanding	**57,512,239**	**66,372,181**	**48,351,815**	**39,091,722**

Quarter Ended	31-Aug-20	31-May-20	29-Feb-20	30-Nov-19
Revenue	$-	$-	$-	$-
Net loss and comprehensive loss	($416,615)	($6,002)	$-	$-
Basic and diluted loss per share	($0.02)	($0.04)	$-	$-
Weighted average shares outstanding	18,998,964	151,987	55,296	12,864

For the quarter-ended August 31, 2021, the Company reported a $2,760,192 (Q4 2020 - $416,615) net loss and comprehensive loss. The current period loss was primarily attributed to general and administration costs as described hereinbelow of $848,546 (Q4 2020 - $366,137) and share-based payments of $764,954 (2020 - $nil) in connection the grant of stock options.

Marketing and corporate development *expenses* of $433,243 (2020 - $27,672) relating to media advisory marketing campaigns, ongoing website development, social media and news release dissemination.

Research and Development expenses of $635,562 (2020 - $8,327) relating to consulting fees and analytical support in relation to the development of the Company's business plans for its PFN™ program.

The Company has cash and cash equivalents on hand as of December 22, 2021 of $1.8 million. The Company will require additional funding to complete significant research and development objectives as outlined in the Company's Prospectus under heading "*Business Objectives and Milestones"* as filed on www.sedar.com under the Company's profile.

The Company's continuation as a going concern is dependent upon its ability to raise equity capital or borrowings sufficient to meet current and future obligations, development and ultimately achieve profitable operations.

Use of Proceeds

	Estimated Use of Proceeds from Over allotted IPO	Estimated Use of Proceeds from	Combined Use of Proceeds	Actual Use of Proceeds	Variances
Research, Development and IND - Activities for TRP-8802	$1,500,000	$2,000,000	$3,500,000	$378,684	$3,121,316
Research, Development and IND - Activities for TRP-8803	$400,000	-	$400,000	$314,149	$85,851
General and Administration*	$2,200,000	-	$2,200,000	$3,062,636	($862,636)
	$4,100,000	$2,000,000	$6,100,000	$3,755,469	$2,344,531
*G&A					
Costs of IPO	$350,000	-	$350,000	$376,344	($26,344)
Consulting Fees	$660,000	-	$660,000	$905,449	($245,499)
Professional Fees	$260,000	-	$260,000	$308,861	($48,861)
Investor Relations	$485,000	-	$485,000	$834,475	($349,475)
Maintenance and Protection of IP	$200,000	-	$200,000	$17,715	$182,285
Administration	$245,000	-	$245,000	$619,792	($374,792)
	$2,200,000	$0	$2,200,000	$3,062,636	($862,636)

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Contractual Commitments

N/A

Key Management and Personnel Compensation

Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers. Key management personnel compensation for the year ended August 31, 2021 and period from incorporation to August 31, 2020, including Company officers, directors, and private companies controlled by officers and directors, was as follows:

	For the Year-ended August 31, 2021	For the period ended September 24 , 2019 (incorporation) to August 31, 2020
Key management personnel compensation comprised:		
Consulting fees and salaries	**$ 592,102**	$42,500
Director fees	**193,333**	-
Administration fees	**1,525**	-
Share-based payments	**2,132,644**	-
	$ 2,919,604	$42,500

Key management and personnel compensation for the period from September 24, 2019 to August 31, 2020 was $42,500.

Consulting fees of $78,125 (2020 - $nil) were paid to a company controlled by the Company's director and former CEO.

Consulting fees of $40,711 (2020 - $nil) and gross salaries of $62,879 (2020 - $nil) were paid to the Company's CEO.
Consulting fees of $52,175 (2020 - $nil) gross salaries of $58,933 (2020 - $nil) were paid to the Company's CFO.

Consulting fees of $126,274 (2020 - $nil) and gross salaries of $61,401 (2020 - $nil) were paid to a company controlled by the Company's President and CSO.

Consulting fees of $60,667 (2020 - $nil) were paid to the Company's COO.

Share-based payments are the fair value of options granted to key management personnel.

As of August 31, 2021, included in trade and other payables are amounts due to officers and directors for fees and expenses of $322 (2020 - $41,113).

Amounts due to related parties included in trade and other payables are unsecured, non-interest bearing and are without fixed terms of repayment.

Related Party Transactions

Shareholder loans
As at August 31, 2021, no shareholder loans were due or payable (2020 – $4,514). Shareholder loans due on demand, unsecured, and without interest.

Significant Accounting Policies

The Company's significant accounting policies are disclosed in Note 3 of the Company's annual audited consolidated financial statements for the year ended August 31, 2021.

Critical Accounting Policies and Estimates

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The effect of a change in an accounting estimate is recognized prospectively by including it in loss/income in the year of the change, if the change affects that year only, or in the year of the change and future years, if the change affects both.

Information about critical judgments and estimates in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements within the next financial year are discussed below:

***Critical accounting estimates*:**

Recoverability of the carrying value of intangible assets

Recoverability of the carrying value of intangible assets requires management to determine whether future economic benefits from sale or otherwise are likely. Evaluation may be more complex where activities have not reached a stage that permits a reasonable assessment of the viability of the asset.

Management must make certain estimates and assumptions about future events or circumstances including, but not limited to, the interpretation of research results, as well as the Company's financial ability to continue sales activities and operations.

Useful lives of intangible assets

Amortization is recorded on the straight-line basis based upon management's estimate of the useful life and residual value. The estimates are reviewed at least annually and are updated if expectations change as a result of the technical obsolescence or legal and other limits to use. A change in the useful life or residual value will impact the reported carrying value of the intangible assets resulting in a change in related amortization expense. As at May 31, 2021, the Company has not amortized the intangible assets as amortization begins when the intangible assets are available for use.

Fair value of consideration for intangible assets acquired

The Company has applied estimates with respect to the valuation of shares issued for non-cash consideration in the acquisition of intangible assets. Shares are valued at the fair value of the equity instruments granted at the date the Company receives the goods or services for share-based payments made to those other than employees or others providing similar services.

The measurement of deferred income tax assets and liabilities

Deferred tax assets, including those arising from un-utilized tax losses, require management to assess the likelihood that the Company will generate sufficient taxable earnings in future periods in order to utilize recognized deferred tax assets. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions in future periods. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the reporting date could be impacted.

Share-based payments and warrants

The fair value of share-based compensation expense and warrants is estimated using the Black-Scholes option pricing model and rely on a number of estimates, such as the expected life of the option or warrant, the volatility of the underlying share price, the risk-free rate of return, the estimated rate of forfeiture of options granted, future exercise behaviors and corporate performance. Such estimates and assumptions are inherently uncertain, and any changes in these assumptions affect the fair value estimates of share-based compensation expense and warrants.

The Group measures equity settled share-based payments based on their fair value at the grant date and recognizes compensation expense over the vesting period based on the Group's estimate of equity instruments that will eventually vest. Expected forfeitures are estimated at the date of grant and subsequently adjusted if further non-market-based information indicates actual forfeitures may vary from the original estimate. Any revisions are recognized in the consolidated statements of loss and comprehensive loss such that the cumulative expense reflects the revised estimate.

***Critical accounting judgments*:**

Going concern

The preparation of these financial statements requires management to make judgments regarding the going concern of the Company as discussed in note 2 of the financial statements.

Research and development

Management monitors the progress of its research and development activities. Significant judgement is required to distinguish between the research and development phases and if development cost capitalization criteria are met. Development costs are recognized as an asset when the following criteria are met: (i) technical feasibility; (ii) intention to complete the project; (iii) the ability to generate future economic benefits; (iv) availability of technical and financial resources; and (v) the ability to measure the expenditures reliably. Research costs are expensed as incurred. Management considers these factors in aggregate and applies significant judgment to determine whether the product is feasible. As at August 31, 2021, the Company has capitalized $24K in research and development costs.

Treatment of acquired intangible assets

Consideration paid in the acquisition of intangible assets is capitalized to the extent that the definition of an intangible asset and the criteria for recognition as intangible assets in IAS 38 *Intangible Assets* are met. Those criteria require that the intangible asset be identifiable, the Company must have control over it, and it must provide future economic benefits. Management considers these factors in aggregate and applies significant judgment to determine whether the intangible asset should be recognized in the statement of financial position.
At each reporting date, the Company assesses if the intangible assets have indicators of impairment. In determining whether the intangible assets are impaired, the Company assesses certain criteria, including observable decreases in value, significant changes with adverse effect on the entity, evidence of technological obsolescence and future plans.

Treatment of deferred financing costs

Professional, consulting, regulatory and other costs directly attributable to financing transactions are recorded as deferred financing costs until the financing transactions are completed, if the completion of the transaction is considered likely; otherwise they are expensed as incurred. Management applies significant judgment to determine whether the completion of the transaction is considered likely.

Deferred taxes

Significant estimates are required in determining the Company's income tax provision. Some estimates are based on interpretations of existing tax laws or regulations. Various internal and external factors may have favourable or unfavourable effects on the Company's future effective tax rate. These include, but are not limited to, changes in tax laws, regulations and/or rates, changing interpretations of existing tax laws or regulations, and results of tax audits by tax authorities.

Future Accounting Changes

IAS 1 Classification of Liabilities as Current or Non-Current

In January 2021, the International Accounting Standards Board ("IASB") issued a narrow scope amendment to IAS 1 – Classification of Liabilities ad Current or Non-Current, which affects only the presentation of liabilities in the statement of financial position and not the amount or timing of their recognition. The amendment clarifies that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period and specifies that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability. It also introduces a definition of settlement to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The amendment is effective for annual reporting periods beginning on or after January

1, 2023. Earlier application is permitted. The implementation of this amendment is not expected to have a significant impact on the Company.

IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors

In February 2021, the IASB issued an amendment to IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors. The amendment introduces the definition of an accounting estimate and sets criteria to help entities distinguish changes in accounting estimates from changes in accounting policies. The amendment is effective for annual periods beginning on or after January 1, 2023 and changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted. Management is currently assessing the impact of this amendment.

Financial Instruments

The Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements. The type of risk exposure and the way in which such exposure is managed is provided as follows:

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 and cash equivalents 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 August 31, 2021, the Company had working capital of $3,897,849 (2020 – $855,092) 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.

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 August 30, 2020 and August 31, 2021, the Company did not have any financial instruments subject to interest rate risk.

Fair value
Financial instruments that are measured subsequent to initial recognition at fair value are grouped in Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

As at August 31, 2021, cash and cash equivalents, loan from shareholder, and trade and other payables is measured as Level 1 financial instruments.

Capital Management

The Company considers its share capital as capital. The Company's objectives when maintaining capital are to maintain a sufficient capital base in order to meet its short-term obligations and at the same time preserve investor's confidence required to sustain future development and production of the business.

The Company is not exposed to any externally imposed capital requirements. There were no changes in the Company's approach to capital management during the year-ended August 31, 2021.

Outstanding Share Data

The Company's authorized share capital consists of:

- Unlimited Common Shares without par value.
- Unlimited Preferred Shares without par value.

As at the date of this report the Company had 66,668,759 Common Shares issued and outstanding and no Preferred Shares issued and outstanding. Additionally, the Company as at the date of this report had the following outstanding options, warrants and agent warrants as follows:

Type of Security	Number	Exercise price	Expiry Date
Stock Options	1,600,000	$0.15	29-Sep-25
Stock Options	1,500,000	$0.15	2-Nov-25
Stock Options	3,769,684	$0.15	2-Nov-30
Stock Options	400,000	$0.75	22-Dec-30
Stock Options	200,000	$0.75	14-Jan-31
Stock Options	2,000,000	$0.70	13-Jan-31
Stock Options	1,500,000	$0.79	08-Mar-31
Stock Options	2,300,000	$0.68	31-Mar-31
Stock Options	100,000	$0.68	31-Mar-31
Stock Options	200,000	$0.68	1-Apr-31
Stock Options	100,000	$0.50	8-Jul-31
Stock Options	1,200,000	$0.75	31-Aug-31
Share Purchase Warrants	7,120,000	$0.50	17-Dec-31
Share Purchase Warrants	1,666,667	$0.75	16-Feb-23
Compensation Options	1,294,996	$0.25	17-Dec-21
Agent Warrants	574,352	$0.50	17-Dec-21

As at August 31, 2021, there were 8,786,667, Share Purchase Warrants outstanding. Between August 31, 2021 and the report date 7,120,000 share purchase warrants expired. As well, 1,294,996 Compensation Options and 574,352 Agent warrants expired on December 17, 2021.

Escrow

As at August 31, 2021, 15,219,300 shares of the total outstanding shares are held in escrow and will be released based on the Company's escrow agreement. Between August 31, 2021 and the report date, 3,043,860 shares were released from escrow

17-Jun-21	1/6 of the Escrowed Securities
17-Dec-21	1/5 of the Escrowed Securities
17-Jun-22	1/4 of the Escrowed Securities
17-Dec-22	1/3 of the Escrowed Securities
17-Jun-23	1/2 of the Escrowed Securities
17-Dec-23	The remaining Escrowed Securities

In addition to the escrow requirements, directors, officers of the Company that held Common Shares entered into lock-up agreements with the Agent for a period of 12 months expiring on December 17, 2021.

Events After the Reporting Date

On October 18, 2021, the Company granted 200,000 stock options to a senior director. The options vest monthly over a 36-month period with a six-month cliff.

Subsequent to year end, 7,120,000 share purchase warrants, 1,294,996 Agent Compensation Units and 574,352 Agent warrants expired unexercised.

Risk Factors

An investment in the Company involves a substantial degree of risk and should be regarded as highly speculative due to the nature of the business of the Company. Prospective investors should carefully consider and evaluate all risks and uncertainties involved in an investment in the Company, including risks related to: government or regulatory approvals; permits and government regulation; the Company's limited operating history; laws and regulation; uninsured and underinsured risks; public health crises such as the COVID-19 pandemic; the global economy; the environment; social and environmental activism; dependence on management and key personnel; claims and legal proceedings; conflicts of interest; negative cash flow from operating activities; going concern risk; uncertainty of use of available funds; the Company's status as a reporting issuer; risks associated with acquisitions; force majeure; infrastructure; intellectual property risks; the possible lack of established market for the Common Shares; the speculative nature of an investment in the Company; price of the Common Shares may not represent the Company's performance or intrinsic fair value; securities or industry analysts; price volatility of publicly traded securities; dilution; dividends; and conflicts of interest.

Going-Concern Risk

Management cannot provide assurance that the Company will ultimately achieve profitable operations or positive cash flow. The Company's continuation as a going concern is dependent on its ability to attain profitable operations and raise additional capital. These matters indicate the existence of material uncertainties that cast significant doubt about the Company's ability to continue as a going concern. The Company's accompanying consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities, the reported revenues and expenses and consolidated statement of financial position classifications that would be necessary if the going concern assumption was inappropriate. Such adjustments could be material.

COVID-19 Pandemic Risk

Since December 31, 2019, 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 physical distancing, have caused material disruption to business globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. The duration and impact of the COVID-19 outbreak is unknown as how it would impact the Company's operations.

Limited Operating History

The Company has no present prospect of generating revenue from the sale of products. The Company is therefore subject to many of the risks common to early-stage enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial, and other resources and lack of revenues. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of the early stage of operations.

Negative Cash Flow for the Foreseeable Future

The Company has no history of earnings or cashflow from operations. The Company does not expect to generate material revenue or achieve self-sustaining operations for several years, if at all. To the extent that the Company has negative cash flow in future periods, certain of the net proceeds from any offering the company undertakes may be used to fund such negative cash flow from operating activities, if any.\

Psychedelic regulatory risks

Psychedelic therapy is a new and emerging industry with ambiguous existing regulations and uncertainty as to future regulations. Certain psychedelics may be illegal substances other than when used for scientific or medical purposes. 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 Company and cannot be predicted, such as changes to government regulations, including those relating to taxes and other governmental levies which may be imposed. Changes in government levies, including taxes, could make future capital investments or operations uneconomic. The psychedelic therapy industry is also subject to numerous legal challenges, which may significantly affect the financial condition of market participants and which cannot be reliably predicted.

Reliance on Successful Development of Drugs for New Applications

The Company's ability to generate future revenue or achieve profitable operations is largely dependent on the ability to attract the experienced management and scientific know-how to develop new drugs and to partner with larger, more established companies in the industry to successfully commercialize products. Successfully developing a new drug into a marketable product may take several years and significant financial resources, and the Company may not achieve those objectives.

In order to commercialize any products, the Company will need to conduct clinical trials, which may not succeed, and to obtain regulatory approvals which it may fail to do. The Company does not know and is unable to predict what type and how many clinical trials the U.S. Food and Drug Administration (the "FDA") will require the Company to conduct before granting approval for it to market its drug products. The development programs may not lead to a commercial product, either because failure to demonstrate that product candidates are safe and effective in clinical trials and cannot obtain necessary approvals from theFDA and/or similar foreign regulatory agencies or because of inadequate financial or other resources to advance product candidates through the clinical trial process for successful commercialization.

Intellectual Property Rights

The Company could be adversely affected if it does not adequately obtain/protect its intellectual property rights. The Company regards its marks, rights, and trade secrets and other intellectual property rights as critical to its success.

Economic Environment

The Company's operations could be affected by the economic context should the unemployment level, interest rates or inflation reach levels that influence consumer trends and consequently, impact the Company's future sales and profitability

Global Economy Risk

The ongoing economic slowdown and downturn of global capital markets has generally made the raising of capital by equity or debt financing more difficult. Access to financing has been negatively impacted by the ongoing global economic risks. As such, the Company is subject to liquidity risks in meeting its development and future operating cost requirements in instances where cash positions are unable to be maintained or appropriate financing is unavailable. These factors may impact the Company's ability to raise equity or obtain loans and other credit facilities in the future and on terms favourable to the Company. If uncertain market conditions persist, the Company's ability to raise capital could be jeopardized, which could have an adverse impact on the Company's operations and the trading price of the Company's Shares on the stock exchange.

Competition

There is high potential that the Company will face intense competition from other companies, some of which can be expected to have longer operating histories and more financial resources and manufacturing and marketing experience than the Company. Increased competition by larger and better financed competitors could materially and adversely affect the business, financial condition and results of operations of the Company.

The Company's industry is experiencing rapid growth and consolidation that may cause the Company to lose key relationships and intensify competition. To become and remain competitive, the Company will require research and development, marketing, sales and client support. The Company may not have sufficient resources to maintain research and development, marketing, sales and client support efforts on a competitive basis which could materially and adversely affect the business, financial condition and results of operations of the Company

Rapid Technological Change

The business of the Company is subject to rapid technological changes. Failure to keep up with such changes may adversely affect the business of the Company. The Company is subject to the risks of companies operating in the medical and healthcare business.

The market in which the Company competes is characterized by rapidly changing technology, evolving industry standards, frequent new service and product announcements, introductions and enhancements and changing customer demands. As a result, an investment in the stocks of the Company is highly speculative and is only suitable for investors who recognize the high risks involved and can afford a total loss of investment.

Financial Risk Exposures

The Company may have financial risk exposure to varying degrees relating to the currency of each of the countries where it operates and has financial risk exposure towards digital currencies. The level of the financial risk exposure related to a currency and exchange rate fluctuations will depend on the Company's ability to hedge such risk or use another protection mechanism.

Attracting and keeping senior management and key scientific personnel

The success of the Company depends on the continued ability to attract, retain, and motivate highly qualified management, clinical, and scientific personnel and to develop and maintain important relationships with leading academic institutions, companies, and thought leaders.

Any forward-looking information in this MD&A is based on the conclusions of management. The Company cautions that due to risks and uncertainties, actual events may differ materially from current expectations. With respect to the Company's operations, actual events may differ from current expectations due to economic conditions, new opportunities, changing budget priorities of the Company and other factors.

The Common Shares involve a certain degree of risk. Any person currently holding or considering the purchase of Common Shares or any other securities of the Company that may be offered or that are issued and outstanding from time to time, should be aware of these and other factors set forth in the Company's prospectus dated December 8, 2020 and should consult with his or her legal, tax and financial advisors prior to making an investment in the Common Shares or any other securities of the Company that may be offered or that are issued and outstanding from time to time. The Common Shares and any other securities of the Company that may be offered or that are issued and outstanding from time to time should only be purchased by persons who can afford to lose all of their investment.

A more complete discussion of the risks and uncertainties facing the Company are set out under "*Risk Factors*" and the other information noted in the Company's Prospectus dated December 8, 2020 and the Company's continuous disclosure filings which are available under the Company's profile on SEDAR at www.sedar.com.

Other Requirements

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