TRYP THERAPEUTICS INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Three and Nine Months Ended May 31, 2022

This management discussion and analysis ("**MD&A**") of the operations and financial condition of Tryp Therapeutics Inc. (the "**Company**" or "**Tryp**") is dated as of July 28, 2022 and describes the operating and financial results of the Company for the three and nine months ended May 31, 2022. MD&A of financial condition and the results of operations should be read in conjunction with the May 31, 2022 unaudited condensed consolidated financial statements for the three and nine months ended May 31, 2022 and the Company's audited consolidated financial statements for the fiscal year ended August 31, 2021, in each case together with accompanying notes. The unaudited condensed interim consolidated financial statements of the Company for the three and nine months ended period ended May 31, 2022 are prepared in accordance with IAS 34 Interim Financial Reporting and do not include all information required for full annual financial statements. The most recent audited financial statements of the Company for the fiscal year ended August 31, 2021 and all comparative information herein have been prepared in accordance with International Financial Reporting Standards ("IFRS").

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

This MD&A 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 is 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 MD&A 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: (i) information relating to clinical pharmacology studies for our psilocybin-based drug product, TRP-8803, including statements regarding the anticipated results of such studies, and (ii) TRP-8803's expected commercialization and use for chronic pain indications such as fibromyalgia and phantom limb pain, among other diseases.

Forward-looking information contained herein is based 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 concerning some of the risks and uncertainties facing the Company are contained in this MD&A, in the Company's continuous disclosure filings and in the Company's final prospectus dated, December 8, 2020 (the "**Prospectus**"), copies of which are available under the Company's profile on SEDAR 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 *Business Corporations Act* (British Columbia) on September 24, 2019 under the name "Artos Pharma Corp.". On June 30, 2020, the Company changed its name to "Tryp Therapeutics Inc".

Tryp is a pharmaceutical company focused on developing psilocybin-based compounds for the treatment of diseases with unmet medical needs. Tryp's Psilocybin-For-Neuropsychiatric Disorders (PFN™) program is focused on the development of synthetic psilocybin as a new class of drug for the treatment of chronic pain and other indications. The Company has announced enrollment of the first patient in its Phase 2a clinical trial to evaluate its drug products for binge eating disorder at the University of Florida. It has also announced its upcoming Phase 2a clinical trial with the University of Michigan to evaluate its drug products for fibromyalgia. Tryp is developing a proprietary psilocybin-based product, TRP-8803, that uses a novel formulation and route of administration to improve the patient experience.

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. ("**Tryp USA**") was incorporated in the State of Delaware, United States of America and is 100% owned by Tryp.

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, British Columbia, Canada V1Y 2B3.

During the interim period ended May 31, 2022 and as at the date of this MD&A, the Company reports the following:

Corporate

Collaborations

University of Wisconsin

On October 7, 2021, the Company announced a collaboration with Paul Hutson, PharmD and Christopher Nicholas, PhD from the University of Wisconsin-Madison to support clinical pharmacology studies for the Company's proprietary drug product, TRP-8803. 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. It is anticipated that 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 clinical studies and eventual commercialization as the Company develops the product for nociplastic pain indications such as fibromyalgia, as well as eating disorders including Binge Eating (BED).

University of Michigan

On December 2, 2021, the company announced that it had received confirmation from the U.S. Food and Drug Administration ("FDA") that its review of Tryp's Investigational New Drug ("IND") application was complete and that the Company could proceed with its clinical study in fibromyalgia. The Phase 2a open label clinical trial is being conducted with Kevin Boehnke, Ph.D. from the University of Michigan and will evaluate the Company's oral formulation of synthetic psilocybin, TRP-8802, in combination with psychotherapy. The trial will enroll up to 20 fibromyalgia patients and includes a variety of secondary and exploratory endpoints given the high prevalence of co-morbidities such as poor sleep quality, depression, anxiety, and other conditions in patients suffering from fibromyalgia. The administration of psilocybin is

expected to increase neuroplasticity and to address disrupted neural connections that have been reported for nociplastic pain indications. The clinical trial will be one of the first evaluations of synthetic psilocybin for fibromyalgia in a Phase 2 study. DEA licensing to initiate this study is still pending.

University of Florida

On March 23, 2022, the company announced the first patient was enrolled in a Phase 2 clinical trial to evaluate its clinical candidate, TRP-8802. The study will investigate the safety and preliminary effectiveness of psilocybin-assisted therapy among patients with binge eating disorders in collaboration with the University of Florida. Conducted in Gainesville, Florida, the open-label trial will target a group of up to ten patients. Dr. Jennifer Miller, a Professor of Pediatric Endocrinology at University of Florida who specializes in the care and treatment of individuals with a variety of eating disorders, including binge eating and hypothalamic-induced obesity, will serve as Principal Investigator of the trial. The key objective of this clinical trial is to confirm that the neuroplasticity attributes of psilocybin will help create healthy neural connections that address the unhealthy eating behaviors of patients with binge eating disorders. In addition to evaluating the effectiveness of psilocybin in this patient population, the results will help guide future clinical studies using Tryp's proprietary psilocybin-related molecule (TRP-8803) for our targeted indications.

Results of Operations

Financial Results for the Three Months ended May 31, 2022

The Company had no operating revenues during the three months ended May 31, 2022 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 three months ended May 31, 2022, the Company reported a $749,875 (May 31, 2021 – $2,571,084) net loss and comprehensive loss and $0.01 (2021 - $0.04) basic and diluted loss per share. The current period loss was primarily attributed to general and administration costs of $993,550 (2021 - $1,443,487) and research and development costs of $167,404 (2021 - $161,158) as described hereinbelow.

Financial Results for the Nine Months ended May 31, 2022

For the nine months ended May 31, 2022, the Company reported a $5,325,216 (2021 - $5,484,518) net loss and comprehensive loss and $0.07 (2021 - $0.10) basic and diluted loss per share. The current period loss was primarily attributed to general and administration costs of $3,942,726 (2021 - $2,461,371) and research and development expenses of $1,117,172 (2021 - $254,417) as described hereinbelow.

The summary of general and administrative expenditures included:

	Three months ended		**Nine months ended**	
	May 31 2022	May 31 2021	**May 31 2022**	May 31 2021
Professional fees	**25,412**	54,200	**134,079**	147,345
Consulting fees and salaries	**566,194**	280,822	**1,820,221**	589,008
Insurance	**193,757**	33,637	**398,575**	50,456
Office and administration fees	**16,584**	47,320	**290,242**	56,883
Regulatory and legal fees	**120,470**	12,321	**257,834**	48,623
Transfer agent	**-**	732	**-**	17,797
Investor relations and corporate development	**71,133**	1,014,455	**1,041,775**	1,551,259
	993,550	1,443,487	**3,942,726**	2,461,371

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 and legal 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:

Research and Development expenses of $1,117,172 (2021 - $254,417) relating to consulting fees and analytical support in relation to the development of the Company's business plans for its PFN™ program. The Company's research and development during the period ended May 31, 2022 was focused primarily on the preclinical and clinical development TRP-8803 and TRP-8802 drug candidates and conducting Phase II clinical trials.

Research and development expenditures for the three and nine months ended May 31 included:

	Three months ended May 31 2022	**Three months ended May 31 2021**	**Nine months ended May 31 2022**	**Nine months ended May 31 2021**
Preclinical Activities for TRP-8803	**6,396**	3,875	**312,007**	3,875
Development Activities for TRP-8802	**161,008**	148,038	**805,165**	191,008
Other	**-**	9,245	**-**	59,534
	167,404	161,158	**1,117,172**	254,417

Summary of Quarterly Results

Quarter Ended	**May 31, 2022**	**February 28, 2022**	**November 30, 2021**	**August 31, 2021**
Revenue	**$-**	**$-**	**$-**	**$-**
Net loss and comprehensive loss	**($749,875)**	**($1,558,979)**	**($3,000,573)**	**($2,760,192)**
Basic and diluted loss per share	**($0.01)**	**($0.03)**	**($0.05)**	**($0.05)**
Weighted average shares outstanding	**81,950,440**	**60,650,863**	**59,358,972**	**57,512,239**

Quarter Ended	May 31, 2021	February 28, 2021	November 30, 2020	August 31, 2020
Revenue	$-	$-	$-	$-
Net loss and comprehensive loss	($2,571,084)	($2,390,093)	($523,340)	($416,615)
Basic and diluted loss per share	($0.04)	($0.05)	($0.01)	($0.02)
Weighted average shares outstanding	66,372,181	48,351,815	39,091,722	18,998,964

Liquidity and capital resources

	May 31, 2022	August 31,2021
Financial Position:		
Cash and cash equivalents	**$2,845,284**	$3,692,271
Working capital	**$2,823,293**	$3,897,849
Total assets	**$3,520,022**	$4,108,176
Shareholders' equity	**$2,970,197**	$3,922,813

As at May 31, 2022, the Company's working capital balance was $2,823,293 (August 31, 2021 - $3,897,850) which included prepaid expenditures and advances of $520,667 (August 31, 2021 - $369,166) primarily related to corporate insurance legal prepayments.

The intangible assets for the period ended May 31, 2022 of $146,904 (August 31, 2021 - $24,964) represents the capital investment of $121,940 during the nine months ended May 31, 2022 (August 31, 2021 - $24,804) for patent applications filing and expenses. On June 23, 2020 the Company entered into purchase agreements (collectively the "Additional IP Purchased Agreements") with the directors of the Company pursuant to which to which the Company acquired certain inventions, technical information and patent application (the "Additional Purchased Assets"). In April 2021, the Company determined that it was in the Company's best interest with respect to its intellectual property strategy to discontinue the prosecution of the Additional Purchase Assets resulting in an impairment in value of intangible assets of $960,565 as at February 28, 2021.

Costs		**Intellectual Property**
Balance August 31, 2020		960,725
Additions		24,804
Impairment		(960,565)
Balance August 31, 2021		24,964
Additions		121,940
Balance May 31, 2022	**$**	**146,904**

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 nine-month period ended May 31, 2022, the Company issued an aggregate 28,750,588 common shares pursuant to: (i) the exercise of 180,000 IPO Options at an exercise price of $0.15, (ii) the first tranche of the non-brokered private placement of 5,000,000 common shares at a price of $0.20 per share, (iii) 3,570,588 common shares issued in settlement of consulting fees at a price of $0.085, and (iv) the second tranche of the non-brokered private placement of 20,000,000 common shares at a price of $0.15.

The Company has cash and cash equivalents on hand as of July 28, 2022 of $2,087,629. 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.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Contractual Commitments

The Company has no material contractual commitments.

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 period, including Company officers, directors, and private companies controlled by officers and directors, was as follows:

For the nine months ended May 31:

	2022	2021
Key management personnel compensation comprised:		
Consulting fees and salaries	**$ 802,777**	$ 325,014
Director fees	**157,651**	123,333
Administration fees	**-**	1,525
Share-based payments	**686,839**	1,424,268
	$ 1,647,267	$ 1,874,140

Consulting fees of $nil (2021 - $78,125) were paid to a company controlled by James Kuo, the Company's director and former CEO.

Consulting fees of $303,500 (2021 - $nil) were paid to Daren Graham, the Company's former interim CFO.

Gross salaries of $187,830 (2021 - $nil) were paid to Greg McKee, the Company's former CEO.

Gross salaries of $129,162 (2021 - $nil) were paid to Luke Hayes, the Company's former CFO.

Consulting fees of $nil (2021 - $77,091) and gross salaries of $152,285 (2021 - $nil) were paid during to James Gilligan, the Company's President, CSO and interim CEO.

Consulting fees of $30,000 (2021 - $40,667) were paid to Thomas D'Orazio, the Company's former COO.

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

Related Party Transactions

As of May 31, 2022, included in trade and other payables are amounts due to officers and directors for fees and expenses of $nil (August 31, 2021 - $322). During the three months ended May 31, 2022, the Company issued 3,570,588 common shares at a deemed price of $0.085 per common share to pay consulting fees aggregating $303,500 owed to a consultant and former interim CFO for past services. During the nine months ended May 31, 2022, the Company completed the first and second tranche of a non-brokered private placement with the controlling shareholder and former director of the Company. Amounts due to related parties included in trade and other payables are unsecured, non-interest bearing and are without fixed terms of repayment.

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, 2022, 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 May 31, 2022, the Company has capitalized $146,904 of patent application and prosecution costs (May 31, 2021 - $nil).

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's financial instruments consist of cash and cash equivalents, other receivables, and trade and other payables, all of which are measured at amortized cost. The carrying values approximate their fair values due to the short-term nature of these instruments. The Company's cash and cash equivalents are used to fund research and development activities and administrative costs.

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 May 31, 2022, the Company had working capital of $2,823,293 (2021 – $5,950,961) 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 May 31, 2022, 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 May 31, 2022, cash and cash equivalents, other receivables, and trade and other payables is measured as Level 1 financial instruments. The Company believes that the carrying values of these instruments approximates their fair value due to their nature and relatively short period to maturity.

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 nine-month period ended May 31, 2022.

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 MD&A the Company had 95,419,347 Common Shares issued and outstanding and no Preferred Shares issued and outstanding. Additionally, the Company as at the date of this MD&A 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	1,320,000	$0.15	2-Nov-25
Stock Options	3,769,684	$0.15	2-Nov-30
Stock Options	100,000	$0.68	31-Mar-31
Stock Options	100,000	$0.68	8-Jul-31
Stock Options	5,000,000	$0.17	22-Apr-32
Stock Options	2,000,000	$0.17	22-May-32
Share Purchase Warrants	1,666,667	$0.75	16-Feb-23
Share Purchase Warrants	10,000,000	$0.20	22-Apr-24

Escrow

As at May 31, 2022, 12,175,440 shares of the total outstanding shares are held in escrow and will be released, pursuant to the Company's escrow agreement, in four equal increments of 3,043,860 on June 17,2022, December 17, 2022, June 17, 2023 and December 17, 2023.

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

We are subject to risks related to public health crises such as the COVID-19 pandemic. The COVID-19 pandemic originated in Wuhan, China in December 2019 and has since spread to a large number of countries, including the United States and most European countries. The pandemic and policies and regulations implemented by governments in response to the pandemic, often directing businesses and governmental agencies to cease non-essential operations at physical locations, prohibiting certain nonessential gatherings and ceasing non-essential travel have had a significant impact, both direct and indirect, on businesses and commerce, as worker shortages have occurred, supply chains have been disrupted, facilities and production have been suspended, and demand for certain goods and services, such as medical service and supplies, has spiked, while demand for other goods and services, such as travel, has fallen. The full extent to which COVID-19 will ultimately impact our business will depend on

future developments, which are highly uncertain and cannot be accurately predicted, including new information which may emerge concerning the severity of COVID-19 and the actions to contain COVID-19 or treat its impact, among others. Global health concerns, such as the COVID-19 pandemic, could also result in social, economic, and labor instability in the countries in which we or the third parties with whom we engage operate.

If the COVID-19 pandemic continues and persists for an extended period of time, we expect there could be significant and material disruptions to our supply chain and operations, and associated delays in the manufacturing and supply of our drug candidates. Any such supply disruptions would adversely impact our business, financial condition, results of operations and growth prospects.

As COVID-19 continues to be present and spread around the globe, we may experience additional disruptions that could severely impact our business and clinical trials, including:

- delays or difficulties in enrolling patients in our clinical trials;
- delays or difficulties in clinical site initiation, including difficulties in recruiting clinical site investigators and clinical site staff;
- diversion of healthcare resources away from the conduct of clinical trials;
- interruption of key clinical trial activities;
- risk that participants enrolled in our clinical trials will acquire COVID-19 while the clinical trial is ongoing;
- limitations in employee resources that would otherwise be focused on conducting our clinical trials;
- delays in receiving authorizations from regulatory authorities to initiate our planned clinical trials;
- delays in clinical sites receiving the supplies and materials needed to conduct our clinical trials;
- changes in local regulations as part of a response to the COVID-19 pandemic which may require us to change the ways in which our clinical trials are conducted, which may result in unexpected costs, or the discontinuation of the clinical trials altogether;
- interruptions or delays in preclinical studies due to restricted or limited operations at research and development laboratory facilities;
- interruptions or delays in efforts to acquire data needed to support patent claims or otherwise expand the Company's intellectual property portfolio;
- delays in necessary interactions with local regulators, ethics committees and other important agencies and contractors due to limitations in employee resources or forced furlough of government employees; and
- refusal of the FDA, the EMA, the MHRA or the other regulatory bodies to accept data from clinical trials in affected geographies outside the United States or the EU or other relevant local geography.

Any negative impact the COVID-19 pandemic has on patient enrollment or treatment or the development of our drug candidates could cause costly delays to clinical trial activities, which could adversely affect our ability to obtain regulatory approval for and to commercialize our drug candidates, if approved, increase our operating expenses, and have a material adverse effect on our financial results. The COVID-19 pandemic has also caused significant volatility in public equity markets and disruptions to the United States and global economies. This increased volatility and economic dislocation may make it more difficult for us to raise capital on favorable terms, or at all. To the extent the COVID-19 pandemic adversely affects our business and financial results, it may also heighten many of the other risks described in this ''*Risk Factors*'' section, such as those relating to the timing and completion of our clinical trials and our ability to obtain future financing.

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 the FDA 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 common shares.

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.

An investment in the Company's common shares involves 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 risks and other factors, including those set forth in the Company's final prospectus dated December 8, 2020 and should consult with his, her or its 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.