

**FORM 2A**

**LISTING STATEMENT**



**doseology**

**DOSEOLOGY SCIENCES INC.**

(the “Company” or the “Issuer”)

**November 11, 2021**

## NOTE TO READER

This Listing Statement contains a copy of the final prospectus of Doseology Sciences Inc. (the “**Issuer**”) dated October 29, 2021 (the “**Prospectus**”). Certain sections of the Canadian Securities Exchange (the “Exchange”) form of Listing Statement have been included following the Prospectus to provide additional disclosure on the Issuer required by the Exchange, as well as updating certain information contained in the Prospectus.

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**SCHEDULE "A"**

**DOSEOLOGY SCIENCES INC.**

**Final Prospectus dated October 29, 2021**

See attached.

*No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This prospectus does not constitute a public offering.*

*These securities have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the “U.S. Securities Act”), or the securities laws of any state of the United States and may not be offered, sold or delivered, directly or indirectly, in the United States (as such term is defined in Regulation S under the U.S. Securities Act) (the “United States”), except pursuant to an exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws. This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of these securities in the United States.*

## PROSPECTUS

Non-Offering Prospectus

October 29, 2021



doseology

DOSEOLOGY SCIENCES INC.

This prospectus (the “Prospectus”) is being filed by Doseology Sciences Inc. (“**Doseology**” or the “**Company**”) with the securities regulatory authorities in the Provinces of British Columbia and Alberta to enable Doseology to become a reporting issuer pursuant to applicable securities legislation in the Provinces of British Columbia and Alberta notwithstanding that no sale of its securities is contemplated herein.

**The Subscription Receipts described herein are not available for purchase pursuant to this Prospectus and, except for release of the Escrowed Funds (as defined below) no additional funds are to be received by the Company from the distribution of the securities under this Prospectus upon the exercise or deemed exercise of the Subscription Receipts.**

Pursuant to the non-brokered private placement that closed on March 26, 2021, the Company issued 11,885,000 Subscription Receipts (as defined herein) pursuant to the Subscription Receipt Agreement (as defined herein) at a price of \$0.20 each to raise aggregate gross proceeds of \$2,377,000. The gross proceeds from the sale of the Subscription Receipts were placed into escrow at closing (the “**Escrowed Funds**”).

In the event that the Company receives conditional approval from the CSE for the listing of the Company’s common shares on the CSE (the “**Release Condition**”) prior to the Deadline (as defined herein): (i) each Subscription Receipt will be automatically converted, without further payment, into 0.5 units, whereby each whole unit is comprised of one Subscription Receipt Share and one Subscription Receipt Warrant; (ii) the Escrowed Funds will be released from escrow to the Company, less the fees owing to the finders; and (iii) the Subscription Receipts shall be cancelled. Upon conversion of the Subscription Receipts, and without additional payment therefor, the Company will issue 5,942,500 Subscription Receipt Shares and 5,942,500 Subscription Receipt Warrants. In the event that the Release Condition does not occur on or prior to the Deadline, or if the Company otherwise notifies the Escrow Agent that it does not intend to proceed as provided in the Subscription Receipt Agreement, the Escrowed Funds will be returned to the subscribers, the Subscription Receipts will be cancelled, and no party shall have any further obligations thereunder.

Canaccord Genuity Corp. (“**Canaccord**”) and Haywood Securities Inc. (“**Haywood**”) acted as finders with respect to the distribution of the Subscription Receipts and entered into finder’s fee agreements with the Company. Following is a summary of the amounts payable pursuant to the finder’s fee agreements.

	<u>Price to Subscribers</u>	<u>Finders’ Fees<sup>(1)</sup></u>	<u>Net Proceeds to Company<sup>(2)</sup></u>
Per Subscription Receipt	\$0.20	\$0.014	\$0.186
Total	\$2,377,000	\$164,640	\$2,163,060

Notes:

- (1) Pursuant to the terms of the finder's fee agreements, the Company agreed to pay each of the finders a fee equal to 8% in cash and 8% in finder warrants at a price of \$0.80 per Common Share (post-Consolidation) for a period of twenty-four (24) months from the date of issuance (the "**Finder Warrants**"), subject to an exception for the cash fee component on the certain purchasers of 1,325,000 Subscription Receipts (\$265,000) already known to the Company. All numbers herein have been adjusted to give effect to the Consolidation. An aggregate cash fee of \$163,680 is payable to the finders and the issuance of an aggregate of 407,600 Finder Warrants. The finders were paid 50% of the finders' fee and the remaining 50% of the finders' fee is payable upon the occurrence of the Release Condition. Canaccord received \$29,400 in cash, 100,300 common shares at a price of \$0.40 per share in satisfaction of a portion of the cash fee of \$40,120 owing to them and 173,800 Finder Warrants. Following the Consolidation, Canaccord will receive an additional \$29,400 in cash, 100,300 common shares at a price of \$0.40 in satisfaction of the balance of the cash fee of \$40,120 and 173,800 Finder Warrants owing to them upon occurrence of the Release Condition. Haywood was paid a cash fee of \$12,000 and 30,000 Finder Warrants. Haywood will receive an additional cash fee of \$12,000 and an additional 30,000 Finder Warrants as the balance of the fee owing to them upon occurrence of the Release Condition.
- (2) After deducting the finders' cash fee, but excluding any interest earned on the Escrowed Funds (as defined herein) and before deducting expenses of the non-brokered private placement, including the preparation and filing of this Prospectus, which the Company will pay from the proceeds of the non-brokered private placement.
- (3) The distribution of the Subscription Receipt Shares and the Subscription Receipt Warrants upon the exercise of the Subscription Receipts will not result in any additional proceeds being received by the Company; however, the Escrowed Funds, less the finders' cash fee will be released to the Company upon the occurrence of the Release Condition being satisfied on or before the Deadline (as defined herein).

Since no securities are being offered pursuant to this Prospectus, no proceeds will be raised and all expenses in connection with the preparation and filing of this Prospectus will be paid by the Company from its general corporate funds.

There currently is no market through which the securities of the Company may be sold and holders of the Company's securities may not be able to resell any such securities. This may affect the pricing of the Company's securities in the secondary market, the transparency and availability of trading prices, the liquidity of the securities and the extent of issuer regulation. See "*Risk Factors*" and "*Statement Regarding Forward-Looking Information*".

The Company has applied to list its Common shares (the "**Common Shares**") on the Canadian Securities Exchange (the "**CSE**"). The CSE has not approved the listing of the Common Shares. Listing will be subject to the Company fulfilling all of the listing requirements of the CSE. There is no guarantee that the CSE will provide approval for the listing of the Common Shares.

As at the date of this prospectus, the Company does not have any of its securities listed or quoted, has not applied to list or quote any of its securities, and does not intend to apply to list or quote any of its securities, on the Toronto Stock Exchange, Aequitas NEO Exchange Inc., a U.S. marketplace, or a marketplace outside Canada and the United States of America.

**An investment in Common Shares of the Company is highly speculative due to various factors, including the nature and stage of development of the business of the Company.** In reviewing this Prospectus, you should carefully consider the matters described under the heading "*Risk Factors*".

No underwriters or selling agents have been involved in the preparation of this Prospectus or performed any review or independent due diligence of the contents of this Prospectus.

The Company's head office is located at 6924 Old Kamloops Road, Vernon, British Columbia, Canada V1W 1W1 and its registered and records is located at 2080 – 777 Hornby Street, Vancouver, British Columbia, Canada V6Z 1S4.

Certain of the Company's current directors reside outside of Canada. The persons named below have appointed the Company as their agent for service of process. Purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person or company that is incorporated, continued or organized under the laws of a foreign jurisdiction or resides outside of Canada, even if the party has appointed an agent for service of process.

<u>Name</u>	<u>Title</u>	<u>Name and Address of Agent</u>
Daniel Vice	Chief Executive Officer and a Director	Doseology Sciences Inc. 6924 Old Kamloops Road Vernon, British Columbia, Canada V1W 1W1
Ralph Olson	Director	Doseology Sciences Inc. 6924 Old Kamloops Road Vernon, British Columbia, Canada V1W 1W1



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## GLOSSARY

In this Prospectus, the following capitalized terms have the following meanings, in addition to other terms defined elsewhere in this Prospectus.

“**Adaptogen**” is a term used to describe herbs and supplements used in alternative medicine practices that are purported to have balancing properties that negate the effects of stress by normalizing and strengthening the body's functions and systems.

“**Affiliate**” means any a body corporate, trust, limited partnership, partnership or other person that is affiliated with the Company.

“**Audit Committee**” means the Audit Committee of the Board.

“**BCBCA**” means the *Business Corporations Act* (British Columbia), including the regulations thereunder, as amended.

“**Board**” means the board of directors of the Company.

“**Botanical**” means a plant or plant part valued for its medicinal or therapeutic properties and/or flavor.

“**Cannabis Act**” means the *Cannabis Act* S.C. 2018, c. 16, an Act respecting cannabis and to amend the *Controlled Drugs and Substances Act*, the *Criminal Code* and other Acts, which received Royal Assent on June 21, 2018, and was made effective October 17, 2018.

“**CEO**” or “**Chief Executive Officer**” means the Chief Executive Officer of the Company.

“**CFO**” means the Chief Financial Officer of the Company.

“**Common Shares**” has the meaning ascribed thereto on the first page of this Prospectus.

“**Consolidation**” means the consolidation of the Company's common shares on a one (1) new share for each two (2) shares previously outstanding which was approved by a resolution of the directors and shareholders of the company on April 27, 2021.

“**COVID-19**” means the novel coronavirus.

“**CSE Policy 2**” means the CSE Policy 2 – *Qualifications for Listing*.

“**CSE**” has the meaning ascribed thereto on the first page of this Prospectus.

“**CSE Escrow Agent**” means the Transfer Agent the escrow agent under the Escrow Agreement.

“**CSE Escrow Agreement**” means the escrow agreement substantially in Form 46-201F1– *Escrow Agreement* (the form of agreement for escrow arrangements under NP 46-201) to be entered into by Related Persons of the Company with the Escrow Agent.

“**Deadline**” means 5:00 p.m. (Calgary time) on October 31, 2021.

“**Dealer Licence**” means a federal license issued by Health Canada under the *Controlled Drugs and Substances Act*, SC 1996, c. 19 (the “**CDSA**”) to allow for the conduct of research to standardize the extraction of psilocybin from mushrooms and the possession, processing, sale, sending, transportation and delivery of the following psychedelics: (i) psilocybin, (ii) psilocin, (iii) 3, 4, 5-Trimethoxyphenethylamine (mescaline), (iv) N, N-Dimethyltryptamine (DMT), and (v) N-Methyl-3, 4-methylenedioxyamphetamine (MDMA), in compliance with the CDSA and included regulations.

“**Escrow Agreement**” means the escrow agreement substantially in Form 46-201F1– *Escrow Agreement* (the form of agreement for escrow arrangements under NP 46-201) to be entered into by the Escrowed Securityholders with the Escrow Agent.

“**Escrowed Funds**” means the aggregate amount received by the Subscription Escrow Agent from purchasers of Subscription Receipts, together with all interest earned and any investments acquired from time to time with such funds.

“**Escrowed Securities**” has the meaning ascribed to such term under the heading “*Escrowed Securities and Securities Subject to Contractual Restrictions on Transfer*”.

“**Escrowed Securityholders**” means those Related Persons who will be required to enter into a CSE Escrow Agreement.

“**Finder Warrants**” means the 407,600 common share purchase warrants of the Company (post-Consolidation) issuable to Canaccord Genuity Corp. and Haywood Securities Inc. as finders in connection with the sale of Subscription Receipts pursuant to the Subscription Receipt Agreement, whereby the holders are entitled to acquire 407,600 common shares at an exercise price of \$0.80 until twenty-four (24) months from the date of issue.

“**Financial Statements**” means the audited annual financial statements of the Company for the period from incorporation on July 25, 2019, to June 30, 2020, and the unaudited financial statements of the Company for the nine month period from July 1, 2020, to March 31, 2021.

“**Functional Mushroom**” is a term used to describe mushrooms that may provide a health benefit beyond that of the traditional nutrients it contains and that have potentially disease-preventing and health-promoting properties. Such mushrooms include (but are not limited to) Agaricus, Black Fungus, Chaga, Cordyceps, Lion’s Mane, Reishi, Shiitake, Maitake, Royal Sun, Turkey Tail, and White Button.

“**IFRS**” means the International Financial Reporting Standards as issued by the International Accounting Standards Board and the interpretations thereof by the International Financial Reporting Interpretations Committee and the former Standing Interpretations Committee.

“**Lease**” means the lease dated July 1, 2020, entered into between the Company and Sungrown Organics Inc., which covers the Vernon Facility and surrounding 23 acres.

“**Licensed Producer**” means having the status of being a licensed producer of cannabis in Canada for medical or recreational purposes.

“**Listing Date**” means the date of the bulletin issued by the CSE evidencing final CSE acceptance of the application for Listing.

“**Listing**” means the listing of the Common Shares on the CSE.

“**NEO**” or “**Named Executive Officer**” has the meaning ascribed to such term under the heading “*Director and Executive Compensation*”.

“**NI 46-201**” means National Policy 46-201 – *Escrow for Initial Public Offerings*.

“**NI 52-110**” means National Instrument 52-110 – *Audit Committees*.

“**NI 58-101**” means National Instrument 58-101 – *Disclosure of Corporate Governance*.

“**Nursery**” means the Company’s cannabis mother and clones cultivation.

“**Nursery Cultivation License**” means a federal license issued by Health Canada pursuant to the Cannabis Act or the ACMPR, as applicable, authorizing the license holder to: (a) possess cannabis; (b) obtain cannabis plants or cannabis

seeds by propagating, cultivating, harvesting; (c) for the purpose of testing, alter the chemical or physical properties of the cannabis; (d) sell and distribute cannabis plants or seeds to other license holders (cultivators, processors, analytical testers, researchers, cannabis drug license holders); (e) sell and distribute cannabis products that are plants or seeds to a license holder that is authorized to sell cannabis for medical purposes or to a person authorized to sell cannabis under a provincial or territorial law; and (f) send and deliver cannabis products that are cannabis plants and cannabis seeds to the purchaser at the request of a license holder that is authorized to sell cannabis for medical purposes or of a person authorized to sell cannabis under a provincial or territorial law; and (g) conduct ancillary activities (e.g., drying).

“**Option Holder**” has the meaning ascribed to such term under the heading “*Options to Purchase Securities – Stock Option Plan*”.

“**Option**” means an option to purchase a Common Share issued pursuant to the Stock Option Plan.

“**Order**” has the meaning ascribed to such term under the heading “*Directors and Executive Officers – Cease Trade Orders, Bankruptcies*”.

“**Psychedelic Compounds**” relates to or denoting drugs that produce hallucinations and apparent expansion of consciousness, including ketamine, psilocybin, psilocin, and mescaline.

“**Related Persons**” has the meaning ascribed thereto in the policies of the CSE and includes Messrs. Jang, Vice and Reeves.

“**Release Condition**” means the receipt by the Company of conditional approval from the CSE or any other recognized Canadian stock exchange for the listing of the Company’s common shares on the CSE or any other recognized Canadian stock exchange.

“**Shareholders**” means the holders of the Common Shares and “**Shareholder**” means any one of them.

“**Stock Option Plan**” means the stock option plan of the Company as approved by the Board on January 22, 2021, as amended from time to time.

“**Subscription Escrow Agent**” means TingleMerrett LLP.

“**Subscription Receipt Agreement**” means an agreement dated March 25, 2021, between the Company and Subscription Escrow Agent relating to the Escrowed Funds.

“**Subscription Receipts**” means the subscription receipts issued and certified under the Subscription Receipt Agreement and from time to time outstanding, each Subscription Receipt evidencing the rights set out in subsection 2.2(a) of the Subscription Receipt Agreement.

“**Subscription Receipt Shares**” means the common shares of the Company issuable to holders of Subscription Receipts pursuant to the Subscription Receipt Agreement.

“**Subscription Receipt Warrants**” means the common share purchase warrants of the Company issuable to holders of Subscription Receipts pursuant to the Subscription Receipt Agreement, whereby each whole warrant entitles the holder to acquire one common share at an exercise price of \$0.80 for a period of 24 months from the date of issuance, subject to the Company’s ability to accelerate the expiry date to a date that is 30 days from the date of notice by the Company to the holder that the 20-day consecutive closing price of the common shares on a recognized stock exchange was equal to or greater than \$1.40.

“**THC**” means tetrahydrocannabinol, the principal psychoactive constituent of cannabis.

“**Transfer Agent**” means Endeavor Trust Corporation at its office at 702 – 777 Hornby Street, Vancouver, British Columbia V6Z 1S4.

“**United States**” or “**U.S.**” means the United States of America, its territories and possessions, any State of the United States and the District of Columbia.

“**Vernon Facility**” means the Company’s leased property located at 6924 Old Kamloops Road, Vernon, BC, V1W 1W1 consisting of the buildings and surrounding area in which it will conduct its business.

“**Warrants**” means the outstanding Common Share purchase warrants of the Company.

## ABOUT THIS PROSPECTUS

The information contained in this Prospectus is accurate only as of the date of this Prospectus or the date indicated. The Company’s business, financial condition, operating results and prospects may have changed since the date of this Prospectus.

The information contained on the Company’s website is not intended to be included in or incorporated by reference into this Prospectus and investors should not rely on such information.

Any graphs, tables or other information demonstrating the historical performance or current or historical attributes of the Company or any other entity contained in this Prospectus are intended only to illustrate historical performance or current or historical attributes of the Company or such entities and are not necessarily indicative of future performance of the Company or such entities.

This Prospectus includes summary descriptions of certain material agreements of the Company (see “**Material Contracts**”). The summary descriptions disclose provisions that the Company considers to be material, but are not complete and are qualified by reference to the terms of the material agreements, which will be filed with the Canadian securities regulatory authorities and will be available under the Company’s profile on SEDAR at [www.sedar.com](http://www.sedar.com). Investors are encouraged to read the full text of such material agreements.

Unless otherwise noted, all currency amounts in this Prospectus are stated in Canadian dollars.

## MEANING OF CERTAIN REFERENCES

Unless otherwise noted or the context otherwise indicates, “Doseology” or the “Company” refers to Doseology Sciences Inc., and its wholly owned subsidiary Dose Labs Inc., as constituted on the date of this Prospectus.

## STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This Prospectus contains forward-looking information and forward-looking statements, within the meaning of applicable Canadian securities legislation, (collectively, “**forward-looking statements**”), which reflect management's expectations regarding the Company’s future growth, results from operations (including, without limitation, statements about the Company’s opportunities, strategies, competition, expected activities and expenditures as the Company pursues its business plan, the adequacy of the Company’s available cash resources and other statements about future events or results), performance (both operational and financial) and business prospects, future business plans and opportunities. Wherever possible, words such as “predicts”, “projects”, “targets”, “plans”, “expects”, “does not expect”, “budget”, “scheduled”, “estimates”, “forecasts”, “anticipate” or “does not anticipate”, “believe”, “intend” and similar expressions or statements that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved, or the negative or grammatical variation thereof or other variations thereof, or comparable terminology have been used to identify forward-looking statements. These forward-looking statements include, among other things, statements relating to:

- the timing of the receipt for this Prospectus, in a timely manner, and receipt of regulatory and other required approvals;
- the listing of the Common Shares on the CSE, including the Company fulfilling all applicable listing requirements;
- the Company’s intended use of available funds;

- the Company's future business plans and the Company's expectations with respect to the achievement of certain milestones;
- expectations regarding the demand for the Company's products;
- expectations regarding the ability and need to raise further capital;
- the Company's compensation policy and practices;
- the Company's expected reliance on key management personnel, advisors and consultants;
- future composition of the Board;
- effects of COVID-19; and
- the private escrow agreements, the CSE Escrow Agreement, and the escrow of the Escrowed Securities (as such terms are defined herein).

Forward-looking statements are not a guarantee of future performance and are based upon a number of estimates and assumptions of management in light of management's experience and perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances, as of the date of this Prospectus including, without limitation, assumptions about:

- the ability of the Company to execute agreements that provide the Company with the necessary resources, or to raise any necessary additional capital on reasonable terms, in either case, to allow the Company to execute its business plan and achieve its stated milestones;
- the ability of the Company to secure agreements that provide for milestone payments;
- expected regulatory changes regarding the Company's industry;
- increased consumer interest in the use of the Company's products;
- that general business and economic conditions will not change in a material adverse manner;
- the accuracy of budgeted costs and expenditures;
- future currency exchange rates and interest rates;
- operating conditions being favourable such that the Company is able to operate in a safe, efficient and effective manner;
- the Company's ability to attract and retain skilled personnel;
- political and regulatory stability;
- the receipt of governmental, regulatory and third-party approvals, licenses and permits on favourable terms and any required renewals of the same;
- requirements under applicable laws;
- stability in financial and capital markets; and
- expectations regarding the level of disruption to the Company's business because of COVID-19.

Furthermore, such forward-looking information involves a variety of known and unknown risks, uncertainties and other factors which may cause the actual plans, intentions, activities, results, performance or achievements of the Company to be materially different from any future plans, intentions, activities, results, performance or achievements expressed or implied by such forward-looking statements. Such risks include, without limitation:

- the Company's operations could be adversely affected by possible future government legislation, policies and controls or by changes in applicable laws and regulations;
- negative publicity and consumer perception regarding the products of the Company;
- the inability of the Company to secure agreements on favorable terms, or at all;
- public health crises such as the COVID-19 pandemic may adversely impact the Company's business;
- the volatility of global capital markets over the past several years has generally made the raising of capital more difficult;
- risks associated with political instability and changes to the regulations governing the Company's business operations;
- the success of the Company is largely dependent on the performance of its directors and officers;
- the Company and/or its directors and officers may be subject to a variety of legal proceedings, the results of which may have a material adverse effect on the Company's business;
- the Company may be adversely affected if potential conflicts of interests involving its directors and officers are not resolved in favour of the Company;

- the Common Shares may be subject to significant price volatility;
- dilution from future equity financing could negatively impact holders of Common Shares;
- the Company may not use the funds available to it in the manner described in this Prospectus;
- internal controls cannot provide absolute assurance with respect to the reliability of financial reporting and financial statement preparation;
- upon becoming a reporting issuer, the Company will be subject to costly reporting requirements;
- the Company may be unable to implement its business strategy or achieve its stated milestones within the timeframe expressed in this Prospectus, or at all;
- the Company may be unable to manage its growth;
- risks associated with security breaches;
- the Company's failure to maintain, promote and enhance its brand status;
- the Company's business now or in the future may be adversely affected by risks outside the control of the Company;
- risks associated with the Company's reliance on strategic partnerships;
- reputational risk;
- risks associated with protection of intellectual property; and
- other factors discussed under "Risk Factors".

Although the Company has attempted to identify important factors that could cause actual actions, events, conditions, results, performance or achievements to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events, conditions, results, performance or achievements to differ from those anticipated, estimated or intended. See "Risk Factors" for a discussion of certain factors investors should carefully consider before deciding to invest in securities of the Company.

*The Company cautions that the foregoing lists of important assumptions and factors are not exhaustive. Other events or circumstances could cause actual results to differ materially from those estimated or projected and expressed in, or implied by, the forward-looking statements contained herein. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking statements.*

Forward-looking statements contained herein are made as of the date of this Prospectus and the Company disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or results or otherwise, except as and to the extent required by applicable securities laws.

### **THIRD PARTY INFORMATION**

This Prospectus includes market, industry and economic data which was obtained from various publicly available sources and other sources believed by the Company to be true. Although the Company believes it to be reliable, the Company has not independently verified any of the data from third party sources referred to in this Prospectus, or analyzed or verified the underlying reports relied upon or referred to by such sources, or ascertained the underlying economic and other assumptions relied upon by such sources. The Company believes that its market, industry and economic data is accurate and that its estimates and assumptions are reasonable, but there can be no assurance as to the accuracy or completeness thereof. The accuracy and completeness of the market, industry and economic data used throughout this Prospectus are not guaranteed and the Company does not make any representation as to the accuracy or completeness of such information.

### **PRESENTATION OF FINANCIAL INFORMATION AND ACCOUNTING PRINCIPLES**

The Company presents its financial statements in Canadian dollars. The audited financial statements of the Company for the period of incorporation on July 25, 2019, to June 30, 2020, and for the year ended June 30, 2021, have been prepared in accordance with IFRS. Certain financial information set out in this Prospectus is derived from such financial statements.



## PROSPECTUS SUMMARY

*The following is a summary of the principal features of this Prospectus and is qualified in its entirety by, and should be read together with, the more detailed information, financial statements and MD&A contained elsewhere in this Prospectus. You should read this Prospectus in its entirety carefully, especially the “Risk Factors” section of this Prospectus and the Consolidated Financial Statements and related notes appearing elsewhere in this Prospectus. Capitalized terms used but not defined in this summary are defined elsewhere in this Prospectus. Please refer to the “Glossary” for a list of defined terms used herein.*

### Principal Business

The Company is a British Columbia based, wellness company that has four distinct business elements:

1. Development and sale of Functional Mushroom products;
2. Development of an indoor cannabis nursery for the cultivation and sale of cannabis mothers and clones (in Canada only);
3. Establishment and operation of a clinic in Portland, Oregon; and
4. Conduct research and development on Psychedelic Compounds for scientific purposes.

See “Description of the Business”.

### The Offering

No securities are being offered pursuant to this Prospectus. This Prospectus is being filed with the Alberta and British Columbia Securities Commissions for the purpose of allowing the Company to become a reporting issuer in such jurisdictions and to enable the Company to develop an organized market for its Common Shares. Since no securities are being offered pursuant to this Prospectus, no proceeds will be raised, and all expenses incurred in connection with the preparation and filing of this Prospectus will be paid by the Company.

### The Listing

The Company has applied to list its Common Shares on the CSE. Listing will be subject to the Company fulfilling all of the listing requirements of the CSE, including, without limitation, the distribution of the Company’s Common Shares to a minimum number of public shareholders and the Company meeting the minimum listing requirements.

### 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, or based on the fact that: the market for the Common Shares and volatility of Common Share price; speculative nature of investment risk and no history of dividends; additional funding and possibility of dilution; CSE listing; the Company’s limited operating history; significant ongoing costs and obligation; reliance on third party contract manufacturers; raw materials; the Company will require substantial additional funding, which may not be available to it on acceptable terms, or at all, and, if not so available, may require the Company to delay, limit, reduce or cease its operations; possible increase costs beyond what is currently expected as a result of regulatory review; the Company has a limited operating history and expects a number of factors to cause its operating results to fluctuate on an annual basis, which may make it difficult to predict the future performance of the Company; the Company has not been profitable to date, it has a limited number of products approved for commercial sale, and to date it has not generated any revenue; the Company has no licensing, marketing or distribution experience and it will have to invest significant resources to develop those capabilities or enter into acceptable third-party sales and marketing transactions; the Company may incur substantial costs as a result of litigation or other proceedings relating to patent and other intellectual property rights; if the Company is unable to adequately protect and enforce its intellectual property, the Company’s competitors may take advantage of its development efforts and compromise its prospects of marketing and selling its products; changes in patent law and its interpretation could diminish the value of patents in general, thereby impairing the Company’s ability to protect any patents it may have and/or obtain; if the Company is not able to adequately prevent disclosure of trade secrets and

other proprietary information, the value of its products could be significantly diminished; failure to manage growth; dependence on management and key personnel; insurance and uninsured risks; the Company may be materially adversely affected in the event of cyber-based attacks, network security breaches, service interruptions, or data corruption; internal controls; litigation; conflicts of interest; impact of COVID-19; liquidity and future financing risk; the Company financial condition would be adversely impacted if its intangible assets become impaired; tax risk; the psychedelic industry and market are relatively new and this industry and market may not continue to exist or grow as anticipated; unfavourable publicity or consumer perception; changes in legislation, regulations and guidelines; and regulatory risks related to the Company's products. See "*Risk Factors*".

### Available Funds

The Company's working capital as at September 30, 2021, being the most recent month end prior to the date of this Prospectus, was \$4,237,000, assuming conversion of the Subscriptions Receipts. See "*Use of Available Funds*".

### Selected Financial Information

The following table sets out certain selected financial information of the Company for the periods and as at the dates indicated. This information has been derived from audited financial statements of the Company for the period of incorporation on July 25, 2019, to June 30, 2020, for the year ended June 30, 2021, and, in each case, the related notes thereto included in this Prospectus. The Company prepares its financial statements in accordance with IFRS. Investors should read the following information in conjunction with those financial statements and related notes thereto, along with the MD&A.

	For the period from incorporation on July 25, 2019 to June 30, 2020 (audited) (\$)	Year ended June 30, 2021 (audited) (\$)
Total revenues	Nil	Nil
Expenses	431,632	1,567,277
Net loss and comprehensive loss for the period	431,632	1,626,557
Basic loss per share	(0.51)	(0.06)
Current assets	1,159,058	5,001,677
Total assets	1,159,058	5,990,201
Current liabilities	88,090	2,754,618 <sup>(1)</sup>
Total liabilities	88,090	3,413,633 <sup>(1)</sup>
Total shareholders' equity	1,070,968	2,576,568 <sup>(1)</sup>

Note:

(1) Prior to giving effect to the conversion of the Subscription Receipts.

See "*Management's Discussion and Analysis*" and "*Financial Statement Disclosure*".

## CORPORATE STRUCTURE

### Name, Address and Incorporation

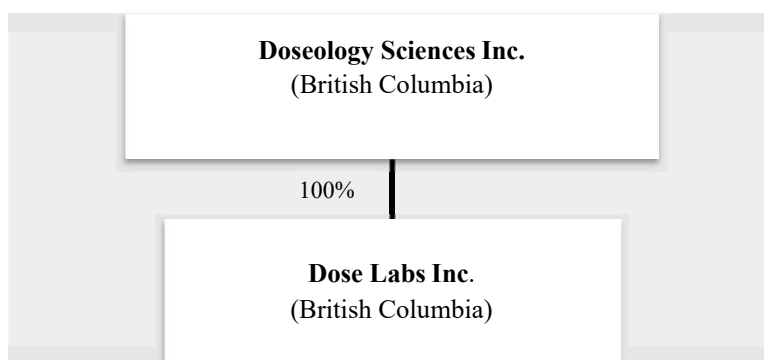
The Company was incorporated on July 25, 2019, under the laws of British Columbia pursuant to the *Business Corporations Act* (British Columbia). The Company filed a Notice of Articles on January 28, 2020, changing its name from Pcybin Therapeutic Inc. to Doseology Sciences Inc. The Company passed a resolution of its directors and its shareholders on April 27, 2021, effecting a consolidation of its share capital on the basis of one (1) new common share for every two (2) common shares held.

The Company's head office is located at 6924 Old Kamloops Road, Vernon, BC, V1W 1W1 and its registered and records is located at 2080 – 777 Hornby Street, Vancouver, British Columbia V6Z 1S4.

The Company is not a reporting issuer in any jurisdiction and the Common Shares are not listed or posted for trading on any stock exchange. The Company has made an application to list its Common Shares on the CSE. Listing will be subject to the Company fulfilling all of the listing requirements of the CSE.

### Intercorporate relationships

The Company currently has one wholly owned subsidiary, Dose Labs Inc. (“**Doseology Sub**”), which was incorporated under the laws of British Columbia pursuant to the *Business Corporations Act* (British Columbia) on November 16, 2017. Doseology Sub received a Nursery Cultivation License on May 14, 2021, and will apply for the Dealer Licence. Doseology Sub’s registered office is located at 2080 – 777 Hornby Street, Vancouver, British Columbia, Canada V6Z 1S4. The following chart depicts the corporate structure of the Company:



### DESCRIPTION OF THE BUSINESS

#### Business of the Company

##### Overview

The Company is a British Columbia-based, wellness company that has four distinct business pillars:

- Functional Mushroom Products** – The Company has developed a Canadian Functional Mushroom brand with products that are focused on the health and wellness markets. The Company has commenced the launch of its product line of proprietary Functional Mushroom tinctures, a cognitive-enhancing mushroom powder and dietary supplement. The Company utilizes third-party custom manufacturing for its mushroom blends, using globally sourced ingredients. The manufacturer operates in GMP certified facilities and certifies all products. The Company’s co-packers are responsible for the processing, packaging and bottling of products. The Company’s drop-shipper provides warehousing services and facilitates shipping of all product orders to the Company’s distribution channels or end customers. The Company expects to commence the sale of its full product line by the end of Q4 2021. The Company intends to sell its Functional Mushroom products directly to consumers, to e-tailers and to retailers. See “*Description of the Business – Description of Products and Services – Functional Mushroom Products*”.
- Cannabis Nursery** – At its Vernon Facility, the Company has approximately 1,280 square feet specifically designed and constructed for the indoor operation of a cannabis nursery. The Company received a Health Canada federal Nursery License on May 14, 2021, and intends to cultivate (indoors only) cannabis mothers and process, sell and distribute high-quality cannabis clones within the legal Canadian cannabis marketplace. The Company will not sell or distribute any products in the United States until such time as it is legal to do so. The Company will not have

any direct or indirect involvement in cultivation or distribution of marijuana in the United States nor will it have any material ancillary involvement in marijuana in the United States as contemplated by Canadian Securities Administrators CSA Staff Notice 51-352 (Revised) *Issuers with U.S. Marijuana-Related Activities*. See “*Description of the Business – Description of Products and Services – Cannabis Nursery Operations*” and “*Use of Available Funds*”.

3. **Clinical Operations** – The Company intends to establish and operate a clinic in Portland, Oregon, which will serve as a proof-of-concept clinic for the Company to offer treatment using Psychedelic Compounds. The Company entered into a joint collaboration agreement dated March 23, 2021, with Dr. Paramdeep Bhasin, its Chief Medical Officer, for this purpose. Dr. Bhasin is a board-certified anesthesiologist with over 20 years of experience. He is the owner and operator of 12 ketamine clinics in California and Washington that provide pain management services and mood treatments including therapies designed to meet unique needs, especially those patients who have failed to find relief using traditional treatment methods. The agreement also contemplates the offering of Doseology-branded mushroom products in Dr. Bhasin’s U.S. clinics. The Company has allocated funds to develop a strategic plan for its clinic-based operations and to set up its first clinic in Oregon. See “*Description of the Business – Description of Products and Services – Clinical Operations*” and “*Use of Available Funds*”.

4. **Research and Development** – The Company plans to prepare and file an application with Health Canada for an exemption to use psilocybin and psilocin for scientific purposes, as well as to apply for designation as a “Licensed Dealer” under the *Controlled Drugs and Substances Act* (Canada) which would permit the conduct of research to standardize the extraction of psilocybin from mushrooms as well as the possession, processing, sale, sending, transportation and delivery of Psychedelic Compounds. The Company is currently in the process of hiring a Chief Scientific Officer who will be responsible for establishing the Company’s scientific research and development for psilocybin, psilocin, and additional Functional Mushrooms and essential oils, as well as managing the proprietary cannabis genetics in the Company’s nursery. The Company has designated funds for the design and installation of a laboratory at its Vernon Facility while awaiting receipt of a Dealer Licence. See “*Description of the Business – Description of Products and Services – Research and Development*” and “*Use of Available Funds*”.

## History

The Company was incorporated under the BCBCA on July 25, 2019. The Company has not generated any revenue since incorporation.

Doseology Sub was incorporated on November 16, 2017, as Nest Blockchain Inc. (“Nest”) and may be seen as a predecessor entity to the Company. Nest was a renewable energy infrastructure company supporting blockchain and AI technology. Nest strived for full vertical integration of scaling out its cryptocurrency mining operations with the acquisition of energy assets in order to allow Nest to target high margin transactions and to promote decentralization of energy with the aim of creating a utility token that would change the energy sector.

Management and the board of directors of Doseology Sub consisted of the following: Kendra Blackford, CPA, CA, Chief Executive Officer and Director, Marco Feller, Chief Financial Officer and Director, Kristian Hofer, MCSE, Chief Technical Officer, Lorne Sivertson, Director, Eric Savics, Director and Jeremy Ross, Director. Management and the Board of Directors resigned in February 2019.

At the time of incorporation in 2017, Bitcoin was trading at \$7,924 per coin which subsequently peaked at \$18,985 per coin on December 18, 2017. By Doseology Sub’s first fiscal year ended October 31, 2018, Bitcoin had declined to \$6,322 per coin. The following chart shows the history and volatility of Bitcoin during the relevant period while Doseology Sub carried on its Bitcoin mining operations.

## Bitcoin Price Chart



From date of incorporation to its first fiscal year ended October 31, 2018, Nest carried out the following activities:

1. changed its name from Nest Blockchain Inc. to Pendulum Power Corp on August 28, 2018; to rebrand as a renewable energy infrastructure company;
2. completed a financing for proceeds of \$860,356;
3. on March 1, 2018, purchased 141 Bitmain Antminer Asic S9 cryptocurrency mining machines (“Machines”) for \$800,000. The Machines were purchased as part of the equipment infrastructure needed to mine Bitcoin. The equipment purchases were settled with the Company issuing to the seller a note payable in the amount of \$290,000 and the issuance of 5.1 million common shares and warrants valued at \$510,000;
4. purchased \$21,793 of computer and other equipment ;
5. signed an exclusive partnership colocation hosting agreement with TeraGo, one of Canada’s largest Tier III data centers to allow Nest immediate ability to scale to 1 MW within the Kelowna, BC data center location; and
6. produced an inventory of Bitcoins valued at CAD \$171,234 with operating and electricity costs of \$240,614 for a net operating loss of \$69,380 and a net loss for the year of \$238,350.

With the continued decline in the price of Bitcoin to a low of \$3,200 on December 16, 2018, management, along with Nest’s directors determined it was not feasible to incur continued operating losses with the sustained low price of Bitcoin. A decision was made in February 2019 to wind down the business of mining Bitcoins. Nest liquidated the Machines for proceeds of \$35,000, sold the inventory of Bitcoins for cash proceeds \$160,067 and settled all its outstanding obligations. The only asset Nest had after settling all its obligations was a cash balance of approximately \$405,000 and a \$35,000 receivable for the sale of the Machines. Nest had no ongoing business. The receivable was ultimately settled on December 20, 2020.

Following the discontinuation of Bitcoin mining operation, management and all the directors resigned from the Board and Shane Gordon, a current shareholder of Pendulum took over the management of Pendulum Power Corp. Mr. Gordon changed the business to the proposed production and distribution of premium grade cannabis clones and mothers under the Cannabis Act.

During the month of March 2019, Pendulum worked on preparing an application to Health Canada for a Nursery Cultivation License under the *Cannabis Act*. Pendulum delivered a written notification to the Mayor and the Fire Chief for the City of Vernon, B.C. and the RCMP of its intention to apply for a Nursery Cultivation License by March 31, 2020. On March 12, 2019, Pendulum changed its name to Pendulum Craft Corp. Health Canada approved and issued the Cultivation License to the Doseology Sub on May 14, 2021.

During the period between April 2019 and September 15, 2020, Doseology Sub spent approximately \$212,000 on the

construction of a 1,280 sq. ft nursery facility located in Vernon, British Columbia. See “*Description of the Business – Description of Products and Services – Cannabis Nursery Operation*” and the audited financial statements of Doseology Sub for the period ended September 15, 2020, and the accompanying Management’s Discussion and Analysis attached as Schedule “A”.

On July 15, 2020, Doseology Sub agreed to an offer from the Company to acquire all of the outstanding shares from the Doseology Sub shareholders, and on September 15, 2020, the Company issued 8,196,340 common shares to the Doseology Sub shareholders, representing approximately 93% of the shares that were tendered. On December 10, 2020, the Company issued 605,218 common shares to the shareholders for the remaining 7% Doseology Sub shares that were tendered subsequent to the September 15, 2020 acquisition date. The acquisition of Doseology Sub was valued at \$374,066. At the time of acquisition, Doseology Sub’s assets consisted of cash of \$109,082, an application to Health Canada for a Nursery Cultivation License and a 1,280 sq ft facility under construction. The value assigned to the license application was \$59,000 and facility under construction was \$145,000. On September 23, 2020, Doseology Sub changed its name to Dose Labs Inc.

In July and August of 2019, the Company conducted market research and developed conceptual formulations for function mushroom products with the ingredients and ingredient amounts to be used in each product. The Company worked with a third party manufacturer for approximately six months to source each ingredient and determine the extract ratio to use to meet the desired product formulation. Approximately \$110,000 was spent developing and purchasing the initial product inventory. All the labeling design was done in house by the Company. The Company applied for requisite regulatory approvals in Canada in August and September of 2020. See “*Description of Products and Services – Products – Functional Mushroom Products*”.

On June 1, 2020, the Company completed a private placement offering pursuant to which the Company sold 5,000,000 units of the Company (the “**Primary Founder Units**”) at a price of \$0.04 per Primary Founder Unit for gross proceeds of \$200,000. Each Primary Founder Unit consists of one common share and one share purchase warrant. Each warrant entitles the holder thereof to acquire one additional common share at a price of \$0.16 per share until June 1, 2022, subject to the Company’s ability to accelerate the expiry date to a date that is 30 days from the date of notice by the Company to the holder that the 10-day volume weighted average closing price of the common shares on a recognized stock exchange was equal to or greater than \$0.32.

On June 30, 2020, the Company completed a private placement offering pursuant to which the Company sold 10,800,000 common shares of the Company at a price of \$0.10 per share for gross proceeds of \$1,080,000. Also, on June 30, 2020, the Company issued 2,700,000 common shares at a price of \$0.10 per share for payment of consulting services.

On July 1, 2020, the Company entered into a lease for the Vernon Facility. See “*Description of the Business – The Vernon Facility*” for a description of the lease. To date, the Company has spent approximately \$200,000 on improvements, including interior structural upgrades, power upgrades, roadway upgrades and security upgrades.

On September 15, 2020, the Company completed a share issuance in connection with the acquisition of Dose Labs Inc. pursuant to a pre-acquisition agreement dated July 15, 2020, whereby the Company completed an exempt take-over bid of Dose Labs Inc. The Company issued 4,098,170 common shares of the Company on September 15, 2020, at a price of \$0.09 per share to acquire approximately 93% of Dose Labs Inc. former shareholders of Dose Labs Inc. The take-over was ultimately completed on December 10, 2020, by issuing an additional 302,609 common shares as part of a compulsory acquisition of the remaining 7% of the shares pursuant to applicable corporate law. The aggregate acquisition cost of Doseology Sub was approximately \$400,000. Doseology Sub was formed on November 16, 2017, as a renewable energy infrastructure company supporting block chain mining (bitcoin) and AI technology. With the volatility and ultimate decline in the price of bitcoin, Doseology Sub ceased its operations and disposed of its operating assets. Doseology Sub changed its name to Pendulum Craft Corp. on March 12, 2019, and began to set the groundwork for a cannabis cultivation operation. Approximately \$350,000 was spent on constructing a facility to accommodate cannabis cultivation. Following the agreement to be acquired by the Company on July 15, 2020, Doseology Sub filed its application for a Nursery Cultivation License on September 8, 2020, and then changed its name to Dose Labs Inc. on September 23, 2020. The acquisition of Dose Labs Inc. was considered a related party transaction as Shane Gordon, a major shareholder and sole director and officer of Dose Labs Inc. at the time of the acquisition was also a shareholder

and a director and officer of the Company. Mr. Gordon resigned as a director and officer of Doseology Sub on December 11, 2020, and as a director and officer of the Company on April 2, 2021.

On September 8, 2020, Doseology Sub applied for a Nursery Cultivation License.

On November 10, 2020, the Company issued 20,000 common shares at a price of \$0.50 per share in settlement of debt.

In November 2020 the Company received its first two NPNs for its Elevate and Think mushroom centric products. See “*Description of Products and Services – Products – Functional Mushroom Products*”.

Also in November 2020, after voters in Oregon passed Measure 109 to legalize psilocybin therapy, the Company began work to design and establish a wellness clinic in Portland, Oregon, with the assistance of the Company’s Chief Medical Officer, Dr. Bhasin. See “*Description of Products and Services – Products – Clinical Operations*”.

On December 18, 2020, the Company completed a private placement offering pursuant to which the Company sold 6,600,000 common shares of the Company at a price of \$0.10 per share for gross proceeds of \$660,000.

On December 22, 2020, the Company completed a private placement offering pursuant to which the Company sold 500,000 units of the Company at a price of \$0.40 per unit for gross proceeds of \$200,000. Each unit consists of one common share and one share purchase warrant. Each warrant entitles the holder thereof to acquire one additional common share at a price of \$0.80 per share until December 22, 2022, subject to the Company’s ability to accelerate the expiry date to a date that is 30 days from the date of notice by the Company to the holder that the 10-day volume weighted average closing price of the common shares on a recognized stock exchange was equal to or greater than \$1.40.

On January 2, 2021, the Company completed a private placement offering pursuant to which the Company sold 3,000,000 common shares of the Company at a price of \$0.10 per share for gross proceeds of \$300,000 in completion of subscription commitments under the December 18, 2020 placement.

On February 5, 2021, the Company repurchased 2,750,000 common shares for cancellation at a price of \$0.10 per share pursuant to pre-existing contractual repurchase terms.

On February 8, 2021, the Company completed a private placement offering pursuant to which the Company sold 4,686,420 units of the Company at a price of \$0.40 per unit for gross proceeds of \$1,874,568. Each unit consists of one common share and one share purchase warrant. Each warrant entitles the holder thereof to acquire one additional common share at a price of \$0.80 per share until February 8, 2023, subject to the Company’s ability to accelerate the expiry date to a date that is 30 days from the date of notice by the Company to the holder that the 10-day volume weighted average closing price of the common shares on a recognized stock exchange was equal to or greater than \$1.40.

In March 2021, the Company engaged a globally-recognized compliance and regulatory consulting firm to assist the Company in submitting an application to Health Canada for a Dealer Licence. The Company is currently developing relationships with leading researchers at education facilities to conduct studies to naturally produce (biosynthesize) large quantities of psilocybin and psilocin for medicinal use, with the aim of improving the yield and quality compared to current methods. See “*Description of Products and Services – Products – Research and Development*”.

On March 26, 2021, the Company completed a private placement offering pursuant to which the Company sold 100,300 units of the Company at a price of \$0.40 per unit for gross proceeds of \$40,120. Each unit consists of one common share and one share purchase warrant. Each warrant entitles the holder thereof to acquire one additional common share at a price of \$0.80 per share until March 26, 2023, subject to the Company’s ability to accelerate the expiry date to a date that is 30 days from the date of notice by the Company to the holder that the 10-day volume weighted average closing price of the common shares on a recognized stock exchange was equal to or greater than \$1.40.

On March 26, 2021, the Company completed a private placement offering pursuant to which the Company sold 11,885,000 subscription receipts, which as a result of the Consolidation will entitle the holders to receive 5,942,500 units (after giving effect to the Consolidation), whereby each unit consists of one common share one warrant. See “*Prior Sales*” and “*Description of Securities*”.

In February and March 2021, the Company received two additional NPNs for its Wake and Boost/Recover mushroom centric products, respectively. See “*Description of the Business – Products and Services – Functional Mushroom Products*”.

The Company passed resolutions of its shareholders and directors on April 27, 2021, effecting a consolidation of its share capital on the basis of one (1) new common share for every two (2) common shares held. The descriptions below have been adjusted to give effect to the Consolidation.

On May 14, 2021, Doseology Sub received its Nursery Cultivation License.

## **Description of Products and Services**

### *Products*

#### Functional Mushroom Products

The Company has developed its Canadian Functional Mushroom brand with products that are focused on the health and wellness markets. The Company is positioning itself to meet the needs of consumers looking to prioritize the consumption of health-promoting dietary supplements in the growing health and wellness markets.

The Company has seven Functional Mushroom products, with all seven to be marketed and sold in the United States and six of the seven products to be marketed and sold in Canada. See “*Mushroom Product Offering*” for a description of the Functional Mushroom products. In preparation for the public sales launch of its Functional Mushroom product line in Canada, the Company has applied for the necessary approvals for its Canadian proprietary formulations. Currently, five out of six of the Company’s products have received Health Canada-licensed Natural Product Numbers (“NPNs”), with one (1) product pending approval. The Functional Mushroom product line will be made available for sale in Canada in the fall of 2021. See “*Regulatory Environment – Functional Mushroom Products*” below.

The Company launched its line of proprietary Functional Mushroom tinctures, as well as a cognitive-enhancing Functional Mushroom powder and Adaptogenic supplement in capsule form in the United States in June of 2021. Adaptogens are substances that produce resistance to stress in both animals and humans and are commonly found in plants and fungi. Scientifically, adaptogens were first documented in the 1950s and since then much work has gone into studying the effects on humans with respect to stress reduction, resistance to mental fatigue and improved attention capabilities. Consumer research shows that consumers are looking for alternatives to help strengthen and boost immune systems and they are turning to functional foods and holistic health solutions to support those goals. In recent years, the concept of adaptogens has witnessed significant growth and awareness by health and wellness consumers.<sup>1</sup> See “*Marketing, Sales and Distribution Strategies*” below.

The Company utilizes third-party custom manufacturing for its mushroom blends, using globally sourced ingredients. The manufacturer operates in fully GMP certified facilities and certifies all products. The Company’s co-packers are responsible for the processing, packaging and bottling of products. The Company’s drop-shipper provides warehousing services and facilitates shipping of all product orders to the Company’s distribution channels. The Company intends to sell its Functional Mushroom products directly to consumers, to e-tailers and to retailers. See “*Marketing, Sales and Distribution Strategies*” below.

The Company’s fungi varieties for its Functional Mushroom products include Agaricus, Black Fungus, Chaga, Cordyceps, Lion’s Mane, Reishi, Shiitake, Maitake, Royal Sun, Turkey Tail, and White Button. These varieties are




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<sup>1</sup> A. Panossian and G. Wikman, “Effects of adaptogens on the central nervous system and the molecular mechanisms associated with their stress-protective activity,” *Pharmaceuticals*, vol. 3, no. 1, 2010, pp. 188–224.






used in combination with additional Botanicals and vitamins to optimize product benefits. See below a description of each Functional Mushroom variety and the Company’s related health food product.

**Mushroom Product Offering**

	<p><b>Elevate Mushroom Tincture</b> NPN: 80106102</p> <ul style="list-style-type: none"> <li>• Proprietary Blend: Lion’s Mane, Ginger Root, Niacin</li> <li>• Lion’s Mane has been reported to enhance cognitive function and promote clarity, concentration and creativity<sup>2</sup></li> <li>• Commonly used as a nootropic, or "smart drug"</li> <li>• Helps to prevent vitamin B3 deficiency</li> </ul>
	<p><b>Wake Mushroom Tincture</b> NPN: 80107850</p> <ul style="list-style-type: none"> <li>• Proprietary Blend: Lion’s Mane, Yerba Mate, Vitamins B6 and B12</li> <li>• Lion’s Mane helps to enhance cognitive performance</li> <li>• Yerba Mate promotes alertness &amp; wakefulness</li> <li>• Helps to prevent vitamin B6 and B12 deficiency</li> </ul>
	<p><b>Rest Mushroom Tincture</b> (Sleep Mushroom Tincture in Canada) NPN: 80110235</p> <ul style="list-style-type: none"> <li>• Proprietary Blend: Reishi, Melatonin, German Chamomile flower.</li> <li>• Reishi has been used for over 2,000 years by eastern societies to help promote longevity and wellbeing.</li> <li>• Melatonin has been shown to improve sleep quality and duration and reduce the time it takes to fall asleep<sup>3</sup></li> </ul>

<sup>2</sup> Vikineswary Sabaratnam, Wong Kah-Hui, Murali Naidu, and Pamela Rosie David. Neuronal Health – Can Culinary and Medicinal Mushrooms Help? Journal of Traditional and Complementary Medicine. Retrieved from <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC3924982/>

<sup>3</sup> Johns Hopkins Medicine. Melatonin for Sleep: Does It Work? Retrieved from <https://www.hopkinsmedicine.org/health/wellness-and-prevention/melatonin-for-sleep-does-it-work/>

	<p><b>Active Mushroom Tincture</b> NPN pending</p> <ul style="list-style-type: none"> <li>• Proprietary Blend: Cordyceps, Rhodiola</li> <li>• Cordyceps has been reported to help with high- intensity exercise and endurance performance<sup>4</sup></li> <li>• Rhodiola is an adaptogen used since antiquity for its brain-boosting properties<sup>5</sup></li> </ul>
	<p><b>Recover Mushroom Tincture</b> NPN: 80108743 (Name change to Boost Mushroom Tincture for Canada)</p> <ul style="list-style-type: none"> <li>• Proprietary Blend: Shiitake, Turmeric</li> <li>• Powerful beta glucans in shiitake mushrooms are purported to help to strengthen immune function<sup>6</sup></li> <li>• Strengthens Immunity – Turmeric is packed with powerful antioxidants to help fight the damage caused by free radicals<sup>7</sup></li> </ul>
	<p><b>Defend, Super Shroom Ten, Mushroom Capsules</b></p> <ul style="list-style-type: none"> <li>• Defend is a super blend of 10 powerful mushrooms: Cordyceps, Reishi, Shiitake, Lion’s Mane, Maitake, Turkey Tail, Chaga, Royal Sun Agaricus, White Button, Black Fungus</li> <li>• Packed with powerful immune-boosting adaptogens to help increase energy and resistance to stress<sup>8</sup></li> </ul>
	<p><b>Think, Cognitive Complex, Mushroom Powder. NPN: 80106110</b></p>


<sup>4</sup> Katie R. Hirsch, Abbie E. Smith-Ryan, Erica J. Roelofs, Eric T. Trexler, and Meredith G. Mock. Cordyceps militaris improves tolerance to high intensity exercise after acute and chronic supplementation. Journal of Dietary Supplements. Retrieved from <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC5236007/>

<sup>5</sup> Gou-ping Ma, Qun Zheng, Meng-bei Xu, Xiao-li Zhou, Lin Lu, Zuo-xiao Li, and Guo-Qing Zheng. Rhodiola rosea L. Improves Learning and Memory Function: Preclinical Evidence and Possible Mechanisms. Retrieved from [https://www.ncbi.nlm.nih.gov/pmc/articles/PMC6288277/#:~:text=ingestion%20can%20improve%20cognitive%20function,2004\)%2C%20and%20treat%20symptoms%20of](https://www.ncbi.nlm.nih.gov/pmc/articles/PMC6288277/#:~:text=ingestion%20can%20improve%20cognitive%20function,2004)%2C%20and%20treat%20symptoms%20of)

<sup>6</sup> Gordon Brown and Siamon Gordon. Fungal beta-glucans and mammalian immunity. Retrieved from <https://pubmed.ncbi.nlm.nih.gov/14499107/>

<sup>7</sup> *Ibid.*

<sup>8</sup> *Ibid.*

	<ul style="list-style-type: none"> <li>● Proprietary Blend: Yerba Mate, Lion’s Mane, Reishi, Shiitake, Chaga, Rhodiola, Choline. Other ingredients: Organic Cocoa Powder, Monk Fruit Extract</li> <li>● Natural, clean, &amp; sustained energy from Yerba Mate; and the brain-boosting properties of Choline &amp; Rhodiola</li> </ul>
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*Intellectual Property*

The Company’s trademark “Doseology” was formalized with the Canadian Intellectual Property Office on February 20, 2020.



DOSEOLOGY - word mark in 5 classes (see below) – Registration pending in Canada (#2009449)  
DOSEOLOGY - circle device in 6 Classes (see below) – Registration pending in Canada (#2009451)

Additional DOSEOLOGY trademarks (word and circle device) have been filed via WIPO international filings in USA, European Union, and Brazil (International Priority Date was 31 January 2020), all applications are pending.

- Class 5 - Capsules, tinctures, powders, etc.
- Class 9 - Downloadable educational software
- Class 35 - Retail and online store services
- Class 41 - Educational & Safety Information via a website
- Class 42 - Educational & Safety Information (non-downloadable)

The Company has proprietary formulations for its Functional Mushroom products which constitute trade secrets and are protected by confidentiality agreements and other arrangements.

Distinctive branding and an engaging visual communications strategy are important to the Company to ensure positive brand and product line experiences. The Doseology logo uses a bold sans serif font, paired with a circular graphic to create a strong and bold brand. The circle and the ripples within it represent the underside of the mushroom, called lamella.

*The Market for Functional Mushrooms*

Functional mushrooms are widely used for their health-promoting properties, and according to Technavio, the market is largely driven by the demand for these health-promoting benefits.<sup>9</sup> As consumers increasingly look to include “functional foods” in their diets, the Functional Mushroom market is poised to grow annually. The global Functional

<sup>9</sup> Medicinal Mushrooms Market 2018-2022. Retrieved from <https://www.technavio.com/report/global-medicinal-mushrooms-market-analysis-share-2018>.

Mushroom market is projected to grow to US \$555.94 billion by 2028 with a CAGR of 7.22% in the forecast period of 2021 to 2028, according to a research report published by Data Bridge Market Research in December of 2020.<sup>10</sup>

The global nutraceutical market is projected to grow to US \$722.49 billion by 2027 with a CAGR of 8.3% over the forecast period of 2020-2027, according to a report by Grand View Research published in April of 2020.<sup>11</sup>

### *Marketing, Sales and Distribution Strategies*

Brand growth requires a strong connection to the consumer. As a major marketing strategy, the Company has sourced well-known Functional Mushrooms that have already been accepted and used in natural health products and has combined these with other Botanicals to amplify product efficacy. The strategy is to market to the consumers who are already buying health products and offer them unique, proprietary formulations with a “value add” proposition. The Company believes this approach will resonate with consumers who see the value of Functional Mushrooms in combination with other Botanicals and/or vitamins.

### Website, Social Media and Advertising

The following are the Company’s key strategies for the marketing of its products:

- the Company launched its website, [www.doseology.com](http://www.doseology.com) with full eCommerce capabilities at the end of June, 2021. The website is powered by Shopify and is designed to prioritize search engine optimization (“SEO”)
- the Company’s initial marketing focus and sales will be to online customers in Canada and the United States
- the Company will leverage marketing initiatives across social channels such as Instagram, Facebook, and LinkedIn to drive traffic to eCommerce

In addition, the Company has entered into a letter of intent with Dr. Bhasin that will see its products displayed and offered for sale in Dr. Bhasin’s 12 Ketamine clinics in California and Washington, and in any new clinics established.

### Sales and Distribution

The following are the Company’s key strategies for distribution and sales of its products and will form part of its ongoing marketing efforts:

- eCommerce – a direct to consumers (D2C) sales model on the Company’s website ([www.Doseology.com](http://www.Doseology.com)), was launched at the end of June 2021
- Amazon.com – the Company has entered into a 1-year agreement with a reputable sales and marketing agency to develop a strategy aimed toward long-term, profitable sales growth. Pursuant to the agreement, the agent will oversee: the go-to-market activation; portfolio optimization; sales / marketing strategy; and optimizing content for SEO
- the Company is developing further online distribution through marketplaces such as Amazon.ca
- the Company intends to target e-tailers with a clientele for natural health products
- the Company intends to build strategic partnerships with established health and well-being merchants and other fine retailers.

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<sup>10</sup> Global Functional Mushroom Market – Industry Trends and Forecast to 2028. Retrieved from <https://www.databridgemarketresearch.com/reports/global-functional-mushroom-market/amp>.

<sup>11</sup> Grand View Research. Nutraceutical Market Size Worth \$722.49 Billion By 2027 | CAGR: 8.3%. Retrieved from <https://www.grandviewresearch.com/press-release/global-nutraceuticals-market>.

### Quality Assurance

The Company understands that a robust quality assurance program is critical to ensure the provision of safe, effective, and healthy products for its customers, as well as uninterrupted production. The Company currently relies upon its third party manufacturer for quality assurance and receives a certificate of analysis (CoA) on every product to verify that the products meet the requisite quality standards. In addition, all the Company's products are tested for heavy metals, pesticides, solvents and microbes by an independent third party, who serves as an additional check and balance on the activities of the manufacturer.

### *Competitive Conditions*

Functional mushroom products are increasing in popularity and are becoming more available to consumer markets. Some of the competitors in this market include: Four Sigmatic, Host Defense, Mushroom Revival, Organika, and Moon Juice. The Company's ability to compete depends on, among other things, high product quality, short lead-time, timely delivery, competitive pricing, range of product offerings and superior customer service and support. Increased competition may require the Company to reduce prices or increase costs and may have a material adverse effect on its financial condition and results of operations. Any decrease in the quality of the Company's products or level of service to customers or any occurrence of a price war among the Company's competitors and the Company may adversely affect the business and results of operations.

The table below contains a summary of or major competitors, their product offering and mode of distribution.

<b>Name</b>	<b>Product Offering</b>	<b>Distribution</b>
<b>Four Sigmatic</b>	Formulates and sells the following mushroom products (coffee, protein mix, drinks powders): <ul style="list-style-type: none"> <li>• Cordyceps</li> <li>• Agaricus</li> <li>• Meshima</li> <li>• Enokitake</li> <li>• Reishi</li> <li>• Tremella</li> <li>• Lions Mane</li> <li>• Chaga</li> <li>• Maitake</li> <li>• Shiitake</li> </ul>	<ul style="list-style-type: none"> <li>•Direct to consumer (online and brick and mortar)</li> <li>•Distributor (Amazon, Thrive Market etc.)</li> <li>•Retailers (Whole Foods etc.)</li> </ul>
<b>Host Defense</b>	Grows, processes, formulates and sells the following mushroom products (capsules, powders, extracts, tinctures): <ul style="list-style-type: none"> <li>• Cordyceps</li> <li>• Agarikon</li> <li>• Meshima</li> <li>• Royal Sun Blazei</li> <li>• Reishi</li> <li>• Tremella</li> <li>• Lions Mane</li> </ul>	<ul style="list-style-type: none"> <li>•Direct to consumer (online)</li> <li>•Distributor (Amazon, Vitasave etc.)</li> <li>•Retailers (Whole Foods etc.)</li> </ul>
<b>Mushroom Revival</b>	Processes, formulates and sells the following mushroom products (tinctures): <ul style="list-style-type: none"> <li>• Cordyceps (grown by company)</li> <li>• Reishi</li> <li>• Tremella</li> <li>• Poria Cocos</li> <li>• Lions Mane</li> <li>• Chaga</li> <li>• Meshima</li> <li>• Maitake</li> <li>• Shiitake</li> <li>• Turkey Tail</li> </ul>	<ul style="list-style-type: none"> <li>•Direct to consumer (online)</li> </ul>
<b>Organika</b>	Formulates and sells the following mushroom products (capsules and beauty products): <ul style="list-style-type: none"> <li>• Reishi</li> <li>• Cordyceps</li> <li>• Tremella (for Beauty Product usage only)</li> <li>• Chaga (for Beauty Product usage only)</li> <li>• Lion’s Mane (for Beauty Product usage only)</li> </ul>	<ul style="list-style-type: none"> <li>•Direct to consumer (online)</li> <li>•Distributor (Amazon, Vitasave etc.)</li> <li>•Retailers (Whole Foods etc.)</li> </ul>
<b>Moon Juice</b>	Formulates and sells the following mushroom products (protein mix, drinks powders): <ul style="list-style-type: none"> <li>• Cordyceps</li> <li>• Reishi</li> <li>• Lion’s Mane</li> <li>• Tremella</li> </ul>	<ul style="list-style-type: none"> <li>•Direct to consumer (online)</li> <li>• Distributor (Sephora, Beautylish)</li> <li>• Retailers (apothecaries)</li> </ul>

## *Regulatory Environment – Functional Mushroom Products*

The United States and Canada have separate regulatory environments applicable to the sale of the Doseology products.

In the United States the sale of nutritional and dietary supplements is governed by the *Food and Drug Administration* (“FDA”). The Company’s product “Defend” that is manufactured and sold in the United States is, and all products that are subsequently offered for sale in the United States will be, compliant with FDA regulations. The guidelines for the sale of supplements in the United States was set forth in the *Dietary Supplement Health and Education Act* (“DSHEA”). There is no current process of approval for the sale of nutritional products or any dietary supplements. It is the responsibility of the Company and its manufacturer to ensure that products manufactured and sold are compliant with DSHEA. The labels used in the marketing of this product reflect the information outlined on the Structure/Function Claims Notification (SFCN) and comply with the US Dietary Supplements labelling requirements.

Within Canada the *Natural and Non-prescription Health Products Directorate* (“NNHPD”) governs the sale of nutritional products and dietary supplements. The NNHPD is a division of Health Canada. To sell natural health products in Canada, a company must obtain a product license called a Natural Product Number (“NPN”) as assessed by the NNHPD. Once determined that the product is safe, effective, and meets the quality standards, an eight-digit NPN number is granted and must be displayed on the product packaging.

Depending on the delivery form (powder, pill, capsule, bar, etc.) and formulation of the product, it may be necessary to get approval of the NNHPD to sell the product in Canada. Once the application process is complete and accepted, the product receives an NPN. This signifies that it is approved for sales in Canada. All of the Company’s products that are currently sold in Canada that require an NPN have an NPN.

The Company currently has five (5) products with NPNs – Elevate Mushroom Tincture; Boost Mushroom Tincture; Sleep Mushroom Tincture, Wake Mushroom Tincture, and Think, Cognitive Complex, Mushroom Powder. The Company currently has an application in process with the NNHPD for De-stress Mushroom Tincture which will be brought to market once approved.

*The Food and Drug Act* (Canada) and *Food and Drug Regulations* regulate food and drugs in Canada and provide requirements on composition (including without limitation food additives, fortification, and food standards), packaging, and licensing requirements. Under this regime, the Company is not required to obtain any pre-approvals and/or licenses for its products, but must ensure that the labelling, marketing and selling of any of its products comply with this legislation, including by ensuring that the Company’s products are not packaged or marketed in a manner that is misleading or deceptive to a consumer.

*The Consumer Packaging and Labelling Act* (Canada) provides for a uniform method of labelling and packaging of prepackaged consumer goods in Canada. The relevant provisions include the prevention of fraudulent statements and providing for mandatory label information in which consumers may make informed decisions.

## **Cannabis Nursery Operations**

### *Overview*

Located at the Vernon Facility, the Company built a specialized 1,280 ft<sup>2</sup> indoor facility (the “Nursery”). The Nursery includes approximately 560 ft<sup>2</sup> dedicated to the cultivation of clones, with a capacity to house up to 20,000 clones in various stages of the growing cycle and a mother room with a capacity to hold 40 mothers. To date, the Company has spent approximately \$317,000 on equipment and infrastructure improvements to accommodate the Nursery operations and will expect to spend \$532,000 for the next 12 months on salaries, supplies and other operating costs. See “*Use of Available Funds*”. In addition, as part of its leased premises, the Company also has a 10,000 ft<sup>2</sup> outdoor growing space enclosed by an 8 ft privacy screened fence and secured by barbed wire.

The Company intends to cultivate cannabis mother plants to produce clones that will be sold primarily to Licensed Producers under the Cannabis Act. See “*Target Market*” below. Cannabis plants come from either a seed or a clone. Mothers are plants that stay in a vegetative state and do not reach the more advanced flowering stage, which is the point at which the plant produces the sought-after flower buds which contain the psychoactive ingredient, THC. Clones

are cuttings off the mother plant and are genetically identical to the mother. The cuttings are planted and grown to a size suitable for sale and transport to Licensed Producers. Using clones provides cultivators with a guarantee that all the plants will grow at generally the same rate, produce a consistent quality and have the exact same characteristics. It also ensures that all the clones are females, as plants grown from seeds (unless they are feminized using advanced technology) can be either male or female. Males are typically discarded as their flower does not have as many desirable properties as their female counterparts and their pollen causes the females to produce seeds as opposed to content rich flower buds. Many cultivators would rather purchase their clones as opposed to devoting time, energy and space to plants that do not produce their end product.

Importantly, mothers and clones do not require the same amount of energy and resources needed to produce buds/flowers. Accordingly, the Company does not need to invest large amounts of capital in lighting and nutrients to grow plants to maturity.

### *Nursery Operations*

The Company received its Nursery Cultivation License on May 14, 2021. The Company intends to acquire six strains of cannabis from a Licensed Producer that exhibit predictable strain characteristics, unique terpene compositions and cannabinoid profiles, are easy to grow, fast flowering and resistant to pests and disease. The Company intends to grow its cannabis clones indoors at the Vernon Facility.

The Nursery is designed to incorporate advanced and sustainable technology systems into its production model. This will include geponic methodologies utilizing a chemical-free soil blend that is expected to promote rapid plant growth and a “controlled environment agriculture” (“CEA”) management system that optimizes growing conditions. CEA is a technology-based approach to agricultural production. Its aim is to provide plant protection and maintain optimal growing conditions throughout the development without the use of chemical fertilizers. CEA creates an optimal environment for plants by controlling environmental variables. This includes temperature controls that manage air, soil nutrients, and root-zone conditions; humidity and elevated carbon dioxide levels; light intensity, spectrum, and interval exposures; and nutrient concentrations and acidity. When managed properly, CEA can maximize crop yield and quality and accelerate harvest rates.

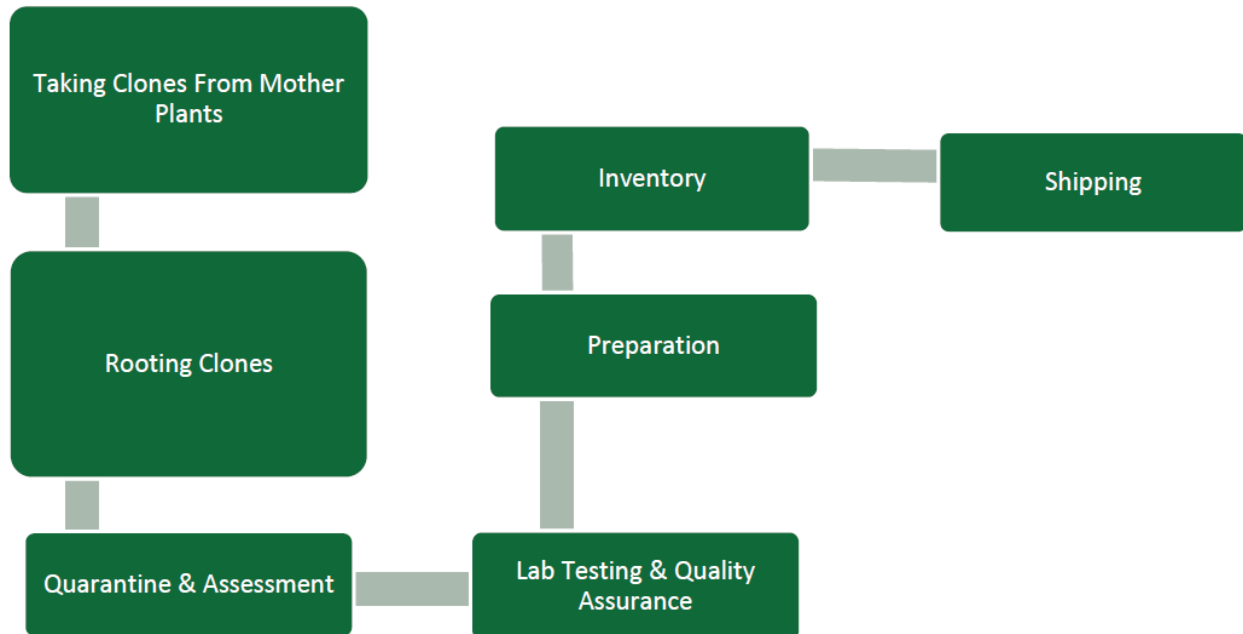
Optimizing growing conditions results in healthy and productive plants that are less prone to pest infestation, mold and mildew. This approach to crop production supports a basic tenet of the Company’s philosophy, which is to eliminate dependence on chemical fertilizers and insecticides.

Growing cannabis plants is essentially the same as any other form of commercial horticulture and agriculture. The main difference is the stringent testing and operating protocols stipulated by the Cannabis Act. Sanitization and quality control standards are carefully monitored throughout the growing, processing, and distribution process. Various strains of cannabis have differing concentrations of active ingredients. The proportions of cannabinoids and terpenes have different therapeutic applications. Accordingly, it is important to maintain the genetic integrity of the crop. This is accomplished by growing the clones under similar conditions to the mother plant in order to produce a plant capable of achieving virtually identical concentrations of the active ingredients.



The diagram below demonstrates the phases of production and timeline to produce the clones for sale.

- Stage 1: Rooting Clones (1 week)
- Stage 2: vegetation (1 - 2 weeks)
- Total elapsed “crop” time: approximately 2 - 3 weeks



#### *Production and Tracking*

The Company intends to license a seed-to-sale tracking system that provides real-time tracking of each plant and its plant products and creates an inventory profile at every step of the production process. This system creates accounting, administrative, and quality assurance modules that can be readily turned into reports to satisfy the record-keeping requirements of Health Canada. It also integrates customer interface and transactions, compiling marketing and sales data that will provide useful sales information.

#### *Facility, Equipment and Growing Methodology*

##### Facility Advantages

Following is a description of some of the key features of the Nursery:

1. *Efficient and Cost-Effective Production Scheduling* – The facilities are designed from scratch as a clone production facility, complete with change rooms, mother room, and clone growing rooms.
2. *Refurbished Facility* – The facility meets Cannabis Act requirements and GMP practices. The Nursery will have no initial contaminants and is designed to minimize the places for mold and contaminants to grow. The layout of the facility is designed in a way to ensure regulated and efficient growth of cannabis clones and mother plants.
3. *Self-Contained, Air-tight Facilities* – By utilizing air curtains on entry walls of clean rooms, air will flow into the buildings only through the HVAC system where it will be subjected to HEPA filtering. This will remove any incoming contaminants.

4. *Air within Rooms is Constantly Cleaned* – Air within rooms is circulated through the air handlers and cleaned by HEPA filters and ultraviolet light to prevent mold growth and contamination.
5. *Controlled Access to All Production Rooms* – Every door that leads to a grow room will have a card reader entry accessible only to those with designated access. There will be no unauthorized or casual entry to this part. This will keep all extraneous material and potential contaminants out of this part of the premises.
6. *Relative Humidity Control* – the Company’s HVAC equipment and control system will control both heating and cooling of air and humidity level in one process (Single System) in all areas of the facility to maintain temperature more efficiently. In the single system, temperature and humidity are maintained within the optimal control band.

### Security

Security is an important component of the Nursery operations. Below is a description of the security features the Company has developed and will employ in its Nursery operations.

1. *Observation Concept* – The security plan includes strategically placed cameras at points around the perimeter, inside the perimeter but outside the building, and inside the building in every room where cannabis is present or may be present. All of these cameras will be recording 24 hours a day, seven days a week, monitored and footage stored for review if needed. This system provides for a high probability that any unauthorized personnel attempting to gain access or gaining access will be recorded. These cameras are clearly visible and so will be an effective deterrent to an attempted or actual unauthorized entry to the perimeter, the building itself, or restricted areas inside the building.
2. *Property Perimeter and Outside Building* – The property perimeter is surrounded by a fence and is located in a rural area; warning signs will be highly visible and posted around the perimeter; An eight-foot-high chain-link fence with an additional foot of barbed wire barrier; and optical detection beams in parallel with the interior perimeter of the fence.
3. *Building Interior* – Entry to the building is through a keypad proximity reader. All doors remain locked until accessed with personal security cards/codes. Security measures are monitored 24 hours a day, seven days a week, and are always armed unless occupied by authorized personnel. They are monitored by an assortment of electronic detection equipment. The components act in combination with each other and it is highly improbable that an unauthorized person will gain entry given these security protocols without setting off at least one alert.

### Quality Assurance

Licensed Producers are required to have in place a quality assurance program that meets requirements related to Good Production Practices (GPP) as stated in the Cannabis Act. The Company is committed to meeting or exceeding the requirements of the Cannabis Act and is, therefore, putting into place a comprehensive Quality Assurance System (“QAS”) that touches on all aspects of operations related to the production (including growing), processing and provision of cannabis.

Policies and procedures which promote best practices and focus on ensuring product quality are critical to the effectiveness of a QAS, however, quality control is equally important, and a requirement of the Cannabis Act. Quality control consists of the monitoring or testing of a product to demonstrate that it meets the required parameters. The Company will send product samples for testing by an independent, Health Canada-approved laboratory prior to releasing any lot of product.

The Company is committed to, and understands that, a robust QAS is not only critical to obtaining and retaining its Licensed Producer status, but also ensures the provision of safe, effective, delicious and healthy products to the client, as well as uninterrupted production. Proactive, quality-centered policies and complete engagement of all staff in the QAS help avoid acute quality issues that might lead to a recall or license suspension. A strong QAS also contributes to operational efficiency.

## The Vernon Facility

The Vernon Facility sits on 23-acres of leased land and is designed as an expandable facility, which can adjust its production capacity to handle increases in demand.



The Vernon Facility is covered by a lease dated July 1, 2020, for a period of five (5) years, with an option to renew for an additional five (5) year term. The lease comprises twenty-three acres and all the buildings and fixtures. The base rent escalates in year two and three and stays constant for years three to five. The Company is responsible to pay all additional operating expenses, including all utilities and property tax. The Company is required to maintain insurance.

The Company has an option to purchase the Vernon Facility and the associated lands at the fair market value at the time of exercise less the undepreciated leasehold improvements paid for by the Company, which option is exercisable throughout the term of the Lease and any renewal.

## *Market for Mothers and Clones*

### Market Generally

According to ArcView, legal cannabis sales in Canada are expected to generate \$5.2 billion by 2024.<sup>12</sup> Recent statistics obtained from the Canadian Cannabis Survey conducted in 2020<sup>13</sup> suggest the following:

- 27% of Canadians surveyed reported having used cannabis in the past 12 months, an increase from 25% in 2019.
- The average age of initiating cannabis use was 20.0 years, with males likely to try it earlier than females.
- 18% of Canadians surveyed reported using cannabis on a daily basis, with 54% reporting using cannabis three days per month or less.
- Smoking was the most common cannabis consumption method (79%), followed by eating it in food (52%), vaporizing with a vape pen (22%), and vaporizing using a vaporizer (12%).

General trends serving as a catalyst towards cannabis acceptance include:

- Expanding and successful markets in US medical and recreational cannabis
- Increased public pressure to decriminalize possession in the US
- Growing acceptance in the medical establishment of the plant's medicinal benefits
- Recognition that whether recreational cannabis is legal or not, people will use
- Social and economic costs of criminalization for simple possession
- Huge revenue potential for governments by taxing the industry
- Reduction in policing resources and those of other enforcement and intelligence agencies
- Pressure to commercialize and open the industry to fair competition
- Opportunity loss of allowing the black market to usurp monies that can be made by legitimate business<sup>14</sup>

### Target Market

The Company's primary target market consists of approximately 266 Licensed Producers who hold licenses to cultivate cannabis in Western Canada, however, it is expected that of these there are approximately 150 who are less likely to have dedicated space to growing mothers and clones. Of these Licensed Producers, 79 are micro-cultivators with facilities no larger than 2,152 square feet.<sup>15</sup> The Company intends to focus its marketing efforts on the micro-cultivators but it will also sell to larger Licensed Producers that do not cultivate their own clones. The Company does not distribute any cannabis products in the United States. The Company will not have any direct or indirect involvement in cultivation or distribution of marijuana in the United States nor will it have any material ancillary involvement in marijuana in the United States as contemplated by Canadian Securities Administrators CSA Staff Notice 51-352 (Revised) *Issuers with U.S. Marijuana-Related Activities*.

Based on the Company's research, an average active micro-cultivator will need 400 plants every three weeks, or approximately 7,000 plants per year. This translates into a market of up to 560,000 plants per year for all the micro-cultivators in Western Canada. The Company's current capacity is expected to be approximately 240,000 clones per year.

While the Company can ship across Canada, transportation of cannabis plants requires strict compliance with the Cannabis Act, including secured transportation, which can be costly. Accordingly, the Company has chosen to target its initial sales in Western Canada. All shipping costs are passed along to the customer.

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<sup>12</sup> Arc View. Canada Leads the Way on Global Cannabis Legalization. Retrieved from <https://arcviewgroup.com/product/canada2019/>.

<sup>13</sup> Government of Canada. Retrieved from <https://www.canada.ca/en/health-canada/services/drugs-medication/cannabis/research-data/canadian-cannabis-survey-2020-summary.html>.

<sup>14</sup> Government of Canada. Retrieved from <https://www.canada.ca/en/health-canada/services/drugs-medication/cannabis/research-data/canadian-cannabis-survey-2020-summary.html#a6-01>.

<sup>15</sup> Government of Canada. Retrieved from <https://www.canada.ca/en/health-canada/services/drugs-medication/cannabis/industry-licensees-applicants/licensed-cultivators-processors-sellers.html#wb-auto-6>.

The Company is contemplating applying for a sales license to enable Company to sell clones to non-Licensed Producers, typically at higher, retail price. Grandfathered medical growers previously licensed under the *Marihuana for Medical Purpose Regulations* (since repealed) (“**MMPR**”) and other home-growers licensed for medical purposes under the *Access to Cannabis for Medical Purposes Regulations* are the Company’s secondary target market.

According to the Government of Canada there were approximately 320,000 registered medical marijuana users in Canada as at December 31, 2020<sup>16</sup> and of these, 43,000 persons actively registered to produce cannabis for their own medical purposes, or designate someone to produce it for them<sup>17</sup>. The number of cannabis plants a person may grow for medical purposes depends upon their medical prescription and whether the plants are grown indoors or outdoors, or a combination of both. Plants grown outdoors are typically larger so the number of outdoor plants permitted under the license is lower than for indoor plants.

The average daily amount authorized by health care practitioners for individuals who access from federally licensed sellers was 2 grams per day. The average daily amount authorized by health care practitioners for the 43,000 individuals registered to grow their own cannabis or designate someone to grow for them was 39.8 grams per day. There were 478 health care practitioners in Canada who authorized amounts equal to or above 25 grams per day in the month of December 2020, with 46% of these located in British Columbia, and 57 health care practitioners in Canada who authorized amounts equal to or above 100 grams per day, with 40% of these located in British Columbia. The table below shows how many cannabis plants an individual with a medical prescription may grow based on the number of grams of dried cannabis prescribed.

<b>Medical Prescription (grams)</b>	<b>Indoor Only</b>	<b>Outdoor Only</b>	<b>Both - Indoor/Outdoor</b>
2	10	4	8/2
25	122	48	92/24
100	487	190	365/95

All Data Government of Canada<sup>18</sup>

The Cannabis Act also allows all Canadians to grow a maximum of four cannabis plants in their residences for recreational use. Some of the grandfathered MMPR growers would be expected to purchase wholesale, while others would be expected to purchase smaller retail amounts. Once the Company obtains a sales license, sales to non-licensed producers are expected to account for approximately 15% of the Company’s sales revenues.

### Marketing Strategy

The marketing team will use educational campaigns aimed at Licensed Producers that explain the benefits of using unique starting materials that result in diverse high-quality products that are much needed in the Canadian cannabis marketplace. The premium cannabis that is produced from the Company’s genetics will attract the experienced and connoisseur markets who are currently underwhelmed by the quality and selection of products available from current Licensed Producers. The Company intends to adopt the following have five differentiation strategies:

1. *Product Quality* – the Company intends to utilize the best production practices available to establish its brand and provide the most effective starting materials for its clients by utilizing strict genetic selection. Cannabis clones will be vetted meticulously to always ensure that high-quality products are being produced. Feedback will be solicited from customers to continuously improve product offerings.
2. *100% Organic* – the Company is committed to creating an entirely organic environment for healthy cannabis plants to grow and thrive. The Company intends to use 100% organic soil, nutrients and fertilizers.

<sup>16</sup> Government of Canada. Retrieved from <https://www.canada.ca/en/health-canada/services/drugs-medication/cannabis/research-data/medical-purpose.html#a3>.

<sup>17</sup> *Ibid.*

<sup>18</sup> Government of Canada. Retrieved from <https://health.canada.ca/en/health-canada/services/drug-health-products/buying-using-drug-health-products-safely/cannabis-medical-purposes/accessing-cannabis-medical-purposes/production-cannabis-medical-purposes/calculator.html>.

3. *Referral Networks* – the Company will work closely with various Licensed Producers. The Company intends to build a referral network that supports product consistency, brand recognition, and reliable delivery.
4. *Pricing* – the Company intends to set its prices very competitively.
5. *Personalized Service* – Knowledgeable and friendly staff will be trained to help Licensed Producers select the best product for their needs. The management team will always be available to talk with customers and potential customers, providing them with years of experience and expertise.

#### *Regulatory Environment – Cannabis Nursery Operations*

##### Overview

Canada passed Bill C-45, the *Cannabis Act* (the “**Cannabis Act**”) which allows for the cultivation and retail sales of cannabis for recreational purposes. The retail and distribution of recreational cannabis is within the provincial (not federal) jurisdictions, which means that each province has a different framework for licensing retailers.

It should be noted that the cannabis regulations allow for the cultivation, processing and sale of both medical and recreational cannabis. However, medical cannabis is still only available within a direct-to-consumer business model, and Canadians wishing to purchase cannabis for medical purposes still require a prescription form from their health practitioner. In contrast, recreational products are sold both online and at physical retail locations across Canada, and any Canadian of minimum age (per province) can purchase recreational cannabis by simply walking into a retail store.

Examples of activities that can be authorized under the Cannabis Act:

- Possess cannabis
- Obtain cannabis plants or cannabis plant seeds by propagating, cultivating, harvesting
- For the purpose of testing, alter the chemical or physical properties of the cannabis
- Sell and distribute cannabis plants or cannabis plant seeds to other license holders (cultivators, processors, analytical testers, researchers, cannabis drug license holders)
- Sell and distribute cannabis products that are cannabis plants or cannabis plant seeds to a license holder that is authorized to sell cannabis for medical purposes or to a person authorized to sell cannabis under a provincial or territorial Act
- Send and deliver cannabis products that are cannabis plants or cannabis plant seeds to the purchaser at the request of a license holder that is authorized to sell cannabis for medical purposes or of a person authorized to sell cannabis under a provincial or territorial Act
- Conduct ancillary activities (e.g., drying)<sup>19</sup>

##### Becoming a Licensed Producer

The Company applied to become a Licensed Producer and received its Nursery Cultivation License on May 14, 2021. The current process to become a Licensed Producer includes six stages: Intake and Initial Screening, Detailed Review and Initiation of Security Clearance Process, Issuance of License to Produce, Introductory Inspection (as cultivation begins), Pre-Sales Inspection and Issuance of License to Sell. Following is a description of the stages in the application process for becoming a Licensed Producer under the Cannabis Act:

1. **Intake and Initial Screening:** The applicant undergoes a preliminary screening for application completeness, with incomplete applications returned to the applicant. An application that is complete is assigned an

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<sup>19</sup> Government of Canada. Retrieved from <https://www.canada.ca/en/health-canada/services/drugs-medication/cannabis/industry-licensees-applicants/licensing-summary/guide.html>.

application number. Once an application number is received, the applicant has completed the preliminary screening stage.

2. **Detailed Review and Initiation of Security Clearance Process:** An application will then be reviewed to ensure that the level of detail is sufficient to assess the applicant’s satisfaction of the requirements of the regulations. Initial consideration is also given to the location of the proposed growing site, likely risks to public health, safety and security, the proposed security measures, and the credentials of the proposed quality assurance person to meet the good production requirements outlined in the regulations. Health Canada will also verify that the applicant has provided notice to the local government where the applicant’s proposed growing site is located. Once the screening of an application is complete, the security clearance forms for key personnel are provided for processing. Security clearances involve criminal record checks and background reviews to assess whether the applicant poses a risk to the integrity of the control of the production and distribution of cannabis, including the risk of cannabis being diverted to an illicit market or use. The application is then advanced to a detailed review to validate all information provided by the applicant. At this stage, the applicant has regular communication with the Office of Medical Cannabis. Physical security plans, including storage plans, are also evaluated and applicants must meet a minimum of “security level 7” (as defined in the Security Directive) to be considered for a license.

3. **Issuance of License to Produce:** A cultivation license is issued at this stage. The Facility may source starter materials from a legal source and begin implementation of its propagation and cultivation plan.

4. **Introductory Inspection:** As cultivation begins, an inspection of the growing site is scheduled.

5. **Pre-Sales Inspection:** During this stage, an inspection of the growing site is scheduled. Health Canada considers a variety of factors including security measures, good production practices, packaging, labelling, shipping, registration and record-keeping.

6. **Issuance of License:** Results of the pre-licensing inspection are reviewed and an assessment of the application is completed by Health Canada. The initial issuance of Nursery Cultivation License includes limits on licensed activities.

Health Canada requires rigorous testing of cannabis products and derivatives provided by Licensed Producers. A Licensed Producer is subject to a wide variety of compliance and enforcement activities conducted by Health Canada after it has received its Cultivation License. For instance, Health Canada may perform unannounced inspections on a Licensed Producer’s facility to ensure adequate security measures and production practices are in place.

Doseology Sub submitted its initial application to Health Canada for its Nursery Cultivation License on September 8, 2020, which included the Site evidence package and its “Video Evidence” package and received its security clearance on February 5, 2021, and a Nursery Cultivation License on May 14, 2021. The table below provides a summary of the activities that may be conducted under a Nursery subclass:<sup>20</sup>

<p><b>Nursery</b></p>	<p>For seed production, total surface area of no more than 50m2 must contain all the parts of budding or flowering plants</p> <p>Maximum of 5kg of flowering heads harvested from plants with the exception of seeds</p> <p>Must destroy the flowering heads (with the exception of the cannabis plant seeds), leaves and branches of</p>	<ul style="list-style-type: none"> <li>• Possess cannabis</li> <li>• Obtain cannabis plants or cannabis plant seeds by propagating, cultivating, harvesting</li> <li>• For the purpose of testing, alter the chemical or physical properties of the cannabis</li> <li>• Sell and distribute cannabis plants or cannabis plant seeds to other license holders (cultivators, processors, analytical testers, researchers, cannabis drug license holders)</li> <li>• Sell and distribute cannabis products that are cannabis plants or cannabis plant seeds to a license holder that is authorized to sell cannabis for medical purposes or to a person authorized to sell cannabis under a provincial or territorial Act</li> <li>• Send and deliver cannabis products that are cannabis plants or cannabis plant seeds to the purchaser at the request of a</li> </ul>	<p>Cultivation may be conducted indoors or outdoors</p>
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<sup>20</sup> Government of Canada. Retrieved from <https://www.canada.ca/en/health-canada/services/drugs-medication/cannabis/industry-licensees-applicants/licensing-summary/guide.html>.

	the plants within 30 days of harvesting them	license holder that is authorized to sell cannabis for medical purposes or of a person authorized to sell cannabis under a provincial or territorial Act <ul style="list-style-type: none"> <li>• Conduct ancillary activities (e.g., drying)</li> </ul>	
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### *Competitive Conditions*

The Company believes it can compete effectively and profitably with other nursery cultivators. Currently, competition in the Canadian cannabis sector for nurseries include 18 license holders that have a nursery designation, a sub class under a Cultivation License, of which 14 have an address in either Alberta, British Columbia or Saskatchewan. The Nursery Cultivation License holders are listed on Health Canada’s website<sup>21</sup>. The Company would include the following nurseries located in Western Canada as its main competitors: Mother Labs, 1197059 B.C. Ltd., 1204579 B.C. Ltd., Weathered Islands Craft Cannabis, Living Leaf Growers, InPlanta Biotechnology Inc., James Edward Carpenter, NCR Cannabis Corp., Nuvem Nurseries Ltd., ProgenyBio Agricultural Services Inc., Rosebud Cannabis Nursery Ltd., Segra Biogenesis Corp., Stigma and Stamen Inc. and The Emerald Flower Farm Inc.

Most of these companies have limited or no information pertaining to these products on their websites, and some of them have stopped shipping starting materials indefinitely. With only 18 nursery license holders to supply the 500 licensed cultivators, there is significant market share for the Company to run a successful cannabis nursery operation in the Canadian market.

In addition to competition from Licensed Producers, we face competition from black market suppliers. In addition to competition from licensed producers and those able to produce cannabis legally without a license, the Company also faces competition from unlicensed and unregulated market participants, including black market suppliers selling cannabis and cannabis-based products in Canada. Despite the legalization of medical and adult recreational-use cannabis in Canada, black market operations remain and are a substantial competitor to our business. In addition, illegal black market participants may be able to (i) offer products with higher concentrations of active ingredients that are either expressly prohibited or impracticable to produce under current Canadian regulations, and (ii) use delivery methods that the Company is currently prohibited from offering to individuals in Canada, (iii) use marketing and branding strategies that are restricted under the Cannabis Act and cannabis regulations, and (iv) make claims not permissible under the Cannabis Act and other regulatory regimes. As these illicit market participants do not comply with the regulations governing the medical and adult-use cannabis industry in Canada, their operations may also have significantly lower costs.

### **Clinical Operations**

Daniel Vice, Chief Executive Officer of the Company, played an active behind-the-scenes role in the recent passing of Oregon’s Measure 109 – *Psilocybin Program Initiative*, as a healthcare committee member and volunteer. Management of the Company believes that the clinical setting offers the best way to treat clients safely and effectively with psychedelic treatments. Over the next 12-months, with the assistance of Dr. Bhasin, the Company’s Chief Medical Officer, the Company intends to open a for-profit, proof-of-concept, Doseology-branded clinic that: (a) initially offers ketamine treatments, (b) provides education regarding treatment using Psychedelic Compounds, (c) incorporates Psychedelic Compounds into its treatment protocols (for psilocybin starting January 2, 2023), and (d) offers psychotherapy referrals. The Company intends to rely upon research and market analysis in order to choose an optimal location for its first clinic. To keep its costs down, the Company intends to retrofit an existing clinical space. The Oregon Health Authority’s timeline for legalization of psilocybin-assisted therapy is targeted for January 2, 2023. The Company expects to spend approximately \$181,000 to set up and operate the clinic in the first year. See “*Use of Available Funds*”.

The Company believes that several markets in the United States and Canada have unique opportunities to bring awareness to the efficacy and healing properties of psychedelics while treating mental illness in a therapeutic clinical setting. The Company’s approach will involve taking on emerging markets as the legal landscape progresses toward

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<sup>21</sup> *Ibid.* See footnote 19.



a greater acceptance of psychedelic treatments. The Company expects that market expansion would initially involve other locations in Oregon and expand as each state adopts legalization. Dr. Bhasin, with his proven chain of 12 ketamine clinics in Washington and California, is expected to be critical to support this aspect of the Company's business for the initial and subsequent clinical roll outs, as well as clinic operations.

#### *Regulatory Environment – Clinical Operations*

The Canadian and United States federal governments regulate drugs through the *Controlled Drugs and Substances Act* (Canada) (the “CDSA”) and the *Controlled Substances Act* (21 U.S.C. § 811) (the “CSA”), respectively, which place controlled substances in a schedule. Under the CDSA in Canada, ketamine is currently a Schedule I drug and psilocybin is currently a Schedule III drug. Under the CSA in the United States, ketamine is currently a Schedule III drug as well as being listed under the associated *Narcotic Control Regulations*, and psilocybin is currently a Schedule I drug.

In the United States, facilities holding or administering controlled substances must be registered with the US Drug Enforcement Agency (“DEA”) to perform this activity. As such, medical professionals or the clinics in which they operate, as applicable, are also required to have a DEA license to obtain and administer ketamine (a “DEA License”). To the Company's knowledge, the clinics in the United States and the required medical professions all require DEA Licenses. Furthermore, the clinics have in place security, control, recordkeeping, reporting and inventory mechanisms required by the DEA to prevent drug loss and diversion. Staff at clinics in the United States, including the medical doctors and/or the nurse practitioner(s), advanced practice registered nurse(s) or other medical professionals who report to them, hold the required DEA Licenses. In connection with its clinical operations, the Company will be required to put in place policies designed to adhere to DEA requirements.

Health Canada and the FDA have not approved psilocybin as a drug for any indication, however ketamine is a legally permissible medication for the treatment of certain psychological conditions. It is illegal to possess such substances without a prescription. On August 4, 2020, it was announced that a legal exemption from the CDSA was granted to four Canadians with incurable cancer, allowing them to receive psilocybin therapy to treat their anxiety as part of end-of-life care. Health Minister Patty Hajdu approved the request under Section 56(1) of the CDSA, which permits the Health Minister to exempt persons or controlled substances, if "the exemption is necessary for a medical or scientific purpose or is otherwise in the public interest".

The state of Oregon recently passed Measure 109 – *Psilocybin Program Initiative* (with support from members of the Company's management team who played active roles behind-the-scenes) that legalizes the use of psilocybin in a therapeutic setting. Oregon is among a handful of other states and cities making moves to decriminalize substances ranging from psychedelic mushrooms to ketamine. This historic measure highlights a mainstream acceptance of substances like psilocybin and encouraging signs for those suffering from treatment-resistant depression and anxiety.

In both Canada and the United States, the applicable federal government is responsible for regulating, among other things, the approval, import, sale and marketing of drugs such as ketamine and other psychedelic substances, whether natural or novel. The Company does not currently directly engage in any activities that would trigger the need to comply with any federal laws related to ketamine and other psychedelic substances.

Each province and territory of Canada and each state in the United States mandates the requirements for the clinics and the conduct of medical professionals therein. While the treatments that would typically occur at the clinics are novel in some respects, the prescription of ketamine and the dispensing of ketamine are not novel and are subject to the same restrictions as would apply to any medical professional who prescribes other controlled substances to its patients. There are no special licenses, permits, authorizations or approvals required that are different from any other ordinary course approvals required by applicable governmental authorities for any medical clinic.

The clinics may utilize, in addition to physicians, mid-level practitioners such as physician assistants and nurse practitioners and mental health practitioners such as psychologists and psychotherapists. The exact make-up of the staff for each proposed clinic is expected to vary by location and additional professionals and/or administrative staff may also need to be employed. In the United States, the laws applicable to the clinic and the conduct of medical professionals therein are at the state level and vary by jurisdiction.

## *Market for Clinical Services*

As public perception of psychedelics changes, citizens and elected officials are paying attention and progressive drug policy is quickly spreading. Major depression is one of the most common mental disorders, and in the United States alone, an estimated 17.3 million adults had at least one major depressive episode.<sup>22</sup> An estimated 35% of people with depression fail to respond to current psychiatric treatment and are referred to as treatment-resistant.<sup>23</sup> Ketamine, however, has been shown to be effective at treating treatment-resistant depression with response rates around 64%.<sup>24</sup> Ketamine has also been shown to alleviate chronic pain, a condition affecting an estimated 50 million Americans.<sup>25,26</sup> Moreover, the use of ketamine on anxiety disorders, which an estimated 31.1% of U.S. adults experience at some time in their lives, has been shown to be safe and effective.<sup>27,28</sup>

Psychedelic Compounds, however, are powerful tools and their use can be overwhelming and disorienting, especially when used without adequate support in a safe & controlled environment. In response to the new wave of acceptance, Doseology has developed an online platform that will match peer support and certified harm reduction specialists with people looking for support surrounding the use of psychedelics. This platform was designed to help empower people to make informed choices about psychedelic use through education, resources, and connection to maximize their safety and minimize the risk of any bad outcomes. The platform will be an online portal for private one-on-one psychedelic support sessions from the comfort of home. This online portal will align with the company's mandate to raise awareness, influence public policy and drive social change by offering mental health and wellbeing advice, as well as professionally moderated forums for purposeful community discussion.

The Company's mission is to offer a supportive and non-judgmental space for people who are considering using Psychedelic Compounds or have used them in the past, so that they may maximize the insights, perspective, and wisdom gained from these experiences to enrich their life. The Company intends to launch its online platform in connection with the opening of the clinic in Portland, Oregon and will use its online portal to help market its clinic and product offerings in the future.

## Research and Development

Dr. Paramdeep Bhasin has recently joined the team at Doseology as Chief Medical Officer. Dr. Bhasin is a board-certified anesthesiologist with over 20 years of experience. He is the owner and operator of ketamine clinics, with 12 clinics located in California and Washington and is affiliated with numerous hospitals and university hospitals in California.

The Company has retained a globally-recognized compliance and regulatory consulting firm to assist the Company in submitting an application to Health Canada for a Dealer Licence under the *Controlled Drugs and Substances Act* (Canada) ("CDSA") and the *Food and Drug Act* (Canada). The application is similar to applying for a Nursery Cultivation License and involves a number of steps, including establishing a principal investigator, information regarding the research site and security checks on personnel and a detailed description of the research to be conducted. The average processing time for an application as estimated by Health Canada is 270 days, however, they do not commit to this time frame.

The license, once approved, will permit the Company to have legal access to controlled substances, including psilocybin and psilocin, which would allow the Company to produce, cultivate, extract, process and distribute novel strains of psilocybin mushrooms for research purposes and sale of such to authorized parties. The Company also plans to submit a Section 56 exemption under the CDSA to purchase, possess, and use psilocybin and psilocin for scientific

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<sup>22</sup> United States National Institute of Mental Health. Retrieved from <https://www.nimh.nih.gov/health/statistics/major-depression>.

<sup>23</sup> *Ibid.* Retrieved from <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC6758959/>.

<sup>24</sup> *Ibid.*

<sup>25</sup> *Ibid.* Retrieved from <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC4014022/?report=reader>.

<sup>26</sup> United States Centers for Disease Control and Prevention. Prevalence of Chronic Pain and High-Impact Chronic Pain Among Adults — United States, 2016. Retrieved from <https://www.cdc.gov/mmwr/volumes/67/wr/mm6736a2.htm>.

<sup>27</sup> *Op. cit.* Retrieved from <https://www.nimh.nih.gov/health/statistics/any-anxiety-disorder.shtml>.

<sup>28</sup> United States Centers for Disease Control and Prevention. Prevalence of Chronic Pain and High-Impact Chronic Pain Among Adults — United States, 2016. Retrieved from <https://www.cdc.gov/mmwr/volumes/67/wr/mm6736a2.htm>.

and research purposes. To date the Company has not received approval for the Dealer Licence. The Company will not engage in any business related to psilocybin or related matters other than in accordance with obtained regulatory approvals. See “*Regulatory Environment – Clinical Operations*” below.

In anticipation of receiving a Dealer Licence in the next twelve months, the Company is in the process of designing and building a laboratory for research on its Functional Mushroom lines as well as for psilocybin and psilocin research. The Company is currently seeking a Chief Science Officer with expertise in plant molecular biology, biochemistry, and/or biotechnology to aid the Company’s research and intellectual property development goals, which include the following:

1. Develop best practices to monitor, evaluate, and quantify medicinal fungi and plant production and extraction methods to isolate therapeutic and medicinal compounds using fungi (psychedelic and non-psychedelic) and plant species with specific properties.
2. Identify, clone, selectively breed and characterize these species, with the goal of creating unique and diverse genetic strains that yield high concentrations of valuable natural compounds that are sought after for use in the manufacturing of medicines, cosmetics, pesticides and numerous other industrial products.
3. Conduct studies in partnership with leading researchers at education facilities to naturally produce (biosynthesize) large quantities of psilocybin and psilocin for medicinal use, with the aim of improving the yield and quality compared to current methods.

### Expenditures

As of the date hereof Doseology has expended an aggregate sum of \$892,179 developing various aspects of its business. Set forth in the table below is a breakdown of the expenditures made as of June 30, 2021:

Description of Expenditure	Amount
Functional mushroom products – product development and testing, packaging design, creative design, branding and marketing <sup>(1)</sup>	\$362,838
Establishing ketamine clinic <sup>(2)</sup>	\$61,434
Preparation for nursery operations <sup>(3)</sup>	\$467,907
<b>Total</b>	<b>\$892,179</b>

Notes:

- (1) Purchases of mushroom products inventory (\$164,044), product development and testing (\$37,026), Creative designer (\$65,050), branding and marketing (\$96,718)
- (2) Consultant and other costs to assist in establishing a ketamine clinic and design and preparation of standard operating procedures.
- (3) Consists of \$375,789 of infrastructure improvements to comply with requirements for the nursery license and \$92,118 of employee salaries and facility maintenance costs for preparation of nursery operations.

### Specialized Skills and Knowledge

The Company has assembled a team comprised of its Board, management and consultants, who have expertise in various areas of business that are essential to providing the Company with the expertise necessary to successfully develop and market mushroom -based products. Such skills and knowledge include, but are not limited to:

- production of Functional Mushrooms and mushroom derived health supplements;
- quality control;
- the formulation and packaging of fungi products;
- marketing, distribution, and sales of products to customers;
- operating a nursery and, ketamine clinic; and
- psilocybin and psilocin research.

In addition, the Company expects to rely upon various legal and financial advisors, scientific and clinical consultants and others in the operation and management of its business. See “*Risk Factors – Risks Related to the Business - Dependence on Management and Key Personnel*”.

### **Business Cycles**

Although the Company does not believe that its business is cyclical or seasonal in nature, it expects to experience some variation in operating results from quarter to quarter. The Company believes that the factors which influence this variability of quarterly results include general economic, political and industry conditions, the seasonality of the markets in which the Company participates and the actions of competitors.

### **Employees**

As of the date hereof, the Company currently employs three (3) full-time employees and has engaged two (2) full-time consultants and two (2) part time consultants. As the Company expands its business, it expects it may bring on some of its consultants as full-time employees of the Company. The Company is dependent on a number of key personnel to manage its business. Retaining key personnel will depend in large part on the ability to retain current personnel and attract and retain new personnel, including management, technical and employees. The loss of the services of one or more key personnel could have a material adverse effect on the Company’s ability to successfully manage and expand its business. See “*Risk Factors*”.

### **Expected Changes**

Doseology intends to move forward in carrying out its strategies, meeting its business objectives and developing its business as described elsewhere in this Prospectus – see information under the heading “*Description of the Business*” for a description of Doseology’s business. However, Doseology’s strategies and business objectives may be impacted by changes in the global economy, changes in legislation, changes in the industry it is in, unanticipated costs and adverse novel discoveries regarding the materials Doseology intends to use in its operations.

Management also is keeping apprised of the latest developments and is currently in the process of evaluating the impact of the COVID-19 pandemic on its business, including, but not limited to, the impact on Doseology’s operations, personnel and financial condition, the impact on the operations, personnel and financial condition of the research partners and suppliers of Doseology, and the Company’s eligibility to receive benefits made available through announced government relief programs. In addition, due to the potential impact of COVID-19 on the overall economic environment, there is a risk that the Company may require further financial support to fund its operations in the future should COVID-19 impact its profitability and/or cash flows. At this time management is unable to quantify the potential financial impact associated with this event. See “*Use of Available Funds – Impact of COVID-19*” and “*Risk Factors – Impact of COVID-19*”.

## **USE OF AVAILABLE FUNDS**

No additional consideration will be received by the Company in connection with the exercise of the Subscription Receipts upon the occurrence of the Release Condition. However, the gross proceeds from the issuance of the Subscription Receipts were placed in escrow with the Escrow Agent as more particularly described under the heading “*Description of Securities – Subscription Receipts*,” and upon the occurrence of the Release Condition on or before the Deadline, the Escrowed Funds (other than the finders’ fees and reimbursable expenses of the finder, which are to be paid to the finder) will be released to the Company. The net proceeds to the Company from the issuance of the Subscription Receipts will be \$2,186,840 after deducting the finders’ fees of \$190,160.

### **Available Funds**

The Company’s working capital as at September 30, 2021, being the most recent month end prior to the date of this Prospectus, was approximately \$4,237,000, assuming conversion of the Subscription Receipts.

The Company will require additional funds to grow its business beyond the proposed uses as set out herein. The Company intends to make additional debt and/or equity offerings to raise further funds. See “*Risk Factors*”.

### Principal Purposes

The principal purposes for which the funds available are intended to be used, in order of priority, are as follows:

Item	Amount
Mushroom-based product and brand marketing <sup>(1)</sup>	\$712,000
License, equipment, and infrastructure spending <sup>(2)</sup>	\$651,000
Operating costs for the Nursery <sup>(3)</sup>	\$532,000
Set-up and operation of flagship clinic in Portland, Oregon <sup>(4)</sup>	\$181,000
General and administrative costs <sup>(5)</sup>	\$1,381,000
CSE Listing fees, legal and auditor fees	\$75,000
Unallocated working capital	\$705,000
<b>Total</b>	<b>\$4,237,000</b>

**Notes:**

- (1) Comprising marketing and branding (\$556,000) and eCommerce setup for launch of products to North American markets (\$156,000)
- (2) Comprised of consulting and application fees for Dealer Licence (\$50,000) and capital costs to retrofit laboratory and purchase of equipment for psilocybin research and development (\$601,000)
- (3) Comprised of setup nursery infrastructure (\$150,000) and nursery operating costs (\$382,000)
- (4) Comprised of \$50,000 for establishing the clinic and \$131,000 for operating of the Clinic
- (5) General and administrative costs include management and employee salaries (\$865,000), consulting fees (\$220,000) relating to the business of the Company, investor relation services (\$125,000) and corporate expenses (\$171,000)

The Company intends to spend its available funds as set out in this Prospectus. However, there may be situations where, due to changes in the Company’s circumstances, business outlook, and/or for other circumstances, that a reallocation of funds is necessary for the Company to achieve its overall business objectives.

In addition, the current COVID-19 pandemic as well as future unforeseen events may impact the ability of the Company to use the available funds as intended or disclosed. Management has, and will continue to have, the discretion to modify the allocation of the Company’s available funds. If management determines that a reallocation of funds is necessary, the Company may redirect its available funds towards purposes other than as described in this Prospectus. The actual amount that the Company spends in connection with each of the intended uses of funds may vary significantly from the amounts specified above and will depend on a number of factors, including those referred to under “*Risk Factors*”.

### Business Objectives and Milestones

The Company’s primary business objectives are developing a successful line of Functional Mushroom products, establishing the Nursery, opening psychedelic-assisted psychotherapy clinics and establishing a research and development laboratory. The Company has already met its objective of obtaining a Nursery License, which was issued by Health Canada on May 14, 2021. The Company’s immediate objectives are to obtain the Dealer Licence, starting a nursery operations once Canada Revenue Agency issues a cannabis license to the Company and the successful launch of the Functional Mushroom product line in North America. The Company currently does not have sufficient working capital to achieve its longer-term objectives of expansion of clinics across North America.

The Company has identified the following milestones that can be achieved with its available funds over the next twelve months. These milestones are key to achieving our primary business objectives:

<b>Description of Milestone</b>	<b>Estimated Cash Required</b>	<b>Estimated Time Frame</b>
Launch Functional Mushroom products, branding and marketing for the Canadian market	\$305,000	Q4 2021
Opening a flagship Ketamine clinic	\$83,000	Q1 2022
Establishing a laboratory to further R&D initiatives	\$431,000	Q2 2022
Setup and operating of the nursery	\$340,000	Q1 2022
<b>Funds required to achieve milestones</b>	<b>\$1,159,000</b>	
<b>Post-milestone expenditures for the remainder of the twelve-month period:</b>		
Mushroom-based product and brand marketing	\$407,000	--
Capital and infrastructure spending, research and development	\$220,000	--
Nursery operations	\$192,000	--
Clinical operations	\$98,000	--
<b>Funds allocated to meet primary business objectives</b>	<b>\$2,076,000</b>	--

### **Impact of COVID-19**

To date, the COVID-19 pandemic has not had a material impact on the Company's operations, business plans or milestones. Although the Company does not currently anticipate that the COVID-19 pandemic will materially interfere with the objectives and timelines set out above, due to the evolving nature of COVID-19 and its impacts, these timelines may require adjustment in the future. See "*Description of the Business – Business of the Company – History*" and "*Risk Factors – Impact of COVID-19*".

### **Negative Operating Cash Flow**

Since its inception on July 25, 2019, the Company has generated negative operating cash flows and there are no assurances that the Company will experience positive cash flow from operations in the future. The Company has to this date funded its operations with proceeds from equity financings. If the Company continues to have negative cash flow into the future, it may be required to raise additional funds through equity financings to continue as a going concern. See "*Risk Factors*".

### **DIVIDENDS AND DISTRIBUTIONS**

The Company has not, since the date of its incorporation, declared or paid any dividends or other distributions on its Common Shares, and does not currently have a policy with respect to the payment of dividends or other distributions. Additionally, the Company does not intend to pay dividends in the foreseeable future. The declaration and payment of any dividends in the future is at the discretion of the Board and will depend on numerous factors, including compliance with applicable laws, financial performance, working capital requirements of the Company and its subsidiaries, as applicable and such other factors as its directors consider appropriate. There can be no assurance that the Company will pay dividends under any circumstances. See "*Risk Factors – Risks Related to the Common Shares – Speculative nature of investment risk and no history of dividends*".

### **FINANCIAL STATEMENT DISCLOSURE**

Schedule "A" includes the audited annual financial statements of the Company for the period from incorporation on July 25, 2019 to June 30, 2020, and for the year ended June 30, 2021.

In addition, Schedule "A" includes the audited financial statements of Doseology Sub for the period ended September 15, 2020, and the unaudited financial statements of Doseology Sub for the year ended October 31, 2019, as well as the accompanying management's discussion and analysis. See also "*Management's Discussion and Analysis*" for management's discussion and analysis of the Company.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is management's discussion and analysis of the Company's financial condition and results of operations ("MD&A") for the period from July 25, 2019 (date of incorporation) to the year ended June 30, 2020, and for the year ended June 30, 2021. See also Schedule "A" for management's discussion and analysis of Doseology Sub's financial condition and results of operations.

This MD&A should be read in conjunction with the Company's audited financial statements as at and for the period from July 25, 2019 (date of incorporation) to June 30, 2020, and the audited consolidated financial statements for the year ended June 30, 2021, in each case including the notes thereto, which have been prepared in accordance with IFRS. All amounts are expressed in Canadian dollars, unless otherwise identified. This MD&A is presented as of the date of this Prospectus and is current to that date unless otherwise stated.

This MD&A contains forward-looking information. Forward-looking information is necessarily based on a number of opinions, estimates and assumptions that the Company considered appropriate and reasonable as of the date such statements are made, and are subject to known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking information, including but not limited to the risk factors described under "Risk Factors". There can be no assurance that such forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, prospective investors should not place undue reliance on forward-looking information, which speaks only as of the date made. See "*Cautionary Note Regarding Forward-Looking Information*".

### Company Overview

The Company is a British Columbia based, wellness company that has four distinct business elements:

1. Development and sale of Functional Mushroom products;
2. Development of an indoor cannabis nursery for the cultivation and sale of cannabis mothers and clones;
3. Establishment and operation of a clinic in Portland, Oregon; and
4. Conduct research and development on the use of Psychedelic Compounds for scientific purposes.

See "*Description of the Business*" and "*Use of Available Funds*".

### Overall Performance

Since incorporation, the Company has been focused on developing its line of proprietary Functional Mushroom tinctures, a cognitive enhancing mushroom powder, and adaptogenic supplements, establishing a proof of concept Ketamine clinic in Oregon, and preparation for the start of nursery operations. The Company had a net loss and comprehensive loss of \$431,632 for the period from incorporation on July 25, 2019, to June 30, 2020, and \$1,626,557 for the year ended June 30, 2021. The Company has an accumulated deficit at June 30, 2021, of \$2,058,189 (June 30, 2020 - \$431,632) and expects to incur further losses in the development of its business.

The Company has not generated any revenue to date and has relied on equity financings to finance its operations. The ability of the Company to continue as a going concern and meet its commitments as they become due is dependent on the Company's ability to obtain the necessary financing to fund its ongoing operations until the Company can generate sufficient revenue to sustain its operations. Although the Company has been successful in raising capital there is no assurance that this will continue as there can be unforeseen changes in regulatory environment or a global pandemic such as the COVID-19 that can materially affect the Company's financial condition and the ability to raise additional capital. The full extent and impact of COVID-19 on the Company's business and financial condition continues to be

difficult to ascertain until the duration of the outbreak, the severity of the virus, and the ability to treat it can reasonably be predicted. See "*Risk Factors*".

### Selected Financial Information

The following table sets out selected financial information for the Company as at and for the period from July 25, 2019, (date of incorporation) to June 30, 2020, (audited) and for the year end June 30, 2021 (audited)

	<b>For the period from incorporation on July 25, 2019 to June 30, 2020 (audited) (\$)</b>	<b>Year ended June 30, 2021 (audited) (\$)</b>
Total revenues	Nil	Nil
Expenses	431,632	1,567,277
Net loss and comprehensive loss for the period	431,632	1,626,557
Basic loss per share	(0.51)	(0.06)
Current assets	1,159,058	5,001,677
Total assets	1,159,058	5,990,201
Current liabilities	88,090	2,754,613 <sup>(1)</sup>
Total liabilities	88,090	3,413,633 <sup>(1)</sup>
Total shareholders' equity	1,070,968	2,576,568 <sup>(1)</sup>

Note:

(1) Prior to giving effect to conversion of the Subscription Receipts.

### Results of Operations

*Period from Incorporation on July 25, 2019, to the Year Ended June 30, 2020, and the year ended June 30, 2021.*

The total loss and comprehensive loss for the period from incorporation on July 25, 2019, to June 30, 2020, was \$431,632 or \$0.51 per share. The loss was due primarily to \$62,210 spent on improvements to a leased facility and \$311,819 on consulting fees incurred on product development and business development.

Net loss and comprehensive loss for the year ended June 30, 2021, was \$1,626,557 or \$0.06 per share due primarily to consulting, management fees and severance payments of \$621,101, \$170,247 on product design and marketing launch of our line of mushroom based tinctures, \$112,409 on product development, \$250,986 on legal, accounting, and audit, \$19,830 on non-cash stock based compensation, \$92,118 on facility operating costs, \$83,427 on listing related expenses, and \$35,761 on general and administrative expenses.

Cash used in operating activities for the period from incorporation on July 25, 2019, to June 30, 2020, was \$129,104 compared to \$2,368,158 for the year ended June 30, 2021. The increase was due primarily to \$1,451,595 of cash was used in operations to ramp up our business activities, \$129,238 was paid to our co-packers to produce our line functional mushroom products for resale and \$1,087,168 on deposits for delivery of mushroom based tincture products and equipment and prepaid marketing and branding initiatives.

Cash used in investing activities for the period from incorporation on July 25, 2019, to June 30, 2020, was \$Nil compared to \$26,055 for the year ended June 30, 2021, primarily on total of \$170,137 on leasehold improvements and intangible assets. These were partially offset by \$109,082 of cash acquired on the acquisition of Dose Labs and \$35,000 of proceeds from the sale of shares acquired on the acquisition of Dose Labs Inc.

Cash provided by financing activities for the period from incorporation on July 25, 2019, to June 30, 2020, was



\$470,000 representing the gross proceeds from non-brokered private placement completed on June 1, 2020, and June 30, 2020. Cash provided by financing activities for the year ended June 30, 2021, was \$5,786,841 of which \$3,569,216 were proceeds from the issuance of shares and share units and \$2,377,000 of subscription receipts, partially offset by \$93,279 of share issuance costs.

### Summary of Quarterly Results

	June 30, 2021 \$	March 31, 2021 \$	December 31, 2020 \$	September 30, 2020 \$
Revenue	-	-	-	-
Loss and comprehensive loss	(630,318)	(405,502)	(418,132)	(172,605)
Loss per share, basic and diluted	(0.02)	(0.01)	(0.02)	(0.01)

	June 30, 2020 \$	March 31, 2020 \$	December 31, 2019 \$	September 30, 2019 \$
Revenue	-	-	-	-
Loss and comprehensive loss	(402,951)	(24,560)	(4,104)	(17)
Loss per share, basic and diluted	(0.51)	(0.00)	(0.00)	(0.00)

The accumulated deficit as at June 30, 2021 and 2020 were \$2,157,202 and \$431,632, respectively.

As at June 30, 2021, the Company had \$3,793,524 (June 30, 2020 - \$340,896) in cash and cash equivalents and working capital of \$2,247,059 (\$4,556,553 after giving effect to conversion of the Subscription Receipts) (June 30, 2020 - \$1,070,968). As at the date hereof, the Company has the following contractual obligations:

Contractual Obligations	Payments Due by Period				
	Total	Less than 1 year	1-3 years	4-5 years	After 5 years
Debt	Nil	Nil	Nil	Nil	Nil
Finance Lease Obligations	Nil	Nil	Nil	Nil	Nil
Operating Leases <sup>(1)</sup>	\$1,056,000	\$96,000	\$240,000	\$240,000	\$480,000
<b>Total Contractual Obligations</b>	<b>\$1,056,000</b>	<b>\$96,000</b>	<b>\$240,000</b>	<b>\$240,000</b>	<b>\$480,000</b>

**Note:**

- (1) The Company entered into a 5-year lease agreement dated July 1, 2020, with an option to renew for an additional 5 years. The Company also has an option to purchase the facility at fair market value less the undepreciated leasehold improvements paid for by the Company. See “Description of the Business – The Vernon Facility”.

The Company believes it has sufficient cash and cash equivalents to fund its ongoing operations, meet its current financial obligations as they become due and execute its planned activities in the development of its business over the ensuing 12 months.

The Company's approach to managing liquidity is to ensure, to the extent possible, that it always has sufficient liquidity to meet its liabilities as they become due. The Company does so by monitoring cash flow and performing budget-to-actual analysis on a regular basis.

The Company does not currently have revenue-generating activities and its financial success is dependent on management's ability to execute on the Company's business plan, which may take longer than anticipated and cost more than expected. To date, the Company has relied on equity financings to fund its development activities and corporate overhead expenses. Many factors influence the Company's ability to raise funds, including the health of the

capital markets, the Company's track record, and the experience and caliber of its Board and management. There is no assurance that the Company will be able to secure additional financings in the future at terms that are favorable, or at all.

The Company's capability to continue as a going concern is dependent upon its ability to generate revenue by the sale of its products or obtain additional equity financing to meet its obligations as they come due. If the Company was to become unable to continue as a going concern, then significant adjustments would be required to the carrying value of assets and liabilities, and to the balance sheet classifications currently used.

The financial information above does not include any additional adjustments to the recoverability and classification of certain recorded asset amounts, classification of certain liabilities and changes to the statement of loss and comprehensive loss that might be necessary if the Company was unable to continue as a going concern.

### Off-Balance Sheet Arrangements

As at the date hereof, there are no off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company including, without limitation, such considerations as liquidity and capital resources.

### Transactions Between Related Parties

Key management personnel include directors and officers who have the authority and responsibility for the planning, directing, and controlling the activities of the Company. The compensation paid to these key management personnel for the year ended June 30, 2021 and for the period from incorporation on July 25, 2019 to June 30, 2020 is outlined below:

	<b>For the year ended June 30, 2021</b>	<b>For the period from incorporation on July 25, 2019 to June 30, 2020</b>
	\$	\$
Management fees	358,748	260,000
Severance	213,000	-
Lease payments	60,000	-
Share-based compensation	70,300	-
	<b>702,068</b>	<b>260,000</b>

During the year ended June 30, 2021, the Company paid or accrued \$216,000 to Matis Capital Ltd., a company controlled by Shane Gordon, a former officer and director of the Company. The amount paid is comprised of \$129,000 (period from incorporation on July 25, 2019 to June 30, 2020 - \$128,000) in management fees and \$87,000 in severance. The balance outstanding as at June 30, 2021 was \$60,999, net of \$13,900 receivable (2020 - \$20,850).

During the year ended June 30, 2021, the Company paid or accrued \$254,820 to Max Krangle, a former officer and director of the Company. The amount paid was comprised of \$128,820 (period from incorporation on July 25, 2019 to June 30, 2020 - \$58,000) in management fees and \$126,000 in severance. Balance outstanding as at June 30, 2021 was \$142,380 (2020 - \$7,540).

During the year ended June 30, 2021, the Company paid \$60,000 to Sungrown Organics Inc., a company which was 50% controlled by Shane Gordon, a former director and officer of the Company. No balance was outstanding as at June 30, 2021.

During the year ended June 30, 2021, the Company incurred \$6,300 and \$206,136 (period from incorporation on July 25, 2019 to June 30, 2020 - \$nil and \$20,000) in management fees and professional fees, respectively, to a law firm

where Scott Reeves, a director and corporate secretary of the Company, is a partner. Included in accounts payable and accrued liabilities as at June 30, 2021 was \$90,292 (2020 - \$1,000) owed to the law firm.

In addition to the \$293,671 (June 30, 2020 - \$29,390) owing to key management personnel, as referenced above, accounts payable and accrued liabilities also included \$42,087 (June 30, 2020 - \$1,300) relating to other key management personnel compensation and reimbursement of expenses, respectively (see Note 9 of the Financial Statements).

### **Changes to Accounting Policies Including Initial Adoption**

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRS Interpretations Committee that are mandatory for fiscal periods beginning on or after January 1, 2021. The standards impacted that may be applicable to the Company are as follows:

- **Effective date of IAS 1 amendments on classification** - On 23 January 2020, the IASB issued 'Classification of Liabilities as Current or Non-current (Amendments to IAS 1)' providing a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments were originally effective for annual reporting periods beginning on or after 1 January 2022, however, their effective date has been delayed to 1 January 2023.
- **Effective date of 2018-2020 annual improvements cycle** - On 14 May 2020, the IASB issued 'Annual Improvements to IFRS Standards 2018–2020'. The pronouncement contains amendments to four IFRSs as result of the IASB's annual improvements project. The amendments are effective for annual reporting periods beginning on or after 1 January 2022.
- **Effective date of IAS 37 amendments regarding onerous contracts** - On 14 May 2020, the IASB issued 'Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37)' amending the standard regarding costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous. The amendments are effective for annual reporting periods beginning on or after 1 January 2022.
- **Effective date of IFRS 3 amendments updating a reference to the Conceptual Framework** - On 14 May 2020, the IASB issued 'Reference to the Conceptual Framework (Amendments to IFRS 3)' with amendments to IFRS 3 'Business Combinations' that update an outdated reference in IFRS 3 without significantly changing its requirements. The amendments are effective for annual reporting periods beginning on or after 1 January 2022.
- **Effective date of IBOR reform Phase 2 amendments** - On 27 August 2020, the IASB issued Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) with amendments that address issues that might affect financial reporting after the reform of an interest rate benchmark, including its replacement with alternative benchmark rates. The amendments are effective for annual periods beginning on or after 1 January 2021.

Other accounting standards or amendments to existing accounting standards that have been issued, but have future effective dates, are either not applicable or are not expected to have a significant impact on the Company's annual financial statements.

### **DESCRIPTION OF SECURITIES**

The Company's authorized common share capital consists of an unlimited number of Common Shares without par value. As at the date of this Prospectus, there were 35,057,500 Common Shares issued and outstanding, after giving effect to the Consolidation.

#### **Common Shares**

The holders of the Common Shares are entitled to receive notice of and to attend and vote at all meetings of the Shareholders and each Common Share confers the right to one vote in person or by proxy at all meetings of the Shareholders. The holders of the Common Shares, subject to the prior rights, if any, of any other class of shares of the Company are entitled to receive such dividends in any financial year as the Board may by resolution determine. In the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, the holders of the Common Shares are entitled to receive, subject to the prior rights, if any, of the holders of any other class of shares of the Company, the remaining property and assets of the Company. The Common Shares do not have pre-emptive rights, conversion rights or exchange rights and are not subject to redemption, retraction purchase for cancellation or surrender provisions. There are no sinking or purchase fund provisions, no provisions permitting or restricting the issuance of additional securities or any other material restrictions, and there are no provisions which are capable of requiring a security holder to contribute additional capital.

### **Warrants to Purchase Common Shares**

As of the date hereof, the Company had warrants to purchase: (a) 5,000,000 Common Shares at an exercise price of \$0.16, and (b) 5,186,420 Common Shares at an exercise price of \$0.80 per share, all of which expire 24 months from the date of issue, subject to the right of the Company to accelerate the expiry date in certain circumstances. In addition, upon the exercise of the Subscription Receipts the Company will issue the Subscription Receipt Warrants to purchase 5,942,500 Common Shares at an exercise price of \$0.80 which will expire 24 months from the date of issue, subject to the right of the Company to accelerate the expiry date in certain circumstances, and Finder Warrants to purchase 407,600 Common Shares for a period of 24 months from the date of issue. See “*Prior Sales*”.

### **Options to Purchase Common Shares**

The Board of Directors of the Company adopted a stock option incentive plan. See also “*Options to Purchase Securities*”.

### **Subscription Receipts**

The Company issued an aggregate of 11,885,000 Subscription Receipts on March 26, 2021. In the event that the Release Condition occurs on or prior to the Deadline, the Subscription Receipt will be automatically converted into 5,942,500 Subscription Receipt Shares and 5,942,500 Subscription Receipt Warrants, the Escrowed Funds will be released from escrow to the Company, and the Subscription Receipts shall be cancelled. In the event that the Release Condition does not occur on or prior to the Deadline, the Escrowed Funds will be returned to the subscribers, the Subscription Receipts will be cancelled, and no party shall have any further obligations thereunder.

Upon conversion of the Subscription Receipts into Subscription Receipt Shares and Subscription Receipt Warrants, holders of such Subscription Receipt Shares shall be entitled to all of the same rights as holders of Common Shares.

## **CONSOLIDATED CAPITALIZATION**

Other than as disclosed below, there have been no material changes in the Company’s share capital as of at the date of its most recently completed fiscal year ended June 30, 2021, for which financial statements are included in this Prospectus.

The following table sets forth the consolidated share capitalization of the Company as at June 30, 2021. The information should read the following information in conjunction with the Company’s audited consolidated financial statements and unaudited financial statements and, in each case, the related notes thereto, along with the associated MD&A included in this Prospectus.

<u>Designation</u>	<u>Amount Authorized</u>	<u>Amount Outstanding as of June 30, 2021<sup>(1)</sup></u>	<u>Amount Outstanding as of the Date of this Prospectus after conversion of Subscription Receipts<sup>(2)</sup></u>
Common Shares	Unlimited	35,057,500 (\$3,688,809)	41,100,300 (\$6,876,958)
Options <sup>(3)</sup>	10% of the total number of issued and outstanding Common Shares	3,350,000	3,350,000
Warrants <sup>(4)</sup>	N/A	10,186,420	16,536,520

Notes:

- (1) After giving effect to the Consolidation.
- (2) This total includes the common shares issuable upon the Subscription Receipts that are being qualified by this Prospectus. See “*Description of Securities – Subscription Receipts*”. In addition, the total includes Canaccord will receive an additional 100,300 common shares at a price of \$0.40 in satisfaction of the balance of the cash fee of \$40,120 and 173,800 Finder Warrants owing to them upon occurrence of the Release Condition. In connection with the issuance of the Subscription Receipts and after giving effect to the Consolidation, the Company is obligated to issue an aggregate of 407,600 Finder Warrants to Canaccord and Haywood.
- (3) See “*Options to Purchase Securities – Stock Options*”.
- (4) See “*Description of Securities – Warrants to Purchase Common Shares*”.

### **OPTIONS TO PURCHASE SECURITIES**

The Company has adopted an incentive stock option plan (the “**Plan**”) pursuant to which it has issued options to purchase an aggregate of 3,350,000 Common Shares as set out in the table below (the “**Stock Options**”). The Plan was approved by the shareholders of the Company on April 27, 2021.

The Plan provides that the board of directors of the Company may from time to time, in its discretion, and in accordance with CSE requirements, grant to directors, officers, employees and consultants to the Company, non-transferable options to purchase Common Shares exercisable for a period of up to five years from the date of grant. The exercise price for each option shall be determined by the Board of Directors, subject to the Policies of the CSE, at the time the option is granted, but such price shall not be less than the higher of the closing prices of the Common Shares on either the date of grant or the trading day prior to the date of grant. The Board may determine in its discretion which options shall vest and the method of vesting. Options may be exercised no later than 90 days following cessation of the optionee’s position with the Company provided that if the cessation of office, directorship, employment, or consulting arrangement was by reason of death, the option may be exercised with a maximum period of one year after such death, subject to the expiry date of such option.

The number of Common Shares reserved for issuance under the Plan in aggregate shall not exceed 10% of the aggregate issued and outstanding Shares of the Company at the time of grant, but this maximum number may be revised from time to time by the Board. The CSE policies provide that a stock option may not be amended once it has been issued. In the event of cancellation, new options may not be granted to the same party until the Company posts notice of the cancellation and thirty days have elapsed from the date of cancellation. If any option granted hereunder shall expire or terminate for any reason without having been exercised in full, the unpurchased Common Shares subject thereto shall again be available for the purpose of the Plan.

The number of Stock Options which may be granted under the Plan (calculated at the Grant Date), within a 12 month period:

- (a) to any one Optionee, shall not exceed 5% of the total number of issued and outstanding Common Shares on a non-diluted basis at the time of the grant unless Disinterested Approval is obtained;
- (b) to any one consultant shall not exceed 2% of the total number of issued and outstanding Common Shares on a non-diluted basis at the time of the grant;
- (c) all Eligible Persons who undertake Investor Relations Activities shall not exceed 1% in the aggregate of the total number of issued and outstanding Common Shares in any 12 month period, on a non-diluted basis; and
- (d) unless shareholder approval is obtained as provided for in Section 2.25 of National Instrument 45-106 – *Prospectus Exemptions* (which includes Disinterested Approval, as defined therein) following the distribution:
  - (i) the number of Common Shares, calculated on a fully diluted basis, reserved for issuance upon exercise of options to directors, executive officers or related entities of the Company, or an associate or permitted assign of directors, executive officers or related entities of the issuer (collectively, a “**related persons**”) may not exceed 10% of the issued and outstanding Common Shares in a 12 month period (5% to an individual related person); and
  - (ii) the number of Common Shares, calculated on a fully diluted basis, issued in twelve (12) months upon exercise of options to a related person may not exceed 10% of the issued and outstanding Common Shares in a 12 month period (5% to an individual related person).

As at the date hereof, the Company issued an aggregate of 3,350,000 Stock Options under the Plan. The following table summarizes the options issued as of the date of this Prospectus:

Group	Number of Options/ Rights	Securities Under Options/ Rights	Grant Date	Expiry Date	Exercise Price per Common Share (\$)	Market Value of Common Shares on Grant Date <sup>(4)</sup> (\$)	Market Value of Common Shares as of Date of Prospectus <sup>(4)</sup> (\$)
Executive officers of the Company as a group (2) ( <i>Daniel Vice 350,000</i> <sup>(2)</sup> , <i>Alex McAulay 400,000</i> ) <sup>(1)</sup>	750,000	750,000	April 16, 2021	April 16, 2026	\$0.40	N/A	N/A
Officers of the Company (1) ( <i>Scott Reeves, 250,000</i> ) <sup>(2)</sup>	250,000	250,000	April 16, 2021	April 16, 2026	\$0.40	N/A	N/A
Directors of the Company as a group who are not also officers (2) ( <i>Ralph Olson, 150,000, Gordon Jang, 450,000</i> ) <sup>(2)</sup>	600,000	600,000	April 16, 2021	April 16, 2026	\$0.40	N/A	N/A

Group	Number of Options/Rights	Securities Under Options/Rights	Grant Date	Expiry Date	Exercise Price per Common Share (\$)	Market Value of Common Shares on Grant Date <sup>(4)</sup> (\$)	Market Value of Common Shares as of Date of Prospectus <sup>(4)</sup> (\$)
Consultants and other non-executive personnel of the Company as a group (8) <sup>(2)(3)(5)</sup>	1,750,000	1,750,000	April 16, 2021	April 16, 2026	\$0.40	N/A	N/A
<b>Total</b>	<b>3,350,000</b>	<b>3,350,000</b>					

**Notes:**

- (1) A total of 400,000 options vest annually over the next two years as to 200,000 options on each of April 16, 2022, and April 16, 2023.
- (2) A total of 2,750,000 options vests annually over three years.
- (3) A total of 200,000 options vest quarterly over 2 years as to 25,000 options per quarter.
- (4) The Company's shares do not yet trade on any market.
- (5) The Company has three employees and the remainder are consultants.

### PRIOR SALES

The following table summarizes the issuances of Common Shares and securities that are convertible or exchangeable into Common Shares in the 12 months prior to the date of this Prospectus:

Date of Issue	Number and Type of Securities <sup>(1)</sup>	Issue or Exercise Price per Security <sup>(1)</sup>
June 1, 2020	5,000,000 Common Shares 5,000,000 Warrants <sup>(2)</sup>	\$0.04 \$0.16
June 30, 2020	8,050,000 Common Shares <sup>(3)</sup>	\$0.10
June 30, 2020	2,700,000 Common Shares	\$0.10
September 15, 2020	4,098,170 Common Shares	\$0.09
November 10, 2020	20,000 Common Shares	\$0.40
December 10, 2020	302,609 Common Shares	\$0.09
December 18, 2020	6,600,000 Common Shares	\$0.10
December 22, 2020	500,000 Common Shares 500,000 Warrants <sup>(4)</sup>	\$0.40 \$0.80
January 2, 2021	3,000,000 Common Shares	\$0.10

<b>Date of Issue</b>	<b>Number and Type of Securities<sup>(1)</sup></b>	<b>Issue or Exercise Price per Security<sup>(1)</sup></b>
February 8, 2021	4,686,420 Common Shares 4,686,420 Warrants <sup>(5)</sup>	\$0.40 \$0.80
March 26, 2021	100,300 Common Shares <sup>(6)</sup>	\$0.40
March 26, 2021	11,885,000 Subscription Receipts <sup>(7)</sup> (one Common Share and one Warrant)	\$0.40 \$0.80
March 26, 2021	203,800 Finder Warrants <sup>(8)</sup>	\$0.80

Notes:

- (1) After giving effect to a consolidation of the Company's common shares on a 1:2 basis.
- (2) Each warrant entitles the holder thereof to acquire one additional common share at a price of \$0.16 per share until June 1, 2022, subject to the Company's ability to accelerate the expiry date to a date that is 30 days from the date of notice by the Company to the holder that the 10-day volume weighted average closing price of the common shares on a recognized stock exchange was equal to or greater than \$0.32.
- (3) Issued pursuant to a share for debt settlement for management services.
- (4) Each warrant entitles the holder thereof to acquire one additional common share at a price of \$0.80 per share until December 22, 2022, subject to the Company's ability to accelerate the expiry date to a date that is 30 days from the date of notice by the Company to the holder that the 10-day volume weighted average closing price of the common shares on a recognized stock exchange was equal to or greater than \$1.40.
- (5) Each warrant entitles the holder thereof to acquire one additional common share at a price of \$0.80 per share until February 8, 2023, subject to the Company's ability to accelerate the expiry date to a date that is 30 days from the date of notice by the Company to the holder that the 10-day volume weighted average closing price of the common shares on a recognized stock exchange was equal to or greater than \$1.40.
- (6) After giving effect to the Consolidation, Canaccord received 100,300 common shares at a price of \$0.40 per share in satisfaction of a portion of the cash fee of \$40,120 owing to them. Also, after giving effect to the Consolidation, Canaccord will receive an additional 100,300 common shares at a price of \$0.40 in satisfaction of portion of the balance of the cash fee of \$40,120 owing upon occurrence of the Release Condition.
- (7) Each Subscription Receipt entitles the holder to receive, without additional payment therefor, 0.5 of a unit, whereby each whole unit consists of one common share and one share purchase warrant at a price of \$0.80 per share until the date that is 24 months from the date of issue, subject to the Company's ability to accelerate the expiry date to a date that is 30 days from the date of notice by the Company to the holder that the 20-day consecutive closing price of the common shares on a recognized stock exchange was equal to or greater than \$1.40.
- (8) After giving effect to the Consolidation, each Finder Warrant entitles the holder to purchase one common share at a price of \$0.80 per share until the date that is 24 months from the date of issue. Pursuant to the terms of the finder's fee agreements, the Company agreed to issue an aggregate of 407,600 Finder Warrants (exercisable for 407,600 common shares). The finders were paid 50% of the Finder Warrants and the remaining 50% of the Finder Warrants are issuable upon the occurrence of the Release Condition.

#### **ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER**

As of the date of this Prospectus, except as described below, no securities of the Company are held, to the knowledge of the Company, in escrow pursuant to the CSE Policy 2 and 46-201F1 – *Escrow Agreement* or are subject to a contractual restriction on transfer.



Designation of class	Number of securities held in escrow or that are subject to a contractual restriction on transfer	Percentage of class
Common Shares	26,700,780 <sup>(1)(2)</sup>	65%

**Notes:**

- (1) 17,205,755 of these Common Shares are subject to private escrow agreements, as described in further detail below under the subheading “*Contractual Restriction on Transfer*.”
- (2) 9,495,025 of these Common Shares are subject to the Escrow Agreement, as described in further detail below under the subheading “*Escrowed Securities*.”

**Escrowed Securities**

On or before completion of the Listing, in accordance with CSE Policy 2, the Escrowed Securityholders (constituting “Related Persons” as defined in the policies of the CSE) will enter into the Escrow Agreement with Endeavour Trust Corporation, as escrow agent (the “**Escrow Agent**”), pursuant to which these parties will collectively deposit 9,495,025 Common Shares and 4,200,000 Warrants (collectively, the “**Escrowed Securities**”) with the Escrow Agent, representing 23.1% of the issued and outstanding Common Shares (on a non-diluted basis).

The Escrowed Securities are subject to the terms and conditions set out in the Escrow Agreement, which is substantially in the form of 46-201F1 – *Escrow Agreement*, the form of agreement for escrow arrangements under NP 46-201, subject to an amendment made to the escrow release period as described below.

Pursuant to the Escrow Agreement, the Escrow Securityholders may not sell, transfer, assign, mortgage, enter into a derivative transaction concerning, or otherwise deal in any way with their respective Escrowed Securities or any related share certificates or other evidence of their Escrowed Securities for a period of 36 months beginning on the date of Listing as set out below. In addition, any Common Shares received upon the conversion of Warrants or Options by the Escrowed Securityholders are required to be deposited in escrow and are releasable upon the same terms as set out below.

Upon the completion of Listing, the Company will be an “emerging issuer” pursuant to NP 46-201 and, as such, the Escrowed Securities will be subject to a three-year escrow and subject to the following release schedule:

Time or event for release of Escrowed Securities	Percentage of Common Shares to be Released	Number of Common Shares to be Released	Number of Warrants to be Released
On the Listing Date	10% of the Escrowed Securities	949,503	420,000
6 months after the Listing Date	15% of the Escrowed Securities	1,424,254	630,000
12 months after the Listing Date	15% of the Escrowed Securities	1,424,254	630,000
18 months after the Listing Date	15% of the Escrowed Securities	1,424,254	630,000
24 months after the Listing Date	15% of the Escrowed Securities	1,424,254	630,000
30 months after the Listing Date	15% of the Escrowed Securities	1,424,254	630,000
36 months after the Listing Date	15% of the Escrowed Securities	1,424,252	630,000
<b>TOTAL</b>		<b>9,495,025</b>	<b>4,200,000</b>

**Contractual Restrictions on Transfer**

The Company has entered into a series of private escrow arrangement with 83 shareholders holding an aggregate of 17,205,755 common shares such that the following securities were subject to escrow:

- 9,600,000 are subject to a timed release as to 25% immediately upon the Listing Date; 50% released as to 10% every 3 months thereafter for a period of 15 months, and the final 25% released on the date that is 18 months from the Listing Date; and

- 7,605,755 are subject to a timed release as to 15% immediately upon the Listing Date; 70% released as to 10% every 3 months thereafter for a period of 21 months, and the final 15% released on the date that is 24 months from the Listing Date.

<b>Time or event for release of Escrowed Securities</b>	<b>Number of Common Shares to be Released</b>
On the Listing Date	3,540,862
3 months after the Listing Date	1,720,575
6 months after the Listing Date	1,720,576
9 months after the Listing Date	1,720,576
12 months after the Listing Date	1,720,576
15 months after the Listing Date	1,720,576
18 months after the Listing Date	3,160,576
21 months after the Listing Date	760,576
24 months after the Listing Date	1,140,862
<b>TOTAL</b>	<b>17,205,755</b>

### PRINCIPAL SECURITYHOLDERS

As at the date of this Prospectus, to the Company's knowledge, no person or company beneficially owns, or controls or directs, directly or indirectly, Common Shares carrying 10% or more of the voting rights attaching to all issued and outstanding Common Shares except as follows:

<b>Name of Shareholder</b>	<b>Type of Ownership</b>	<b>Number and % of Common Shares Owned Prior to Conversion of Subscription Receipts<sup>(2)</sup></b>	<b>Number and % of Common Shares Owned After Conversion of Subscription Receipts (non-diluted)<sup>(3)</sup></b>	<b>Number and % of Common Shares Owned After Conversion of Subscription Receipts (fully diluted)<sup>(4)</sup></b>	<b>Number and % of Convertible or Exchangeable Securities<sup>(5)</sup></b>
Bolton Irrevocable Trust <sup>(1)</sup>	Direct	3,625,025 (10.3%)	3,625,025 (8.8%)	3,625,025 (5.9%)	Nil
Sunnyside Irrevocable Trust <sup>(1)</sup>	Direct	3,030,000 (8.6%)	3,030,000 (7.4%)	6,030,000 (9.9%)	3,000,000 (15.1%)

**Notes:**

- (1) Shane Gordon, a principal securityholder of the Company, established each of these trusts, as blind irrevocable trusts, to hold securities of the Company beneficially owned by him. The Bolton Irrevocable Trusts holds 3,625,025 Common Shares and 50 common shares of Sungrown Organics Inc., the lessor of the Vernon Facility. The Sunnyside Irrevocable Trust holds 3,030,000 Common Shares and warrants to purchase 3,000,000 Common Shares at a price of \$0.16 per share until June 1, 2022. See "Promoters" for the terms and conditions of the blind trust agreements.
- (2) Based on 35,057,500 issued and outstanding Common Shares as of the date of this Prospectus, prior to giving effect to conversion of the Subscription Receipts.
- (3) Based on 41,100,300 issued and outstanding Common Shares after giving effect to the conversion of the Subscription Receipts, but prior to giving effect to any convertible securities of the Company.

- (4) Based on 60,986,820 issued and outstanding Common Shares after giving effect to the conversion of the Subscription Receipts and after giving effect to all convertible securities of the Company.
- (5) Based on 19,886,520 convertible securities consisting of options to purchase 3,350,000 Common Shares and warrants to purchase 16,536,520 Common Shares. See “*Description of Securities*”.

## DIRECTORS AND EXECUTIVE OFFICERS

### Director and Executive Officer Profiles

The following table sets forth the name of each director and executive officer of the Company as at the date of this Prospectus, their province or state and country of residence, their position(s) and office(s) held with the Company, their principal occupation(s) during the preceding five years, the date they became a director of the Company, if applicable, and the number and percentage of Common Shares they beneficially own, or control or have direction over, directly or indirectly.

Name and Municipality of Residence	Positions and Offices to be Held	Principal Occupation During the Past Five Years <sup>(1)</sup>	Number and Percent of Common Shares Beneficially Owned	Director and/or Officer Since Date of Appointment
Daniel Vice <i>Milwaukee, Oregon</i>	CEO and Director	Psychiatric nurse practitioner doctoral student at the University of Missouri.	815,000 (2.3%)	Director - October 10, 2019; CEO – April 2, 2021
Alex McAulay <i>Vancouver, BC</i>	CFO	Chartered Professional Accountant providing fractional CFO services and regulatory guidance to assist public companies.	Nil	December 2, 2020
Gordon Jang <sup>(1)</sup> <i>Vancouver, BC</i>	Director	Chartered Professional Accountant. Vice-President of Finance and Accounting at Fortuna Silver Mines from April 2017 to March 2021. Prior thereto Chief Financial Officer of Next Green Wave Holdings Inc. from November 2017 to August 2019. Prior thereto Vice President, Controller of Augusta Resources Corporation from March 2009 to July 2014.	1,200,000 (3.4%)	April 16, 2021
Ralph Olson <sup>(1)</sup> <i>Parker, Colorado</i>	Director	Financial advisor to various private and public companies since 2002.	Nil	April 16, 2021
Scott Reeves <sup>(1)</sup> <i>Calgary, Alberta</i>	Director and Corporate Secretary	Mr. Reeves is a Partner at the law firm TingleMerrett LLP where he practices in corporate securities law.	825,000 (2.4%)	May 27, 2020

**Notes:**

(1) Audit Committee member.

### Term of Office of Directors

The term of office of the directors expires annually at the time of the Company's annual general meeting. The term of office of the executive officers expires at the discretion of the Board.

## **Aggregate Ownership of Securities**

To the Company's knowledge as at the date of this Prospectus, its directors and executive officers as a group will beneficially own, or control or direct, directly or indirectly, 2,840,000 Common Shares, representing approximately 8.1% of the outstanding Common Shares on a non-diluted basis.

## **Director and Executive Officer Biographies**

Below is a brief description of each of the directors and executive officers of the Company including: names; ages; positions and responsibilities; relevant background; principal occupations or employment during the five years preceding the date of this Prospectus; and relevant experience in the industry.

### Daniel Vice, Age 32, Chief Executive Officer and a Director

Mr. Vice brings advanced knowledge in pharmacotherapeutics, neuroscience, and psychiatry to Doseology. He is passionate about an integrative approach to mental health, including evidence-based treatments with the goal of achieving the best health outcomes for individuals. He received his master's degree in nursing from Johns Hopkins University and is a psychiatric nurse practitioner doctoral student at the University of Missouri. Mr. Vice played an active behind the scenes role in the recent passing of Oregon's Measure 109, Psilocybin Program Initiative, as a healthcare committee member and volunteer. Mr. Vice expects to devote 90% of his time to the affairs of the Company.

### Alex McAulay, Age 36, Chief Financial Officer

Alex (CPA, CA) is an entrepreneur and experienced public company CFO and director. Alex's firm, ACM Management Inc., provides fractional CFO and regulatory guidance to assist public companies. Alex has served as the CFO of several listed companies and has assisted dozens of issuers in navigating the public markets. Mr. McAulay expects to devote 20% of his time to the affairs of the Company.

### Gordon Jang, Age 56, Director

Gordon Jang (CPA, CMA) has over 25 years in the mining industry. Gordon was the Vice-President of Finance and Accounting at Fortuna Silver Mines Inc. from April 2017 to March 2021. Prior to joining Fortuna, Gordon held senior positions at Augusta Resources Corp. from March 2009 to July 2014. Gordon also held senior positions with Lundin Mining Corp. and Pan American Silver Corp. and brings a wealth of experience in the capital markets, mergers and acquisitions, Sarbanes Oxley compliance, tax planning and corporate structuring, process improvements and public company reporting. Mr. Jang expects to devote 20% of his time to the affairs of the Company.

### Ralph Olson, Age 53, Director

Mr. Olson has acted as a finance advisor to various private and public companies since 2002. From 1998 to 2002, Mr. Olson was a partner in Global Capital Partners where he led a sales team including members from over twenty offices in the United States and Europe. From 1987 to 2002, Mr. Olson was a partner and the head of sales for Cohig and Associates ("Cohig") prior to its merger with Global Capital Partners. Cohig specialized in raising capital for small to medium sized companies. Cohig led or co-managed financings for over 80 public companies totaling over 2 billion dollars. Mr. Olson's responsibilities included managing over 200 registered sales representatives in over 20 offices in the United States as well as coordinating the equity and debt raises with the investment banking and trading departments of Cohig. From March 2018 to August 2019, Mr. Olson was the President and Chief Executive Officer of Greenstar Biosciences Inc. (now Lobe Sciences Ltd. (CSE:LOBE)). Mr. Olson has a degree in Finance from the University of Colorado – Denver. Mr. Olson will devote approximately 20% of his time to the Resulting Issuer.

### Scott Reeves, 51, Secretary and a Director

Mr. Reeves is a partner at the law firm TingleMerrett LLP in Calgary Alberta where he concentrates on securities, corporate finance and commercial transactions for emerging and growth companies, joint ventures and partnerships. He has advised numerous private and public corporations (including registered dealers) in a wide range of business matters including access to capital markets, corporate governance and operational issues both nationally and internationally. Mr. Reeves is currently a director or officer of a number of public companies. Mr. Reeves will devote approximately 5% of his time to the Resulting Issuer.

## Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Except as set out below, none of the Company's directors or executive officers is, as at the date hereof, or promoters of the Company, was within 10 years before the date hereof, a director, chief executive officer or chief financial officer of any company (including the Company) that (a) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant issuer access to any exemption under securities legislation, that was in effect for a period or more than 30 consecutive days (an "Order") that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer of such issuer, or (b) was subject to an Order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Shane Gordon, a.k.a Shane Gordon Whittle, a former director and officer and a promoter of the Company was the Chief Executive Officer, Treasurer, Secretary and a director of Jammin' Java Corp. ("**Jammin' Java**"), from August 22, 2007, until May 20, 2010. The United States Securities and Exchange Commission (the "**SEC**") filed a complaint against Jammin' Java and a number of individuals, including Mr. Gordon, on November 17, 2015, alleging that the individuals perpetrated a multimillion-dollar, international pump-and-dump scheme involving the stock of Jammin' Java, a company that used trademarks of the late reggae artist Bob Marley to sell coffee products. The stock traded over-the-counter in the United States. Jammin' Java entered into a consent judgement with the SEC in 2017, permanently enjoining Jammin' Java from violating Section 5 of the United States Securities Act and ordering it to pay US\$605,331 in disgorgement, together with US\$94,669 in prejudgment interest, for a total of US\$700,000. Jammin' Java consented to entry of the judgment against it without admitting or denying the SEC's allegations. See also disclosure related to Mr. Gordon below.

Except as set out below, none of the Company's directors or executive officers or promoters, nor, to its knowledge, any Shareholder holding a sufficient number of its securities to affect materially the control of the Company (a) is, as at the date hereof, or has been within the 10 years before the date hereof, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, or (b) has, within the 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of such director, executive officer or Shareholder.

Except as set out below, none of the Company's directors, executive officers or promoters, nor, to its knowledge, any Shareholder holding a sufficient number of its securities to affect materially the control of the Company, has been subject to (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

On April 29, 2016, Edge Resources Inc., ("**Edge**"), of which Mr. Reeves was a director and corporate secretary, received an order of the Court of Queen's Bench of Saskatchewan appointing Grant Thornton as receiver over the company's Saskatchewan-based assets and, on September 2, 2016, received an order of the Court of Queen's Bench of Alberta appointing Grant Thornton as receiver over the company's Alberta-based assets. The receiver was discharged on the Alberta-based assets on December 19, 2016 and on the Saskatchewan-based assets on February 1, 2017. On August 5, 2016 Edge received a cease trade order from the Alberta Securities Commission for failure to file financial statements. Since a Receiver had been appointed for Edge on April 29, 2016, the officers and directors of Edge were no longer in control of the assets or undertaking of Edge, being replaced by Grant Thornton (the Receiver). This made it impossible, following such date, for the directors of Edge to affect the continuance of Edge's public filings. A copy of the order may be provided by request.

Mr. Reeves was a director and Corporate Secretary of Quattro Exploration and Production Ltd. ("**Quattro**") when, on May 3, 2016, due to the failure of Quattro to file its annual audited financial statements and management discussion

and analysis for the year ended December 31, 2015, the Alberta Securities Commission issued a management cease trade order (the “**Quattro MCTO**”) ordering the cessation of trading in the securities of Quattro by its senior management and directors, including Mr. Reeves. On June 20, 2016, the ASC, pursuant to the filing of the outstanding annual audited financial statements and management discussion and analysis of Quattro, revoked the Quattro MCTO. On September 8, 2016, Quattro received an order from the Court of Queen’s Bench of Alberta granting creditor protection pursuant to the Companies’ Creditors Arrangement Act (Alberta). The order was extended by the court until November 30, 2016 on October 7, 2016. On February 2, 2017, Quattro received an order of the Court of Queen’s Bench of Alberta appointing Hardy & Kelly Inc. as receiver over the company’s assets. On May 8, 2017, Quattro received a cease trade order from the Alberta Securities Commission for failure to file financial statements. Since a Receiver had been appointed for Quattro on February 2, 2017, the officers and directors of Quattro were no longer in control of the assets or undertaking of Quattro, being replaced by Hardy & Kelly Inc. (the Receiver). This made it impossible, following such date, for the directors of Quattro to affect the continuance of Quattro’s public filings. A copy of the order may be provided by request.

In connection with his role as the Chief Executive Officer, Treasurer, Secretary and a director of Jammin’ Java from August 22, 2007, until May 20, 2010, a complaint was filed by the SEC against Mr. Gordon and others on November 17, 2015, alleging that the individuals perpetrated a multimillion-dollar, international pump-and-dump scheme involving the stock of Jammin’ Java, which traded over-the-counter in the United States. Mr. Gordon entered into a consent judgment dated April 11, 2017, permanently enjoining him from violating Section 5 of the U.S. Securities Act, and from serving as an officer or director or participating in penny stock offerings for ten years. In addition, the consent judgment ordered Mr. Gordon to pay disgorgement of US\$1,894,669, prejudgment interest of US\$360,940, and a civil penalty of US\$250,000, for a total of US\$2,505,609. Mr. Gordon consented to entry of the judgment against him without admitting or denying the SEC’s allegations./

Mr. Reeves was the Corporate Secretary of Perisson Petroleum Corporation (“**Perisson**”) on May 1, 2018, when the ASC issued an MCTO ordering the cessation of trading in the securities of Perisson by certain of its insiders, including Mr. Reeves, for its failure to file annual audited financial statements, annual management’s discussion and analysis, and certification of annual filings for the year ended December 31, 2017. The MCTO was lifted on June 18, 2018 upon filing of the annual audited financial statements.

Mr. Reeves is a director and Corporate Secretary of Tree of Knowledge International Corp. (“**TOKI**”) and on May 1, 2019, when the Ontario Securities Commission issued an MCTO ordering the cessation of trading in the securities of TOKI by certain of its insiders, for its failure to file annual audited financial statements, management’s discussion and analysis, and certification of annual filings for the year ended December 31, 2017. The MCTO was lifted on June 4, 2019, upon completion of the filing. In addition, on June 25, 2020, the Ontario Securities Commission issued an MCTO ordering the cessation of trading in the securities of TOKI by certain of its insiders, for its failure to file annual audited financial statements, management’s discussion and analysis, and certification of annual filings for the year ended December 31, 2019. The Ontario Securities Commission on July 15, 2020, converted the MCTO to a failure to file cease trade order (“**FFCTO**”) and on September 23, 2020. The FFCTO was lifted on upon completion of the filing.

Mr. Reeves was a director and Mr. McAulay is the Chief Financial Officer of CBD Global Sciences Inc. (“**CBD**”) and on June 18, 2020, the Alberta Securities Commission issued an MCTO ordering the cessation of trading in the securities of CBD by certain of its insiders, for its failure to file annual audited financial statements, management’s discussion and analysis, and certification of annual filings for the year ended December 31, 2019. The MCTO was lifted on August 6, 2020, upon completion of the filing. On May 3, 2021, CBD received an MCTO from the Alberta Securities Commission ordering the cessation of trading in the securities of CBD by certain of its insiders, including Mr. McAulay who is Chief Financial Officer of CBD, for its failure to file annual audited financial statements, management’s discussion and analysis, and certification of annual filings for the year ended December 31, 2020. The Alberta Securities Commission converted the MCTO to a failure to file cease trade order on July 23, 2021.

Mr. Reeves is a director of Radiko Holdings Corp. (“**Radiko**”) and on June 17, 2020, the Alberta Securities Commission issued an MCTO ordering the cessation of trading in the securities of Radiko by certain of its insiders, for its failure to file annual audited financial statements, management’s discussion and analysis, and certification of annual filings for the year ended December 31, 2019 and the Alberta Securities Commission also issued a MCTO on July 17, 2020, for Radiko’s failure to file its interim financial statements, management discussion and analysis and

certification of interim filing for the period ended March 31, 2020. The MCTO for the annual filings was lifted on August 10, 2020, upon completion of the annual filing and the MCTO for the interim filings was lifted on August 25, 2020, upon completion of the interim filings. On May 6, 2021, the Alberta Securities Commission and the Ontario Securities Commission issued a Cease Trade Order for Radiko's failure to file its annual audited financial statements, management's discussion and analysis, and certification of annual filings for the year ended December 31, 2020.

A company by the name of Geysler Brands Inc. was subject to a failure to file cease trade order on September 17, 2020, for the failure to file its audited financial statements and related management's discussion and analysis for the year ended March 31, 2020. In a press release dated October 5, 2020, Geysler Brands Inc. had disclosed that ACM Management Inc. as represented by Alex McAulay had agreed to provide contract interim Chief Financial Officer Services. Mr. McAulay advises he did not agree to provide Chief Financial Officer services and asked Geysler Brands Inc. to retract the press release on October 20, 2020.

### **Conflicts of Interest**

To the best of the Company's knowledge, except as disclosed elsewhere in this Prospectus, the Company is not aware of any existing or potential material conflicts of interest between the Company and any of its directors or officers as of the date hereof. However, certain of the Company's directors and officers are, or may become, directors, officers or shareholders of other companies with businesses which may conflict with its business. Accordingly, conflicts of interest may arise which could influence these individuals in evaluating possible acquisitions or in generally acting on the Company's behalf. See also "*Risk Factors – Risks Related to the Business – Conflicts of Interest*".

Pursuant to the BCBCA, directors and officers of the Company are required to act honestly and in good faith with a view to the best interests of the Company. Generally, as a matter of practice, directors who have disclosed a material interest in any contract or transaction that the Board is considering will not take part in any board discussion respecting that contract or transaction. If on occasion such directors do participate in the discussions, they will refrain from voting on any matters relating to matters in which they have disclosed a material interest. In appropriate cases, the Company will establish a special committee of independent directors to review a matter in which directors or officers may have a conflict.

See also "*Interest of Management and Others in Material Transactions*".

### **DIRECTOR AND EXECUTIVE COMPENSATION**

Prior to obtaining a receipt for this Prospectus from the securities regulatory authorities in British Columbia and Alberta, the Company was not a reporting issuer in any jurisdiction. As a result, certain information required by Form 51-102F6V – *Statement of Executive Compensation – Venture Companies* ("**Form 51-102F6V**") has been omitted pursuant to Section 1.3(8) of Form 51-102F6V.

Securities legislation requires the disclosure of the compensation received by each Named Executive Officer of the Company. "Named Executive Officer" is defined by securities legislation to mean: (i) the CEO; (ii) the CFO; (iii) the most highly compensated executive officer of the Company, including any of its subsidiaries, other than the CEO and CFO, at the end of the most recently completed financial year ended June 30, 2021, whose total compensation was, individually more than \$150,000 for that financial year; and (iv) each individual who would be a "Named Executive Officer" under paragraph (iii) but for the fact that the individual was neither an executive officer of the Company or its subsidiaries, nor acting in similar capacity, at the end of the most recently completed financial year.

As of the date of this Prospectus, the Company has the following Named Executive Officers (collectively, the "**Named Executive Officers**" or "**NEOs**"): Daniel Vice who is the Chief Executive Officer and Alex McAulay who is the Chief Financial Officer.

### **Compensation Governance**

The Company's compensation program intends to seek to encourage growth in all elements of the Company's business, cash flow, and earnings while achieving attractive returns on capital to enhance shareholder value. To achieve these objectives, the Company believes it is critical to create and maintain a compensation program that will attract and

retain committed, highly qualified personnel by providing appropriate rewards and incentives, motivate their performance to achieve the Company's strategic objectives and align the interests of executive officers with the long-term interests of the Company's shareholders and enhancement in share value.

The Company has not been a reporting issuer during any financial period to date. The Company compensates its NEOs through the following: (i) base fees; (ii) discretionary cash bonuses paid from time to time based on performance; and (iii) long-term incentive compensation comprised of grants of Options at levels which the Board of Directors believes are reasonable in light of the performance of the Company.

#### *Base Fees*

Base fees are intended to compensate each NEO's core competencies, skills, experience, and contribution to the Company. The Board of Directors believes that base fees should be competitive but total compensation should be weighted toward variable, long term performance-based components.

The Board of Directors will review and select a compensation peer group of companies operating in areas with an operational and risk profile similar to the Company. Base fees will be compared to the Company's industry peer group through publicly available information and available compensation surveys prepared by compensation consultants. Consideration has been and will be given to the Company's growth plans, area of operations and its objective of attracting and retaining highly talented individuals from within the industry.

#### *Cash Bonus*

Discretionary cash bonuses are intended to motivate and reward the accomplishment of specific business and operating objectives within a defined period. Cash bonuses are paid at the discretion of the Board of Directors based upon the achievement of certain corporate objectives. Cash bonuses awarded by the Board of Directors are intended to be generally competitive with the market. The Board of Directors considers the Company's performance during the year with respect to the qualitative goals in the context of market and economic trends and forces, extraordinary internal and market-driven events, unanticipated developments, and other extenuating circumstances in making bonus determinations.

Given the early stage of development of the Company and its lack of sustained cash flow, no cash bonus payments were paid in 2020 or as of the date of this Prospectus. At this point no bonuses are intended to be paid for the foreseeable future. Similar to the determination of base fees, consideration will be given to the Company's compensation peer group when determining the final amount of any cash bonuses to be paid.

Proposed cash bonuses for NEOs, excluding the President and/or Chief Executive Officer, will be recommended by the Chief Executive Officer, reviewed by the Board of Directors, and, if deemed appropriate, approved. See also "*Options to Purchase Securities - Stock Option Plan*".

#### **Compensation, excluding Options and Compensation Securities**

The following table sets out the compensation, excluding Options and compensation securities, paid to the individuals who were NEOs from the period of incorporation on July 25, 2019 to June 30, 2020 and for the fiscal year ended June 30, 2021.



Table of Compensation Excluding Options and Compensation Securities								
Name and Principal Position	Year Ended June 30 <sup>(1)</sup>	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)		Value of perquisites (\$)	Value of all other compensation (\$)	Total Compensation (\$)
Shane Gordon <i>Former President</i> <sup>(2)</sup>	2021	129,000	N/A	N/A	N/A	N/A	87,000	216,000
	2020	128,000	N/A	N/A	N/A	N/A	N/A	128,000
Max Krangle <sup>(3)</sup> <i>Former Chief Executive Officer and Former Director</i>	2021	128,820	N/A	N/A	N/A	N/A	126,000	254,820
	2020	58,000	N/A	N/A	N/A	N/A	N/A	58,000
Daniel Vice <sup>(4)</sup> <i>Chief Executive Officer</i>	2021	61,000	N/A	N/A	N/A	N/A	N/A	61,000
	2020	44,000	N/A	N/A	N/A	N/A	N/A	44,000
Alex McAuley <i>Chief Financial Officer</i>	2021	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	2020	N/A	N/A	N/A	N/A	N/A	N/A	N/A

**Notes:**

- (1) The Company was formed on July 25, 2019.
- (2) Shane Gordon was President of the Company from incorporation on July 25, 2019, to April 2, 2021. Mr. Gordon received \$129,000 in consulting fees and \$87,000 in severance through Matis Capital Ltd., of which \$72,500 was outstanding as of June 30, 2021. The amount has been settled as at the date of this prospectus. The amount owing on June 30, 2020, was settled with the issuance of 2,560,000 common shares at a price of \$0.05 per share before giving effect to the Consolidation. See also “Promoters”.
- (3) Max Krangle was Chief Executive Officer from July 1, 2020, to April 1, 2021, and a Director from July 1, 2020, to April 27, 2021. Mr. Krangle received \$126,000 in severance which was settled subsequent to June 30, 2021. The amount owing on June 30, 2020, was settled with the issuance of 1,160,000 common shares at a price of \$0.05 per share before giving effect to the Consolidation.
- (4) Daniel Vice was appointed Chief Executive Officer on April 2, 2021. The amount owing on June 30, 2020, was settled with the issuance of 880,000 common shares at a price of \$0.05 per share before giving effect to the Consolidation.
- (5) Alex McAuley was engaged to provide Chief Financial Officer services on December 2, 2020.

The compensation set out above is based on current conditions in the Company’s industry and on the associated approximate allocation of time for the Named Executive Officers listed above and is subject in future to adjustments based on changing market conditions and corresponding changes to required time commitments. Following the Listing, the Company will review its compensation policies and may adjust them if warranted by factors such as market conditions.

**Stock Option Plan**

As of the date of this Prospectus, the Company has granted an aggregate of 3,350,000 Options under the Stock Option Plan. See “Options to Purchase Securities”.

## **External Management Companies**

Other than as disclosed below under “*Employment, Consulting and Management Agreements*”, the Company has not entered into any agreement with any external management company that employs or retains one or more of the NEOs or directors and, other than as disclosed below, the Company has not entered into any understanding, arrangement or agreement with any external management company to provide executive management services to the Company, directly or indirectly, in respect of which any compensation was paid by the Company.

## **Employment, Consulting and Management Agreements**

As of the date hereof, other than as described below, the Company does not have any contract, agreement, plan or arrangement that provides for payments to the Named Executive Officers at, following, or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change in control of the Company or a change in a director or Named Executive Officer's responsibilities.

## **Pension Plan Benefits**

The Company does not anticipate having any deferred compensation plan or pension plan that provide for payments or benefits at, following or in connection with retirement.

## **Director Compensation**

The Company has not paid any compensation to its directors, for their service as directors, since its incorporation, apart from a grant of options to purchase securities. See “*Options to Purchase Securities*”. Any compensation to be paid to the executive officers and directors of the Company after the date of Listing will be determined by the Board.

## **INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

None of the directors, executive officers or employees of the Company or former directors, executive officers or employees of the Company or its subsidiaries had any indebtedness outstanding to the Company or any of the subsidiaries as at the date hereof and no indebtedness of these individuals to another entity is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or any of the subsidiaries as at the date hereof. Additionally, no individual who is, or at any time during the Company's last financial year was, a director or executive officer of the Company, proposed management nominee for director of the Company or associate of any such director, executive officer or proposed nominee is as at the date hereof, or at any time since the beginning of the Company's last financial year has been, indebted to the Company or any of its subsidiaries or to another entity where the indebtedness to such other entity is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or any of its subsidiaries, including indebtedness for security purchase or any other programs.

## **AUDIT COMMITTEE**

The Company has formed an Audit Committee which is comprised of Gordon Jang (Chair), Ralph Olson and Scott Reeves, all of whom are “financially literate” as defined in National Instrument 52-110 – Audit Committees (“**NI 52-110**”). Mr. Jang and Mr. Olson are considered “independent” pursuant to NI 52-110.

The Audit Committee provides assistance to the Board in fulfilling its obligations relating to the integrity of the internal financial controls and financial reporting of the Company. The external auditors of the Company report directly to the Audit Committee. Generally, the Audit Committee's primary duties and responsibilities include, without limitation: (i) reviewing and reporting to the Board on the annual audited financial statements (including the auditor's report thereon) and unaudited interim financial statements and any related management's discussion and analysis, if any, and other financial disclosure related thereto that may be required to be reviewed by the Audit Committee pursuant to applicable legal and regulatory requirements; (ii) overseeing the audit function, including engaging in required discussions with the Company's external auditor, reviewing a summary of the annual audit plan, overseeing the independence of the Company's external auditor, overseeing the Company's internal auditor, and pre-

approving any non-audit services to the Company; (iii) reviewing with management and the Company's external auditors the integrity of the internal controls over financial reporting and disclosure; (iii) reviewing management reports related to legal or compliance matters that may have a material impact on the Company and the effectiveness of the Company's compliance policies; and (v) maintaining, reviewing and updating the Company's whistleblowing procedures.

The full text of the Audit Committee Charter is attached to this Prospectus as Schedule "B"

### **Relevant Education and Experience**

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

- (a) an understanding of the accounting principles used by the Company to prepare its financial statements and the ability to assess the general application of those principles in connection with estimates, accruals and reserves;
- (b) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements or experience actively supervising individuals engaged in such activities; and
- (c) an understanding of internal controls and procedures for financial reporting.

For a summary of the experience and education of the Audit Committee members see "*Directors and Executive Officers – Director and Executive Officer Biographies*".

### **Pre-Approval Policies and Procedures**

The Mandate of the Audit Committee requires that the Audit Committee pre-approve the completion of any non-audit services by the external auditors and, with the assistance of the auditors, determine which non-audit services the external auditor is prohibited from providing. The Audit Committee may delegate to one or more members of the Audit Committee authority to pre-approve non-audit services in satisfaction of this requirement and if such delegation occurs, the pre-approval of non-audit services by the Audit Committee member to whom authority has been delegated must be presented to the Audit Committee at its first scheduled meeting following such pre-approval. The Audit Committee shall be entitled to adopt specific policies and procedures for the engagement of non-audit services if: (a) the pre-approval policies and procedures are detailed as to the particular service; (b) the Audit Committee is informed of each non-audit service; and (c) the procedures do not include delegation of the Audit Committee's responsibilities to management.

### **Reliance on Certain Exemptions**

The Company has relied upon the exemption provided by section 6.1 of NI 52-110, pursuant to which the Company is not required to comply with Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations) of NI 52-110.

### **External Auditor Service Fees by Category**

The fees billed by the Company's external auditors since incorporation on July 25, 2019 to the fiscal year to June 30, 2020 and for the year ended June 30, 2021, for audit and non-audit related services provided to the Company or its subsidiaries (if any) were as follows:

<b>Financial Year Ending</b>	<b>Audit Fees</b>	<b>Audit Related Fees<sup>(1)</sup></b>	<b>Tax Fees<sup>(2)</sup></b>	<b>All Other Fees<sup>(3)</sup></b>
June 30, 2021	\$36,695	Nil	Nil	Nil
June 30, 2020	\$15,750	Nil	Nil	Nil

**Notes:**

- (1) Fees charged for assurance and related services that are reasonably related to the performance of an audit, and not included under Audit Fees.
- (2) Fees charged for tax compliance, tax advice and tax planning services.
- (3) Fees for services other than disclosed in any other column.

**STATEMENT ON CORPORATE GOVERNANCE**

The Company and the Board recognize the importance of corporate governance to the effective management of the Company and to the protection of its employees and Shareholders. The Company's approach to significant issues of corporate governance is designed with a view to ensuring that the business and affairs of the Company are effectively managed so as to enhance Shareholder value. The Board fulfills its mandate directly and through any of its subcommittees at regularly scheduled meetings or at meetings held as required. Frequency of meetings may be increased, and the nature of the agenda items may be changed depending upon the state of the Company's affairs and considering opportunities or risks which the Company faces. The directors are kept informed of the Company's business and affairs at these meetings as well as through reports and discussions with management on matters within their areas of expertise.

National Policy 58-201 – *Corporate Governance Guidelines* establishes corporate governance guidelines to be used by issuers in developing their own corporate governance practices. The Board is committed to ensuring that the Company has an effective corporate governance system, which adds value and assists the Company in achieving its objectives.

The Company's approach to corporate governance is set forth below.

**Mandate of the Board**

In accordance with the Mandate of the Board of Directors, the Board is responsible for overseeing the exercise of corporate powers and ensuring that the Company's business is managed to meet its corporate goals and objectives and that the long-term interests of the Shareholders are served. The Board is responsible for, among other things:

- (a) adopting a strategic plan for the Company and reviewing the plan in light of management's assessment of emerging trends, industry changes, the competitive environment, the Company's strengths, weaknesses, opportunities and threats, risk issues, and key success factors for the achievement of Company's goals and objectives;
- (b) overseeing succession planning for management by developing a policy for the appointment, training and performance monitoring of senior management and personnel and developing, training and mentoring selected successors;
- (c) ensuring individual directors and the Board's committees are performing effectively;
- (d) defining the criteria that all proposed candidates for election to the Board will possess and developing corporate goals and objectives that the Chief Executive Officer is responsible for meeting;
- (e) developing clear position descriptions for the Chair of the Board, the Chair of each committee and the Chief Executive Officer; and

- (f) ensuring that all new directors receive comprehensive orientation including education regarding the role of the Board and its committees, the expectations of individual directors and the nature and operation of the Company's business.

In accordance with the Mandate of the Board of Directors, all Board members are expected to: (a) develop and maintain an understanding of the Company's operations, strategies and industry within which the Company operates; (b) develop and maintain an understanding of the regulatory, legislative, business, social and political environment within which the Company operates; (c) develop and maintain familiarity with the officers of the Company; (d) attend Board meetings and, if applicable, committee meetings regularly; (e) read advance materials prior to Board or committee meetings; (f) participate fully and actively in the discussions of the Board and any committee to which the individual belongs; (g) if absent from a meeting, keep up-to-date on discussions missed; (h) devote the necessary time and attention to Company issues in order to make informed decisions; (i) if requested, participate on Board committees; (j) remain knowledgeable of the Mandate of the Board of Directors and the mandate of the committee or committees of which the director is a member; and (k) participate in continuing director education.

The frequency of meetings of the Board and the nature of agenda items may change from year to year depending upon the activities of Doseology. The Board intends to meet at least quarterly and at each meeting there is a review of the business of Doseology.

The Board facilitates its exercise of independent supervision over the Company's management through frequent meetings of the Board being held to obtain an update on significant corporate activities and plans, both with and without members of the Company's management being in attendance.

### Composition of the Board

The Company's Board consists of five directors, two of whom are independent. For this purpose, a director is independent if he or she has no direct or indirect "material relationship" with the Company, as defined in National Instrument 58-101 - *Disclosure of Corporate Governance Practices* ("NI 58-101"). A "material relationship" is a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of the director's independent judgment. An individual who has been an employee or executive officer of the Company within the last three years is considered to have a material relationship with the Company.

Of the directors of the Company, Ralph Olson and Gordon Jang are independent for the purposes of NI 58-101. Daniel Vice, Chief Executive Officer and Scott Reeves, Corporate Secretary and legal counsel, are not independent for the purposes of NI 58-101 as they are or have been officers of the Company.

### Directors' Relationships with Other Reporting Issuers

Except as noted below, none of the directors of the Company currently serve on the boards of directors of other reporting issuers (or the equivalent) in Canada or foreign jurisdictions. However, certain of the Company's directors are, or may become, directors, officers or shareholders of other companies with businesses which may conflict with the Company's business.

Name	Name of Reporting Issuer	Exchange or Market
Scott Reeves	CBD Global Sciences Inc.	CSE
	Navion Capital Inc.	TSXV
	Radiko Holdings Corp.	CSE
	Starrex International Corp.	CSE
	Tree of Knowledge International Corp.	CSE

Name	Name of Reporting Issuer	Exchange or Market
Gordon Jang	Edison Cobalt Corp.	TSXV

See also “*Risk Factors – Risks Related to the Company – Conflicts of Interest*”, “*Directors and Executive Officers – Conflicts of Interest*” and “*Interest of Management and Others in Material Transactions*”.

### **Orientation and Education**

The Company has not yet established a formal orientation or education procedure for newly incoming directors. Nonetheless, both incoming directors and existing directors are asked to regularly review and become familiar with: (i) the Mandate of the Board of Directors; (ii) the Code of Conduct (defined below) (iii) the Mandate of Compensation Committee; (iv) the Mandate of the Corporate Governance Committee; and (v) the Corporate Communications & Insider Trading Policy. Additionally, Board members are encouraged to communicate with management and auditors, to keep themselves current with industry trends and developments, and to attend related industry seminars. Board members have full access to the Company’s records.

### **Ethical Business Conduct**

Doseology has adopted a written Code of Conduct, Whistle-blower and Anti-Retaliation Policy (the “**Code of Conduct**”) which emphasizes the importance of matters relating to honest and ethical conduct, conflicts of interest, confidentiality of corporate information, protection and proper use of corporate assets and opportunities, the maintenance of safe and healthy working conditions for all employees and third parties, social media responsibility, compliance with whistle-blower and anti-retaliation principles, compliance with applicable laws, rules and regulations and the reporting of any illegal or unethical behavior. The Code of Conduct further outlines how the Company expects its personnel to conduct themselves and do business on behalf of Doseology so that the Company:

- maintain a work environment that respects each person’s integrity and dignity;
- foster a standard of conduct that reflects positively on Doseology, its employees and shareholders;
- comply with all laws and regulations that govern the Company’s business activities; and
- protect Doseology from unnecessary exposure to financial, reputational or any other kind of loss, damage or liability.

Compliance with the Code of Conduct is a condition to the employment of personnel of the Company.

### **Other Board Committees**

The Board has not established any committees other than the Audit Committee.

### **Director Assessment**

The Board responsible for ensuring that an appropriate system is in place to evaluate the effectiveness of the Board as a whole, the individual committees of the Board, and the individual members of the Board and such committees with a view of ensuring that they are fulfilling their respective responsibilities and duties. In connection with such evaluations, each director is required to provide his assessment of the effectiveness of the Board and each committee as well as the performance of the individual directors, annually. Such evaluations take into account the competencies and skills each director is expected to bring to his particular role on the Board or on a committee, as well as any other relevant factors.

## RISK FACTORS

*An investment in the securities of the Company is speculative and involves a high degree of risk due to the nature of the Company's business. An investment in the Company's securities should only be made by persons who can afford the total loss of their investment. The following risks, as well as risks currently unknown to the Company, could adversely affect the Company's current or future business, operations, results, cash flows and financial condition and could cause future results, cash flows, financial condition, events or circumstances to differ materially from those currently expected, including the estimates and projections contained in this Prospectus. Prospectus investors should carefully consider the risks described below and elsewhere in this Prospectus. The risks described below and elsewhere in this Prospectus do not purport to be an exhaustive summary of the risks affecting the Company and additional risks and uncertainties not currently known to the Company or not currently perceived as being material may have an adverse effect on the Company.*

*Please see "Management's Discussion and Analysis" for a description of additional risks affecting the Company.*

### **Risk Relating to the Common Shares**

#### *Market for the Common Shares and volatility of Common Share price*

There can be no assurance that an active trading market in the Company's Common Shares will be established or sustained. The market price for the Company's Common Shares could be subject to wide fluctuations. Factors such as government regulation, interest rates, share price movements of peer companies and competitors, announcements of quarterly variations in operating results, revenues and costs, and sentiments toward stocks as well as overall market movements, may have a significant adverse impact on the market price of the Common Shares. The stock market has from time to time experienced extreme price and volume fluctuations, which have often been unrelated to the operating performance of a particular company.

#### *Speculative nature of investment risk and no history of dividends*

An investment in the securities of the Company's carries a high degree of risk and should be considered as a speculative investment. The Company has no history of earnings, limited cash reserves, a limited operating history, has not paid dividends, and is unlikely to pay dividends in the immediate or near future. Any decision to pay dividends on the Common Shares will be made by the Company's Board on the basis of its earnings, financial requirements and other conditions

#### *Additional funding and possibility of dilution*

The operation of the Company's business will require substantial additional capital. When such additional capital is required, the Company will need to pursue various financing alternatives or arrangements, including debt financing, equity financing or other means. Additional financing may not be available when needed or, if available, the terms of such financing might not be favourable to the Company's and might involve substantial dilution to existing Shareholders. As discussed in further detail below under the heading "*Risks Related to the Business – the Company will require substantial additional funding, which may not be available to it on acceptable terms, or at all, and, if not so available, may require the Company to delay, limit, reduce or cease its operations.*" The Company may not be successful in locating suitable financing in the time period required or at all. A failure to raise capital when needed would have a material adverse effect on the Company's business, financial condition and results of operations. Any future issuance of securities to raise required capital will likely be dilutive to existing Shareholders. In addition, debt and other debt financing may involve a pledge of assets and may be senior to interests of equity holders. The Company may incur substantial costs in pursuing future capital requirements, including investment banking fees, legal fees, accounting fees, securities law compliance fees, printing and distribution expenses and other costs. The ability to obtain needed financing may be impaired by such factors as the capital markets (both generally and in the biotechnology and drug research and development industries in particular), the Company's status as a new enterprise with a limited history and/or the loss of key management personnel.

### *CSE listing*

In the future, the Company may fail to meet the continued listing requirements for the Common Shares to be listed on the CSE. If the CSE delists the Common Shares from trading on its exchange, the Company could face significant material adverse consequences, including: a limited availability of market quotations for the Common Shares; a determination the Common Shares are a “penny stock” which will subject brokers trading in the Common Shares to more stringent rules and therefore, possibly result in a reduced level of trading activity in the secondary market for the Common Shares; a limited amount of news and analysts coverage for the Company; and a decreased ability to issue additional securities or obtain additional financing in the future.

### **Risks Relating to the Business**

#### *The Company’s limited operating history*

The Company is relatively newly incorporated and as such the Company has a limited operating history and has yet to generate any revenue. Therefore, the Company will be subject to all of the business risks and uncertainties associated with any new business enterprise, including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources and lack of revenues. The current state of the Company’s business will likely require additional expenditures before cash flow will be generated. Although the Company possesses an experienced management team, there is no assurance that the Company will be successful in achieving a return on Shareholders’ investment and the likelihood of success of the Company must be considered in light of the Company’s early stage operations and the problems, expenses, difficulties, complications and delays frequently encountered in connection with the establishment of any business. There is no assurance that the Company can generate revenues, operate profitably, or provide a return on investment, or that it will successfully implement its plans.

#### *Significant ongoing costs and obligations*

The Company expects to incur significant ongoing costs and obligations related to its investment in infrastructure and growth and for product development, which could have a material adverse impact on the Company’s results of operations, financial condition and cash flows. For the foreseeable future, the Company will have to fund all of its operations and development expenditures from cash on hand, and from debt and equity financings, if any. The Company will also require significant additional funds if it were to acquire other assets to advance its development. It is possible that future financing will not be available or, if available, may not be on favorable terms. The availability of financing will be affected by the achievement of the Company’s corporate goals and the state of the capital markets generally. If adequate funding is not available, the Company may be required to delay, reduce or eliminate production on one or more of its product or development of future products, or obtain funds through corporate partners or others or obtain funds on less favourable terms than the Company would otherwise accept. To the extent that external sources of capital become limited or unavailable or available on onerous terms, the Company’s intangible assets and its ability to continue its business plans may become impaired, and the Company’s assets, liabilities, business, financial condition and results of operations may be materially or adversely affected.

In addition, future changes in regulations, changes in legal status of the Company’s products, more vigorous enforcement thereof or other unanticipated events could require extensive changes to the Company’s operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of the Company. The Company’s efforts to grow its business may be costlier than expected. The Company may incur significant losses in the future for a number of reasons, including the other risks described in this Prospectus, and unforeseen expenses, difficulties, complications and delays, and other unknown events.

*The Company will require substantial additional funding, which may not be available to it on acceptable terms, or at all, and, if not so available, may require the Company to delay, limit, reduce or cease its operations*

The Company has used the proceeds from its previous equity offerings, and the Company intends to use the proceeds from any possible future offerings, to, among other uses, continue to develop and sell its products, all of which will require substantial additional capital.



The amount and timing of the Company's future funding requirements will depend on many factors, including but not limited to:

- whether the Company is successful in obtaining interest for possible co-development and partnerships;
- the progress, costs, results of and timing of its sales;
- the costs associated with securing and establishing commercialization and manufacturing capabilities;
- market acceptance of its products;
- its need and ability to hire additional management and scientific and medical personnel;
- its need to implement additional internal systems and infrastructure, including financial and reporting systems;
- its ability to attract and retain competent staff;
- changes in the political and economic environment in the jurisdictions in which the Company operates, including adverse economic circumstances beyond COVID-19;
- the duration and effects of COVID-19 on the Company's personnel, business, operations and financial condition;
- the duration and effects of COVID-19 on the personnel, business, operations and financial condition of the Company's research partners and suppliers; and
- the economic and other terms, timing of and success of any collaboration, licensing or other transactions into which the Company may enter in the future.

Some of these factors are outside of the Company's control. Without entering into successful partnerships with third-party product development companies that provide the Company with substantial financial resources, the Company does not believe that its existing capital resources are sufficient to enable the Company to complete the development and commercialization of its products. Accordingly, the Company expects that it will need to raise additional funds in the future. The Company may seek additional funding through a combination of equity offerings, debt financings, government or other third-party funding, commercialization, marketing and distribution transactions and other collaborations, strategic alliances and licensing transactions. Additional funding may not be available to the Company on acceptable terms or at all. In addition, the terms of any financing may adversely affect the holdings or the rights of the Company securityholders. In addition, the issuance of additional Common Shares, or the possibility of such issuance, may cause the market price of the Common Shares to decline. Any additional equity financing may be dilutive to investors and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain funding on a timely basis, it may be required to significantly curtail one or more of its research or development programs and/or incur financial penalties. The Company also could be required to seek funds through transactions with collaborative partners or otherwise that may require the Company to relinquish rights to some of its intellectual property or preclinical assets or otherwise agree to terms unfavourable to the Company.

*The Company has a limited operating history and expects a number of factors to cause its operating results to fluctuate on an annual basis, which may make it difficult to predict the future performance of the Company*

The Company's operations to date have been focused on developing its Functional Mushroom products, applying for its Nursery Cultivation License and building its Nursery and establishing relationships to pursue its clinic in Portland, Oregon and to establish its research and development activities.

Consequently, any predictions made about the Company's future success or viability may not be as accurate as they could be if the Company had a longer operating history or had definitive partnership agreements in place. The Company's operating results are expected to significantly fluctuate from quarter-to-quarter or year-to-year due to a variety of factors, many of which are beyond its control. Factors relating to the Company business that may contribute to these fluctuations include:

- its ability to obtain additional funding to develop its products;
- its ability to attract and retain talented and experienced people;
- its dependency on third-party manufacturers to manufacture products and key ingredients;
- its ability to establish or maintain collaborations, licensing or other transactions;
- its ability to defend against any challenges to its intellectual property including, claims of patent infringement, if any;

- its ability to enforce its intellectual property rights against potential competitors;
- its ability to secure additional intellectual property protection for its present and future products and associated manufacturing methods currently under development;
- its ability to attract and retain key personnel to manage its business effectively;
- adverse economic circumstances;
- potential liability claims; and
- the duration and effects of COVID-19 on the Company's personnel, business, operations and financial condition.

Accordingly, the results of any historical financial periods should not be relied upon as indications of future operating performance.

*The Company has not been profitable to date, it has a limited number of products available for commercial sale, and to date it has not generated any revenue*

The Company has never been profitable and does not expect to be profitable in the foreseeable future. For the period from incorporation on July 25, 2019, to June 30, 2020, the Company incurred a net loss of \$431,632. For the period from July 1, 2020 to March 31, 2020, the Company incurred a net loss of \$1,033,8. To date, the Company has devoted most of its financial resources to research and development on its products, as well as corporate overhead. The Company has not generated any revenues from licensing our agreements or product sales. The Company expects to continue to incur losses for the foreseeable future and expects these losses to increase as the Company continues its development of its products and business. If the Company's products do not achieve market acceptance, the Company may never become profitable. As a result of the foregoing, the Company expects to continue to experience net losses and negative cash flows for the foreseeable future. These net losses and negative cash flows have had, and will continue to have, an adverse effect on the Company's stockholders' equity and working capital.

*The Company has no licensing, marketing or distribution experience and it will have to invest significant resources to develop those capabilities or enter into acceptable third-party sales and marketing transactions*

The Company has no licensing, marketing or distribution experience. To develop licensing, distribution and marketing capabilities, the Company will have to invest significant amounts of financial and management resources to sell its products. If the Company uses third parties to market and sell its products, it may have limited or no control over their licensing, marketing and distribution activities on which its future revenues may depend.

*Investment in our current research and development efforts may not provide a sufficient, timely return on investment*

The development of new products and strategies is a costly, complex and time-consuming process, and the investment in technology product development and marketing often involves a prolonged time until a return is achieved on such an investment. We have made, and will continue to make, significant investments in technology development and related product opportunities. Investments in new products are inherently speculative and risky. Commercial success depends on many factors including the degree of innovation of the products developed, sufficient support from our strategic partners, and effective distribution and marketing. Accelerated product introductions and short product life cycles require high levels of expenditures for new development. These expenditures may adversely affect our operating results if they are not sufficiently offset by revenue increases. We believe that we must continue to dedicate a significant amount of resources to our development efforts in order to maintain our competitive position. However, significant revenue from new product and service investments may not be achieved for a prolonged period of time, if at all. Moreover, new products and services may not be profitable, and even if they are profitable, operating margins for new products and services may not be as lucrative as the margins we previously experienced for our legacy products and services.

*The Company may incur substantial costs as a result of litigation or other proceedings relating to patent and other intellectual property rights*

The Company may from time to time seek to enforce its intellectual property rights against infringers when it determines that a successful outcome is probable and may lead to an increase in the value of the intellectual property.

If the Company chooses to enforce its patent rights against a party, then that individual or company has the right to ask the court to rule that such patents are invalid or should not be enforced. Additionally, the validity of its patents and the patents it has licensed may be challenged if a petition for post grant proceedings such as inter-parties review and post grant review is filed within the statutorily applicable time with the Canadian Intellectual Property Office or the United States Patent and Trademark Office. These lawsuits and proceedings are expensive and would consume time and resources and divert the attention of managerial and scientific personnel even if the Company were successful in stopping the infringement of such patents. In addition, there is a risk that the court will decide that such patents are not valid and that the Company does not have the right to stop the other party from using the inventions. There is also the risk that, even if the validity of such patents is upheld, the court will refuse to stop the other party on the ground that such other party's activities do not infringe its intellectual property rights.

*If the Company is unable to adequately protect and enforce its intellectual property, the Company's competitors may take advantage of its development efforts and compromise its prospects of marketing and licensing its Products*

The Company's success will depend in part upon its ability to protect its intellectual property and proprietary technologies and upon the nature and scope of the intellectual property protection the Company receives. The ability to compete effectively and to achieve partnerships will depend on its ability to develop and maintain proprietary aspects of the Company's products and to operate without infringing on the proprietary rights of others. The presence of such proprietary rights of others could severely limit its ability to develop and commercialize its products, to conduct its existing research and could require financial resources to defend litigation, which may be in excess of the Company's ability to raise such funds. There is no assurance that the Company will be able to obtain patent protection of its assets.

The patent positions of pharmaceutical companies can be highly uncertain and involve complex legal, scientific and factual questions for which important legal principles remain unresolved. Patents issued to the Company may be challenged, invalidated or circumvented. To the extent the Company's intellectual property offers inadequate protection, or is found to be invalid or unenforceable, the Company is exposed to a greater risk of direct competition. If its intellectual property does not provide adequate protection against the Company's competitors' products, its competitive position could be adversely affected, as could the Company's business, financial condition and results of operations. Both the patent application process and the process of managing patent disputes can be time consuming and expensive, and the laws of some foreign countries may not protect the Company's intellectual property rights to the same extent as do the laws of Canada and the United States.

#### *Failure to manage growth*

As the Company advances its products, the Company will need to increase its management and administrative headcount to manage these programs and negotiate these arrangements. In addition, to meet its obligations as a public company, the Company may need to increase its general and administrative capabilities and improve its operational and financial controls and reporting procedures. The Company's management, personnel and systems currently in place may not be adequate to support this future growth. In managing its growing operations, the Company is also subject to the risks of over-hiring and/or overcompensating its employees and over-expanding its operating infrastructure. As a result, the Company may be unable to manage its expenses effectively in the future, which may negatively impact its gross profit or operating expenses.

#### *Dependence on management and key personnel*

The success of the Company is currently largely dependent on the performance of its directors, officers and scientific advisors. The loss of the services of any of these persons could have a materially adverse effect on the Company's business and prospects. There is no assurance the Company can maintain the services of its directors, officers, scientific advisors, or other qualified personnel required to operate its business. As the Company's business activity grows, the Company will require additional key financial, administrative, scientific, and clinical personnel as well as additional operations staff. There can be no assurance that any recruitment efforts will be successful in attracting, training and retaining qualified personnel as competition for persons with these skill sets increase. If the Company is not successful in attracting, training and retaining qualified personnel, the efficiency of its operations could be impaired, which could have an adverse impact on the Company's operations and financial condition. In addition, the COVID-19 pandemic

may cause the Company to have inadequate access to available skilled workforce and qualified personnel, which could have an adverse impact on the Company's financial performance and financial condition.

#### *Insurance and uninsured risks*

The Company's business is subject to a number of risks and hazards, including product failures, accidents, labour disputes and changes in the regulatory environment. Such occurrences could result in damage to assets, personal injury or death, environmental damage, delays in operations, monetary losses and possible legal liability.

The Company's insurance will not cover all the potential risks associated with its operations. The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards encountered in the operations of the Company is not generally available on acceptable terms. The Company might also become subject to liability for pollution or other hazards which may not be insured against or which the Company may elect not to insure against because of premium costs or other reasons. Losses from these events or any significant uninsured liability may require the Company to pay substantial amounts, which would adversely affect its financial position and results of operations.

#### *The Company may be materially adversely affected in the event of cyber-based attacks, network security breaches, service interruptions, or data corruption*

The Company relies on information technology to process and transmit sensitive electronic information and to manage or support a variety of business processes and activities. The Company uses technology systems to record, process, and summarize financial information and results of operations for internal reporting purposes and to comply with regulatory financial reporting, legal, and tax requirements. The Company's information technology systems, some of which are managed by third-parties, may be susceptible to damage, disruptions or shutdowns due to computer viruses, attacks by computer hackers, failures during the process of upgrading or replacing software, databases or components thereof, power outages, hardware failures, telecommunication failures, user errors or catastrophic events. Although the Company has developed systems and processes that are designed to protect proprietary or confidential information and prevent data loss and other security breaches, such measures cannot provide absolute security. If its systems are breached or suffer severe damage, disruption or shutdown and the Company is unable to effectively resolve the issues in a timely manner, its business and operating results may significantly suffer and it may be subject to litigation, government enforcement actions or potential liability. Security breaches could also cause the Company to incur significant remediation costs, result in product development delays, disrupt key business operations, including development of future products, and divert attention from management and key information technology resources.

#### *Internal controls*

The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and preparation of financial statements for external reporting purposes in accordance with International Financial Reporting Standards as issued by the International Accounting Board. However, due to the inherent limitations, internal controls over financial reporting may not prevent or detect all misstatements and fraud. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm the Company's results of operations or cause it to fail to meet its reporting obligations. If the Company or its auditors discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in the Company's consolidated financial statements and materially adversely affect the trading price of the Common Shares.

Management of the Company will ensure the accounting cycle, payroll administration, operational activities, and financial reporting controls to assess internal control risks and to ensure proper internal control are in place. One of the deficiencies in internal control is the lack of segregation of accounting duties due to the limited size of the Company. However, the threat of this deficiency is considered immaterial as management has taken effective measures to mitigate this weakness.

The potential risk that flows from control deficiencies is the risk of potential fraud. However, the risk of fraud is considered low as management anticipates taking a number of measures as stated above to mitigate the potential risk

of fraud, including without limitation: (i) all purchase and payment, including payroll, must be authorized by management; (ii) all capital expenditures must be preapproved by the Company's Board; (iii) all source documents in any other language other than English must be translated and scanned for accounting entries and recordkeeping purposes; (iv) and most of the Company's cash is deposited with a Canadian chartered bank.

The Board will continue to monitor the operations of the Company, evaluate the internal controls, and develop measures in the future to mitigate any potential risks and weaknesses.

#### *Litigation*

The Company may become party to litigation from time to time in the ordinary course of business which could adversely affect its business. Should any litigation in which the Company becomes involved be determined against the Company such a decision could adversely affect the Company's ability to continue operating and the market price for the Common Shares and could use significant resources. Even if the Company is involved in litigation and wins, litigation can redirect significant company resources.

#### *Conflicts of interest*

Certain of the Company's directors and officers do not devote their full time to the affairs of the Company's and certain of the Company's directors and officers are also directors, officers and shareholders of other public companies in general, and as a result they may find themselves in a position where their duty to another company conflicts with their duty to the Company. Although the Company has policies which address such potential conflicts and the BCBCA has provisions governing directors in the event of such a conflict, none of the Company's constituting documents or any of its other agreements contain any provisions mandating a procedure for addressing such conflicts of interest. There is no assurance that any such conflicts will be resolved in favour of the Company. If any such conflicts are not resolved in favour of the Company, the Company may be adversely affected.

#### *Impact of COVID-19*

The Company's business, operations and financial condition could be materially and adversely affected by the outbreak of epidemics or pandemics or other health crises, including the recent outbreak of COVID-19. On January 30, 2020, the World Health Organization declared the outbreak of a global health emergency and on March 13, 2020 the U.S. declared that the COVID-19 outbreak in the United States constitutes a national emergency. To date, there have been a large number of temporary business closures, quarantines and a general reduction in consumer activity in Canada, the United States, Europe and China. The outbreak has caused companies and various international jurisdictions to impose travel, gathering and other public health restrictions. While these effects are expected to be temporary, the duration of the various disruptions to businesses locally and internationally and the related financial impact cannot be reasonably estimated at this time. Similarly, the Company cannot estimate whether or to what extent this outbreak and the potential financial impact may extend to countries outside of those currently impacted. The Company is actively assessing and responding where possible to the potential impact of the COVID-19 pandemic. The Company may face disruption to restrictions on operations, delays and uncertainties to planned preclinical studies, travel restrictions, impact on personnel and the impact on the economic activity in affected countries or regions can be expected and can be difficult to quantify. Such pandemics or diseases represent a serious threat to maintaining a skilled workforce industry and could be a major health care challenge for the Company. There can be no assurance that the Company's personnel will not be impacted by this pandemic and ultimately that the Company would see its workforce productivity reduced or incur increased medical costs/insurance premiums as a result of these health risks. In addition, the COVID-19 pandemic has created a dramatic slowdown in the global economy. Depending on the length and severity of the pandemic, COVID-19 could impact the Company's operations and could impair the Company's ability to raise funds depending on COVID-19's effect on capital markets. The duration of the COVID-19 pandemic outbreak and the resultant travel restrictions, social distancing, government response actions, business closures and business disruptions, can all have an impact on the Company's operations and access to capital. There can be no assurance that the Company will not be impacted by adverse consequences that may be brought about by the COVID-19 pandemic on global financial markets, share prices and financial liquidity and thereby that may severely limit the financing capital available. Finally, the duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company in future periods.

## **Financial and Accounting Risks**

### *Liquidity and future financing risk*

The Company will likely operate at a loss until its business becomes established and it may require additional financing to fund future operations and expansion plans. The Company's ability to secure any required financing to sustain operations and expansion plans will depend in part upon prevailing capital market conditions and business success. There is no assurance that the Company will be successful in its efforts to secure any additional financing or additional financing on terms satisfactory to management. Moreover, future activities may require the Company to alter its capitalization significantly and, if additional financing is raised by issuance of additional Common Shares from treasury, control may change and Shareholders may suffer dilution. The inability of the Company to access sufficient capital for its operations could have a material adverse effect on the Company's financial condition and results of operations.

### *The Company's financial condition would be adversely impacted if its intangible assets become impaired*

Intangibles are evaluated quarterly and are tested for impairment at least annually or when events or changes in circumstances indicate the carrying value of each segment, and collectively the Company taken as a whole, might exceed its fair value. If the Company determines that the value of its intangible assets is less than the amounts reflected on its balance sheet, it will be required to reflect an impairment of its intangible assets in the period in which such determination is made. An impairment of its intangible assets would result in it recognizing an expense in the amount of the impairment in the relevant period, which would also result in the reduction of its intangible assets and a corresponding reduction in its stockholders' equity in the relevant period.

### *Tax risk*

The Company is subject to various taxes including, but not limited to the following: income tax; goods and services tax; sales tax; land transfer tax; payroll tax; and other taxes imposed by the taxing authorities in Canada and potentially the United States. The Company's tax filings will be subject to audit by various taxation authorities. While the Company intends to base its tax filings and compliance on the advice of its tax advisors, there can be no assurance that its tax filing positions will never be challenged by a relevant taxation authority resulting in a greater than anticipated tax liability.

## **Risks Relating to the Company's Functional Mushroom Products**

### *Availability and supply of raw materials may increase costs and reduce the financial viability of products available for sale*

We outsource the manufacture of our products to third parties. Such third parties in turn source raw materials in order to produce our products. The availability of raw materials as well as variations in the price of raw materials may therefore increase the Company's operating costs. The resulting effect on the Company's operating profit margin depends on, among other things, the Company's ability to increase the prices of its finished products in the context of a competitive market. Fluctuations in raw material prices may therefore increase or decrease the Company's operating profit margin. Price increases may also result in downward pressure on sales volume. Furthermore, the Company's third party manufacturer(s) will be competing with other producers and manufacturers to secure raw materials, and such producers or manufacturers may, because of a variety of factors including but not limited to their relationships with suppliers, size, and competitive position within our industry be able to secure raw materials before the Company's manufacturer(s) could secure such material, or may push the prices of raw materials higher because of such producers' or other manufacturers' demand for raw materials that the Company also requires. Potential delays in the Company's or any of its third party manufacturer's ability to secure raw materials could undermine the Company's commitments to produce and deliver its products to distributors, which could undermine market share, revenue, and hence profitability.

### *Health Canada may not approve any future applications for Natural Health Product Numbers relating to new products*

There is a risk that we will not be successful in obtaining all required approvals in the future. We may also abandon

any applications for reasons including high costs or a change in our marketing or strategic business direction. In instances where approval or approval of a label or designation is helpful but not mandatory for any product, nevertheless, the lack of such approval might diminish the marketability of our current and future product offerings.

*Current and future competitors could have a significant impact on our ability to generate future revenue and profits*

The development and sale of Functional Mushroom products to be carried out by the Company will be highly competitive and involve a high degree of risk. The Company is not the only supplier of nutrient and health related products in North America or other markets in which the Company intends to enter in the future. In its efforts to achieve its objectives, the Company will compete with other companies that may have greater resources, many of which will not only develop technology but also manufacture and sell similar products on a worldwide basis. The markets for our products are intensely competitive and are subject to rapid consumer and technological changes and other pressures created by changes within our industry. We expect competition to increase and intensify in the future as additional companies enter our markets, including competitors who may offer similar products. We may not be able to compete effectively with current competitors and potential entrants into our marketplace. We could experience diminished market share if our current or prospective competitors introduce new competitive products; add enhance existing products, acquire competitive products, reduce prices, or form strategic alliances with other companies. If competitors were to engage in aggressive pricing policies with respect to their products, or if the dynamics in our marketplace resulted in increasing bargaining power by the consumers of our products, we might need to lower the prices we charge for the products we plan to offer. This could result in lower revenues or reduced margins, either of which may materially and adversely affect our business and operating results. Additionally, current and potential competitors may have more resources to spend on marketing; distribution and product development than we do; and this may materially affect our business and operations.

*The Company outsourcing certain operations and changes in third parties could adversely affect the Company's operations, profitability, and reputation in the market*

The Company outsources certain operations, including the manufacture, storage and packaging of its products, to third parties. Although bound by contractual obligations, the Company has no direct control over the operations of the parties whom it outsources to. Such third parties are subject to various operational, economic and legal risks affecting their operations, and changes in such third parties operations, profitability, and regulatory environment could adversely affect the quality of and/or the ability of such parties to deliver services or goods to the Company, which in turn could adversely affect the Company's operations, profitability, and reputation in the market.

*The Company outsourced the manufacturing of its products and unanticipated business disruptions from outsourcing agents could negatively affect the Company's financial condition and performance*

The Company outsources the manufacturing of its products. Major events, such as equipment failure, health pandemics and natural disasters, could lead to unanticipated business disruption of any or certain of the Company's manufacturers and suppliers. The failure to find alternative manufactures, suppliers or to replace lost production capacity in a timely manner could negatively affect the Company's financial condition and performance.

*The price of health related products in Canada and the U.S. markets could impact the Company's financial results*

The price of health related products in Canada, the United States, as well as in international markets, are based on market supply and demand forces and consumer perception. The prices are tied to numerous factors, such as the health of the economy and supply and demand levels and consumer tastes in the health industry. Price fluctuations may affect the Company's operating profit margin. The effect of such fluctuations on the Company's financial results will depend on its ability to implement mechanisms to reduce them.

*The Company is subject to currency risk exposures that could impact the Company's financial results*

The Company may have financial risk exposure to varying degrees relating to the currency of each of the countries where it sells its products. 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.

*The Company is subject to consumer's overall ability and willingness to purchase health and wellness products, where a change could negatively impact the Company's financial results*

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 sales and profitability. Also, demand for the Company's products is subject to changes in consumer trends. These changes may affect earnings. The impact of these changes will depend on the Company's ability to innovate and develop new products. The Company's products may not appeal to all consumers. The Company's products may be more appealing to more affluent and/or health conscious consumers looking for alternatives to existing products competitive to the Company's product offering. As a result, changes in consumer trends and taste preferences on their own and in conjunction with changing product offerings by other suppliers may affect demand for the Company's products.

*Legislative, regulatory, normative, and other political considerations may impact the granting or continued performance of permits and licenses affecting the Company's financial results*

The Company is subject to local, provincial, federal and international laws, regulations, rules and policies as well as to social, economic and political contexts prevailing in places where the Company conducts its activities. Consequently, the modification or change of any of these elements may have an unfavourable impact on the Company's results and operations and may require expenditures by the Company in order to adapt or comply to such modification or change. More specifically, the production and distribution of health products are subject to federal, provincial and local laws, rules, regulations, and policies, and to international trade agreements, all of which provide a framework for the Company's operations. The impact of new laws and regulations, stricter enforcement or interpretations or changes to enacted laws and regulations will depend on the Company's ability to adapt to, comply with and mitigate such changes. The Company is currently in compliance with all material laws and regulations and maintains all material permits and licenses in connection with its operations.

*Regulatory changes related to health and wellness products could affect the Company's financial results*

If a law or regulation were amended, the resulting impact would depend on the Company's ability to adapt, comply and assume the related costs. Changes to the legal and regulatory environment could have an impact on our operating costs and financial results. Such regulatory amendments might include changes to food and drug laws, labelling laws, accounting standards, tax laws, competition laws and environmental laws, including laws with respect to water rights and water treatment regulations and laws affecting the treatment of animals. Such changes can have an impact on our financial results or increase our costs and liabilities. The Company believes however that such changes would affect all health products and would not disproportionately harm the Company relative to the health product industry.

*We rely on the Internet and Computer infrastructure and if there are interruptions, delays or stoppages in service it could cause a material adverse effect on the Company's financial condition.*

The Company relies on the Internet and computer technology to market and sell its products and services through its website, in addition to any sale efforts that the Company or any of its distributions may undertake that would not use the Internet. Additionally, the Company's suppliers and distributors may also rely on the Internet and computer technology for their business operations. The Company's reliance on Internet and computer technology implies that there can be no assurances that a system failure would not adversely affect the performance of the Company. The Company presently has limited redundancy systems, relies on third party back up facilities and only a limited disaster recovery plan. Despite the implementation of network security measures, its servers may be vulnerable to computer viruses, physical or electronic break-ins and similar disruptive problems which could lead to interruptions, delays or stoppages in service to users of the Company's website which could cause a material adverse effect on the Company's business, operations and financial condition.

*The Company relies on certain web-based security and privacy measures, and failure or inadequacy of any measures may result in the Company in revenue and / or increases in costs*

If the security measures the Company plans to use to protect the personal information of its website users, such as credit card numbers, are ineffective it could result in a reduction in revenues from decrease customer confidence, an increase in operating expenses, as well as possible liability and compliance costs.



Any breach in the Company's website security, whether intentional or unintentional, could cause users of our website to lose their confidence in our website and as a result stop using the website. This would result in reduced revenues and increased operating expenses, which would impair the Company from achieving profitability. Additionally, breaches of our users' personal information could expose the Company to possible liability as any involved user, or users may choose to sue the Company. Breaches resulting in disclosure of users' personal information may also result in regulatory fines for noncompliance with online privacy rules and regulations.

The Company plans to rely on encryption and authentication technology licensed from third parties whose area of expertise is to provide secure transmission of confidential information. The Company uses third party payment processing for purchases through our website and the Company has no control over such third party business and operations. We believe that as a result of advances in computer capabilities, new discoveries in the field of cryptography and other developments, a compromise or breach of our security precautions may occur. A compromise in the Company's proposed security for its computer systems could severely harm our business because a party who is able to circumvent our proposed security measures could misappropriate proprietary information, including customer credit card information, or cause interruptions in the operation of our website. The Company may be required to spend significant funds and other resources to protect against the threat of security breaches or to alleviate problems caused by these breaches. However, protection may not be available at a reasonable price, or at all. Concerns regarding the security of e-commerce and the privacy of users may also inhibit the growth of the Internet as a means of conducting commercial transactions in general. The Company's users may have these concerns as well and this may result in a reduction in revenues and increase in our operating expenses, which would prevent us from achieving profitability.

Website functionality failure could cause the Company to experience reduced revenue and/or increased costs. If the software on the Company's website contains undetected errors, the Company could lose the confidence of users, resulting in loss of customers and a reduction of revenue.

The Company's online systems, including but not limited to its websites, software applications and online sales for products, could contain undetected errors or "bugs" that could adversely affect their performance. The Company plans to regularly update and enhance all sales, websites and other online systems. The occurrence of errors in any of these may cause the Company to lose market share, damage our reputation and brand name, and reduce our revenues.

*Evolving regulation of the Internet may affect us adversely*

As Internet commerce continues to evolve, increasing regulation by federal, provincial, state or foreign agencies becomes more likely. For example, we believe increased regulation is likely in the area of data privacy, and laws and regulations applying to the solicitation, collection, processing or use of personal or consumer information could affect our ability to use and share data for marketing and sale purposes, and restricting our ability to store, process and share data with our customers and suppliers. In addition, taxation of services provided over the Internet or other charges imposed by government agencies or by private organizations for accessing the Internet may also be imposed in addition to any current taxes for the sale of our products. Any regulation imposing greater fees for Internet use or restricting information exchange over the Internet could result in a decline in the use of the Internet and the viability of Internet-based services, which could harm our business.

*The Company does not have any litigation insurance, and any litigation experienced might result in our incurring substantial costs and the diversion of resources*

While litigation insurance is available, the cost of such insurance and the difficulties associated with acquiring such insurance on commercially reasonable terms make it impractical for us to have such insurance. As a result, we do not have any litigation insurance coverage for our operations. Any litigation may result in the Company incurring substantial costs and the diversion of resources.

*Product liability may exceed the Company's insurance, if any, at the relevant time and may cause the Company to cease operations, divert funds, or seek additional financing*

The Company's operations are subject to certain dangers and risks of liability faced by all health product producers

and distributors, such as the potential contamination of ingredients or products by bacteria or other external agents that may be introduced into products or packaging. The occurrence of such a problem could result in a costly product recall and serious damage to the Company's reputation for product quality, and could result in claims against the Company, all of which may or may not be sufficiently covered by the Company's insurance, if any, at the relevant time.

### **Risks Relating to the Company's Cannabis Nursery Operations**

#### *Reliance on a single facility*

The Company's current activities and resources are principally in the Vernon Facility and are expected to continue to be focused on this Vernon Facility for the foreseeable future. Adverse changes or developments affecting this Vernon Facility could have a material and adverse effect on the Company's ability to produce its products under its licenses from Health Canada, its business, financial condition and prospects.

#### *The cannabis industry is subject to competition*

There is 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 production and marketing experience than the Company.

Because of the relatively early stage of the industry in which the Company operates, the Company expects to face additional competition from new entrants. If the number of users of marijuana in Canada increases, the demand for products will increase and the Company expects that competition will become more intense, as current and future competitors begin to offer an increasing number of diversified products and pricing strategies. To remain competitive, the Company will require a continued high level of investment in 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.

#### *The Company is subject to regulatory risks*

The Company will operate in a new industry which is highly regulated, highly competitive and evolving rapidly. As such, new risks may emerge, and management may not be able to predict all such risks or be able to predict how such risks may result in actual results differing from the results contained in any forward-looking statements. The Company's ability to grow, store and sell cannabis plants in Canada with respect to the Vernon Facility is dependent on its licenses from Health Canada and the need to maintain its licenses in good standing. Failure to: (i) comply with the requirements of any licenses; and (ii) maintain any required license would have a material adverse impact on the business, financial condition and operating results of the Company.

The Company will incur ongoing costs and obligations related to regulatory compliance. Failure to comply with regulations may result in additional costs for corrective measures, penalties or in restrictions of its operations. In addition, changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to the Company's operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of the Company.

The 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 Company's control and which cannot be predicted, such as changes to government regulations, including those relating to taxes and other government levies which may be imposed. Changes in government levies, including taxes, could reduce the Company's earnings and could make future capital investments or the Company's operations uneconomic. The industry is also subject to numerous legal challenges, which may significantly affect the financial condition of market participants and which cannot be reliably predicted.

*The Company is subject to licensing requirements*

The market for cannabis (both medical and recreational marijuana) in Canada is highly regulated. Health Canada is the primary regulator of the industry as a whole and cultivators, producers and packagers of cannabis products are also required to obtain a license from the Canada Revenue Agency.

The applicable cannabis laws aim to treat cannabis like any other narcotic by creating conditions for a new commercial industry that is responsible for its production and distribution.

Any applicant seeking to become a Licensed Producer is subject to stringent licensing requirements. See “*Description of the Business – Cannabis Nursery Operations*”.

The market for cannabis (including medical marijuana) in Canada is regulated by the *Cannabis Act* and other applicable cannabis laws. Health Canada is the primary regulator of the industry as a whole. The cannabis laws aim to treat cannabis like any other narcotic used for medical purposes by creating conditions for a new commercial industry that is responsible for its production and distribution.

The Company’s ability to grow and sell cannabis plants for medical or recreational purposes in Canada is dependent on obtaining the Nursery Cultivation License. The Nursery Cultivation License is subject to ongoing compliance, reporting requirements and renewal and there is no guarantee that Health Canada will renew the Nursery Cultivation License. Should the Company fail to obtain or comply with the requirements of the Nursery Cultivation License there would be a material adverse effect on the Company’s business, financial condition and results of operations.

Government licenses are currently, and in the future may be, required in connection with the Company’s operations, in addition to other unknown permits and approvals which may be required. To the extent such permits and approvals are required and not obtained, the Company may be prevented from operating and/or expanding its business, which could have a material adverse effect on the Company’s business, financial condition and results of operations.

Any applicant seeking to become a Licensed Producer is subject to stringent Health Canada licensing requirements.

*The Company is subject to environmental regulations and risks*

The Company’s operations are subject to environmental regulation. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company’s operations.

Government approvals and permits are currently, and may in the future, be required in connection with the Company’s operations. To the extent such approvals are required and not obtained, The Company may be curtailed or prohibited from the proposed production of cannabis or from proceeding with the development of their operations as currently proposed.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. The Company may be required to compensate those suffering loss or damage by reason of its operations and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

*There may be changes in laws, regulations and guidelines that may impact the Company*

The Company’s operations are subject to a variety of laws, regulations and guidelines relating to the cultivation, packaging, advertising, sale, transportation, storage and disposal of cannabis but also including laws and regulations relating to drugs, controlled substances, health and safety, privacy, the conduct of operations and the protection of the

environment. To the knowledge of management, Company is currently in compliance with all such laws. That said, any changes to such laws, regulations and guidelines are matters beyond the control of the Company that may cause adverse effects to Company's operations and financial conditions.

The risks to the business of the Company represented by this or similar actions are that they might lead to court rulings or legislative changes that allow those with existing licenses to possess and/or grow medical cannabis, perhaps allow others to opt out of the regulated supply system implemented through the cannabis laws by growing their own cannabis, or potentially even legitimize illegal areas surrounding the sale of cannabis. This could significantly reduce the addressable market for the Company's products and could materially and adversely affect the business, financial condition and results of operations for the Company.

The Ministerial Order regarding the cannabis tracking system was published in the Canada Gazette, Part II, on September 5, 2018. It came into force on October 17, 2018. All those with a federal license to cultivate and process cannabis, and provinces and territories, are required to submit monthly tracking reports to the Minister of Health. While the impact of this regime is uncertain and highly dependent on which specific laws, regulations or guidelines are changed and on the outcome of court decisions, it is not expected that any such changes would have an effect on The Company's operations that is materially different than the effect on similar-sized companies in the same business as the Company.

In addition, the 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 Company's control and which cannot be predicted, such as changes to government regulations, including those relating to taxes and other government levies which may be imposed. Changes in government levies, including taxes, could reduce the Company's earnings and could make future capital investments or the Company's operations uneconomic.

*There are restrictions on sales activities that the Company may undertake*

The industry is in a relatively early development stage and restrictions on sales and marketing activities imposed by Health Canada, the Canada Revenue Agency provincial governments, various medical associations, other governmental or quasi-governmental bodies or voluntary industry associations may adversely affect Company's ability to conduct sales and marketing activities and could have a material adverse effect on Company's respective businesses, operating results and financial conditions.

*The Company may face intense competition*

There is potential that the Company will face intense competition from other companies, some of which can be expected to have more financial resources, industry, manufacturing and marketing experience than the Company. Additionally, there is potential that the industry will undergo consolidation, creating larger companies that may have increased geographic scope and other economies of scale. Increased competition by larger, better-financed competitors with geographic or other structural advantages could materially and adversely affect the business, financial condition and results of operations of the Company.

At the date hereof, the government of Canada has issued over 500 cultivation licenses under the applicable cannabis laws. The number of cultivation licenses granted could have an impact on the operations of the Company. Because of the early stage of the industry in which the Company operates, the Company expects to face additional competition from new entrants. If the number of users of cannabis in Canada increases, the demand for products will increase and the Company expects that competition will become more intense, as current and future competitors begin to offer an increasing number of diversified products.

The Company will be in direct competition with other producers to become a provider of cannabis in Western Canada or other state-controlled corporations in other Canadian provinces.

**Risks Relating to Clinical Operations and the Mushroom Derived Neuro-Medicine Industry**

The mushroom derived neuro-medicine industry and market are relatively new and this industry and market may not

continue to exist or grow as anticipated

The Company operates its business in a relatively new industry and market. In addition to being subject to general business risks, the Company must continue to build brand awareness in this industry and market through significant investments in its strategy, its operational capacity, quality assurance and compliance with regulations. In addition, there is no assurance that the industry and market will continue to exist and grow as currently estimated or anticipated or function and evolve in the manner consistent with management's expectations and assumptions. Any event or circumstance that adversely affects the mushroom derived neuro-medicine industry and market could have a material adverse effect on the Company's business, financial conditions and results of operations.

The mushroom derived neuro-medicine market will face specific marketing challenges which may result in current and future public perception that the products have negative health and lifestyle effects and have the potential to cause physical and social harm. Any marketing efforts by the Company would need to overcome this perception to build consumer confidence, brand recognition and goodwill.

#### *Unfavourable publicity or consumer perception*

The Company believes the mushroom derived neuro-medicine industry is highly dependent upon consumer perception regarding the safety, efficacy and quality of the Company's products. Consumer perception of the Company's products can be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding psychedelic-derived products in general. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favourable to the Company's products or any particular solution, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favourable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for the Company's products and the business, results of operations, financial condition and cash flows of the Company. The Company's dependence upon consumer perceptions means that adverse scientific research reports, findings, regulatory proceedings, litigation, media attention or other publicity, whether or not accurate or with merit, could have a material adverse effect on the Company, the demand for the Company's products, and the business, results of operations, financial condition and cash flows of the Company. Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of the Company's products in general, or the Company's products specifically, could have such a material adverse effect. Such adverse publicity reports or other media attention could arise even if the adverse effects associated with such products resulted from consumers' failure to consume such products legally, appropriately or as directed.

#### *The mushroom derived neuro-medicine industry is difficult to quantify and investors will be reliant on their own estimates of the accuracy of market data*

Because the mushroom derived neuro-medicine industry is in a nascent stage with uncertain boundaries, there is a lack of information about comparable companies available for potential investors to review in deciding about whether to invest in the Company and, few, if any, established companies whose business model the Company can follow or upon whose success the Company can build. Accordingly, investors will have to rely on their own estimates in deciding about whether to invest in the Company. There can be no assurance that the Company's estimates are accurate or that the market size is sufficiently large for its business to grow as projected, which may negatively impact its financial results.

#### *The mushroom derived neuro-medicine industry is experiencing rapid growth and increased competition*

The mushroom derived neuro-medicine industry is undergoing rapid growth and substantial change, which has resulted in an increase in competitors, consolidation and formation of strategic relationships. Acquisitions or other consolidating transactions could harm the Company in a number of ways, including by losing strategic partners if they are acquired by or enter into relationships with a competitor, losing customers, revenue and market share, or forcing the Company to expend greater resources to meet new or additional competitive threats, all of which could harm the Company's operating results.

The Company has competitors in Canada, the United States, Europe and other jurisdictions. Many of its competitors have greater financial and other resources, such as larger research and development staff and more experienced marketing and manufacturing organizations than it does. Large established companies, in particular, have extensive experience in, and substantial capital resources for, conducting research, obtaining regulatory approvals, obtaining intellectual property protection and establishing key relationships. These companies also have significantly greater sales and marketing capabilities and experience in completing collaborative transactions in the Company's target markets with leading companies and research institutions. The Company's competitors may introduce new products or develop technological advances that compete with the Company. The Company cannot predict the timing or impact of competitors introducing new products or technological advances. Such competing products and/or services may be safer, more effective, more effectively marketed, licensed or sold or have lower prices or superior performance features than the Company's products, and this could negatively impact the Company's business and results of operations. As a result of all of these factors, its competitors may succeed in discovering, developing and commercializing products before it does or may develop products that are deemed to be more effective or gain greater market acceptance than those of the Company.

Smaller or early-stage companies may also prove to be significant competitors, particularly through collaborative transactions with large, established companies. The Company's competitors may succeed in developing, acquiring or licensing on an exclusive basis, technologies and products that are more effective or less costly than any of the products that the Company is currently developing or that it may develop, which could render its products obsolete or non-competitive. If our competitors' products are more effective, safer or less expensive to purchase or they reach the market sooner than our products, we may not achieve commercial success. In addition, because of our limited resources, it may be difficult for the Company to stay abreast of the rapid changes in each technology. If the Company fails to stay at the forefront of technological change, it may be unable to compete effectively. Technological advances or products developed by our competitors may render our technologies or products obsolete, less competitive or not economical.

#### *Regulation of healthcare services generally*

Healthcare service providers in the United States and Canada are subject to various governmental regulation and licensing requirements and, as a result, government regulations and funding are critical to the Company's business. Any change in governmental regulation, delisting of services, and licensing requirements relating to healthcare services, or their interpretation and application, could adversely affect the business, financial condition and results of operations of the Company. In addition, the Company could incur significant costs in the course of complying with any changes in the regulatory regime. Non-compliance with any existing or proposed laws or regulations could result in audits, civil or regulatory proceedings, fines, penalties, injunctions, recalls or seizures, any of which could adversely affect the reputation, operations or financial performance of the Company.

#### *Changes in legislation, regulations and guidelines*

The Company's operations are subject to various laws, regulations and guidelines relating to, among other things, product development, marketing practices, health and safety, and the conduct of operations. While to the knowledge of management, the Company is currently in compliance with all such laws, changes to applicable laws, regulations and guidelines may cause adverse effects to its operations. The risks to the business of the Company represented by this or similar risks are that they could significantly reduce the addressable market for the Company's products and could materially and adversely affect the business, financial condition and results of its operations.

The potential reclassification of psilocybin and other psychedelic drugs in the United States could create additional regulatory burdens on the Company's operations and negatively affect the Company's results of operations

If psilocybin and/or other psychedelic drugs are rescheduled under the CDSA as a Schedule II or lower controlled substance (i.e., Schedule III, IV or V), it may materially alter enforcement policies across many federal agencies, primarily the FDA and DEA. The FDA is responsible for ensuring public health and safety through regulation of food, drugs, supplements, and cosmetics, among other products, through its enforcement authority pursuant to the Federal *Food, Drug, and Cosmetic Act*. The FDA's responsibilities include regulating the ingredients as well as the marketing and labeling of drugs sold in interstate commerce. Since it is currently illegal under federal law to produce and sell psilocybin and psychedelic drugs other than ketamine and as there are no federally recognized medical uses, the FDA

has historically deferred enforcement related to these products to the DEA. If psilocybin and/or other psychedelic drugs were to be rescheduled to a federally controlled, yet legal, substance, the FDA would likely play a more active regulatory role. The DEA would continue to be active in regulating manufacturing, distribution and dispensing of such substances. Multi-agency regulation and enforcement could materially effect the Company's costs associated with research and/or therapeutic uses of these substances in its business.

#### *Regulatory risks related to the Company's Products*

Successful execution of the Company's strategy is contingent, in part, upon compliance with regulatory requirements enacted by governmental authorities and obtaining all regulatory approvals for the development and licensing of our products. The Company cannot predict the impact of the ever-evolving compliance regime in the industry. Delays in obtaining, or failure to obtain regulatory approvals may significantly delay or impact the development of markets, its business and products, and licensing initiatives and could have a material adverse effect on the business, financial condition and operating results of the Company.

The Company will incur ongoing costs and obligations related to regulatory compliance. Failure to comply with regulations may result in additional costs for corrective measures, penalties or result in restrictions on the Company's operations. In addition, changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to the Company's operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the business, financial condition and operating results of the Company.

#### *Privacy and data regulation*

The Company may be subject to federal, state and provincial data protection laws and regulations in the jurisdictions in which its operate, such as laws and regulations that address privacy and data security. The Company may obtain health information from third parties, which are subject to privacy and security requirements under applicable laws. Depending on the facts and circumstances, the Company could be subject to significant civil, criminal, and administrative penalties if it obtains, uses, or discloses individually identifiable health information maintained by entities covered by applicable health and data protection laws in a manner that is not authorized or permitted by such laws.

Compliance with privacy and data protection laws and regulations could require the Company to contractually restrict its ability to collect, use and disclose data, or in some cases, impact its ability to operate in certain jurisdictions. Failure to comply with these laws and regulations could result in civil, criminal and administrative penalties, private litigation, or adverse publicity and could negatively affect the Company's operating results and business. Moreover, clinical trial subjects, employees and other individuals may limit our ability to collect, use and disclose information collected. Claims that the Company has violated privacy rights, failed to comply with data protection laws, or otherwise breached obligations, could be expensive and time-consuming to defend and could result in adverse publicity that could harm the Company's business.

#### *The Company heavily relies on the capabilities and experience of its key executives and scientists and the loss of any of them could have a material adverse impact on the Company*

The loss of the Company's executive officers or other key consultants could harm the Company. The Company also depends on its scientific and clinical collaborators and advisors, all of whom have outside commitments that may limit their availability to the Company. In addition, the Company believes that its future success will depend in large part upon its ability to attract and retain highly skilled scientific, managerial, medical, manufacturing, clinical and regulatory personnel, particularly as the Company expands its operations. The Company enters into agreements with its scientific and clinical collaborators and advisors, key opinion leaders and academic partners in the ordinary course of its business. The Company also expects to enters into agreements with physicians in the ordinary course of its business. Notwithstanding these arrangements, the Company faces significant competition for these types of personnel from other companies, research and academic institutions, government entities and other organizations. The Company cannot predict its success in hiring or retaining the personnel it requires for continued growth. The loss of the services of any of the Company's executive officers or other key personnel could potentially harm its business, operating results or financial condition.

## PROMOTERS

Each of Shane Gordon, former director and officer of the Company, and Daniel Vice, Chief Executive Officer of the Company, is or has been within the two years immediately preceding the date hereof, a promoter of the Company as he took the initiative in organizing certain aspects of the business of the Company when the Company was initially formed. See “*Directors and Executive Officer – Cease Trade Orders, Bankruptcies, Penalties or Sanctions*” for a description of enforcement action taken by the SEC against Mr. Gordon.

On March 1, 2021, and October 18, 2021, Mr. Gordon irrevocably deposited all of the common shares and share purchase warrants of the Company he owned, as well as the 50% ownership interest he holds in the company which owns the property leased by the Company for the Vernon Facility (collectively, the “**Gordon Securities**”), into two irrevocable blind trusts (the “**Blind Trusts**”). Pursuant to the terms of the Blind Trusts, Mr. Gordon has: (a) relinquished the entire authority and responsibility for control, management and investment of the Gordon Securities to the trustees and agreed to be completely excluded from any direction, management or control of the Gordon Securities; (b) agreed that the trustees shall not, in any way, seek, directly or indirectly, any advice, direction or instruction regarding the Gordon Securities from or on behalf of Mr. Gordon; (c) agreed to receive limited information relating to the property held in the trusts, namely, periodic statements as to the increase or decrease in the net worth of the Blind Trusts, without disclosing the constituent investments or, expressly or by inference, the nature of any transaction regarding the Gordon Securities that the trustee has completed or is contemplating; (d) agreed that so long as the trust agreements are in effect, he may not require the trustee to reassign, retransfer or redeliver the Gordon Securities to him. Pursuant to the terms of the Blind Trusts, Mr. Gordon is entitled to receive the annual income generated by the Blind Trusts and may request any part of the capital or income, however, such payment is subject to the discretion of the trustees. The trustees are entitled to receive and deduct reasonable compensation for their services and reimbursement for expenses from the property held in the trusts. The agreements governing the Blind Trusts will remain in force until the Gordon Securities have been liquidated and/or fully replaced by other property or assets.

Accordingly, Mr. Gordon beneficially owns, but has no control or direction over, an aggregate of 6,655,025 Common Shares representing 16.2% of the issued and outstanding Common Shares as of the date hereof after giving effect to conversion of the Subscription Receipts (on a non-diluted basis) and Warrants to acquire 3,000,000 Common Shares at a price of \$0.16 per share for a period of two years. The Warrants owned by Mr. Gordon contain an equity blocker such that they cannot be exercised if upon exercise he will beneficially own more than 19.9% of the outstanding Common Shares. The Gordon Securities will be subject to an escrow agreement under NP 46-201 and released over a 36 month period. See “*Escrowed Securities*”.

Mr. Vice beneficially owns or has control and direction over an aggregate of 815,000 Common Shares representing 2.0% of the issued and outstanding Common Shares as of the date hereof (on a non-diluted basis) and Options to acquire 350,000 Common Shares. The Common Shares held by Mr. Vice will be subject to an escrow agreement under NP 46-201 and released over a 36 month period. See “*Escrowed Securities*”.

## LEGAL PROCEEDINGS AND REGULATORY ACTIONS

To the Company’s knowledge, there are no legal proceedings or regulatory actions material to the Company to which it is a party, or has been a party to, or of which any of its property is the subject matter of, or was the subject matter of, and no such proceedings or actions are known by the Company to be contemplated.

There have been no penalties or sanctions imposed against the Company by a court or regulatory authority, and the Company has not entered into any settlement agreements before any court relating to provincial or territorial securities legislation or with any securities regulatory authority, since its incorporation.

## INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except as disclosed herein, no director, executive officer or Shareholder that beneficially owns, or controls or directs, directly or indirectly, more than 10% of the issued Common Shares, or any of their respective associates or affiliates, has any material interest, direct or indirect, in any transaction within the three years before the date of this Prospectus



which has materially affected or is reasonably expected to materially affect the Company or any subsidiary of the Company.

Shane Gordon, a former shareholder, director and officer of the Company had an interest in the following material transactions in the three-year period prior to the date of this prospectus.

- On July 15, 2020, the Company entered into an agreement with Doseology Sub, a company controlled by Shane Gordon, a shareholder, director and officer, at that time, of the Company, whereby the Company agreed to purchase all of the outstanding common shares of Doseology Sub on a basis of one-half of a common share of the Company for each outstanding share of Doseology Sub. On September 15, 2020, the Company issued 8,196,341 common shares pursuant to the acquisition of approximately 92% of Doseology Sub. This transaction was considered a related party transaction as Shane Gordon, was a majority shareholder, the sole director and officer of Doseology Sub at the date of acquisition and was also a shareholder, officer and director of the Company.

#### **AUDITORS, TRANSFER AGENT AND REGISTRAR**

The Company's auditors are Dale Matheson Carr-Hilton LaBonte, Chartered Professional Accountants, 1500 -1140 W Pender St, Vancouver, B.C. V6E 4G1.

The registrar and transfer agent for the Common Shares is Endeavor Trust Corporation at its principal office at 702 – 777 Hornby Street, Vancouver, British Columbia V6Z 1S4.

#### **MATERIAL CONTRACTS**

Except for material contracts entered into in the ordinary course of business, set out below are material contracts to which the Company or any of its subsidiaries are a party entered into prior to or since the date of incorporation of the Company and which still remain in effect and material to the Company. Copies of such material contracts will be filed with the Canadian securities regulatory authorities and will be available for review under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

1. Pre-Acquisition Offer Letter dated July 15, 2020, and Offer to Purchase as mailed to the holders of Doseology Labs.
2. Lease between Doseology and Sungrown Organics Inc. dated July 1, 2020, for 6924 Old Kamloops Road, Vernon, BC, V1W 1W1, Canada.
3. Option to Purchase between Doseology and Sungrown Organics Inc. dated April 1, 2021, relating to the Lease.
4. Transfer Agent and Registrar Agreement with Endeavor Trust Corporation dated April 22, 2021.
5. Escrow Agreement dated October 29, 2021, among the directors and officers of the Company and Endeavor Trust Corporation. See "*Escrowed Securities and Securities Subject to Contractual Restriction on Transfer.*"
6. Nursery Cultivation License No. LIC-AMZMJLVLTS-2021 issued to Dose Labs Inc. by Health Canada May 14, 2021.

#### **EXPERTS**

Dale Matheson Carr-Hilton LaBonte, Chartered Professional Accountants, the auditor of the annual financial statements of the Company included in this Prospectus, has advised the Company that it is independent of the Company in accordance with the Chartered Professional Accountants of the British Columbia Code of Professional Conduct. Certain legal matters in respect of this Prospectus have been passed upon on behalf of the Company by Tingle Merrett LLP. To the best of the Company's knowledge, after reasonable inquiry, as of the date hereof, Dale Matheson Carr-Hilton LaBonte, Chartered Professional Accountants owns, directly or indirectly, no securities of the Company. Partners and associates of Tingle Merrett LLP, in the aggregate, beneficially own less than 5% of the outstanding securities of the Company.

## **RIGHTS OF WITHDRAWAL AND RESCISSION**

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal advisor.

However, in light of the fact that this Prospectus is being filed to allow the Company to become a reporting issuer in British Columbia and Alberta, and not in connection with an offering of securities, the Company believes that the remedies described in the foregoing paragraph are not applicable to the transactions described in this Prospectus.

## **OTHER MATERIAL FACTS**

To management's knowledge, there are no other material facts relating to the Transaction that are not otherwise disclosed in this Prospectus or are necessary for the Prospectus to contain full, true and plain disclosure of all material facts relating to the Company.

## **SCHEDULE “A” – FINANCIAL STATEMENTS**

1. Audited Consolidated Financial Statements of Doseology Sciences Inc. as at and for the Period from Incorporation July 25, 2019, to June 30, 2020;
2. Audited Consolidated Financial Statements of Doseology Sciences Inc. for the year ended June 30, 2021.
3. Audited Financial Statements of Does Labs Inc. for the 11-month period ended September 15, 2020, including unaudited Financial Statements for the year ended October 31, 2019.

# **Doseology Sciences Inc.**

Financial Statements

For the period from incorporation on July 25, 2019 to June 30, 2020  
(Expressed in Canadian dollars)



DALE MATHESON CARR-HILTON LABONTE LLP  
CHARTERED PROFESSIONAL ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Doseology Sciences Inc.

### Opinion

We have audited the financial statements of Doseology Sciences Inc. (the "Company"), which comprise the statement of financial position as at June 30, 2020, and the statement of loss and comprehensive loss, changes in shareholders' equity and cash flows for the period from incorporation on July 25, 2019 to June 30, 2020, and notes to the financial statements, including a summary of significant accounting policies (collectively, the "financial statements")

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2020, and its financial performance and its cash flows for the period from incorporation on July 25, 2019 to June 30, 2020 in accordance with International Financial Reporting Standards.

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements, which describes events or conditions that indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*DMCL*

**DALE MATHESON CARR-HILTON LABONTE LLP**  
**CHARTERED PROFESSIONAL ACCOUNTANTS**  
Vancouver, BC

March 8, 2021



An independent firm  
associated with Moore  
Global Network Limited

# Doseology Sciences Inc.

## Statement of Financial Position

(Expressed in Canadian dollars)

As at  
June 30, 2020  
\$

### Assets

#### Current assets

Cash	340,896
Other receivables (note 7)	810,000
Prepaid expenses and deposits (note 3)	8,162

**Total assets** **1,159,058**

### Liabilities

#### Current liabilities

Accounts payable and accrued liabilities (notes 4, 6) 88,090

Total liabilities 88,090

### Shareholders' Equity

Share capital (note 7) 1,502,600  
Deficit (431,632)

Total shareholders' equity 1,070,968

**Total liabilities and shareholders' equity** **1,159,058**

**Nature of operations and going concern** (note 1)

**Subsequent events** (note 7, 11)

APPROVED BY THE BOARD OF DIRECTORS:

"Shane Gordon"

Director

"Max Krangle"

Director

The accompanying notes are an integral part of these financial statements.

# Doseology Sciences Inc.

## Statement of Loss and Comprehensive Loss

For the period from incorporation on July 25, 2019 to June 30, 2020

(Expressed in Canadian dollars)

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	<b>For the period from incorporation on July 25, 2019 to June 30, 2020 \$</b>
<b>Expenses</b>	
Consulting fees (note 6)	311,819
Leasehold improvement (note 5)	62,210
Marketing	9,056
Office	23,498
Professional fees	25,049
	<hr/> 431,632
<b>Loss and comprehensive loss</b>	<b>(431,632)</b>
<b>Loss per share - basic and diluted</b>	<b>(0.51)</b>
<b>Weighted average number of shares outstanding – basic and diluted</b>	<b>850,441</b>

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The accompanying notes are an integral part of these financial statements.



## Doseology Sciences Inc.

### Statement of Changes in Shareholders' Equity

For the period from incorporation on July 25, 2019 to June 30, 2020

(Expressed in Canadian dollars)

	Number of shares	Share capital \$	Deficit \$	Total shareholders' equity \$
<b>Balance – July 25, 2019</b>	-	-	-	-
Share issued upon incorporation	1	-	-	-
Shares issued for cash (note 7)	31,600,000	1,280,000	-	1,280,000
Shares issued for debt settlements (note 7)	5,400,000	270,000	-	270,000
Share issuance costs (note 7)	-	(47,400)	-	(24,100)
Loss for the period	-	-	(431,632)	(431,632)
<b>Balance – June 30, 2020</b>	<b>37,000,001</b>	<b>1,502,600</b>	<b>(431,632)</b>	<b>1,070,968</b>

The accompanying notes are an integral part of these financial statements.

# Doseology Sciences Inc.

## Statement of Cash Flows

For the period from incorporation on July 25, 2019 to June 30, 2020

(Expressed in Canadian dollars)

	For the period from incorporation on July 25, 2019 to June 30, 2020 \$
<b>Cash flows used in operating activities</b>	
Loss for the period	(431,632)
Changes in non-cash working capital items:	
Prepaid expenses	(8,162)
Accounts payable and accrued liabilities	310,690
	(129,104)
<b>Cash flows provided from financing activities</b>	
Proceeds from shares issued for cash	470,000
	470,000
<b>Increase in Cash</b>	340,896
<b>Cash - Beginning</b>	-
<b>Cash - Ending</b>	340,896
<b>Non-cash transactions:</b>	
Shares issued to settle accounts payable (note 4, 6, 7)	270,000
Share issuance costs included in accounts payable (note 7)	(47,400)

The accompanying notes are an integral part of these financial statements.

# Doseology Sciences Inc.

## Notes to the Financial Statements

For the period from incorporation on July 25, 2019 to June 30, 2020

(Expressed in Canadian dollars)

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### 1 Nature of operations and going concern

Doseology Sciences Inc. (the "Company"), formerly known as Pcybin Therapeutic Inc., was incorporated on July 25, 2019 under the Business Corporations Act (British Columbia). The Company's name was changed to Doseology Sciences Inc. on January 28, 2020. The registered and records office of the Company is located at #800 – 885 West Georgia Street, Vancouver, BC V6C 3H1. The Company's primary business is developing and providing fungus-derived medicine and products formulated and produced to improve mental health and wellbeing.

These financial statements have been prepared on the going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. For the period from incorporation on July 25, 2019 to June 30, 2020, the Company has incurred a loss of \$431,632, has negative cash flows of \$129,104 from operation and has limited resources available. There are no assurances that sufficient funding will be available to continue operations for an extended period of time. The Company's continuation as a going concern is dependent on its ability to generate future cash flows and/or obtain additional financing. These events and conditions indicate the existence of a material uncertainty that may cast significant doubt regarding the Company's ability to continue as a going concern. Management intends to finance operating costs over the next twelve months with capital market equity financings. There is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. If the Company is unable to continue as a going concern, the net realizable value of its assets may be materially less than the amounts on its statement of financial position.

These financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities in the normal course of business. These financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying financial statements. These adjustments could be material.

#### *COVID-19*

The recent outbreak of the coronavirus, also known as "COVID-19", has spread across the globe and is impacting worldwide economic activity. Conditions surrounding the coronavirus continue to rapidly evolve and government authorities have implemented emergency measures to mitigate the spread of the virus. The outbreak and the related mitigation measures may have an adverse impact on global economic conditions as well as on the Company's business activities. The extent to which COVID-19 may impact the Company's business activities will depend on future developments, such as the ultimate geographic spread of the disease, the duration of the outbreak, travel restrictions, business disruptions, and the effectiveness of actions taken in Canada and other countries to contain and treat the disease. These events are highly uncertain and as such, the Company cannot determine their financial impact at this time.

# **Doseology Sciences Inc.**

## **Notes to the Financial Statements**

For the period from incorporation on July 25, 2019 to June 30, 2020

(Expressed in Canadian dollars)

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## **2 Significant accounting policies**

### **Statement of compliance**

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and with interpretations of the International Financial Reporting Issues Committee (“IFRIC”) for the period presented.

### **Basis of presentation**

These financial statements were approved by the Board of Directors of the Company for issue on March 8, 2021.

These financial statements have been prepared on a going concern basis, under the historical cost convention, except for certain financial instruments which may be measured at fair value. In addition, the financial statements are prepared on an accrual basis, except for cash flow information. The financial statements are presented in Canadian dollars, which is also the Company’s functional currency.

### **Use of estimates and judgments**

The preparation of the financial statements in conformity with IFRS requires the Company’s management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Information about critical judgments 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 as follows:

#### *Going concern*

The Company’s ability to execute its strategy by funding future working capital requirements requires judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, such as expectations of future events that are believed to be reasonable under the circumstances. The factors considered by management are disclosed in Note 1.

#### *Other receivables*

The Company’s assessment of collectability of its receivables requires judgment. In assessing whether an allowance is necessary, the Company uses historical trends to determine the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management’s judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

# **Doseology Sciences Inc.**

## **Notes to the Financial Statements**

For the period from incorporation on July 25, 2019 to June 30, 2020

(Expressed in Canadian dollars)

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### **2 Significant accounting policies (continued)**

#### **Use of estimates and judgments (continued)**

##### *Income taxes*

Provisions for income taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these income tax provisions at the end of each reporting period. However, it is possible that at some future date an additional liability could result from audits by tax authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made. Deferred tax assets are recognized when it is determined that the Company is likely to recognize their recovery from the generation of taxable income.

#### **Financial instruments**

##### *Recognition, classification and measurement*

Financial assets are classified and measured based on the business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. IFRS 9 *Financial Instruments* contains three primary measurement categories for financial instruments: amortized cost, fair value through other comprehensive income (“FVTOCI”), and fair value through profit and loss (“FVTPL”). Financial assets are recognized in the statements of financial position if the Company has a contractual right to receive cash or other financial assets from another entity. Financial assets are derecognized when the rights to receive cash flows from the asset have expired or were transferred and the Company has transferred substantially all risks and rewards of ownership.

All financial liabilities are recognized initially at fair value on the trade date at which the Company becomes a party to the contractual provisions of the instruments. The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

Financial instruments are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

The Company has classified its other receivables as financial assets and accounts payable and accrued liabilities as financial liabilities measured at amortized cost. Such assets and liabilities are recognized initially at fair value inclusive of any directly attributable transaction costs and subsequently carried at amortized cost using the effective interest method, less any impairment losses. The effective interest method recognizes interest revenue or interest expense in profit and loss over the relevant period.

# Doseology Sciences Inc.

## Notes to the Financial Statements

For the period from incorporation on July 25, 2019 to June 30, 2020

(Expressed in Canadian dollars)

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## 2 Significant accounting policies (continued)

### Financial instruments (continued)

#### *Recognition, classification and measurement (continued)*

Financial instruments carried at FVTPL are recognized at their fair value at acquisition with any directly attributable transaction costs expensed as they are incurred. Subsequent measurement requires adjustment to fair value at the date of the statement of financial position, with any remeasurement gains or losses recognized in profit and loss as they arise. Instruments classified as FVTPL during the period from incorporation from July 25, 2019 to June 30, 2020 include cash.

Financial instruments carried at FVTOCI are recognized at their fair value at acquisition inclusive of any directly attributable transactions costs. Subsequent measurement requires adjustment to fair value at the date of the statement of financial position, with any remeasurement gains or losses recognized in other comprehensive income. The Company has no instruments classified as FVTOCI during the period from incorporation on July 25, 2019 to ended June 30, 2020.

Financial assets and financial liabilities are offset and the net amount presented in the statements of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

#### *Basis of 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 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The carrying value of the Company's financial instruments approximate their fair values due to their short-term maturities.

The following table sets forth the Company's financial instruments measured at fair value on a recurring basis by level within the fair value hierarchy as at June 30, 2020:

June 30, 2020	Level 1	Level 2	Level 3
Cash	\$ 340,896	\$ -	\$ -

# **Doseology Sciences Inc.**

## **Notes to the Financial Statements**

For the period from incorporation on July 25, 2019 to June 30, 2020

(Expressed in Canadian dollars)

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## **2 Significant accounting policies (continued)**

### **Financial instruments (continued)**

#### *Impairment of financial assets*

The Company recognizes expected credit losses on financial assets measured at amortized cost. Loss allowances for accounts receivables are measured at an amount equal to lifetime expected credit losses if the amount is not considered fully recoverable. A financial asset carried at amortized cost is considered credit-impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. Individually significant financial assets are tested for credit-impairment on an individual basis. The remaining financial assets are assessed collectively.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. In assessing collective impairment, the Company uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

Losses are recognized in the statements of loss and comprehensive loss and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

#### *Derecognition*

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the consolidated statements of loss and comprehensive loss.

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the statements of loss and comprehensive loss.

# **Doseology Sciences Inc.**

## **Notes to the Financial Statements**

For the period from incorporation on July 25, 2019 to June 30, 2020

(Expressed in Canadian dollars)

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### **2 Significant accounting policies (continued)**

#### **Leases**

At inception of a contract, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control an identified asset for a period of time in exchange for consideration.

Leases of right-of-use assets are recognized at the lease commencement date at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, and otherwise at the Company's incremental borrowing rate. At the commencement date, a right-of-use asset is measured at cost, which is comprised of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any decommissioning and restoration costs, less any lease incentives received.

Each lease payment is allocated between repayment of the lease principal and interest. Interest on the lease liability in each period during the lease term is allocated to produce a constant periodic rate of interest on the remaining balance of the lease liability. Except where the costs are included in the carrying amount of another asset, the Company recognizes in profit or loss (a) the interest on a lease liability and (b) variable lease payments not included in the measurement of a lease liability in the period in which the event or condition that triggers those payments occurs. The Company subsequently measures a right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses; and adjusted for any remeasurement of the lease liability. Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term, except where the lease contains a bargain purchase option a right-of-use asset is depreciated over the asset's useful life.

For the period from incorporation on July 25, 2019 to June 30, 2020, the Company has applied the short-term lease exemption for its lease which had no fixed term (note 5).

#### **Share capital**

The Company records proceeds from the issuance of its common shares as equity. The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the most easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component.

The fair value of the common shares issued in the private placement was determined to be the more easily measurable component and were valued at their fair value, as determined by the closing quoted price on the issuance date. The remaining proceeds, if any, are allocated to the attached warrants. Any fair value attributed to the warrants is recorded as warrant reserve. Management does not expect to record a value to the warrant in most equity issuances as unit private placements are commonly priced at market or at a permitted discount to market.

Incremental costs directly attributable to the issue of new common shares are shown in equity as a deduction, net of tax, from the proceeds. Common shares issued for consideration other than cash are valued based on their market value at the date that shares are issued.



# **Doseology Sciences Inc.**

## **Notes to the Financial Statements**

For the period from incorporation on July 25, 2019 to June 30, 2020

(Expressed in Canadian dollars)

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### **2 Significant accounting policies (continued)**

#### **Share-based payments**

The Company may receive or acquire goods or services in a share-based transaction. The Company recognizes a corresponding increase in equity if the goods or services were received in an equity-settled share-based payment transaction, or a liability if the goods or services were acquired in a cash-settled share-based payment transaction. For equity-settled share-based payment transactions, the Company measures the goods or services received and the corresponding increase in equity directly at the fair value of the goods or services received, unless the fair value of the goods or services received cannot be estimated reliably, the Company measures their value and the corresponding increase in equity by reference to the fair value of the equity instruments issued.

#### **Loss per share**

Basic loss per share is computed using the weighted average number of common shares outstanding during the year. The treasury stock method is used for the calculation of diluted income per share, whereby all “in the money” stock options and share purchase warrants are assumed to have been exercised at the beginning of the period and the proceeds from their exercise are assumed to have been used to purchase common shares at the average market price during the period. When a loss is incurred during the period, basic and diluted loss per share are the same, as the inclusion of stock options and share purchase warrants is anti-dilutive.

#### **Income taxes**

##### *Current income tax*

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where

##### *Deferred income tax*

Deferred income tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax assets to be utilized.

# Doseology Sciences Inc.

## Notes to the Financial Statements

For the period from incorporation on July 25, 2019 to June 30, 2020

(Expressed in Canadian dollars)

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### 3 Prepaid expenses and deposits

The prepaid expenses of \$8,162 comprises of a rent deposit of \$5,000 and other prepaid expense of \$3,162.

### 4 Accounts payable and accrued liabilities

	<b>June 30, 2020</b>
	<b>\$</b>
Accounts payables	47,400
Accrued liabilities	10,000
Due to related parties (note 6)	30,690
	<b>88,090</b>

During the period ended June 30, 2020, pursuant to debt settlement agreements the Company issued 5,400,000 common shares at the fair value of \$0.05 per share to various consultants to settle outstanding payables in aggregate amount of \$270,000 (Note 6). There was nil gain or loss recognized resulted from the debt settlement.

### 5 Leasehold improvements

During the period ended June 30, 2020, the Company incurred \$62,210 for the improvement work conducted on the property leased from a company controlled by a key management and director of the Company. The lease had no fixed term and was for \$nil consideration. The full amount of improvement costs has been recognized in the statement of loss and comprehensive loss.

### 6 Related party transactions

Key management personnel include Directors and Officers who have the authority and responsibility for the planning, directing and controlling the activities of the Company. The compensation paid to these key management personnel for the period from incorporation on July 25, 2019 to June 30, 2020 is outlined below:

	<b>2020</b>
	<b>\$</b>
Consulting fees	260,000

The amounts due for these consulting fees were settled through the issuance of 5,200,000 of the Company's common shares at the fair value of \$260,000 (note 4).

As at June 30, 2020, accounts payable and accrued liabilities included \$25,200 and \$5,490 relating to key management personnel compensation and reimbursement of expenses, respectively (note 4).

# Doseology Sciences Inc.

## Notes to the Financial Statements

For the period from incorporation on July 25, 2019 to June 30, 2020

(Expressed in Canadian dollars)

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### 7 Share capital

#### *Authorized*

Unlimited number of voting common shares without par value

Unlimited number of preferred shares without par value, issuable in series

#### **Share issuances**

*During the period from incorporation on July 25, 2019 to June 30, 2020*

On June 1, 2020, the Company closed a private placement of issuing 10,000,000 units at \$0.02 per unit for total proceeds of \$200,000. Each unit consists of one common share of the Company and one purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at \$0.08 per share on or before June 1, 2025. These warrants have been recorded at nil value.

On June 30, 2020, the Company closed a non-brokered private placement of issuing 21,600,000 shares at \$0.05 per share for total proceeds of \$1,080,000. In connection with the financing, the Company incurred finders' fee and financing fee of \$47,400 in total, which was paid in cash subsequent to June 30, 2020. As at June 30, 2020, the Company has an outstanding receivable balance of \$810,000 related to these share subscriptions, which were subsequently received in full in July, 2020. On February 1, 2020, the Company repurchased 5,500,000 outstanding shares for \$275,000 and the shares were returned to treasury.

On June 30, 2020, the Company issued 5,400,000 shares at the fair value of \$270,000 pursuant to debt settlement agreements to settle total outstanding payables of the same amount (note 4, 6).

#### **Share purchase warrants**

	<b>Number of warrants</b>	<b>Weighted average exercise price \$</b>
Balance – July 25, 2019	-	-
Granted	10,000,000	0.08
Balance – June 30, 2020	10,000,000	0.08

At June 30, 2020, the Company had 10,000,000 warrants outstanding with an expiry date of June 1, 2025 and an exercise price of \$0.08 per share. The weighted average remaining contractual life on outstanding warrants is 4.92 years.

# Doseology Sciences Inc.

## Notes to the Financial Statements

For the period from incorporation on July 25, 2019 to June 30, 2020

(Expressed in Canadian dollars)

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### 8 Financial instruments and risk management

The following table summarizes the carrying and fair value of the Company's financial instruments:

	<b>June 30, 2020</b>
	<b>\$</b>
Cash	340,896
Other receivables	810,000
Accounts payable and accrued liabilities	88,090

Interest income, expense, and gains and losses from financial assets and financial liabilities classified at amortized cost are recognized in the statements of loss and comprehensive loss.

The Company's financial instruments are exposed to certain financial risks which are in common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. The following note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them.

#### General Objectives, Policies and Processes

The Board of Directors have overall responsibility for the determination of the Company's risk management objectives and policies and have delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function. The Board of Directors are kept apprised on the process and would monitor the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

#### a) Credit risk

Credit risk is the risk of loss if a customer or third party to a financial instrument fails to meet its contractual obligations.

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of Cash. The Company limits its exposure to credit loss by placing its Cash with high credit quality financial institutions. The carrying amount of financial assets represents the maximum credit exposure. Management believes that the credit risk to be minimal.

#### b) Foreign exchange rate risk

Foreign exchange risk arises from fluctuations in the future cash flows of a financial instrument because of changes in foreign exchange rates. The Company is not subject to foreign exchange rate risk as all transactions occur in Canadian dollars.

# **Doseology Sciences Inc.**

## **Notes to the Financial Statements**

For the period from incorporation on July 25, 2019 to June 30, 2020

(Expressed in Canadian dollars)

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### **8 Financial instruments and risk management (continued)**

c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The observable impacts on the fair value and future cash flows of financial instruments that can be directly attributable to interest rate risk include changes in profit or loss from financial instruments whose cash flows are determined with reference to floating interest rates and potential changes in value of financial instruments whose cash flows are fixed in nature. The Company does not have any financial liabilities with floating interest rates and accordingly is not exposed to interest rate risk.

d) Liquidity and funding risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. As at June 30, 2020, the Company had cash balance of \$340,896 to settle the current liabilities of \$88,090 which are due on demand or within 30 days. The ability to do this relies on the Company raising debt or equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs.

Funding risk is the risk that market conditions will impact the Company's ability to raise capital through equity markets under acceptable terms and conditions. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

### **9 Capital management**

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of equity comprising issued share capital, contributed surplus, and deficit. The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issues or by undertaking other activities as deemed appropriate under the specific circumstances.

The Company is not subject to externally imposed capital requirements and its overall strategy with respect to capital risk management remains unchanged from the period ended June 30, 2020.

# Doseology Sciences Inc.

## Notes to the Financial Statements

For the period from incorporation on July 25, 2019 to June 30, 2020

(Expressed in Canadian dollars)

### 10 Income taxes

The tax effect (computed by applying the Canadian federal and provincial statutory rate) of the significant temporary differences, which comprise deferred income tax assets and liabilities, are as follows:

	<b>2020</b>
	<b>\$</b>
Loss for the year	(431,632)
Canadian statutory income tax rate	27%
Expected Income tax recovery at statutory rate	(116,540)
Adjusted by tax effect of	
Non-deductible expenses	-
Changes in unrecognized deferred tax assets	116,540
<b>Income tax provision</b>	<b>-</b>

The significant components of deferred income tax assets are as follows:

	<b>2020</b>
	<b>\$</b>
Unrecognized deductible temporary differences	
Non-capital losses carried forward	111,508
Share issuance costs	5,032
	116,540
Less: Unrecognized deferred tax assets	(116,540)
<b>Net deferred income tax assets</b>	<b>-</b>

As at June 30, 2020, the Company has non-capital losses carried forward of \$431,632, which are available to offset future years' taxable income and expire in 2040. No deferred tax asset has been recognized in relation to these losses.

# Doseology Sciences Inc.

## Notes to the Financial Statements

For the period from incorporation on July 25, 2019 to June 30, 2020

(Expressed in Canadian dollars)

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### 11 Subsequent events

- a) The Company executed a lease agreement dated July 1, 2020 (the “Agreement”) for the property leased from a company controlled by a key management and director of the Company. The property is located in Vernon, BC and was previously leased with no fixed terms (note 5).

Pursuant to the Agreement, the lease has an initial term of five years commencing July 1, 2020 and expiring on June 30, 2025. As lessee the Company has the option to renew for one additional term of five years. The rent is comprised of minimum rent and additional rent, plus applicable taxes. The minimum rent is \$60,000 per annum for the first year, \$96,000 per annum for the second year and \$120,000 per annum for each of the third to the fifth year. The additional rent equals to all costs incurred on the leased property less the minimum rent, payable on a monthly basis.

- b) On July 24, 2020, the Company entered into an agreement with Pendulm Craft Corp. (“Pendulm”), a company controlled by a key management and director of the Company, whereby the Company agreed to purchase all of the outstanding common shares of Pendulm on a basis of one-half share of the Company for each outstanding Pendulm share. On September 23, 2020, Pendulm changed its name to Dose Labs Inc. (“Dose Labs”).

On September 15, 2020, the Company issued 8,196,341 common shares related to the acquisition of Pendulm. On December 10, 2020, an aggregate of 605,219 common shares were issued to remaining shareholders of Dose Labs pursuant to the acquisition agreement and the acquisition was fully completed.

- c) On November 10, 2020, the Company issued 40,000 shares pursuant to debt settlement agreements for outstanding accounts payable of \$8,000, resulting a \$6,000 gain on settlement of this debt.
- d) On December 18, 2020, the Company closed a private placement whereby an aggregate of 13,200,000 common shares were issued for proceeds of 660,000.
- e) On December 22, 2020, the Company issued 1,000,000 units in a non-brokered private placement for proceeds of \$200,000. Each unit consists of one common share and one warrant. Each warrant is exercisable into one common share at \$0.40 per share until December 21, 2022. The warrants have been recorded with a total value of \$150,000.

# **Doseology Sciences Inc.**

Consolidated Financial Statements  
For the Year Ended June 30, 2021  
(Expressed in Canadian dollars)





DALE MATHESON CARR-HILTON LABONTE LLP  
CHARTERED PROFESSIONAL ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Doseology Sciences Inc.

### Opinion

We have audited the financial statements of Doseology Sciences Inc. (the "Company"), which comprise the statements of financial position as at June 30, 2021, and 2020 and the statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the year ended June 30, 2021 and for the period from incorporation on July 25, 2019 to June 30, 2020, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2021 and 2020, and its financial performance and its cash flows for the year ended June 30, 2021 and for the period from incorporation on July 25, 2019 to June 30, 2020 in accordance with International Financial Reporting Standards.

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements, which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



**DALE MATHESON CARR-HILTON LABONTE LLP**  
**CHARTERED PROFESSIONAL ACCOUNTANTS**  
Vancouver, BC

October 29 2021



An independent firm  
associated with Moore  
Global Network Limited

# Doseology Sciences Inc.

## Consolidated Statements of Financial Position

(Expressed in Canadian dollars)

As at	Note	June 30, 2021 \$	June 30, 2020 \$
<b>Assets</b>			
Current assets			
Cash		3,733,524	340,896
Receivables	4, 12	28,489	810,000
Due from related parties	11	15,096	-
Prepaid expenses and deposits	5	1,095,330	8,162
Inventory	6	129,238	-
		<b>5,001,677</b>	<b>1,159,058</b>
Property and equipment	7	907,452	-
Intangible assets	8	81,072	-
<b>Total assets</b>		<b>5,990,201</b>	<b>1,159,058</b>
<b>Liabilities</b>			
Current liabilities			
Accounts payable and accrued liabilities	9, 11	416,595	88,090
Shares subscriptions received in advance	12	2,309,494	-
Lease liability - current portion	10	28,529	-
		<b>2,754,618</b>	<b>88,090</b>
Lease liability - long term portion	10	659,015	-
<b>Total liabilities</b>		<b>3,413,633</b>	<b>88,090</b>
<b>Shareholders' Equity</b>			
Share capital	12	4,526,309	1,502,600
Reserves	12	108,448	-
Deficit		(2,058,189)	(431,632)
<b>Total shareholders' equity</b>		<b>2,576,568</b>	<b>1,070,968</b>
<b>Total liabilities and shareholders' equity</b>		<b>5,990,201</b>	<b>1,159,058</b>

Nature of operations and going concern 1

Approved by the Board of Directors on November 1, 2021:

“Scott Reeves”

Director

“Gordon Jang”

Director

The accompanying notes are an integral part of these consolidated financial statements.

## Doseology Sciences Inc.

### Consolidated Statements of Loss and Comprehensive Loss

For the year ended June 30, 2021 and the period from incorporation on July 25, 2019 to June 30, 2020

(Expressed in Canadian dollars)

		For the year ended June 30, 2021 \$	For the period from incorporation on July 25, 2019 to June 30, 2020 \$
	Note		
<b>Expenses</b>			
Marketing		170,247	9,056
Product development		112,409	-
Leasehold operating costs		92,118	62,210
Consulting fees		82,991	51,819
Management fees	11	538,120	260,000
Professional fees		250,986	25,049
Listing expenses		83,427	-
Regulatory filings		14,002	-
Office		35,761	23,498
Salaries and benefits		74,552	-
Depreciation and amortization	7, 10	92,834	-
Share-based compensation	12	19,830	-
		(1,567,277)	(431,632)
<b>Other income (expenses)</b>			
Interest income		3,018	-
Interest accretion	10	(68,298)	-
Gain on debt settlement	12	6,000	-
<b>Loss and comprehensive loss for the year</b>		<b>(1,626,557)</b>	<b>(431,632)</b>
<b>Loss per share - basic and diluted</b>		<b>(0.06)</b>	<b>(0.51)</b>
<b>Weighted average number of shares outstanding - basic and diluted</b>		<b>27,888,468</b>	<b>850,441</b>

The accompanying notes are an integral part of these consolidated financial statements.

## Doseology Sciences Inc.

### Consolidated Statements of Changes in Shareholders' Equity

For the year ended June 30, 2021 and the period from incorporation on July 25, 2019 to June 30, 2020

(Expressed in Canadian dollars)

	Note	Number of shares	Share capital \$	Reserves \$	Deficit \$	Total shareholders' equity \$
<b>Balance - July 25, 2019</b>		-	-	-	-	-
Shares issued upon incorporation		1	-	-	-	-
Shares issued for cash	12	15,800,000	1,280,000	-	-	1,280,000
Shares issued for debt settlement	12	2,700,000	270,000	-	-	270,000
Share issuance costs	12	-	(47,400)	-	-	(47,400)
Loss for the year		-	-	-	(431,632)	(431,632)
<b>Balance - June 30, 2020</b>		18,500,001	1,502,600	-	(431,632)	1,070,968
<b>Balance - June 30, 2020</b>		18,500,001	1,502,600	-	(431,632)	1,070,968
Share Issued for cash	12	9,600,000	960,000	-	-	960,000
Units issued for cash	12	5,186,420	1,996,772	77,796	-	2,074,568
Share issued for acquisition of Pendulm Craft Corp. ("Pendulm")	3	4,400,779	376,884	-	-	376,884
Shares issued for debt settlement	12	20,000	2,000	-	-	2,000
Subscriptions received	12	-	-	-	-	-
Finders' shares issued	12	100,300	-	-	-	-
Share issuance costs - finders' share	12	-	-	-	-	-
Share issuance costs - cash	12	-	(36,947)	-	-	(36,947)
Share issuance costs - finders' warrants	12	-	-	10,822	-	10,822
Shares returned to treasury	12	(2,750,000)	(275,000)	-	-	(275,000)
Share-based compensation	12	-	-	19,830	-	19,830
Loss for the year		-	-	-	(1,626,557)	(1,626,557)
<b>Balance - June 30, 2021</b>		35,057,500	4,526,309	108,448	(2,058,189)	2,576,568

\* The numbers of shares have been restated to retroactively reflect the effect of the one-for-two share consolidation effect April 26, 2021 (note 12).

The accompanying notes are an integral part of these consolidated financial statements.

# Doseology Sciences Inc.

## Consolidated Statements of Cash Flows

For the year ended June 30, 2021 and the period from incorporation on July 25, 2019 to June 30, 2020

(Expressed in Canadian dollars)

	For the year ended June 30, 2021 \$	For the period from incorporation on July 25, 2019 to June 30, 2020 \$
<b>Cash flows used in operating activities</b>		
Loss for the year	(1,626,557)	(431,632)
Items not involving cash:		
Depreciation	92,834	-
Share-based compensation	19,830	-
Interest accretion	68,298	-
Gain on debt settlement	(6,000)	-
	(1,451,595)	(431,632)
Changes in non-cash working capital items		
Receivables	(28,489)	-
Prepaid expenses and deposits	(1,087,168)	(8,162)
Inventory	(129,238)	-
Accounts payable and accrued liabilities	328,332	310,690
Cash used in operating activities	(2,368,158)	(129,104)
<b>Cash flows used in investing activities</b>		
Cash acquired in acquisition of Pendulum	109,082	-
Proceeds from return of investment	35,000	-
Acquisition of property and equipment	(145,607)	-
Acquisition of intangible assets	(24,530)	-
Cash used in investing activities	(26,055)	-
<b>Cash flows provided from financing activities</b>		
Proceeds from shares issued	3,844,568	470,000
Proceeds from subscriptions received	2,377,000	-
Payment for shares repurchased and returned to treasury	(275,000)	-
Payments for share issuance costs	(93,631)	-
Proceeds from related parties	(6,096)	-
Repayment of lease liability	(60,000)	-
Cash provided from financing activities	5,786,841	470,000
<b>Increase in cash during the year</b>	<b>3,392,628</b>	<b>340,896</b>
<b>Cash - beginning of the year</b>	<b>340,896</b>	<b>-</b>
<b>Cash - end of the year</b>	<b>3,733,524</b>	<b>340,896</b>
<b>Non-cash transactions:</b>		
Acquisition of Dose Labs	(376,884)	-
Fair value of share purchase warrants	850,573	-
Fair value of broker warrants	8,039	-
Shares issued for debt settlement	(2,000)	270,000

The accompanying notes are an integral part of these consolidated financial statements.

# Doseology Sciences Inc.

## Notes to the Consolidated Financial Statements

For the year ended June 30, 2021 and the period from incorporation on July 25, 2019 to June 30, 2020

(Expressed in Canadian dollars)

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### 1. Nature of operation and going concern

Doseology Sciences Inc. (the "Company"), formerly known as Pcybin Therapeutic Inc., was incorporated on July 25, 2019 under the Business Corporations Act (British Columbia). The Company's name was changed to Doseology Sciences Inc. on January 28, 2020. The Company's registered and records office is located at #800 – 885 West Georgia Street, Vancouver, BC V6C 3H1. The Company's primary business is to improve mental health through establishing psychedelic assisted therapy clinics, building a library of intellectual property through research on psychedelic compounds, and the development and sale of its branded functional mushroom products.

These consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. For the year ended June 30, 2021, the Company has incurred loss of \$1,626,557 and has negative cash flows of \$2,368,158 from operations. In the course of developing its business, the Company will continue to incur losses. These conditions indicate the existence of a material uncertainty that may cast significant doubt regarding the Company's ability to continue as a going concern. The Company's ability to continue its operations and to realize assets at their carrying values is dependent upon its ability to raise financing and generate profits and positive cash flows from operations in order to cover its operating costs. Management intends to finance operating costs with capital market equity financings. There is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. If the Company is unable to continue as a going concern, the net realizable value of its assets may be materially less than the amounts on its statements of financial position.

These consolidated financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying consolidated financial statements. These adjustments could be material.

#### *COVID-19*

The outbreak of the coronavirus, also known as "COVID-19", has spread across the globe and is impacting worldwide economic activity. Conditions surrounding the coronavirus continue to rapidly evolve and government authorities have implemented emergency measures to mitigate the spread of the virus. The outbreak and the related mitigation measures may have an adverse impact on global economic conditions as well as on the Company's business activities. The extent to which COVID-19 may impact the Company's business activities will depend on future developments, such as the ultimate geographic spread of the disease, the duration of the outbreak, travel restrictions, business disruptions, and the effectiveness of actions taken in Canada and other countries to contain and treat the disease. These events are highly uncertain and as such, the Company cannot determine their financial impact at this time.

### 2 Basis of presentation and summary of significant accounting policies

#### **Basis of presentation and measurement**

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and with interpretations of the International Financial Reporting Issues Committee ("IFRIC") for the periods presented.

These consolidated financial statements have been prepared on a going concern basis, under the historical cost convention, except for certain financial instruments measured at fair value. In addition, the consolidated financial statements are prepared on an accrual basis, except for cash flow information. The consolidated financial statements are presented in Canadian dollars, which is also the Company's functional currency.

These consolidated financial statements were approved by the Board of Directors of the Company for issue on November 1, 2021.

# **Doseology Sciences Inc.**

## **Notes to the Consolidated Financial Statements**

For the year ended June 30, 2021 and the period from incorporation on July 25, 2019 to June 30, 2020

(Expressed in Canadian dollars)

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## **2 Basis of presentation and summary of significant accounting policies (continued)**

### **Principles of consolidation**

These consolidated financial statements include the financial statements of the Company and entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial operating policies of an entity so as to obtain benefits from its activities.

The consolidated financial statements include the accounts of Doseology Sciences Inc. and its wholly owned subsidiary, Dose Labs Inc. (formerly Pendulum Craft Corp.) (note 3), collectively referred to as the "Company". Intercompany balances and transactions, and unrealized gains arising from intercompany transactions are eliminated in preparing these consolidated financial statements.

### **Use of estimates and judgements**

The preparation of the consolidated financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, revenues, and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Information about critical judgments 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 as follows:

#### ***Going concern***

The Company's ability to execute its strategy by funding future working capital requirements requires judgment. Estimates and assumptions are based on historical experience and other factors, such as expectations of future events that are believed to be reasonable under the circumstances. The factors considered by management are disclosed in note 1.

#### ***Useful lives of property and equipment***

Property and equipment is amortized or depreciated over its useful lives. Useful lives are based on management's estimate of the period that the assets will generate revenue, which are periodically reviewed for continued appropriateness. Changes to estimates can result in significant variations in the carrying value and amounts charged to the statement of loss and other comprehensive loss in specific periods.

#### ***Impairment***

Long-lived assets, including equipment and intangibles, are reviewed for indicators of impairment at each statement of financial position date or whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its recoverable amount. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the CGU). Judgments and estimates are required in defining a CGU and determining the indicators of impairment and the estimates required to measure an impairment, if any.



# Doseology Sciences Inc.

## Notes to the Consolidated Financial Statements

For the year ended June 30, 2021 and the period from incorporation on July 25, 2019 to June 30, 2020

(Expressed in Canadian dollars)

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### Use of estimates and judgements (continued)

#### *Income taxes*

Provisions for income taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these income tax provisions at the end of each reporting period. However, it is possible that at some future date an additional liability could result from audits by tax authorities. Where the outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made. Deferred tax assets are recognized when it is determined that the Company is likely to recognize their recovery from the generation of taxable income.

#### *Share-based payments*

The Company measures the cost of equity-settled transactions with employees and non-employees by reference to the fair value of the equity instruments at the date at which they are granted. The Company has estimated the fair value of the equity instruments issued for share-based payments based on the common share price agreed upon for a private placement and shares for debt settlements.

### Significant accounting policies

#### Cash and cash equivalent

Cash and cash equivalents Cash and cash equivalents comprise cash on deposit with banks and highly liquid short-term interest-bearing investments with a term to maturity at the date of purchase of 90 days or less which are subject to an insignificant risk of change in value.

#### Inventories

Inventories of finished goods, work-in-process, raw materials and supplies and consumables are valued initially at cost and subsequently at the lower of cost and net realizable value. Net realizable value is determined as the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Cost is determined using the weighted average cost basis. Products for resale and supplies and consumables are valued at the lower of cost and net realizable value. The Company reviews inventory for obsolete and slow-moving goods and any such inventory is written down to net realizable value.

#### Property and equipment

Property and equipment are stated at historical cost net of accumulated depreciation and any impairment losses. Depreciation is recorded over the useful lives of the assets on a straight-line basis at the following annual rates:

Leasehold improvement	10 years
Furniture and equipment	10 years
Farm equipment	5 years
Computer equipment	3 years

The Company conducts an annual assessment of the residual balances, useful lives and depreciation methods being used for property and equipment and any changes arising from the assessment are applied by the Company prospectively.

# Doseology Sciences Inc.

## Notes to the Consolidated Financial Statements

For the year ended June 30, 2021 and the period from incorporation on July 25, 2019 to June 30, 2020

(Expressed in Canadian dollars)

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### Significant accounting policies (continued)

#### Intangible assets

Intangible assets are stated at historical cost, net of accumulated amortization and impairment losses. Amortization is recorded on a straight-line basis over the useful lives of the assets on a straight-line basis at the following annual rate:

Cannabis license	3 years
Trademark	20 years

Costs incurred to obtain a cannabis license are classified as intangible assets and are amortized over the license period.

The Company conducts an annual assessment of the residual balances and useful lives for the purpose of impairment purposes and any changes arising from the assessment are applied by the Company prospectively.

#### Research and development costs

Expenditures related to research activities are recognized as an expense in the period in which they are incurred.

An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, the entity can demonstrate all of the following:

- i. the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- ii. its intention to complete the intangible asset and use or sell it;
- iii. its ability to use or sell the intangible asset;
- iv. how the intangible asset will generate probable future economic benefits. Among other things, the Company can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset;
- v. the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- vi. its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Development costs are capitalized as soon as the above criteria are met. Where no internally generated intangible asset can be recognized, development expenditures are expensed in the period in which they are incurred.

After initial recognition, internally generated intangible assets are carried at cost less accumulated amortization and any accumulated impairment losses. They are amortized on a straight-line basis over their useful life, and an impairment loss is recognized in profit or loss when their recoverable amount is less than their net carrying amount.

#### Share Capital

Common shares are classified as issued capital. Costs directly attributable to the issue of common shares are recognized as a deduction from issued capital, net of any tax effects.

# Doseology Sciences Inc.

## Notes to the Consolidated Financial Statements

For the year ended June 30, 2021 and the period from incorporation on July 25, 2019 to June 30, 2020

(Expressed in Canadian dollars)

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### Significant accounting policies (continued)

#### Stock-based compensation

Share-based compensation to employees and others providing similar services are measured at the estimated fair value of the instruments issued on the grant date and expensed over the vesting periods. Share-based compensation to nonemployees is measured at the fair value of the goods or services received or the fair value of the equity instruments issued if the fair value of the goods or services cannot be reliably measured and is recorded at the date the goods or services are received. The fair value of the options granted is measured using the Black-Scholes option-pricing model taking into account the terms and conditions upon which the options were granted. The amount recognized as an expense is adjusted to reflect the number of awards expected to vest. Proceeds from the exercise of stock options and warrants are recorded as share capital in the amount for which the option or warrant enabled the holder to purchase a share in the Company. Any previously recorded share-based payment included in the reserves account is transferred to share capital on exercise of options. Share capital issued for non-monetary consideration is valued at the closing market price at the date of issuance.

#### Financial instruments

##### *Recognition, classification and measurement*

Financial assets are classified and measured based on the business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. IFRS 9 *Financial Instruments* contains three primary measurement categories for financial instruments: amortized cost, fair value through other comprehensive income ("FVTOCI"), and fair value through profit and loss ("FVTPL"). Financial assets are recognized in the statements of financial position if the Company has a contractual right to receive cash or other financial assets from another entity. Financial assets are derecognized when the rights to receive cash flows from the asset have expired or were transferred and the Company has transferred substantially all risks and rewards of ownership.

All financial liabilities are recognized initially at fair value on the trade date at which the Company becomes a party to the contractual provisions of the instruments. The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

Financial instruments are not reclassified after their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

The Company has classified its receivables and due from related parties as financial assets and accounts payable and accrued liabilities as financial liabilities measured at amortized cost. Such assets and liabilities are recognized initially at fair value inclusive of any directly attributable transaction costs and subsequently carried at amortized cost using the effective interest method, less any impairment losses. The effective interest method recognizes interest revenue or interest expense in profit and loss over the relevant period.

Financial instruments carried at FVTPL are recognized at their fair value at acquisition with any directly attributable transaction costs expensed as they are incurred. Subsequent measurement requires adjustment to fair value at the date of the statement of financial position, with any remeasurement gains or losses recognized in profit and loss as they arise. Instruments classified as FVTPL during the years ended June 30, 2021 and 2020 include cash.

# Doseology Sciences Inc.

## Notes to the Consolidated Financial Statements

For the year ended June 30, 2021 and the period from incorporation on July 25, 2019 to June 30, 2020

(Expressed in Canadian dollars)

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### ***Recognition, classification and measurement (continued)***

Financial instruments carried at FVTOCI are recognized at their fair value at acquisition inclusive of any directly attributable transactions costs. Subsequent measurement requires adjustment to fair value at the date of the statement of financial position, with any remeasurement gains or losses recognized in other comprehensive income. The Company has no instruments classified as FVTOCI during the years ended June 30, 2021 and 2020.

Financial assets and financial liabilities are offset and the net amount presented in the statements of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

### ***Basis of fair value***

Financial instruments that are measured after 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 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at June 30, 2021, the carrying values of the Company's financial instruments approximate their fair values due to their short-term maturities.

The following table sets forth the Company's financial instruments measured at fair value on a recurring basis by level within the fair value hierarchy as at June 30, 2021 and 2020:

		Level 1	Level 2	Level 3
Cash	June 30, 2021	\$3,733,524	\$ -	\$ -
Cash	June 30, 2020	\$ 340,896	\$ -	\$ -

The Company recognizes expected credit losses on financial assets measured at amortized cost. Loss allowances for accounts receivables are measured at an amount equal to lifetime expected credit losses if the amount is not considered fully recoverable. A financial asset carried at amortized cost is considered credit-impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. Individually significant financial assets are tested for credit-impairment on an individual basis. The remaining financial assets are assessed collectively.

### ***Impairment of financial assets***

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. In assessing collective impairment, the Company uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

# Doseology Sciences Inc.

## Notes to the Consolidated Financial Statements

For the year ended June 30, 2021 and the period from incorporation on July 25, 2019 to June 30, 2020

(Expressed in Canadian dollars)

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### ***Impairment of financial assets (continued)***

Losses are recognized in the statements of loss and comprehensive loss and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

### ***Derecognition***

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the consolidated statements of loss and comprehensive loss.

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the statements of loss and comprehensive loss.

### **Right of Use Assets and lease liabilities**

At inception of a contract, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control an identified asset for a period of time in exchange for consideration.

Leases of right-of-use assets are recognized at the lease commencement date at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, and otherwise at the Company's incremental borrowing rate. At the commencement date, a right-of-use asset is measured at cost, which is comprised of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any decommissioning and restoration costs, less any lease incentives received.

Each lease payment is allocated between repayment of the lease principal and interest. Interest on the lease liability in each period during the lease term is allocated to produce a constant periodic rate of interest on the remaining balance of the lease liability. Except where the costs are included in the carrying amount of another asset, the Company recognizes in profit or loss (a) the interest on a lease liability and (b) variable lease payments not included in the measurement of a lease liability in the period in which the event or condition that triggers those payments occurs. The Company subsequently measures a right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses; and adjusted for any remeasurement of the lease liability. Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term, except where the lease contains a bargain purchase option a right-of-use asset is depreciated over the asset's useful life.

### **Warrants**

The warrants are fair valued on the issuance date using the Black-Scholes option pricing model. If and when the warrants are exercised, the applicable fair value of the share-based payment reserve is transferred to share capital. Any consideration paid on the exercise of the warrants is credited to share capital.

# Doseology Sciences Inc.

## Notes to the Consolidated Financial Statements

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### **Loss per share**

Basic loss per share is computed using the weighted average number of common shares outstanding during the year. The treasury stock method is used for the calculation of diluted income per share, whereby all “in the money” stock options and share purchase warrants are assumed to have been exercised at the beginning of the period and the proceeds from their exercise are assumed to have been used to purchase common shares at the average market price during the period. When a loss is incurred during the period, basic and diluted loss per share is the same, as the inclusion of stock options and share purchase warrants is anti-dilutive.

### **Income taxes**

#### ***Current income tax***

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where there are uncertain tax positions.

#### ***Deferred income tax***

Deferred income tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax assets to be utilized.

### **Accounting standards issued but not yet effective**

The Company has reviewed the following new accounting pronouncements that have been issued but are not yet effective.

#### **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 as 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.

# Doseology Sciences Inc.

## Notes to the Consolidated Financial Statements

For the year ended June 30, 2021 and the period from incorporation on July 25, 2019 to June 30, 2020

(Expressed in Canadian dollars)

### Accounting standards issued but not yet effective (continued)

#### 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.

### 3 Acquisition

On July 24, 2020, the Company entered into an agreement with Pendulum Craft Corp. (“Pendulum”) whereby the Company agreed to purchase all of the outstanding common shares of Pendulum on a basis of one-half share of the Company for each outstanding Pendulum share (the “Transaction”). On September 23, 2020, Pendulum changed its name to Dose Labs Inc. (“Dose Labs”).

On September 15, 2020, the Company issued 4,098,170 common shares to the Pendulum shareholders, representing 93% of Pendulum shares tendered. On December 10, 2020, the Company issued 302,609 common shares to the Pendulum shareholders for the remaining 7% Pendulum shares that were tendered subsequent to September 15, 2020 acquisition date. The Transaction was valued at \$376,884.

The Transaction is considered a related party transaction as Shane Gordon, a major shareholder, the sole director, and officer of Pendulum Craft as at the September 15, 2020 date of acquisition is also a shareholder and a former director and officer of the Company.

The acquisition of Pendulum has been accounted for as an asset acquisition in accordance with the guidance provided in IFRS 2, *Share-based Payments*, as Pendulum does not qualify as a business according to the definition in IFRS 3, *Business Combinations*. Accordingly, the acquisition does not constitute a business combination; rather it is treated as equity-settled share-based payment by the Company issuing common shares to purchase the net assets of Pendulum.

<b>Net assets acquired</b>	<b>\$</b>
Cash	109,082
Due from related party	9,000
Equipment	27,974
Investment <sup>(1)</sup>	35,000
Leasehold improvements	145,000
Cannabis application costs (note 8)	59,000
Trade accounts payable and accrued liabilities	(8,172)
	<b>376,884</b>

#### Consideration paid as purchase price

Common shares (4,400,779 shares at \$0.08 (rounded) per share)	<b>376,884</b>
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- (1) Dose Labs sold mining equipment to Plexus Technology Corp. (“Plexus”) on April 27, 2019 in exchange for 100,000 shares of Plexus valued at \$35,000. On December 22, 2020, the Company sold the Plexus shares back to the Company for \$35,000.

## Doseology Sciences Inc.

### Notes to the Consolidated Financial Statements

For the year ended June 30, 2021 and the period from incorporation on July 25, 2019 to June 30, 2020

(Expressed in Canadian dollars)

#### 4 Receivables

	June 30, 2021 \$	June 30, 2020 \$
Goods and services tax credit	26,489	-
Other	2,000	-
Share subscription receivable (note 12)	-	810,000
	<u>28,489</u>	<u>810,000</u>

#### 5 Prepaid expenses and deposits

As at June 30, 2021 and 2020, the Company's prepaid expenses and deposits were comprised of:

	June 30, 2021 \$	June 30, 2020 \$
Deposit on rent	5,000	5,000
Marketing and consulting	1,033,750	3,162
Insurance	5,032	-
Deposit on inventory purchases	34,806	-
Deposit on equipment	16,742	-
	<u>1,095,330</u>	<u>8,162</u>

#### 6 Inventory

As at June 30, 2021 and 2020, the Company's inventory was comprised of:

	June 30, 2021 \$	June 30, 2020 \$
Finished products	117,992	-
Supplies	11,246	-
	<u>129,238</u>	<u>-</u>



## Doseology Sciences Inc.

### Notes to the Consolidated Financial Statements

For the year ended June 30, 2021 and the period from incorporation on July 25, 2019 to June 30, 2020

(Expressed in Canadian dollars)

#### 7 Property and equipment

	Leasehold improvement	Furniture and equipment	Farm equipment	Computer equipment	Right of use assets	Total
	\$	\$	\$	\$	\$	\$
<b>Cost</b>						
Balance – June 30, 2020	-	-	-	-	-	-
Acquisition (note 3)	145,000	23,075	4,899	-	-	172,974
Additions	123,320	6,323	10,351	5,615	679,246	824,855
Balance – June 30, 2021	268,320	29,398	15,250	5,615	679,246	997,829
<b>Accumulated depreciation</b>						
Balance – June 30, 2020	-	-	-	-	-	-
Depreciation during the year	18,700	2,327	961	464	67,925	90,377
Balance – June 30, 2021	18,700	2,327	961	464	67,925	90,377
<b>Carrying amounts</b>						
Balance – June 30, 2021	249,621	27,071	14,289	5,151	611,321	907,452

#### 8 Intangible assets

	June 30, 2021	June 30, 2020
	\$	\$
Cannabis license costs	59,000	-
Trademark application costs	24,530	-
	83,530	-
Less: amortization during the year	(2,458)	-
	81,072	-

The intangible assets consist of \$56,542, net of \$2,458 in amortization, for the application of a cannabis license issued by Health Canada on May 14, 2021, which expires on May 14, 2024 (note 3) and \$24,530 of fees incurred for the application of trademarks during the year ended June 30, 2021 (period from incorporation on July 25, 2019 to June 30, 2020 - \$nil).

## Doseology Sciences Inc.

### Notes to the Consolidated Financial Statements

For the year ended June 30, 2021 and the period from incorporation on July 25, 2019 to June 30, 2020

(Expressed in Canadian dollars)

#### 9 Accounts payable and accrued liabilities

	June 30, 2021 \$	June 30, 2020 \$
Accounts payable	60,837	47,400
Accrued liabilities	20,000	10,000
Due to related parties (note 10)	335,758	30,690
	<u>416,595</u>	<u>88,090</u>

#### 10 Lease

The Company's lease liability relates to lease of a farm property which commenced on July 1, 2020 for an initial 5-year term expiring on June 30, 2025 and with an option to renew for an additional 5 years. The Lease liability has been calculated using an incremental borrowing rate of 10% per annum.

	June 30, 2021 \$	June 30, 2020 \$
<b>Lease liability</b>		
Balance, beginning	-	-
Addition	679,246	-
Less: lease payments	(60,000)	-
Interest accretion	68,298	-
Balance, ending	687,544	-
Less: Lease liability, current portion	(28,529)	-
Lease liability, long-term portion	<u>659,015</u>	<u>-</u>

The Company is committed to the minimum lease payments as follows:

	June 30, 2021 \$	June 30, 2020 \$
<b>Maturity analysis</b>		
Less than one year	96,000	-
One year to five years	480,000	-
More than five years	480,000	-
Total undiscounted lease liability	<u>1,056,000</u>	<u>-</u>

# Doseology Sciences Inc.

## Notes to the Consolidated Financial Statements

For the year ended June 30, 2021 and the period from incorporation on July 25, 2019 to June 30, 2020

(Expressed in Canadian dollars)

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### 11 Transactions with related parties

Key management personnel include directors and officers who have the authority and responsibility for the planning, directing, and controlling the activities of the Company. The compensation paid to these key management personnel for the year ended June 30, 2021 and for the period from incorporation on July 25, 2019 to June 30, 2020 is outlined below:

	For the year ended June 30, 2021 \$	For the period from incorporation on July 25, 2019 to June 30, 2020 \$
Management fees	358,748	260,000
Severance	213,000	-
Lease payments (note 10)	60,000	-
Share based compensation	11,961	-
<b>Total</b>	<b>702,068</b>	<b>260,000</b>

During the year ended June 30, 2021, the Company paid or accrued \$216,000 to Matis Capital Ltd., a company controlled by Shane Gordon, a former officer and director of the Company. The amount paid is comprised of \$129,000 (period from incorporation on July 25, 2019 to June 30, 2020 - \$128,000) in management fees and \$87,000 in severance. The balance outstanding as at June 30, 2021 was \$60,999, net of \$13,900 receivable (June 30, 2020 - \$20,850).

During the year ended June 30, 2021, the Company paid or accrued \$254,820 to Max Krangle, a former officer and director of the Company. The amount paid is comprised of \$128,820 (period from incorporation on July 25, 2019 to June 30, 2020 - \$58,000) in management fees and \$126,000 in severance. Balance outstanding as at June 30, 2021 was \$142,380 (June 30, 2020 - \$7,540).

During the year ended June 30, 2021, the Company paid \$60,000 to Sungrown Organics Inc., for the rental of facility, a company which is 50% controlled by Shane Gordon, a former officer and director of the Company. No balance was outstanding as at June 30, 2021.

During the year ended June 30, 2021, the Company incurred \$206,136 (for period from incorporation on July 25, 2019 to June 30, 2020 - \$nil and \$20,000) in management fees and professional fees, respectively, to a law firm where Scott Reeves, a director and corporate secretary of the Company, is a partner. Included in accounts payable and accrued liabilities as at June 30, 2021 was \$90,292 (June 30, 2020 - \$1,000) owed to the law firm.

In addition to the \$293,671 (June 30, 2020 - \$29,390) owing to key management personnel, as referenced above, accounts payable and accrued liabilities also included \$42,087 (June 30, 2020 - \$1,300) relating to other key management personnel compensation and reimbursement of expenses, respectively (Note 9).

### 12. Share capital

On April 27, 2021, the directors and shareholders of the Company approved the consolidation of its common shares on the basis of one (1) post-consolidation share for every two (2) pre-consolidation shares held. All references to shares and per share amounts have been retroactively restated to reflect the share consolidation.

# Doseology Sciences Inc.

## Notes to the Consolidated Financial Statements

For the year ended June 30, 2021 and the period from incorporation on July 25, 2019 to June 30, 2020

(Expressed in Canadian dollars)

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### 12. Share capital (continued)

As at June 30, 2021, the Company has 26,700,780 common shares in escrow which will be released over the following periods:

Number of Shares	Escrow Release Period
9,495,025	10% on listing, 15% every six months
9,600,000	25% on listing, 10% every three months and 25% at month 18
7,605,755	15% on listing, 10% every three months and 15% at month 24
<u>26,700,780</u>	

#### **Authorized**

Unlimited number of voting common shares without par value.

#### **Share issuances during the year ended June 30, 2021**

On July 15, 2020, the Company entered into an agreement with Pendulum whereby the Company agreed to purchase all of the outstanding common shares of Pendulum (note 3). The Company issued 4,098,170 and 302,609 common shares related to the acquisition of Pendulum on September 15, 2020 and December 10, 2020, respectively. These shares had a fair value of \$376,884.

On November 10, 2020, the Company issued 20,000 shares pursuant to a debt settlement agreement for outstanding accounts payable of \$8,000. The shares were determined to have a fair value of \$2,000, as a result, the Company recorded a gain on debt settlement of \$6,000.

On December 18, 2020, the Company issued 6,600,000 shares in a non-brokered private placement at \$0.10 per share for proceeds of \$660,000.

On December 22, 2020, the Company issued 500,000 units in a non-brokered private placement at \$0.40 per unit for proceeds of \$200,000. Each unit consists of one common share and one warrant. Each warrant is exercisable into one common share at \$0.80 per share until December 21, 2022. The estimated fair value of the warrants of \$7,500 was calculated using the Black Scholes Option Pricing Model with the following grant-date assumptions: grant date stock price \$0.10; expected life, 2 years; expected volatility, 110%; risk free rate, 0.2%; and expected dividends, 0%. The residual amount of \$192,500 was attributed to the shares.

On January 1, 2021, the Company issued 3,000,000 shares in a non-brokered private placement for proceeds of \$300,000.

On February 1, 2021, the Company repurchased 2,750,000 shares for total cost of \$275,000.

On February 8, 2021, the Company issued 4,686,420 units in a brokered private placement at \$0.40 per unit for proceeds of \$1,874,568. Each unit consists of one common share and one warrant. Each warrant is exercisable into one common share at \$0.80 per share until February 8, 2023. The estimated fair value of the warrants of \$70,296 was calculated using the Black Scholes Option Pricing Model with the following grant-date assumptions: grant date stock price \$0.10; expected life, 2 years; expected volatility, 110%; risk free rate, 0.2%; and expected dividends, 0%. The residual amount of \$1,804,272 was attributed to the shares.

The Company incurred share issue costs of \$36,947 during the year ended June 30, 2021.

# Doseology Sciences Inc.

## Notes to the Consolidated Financial Statements

For the year ended June 30, 2021 and the period from incorporation on July 25, 2019 to June 30, 2020

(Expressed in Canadian dollars)

### 12 Share capital (continued)

#### *During the period from incorporation on July 25, 2019 to June 30, 2020*

On June 1, 2020, the Company closed a private placement of issuing 5,000,000 units for total proceeds of \$200,000. Each unit consists of one common share of the Company and one purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at \$0.16 per share on or before June 1, 2025. These warrants have been recorded at \$nil value.

On June 30, 2020, the Company closed a non-brokered private placement for issuing 10,800,000 shares for total proceeds of \$1,080,000. In connection with the financing, the Company paid finders' fee and share issue expenses of \$47,400 in cash. As at June 30, 2020, there was a share subscription receivable of \$810,000 which was paid subsequent to June 30, 2020.

On June 30, 2020, the Company issued 2,700,000 shares at the fair value of \$270,000 pursuant to debt settlement agreements to settle total outstanding payables of the same amount.

#### **Subscription Receipts**

On March 26, 2021, the Company completed the sale of 11,885,000 subscription receipts for gross proceeds of \$2,377,000. The proceeds are held in escrow until such time the Company receives conditional approval from the CSE for the listing of the Company's common shares on the CSE, at which time the proceeds are released to the Company and the 11,885,000 subscription receipts are automatically converted into 5,942,500 units. Each unit is comprised of one common share and one share purchase warrant exercisable into one common share at \$0.80 per share until March 26, 2023. In the event the Company does not obtain a conditional listing on the CSE by October 31, 2021, the subscription receipt holders (the "Holders") may elect to cancel the subscription receipts and the proceeds are return to the Holders. The Company paid finders' fees in cash of \$41,401 and issued 100,300 common shares and 203,800 broker warrants which were valued at \$ 10,030 and \$10,822, respectively. Each warrant is exercisable into one common share at \$0.80 per share until March 26, 2023. The estimated fair value of the warrants of \$10,822 was calculated using the Black Scholes Option Pricing Model with the following grant-date assumptions: grant date stock price \$0.10; expected life, 2 years; expected volatility, 110%; risk free rate, 0.23; and expected dividends, 0%. The Company also incurred \$15,283 of legal fees with respect to the sale of subscription receipt and have been charged to share issue costs.

#### **Stock options**

On April 16, 2021, the Company issued a total of 3,050,000 stock options to directors, officers, and employees with an exercise price of \$0.40 per share and an expiry date of April 16, 2026. The fair value of the options granted was calculated using the Black-Scholes pricing model with the following assumptions: stock price of \$0.10, expected life of 3.5 years, expected volatility of 110%, dividend yield of 0%, risk-free interest rate of 0.61%. The Company estimates the volatility based on historical share prices of comparable companies. During the year ended June 30, 2021, the Company recognized share-based compensation expense of \$19,830 (2020 - \$nil).

	Number of options	Weighted average exercise price
Balance – June 30, 2020	-	-
Issued	3,050,000	\$0.40
Balance – June 30, 2021	3,050,000	\$0.40

On October 25, 2021, the Company cancelled 100,000 options exercisable at \$0.40 per share and issued 400,000 incentive stock options to an officer with an exercise price of \$0.40 per share, which vested immediately.

## Doseology Sciences Inc.

### Notes to the Consolidated Financial Statements

For the year ended June 30, 2021 and the period from incorporation on July 25, 2019 to June 30, 2020

(Expressed in Canadian dollars)

#### 12 Share capital (continued)

##### Warrants

Warrant transactions are summarized as follows:

	Number of warrants	Weighted average Exercise price
Balance – July 25, 2019	-	-
Issued during the year	5,000,000	\$0.16
Balance – June 30, 2020	5,000,000	0.16
Issued during the year	5,390,220	0.80
Balance – June 30, 2021	10,390,220	\$0.49

As at June 30, 2021, the following warrants were outstanding, entitling the holders the right to purchase one common share for each warrant held:

Number of warrants	Exercise price (\$ per share)	Expiry Date
5,000,000	0.16	June 1, 2025
30,000	0.80	March 31, 2023
173,800	0.80	March 26, 2023
4,686,420	0.80	February 8, 2023
<u>500,000</u>	<u>0.80</u>	December 22, 2022
<u>10,390,220</u>	<u>0.49</u>	

The weighted average remaining contractual life on outstanding warrants is 2.4 years.

#### 13 Financial instruments

##### Fair value

IFRS 13, *Fair Value Measurement*, establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. IFRS 13 prioritizes the inputs into three levels that may be used to measure fair value:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical unrestricted assets or liabilities.

Level 2 – Inputs that are observable, either directly or indirectly, but do not qualify as Level 1 inputs (i.e. quoted prices for similar assets or liabilities).

Level 3 – Prices or valuation techniques that are not based on observable market data and require inputs that are both significant to the fair value measurement and unobservable market data.

The following table summarizes the carrying and fair value of the Company's financial instruments. The fair values of these financial instruments approximate their carrying values because of their current nature.

## Doseology Sciences Inc.

### Notes to the Consolidated Financial Statements

For the year ended June 30, 2021 and the period from incorporation on July 25, 2019 to June 30, 2020

(Expressed in Canadian dollars)

#### 13 Financial instruments (continued)

	June 30, 2021 \$	June 30, 2020 \$
Cash	3,733,524	340,896
Receivables	28,489	810,000
Due from related parties	15,096	-
Inventory	129,238	-
Accounts payable and accrued liabilities	416,595	88,090

Interest income, expense, and gains and losses from financial assets and financial liabilities classified at amortized cost are recognized in the statement of loss and comprehensive loss.

#### Risks arising from financial instruments and risk management

##### a) Credit risk

Credit risk is the risk of loss if a customer or third party to a financial instrument fails to meet its contractual obligations.

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash. The Company limits its exposure to credit loss by placing its cash with high credit quality financial institutions. The carrying amount of financial assets represents the maximum credit exposure.

##### b) Foreign exchange risk

Foreign exchange risk arises from fluctuations in the future cash flows of a financial instrument because of changes in foreign exchange rates. The Company is not subject to foreign exchange rate risk as all its transactions occur in Canadian dollars.

##### c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The observable impacts on the fair value and future cash flows of financial instruments that can be directly attributable to interest rate risk include changes in profit or loss from financial instruments whose cash flows are determined with reference to floating interest rates and potential changes in value of financial instruments whose cash flows are fixed in nature. The Company does not have any financial liabilities with floating interest rates and accordingly is not exposed to cash flow risk.

##### d) Liquidity and funding risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. The ability to do this relies on the Company raising debt or equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs. As at June 30, 2021, the Company had cash balance of \$ 3,733,524 to settle the current liabilities of \$ 2,754,618 which are due on demand or within 30 days.

Funding risk is the risk that market conditions will impact the Company's ability to raise capital through equity markets under acceptable terms and conditions.

# Doseology Sciences Inc.

## Notes to the Consolidated Financial Statements

For the year ended June 30, 2021 and the period from incorporation on July 25, 2019 to June 30, 2020

(Expressed in Canadian dollars)

### 14 Capital management

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders (note 1). The capital structure of the Company consists of equity comprising issued share capital, contributed surplus, and deficit.

The Company manages its capital structure and adjusts it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issues or by undertaking other activities as deemed appropriate under the specific circumstances.

The Company is not subject to externally imposed capital requirements and its overall strategy with respect to capital risk management remains unchanged from the year ended June 30, 2021.

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. The ability to do this relies on the Company raising debt or equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs.

Funding risk is the risk that market conditions will impact the Company's ability to raise capital through equity markets under acceptable terms and conditions.

### 15 Income taxes

The tax effect (computed by applying the Canadian federal and provincial statutory rate) of the significant temporary differences, which comprise deferred income tax assets and liabilities, are as follows:

	2021	2020
	\$	\$
Loss for the year	(1,626,557)	(431,632)
Canadian statutory income tax rate	27%	27%
Expected income tax recovery at statutory rate	(439,170)	(116,541)
Adjusted by tax effect of:		
Non-deductible expenses	32,227	-
True-ups and other	8,730	-
Changes in unrecognized deferred tax assets	398,213	116,541
Income tax provision	-	-

The significant components of deferred income tax assets are as follows:

	2021	2020
	\$	\$
Unrecognized deductible temporary differences:		
Non-capital losses carried forward	386,710	111,508
Other liabilities	(22,200)	-
Property and equipment	12,049	-
Share issuance costs	21,654	5,032
	398,213	116,540
Less: unrecognized deferred tax assets	(398,213)	(116,540)
Net deferred income tax assets	-	-



## **Doseology Sciences Inc.**

### **Notes to the Consolidated Financial Statements**

For the year ended June 30, 2021 and the period from incorporation on July 25, 2019 to June 30, 2020

(Expressed in Canadian dollars)

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#### **15 Income taxes (continued)**

As at June 30, 2021, the Company has cumulative non-capital losses carried forward of \$1,944,270 (2020 - \$384,771) which are available to offset future years' taxable income which start to expire in 2040. No deferred tax asset has been recognized in relation to these losses.

**Dose Labs Inc. (formerly Pendulm Craft Corp.)**

Financial Statements

For the period from November 1, 2019 to September 15, 2020

and the year ended October 31, 2019

(Expressed in Canadian dollars)



DALE MATHESON CARR-HILTON LABONTE LLP  
CHARTERED PROFESSIONAL ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Dose Labs Inc. (formerly Pendulm Craft Corp.)

### Opinion

We have audited the financial statements of Dose Labs Inc. (the "Company"), which comprise the statements of financial position as at September 15, 2020, and the statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the period from November 1, 2019 to September 15, 2020, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at September 15, 2020, and its financial performance and its cash flows for the period from November 1, 2019 to September 15, 2020 in accordance with International Financial Reporting Standards.

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Comparative Information

The financial statements of the Company for the year ended October 31, 2019 are unaudited.

### Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements, which describes events or conditions that indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*DMCL*

**DALE MATHESON CARR-HILTON LABONTE LLP**  
**CHARTERED PROFESSIONAL ACCOUNTANTS**  
Vancouver, BC

October 29, 2021



An independent firm  
associated with Moore  
Global Network Limited

## Dose Labs Inc. (formerly Pendulum Craft Corp.)

Statements of Financial Position  
(Expressed in Canadian dollars)

<b>As at</b>	Notes	<b>September 15, 2020</b>	October 31, 2019
			(Unaudited)
<b>ASSETS</b>			
Current assets			
Cash		\$ 109,082	\$ 253,778
Taxes receivable		-	29,155
Due from related party	9	9,000	9,000
Investment in shares	4	35,000	35,000
Total current assets		153,082	326,933
Equipment	6	27,975	30,140
Total assets		\$ 181,057	\$ 357,073
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
Current liabilities			
Accounts payable and accrued liabilities		\$ 8,173	\$ 4,446
Total liabilities		8,173	4,446
Shareholders' equity			
Share capital	8	\$ 1,112,256	\$ 1,112,256
Obligation to issue shares	8	19,600	19,600
Contributed surplus	8	1,455,313	1,247,405
Deficit		(2,414,285)	(2,026,634)
Total shareholders' equity		172,884	352,627
Total liabilities and shareholders' equity		\$ 181,057	\$ 357,073

Nature of operations and going concern (Note 1)

Approved by the Board of Directors:

"Daniel Vice"  
Director

"Pablo Morales"  
Director

*The accompanying notes form an integral part of these financial statements*

## Dose Labs Inc. (formerly Pendulum Craft Corp.)

Statements of Loss and Comprehensive Loss

(Expressed in Canadian dollars)

	Notes	For the period from November 1, 2019 to September 15, 2020	For the year- ended October 31, 2019
			(Unaudited)
Expenses			
Advertising and promotion		\$ 1,603	\$ 744
Business fees and trading licences		8,262	2,460
Consulting fees		4,938	14,564
Depreciation	6	3,290	769
Director fees	9	-	3,000
Facility improvements and maintenance		112,415	90,670
Office and miscellaneous		37,943	24,221
Professional fees		9,346	16,296
Rent		-	3,076
Travel		1,946	2,325
Stock-based compensation	8	207,908	601,636
<b>Total operating expenses</b>		<b>387,651</b>	<b>759,761</b>
Loss from continuing operations		(387,651)	(759,761)
Loss from discontinued operations	7	-	(356,211)
<b>Net loss and comprehensive loss</b>		<b>\$ (387,651)</b>	<b>\$ (1,115,972)</b>
Weighted average number of shares, basic and diluted		<b>17,580,830</b>	17,580,830
Loss per share – Basic and diluted – continuing operations		\$ (0.02)	\$ (0.04)
Loss per share – Basic and diluted – discontinued operations		\$ -	\$ (0.02)

*The accompanying notes form an integral part of these financial statements*

## Dose Labs Inc. (formerly Pendulum Craft Corp.)

Statement of Changes in Shareholders' Equity

For the period from November 1, 2019 to September 15, 2020 and year ended October 31, 2019

(Expressed in Canadian dollars)

	Share Capital						Total shareholders' Equity
	Number of common shares	Amount	Obligation to issue shares	Contributed surplus	Deficit		
<b>Balance, October 31, 2018 (unaudited)</b>	16,720,830	\$ 1,087,256	\$ 19,600	\$ 900,769	\$ (910,662)	\$ 1,096,963	
Return of subscription	(40,000)	(20,000)	-	-	-	(20,000)	
Shares issued for asset sale	900,000	45,000	-	(255,000)	-	(210,000)	
Stock-based compensation	-	-	-	601,636	-	601,636	
Net loss for the year	-	-	-	-	(1,115,972)	(1,115,972)	
<b>Balance, October 31, 2019 (unaudited)</b>	17,580,830	\$ 1,112,256	\$ 19,600	\$ 1,247,405	\$ (2,026,634)	\$ 352,627	
Stock-based compensation	-	-	-	207,908	-	207,908	
Net loss for the period	-	-	-	-	(387,651)	(387,651)	
<b>Balance, September 15, 2020</b>	<b>17,580,830</b>	<b>\$ 1,112,256</b>	<b>\$ 19,600</b>	<b>\$ 1,455,313</b>	<b>\$ (2,414,285)</b>	<b>\$ 172,884</b>	

The accompanying notes form an integral part of these financial statements

## Dose Labs Inc. (formerly Pendulum Craft Corp.)

Statements of Cash Flows  
(Expressed in Canadian dollars)

	For the period from November 1, 2019 to September 15, 2020	For the year-ended October 31, 2019 (Unaudited)
<b>Operating activities</b>		
Net loss	\$ (387,651)	\$ (759,761)
Items not affecting cash:		
Depreciation	3,290	769
Stock-based compensation	207,908	601,636
Non-cash working capital items:		
Trade accounts receivable	-	2,500
Taxes receivable	29,155	(9,957)
Due from related party	-	(9,000)
Prepaid expenses	-	1,500
Accounts payable and accrued liabilities	3,727	(52,272)
Cash used in continuing operating activities	(143,571)	(224,585)
Cash provided by discontinued operations	-	98,666
Net cash used in operating activities	(143,571)	(125,919)
<b>Investing activities</b>		
Acquisition of equipment	(1,125)	(27,759)
Net cash used in investing activities	(1,125)	(27,759)
<b>Financing activities</b>		
Return of proceeds from share subscription	-	(20,000)
Net cash used in financing activities	-	(20,000)
Change in cash	(144,696)	(173,678)
Cash, beginning of the year	253,778	427,456
<b>Cash, end of the year</b>	<b>\$ 109,082</b>	<b>\$ 253,778</b>

The accompanying notes form an integral part of these financial statements



# **Dose Labs Inc. (formerly Pendulum Craft Corp.)**

Notes to the Financial Statements

For the period from November 1, 2019 to September 15, 2020 and year ended October 31, 2019

(Expressed in Canadian dollars)

## **1. NATURE OF OPERATIONS AND GOING CONCERN**

Dose Labs Inc. (the "Company"), formerly Pendulum Craft Corp. and Pendulum Power Corp., was incorporated on November 16, 2017 under the British Columbia Business Corporations Act. The Company's name was changed to Pendulum Craft Corp. on March 19, 2019, and again changed to Dose Labs Inc. on September 23, 2020. The Company's registered and records office is located at #2080 – 777 Hornby Street, Vancouver, BC V6Z 1S4.

The Company's primary business is the development of an indoor cannabis nursery for the cultivation and sale of cannabis mothers and clones.

On July 24, 2020, the Company entered into an agreement with Doseology Sciences Inc. ("Doseology"), a company controlled by an officer and director of the Company, whereby the Doseology agreed to purchase all of the outstanding common shares of the Company on a basis of one-half share of the Doseology for each outstanding share of the Company.

On September 15, 2020, Doseology issued 8,196,341 common shares related to the acquisition of the Company. On December 10, 2020, an aggregate of 605,219 common shares were issued to remaining shareholders of the Company pursuant to the acquisition agreement and the acquisition was completed.

These financial statements have been prepared on the basis of accounting principles applicable to going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. For the period from November 1, 2019 to September 15, 2020, the Company has incurred a loss of \$387,651 (for year ended October 31, 2019 - \$759,761), negative cash flows from operating activities of \$143,571 (for year ended October 31, 2019 - \$ 125,919), and has accumulated deficit of \$2,414,285 as at September 15, 2020 (October 31, 2020 - \$2,026,634). These events and conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

The Company's ability to continue its operations and to realize assets at their carrying values is dependent upon its ability to raise financing and generate profits and positive cash flows from operations in order to cover its operating costs. From time to time, the Company generates working capital to fund its operations by raising additional capital through equity. However, there is no assurance it will be able to continue to do so in the future. These financial statements do not give effect to any adjustments required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the Company's financial statements.

## **2. BASIS OF PRESENTATION**

### **a) Statement of compliance**

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and with interpretations of the International Financial Reporting Issues Committee ("IFRIC") for the period presented.

The Company is required to make judgements as to the application of IFRS and the selection of accounting policies. The Company has disclosed its presentation, recognition and derecognition, and measurement of digital currencies, and the recognition of revenue as well as significant assumptions

## **Dose Labs Inc. (formerly Pendulum Craft Corp.)**

### Notes to the Financial Statements

For the period from November 1, 2019 to September 15, 2020 and year ended October 31, 2019

(Expressed in Canadian dollars)

and judgements; however, if specific guidance is enacted by the IASB in the future, the impact may result in changes to the Company's earnings and financial position as presented.

#### **b) Basis of Presentation**

These financial statements were approved and authorized for issuance on November 1, 2021 by the Board of Directors.

These financial statements have been prepared on a going concern basis, under the historical cost convention, except for certain financial instruments which may be measured at fair value. In addition, the financial statements are prepared on an accrual basis, except for cash flow information. The financial statements are presented in Canadian dollars, which is also the Company's functional currency.

#### **c) Use of accounting estimates**

The preparation of financial statements in accordance with IFRS requires management to make estimates that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates, and as such, the estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Information about critical judgments 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:

##### *Going concern*

The Company's ability to execute its strategy by funding future working capital requirements requires judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, such as expectations of future events that are believed to be reasonable under the circumstances. The factors considered by management are disclosed in Note 1.

##### *Estimated useful lives, depreciation and amortization of property, plant and equipment*

Depreciation and amortization of property, plant, and equipment are dependent upon estimates of useful lives which are determined through the exercise of judgment. Changes to the estimated useful life of property, plant and equipment could result in differences in their carrying amounts.

##### *Valuation of digital assets*

The Company had held bitcoins as its digital assets. Bitcoins are considered to be identifiable non-monetary assets without physical substance and are treated as intangible assets not subjected to amortization, under the scope of IAS 38 Intangible Assets.

Digital Assets are measured at fair value using the quoted price on "xe.com". Management considers this fair value to be a Level 2 input under IFRS 13 Fair Value Measurement fair value hierarchy as the price on this source represents an average of quoted prices on multiple digital currency exchanges. The Digital Assets are valued based on the closing price obtained from "xe.com" at the reporting period corresponding to the different Digital Assets mined by the Company. The Company is relying on the data available at "xe.com" to be an accurate representation of fair value.

## **Dose Labs Inc. (formerly Pendulum Craft Corp.)**

Notes to the Financial Statements

For the period from November 1, 2019 to September 15, 2020 and year ended October 31, 2019

(Expressed in Canadian dollars)

### *Recovery of deferred tax assets*

The Company estimates the expected manner and timing of the realization or settlement of the carrying value of its assets and liabilities and applies the tax rates that are enacted or substantively enacted on the estimated dates of realization or settlement. Any changes to the timing of the realization or settlement of these items could impact their value.

### *Fair valuation of investment in shares*

The Company estimates the value of securities which are not traded in an active market and do not have a quoted price that is observable. These securities are adjusted at the period end to reflect management's estimated fair value. Management has assessed that the proceeds upon disposal of the Plexus shares subsequent to the period end is most reliable indicator of the value of the shares.

### **c) Use of judgments**

Judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements are outlined below.

#### *Determination of the functional currency*

In concluding that the Canadian Dollar is the functional currency of the Company, management considered the currency that mainly influences the cost of providing goods and services in the primary economic environment in which each entity operates, or if there has been a change in events or conditions that determined the primary economic environment.

#### *Going concern*

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay its ongoing operating expenditures and to meet its liabilities for the ensuing year, involves significant judgment based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

## **3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies set out below have been applied and consistently presented in these financial statements, unless otherwise indicated.

### **a) Financial instruments**

#### *Recognition, classification and measurement*

Financial assets are classified and measured based on the business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. IFRS 9 contains three primary measurement categories for financial assets: amortized cost, fair value through other comprehensive income ("FVTOCI") and fair value through profit and loss ("FVTPL"). Financial assets are recognized in the statements of financial position if the Company has a contractual right to receive cash or other financial assets from another entity. Financial assets are derecognized when the rights to receive cash flows from the asset have expired or were transferred and the Company has transferred substantially all risks and rewards of ownership.

## **Dose Labs Inc. (formerly Pendulum Craft Corp.)**

Notes to the Financial Statements

For the period from November 1, 2019 to September 15, 2020 and year ended October 31, 2019

(Expressed in Canadian dollars)

All financial liabilities are recognized initially on the transaction date at which the Company becomes a party to the contractual provisions of the instruments. The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

Financial instruments are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

The Company has classified its cash and investment in shares as a financial asset measured at FVTPL, and classified its accounts receivable, accounts payable and accrued liabilities, due to related parties as financial assets and financial liabilities measured at amortized cost. Such assets and liabilities are recognized initially at fair value inclusive of any directly attributable transaction costs and subsequently carried at amortized cost using the effective interest method, less any impairment losses.

Financial assets and financial liabilities are offset and the net amount presented in the statements of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

### *Impairment of financial assets*

The Company recognizes loss allowances for expected credit losses on financial assets measured at amortized cost. Loss allowances for accounts receivable are always measured at an amount equal to lifetime expected credit losses if the amount is not considered fully recoverable. A financial asset carried at amortized cost is considered credit-impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. Individually significant financial assets are tested for credit-impairment on an individual basis. The remaining financial assets are assessed collectively.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. In assessing collective impairment, the Company uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

Losses are recognized in the statements of loss and comprehensive loss and reflected in an allowance account against accounts receivable. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the statements of loss and comprehensive loss.

### **b) Loss per share**

Basic loss per share is calculated by dividing the Company's net loss by the weighted average number of shares outstanding and reduced by any shares held in escrow during the reporting period. Diluted loss per share is calculated by dividing the Company's net loss by the sum of the weighted average number of shares issued and outstanding assuming all additional shares that would have been outstanding if potentially dilutive instruments were converted and reduced by any shares held in escrow.

## **Dose Labs Inc. (formerly Pendulum Craft Corp.)**

Notes to the Financial Statements

For the period from November 1, 2019 to September 15, 2020 and year ended October 31, 2019

(Expressed in Canadian dollars)

### **c) Share-based payments**

The Company grants stock options to purchase common shares of the Company to directors, officers, employees, and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes or provides services similar to those performed by an employee. The fair value of stock options is measured on the grant date using the Black-Scholes option pricing model and is recognized over the vesting period. Share-based payments are initially recorded to reserves. Subsequently, the amount together with the consideration received for the shares on the exercise of share-based payments are credited to share capital.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

### **d) Income taxes**

Income tax expense comprises current and deferred tax. Income tax is recognized in the statement of loss and comprehensive loss, except to the extent that it relates to items recognized in other comprehensive loss or directly in equity. In this case the income tax is also recognized in other comprehensive loss or directly in equity, respectively.

#### *Current income tax*

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

#### *Deferred tax*

Deferred tax is recognized on temporary differences at the reporting date arising between the tax bases of assets and liabilities and their carrying amount for financial reporting purposes.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that future taxable income will be available to allow all or part of the temporary differences to be utilized. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted and are expected to apply by the end of the reporting period. Deferred tax assets and deferred income tax liabilities are offset if a legally enforceable right exist to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

## Dose Labs Inc. (formerly Pendulum Craft Corp.)

Notes to the Financial Statements

For the period from November 1, 2019 to September 15, 2020 and year ended October 31, 2019

(Expressed in Canadian dollars)

### e) Equipment

Equipment is recorded at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. This includes the purchase price, any other costs directly attributable to bringing the assets to a working condition for intended use and the costs of dismantling and removing the items and restoring the site on which they are located.

Where an item of equipment comprises significant parts with useful lives that are significantly different from that of the asset as a whole, the parts are accounted for as separate items of equipment and depreciated accordingly. An item of equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising from derecognizing an asset determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized through profit or loss.

Equipment is depreciated over its estimated useful life. Interest incurred during construction of facilities is capitalized and depreciated over the life of the asset. Costs for normal repairs and maintenance that do not extend economic life or improve service potential are expensed as incurred. Costs of improvements that extend economic life or improve service potential are capitalized and depreciated over the estimated remaining useful life.

The Company commences recording depreciation when the assets are in a working condition ready for use using the straight-line method at the following rates:

<b>Class</b>	<b>Useful Life</b>
Computer equipment	5 years
Furniture and equipment	10 years
Small equipment and tools	5 years

### e) Impairment of assets

The carrying amount of the Company's non-financial assets (which include property, plant and equipment and inventory) is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the statement of comprehensive loss.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount. Any reversal of impairment cannot increase the carrying value of the asset to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

# **Dose Labs Inc. (formerly Pendulum Craft Corp.)**

Notes to the Financial Statements

For the period from November 1, 2019 to September 15, 2020 and year ended October 31, 2019

(Expressed in Canadian dollars)

## **f) Accounting standards implemented as of January 1, 2019**

### *Adoption of IFRS 16 Leases (“IFRS 16”)*

On January 1, 2019, the Company adopted IFRS 16 which replaces IAS 17 “Leases” and related interpretations, using the modified retrospective method which does not require restatement of prior period financial information. Accordingly, comparative information in the Company’s financial statements is not restated. The new standard introduces a single lessee accounting model and requires a lessee to recognize a right of use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There was no impact on the Company’s financial statements on adoption of this standard.

## **3. BASIS OF 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 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company uses judgment to select the methods used to make certain assumptions and in performing the fair value calculations in order to determine (a) the values attributed to each component of a transaction at the time of their issuance; (b) the fair value measurements for certain instruments that require subsequent measurement at fair value on a recurring basis; and (c) for disclosing the fair value of financial instruments subsequently carried at amortized cost. These valuation estimates could be significantly different because of the use of judgment and the inherent uncertainty in estimating the fair value of these instruments that are not quoted in an active market.

The Company’s financial instruments consist of cash, taxes receivable, investments, accounts payable and accrued liabilities and due to related parties. Cash is measured at fair value on a recurring basis using level 1 inputs.

The carrying value of the Company’s financial instruments carried at amortized cost approximate their fair values due to their short-term maturities.

## **4. INVESTMENT IN SHARES**

On April 27, 2019, the Company sold mining equipment to Plexus Technology Corp. (“Plexus”) in exchange for 100,000 shares of Plexus with a fair value of \$35,000 (Note 8). Subsequent to the period end, on December 22, 2020, Plexus repurchased these shares and the amount of \$35,000 was returned in full to the Company.

## Dose Labs Inc. (formerly Pendulm Craft Corp.)

Notes to the Financial Statements

For the period from November 1, 2019 to September 15, 2020 and year ended October 31, 2019

(Expressed in Canadian dollars)

### 5. DIGITAL CURRENCY ASSETS

The continuity of digital currencies is as follows:

		(Unaudited)
Balance, October 31, 2018	\$	171,233
Digital currency mined		20,683
Digital currency sold		(160,066)
Loss on disposal		(31,850)
Balance, October 31, 2019 and September 15, 2020	\$	-

### 6. EQUIPMENT

	Computer equipment	Furniture and equipment	Small equipment and tools	Mining equipment	Total
Cost					
Balance, October 31, 2018 (unaudited)	\$ 2,173	\$ 6,142	\$ 13,487	\$ -	\$ 21,802
Additions	-	24,990	5,909	300,000	330,899
Disposals (Note 7)	-	-	-	(300,000)	(300,000)
Impairment from discontinued operations (Note 7)	(2,173)	(6,142)	(13,477)	-	(21,792)
Balance, October 31, 2019 (unaudited)	-	24,990	5,919	-	30,909
Additions	-	942	183	-	1,125
<b>Balance, September 15, 2020</b>	<b>\$ -</b>	<b>\$ 25,932</b>	<b>\$ 6,102</b>	<b>\$ -</b>	<b>\$ 32,034</b>
Accumulated Depreciation					
Balance, October 31, 2018 (unaudited)	\$ -	\$ -	\$ -	\$ -	-
Depreciation	-	623	146	-	769
Balance, October 31, 2019 (unaudited)	-	623	146	-	769
Depreciation	-	2,241	1,049	-	3,290
<b>Balance, September 15, 2020</b>	<b>\$ -</b>	<b>\$ 2,864</b>	<b>\$ 1,195</b>	<b>\$ -</b>	<b>\$ 4,059</b>
Carrying amounts					
At October 31, 2019 (unaudited)	\$ -	\$ 24,367	\$ 5,773	\$ -	\$ 30,140
<b>At September 15, 2020</b>	<b>\$ -</b>	<b>\$ 23,068</b>	<b>\$ 4,907</b>	<b>\$ -</b>	<b>\$ 27,975</b>



## Dose Labs Inc. (formerly Pendulum Craft Corp.)

Notes to the Financial Statements

For the period from November 1, 2019 to September 15, 2020 and year ended October 31, 2019

(Expressed in Canadian dollars)

### 7. DISCONTINUED OPERATIONS

In October 2019, the Company entered into an agreement to sell all of its bitcoin mining equipment for proceeds of \$35,000, resulting in a loss on sale of assets of \$265,000. Upon completion of the sale, all activities pertaining to mining of bitcoin ceased. The bitcoin mining equipment sale was a strategic decision made by management to redirect the Company's focus and efforts on its cannabis operations. As a result of the sale, the remaining equipment related to the bitcoin mining operations was impaired to \$Nil, resulting in a loss of \$21,792.

The bitcoin mining segment was not previously classified as held-for-sale or as a discontinued operation. The comparative statement of loss and comprehensive loss has been presented to show the discontinued operation separately from continuing operations.

#### *Results of discontinued operations*

		<b>For the period from November 1, 2019 to September 15, 2020</b>	<b>For the year ended October 31, 2019 (unaudited)</b>
Bitcoin mining revenue	\$	-	\$ (20,683)
Cost of sales		-	58,252
Impairment of fixed assets		-	21,792
Loss on sale of assets		-	265,000
Loss on disposal of digital currency		-	31,850
<b>Loss from discontinued operations</b>	<b>\$</b>	<b>-</b>	<b>\$ 356,211</b>

### 8. SHARE CAPITAL

#### *Authorized capital*

The Company is authorized to issue:

- Unlimited common shares without par value; and
- Unlimited preferred shares without par value

#### *Issued and outstanding capital*

As at September 15, 2020, there were 17,580,030 (2019 – 17,580,030) common shares issued and outstanding.

During the period ended September 15, 2020, there were no share capital transactions.

During the year ended October 31, 2019:

- a) The Company issued 900,000 common shares at a deemed value of \$0.05 per share pursuant to an amendment to an asset purchase agreement for the sale of mining equipment.
- b) The Company cancelled 40,000 common shares at a deemed value of \$0.50 per share pursuant to a subscription cancellation.

## Dose Labs Inc. (formerly Pendulum Craft Corp.)

Notes to the Financial Statements

For the period from November 1, 2019 to September 15, 2020 and year ended October 31, 2019

(Expressed in Canadian dollars)

### *Obligation to issue shares*

On May 26, 2018, the company received \$19,600 in connection with subscription of 56,000 units where each unit being comprised of one common share and one common share purchase warrant. These units were not issued as of September 15, 2020 and the proceeds of \$19,600 have been included in obligation to issue shares. Subsequent to the period end the Company approved the issuance of 14,000 common shares of the Company to the subscriber in settlement of the original subscription of 56,000 units.

### *Warrants*

As at September 15, 2020, warrant transactions and the number of warrants outstanding are summarized as follows:

	<b>Number of Warrants</b>		<b>Weighted Average Exercise Price</b>
Balance, October 31, 2018 and October 31, 2019	6,180,730	\$	0.19
Expired	(1,080,730)		(0.85)
Balance, September 15, 2020	5,100,000	\$	0.05

As at September 15, 2020, the Company had 5,100,000 warrants exercisable at \$0.05 per share until August 21, 2023. These warrants were subsequently cancelled following the sale of the Company to Doseology Sciences Inc.

### *Options*

As at September 15, 2020 and October 31, 2019, the Company had 3,300,000 options outstanding exercisable at \$0.10 per share until May 29, 2023.

These options had a fair value of \$0.4524 per option using the Black Scholes model with the following inputs: i) exercise price: \$0.10; ii) share price: \$0.50; iii) term: 5.00 year; iv) volatility: 100%; v) discount rate: 2.03%. The options vest 1/36 on the first day of every month until fully vested. \$207,908 (2019 - \$601,636) of the vested value of these options was included in stock-based compensation and reserves for the period ended September 15, 2020.

These options were subsequently cancelled following the sale of the Company to Doseology Sciences Inc.

	<b>Number of Options</b>		<b>Weighted Average Exercise Price</b>
Balance, October 31, 2018	-	\$	-
Issued	3,300,000		0.10
Balance, October 31, 2019 and September 15, 2020	3,300,000	\$	0.10

## Dose Labs Inc. (formerly Pendulum Craft Corp.)

Notes to the Financial Statements

For the period from November 1, 2019 to September 15, 2020 and year ended October 31, 2019

(Expressed in Canadian dollars)

### 9. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties and related party transactions impacting the financial statements not disclosed elsewhere in these financial statements are summarized below and include transactions with the following individuals or entities:

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. Key management personnel comprise officers and directors of the Company.

The Company entered into the following transactions with related parties during the period ended September 15, 2020:

- i. Director fees of \$Nil (2019 - \$3,000) was paid to a director of the company.
- ii. On July 24, 2020, the Company entered into an agreement with Doseology, a company controlled by a key management and director of the Company, whereby Doseology agreed to purchase all of the outstanding common shares of the Company on a basis of one-half share of the Doseology for each outstanding share of the Company. On September 15, 2020, Doseology issued 8,196,341 common shares related to the acquisition of the Company.

As at September 15, 2020, \$9,000 (2019 - \$9,000) was owed to a Company with a common director. This amount is payable on demand, unsecured and does not bear interest.

As at September 15, 2020, \$2,399 (2019 - \$2,399) was payable to key management and is included in accounts payable and accrued liabilities in the financial statements. Such amounts are unsecured, non-interest bearing and will be paid under normal trade terms.

### 10. INCOME TAXES

	September 15, 2020	October 31, 2019
Net loss for the period	\$ (387,651)	\$ (1,115,972)
Statutory income tax rate	27%	27%
Income tax benefit computed at the statutory tax rate	(105,000)	(301,000)
Permanent differences	56,000	242,000
Unrecognized benefit from income tax losses	49,000	59,000
Income tax recovery	\$ -	\$ -

As at September 15, 2020, the Company had the following deferred tax assets and liabilities:

	September 15, 2020	October 31, 2019
Equipment	\$ 7,000	\$ 6,000
Share issuance costs	(1,000)	-
Non-capital losses	101,000	53,000
	107,000	59,000
Unrecognized deferred tax assets	(107,000)	(59,000)
Net deferred tax assets	\$ -	\$ -

## Dose Labs Inc. (formerly Pendulum Craft Corp.)

Notes to the Financial Statements

For the period from November 1, 2019 to September 15, 2020 and year ended October 31, 2019

(Expressed in Canadian dollars)

As at September 15, 2020, the Company had non-capital losses in Canada expiring as follows:

2039	\$	197,000
2040		177,000
<b>Total</b>	<b>\$</b>	<b>374,000</b>

### 11. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern to support its business plan, as well as to ensure that the Company is able to meet its financial obligations as they become due.

The basis for the Company's capital structure is dependent on the Company's expected business growth and changes in business environment. To maintain or adjust the capital structure, the Company may issue new shares through private placement, incur debt or return capital to members.

The Company is dependent upon external financings to fund activities. In order to carry future projects and pay administrative costs, the Company will utilize its existing working capital and raise additional funds as needed. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company is not subject to externally imposed capital requirements.

### 12. RISK MANAGEMENT AND LIQUIDITY

The Company is exposed, through its operations, to the following financial risks:

- a) Market risk
- b) Credit risk
- c) Liquidity risk

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.

General objectives, policies, and processes:

Management has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the

Company's finance function. Management reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous reported periods unless otherwise stated in the note. The overall objective of management is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below.

## **Dose Labs Inc. (formerly Pendulm Craft Corp.)**

Notes to the Financial Statements

For the period from November 1, 2019 to September 15, 2020 and year ended October 31, 2019

(Expressed in Canadian dollars)

### a) Market risk

Market risk is the risk of loss that may arise from changes in market factors such as foreign currency exchange, interest rates and equity price risk.

#### (i) Foreign currency risk:

The Company's functional and reporting currency is the Canadian dollar and major purchases are transacted in Canadian dollars. As a result, the Company's exposure to the foreign currency risk is minimal.

#### (ii) Interest rate risk:

Interest rate risk is the risk that future cash flows will fluctuate because of changes in market interest rates. The interest earned on cash is insignificant and the Company does not rely on interest income to fund its operations. The Company has no debt facilities. As a result, the Company is not significantly exposed to interest rate risk.

#### (iii) Other price risk:

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company holds equity investments in another entity, however, the entity is a private company, and therefore the Company is not exposed to a significant risk.

### b) Credit risk

Credit risk is the risk of loss associated with a counter party's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to its cash, which is held with reputable financial institutions. Management believes that the credit risk with respect to cash is minimal.

### c) Liquidity risk

Liquidity risk arises from the Company's general and capital financing needs. The Company continuously monitors and reviews both actual and forecasted cash flows, and also matches the maturity profile of financial assets and liabilities, when feasible.

**DOSE LABS INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE PERIOD FROM NOVEMBER 1, 2019, TO SEPTEMBER 15, 2020**  
**DATED: August 3, 2021**

*This management's discussion and analysis ("MD&A") provides a review of the Company and should be read in conjunction with the audited financial statements for the period from November 1, 2019, to September 15, 2020, which are prepared in accordance with International Financial Reporting Standards ("IFRS").*

*This MD&A contains "forward-looking information" that is based on expectations, estimates and projections as of the date of this MD&A. Often, but not always, such forward-looking information can be identified by the use of forward-looking words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information in this MD&A. Many of such risks and uncertainties are beyond the control of the Company. Please refer to the non-exhaustive list of risks and uncertainties included in this MD&A.*

*While the Company anticipates that subsequent events and developments may cause its views to change, it will not update this forward-looking information, except as required by law. This forward-looking information should not be relied upon as representing the views of the Company as of any date subsequent to the date of this MD&A. The Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those current expectations described in forward-looking information. However, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended and that could cause actual actions, events or results to differ materially from current expectations. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking information.*

*All amounts are presented in Canadian dollars unless otherwise indicated.*

*The words "we", "our", "us", "Company", and "Dose Labs" refer to Dose Labs Inc., together with its predecessors, and/or the management and employees of the Company.*

## Selected Financial Information

	<b>For the period from November 1, 2019 to September 15, 2020</b>	<b>For the year ended October 31, 2019</b>
Revenue	-	-
Gross Margin	-	-
Operating Expenses (excluding non-cash and cost of sales)	(176,453)	(157,356)
Loss from discontinued operations	-	(356,211)
Net Loss	(273,593)	(1,115,972)
Per Share, basic and diluted – continuing operations	(0.02)	(0.07)
Per Share, basic and diluted – discontinued operations	-	(0.03)
	<b>September 15, 2020</b>	<b>October 31, 2019</b>
Cash	109,082	253,778
Net Working Capital	109,909	287,487
Total Assets	181,057	357,073
Accounts payable and accrued liabilities	8,173	4,446
Total Liabilities	8,173	4,446

The following summarizes Dose’s historical financial results during this period end and previous year.

	<b>September 15, 2020</b>	<b>October 31, 2019</b>
<b>Revenue</b>	-	-
<b>Loss from continuing operations</b>	(273,593)	(759,761)
<b>Loss from discontinued operations</b>	-	(356,211)
<b>Loss and comprehensive loss</b>	(273,593)	(1,115,972)
	(0.02)	(0.07)
<b>Basic and diluted loss per share – continuing operations</b>		(0.07)
<b>Basic and diluted loss per share – discontinued operations</b>	-	(0.03)

### Business Update:

The Company was incorporated on November 16, 2017, under the name of Nest Blockchain Inc. On August 28, 2018, the Company changed its name to Pendulum Power Corp. On March 19, 2019, the Company changed its name to Pendulum Craft Corp. and on September 23, 2020, the Company changed its name to Dose Labs Inc.

On July 15, 2020, the Company entered into an agreement with Doseology Sciences Inc. (“Doseology”), a company that, at that time, was controlled by an officer and director of the Company, whereby Doseology agreed to purchase all of the outstanding common shares of the Company on a basis of one-half common share of the Doseology for each outstanding common share of the Company.

On September 15, 2020, Doseology issued 8,196,341 common shares pursuant to the acquisition of approximately 92% of the Company. On December 10, 2020, an aggregate of 605,219 common shares were issued to remaining shareholders of the Company pursuant to statutory compulsory acquisition procedures and the acquisition was fully completed.

### Business Overview

Currently, the primary business of Dose Labs is the development of an indoor cannabis nursery for the cultivation and sale of cannabis mothers and clones. The Company intends to acquire six strains of cannabis from a licensed producer that exhibit predictable strain characteristics, unique terpene compositions and cannabinoid profiles, are easy to grow, fast flowering and

resistant to pests and disease. The Company intends to grow its cannabis clones indoors at its facility located in Vernon, British Columbia (the “Vernon Facility”).

## Facilities

The Vernon Facility sits on 23-acres of land leased by the Company’s parent Doseology Sciences Inc. and is designed as an expandable facility, which can adjust its production capacity to handle increases in demand.

## FINANCIAL PERFORMANCE REVIEW AND ANALYSIS

### Operational Summary for period from November 1, 2019, to September 15, 2020, compared to year-ended October 31, 2019:

- The Company incurred expenses for advertising and promotion totaling \$1,603 compared to \$744 for the year-ended October 31, 2019.
- The Company incurred \$8,262 in business fees and trading licenses compared to \$2,460 for the year-ended October 31, 2019. The increase of \$5,802 is primarily due to cannabis licensing costs.
- The Company incurred expenses for various consultant and professional fees totaling \$14,284 as compared to \$30,860 for the year-ended October 31, 2019. The decrease was due primarily to lower legal fees.
- The Company incurred \$Nil in director fees compared to \$3,000 in the year-ended October 31, 2019. The decrease is due to a number of directors resigning from the Company.
- The Company incurred \$112,415 in facility improvements and maintenance as compared to \$90,670 incurred for the year-ended October 31, 2019. The increase was due primarily to the to work to get the facility ready for cannabis operations.
- The Company incurred \$37,943 in office and miscellaneous compared to \$24,221 incurred in the year-ended October 31, 2019. The increase was due primarily to the write down of a receivable balance.
- The Company incurred \$Nil in rent expense compared to \$3,076 in the year-ended October 31, 2019.
- The Company incurred \$1,946 in travel expenses compared to \$2,325 in the year-ended October 31, 2019.

## Performance Overview

### Operating Expenses (excluding non-cash items)

	<b>For the period from November 1, 2019 to September 15, 2020 \$</b>	<b>For the year-ended October 31, 2019 \$</b>
Advertising and promotion	1,603	744
Business fees and trading licenses	8,262	2,460
Consulting fees	4,938	14,564
Director fees	-	3,000
Facility improvements and maintenance	112,415	90,670
Office and miscellaneous	37,943	24,221
Professional fees	9,346	16,296
Rent	-	3,076
Travel	1,946	2,325
<b>Total operating expenses</b>	<b>176,453</b>	<b>157,356</b>



## Operating expenses

Operating expenses (excluding non-cash items) for the period from November 1, 2019, to September 15, 2020, totaled \$176,453 compared to \$157,356 for the year ended October 31, 2019. The increase of \$19,097 was due primarily to increased facility improvements and maintenance in preparation for cannabis operations and business licenses related to the nursery operations.

## Net Loss – Continuing operations

The Company recorded a net loss of \$273,593 (\$0.02 loss per basic and diluted share) for the period from November 1, 2019, to September 15, 2020, compared to a net loss of \$759,791 (\$0.07 loss per basic and diluted share) for the year-ended October 31, 2019. The decrease in net loss was due largely to a decrease in stock-based compensation.

## Net Loss – Discontinued operations

The Company did not incur any net losses related to discontinued operations for the period from November 1, 2019, to September 15, 2020, compared to a net loss of \$356,211 (\$0.03 loss per basic and diluted share) for the year-ended October 31, 2019. The discontinued operations relate to the Company's former cryptocurrency mining operation, as described further below.

## Discontinued operations

In October 2019, the Company entered into an agreement to sell all of its Bitcoin mining equipment for proceeds of \$35,000, resulting in a loss on sale of assets of \$265,000. Upon completion of the sale, all activities pertaining to mining of bitcoin ceased. The Bitcoin mining equipment sale was a strategic decision made by management to redirect the Company's focus and efforts on its cannabis operations. As a result of the sale, the remaining equipment related to the bitcoin mining operations was impaired to \$NIL, resulting in a loss of \$21,792.

## Financial Condition

The following table identifies financial balances as at September 15, 2020 and October 31, 2019:

	September 15, 2020 \$	October 31, 2019 \$
Cash	109,082	253,778
Other current assets	9,000	38,155
Net working capital	109,909	278,487
Total assets	181,057	357,073
Accounts payable and accrued liabilities	8,173	4,446
Total liabilities	8,173	4,446

	September 15, 2020 \$	October 31, 2019 \$
Deficit	(2,300,227)	(2,026,634)
Shareholder Equity	172,884	352,627

### **Liquidity and Financial Position**

At September 15, 2020, the Company had a cash balance of \$109,082, a decrease of \$144,696 since the beginning of the year. The decrease was due primarily from \$176,453 used in operations and partially offset by a \$32,882 increase in non-cash working capital items.

The Company's working capital balance at September 15, 2020, was \$109,909, a \$177,578 decrease since the beginning of the year. The decrease in working capital was due to the Company not generating any revenue, \$112,415 spent on facility improvements and onsite maintenance, and \$37,943 of general and administrative costs.

In addition to the Company's cash balance, other significant components of net working capital at September 15, 2020, include amounts due from a related party of \$9,000 and accounts payable and accrued liabilities of \$8,173.

#### *Cash flow used in operations*

The Company used cash of \$143,571 in operations for the period from November 1, 2019, to September 15, 2020, compared to \$225,585 for the year ended October 31, 2019. The use of cash primarily reflects cash used for facility improvements and maintenance and business license costs.

#### *Cash flow from financing activities*

Cash flows from financing activities was \$nil for the period from November 1, 2019, to September 15, 2020. In the year ended October 31, 2019, the Company returned \$20,000 to an investor for the cancellation of a share subscription.

#### *Cash flow used in investing activities*

Cash flows used in investing activities was \$1,125 for the period from November 1, 2019, to September 15, 2020. This is relating the acquisition of equipment to support nursery facilities.

Total assets amounted to \$181,057 as at September 15, 2020. The majority of the balance is attributable to cash. Total liabilities were \$8,173 at September 15, 2020. This balance is solely relating to trade payables. The Company had a shareholders' equity of \$172,884 as at September 15, 2020. The decrease in shareholders' equity compared to 2019 (\$352,627) is primarily due to the operating deficit for the period.

### **Going Concern Assumption**

The financial statements have been prepared on the going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. For the period from November 1, 2019, to September 15, 2020, the Company has incurred a loss of \$273,593. The Company incurred negative cash flows of \$143,571 from operating activities during the period and an accumulated deficit of \$2,300,227 as at September 15, 2020. These

conditions indicate the existence of a material uncertainty that may cast significant doubt regarding the Company's ability to continue as a going concern.

The audited financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the Company's audited financial statements. These adjustments could be material.

### **Off-Balance Sheet Arrangements**

The Company has not entered into any off-balance sheet arrangements.

### **Related Party Transactions and Balances**

Related parties and related party transactions impacting the financial statements not disclosed elsewhere in these financial statements are summarized below and include transactions with the following individuals or entities:

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. Key management personnel comprise officers and directors of the Company.

The Company entered into the following transactions with related parties during the period ended September 15, 2020:

- i. Director fees of \$Nil (2019 - \$3,000) was paid to Lorne Siverston, a director of the Company.
- ii. On July 15, 2020, the Company entered into an agreement with Doseology, a company controlled by Shane Gordon, a Director of the Company, whereby Doseology agreed to purchase all of the outstanding common shares of the Company on a basis of one-half share of the Doseology for each outstanding share of the Company. On September 15, 2020, Doseology issued 8,196,341 common shares related to the acquisition of approximately 92% of the Company. This transaction was considered a related party transaction as Shane Gordon, a major shareholder and the sole director and officer of the Company is also a shareholder and former officer and director of Doseology.

As at September 15, 2020, \$9,000 (2019 - \$9,000) was owed to Sungrown Organics, of which Shane Gordon is a common director. This amount is payable on demand, unsecured and does not bear interest.

### **Subsequent Events**

Subsequent to the period from November 1, 2019, to September 15, 2020:

- On September 23, 2020, the Company changed its name to Dose Labs Inc.
- On December 10, 2020, an aggregate of 605,219 common shares of Doseology were issued to acquire the remaining shares of the Company pursuant to the acquisition agreement with Doseology and the acquisition was fully completed.

### **Financial Risk Management**

The Company has determined that the carrying value of its short-term financial assets and liabilities, including cash, other receivables and accounts payable and accrued liabilities approximate their fair value because of the relatively short periods to maturity of these instruments. The Company may be exposed to certain financial risks, including credit risk, currency risk, interest rate risk and liquidity risk.

### **Credit risk**

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash. The Company limits its exposure to credit loss by placing its cash with high credit quality financial institutions.

### **Foreign exchange rate risk**

Foreign exchange risk arises from fluctuations in the future cash flows of a financial instrument because of changes in foreign exchange rates. The Company is not exposed to foreign exchange rate risk as it uses Canadian dollars.

### **Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The observable impacts on the fair value and future cash flows of financial instruments that can be directly attributable to interest rate risk include changes in net income from financial instruments whose cash flows are determined with reference to floating interest rates and potential changes in value of financial instruments whose cash flows are fixed in nature. The Company does not have any financial liabilities with floating interest rates and accordingly is not exposed to cash flow risk.

### **Liquidity and funding risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash and through issuance of equity. The ability to do this relies on the Company generating cash from operations, raising debt or equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs.

Funding risk is the risk that market conditions will impact the Company's ability to raise capital through equity markets under acceptable terms and conditions. See discussion on the Going Concern Assumption above.

### **Critical Accounting Policies**

The preparation of the financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Critical accounting judgments are accounting policies that have been identified as being complex or involving subjective judgments or assessments. Information about such critical judgments in the application of accounting policies that have significant effect on the amounts recognized in the Company's audited financial statements is included in significant accounting policies Note 3 to the Company's audited financial statements for the period from November 1, 2019, to September 15, 2020. Changes in these estimates and assumptions could have a significant impact on the Company's financial statements.

The reported amounts and note disclosures reflect management's best estimates of the most probable set of economic conditions and planned course of action. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

### **Outstanding share information**

At August 3, 2021, the Company has 17,620,030 common shares outstanding. All of the outstanding common shares are held by the parent company Doseology Sciences Inc.

The Company has no warrants outstanding.

The Company has no options outstanding.

### **Risks and Uncertainties**

An investment in the Company's common shares involves a high degree of risk. Investors should carefully consider the cautionary statement under the caption "Forward-Looking Information" in the beginning of this MD&A and the other information included herein, before purchasing the Company's common shares. The risks described in these financial reports are not the only ones that the Company faces. Additional risks that are not yet known or considered immaterial at this time could also impair the Company's business, financial condition or results of operations in the future. In such case, the trading price of the Company's common shares could decline and cause investors to lose all or a portion of their investment.

**Competition** – The existing and anticipated markets for the Company's products are highly competitive. The Company has many competitors in Canada.

**SCHEDULE "B" – AUDIT COMMITTEE CHARTER**

## DOSEOLOGY SCIENCES INC. (THE "CORPORATION")

### AUDIT COMMITTEE CHARTER

1. **Establishment of Audit Committee:** The directors of the Corporation (the "**Directors**") hereby establish an audit committee (the "**Audit Committee**").
2. **Membership:** The membership of the Audit Committee shall be as follows:
  - (a) The Audit Committee shall be composed of three members or such greater number as the Directors may from time to time determine.
  - (b) The majority of the members of the Audit Committee shall be independent Directors.
  - (c) Each member of the Audit Committee shall be financially literate. For purposes hereof "financially literate" has the meaning set forth under NI 52-110 (as amended from time to time) and currently means the ability to read and understand a set of financial statements that present the breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Corporation's financial statements.
  - (d) Members shall be appointed annually from among members of the Directors. A member of the Audit Committee shall *ipso facto* cease to be a member of the Audit Committee upon ceasing to be a Director of the Corporation.
3. **Oversight Responsibility:** The external auditor is ultimately accountable to the Directors and the Audit Committee, as representatives of the shareholders and such shareholders representatives have the ultimate authority and responsibility to select, evaluate, and where appropriate, replace the external auditors (or to nominate the external auditors to be proposed for shareholder approval in any management information circular and proxy statement). The external auditor shall report directly to the Audit Committee and shall have the responsibilities as set forth herein.
4. **Mandate:** The Audit Committee shall have responsibility for overseeing:
  - (a) the accounting and financial reporting processes of the Corporation; and
  - (b) audits of the financial statements of the Corporation.

In addition to any other duties assigned to the Audit Committee by the Directors, from time to time, the role of the Audit Committee shall include meeting with the external auditor and the senior financial management of the Corporation to review all financial statements of the Corporation which require approval by the Directors, including year-end audited financial statements. Specifically, the Audit Committee shall have authority and responsibility for:

- (a) reviewing the Corporation's financial statements, MD&A and earnings press releases before the information is publicly disclosed;
- (b) overseeing the work of the external auditors engaged for purpose of preparing or issuing, an audit report or performing other audit, review or attest services for the Corporation, including the resolution of disagreements between management and the external auditors regarding financial reporting;
- (c) reviewing annually and recommending to the Directors:

- (i) the external auditors to be nominated for purposes of preparing or issuing an audit report or performing other audit, review or attest services for the Corporation; and
- (ii) the compensation of the external auditors.
- (d) discussing with the external auditor:
  - (i) the scope of the audit, in particular their view of the quality of the Corporation's accounting principles as applied in the financials in terms of disclosure quality and evaluation methods, inclusive of the clarity of the Corporation's financial disclosure and reporting, degree of conservatism or aggressiveness of the Corporation's accounting principles and underlying estimates and other significant decisions made by management in preparing the financial disclosure and reviewed by the auditors;
  - (ii) significant changes in the Corporation's accounting principles, practices or policies; and
  - (iii) new developments in accounting principles, reporting matters or industry practices which may materially affect the Corporation.
- (e) reviewing with the external auditor and the Corporation's senior financial management the results of the annual audit regarding:
  - (i) the financial statements;
  - (ii) MD&A and related financial disclosure contained in continuous disclosure documents;
  - (iii) significant changes, if any, to the initial audit plan;
  - (iv) accounting and reporting decisions relating to significant current year events and transactions;
  - (v) the management letter, if any, outlining the auditor's findings and recommendations, together with management's response, with respect to internal controls and accounting procedures; and
  - (vi) any other matters relating to the conduct of the audit, including such other matters which should be communicated to the Audit Committee under Canadian generally accepted auditing standards.
- (f) reviewing and discussing with the Corporation's senior financial management and, if requested by the Audit Committee, the external auditor:
  - (i) the interim financial statements;
  - (ii) the interim MD&A; and
  - (iii) any other material matters relating to the interim financial statements, including, inter alia, any significant adjustments, management judgments or estimates, new or amended accounting policies.
- (g) receipt from external auditor of a formal written statement delineating all relationships between the auditor and the Corporation and considering whether the advisory services performed by the external auditor during the course of the year have impacted their independence, and also ensuring that no relationship or services between ) the external auditor and the Corporation is in existence which may affect the objectivity and independence of the auditor or recommending appropriate action to ensure the independence of the external auditor.



- (h) pre-approval of all non-audit services to be provided to the Corporation or its subsidiary entities by the external auditors or the external auditors of the Corporation's subsidiary entities, unless such pre-approval is otherwise appropriately delegated or if appropriate specific policies and procedures for the engagement of non-audit services have been adopted by the Audit committee.
- (i) reviewing and discussing with the external auditors and senior financial management: the adequacy of procedures for review of disclosure of financial information extracted or derived from financial statements, other than the disclosure referred to in subparagraph (a) above.
- (j) establishing and reviewing of procedures for:
- (i) receipt, retention, and treatment of complaints received by the Corporation and its subsidiary entities regarding internal accounting controls, or auditing matters;
- (ii) anonymous submission by employees of the Corporation and its subsidiary entities of concerns regarding questionable accounting or auditing matters; and
- (iii) hiring policies regarding employees and former employees of present and former external auditors of the Corporation and its subsidiary entities.
- (k) reviewing with the external auditor, the adequacy of management's internal control over financial reporting relating to financial information and management information systems and inquiring of management and the external auditor about significant risks and exposures to the Corporation that may have a material adverse impact on the Corporation's financial statements, and inquiring of the external auditor as to the efforts of management to mitigate such risks and exposures.
- (1) reviewing and/or considering that, with regard to the previous fiscal year,
- management has reviewed the Corporation's audited financial statements with the Audit Committee, including a discussion of the quality of the accounting principles as applied and significant judgments affecting the financial statements;
  - the external auditors and the Audit Committee have discussed the external auditors' judgments of the quality of the accounting principles applied and the type of judgments made with respect to the Corporation's financial statements;
  - the Audit Committee, on its own (without management or the external auditors present), has considered and discussed all the information disclosed to the Audit Committee from the Corporation's management and the external auditor; and
  - in reliance on review and discussions conducted with senior financial management and the external auditors, the Audit Committee believes that the Corporation's financial statements are fairly presented in conformity with the with International Financial Reporting Standards (IFRS) in all material respects and that the financial statements fairly reflect the financial condition of the Corporation.

5. **Administrative Matters:** The following general provisions shall have application to the Audit Committee:

- (a) A quorum of the Audit Committee shall be the attendance of a majority of the members thereof. No business may be transacted by the Audit Committee except at a meeting of its members at which a quorum of the Audit Committee is present or by a resolution in writing signed by all the members of the Audit Committee.

- (b) Any member of the Audit Committee may be removed or replaced at any time by resolution of the Directors of the Corporation. If and whenever a vacancy shall exist on the Audit Committee, the remaining members may exercise all its powers so long as a quorum remains. Subject to the foregoing, each member of the Audit Committee shall hold such office until the close of the annual meeting of shareholders next following the date of appointment as a member of the Audit Committee or until a successor is duly appointed.
- (c) The Audit Committee may invite such Directors, officers and employees of the Corporation or affiliates thereof as it may see fit from time to time to attend at meetings of the Audit Committee and to assist thereat in the discussion of matters being considered by the Audit Committee. The external auditors are to appear before the Audit Committee when requested to do so by the Audit Committee.
- (d) The time and place for the Audit Committee meetings, the calling and the procedure at such meetings shall be determined by the Audit Committee having regard to the Articles and By-Laws of the Corporation.
- (e) The Chair shall preside at all meetings of the Audit Committee and shall have a second and deciding vote in the event of a tie. In the absence of the Chair, the other members of the Audit Committee shall appoint a representative amongst them to act as Chair for that particular meeting.
- (f) Notice of meetings of the Audit Committee may be given to the external auditors and shall be given in respect of meetings relating to the annual audited financial statements. The external auditors have the right to appear before and to be heard at any meeting of the Audit Committee. Upon the request of the external auditors, the Chair of the Audit Committee shall convene a meeting of the Audit Committee to consider any matters which the external auditors believes should be brought to the attention of the Directors or shareholders of the Corporation.
- (g) The Audit Committee shall report to the Directors of the Corporation on such matters and questions relating to the financial position of the Corporation or any affiliates of the Corporation as the Directors of the Corporation may from time to time refer to the Audit Committee.
- (h) The members of the Audit Committee shall, for the purpose of performing their duties, have the right to inspect all the books and records of the Corporation and its affiliates, and to discuss such books and records that are in any way related to the financial position of the Corporation with the Directors, officers, employees and external auditors of the Corporation and its affiliates.
- (i) Minutes of the Audit Committee meetings shall be recorded and maintained. The Chair of the Audit Committee will report to the Directors on the activities of the Audit Committee and/or the minutes of the Audit Committee meetings will be promptly circulated to the Directors or otherwise made available at the next meeting of Directors.
- (j) The Audit Committee shall have the authority to:
- (i) engage independent counsel and other advisors or consultants as it determines necessary to carry out its duties;
  - (ii) set and pay the compensation for any advisors employed by the Audit Committee; and
  - (iii) communicate directly with the internal (if any) and external auditors and qualified reserves evaluators or auditors.

**CERTIFICATE OF THE COMPANY**

Dated: October 29, 2021.

This prospectus constitutes full, true and plain disclosure of all material facts relating to securities previously issued by the Company as required by the securities legislation of the Provinces of British Columbia and Alberta.

*“Daniel Vice”*  
Daniel Vice  
Chief Executive Officer

*“Alex McAulay”*  
Alex McAulay  
Chief Financial Officer

ON BEHALF OF THE BOARD OF DIRECTORS

*“Gordon Jang”*  
Gordon Jang  
Director

*“Scott Reeves”*  
Scott Reeves  
Director

## CERTIFICATE OF THE PROMOTERS

Dated: October 29, 2021.

This prospectus constitutes full, true and plain disclosure of all material facts relating to securities previously issued by the Company as required by the securities legislation of the Provinces of British Columbia and Alberta.

By: (signed) "Daniel Vice"  
Daniel Vice, Chief Executive Officer  
Promoter

By: (signed) "Shane Gordon"  
Shane Gordon  
Promoter

**SCHEDULE "B"**

**DOSEOLOGY SCIENCES INC.**

**Section 14 of Form 2A Listing Statement**

See attached.

## 14. CAPITALIZATION

### *Issued Capital*

To the best knowledge of the Company, the following table sets out the number of the Common Shares available in the Company's Public Float and Freely-Tradeable Float on a diluted and non-diluted basis as at the dated of this Listing Statement:

	<u>Number of Common Shares (non-diluted)</u>	<u>Number of Common Shares (fully diluted)</u>	<u>% of Shares (non-diluted)</u>	<u>% of Shares (fully diluted)</u>
<b><u>Public Float</u></b>				
Total Outstanding (A) <sup>(1)</sup>	41,100,300	60,986,920	100	100
Held by Related Persons or employees of the Issuer or by persons or companies who beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer (or who would beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer upon exercise or conversion of other securities held) (B)	9,495,025	16,845,025	23.1	27.6
Total Public Float [(A)-(B)]	31,605,275	44,141,895	76.9	72.4
<b><u>Freely Tradeable Float</u></b>				
Number of outstanding common shares subject to resale restrictions, including restrictions imposed by pooling or other arrangements or in a shareholder agreement and securities held by control block holders <sup>(1)</sup>	22,210,414	26,210,414	54.0	43.0
<b>Total Tradeable Float</b>	<b>18,889,886</b>	<b>34,776,506</b>	<b>46.0</b>	<b>57.0</b>

Notes:

- (1) This total includes the Common Shares that are subject to escrow. See "Escrowed Securities".  
(2) This total includes 5,942,500 Common Shares issuable upon the automatic conversion of Subscription Receipts.

### *Public Securityholders (Registered and Beneficial)*

To the best knowledge of the Company, the following table sets out the breakdown of the registered shareholders of the Company as of the date hereof, pursuant to the size of the shareholder's holding. For the purposes of this table, registered holders are persons other than persons enumerated in section (B) of the Issued Capital table above:

### *Public Securityholders (Registered and Beneficial)<sup>(1)</sup>*

Size of Holding	Number of Holders	Total Number of Common Shares
100 - 499 Common Shares	0	0
500 - 999 Common Shares	3	2,511
1,000 - 1,999 Common Shares	7	11,589
2,000 - 2,999 Common Shares	4	10,000
3,000 - 3,999 Common Shares	3	10,466
4,000 - 4,999 Common Shares	2	9,206
5,000 or more Common Shares	212	31,561,503
	231	31,605,275

Note:

- (1) The numbers of shareholders for the Company was taken from the registered list as transferred to Odyssey Trust Company.

### *Non-Public Security holders (Registered and Beneficial)*

To the best knowledge of the Company, the following table sets out the number of holders and securities of non-public security holders of the Company as of the date hereof, pursuant to the size of the shareholders holding. For the purposes of this table, non-public security holders are persons enumerated in section (B) of the Issued Capital table:

Size of Holding	Number of Holders	Total Number of Common Shares
1 - 99 Common Shares	0	0
100 - 499 Common Shares	0	0
500 - 999 Common Shares	0	0
1,000 – 1,999 Common Shares	0	0
2,000 - 2,999 Common Shares	0	0
3,000 - 3999 Common Shares	0	0
4, 000 - 4,999 Common Shares	0	0
5,000 or more Common Shares	9	9,495,025 <sup>(1)</sup>

Note:

- (1) The numbers of non-public shareholders for the Company, i.e., Related Persons or employees of the Issuer or by persons or companies who beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer (or who would beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer upon exercise or conversion of other securities held), was taken from information maintained by the Company.

### *Convertible and Exchangeable Securities*

The following table sets out a description of securities that are convertible or exchangeable into listed securities of the Company as of the date of this Listing Statement:

Description of Security (Including conversion/exercise terms)	Number of convertible securities outstanding	Number of listed securities issuable upon conversion
Incentive Options <sup>(1)</sup>	3,350,000	3,350,000
Warrants <sup>(2)</sup>	16,536,620	16,536,520

Notes:

- (1) Each Incentive option entitles the holder to purchase one common share of the Company at a price of \$0.40 per share for a period of 5 years expiring April 16, 2026. See “*Options to Purchase Securities*.”
- (2) The following are the number of share purchase warrants, namely warrants to purchase: (a) 5,000,000 Common Shares at an exercise price of \$0.16, (b) 5,186,420 Common Shares at an exercise price of \$0.80 per share, all of which expire 24 months from the date of Listing, subject to the right of the Company to accelerate the expiry date in certain circumstances, (c) Subscription Receipt Warrants to purchase 5,942,500 Common Shares at an exercise price of \$0.80 which will expire 24 months from the date of Listing, subject to the right of the Company to accelerate the expiry date in certain circumstances, and (d) Finders’ Warrants to purchase 407,600 Common Shares at a price of \$0.80 per share for a period of 24 months from the date of Listing.

## CERTIFICATE OF THE ISSUER

Pursuant to a resolution duly passed by its Board of Directors, Doseology Sciences Inc., hereby applies for the listing of the above-mentioned securities on the Exchange. The foregoing contains full, true and plain disclosure of all material information relating to Doseology Sciences Inc. It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

Dated at Calgary, Alberta, this 11th day of November, 2021.

*"Daniel Vice"*

\_\_\_\_\_  
Daniel Vice  
Chief Executive Officer

*"Alex McAulay"*

\_\_\_\_\_  
Alex McAulay  
Chief Financial Officer

### ON BEHALF OF THE BOARD OF DIRECTORS

*"Gordon Jang"*

\_\_\_\_\_  
Gordon Jang  
Director

*"Scott Reeves"*

\_\_\_\_\_  
Scott Reeves  
Director

### ON BEHALF OF THE PROMOTERS

*"Daniel Vice"*

\_\_\_\_\_  
Daniel Vice  
Promoter

*"Shane Gordon"*

\_\_\_\_\_  
Shane Gordon  
Promoter