doseology

Doseology Sciences Inc.

Management's Discussion & Analysis

For the three months ended September 30, 2021

This management's discussion and analysis ("MD&A") provided a review of the Company's business operations and is intended to help readers understand the significant factors that affect the performance of the Company and those that may impact its future performance. This MD&A has been prepared as of November 29, 2021 and should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements for the three months ended September 30, 2021 and the audited consolidated financial statements for the year ended June 30, 2021.

The financial information disclosed in this MD&A has been prepared in accordance with International Financial Reporting Standards ("IFRS") and complies with International Accounting Standard ("IAS") 34, *Interim Financial Reporting.* The Company's significant accounting policies are set out in Note 2 of the unaudited condensed consolidated interim financial statements for the three months ended September 30, 2021. All amounts in this MD&A are expressed in Canadian dollars, unless otherwise indicated.

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 after 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.

The words "we", "our", "us", "Company", "Doseology" and "Dose" refer to Doseology Sciences Inc., together with its predecessors, subsidiaries, and/or the management and employees of the Company's subsidiary.

BUSINESS OVERVIEW

The Company is a British Columbia based diversified life sciences company on a mission to reimagine mental health therapies through innovation, technology, and sustainability. With a focus on psychedelic and non-psychedelic compounds, Doseology will offer cutting edge therapeutic products and services, with the aim of making a meaningful impact on the mental health pandemic and improving overall health.

The Company received from Health Canada a federal cannabis license on May 14, 2021 and intends to cultivate and process cannabis mother plants at its Vernon, BC facility to sell high-quality cannabis clones within the legal Canadian cannabis marketplace.

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 authorized to use under a joint collaboration agreement with Dr. Paramdeep Bhasin entered in March 2021. Dr. Bhasin was appointed as Chief Medical Officer in March 2021 and is a board-certified anesthesiologist, an owner and operator of 12 ketamine clinics in California and Washington that provides pain management services and mood treatments.

KEY HIGHLIGHTS

On November 10, 2021, the Company filed a Dealer's License application through Health Canada. The issuance of a Dealer's License will permit the Company to have legal access to controlled substances, including psilocybin and psilocin, to produce, cultivate, extract, process and distribute novel strains of psilocybin mushrooms for research purposes.

On October 29, 2021, the Company obtained a receipt for its final non-offering, long form prospectus from the British Columbia Securities Commission. Concurrent with its prospectus filing, the Company also received approval from the Canadian Securities Exchange (the "**CSE**") to list the Company's common shares on the CSE. The approval results in the Company's previously issued 11,885,000 Subscription Receipts (aggregate gross proceeds of $2,377,000) to be automatically converted, without further payment, into 5,942,500 units. The Company's common shares commenced trading on the CSE on November 15, 2021 under the symbol "MOOD".

APPOINTMENT TO THE STRATEGIC ADVISORY BOARD

The Company welcomes Mr. Timi Wood to the Strategic Advisory Board. Mr. Wood is a plant and fungi biotechnologist with an emphasis on mushroom production and research and his current doctoral research is focused on mycology/fungal biotechnology. Mr. Wood is currently the Chief Scientific Officer at the National Biotechnology Development Agency in Nigeria where he is spearheading mushroom research and development programs. Once the Company's application for a Controlled Drugs and Substances Dealers License with Health Canada has been approved, Mr. Wood will work with our team on a multitude of planned fungal R&D projects, including genetic analysis, DNA sequencing, marker-assisted selection, predictive modeling, and whole-genome sequencing to optimize and generate novel mushroom strains.

RESULTS OF OPERATIONS

	Note	For the three months ended September 30, 2021 $	2020 $
Expenses			
Marketing		32,781	5,021
Product development and other costs		26,543	35,140
Leasehold operating costs		18,029	16,275
Management fees	11	24,000	65,500
Professional fees	11	26,537	8,188
Listing expenses		13,343	5,250
Office		11,406	2,355
Salaries and benefits		90,529	-
Share-based compensation	12	23,022	-
Depreciation and amortization	7	30,772	17,878
		(296,962)	(155,607)
Other income (expenses)			
Interest income		3,415	-
Interest accretion	10	(17,132)	(16,998)
Loss and comprehensive loss for the period		**(310,679)**	**(172,605)**
Loss per share - basic and diluted		(0.01)	(0.01)
Weighted average number of shares outstanding - basic and diluted		**35,057,500**	**19,168,181**

For the three months ended September 30, 2021 and 2020

The loss and comprehensive loss for the three months ended September 30, 2021 was $310,679 or $0.01 loss per share compared to a $172,605 loss and comprehensive loss or $0.01 loss per share for the same period in 2020. The increase in the loss was due primarily to higher marketing costs relating to the launch of functional mushroom products in the United States, higher legal and human resource management fees, and higher share-based compensation and amortization of intangible asset costs.

Operating expenses increased $141,355 quarter-over quarter to $296,962 compared to $155,607 for the same period in 2020 due primarily to increased spending on the following expenses:

Marketing

Marketing expenses were $32,781 for the three months ended September 30, 2021, compared to $5,021 for the same period in 2020 The increase was due primarily to higher marketing spend on social media platforms in the United States to coincide with our line of seven (7) functional mushroom tinctures and powder.

Professional fees

Professional fees, which include legal fees, audit, accounting and human resources management fees, totaled $26,537 for the three months ended September 30, 2021 compared to $8,188 for the same period in 2020.

Legal fees increased $3,407 quarter-over-quarter to $10,334 compared to $6,927 for the same period in 2020 and $8,000 was spent on the engagement of a human resources and corporate strategy consultant.

Listing expenses

Listing expenses increased $8,093 to $13,343 for the three months ended September 30, 2021 compared to $5,250 for the same period in 2020. The increase was due primarily to accounting and legal fees related to preparing and filing of a prospectus for the listing of the Company's common shares on the Canadian Securities Exchange ("CSE"). On October 29, 2021, the Company received an approval from the CSE to list its common shares on the CSE.

Salaries and benefits

Salaries and benefits totaled $90,529 for the three months ended September 30, 2021 compared to $nil for the same period in 2020. The Company started hiring employees in November 2020 to fill positions for facility maintenance, marketing and accounting.

Share-based compensation

Share-based compensation for the three months ended September 30, 2021 was $23,022 related to the fair value amortization of stock options granted in April 2021 compared to $nil for the comparable period in 2020.

Depreciation and amortization

Depreciation and amortization increased $12,894 to $30,772 for the three months ended September 30, 2021 compared to $17,878 for the comparable period in 2020. The increase in depreciation and amortization expense related to the amortization of the nursery license over the 3-year license period.

MEASURE 109

The passing of Measure 109 In November 2020 in the state of Oregon directs the Oregon Health Authority to license and regulate the manufacturing, transportation, delivery, sale, and purchase of psilocybin products and will allow the use of psilocybin in supervised facilities and is effective on January 2, 2023. The Company is working on setting up key infrastructure in the state of Oregon, within the legal framework of Measure 109, by partnering with established medicinal mushroom producers, licensed mental health practitioners, and university-affiliated research labs.

SUMMARY OF QUARTERLY RESULTS

The Company's quarterly results for the last eight quarters are as follows:

	September 30, 2021 $	June 30, 2021 $	March 31, 2021 $	December 31, 2020 $
Revenue	-	-	-	-
Loss and comprehensive loss	(310,679)	(630,318)	(405,502)	(418,132)
loss per share - basic and diluted	(0.01)	(0.02)	(0.01)	(0.02)

	September 30, 2020 $	June 30, 2020 $	March 31, 2020 $	December 31, 2019 $
Revenue	-	-	-	-
Loss and comprehensive loss	(172,605)	(402,951)	(24,560)	(4,104)
loss per share - basic and diluted	(0.01)	(0.51)	(0.00)	(0.00)

CAPITAL RESOURCES AND LIQUIDITY

As at September 30, 2021, the Company had cash of $3,127,756 (June 30, 2021 - $3,733,524) and working capital of $1,984,290 (June 30, 2021 - $2,247,059). The cash and working capital included a subscription receipts liability of $2,308,023 which was transferred to share capital on October 29, 2021 following the release of the subscription receipt proceeds to the Company after receiving the approval by the CSE to list the Company's common shares on the CSE.

Cash used in operating activities for the three months ended September 30, 2021 was $593,730, an increase of $337,694 over the comparable period in 2020. The increase in cash used in operating activities was due primarily to a $102,024 increase in cash operating expenses and $235,670 decrease in non-cash working capital items, primarily a $251,039 reduction in accounts payable and accrued liabilities.

Cash used in financing activities for the three months ended September 30, 2021, was $10,375 compared to $795,000 provided by financing activities for the comparable period in 2020. There were no financings during the three months ended September 30, 2021 compared to $810,000 proceeds from share issuances for the comparable period in 2020.

Cash used in investing activities for the three months ended September 30, 2021 was $1,663 compared to $41,755 for the same period in 2020. The comparable period in 2020 included $135,723 in purchases of farm equipment, furniture and office equipment and had leasehold improvements and partially offset by $109,082 of cash received from the acquisition of Pendulm Craft Corp.

Going concern

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.

The condensed interim consolidated financial statements are prepared on a going concern basis, which assumes the Company will be able to meet its obligations as they become due for the next twelve months. The financial statements do not give effect to any adjustment 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 financial statements. Such adjustments could be material.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has not entered into any off-balance sheet arrangements.

COMMITMENTS

The Company is committed to the following minimum lease payments:

Maturity analysis	September 30, 2021 $	June 30, 2021 $
Less than one year	102,000	96,000
One year to five years	480,000	480,000
More than five years	450,000	480,000
Total undiscounted lease liability	1,032,000	1,056,000

OUTLOOK

Doseology has engaged a globally recognized compliance and regulatory consulting firm to assist in the preparation for submission of an application to Health Canada for a Dealer's License under the Controlled Drugs and Substances Act (CDSA) to advise and expedite the application process. On November 10, 2021, the Dealer's License application was submitted to Heath Canada. This license, once approved, will permit the Company to have legal access to controlled substances, including psilocybin and psilocin, and the ability to produce, distribute, and the sale of such to authorized parties.

The Company is working on setting up key infrastructure in the state of Oregon by partnering with established medicinal mushroom producers, licensed mental health practitioners and university affiliated research lab with the expectation of increasing our probability of obtaining licenses to operate within the framework of Measure 109.

The Company has the launch of Doseology branded line of Functional Mushroom supplements in the United States. Additional advertising and branding spend will increase in the coming quarters. The Canadian launch of its line of Functional Mushroom supplements in Canada is expected to be in first quarter in calendar year 2022.

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 three months ended September 30, 2021 and 2020 is as below:

	Three months ended	
	September 30, 2021 $	September 30, 2020 $
Management fees	24,000	65,500
Stock-based compensation	15,474	-
Lease payments	24,000	15,000
Total	63,474	80,500

During the three months ended September 30, 2021, the Company paid $24,000 (September 30, 2020 - $15,000) to Sungrown Organics Inc., for the rental of the Vernon facility, a company which is 50% controlled by Shane Gordon, a former officer and director of the Company. A balance of $1,200 was outstanding as at September 30, 2021 (June 30, 2021 - $nil).

During the three months ended September 30, 2021, the Company incurred $14,934 (September 30, 2020 - $nil) in legal fees 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 September 30, 2021 was $7,460 (June 30, 2021 - $90,292) owed to the law firm.

In addition, included in accounts payable and accrued liabilities was a balance of $4,616 (June 30, 2021 - $42,087) due to key management personnel relating to compensation and reimbursement of expenses.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the Company's reported financial results. Their judgment and estimates are based on historical experiences and expectation of future events. Actual outcomes could differ from these assumptions. Management reviews the estimates and underlying assumptions on an ongoing basis. Revisions to the accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The significant judgment and estimates that may cause material adjustments to the carrying amounts of the financial statements are as follows:

Going concern

The Company's ability to execute its strategies and continue funding its operations requires judgment, estimates and assumptions which are based on historical experience and factors such as expectations of future events.

As at September 30, 2021, the Company has accumulated a loss of $2,368,868 (June 30, 2021 - $2,058,189) and will continue to incur losses in developing its business plans. The Company's continuance as a going concern is dependent upon its ability to raise future financing and generate profits and positive cash flows to support its operations. The Company has been successful in raising equity capital in previous years, however, there is a risk that future financing may not be available on a timely basis with Covid-19 still persisting globally and 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.

Share-based Compensation

The Company recognizes share-based compensation on stock options granted.

Share-based compensation to employees and others providing similar services is measured at fair value of the equity instrument issued on the grant date and expensed over the vesting periods.

Share-based compensation to non-employees is measured at the fair value of the goods and services received unless that their fair value cannot be estimated reliably, in which case the fair value of the equity instruments issued is used. The fair value is recorded at the earlier of the vesting date, or the date the goods or services are received.

The fair value of the options granted is measured using the Black-Scholes option-pricing model considering the terms upon which the options were granted. The offset to share-based compensation is reserves. Proceeds from the exercise of stock options are recorded as share capital and the related reserves are transferred to share capital.

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.

	September 30, 2021 $	**June 30, 2021 $**
Cash	3,127,756	3,733,524
Receivables	38,031	28,489
Due from related parties	-	15,096
Inventory	139,410	129,238
Accounts payable and accrued liabilities	89,100	416,595

Interest income, interest 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.

FINANCIAL 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 predominately 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 September 30, 2021, the Company had cash balance of $ 3,127,756 to settle the current liabilities of $89,100 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.

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, reserves, 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 financing activities as deemed appropriate under 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 three months ended September 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.

OUTSTANDING SHARE DATA

As at November 29, 2021, the following securities were issued and outstanding:

Issued and outstanding common shares	35,057,500
Incentive stock options exercisable at $0.40 per share	3,050,000
Share purchase warrants (1)	10,390,220
	48,497,720

(1) 5,000,000 share purchase warrants exercisable at $0.16 per share expiring on June 1, 2025 and5,390,220 exercisable at $0.80 per share expiring between December 21, 2022 and March 31, 2023.

RISKS AND UNCERTAINTIES

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 aswell 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 haveoften 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 based on 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 capitalis 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 operation*s."The Company may not be successful in locating suitable financing in the time 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 developmentindustries 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 facesignificant 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 hasyet to generate any revenue. Therefore, the Company will be subject to all 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 achievinga return on Shareholders' investment and the likelihood of success of the Company must be considered in light ofthe 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 willsuccessfully 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 resultsof operations, financial condition and cash flows. For the foreseeable future, the Company will have to fund allits 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 itwere 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 several reasons, including the other risks described in this Prospectus, and unforeseen expenses, difficulties, complications and delays, and other unknown events.

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 validityof 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'scompetitors 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, scientificand 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-expandingits 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 setsincrease. 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 maynot 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 maynot 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, usererrors 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 measurescannot 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 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.

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 possibleto 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 increasedmedical 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 bebrought about by the COVID-19 pandemic on global financial markets, share prices and financial liquidity andthereby 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 resultsand condition of the Company in future periods.

The Changing Regulatory Landscape

The state of Oregon recently passed Measure 109 (with the help of members of our team who played active roles behind the scenes) that legalizes the use of psilocybin in therapeutic settings. Oregon is among a handful of other states and cities making moves to decriminalize substances ranging from mushrooms to ketamine. This exciting and historic measure highlights a mainstream acceptance of substances like psilocybin and a light at the end of the tunnel for those suffering from treatment-resistant depression and anxiety.

Additional Information

Additional information relating to the Company is available on its corporate website, www.doseology.com.