A copy of this preliminary prospectus has been filed with the securities regulatory authority in the province of British Columbia but has not yet become final. Information contained in this preliminary prospectus may not be complete and may have to be amended.

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 of securities.

*The securities offered hereby have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or any state securities laws, and except pursuant to an exemption from registration under the U.S. Securities Act and applicable state securities laws, may not be offered or sold, directly or indirectly, within the United States or to, or for the account or benefit of, a U.S. Person (as that term is defined in Regulation S under the U.S. Securities Act). This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the securities offered hereby within the United States or to, or for the account of benefit of, any U.S. Persons.*

Non-Offering Prospectus **August 30, 2021**

PRELIMINARY PROSPECTUS

PHARMALA BIOTECH HOLDINGS INC.

(d/b/a PharmAla)

692,000 Common Shares issuable on deemed exercise of 692,000 Special Warrants

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This prospectus (the "**Prospectus**") of Pharmala Biotech Holdings Inc. (d/b/a PharmAla) (the "**Company**"), is being filed with the British Columbia Securities Commission (the "**BCSC**") for the purposes of the Company becoming a reporting issuer pursuant to applicable securities legislation in the Province of British Columbia and to qualify the distribution of the following securities (the "**Prospectus Qualification**"): 692,000 common shares in the capital of the Company issuable upon the deemed conversion of 692,000 of the currently issued and outstanding special warrants (the "**Special Warrants**") of the Company. Upon the final receipt of this Prospectus by the BCSC, the Company will become a reporting issuer in British Columbia.

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 us from our general corporate funds.

692,000 Special Warrants were issued on January 17, 2021, on a private placement basis, at a price of $0.05 per Special Warrant, to purchasers in British Columbia and to Vested Technology Corp., a British Columbia based start-up equity crowdfunding portal. On February 5, 2021 and February 16, 2021, 17,500,000 and 2,300,000 Special Warrants, respectively, at a price of $0.05 per Special Warrant, were issued on a private placement basis. Finally, on May 14, 2021, 20,197,600 Special Warrants, at a price of $0.10 per Special Warrant, were issued on a private placement basis. An aggregate amount of 40,689,600 Special Warrants were issued to purchasers in the province British Columbia and elsewhere, pursuant to certain prospectus exemptions under applicable securities legislation in the Province of British Columbia and elsewhere. Each Special Warrant is exercisable into one common share of the Company (a "**Common Share**"). The 692,000 Common Shares issuable following the exercise of the 692,000 Special Warrant issued on January 17, 2021 are referred to herein as the "**Qualified Securities**". **The Special Warrants are not available for purchase pursuant to this prospectus and no additional funds are to be received by the Company from the distribution of the Qualified Securities.**

Each Special Warrant is represented by a Special Warrant Certificate and will be deemed converted and exchanged, without payment of any additional consideration and without any further action by the holder, for one Qualified Security, on the third business day after the Prospectus Receipt Date (defined herein). The Special Warrants and the conditions necessary for them to be converted for Common Shares are described in more detail under the heading "*Description of Securities*" in this Prospectus.

The Company has granted to each holder of a Special Warrant a contractual right of rescission of the prospectus-exempt transaction under which the Special Warrant was initially acquired. The contractual right of rescission provides that if a holder of a Special Warrant who acquires another security of the Company on exercise of the Special Warrant as provided for in this Prospectus is, or becomes, entitled under the securities legislation of a jurisdiction to the remedy of rescission because of this Prospectus or an amendment to this Prospectus containing a misrepresentation, (a) the holder is entitled to rescission of both the holder's exercise of its Special Warrant and the private placement transaction under which the Special Warrant was initially acquired, (b) the holder is entitled in connection with the rescission to a full refund of all consideration paid to the Company on the acquisition of the Special Warrant, and (c) if the holder is a permitted assignee of the interest of the original Special Warrant subscriber, the holder is entitled to exercise the rights of rescission and refund as if the holder was the original subscriber.

There is no market through which the securities of the Company may be sold. This may affect the pricing of the Company's securities in the secondary markets, the transparency and availability of trading prices, the liquidity of the Company's securities and the extent of issuer regulation. See "Risk Factors".

The Company intends to apply to the Canadian Securities Exchange (the "**CSE**") to approve the listing (the "**Listing**") of the Company's Common Shares under the symbol "MDMA". The Listing is subject to the Company fulfilling all of the listing requirements of the CSE and meeting all

minimum requirements. The symbol "MDMA" has been reserved for the Company. 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 United States marketplace, or a marketplace outside Canada and the United States of America.

No underwriter has been involved in the preparation of this Prospectus or performed any review or independent due diligence of the contents of this Prospectus.

This Prospectus does not constitute an offer to sell or a solicitation of an offer to buy any securities.

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. An investment in these securities should only be made by persons who can afford the total loss of their investment. See "*Risk Factors*".

Investors are advised to consult their own tax advisors regarding the application of Canadian federal income tax laws to their particular circumstances, as well as any other provincial, foreign and other tax consequences of acquiring, holding, or disposing of Common Shares, including the Canadian federal income tax consequences applicable to a foreign controlled Canadian corporation that acquires Common Shares.

Prospective investors should rely only on the information contained in this Prospectus. The Company has not authorized anyone to provide you with different information. Readers should assume that the information appearing in this Prospectus is accurate only as of its date, regardless of its time of delivery. The Company's business, financial condition, results of operations and prospects may have changed since that date.

In this Prospectus, "we", "us", "our", and the "Company" refers to Pharmala Biotech Holdings Inc., a corporation existing pursuant to the *Business Corporations Act* (British Columbia).

The Company's registered office is located at 550 Burrard St #2900, Vancouver, BC V6C 0A3, and its head office is located at 1111 Melville St #1100, Vancouver, BC V6E 3V6.

Dr. Harriet De Wit, a director of the Company, resides outside of Canada. Dr. Harriet De Wit has appointed the Company, 1111 Melville St #1100, Vancouver, BC V6E 3V6, as her agent for service of process.

Investors 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 otherwise 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.

3-4 methylenedioxymethamphetamine ("**MDMA**") **is currently a Schedule I drug under the *Controlled Drugs and Substances Act* (Canada) (the "CDSA") and it is a criminal office to possess substances under the CDSA without a prescription or under the auspices of a**

Controlled Substances License. Currently, there are no approved therapeutic products containing MDMA in Canada.

MDMA is currently a Schedule I drug and a controlled substance under the *Controlled Substances Act* (the "CSA") in the United States and it is a criminal offence to possess substances under the CSA without a prescription. MDMA is a drug with no currently accepted medical use in the United States.

The Company does not have any direct or indirect involvement with the illegal selling, production or distribution of substances in the jurisdictions in which it operates.

The Company does not advocate for the legalization of psychedelic substances and does not deal with psychedelic substances except within laboratory and clinical trial settings conducted within approved regulatory frameworks.

TABLE OF CONTENTS

GLOSSARY

The following is a glossary of certain terms used in this Prospectus. Terms and abbreviations used in the financial statements of the Company may be defined separately and the terms defined below may not be used therein.

"**Acquisition**" means the acquisition of all of the issued and outstanding securities of PharmAla Biotech Inc. by the Company pursuant to the Share Exchange Agreement;

"**API**" means of Active Pharmaceutical Ingredients;

"**BCBCA**" means the *Business Corporations Act* (British Columbia), as amended, together with all regulations promulgated thereto;

"**BCSC**" means the British Columbia Securities Commission;

"**Board**" means the board of directors of the Company;

"**Broker Warrants**" means the 1,516,952 Common Share purchase warrants of the Company issued to registered dealers in connection with the Q1 2021 Private Placement and Q2 2021 Private Placement. Each Broker Warrant entitles the holder thereof to acquire one Common Share, at an exercise price of $0.05 or $0.10, for a period of 24 months;

"**CEO**" means chief executive officer;

"**CFO**" means chief financial officer;

"**COO**" means chief operating officer;

"**CMO**" means Contract Manufacturing Organization;

"**Common Shares**" means the common shares in the capital of the Company and "**Common Share**" means any one of them;

"**Company**" means Pharmala Biotech Holdings Inc. and, where the context requires, PharmAla;

"**Consulting Warrants**" means the 5,250,000 Common Share purchase warrants of the Company issued to several arm's length advisors on February 1, 2021. Each Consulting Warrant entitles the holder thereof to acquire one Common Share, at an exercise price of $0.05, for a period of 24 months;

"**Crowdfunding Private Placement**" means the non-brokered private placement of the Company of 692,000 Special Warrants (492,000 Special Warrants issued to subscribers and 200,000 Special Warrants issued to Vested Technology Corp. as compensation), at a price per Special Warrant of $0.05, for gross proceeds to the Company of $24,600, which closed on January 17, 2021;

"**CSDL**" means Controlled Substances Dealer's License;

"**Dalton**" means Dalton Chemical Laboratories, Inc. o/a Dalton Pharma Services;

"**DEL**" means Drug Establishment License;

"**Escrow Agreements**" means the NP 46-201 escrow agreement to be entered into on or before the Prospectus Receipt Date among the Company, the escrow agent and certain shareholders of the Company;

"**Exchange**" or "**CSE**" means the Canadian Securities Exchange;

"**FDA**" means the United States Food and Drug Administration;

"**FDCA**" means the United States *Federal Food, Drug, and Cosmetic Act*;

"**GLP**" means Good Laboratory Practices;

"**GMP**" means Good Manufacturing Practices;

"**IND**" means the United States Investigational New Drug Application;

"**IRB**" means institutional review board;

"**Listing**" means the proposed listing of the Common Shares on the CSE for trading;

"**Listing Date**" means the date on which the Common Shares of the Company are listed for trading on the Exchange;

"**MD&A**" means management's discussion and analysis of financial condition and operating results;

"**MDMA**" means 3,4-Methylenedioxymethamphetamine;

"**MDXX**" means Substituted methylenedioxy-phenethylamines;

"**Named Executive Officers**" or "**NEOs**" has the meaning set forth under "Executive Compensation";

"**NDA**" means the United States New Drug Application;

"**NI 41-101**" means National Instrument 41-101 *General Prospectus Requirements* of the Canadian Securities Administrators;

"**NI 52-110**" means National Instrument 52-110 *Audit Committees* of the Canadian Securities Administrators;

"**NI 58-101**" means National Instrument 58-101 *Disclosure of Corporate Governance Practices* of the Canadian Securities Administrators;

"**NP 46-201**" means National Policy 46-201 *Escrow for Initial Public Offerings* of the Canadian Securities Administrators;

"**NP 58-201**" means National Policy 58-201 *Corporate Governance Guidelines* of the Canadian Securities Administrators;

"**Options**" means options to purchase Common Shares issued pursuant to the Option Plan;

"**Option Plan**" means the Company's share option plan adopted on March 23, 2021 by the Board, and providing for the granting of incentive options to the Company's directors, officers, employees and consultants in accordance with the rules and policies of the Exchange;

"**PharmAla**" means Pharmala Biotech Inc.;

"**Principal**" of an issuer means:

(a) a person or company who acted as a promoter of the Company within two years before the prospectus;

(b) a director or senior officer of the Company or any of its material operating subsidiaries at the time of the prospectus;

(c) a person or company that holds securities carrying more than 20% of the voting rights attached to the Company's outstanding securities immediately before and immediately after the Company's Listing Date; or

(d) a person or company that:

(i) holds securities carrying more than 10% of the voting rights attached to the Company's outstanding securities immediately before and immediately after the Company's Listing Date, and

(ii) has elected or appointed, or has the right to elect or appoint, one or more directors or senior officers of the Company or any of its material operating subsidiaries;

"**Prospectus**" means this prospectus dated August 30, 2021;

"**Prospectus Qualification**" has the meaning as set forth on the face page of this Prospectus;

"**Prospectus Receipt Date**" means the date that a receipt for a final prospectus qualifying the distribution of the Qualified Securities is issued to the Company from the securities regulatory authority in British Columbia;

"**Q1 2021 Private Placement**" means the non-brokered private placement of the Company of an aggregate of 19,800,000 Special Warrants, at a price per Special Warrant of $0.05, for aggregate gross proceeds to the Company of $990,000, which closed a first tranche on February 5, 2021 and a second tranche on February 16, 2021;

"**Q2 2021 Private Placement**" means the non-brokered private placement of the Company of 20,197,600 Special Warrants, at a price per Special Warrant of $0.10, for gross proceeds to the Company of $2,019,760, which closed on May 14, 2021;

"**Qualified Securities**" has the meaning as set forth on the face page of this Prospectus;

"**SEDAR**" means the System for Electronic Document Analysis and Retrieval (www.sedar.com);

"**Share Exchange Agreement**" means the share exchange agreement entered into on March 15, 2021, between the Company and the securityholders of PharmAla;

"**Special Warrant Certificate**" means a certificate representing Special Warrants;

"**Special Warrant Exercise Date**" means the date the Special Warrants are deemed to have been converted into one Common Share, which is the third business day after the Prospectus Receipt Date; and

"**Special Warrants**" means the aggregate of 40,689,600 special warrants issued by the Company pursuant to the Crowdfunding Private Placement, the Q1 2021 Private Placement and the Q2 2021 Private Placement and entitling the holder thereof to acquire, for no additional consideration, one Common Share pursuant to the terms and conditions in the Special Warrant Certificates.

CURRENCY

In this Prospectus, unless otherwise indicated, all dollar amounts are expressed in Canadian dollars and references to $ are to Canadian dollars.

FORWARD-LOOKING INFORMATION

Except for statements of historical fact relating to the Company, certain statements in this Prospectus may constitute forward-looking information, future oriented financial information, or financial outlooks (collectively, "forward looking information") within the meaning of Canadian securities laws. Forward-looking information may relate to this Prospectus, the Company's future outlook and anticipated events or results and, in some cases, can be identified by terminology such as "may", "could", "should", "expect", "plan", "anticipate", "believe", "intend", "estimate", "projects", "predict", "potential", "targeted", "possible", "continue" or other similar expressions concerning matters that are not historical facts. The Company has based these forward-looking statements on its current expectations and projections about future events and financial trends that it believes might affect its financial condition, results of operations, business strategy and financial needs. These forward-looking statements include, among other things, statements relating to:

- the Company's intention to complete the Listing;
- the Company's expectations regarding its revenue, expenses and operations;
- the Company's anticipated cash needs and its needs for additional financing;
- the Company's intention to grow the business and its operations;
- the grant and impact of any license or supplemental license to conduct activities with psychopharmacological products or any amendments thereof;
- the Company's competitive position and the regulatory environment in which the Company expects to operate;
- the Company's expectation that available funds will be sufficient to cover its expenses over the next twelve months;
- the Company's expected business objectives and milestones, including costs of the foregoing, for the next twelve months;
- the Company's anticipated agreements with third parties, including, without limitation, the terms thereof, the timing of such agreements and the expected outcomes of such agreements;
- locations of such parties;
- the costs associated with this Prospectus and the Listing;

- the Company's ability to obtain additional funds through the sale of equity or debt commitments;
- projections for development plans and progress of products and technologies, including with respect to timely and successful discovery and identification of psychedelic-derived pharmaceuticals suitable for repurposing;
- the Company's ability to attract partners in the development process;
- the Company's ability to license identified product candidates to pharmaceutical companies;
- future intellectual property, R&D, product formulations, and business lines;
- the compensation structure for executive officers and directors;
- expectations regarding acceptance of products and technologies by the market; and
- the intentions of the Board with respect to executive compensation plans and corporate governance plans described herein.

Certain of the forward-looking statements and other information contained in this Prospectus concerning the industry and the markets in which the Company operates, including the Company's general expectations and market position, market opportunities and market share, is based on estimates prepared by the Company using data from publicly available governmental sources, as well as from market research and industry analysis, and on assumptions based on data and knowledge of this industry which the Company believes to be reasonable. While the Company is not aware of any misstatement regarding any industry or government data presented herein, the psychopharmacological industry involves risks and uncertainties that are subject to change based on various factors and the Company has not independently verified such third-party information.

Forward-looking statements are based on certain assumptions and analyses made by the Company in light of the experience and perception of historical trends, current conditions and expected future developments and other factors it believes are appropriate and are subject to risks and uncertainties. In making the forward looking statements included in this Prospectus, the Company has made various material assumptions, including but not limited to: (i) obtaining the necessary regulatory approvals ; (ii) that regulatory requirements will be maintained; (iii) general business, economic and political conditions; (iv) the Company's ability to successfully execute its plans and intentions, including, without limitation, obtaining a Receipt and listing the Common Shares on the Exchange; (v) the availability of financing on reasonable terms; (vi) the Company's ability to attract and retain skilled staff; (vii) market competition; (viii) the products and technology offered by the Company's competitors; (ix) that good relationships with service providers and other third parties will be established and maintained; (x) continued growth of the psychopharmacological industry; and (xi) positive public opinion with respect to the psychopharmacological industry. Although the Company believes that the assumptions underlying these statements are reasonable, they may prove to be incorrect, and the Company cannot assure that actual results will be consistent with these forward-looking statements. Whether actual results, performance or achievements will conform to the Company's expectations and predictions is subject to a number of known and

unknown risks, uncertainties, assumptions and other factors, including those listed under "Risk Factors", which include:

- the Company is a development stage company with little operating history and the Company cannot assure profitability;
- uncertainty about the Company's ability to continue as a going concern;
- the Company's actual financial position and results of operations may differ materially from the expectations of the Company's management;
- the Company expects to incur significant ongoing costs and obligations relating to its investment in infrastructure, growth, research and development, regulatory compliance and operations;
- the Company may not be able to successfully discover and identify product candidates for repurposing, which could prevent it from ever becoming profitable;
- the Company does not manufacture any products and relies, and intends to rely, on third parties to manufacture its products;
- the Company's research, development and commercialization of its products could be stopped or delayed if any third party fails to provide sufficient quantities of products or fails to do so at acceptable quality levels or prices or fails to maintain or achieve satisfactory regulatory compliance;
- there is no assurance that the Company will turn a profit or generate immediate revenues;
- the Company may be unable to adequately protect its proprietary and intellectual property rights;
- the Company may be forced to litigate to defend its intellectual property rights, or to defend against claims by third parties against the Company relating to intellectual property rights;
- the Company may become subject to litigation, including for possible product liability claims, which may have a material adverse effect on the Company's reputation, business, results from operations and financial condition;
- the Company faces competition from other companies where it will conduct business and those companies may have a higher capitalization, more experienced management or may be more mature as a business;
- if the Company is unable to attract and retain key personnel, it may not be able to compete effectively in the psychopharmacological industry;

- the size of the Company's target market is difficult to quantify and investors will be reliant on their own estimates on the accuracy of market data;
- the Company expects to sell additional equity securities for cash to fund operations, capital expansion, mergers and acquisitions, which would have the effect of diluting the ownership positions of the Company's current shareholders;
- the Company will be reliant on information technology systems and may be subject to damaging cyber- attacks;
- the Company may be subject to breaches of security, or in respect of electronic documents and data storage, and may face risks related to theft and breaches of applicable privacy laws;
- the Company's officers and directors may be engaged in a range of business activities resulting in conflicts of interest;
- in certain circumstances, the Company's reputation could be damaged;
- regulatory scrutiny of the Company's industry may negatively impact its ability to raise additional capital;
- there is no assurance that a market will continue to develop or exist for the Common Shares and or what the market price of the Common Shares will be;
- the Company will be subject to additional regulatory burden resulting from its public listing on the Exchange;
- the market price for Common Shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the Company's control;
- the Company is subject to uncertainty regarding Canadian legal and regulatory status and changes;
- the Company does not anticipate paying cash dividends; and
- there is no guarantee on the use of available funds by the Company.

The factors identified above are not intended to represent a complete list of the risks and factors that could affect the Company. Some of the important risks and factors that could affect forward-looking statements are discussed in the section entitled "Risk Factors" in this Prospectus. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements 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 statements. While the Company considers these assumptions to be reasonable

based on information currently available to it, they may prove to be incorrect. Actual results may vary from such forward-looking information for a variety of reasons, including but not limited to risks and uncertainties disclosed in this Prospectus. See "*Risk Factors*". Forward-looking statements are based upon management's beliefs, estimates and opinions on the date the statements are made and, other than as required by law, the Company does not intend, and undertakes no obligation to update any forward-looking information to reflect, among other things, new information or future events.

Upon becoming a reporting issuer, the Company intends to discuss in its quarterly and annual reports referred to as the Company's MD&A documents, any events and circumstances that occurred during the period to which such document relates that are reasonably likely to cause actual events or circumstances to differ materially from those disclosed in the Prospectus. New factors emerge from time to time, and it is not possible for management to predict all of such factors and to assess in advance the impact of each such factor on the Company's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement.

Investors are cautioned against placing undue reliance on forward-looking statements.

All of the forward-looking information contained in this Prospectus is expressly qualified by the foregoing cautionary statements. Investors should read this entire Prospectus and consult their own professional advisors to ascertain and assess the income tax, legal, risk factors and other aspects of their investment.

PROSPECTUS SUMMARY

The following is a summary of the principal features of this distribution and should be read together with the more detailed information and financial data and statements contained elsewhere in this Prospectus. You should read this entire prospectus carefully, especially the "Risk Factors" section of this prospectus.

The Company:	Pharmala Biotech Holdings Inc. is a corporation existing under the BCBCA. See "*Corporate Structure*".
Business of the Company:	The company is focused on manufacture of Active Pharmaceutical Ingredients **("API")**, of the Substituted methylenedioxy-phenethylamines ("**MDXX**") class, including MDMA. The company also intends to undertake development of novel formulations of MDMA and the MDXX class of compounds, as well as developing novel drug delivery pathways for these molecules. See "*Description* of the Business". On March 15, 2021, the Company and the securityholders of PharmAla entered into the Share Exchange Agreement, pursuant to which the Company acquired all of the issued and outstanding common shares and warrants of PharmAla in exchange for Common Shares and Warrants, respectively. As a result of the Acquisition, PharmAla became a wholly-owned subsidiary of the Company and the business of PharmAla became the business of the Company.
Special Warrants	40,689,600 Special Warrants were issued by the Company, pursuant to the Crowdfunding Private Placement, the Q1 2021 Private Placement and the Q2 2021 Private Placement for aggregate gross proceeds of $3,044,360. See "*Description of Securities*".
Issue Price:	$0.05 per Special Warrant for the Crowdfunding Private Placement and the Q1 2021 Private Placement; $0.10 per Special Warrant for the Q2 Private Placement.
Qualified Securities:	This Prospectus is being filed to qualify the distribution of 692,000 Common Shares issuable upon the deemed conversion of 692,000 issued and outstanding Special Warrants distributed pursuant to the Crowdfunding Private Placement.
Listing:	The Company intends to apply to the CSE for the listing of the Company's Common Shares under the symbol "MDMA". Listing is subject to the Company fulfilling all of the requirements of the Exchange, including minimum public distribution requirements. The symbol "MDMA" has been reserved. See "*Description of Securities*".

Available Funds and Principal Purposes:

The Company has available funds of approximately $2,600,000, based on the estimated consolidated working capital of $2,600,000 as at July 31, 2021. Upon the Listing, the principal purposes for the foregoing available funds are anticipated to be as follows:

Principal Purposes	**Funds ($)**
General and administrative costs[(1)]	475,000
Estimated expense for listing on the CSE	100,000
Sales and marketing	100,000
Research and development[(2)]	1,100,000
Estimated working capital as at July 31, 2021	2,600,000
Total use of available funds	**1,775,000**
Unallocated funds (unaudited)	**825,000**

Notes:

(1) This figure is for a forecasted period of 12 months and is comprised of salaries and benefits in the amount of approximately $50,000, consulting fees in the amount of approximately $210,000, travel expenses in the amount of approximately $20,000, insurance in the amount of approximately $50,000, professionals' fees in the amount of approximately $100,000, transfer agent and regulatory fees in the amount of approximately $25,000, technology expenses in the amount of approximately $10,000 and marketing and office expenses in the amount of approximately $10,000.

(2) This figure is for a forecasted period of 12 months and is comprised of costs of $550,000 in connection with the Development Agreement with Dalton Pharma Inc, entered into to complete process development and initiate manufacture of MDMA, as well as costs pertaining to validation of the Company's novel processes, costs of $25,000 in connection with the agreement with J&C Consulting, entered into to for development of novel formulations and processes of synthesis of MDXX molecules, and costs of approximately $225,000 for toxicological testing of novel formulations, which will allow for potential clinical studies in the United States or Europe once the Company's product development programs are advanced from pre-clinical stage to human clinical stage, and $300,000 for commercial drug development, including but not limited to the setup of a designated development and secure storage facility.

The Company intends to spend the funds available to it as stated in this Prospectus. There may be circumstances, however, where for sound business reasons a reallocation of funds may be necessary. Use of funds will be subject to the discretion of management. For further details, see "Use of Available Funds - Available Funds and Principal Purposes".

The Company had negative cash flow from operating activities for the financial for the financial period from incorporation to May 31, 2021. To the extent that the Company has negative cash flow from operating activities in future periods, the Company may need to use a portion of

proceeds from any offering to fund such negative cash flow. See "Risk Factors – Negative Cash Flows From Operations".

Management, Directors & Officers:

The Board of Directors of the Company consists of Nicholas Kadysh, Jodi Butts, Fraser MacDonald, Perry Tsergas, Dr. Harriet de Wit, Dr. Abdelmalik Slassi and Solomon Elimimian. The officers of the Company are Nicholas Kadysh (CEO), Carmelo Marrelli (CFO) and Shane Morris (COO). See "Directors and Executive Officers".

Selected Consolidated Financial Information:

Selected Consolidated Financial Information of the Company

The following selected consolidated financial information has been derived from and is qualified in its entirety by the financial statements of the Company for the period from incorporation to May 31, 2021 (audited) and notes thereto included in this Prospectus, and should be read in conjunction with such financial statements and the related notes thereto included in Schedule "A" of this Prospectus. All financial statements of the Company are prepared in accordance with International Financial Reporting Standards.

All amounts referred to as being derived from the financial statements of the Company are denoted in Canadian Dollars.

	As at and for the period from incorporation on December 23, 2020 to May 31, 2021 (audited) **($)**
Total Assets	3,107,818
Total Liabilities	343,526
Total Equity	2,764,292
Net Loss and Comprehensive Loss for the Period[(1)]	(2,337,655)

(1) The net loss for the period from December 23, 2020 (date of incorporation) to May 31, 2021, consisted of (i) office and general fees of $20,397; (ii) investor relations of $100,325; (iii) depreciation of $101; (iv) payroll expenses of $3,214; (v)professional fees of $92,048; (iv) stock based compensation of $38,000, and transaction costs of $2,083,570.

See "*Selected Financial Information and Management's Discussion and Analysis*."

Risk Factors:

Due to the nature of the Company's business and the present stage of development of its business, the Company is subject to significant risks. Readers should carefully consider all such risks. Risk factors include, but are not limited to, the market for repurposing psychedelic-derived drugs may not develop as expected, limited operating history, additional capital requirements, and competition. For a detailed description of these and other risks, please see "*Risk Factors*".

CORPORATE STRUCTURE

Name and Incorporation of the Company

The Company was incorporated under the *Business Corporations Act* (British Columbia) on January 12, 2021 under the name "GreenRidez 3.0" and subsequently filed a notice of alteration of its articles in order to change its name to "Pharmala Biotech Holdings Inc." on April 22, 2021.

The registered office of the Company is located at 550 Burrard St #2900, Vancouver, BC V6C 0A3, and its head office is located at 1111 Melville St #1100, Vancouver, BC V6E 3V6.

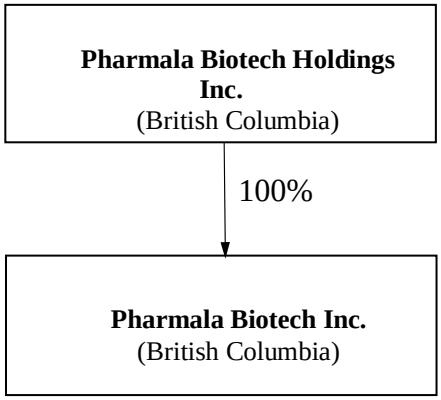
Name and Incorporation of Pharmala Biotech Inc.

Pharmala Biotech Inc. was incorporated under the *Business Corporations Act* (British Columbia) on December 23, 2020.

The registered office of Pharmala Biotech Inc. is located at 550 Burrard St #2900, Vancouver, BC V6C 0A3, and its head office is located at 1111 Melville St #1100, Vancouver, BC V6E 3V6. Pharmala also has an office located at 82 Richmond St. E., Toronto, ON M5C 1P1.

Inter-corporate Relationships

Upon completion of the Acquisition, effective on March 19, 2021, Pharmala Biotech Inc. became a wholly-owned subsidiary of the Company.



DESCRIPTION OF THE BUSINESS

Overview

The principal business carried on and intended to be carried on by the Company is the manufacture of MDXX class compounds, including MDMA, as well as formulation of novel MDXX compounds.

Prior to completion of the Acquisition, the Company had not conducted any material business since incorporation other than pursuing its interests under the Share Exchange Agreement.

The Company was incorporated on January 12, 2021 pursuant to the BCBCA and prior to the completion of the Acquisition had not conducted any material business since incorporation other than pursuing its interests under the Share Exchange Agreement. The sole business of the Company from the date of its incorporation until executing the Share Exchange Agreement was to identify and evaluate opportunities for the acquisition of an interest in suitable businesses and, once identified and evaluated, to negotiate an acquisition subject to applicable corporate and securities laws, so as to complete a transaction. Until the completion of the Acquisition, the Company did not have a business, business operations or any material assets other than cash.

Upon completion of the Acquisition, the business of Pharmala Biotech Inc. became the business of the Company.

The Company intends to conduct clinical research and development in Canada and currently outsources drug research and development in Canada.

The Company has three distinct business lines:

1) Manufacturing of MDMA and MDXX Active Pharmaceutical Ingredients (API) for purchase by licensed and qualified entities;
2) Development of Intellectual Property related to manufacturing of custom formulations of MDMA and MDXX molecules; and
3) Development of novel drug delivery mechanisms for MDMA and MDXX molecules.

PharmAla's goal is to perform process development, and ultimately to manufacture MDMA and analogues of MDMA ("**MDXX molecules"**) under Good Manufacturing Practices ("**GMP**") guidelines.

MDMA is an entactogenic molecule first synthesized in the early 1900s; it is a "generic" drug, meaning its synthesis is not the subject of any current patents. While MDMA was made illegal for recreational use in the mid-1980s in many jurisdictions, it remains the subject of significant scientific research as a therapeutic agent by both corporations and academics.

MDMA has been granted "Breakthrough" status by the United States Food and Drug Administration ("**FDA**"), and is currently the subject of a Phase 3 clinical trial for the treatment of Post-Traumatic Stress Disorder. Early data published in the prestigious scientific journal *Nature* by trial sponsors the Multidisciplinary Association for Psychedelics Studies ("**MAPS**"). Under Canadian law, MDMA may be manufactured or sold by entities possessing a Controlled Substances Manufacturer's License or Controlled Substances Dealer's License as granted by Health Canada. Analogues of MDMA comprise the MDXX class of compounds and include a diverse range of molecules, including 1,3-Benzodioxolyl-*N*-methylbutanamine (MBDB) and 3,4-Methylenedioxy-N-ethylamphetamine (MDEA/MDE). Some of these molecules are also considered controlled substances, while others are not considered controlled substances by regulatory authorities.

In order to pursue its objectives, PharmAla has engaged the services of Dalton Chemical Laboratories, Inc. o/a Dalton Pharma Services ("**Dalton**"), a well-established Contract Manufacturing Organization ("**CMO**") of API, in order to perform process development and manufacturing. Dalton has warranted to PharmAla that they are able to legally perform all relevant work, and have warranted that they are the current holder of a Controlled Substances Manufacturer and Dealer's license. See "History – Master Services Agreement".

Concurrently, PharmAla has begun procedures to secure a Controlled Substances Manufacturer's License, with the goal of establishing a wholly-owned facility capable of manufacturing MDMA and MDXX molecules. Processes developed at Dalton would then be transferred into the company-owned facility. Customers for the Company's API products would include any entities qualified to hold or use MDMA or MDXX class molecules as determined by local regulatory authorities in their country of residency; These include Companies pursuing clinical trials as well as academic researchers pursuing advanced understanding of MDMA and its properties.

The Company has also filed two provisional patents for processes to manufacture a novel formulation of MDMA, based on published academic research, which the company believes will produce a substance with a lower neurotoxicity profile than traditional MDMA and fewer adverse events. This novel formulation will allow for greater variability in dosage than current MDMA formulations, creating an increased potential for using MDMA as a therapeutic for a range of health conditions. The company subsequently expanded these provisional patents to include reformulation of other MDXX molecules to generate novel formulations with lower toxicity. These processes will be validated by Dalton prior to completion of toxicological testing of the resultant formulation by a competent laboratory in keeping with Good Laboratory Practices (GLP), and publication of the results.

PharmAla also entered into a master services agreement dated June 25, 2021 with Rane Pharmaceutical Inc., a privately held North American chemistry contract chemical manufacturing and research company based in Edmonton, Canada with respect to establishing the viability of the Company's novel chemical synthesis routes.

Finally, the Company intends to formulate both generic MDMA and its novel formulations into use with novel delivery mechanisms, including (but not limited to) microdermal patches, sublingual strips, nasal drop/spray, and extended-release oral tablets. These novel delivery mechanisms will be subject to the phased clinical trial process as necessary.

Stated Business Objectives and Competitive Conditions

The Company's business objective is to manufacture MDMA while also working to develop, validate and commercialize its novel drug formulations. While initial customers for the Company's products will be made up largely of entities seeking to research MDMA's therapeutic applications, there is a chance that such research activity will end.

The Company intends to use its available funds to initiate manufacturing of MDMA, conduct research and development of its product development programs, and potentially acquire or develop a laboratory and secure storage facility. See "*Use of Available Funds*".

The Company competes with other entities in the development and manufacture of MDXX molecules. As a result of this competition, the majority of which is with companies with greater financial resources, the Company may be unable to successfully identify, manufacture and license suitable product candidates. The Company also competes for financing with other psychopharmacological and pharmaceutical manufacturing companies, many of whom have more advanced businesses. The Company's competitors include multinational pharmaceutical companies and specialized biotechnology companies, universities, and other research institutions. The Company will face the challenge of competing with companies of varying sizes and at varying stages of licensing and levels of development of related products in the pharmaceutical industry. Other companies may develop products with similar profiles to those developed by the company, and such competing products may be superior to the Company's potential products. More established companies may have a competitive advantage over the Company due to their greater size, capital resources, cash flows, and institutional experience. Compared to the Company, many of its competitors may have significantly greater financial, technical, and human resources at their disposal. Due to these factors, competitors may have an advantage in marketing their approved products and may obtain regulatory approval of their product candidates before the Company can, which may limit the Company's ability to develop or commercialize its product candidates. Competitors may also develop drugs that are safer, more effective, more widely used, and less expensive, and may also be more successful in manufacturing and marketing their products. These advantages could materially impact the Company's ability to develop and commercialize its products. Mergers and acquisitions in the pharmaceutical and biotechnology industries may result in even more resources being concentrated among a smaller number of the Company's competitors. Smaller and other early stage companies may also prove to be significant competitors, particularly through collaborative arrangements with large and established companies. These third parties also compete with the Company in recruiting and retaining qualified personnel, establishing clinical trial sites and subject registration for clinical trials, as well as in acquiring technologies complementary to, or necessary for, the Company's programs. There is no assurance that additional capital or other types of financing will be available to the Company if needed or that, if available, the terms of such financing will be favourable to the Company. See "*Risk Factors*".

The Company intends to use its available funds to conduct and complete research and development of certain product development programs in MDMA and MDXX molecules. See "*Use of Available Funds*".

Regulatory Overview

The Company is focused on developing, manufacturing and commercializing MDMA and MDXX-class molecules. It is also focused on developing novel formulations which would be subject to FDA, EMA and PMDA-approval. Sales of MDMA and other controlled substances in the MDXX class would be permissible in Canada should the company be successful in receiving regulatory approval for proposed Controlled Substances Manufacturers' and Dealers' licenses. All potential customers would have to be legally able to purchase and hold controlled substances within their jurisdiction of residence, whether through a license such as a Health Canada controlled substances license, a Ministerial or Regulatory Exemption, or under the auspices of a clinical trial registered with relevant local authorities.

With respect to regulatory process, the Company is and intends to continue following the same process applicable to other biotechnology companies. In order to develop regulated medicines, the Company's work must be conducted in strict compliance with the regulations of the FDA and other federal, state, local and regulatory agencies in the United States, and in strict compliance with the regulations of the equivalent regulatory agencies in the other jurisdictions in which the Company outsources research and development activities. These regulatory authorities regulate, among other things, the research, manufacture, promotion and distribution of drugs in specific jurisdictions under applicable law and regulations.

For novel formulations of MDMA developed by the company, such formulations could potentially be granted status in the United States under a "505(b)(2)" process, if the company should prove that its formulations are therapeutically equivalent to MDMA. A "505(b)(2)" process would not require phased clinical trials, however they would require that MDMA be approved as a therapeutic drug by the FDA prior to filing of the application.

For any novel formulations for molecules not currently approved by the FDA or other regulatory authorities, the Company would be required to undertake clinical trials and based on the success of such clinical trials, the Company plans to engage in licensing, partnership and/or acquisition discussions with life sciences companies that have the resources to complete the development and commercialization of the Company's products.

In the United States, the FDA regulates drugs and medical devices under the *Federal Food, Drug, and Cosmetic Act* (the "**FDCA**") and its implementing regulations. Drugs and devices are also subject to other federal, state and local statutes and regulations. The Company plans to investigate its products through the investigational new drug application ("**IND**") framework and seek approval through the new drug application ("**NDA**") pathway. The process required by the FDA before the Company's product candidates may be marketed in the United States generally involves the following:

- completion of extensive nonclinical laboratory tests, animal studies and formulation studies, all performed in accordance with the FDA's Good Laboratory and Manufacturing Practice regulations;

- submission to the FDA of an IND, which must become effective before human clinical trials may begin;

- for some products, performance of adequate and well-controlled human clinical trials in accordance with the FDA's regulations, including Good Clinical Practices ("**GCPs**"), to establish the safety and efficacy of the product candidate for each proposed indication;

- submission to the FDA of an NDA;

- a determination by the FDA within 60 days of its receipt of an NDA to file the NDA for review;

- satisfactory completion of an FDA pre-approval inspection of the manufacturing facilities at which the active pharmaceutical ingredient ("**API**") and finished drug

product are produced and tested to assess compliance with good manufacturing Practices regulations; and

- FDA review and approval of the NDA prior to any commercial marketing, sale or shipment of the drug.

An IND is a request for authorization from the FDA to administer an investigational drug product to humans. The central focus of an IND submission is on the general investigational plan and the protocol(s) for human studies. The IND also includes results of animal studies or other human studies, as appropriate, as well as manufacturing information, analytical data and any available clinical data or literature to support the use of the investigational new drug. An IND must become effective before human clinical trials may begin. An IND will automatically become effective 30 days after receipt by the FDA, unless before that time the FDA raises concerns or questions related to the proposed clinical trials. In such a case, the IND may be placed on clinical hold and the IND sponsor and the FDA must resolve any outstanding concerns or questions before clinical trials can begin. Accordingly, submission of an IND may or may not result in the FDA allowing clinical trials to commence.

Clinical trials involve the administration of the investigational drug to human subjects under the supervision of qualified investigators in accordance with GCPs, which include the requirement that all research subjects provide their informed consent for their participation in any clinical trial. Clinical trials are conducted under protocols detailing, among other things, the objectives of the study, the parameters to be used in monitoring safety, and the efficacy criteria to be evaluated. A protocol for each clinical trial and any subsequent protocol amendments must be submitted to the FDA as part of the IND. Additionally, approval must also be obtained from each clinical trial site's institutional review board ("**IRB**") before the trials may be initiated, and the IRB must monitor the study until completed. There are also requirements governing the reporting of ongoing clinical trials and clinical trial results to public registries.

The clinical investigation of a drug is generally divided into three phases. Although the phases are usually conducted sequentially, they may overlap or be combined. The three phases of an investigation are as follows:

- **Phase 1.** Phase 1 includes the initial introduction of an investigational new drug into humans. Phase 1 clinical trials are typically closely monitored and may be conducted in patients with the target disease or condition or in healthy volunteers. These studies are designed to evaluate the safety, dosage tolerance, metabolism and pharmacologic actions of the investigational drug in humans, the side effects associated with increasing doses, and if possible, to gain early evidence on effectiveness. During Phase 1 clinical trials, sufficient information about the investigational drug's pharmacokinetics and pharmacological effects may be obtained to permit the design of well-controlled and scientifically valid Phase 2 clinical trials. The total number of participants included in Phase 1 clinical trials varies, but is generally in the range of 20 to 80.

- **Phase 2.** Phase 2 includes controlled clinical trials conducted to preliminarily or further evaluate the effectiveness of the investigational drug for a particular

indication(s) in patients with the disease or condition under study, to determine dosage tolerance and optimal dosage, and to identify possible adverse side effects and safety risks associated with the drug. Phase 2 clinical trials are typically well-controlled, closely monitored, and conducted in a limited patient population, usually involving no more than several hundred participants.

- **Phase 3.** Phase 3 clinical trials are generally controlled clinical trials conducted in an expanded patient population generally at geographically dispersed clinical trial sites. They are performed after preliminary evidence suggesting effectiveness of the drug has been obtained, and are intended to further evaluate dosage, clinical effectiveness and safety, to establish the overall benefit-risk relationship of the investigational drug product, and to provide an adequate basis for product approval. Phase 3 clinical trials usually involve several hundred to several thousand participants.

A pivotal study is a clinical study which adequately meets regulatory agency requirements for the evaluation of a drug candidate's efficacy and safety such that it can be used to justify the approval of the product. Generally, pivotal studies are also Phase 3 studies but may be Phase 2 studies if the trial design provides a well-controlled and reliable assessment of clinical benefit, particularly in situations where there is an unmet medical need.

The FDA, the IRB or the clinical trial sponsor may suspend or terminate a clinical trial at any time on various grounds, including a finding that the research subjects are being exposed to an unacceptable health risk. Additionally, some clinical trials are overseen by an independent group of qualified experts organized by the clinical trial sponsor, known as a data safety monitoring board or committee. This group provides authorization for whether or not a trial may move forward at designated check points based on access to certain data from the study. The Company may also suspend or terminate a clinical trial based on evolving business objectives and/or competitive climate.

Assuming successful completion of all required testing in accordance with all applicable regulatory requirements, detailed investigational drug product information is submitted to the FDA in the form of an NDA requesting approval to market the product for one or more indications. The application includes all relevant data available from pertinent preclinical and clinical trials, including negative or ambiguous results as well as positive findings, together with detailed information relating to the product's chemistry, manufacturing, controls and proposed labeling, among other things. Data can come from company-sponsored clinical trials intended to test the safety and effectiveness of a use of a product, or from a number of alternative sources, including studies initiated by investigators. To support marketing approval, the data submitted must be sufficient in quality and quantity to establish the safety and effectiveness of the investigational drug product to the satisfaction of the FDA.

Once the NDA submission has been accepted for filing, within 60 days following submission, the FDA's goal is to review applications for new molecular entities within ten months of the filing date or, if the application relates to a serious or life-threatening indication and demonstrates the potential to provide a significant improvement in safety or effectiveness over currently marketed therapies, six months from the filing date. The review process is often significantly extended by

FDA requests for additional information or clarification. The FDA may refer the application to an advisory committee for review, evaluation and recommendation as to whether the application should be approved. The FDA is not bound by the recommendation of an advisory committee, but it typically follows such recommendations.

After the FDA evaluates the NDA and conducts inspections of manufacturing facilities where the drug product and/or its API will be produced, it may issue an approval letter or a complete response letter. An approval letter authorizes commercial marketing of the drug with specific prescribing information for specific indications. A complete response letter indicates that the review cycle of the application is complete and the application is not ready for approval. A complete response letter may require additional clinical data and/or an additional pivotal Phase 3 clinical trial(s), and/or other significant, expensive and time-consuming requirements related to clinical trials, preclinical studies or manufacturing. Even if such additional information is submitted, the FDA may ultimately decide that the NDA does not satisfy the criteria for approval. The FDA could also approve the NDA with a risk evaluation and mitigation strategy to mitigate risks, which could include medication guides, physician communication plans, or elements to assure safe use, such as restricted distribution methods, patient registries and other risk minimization tools. The FDA also may condition approval on, among other things, changes to proposed labeling, development of adequate controls and specifications, or a commitment to conduct one or more post-market studies or clinical trials. Such post-market testing may include Phase 4 clinical trials and surveillance to further assess and monitor the product's safety and effectiveness after commercialization. Regulatory approval of oncology products often requires that patients in clinical trials be followed for long periods to determine the overall survival benefit of the drug.

The regulatory process in the other jurisdictions in which the Company operates are substantively similar to the processes described above for the United States.

The Company has not received legal advice with respect to its United States regulatory obligations to comply with the FDA's drug development and approval processes as a precondition of marketing MDMA within the United States. Once the Company has validated its processes and completed its preclinical research in Canada and has filed the necessary patent applications to protect its inventions, the Company will seek legal advice and conduct due diligence prior to conducting any clinical studies in the United States. While the Company is conducting drug discovery, research and development on MDMA, it does not have any direct or indirect involvement with the illegal selling, production or distribution of any substances in the jurisdictions in which it operates. The Company is a drug development company and does not advocate for the legalization of any psychedelic substances and does not deal with psychedelic substances except within approved laboratory clinical trial settings conducted within approved regulatory frameworks. The Company's products will not be commercialized prior to applicable regulatory approval, which will only be granted if clinical evidence of safety and efficacy for the intended uses is successfully developed. Furthermore, because the Company will only deal with controlled substances within approved laboratory clinical trial settings within approved regulatory frameworks, in the Company's view, there are minimal risks associated with third-party services providers that relate to the treatment of psychedelic substances under applicable laws. The Company also feels that it has minimized other risks associated with third-party service providers through standard contractual obligations.

The Company's drug development strategy focuses on the FDA 505(b)(2) regulatory pathway and the FDA expedited development and review programs for drugs, such as fast track and breakthrough designations.

FDA 505(b)(2) Regulatory Pathway

As an alternative path to FDA approval for modifications to formulations or uses of products previously approved by the FDA, an applicant may submit an NDA under Section 505(b)(2) of the FDCA. Section 505(b)(2) was enacted as part of the Hatch-Waxman Amendments and permits the filing of an NDA where at least some of the information required for approval comes from studies not conducted by, or for, the applicant or for which the applicant has not obtained a right of reference. If the 505(b)(2) applicant can establish that reliance on FDA's previous findings of safety and effectiveness is scientifically appropriate, it may eliminate the need to conduct certain preclinical or clinical studies of the new product. The FDA may also require companies to perform additional studies or measurements, including clinical trials, to support the change from the approved branded reference drug. The FDA may then approve the new product candidate for all, or some, of the label indications for which the branded reference drug has been approved, as well as for any new indication sought by the 505(b)(2) applicant. The Company anticipates potentially filing 505(b)(2) NDAs for its novel MDMA formulations, which would rely, in part, on the FDA's previous findings of safety and efficacy of the active ingredient should such findings be made.

FDA Expedited Development

The FDA maintains several programs intended to facilitate and expedite development and review of new drugs to address unmet medical needs in the treatment of serious or life-threatening diseases or conditions. These programs include Fast Track designation and Breakthrough Therapy designation, and the purpose of these programs is to either expedite the development or review of important new drugs to get them to patients more quickly than standard FDA review timelines typically permit. MDMA has already been granted "Breakthrough Therapy" status by the FDA.

A drug is eligible for Fast Track designation if it is intended to treat a serious or life-threatening disease or condition and demonstrates the potential to address unmet medical needs for such disease or condition. Fast Track designation provides increased opportunities for sponsor interactions with the FDA during preclinical and clinical development, in addition to the potential for rolling review once a marketing application is filed. Rolling review means that the agency may review portions of the marketing application before the sponsor submits the complete application. In addition, a drug may be eligible for Breakthrough Therapy designation if it is intended to treat a serious or life- threatening disease or condition and preliminary clinical evidence indicates that the drug may demonstrate substantial improvement over existing therapies on one or more clinically significant endpoints, such as substantial treatment effects observed early in clinical development. Breakthrough Therapy designation provides all the features of Fast Track designation in addition to intensive guidance on an efficient drug development program, and FDA organizational commitment to expedited development, including involvement of senior managers and experienced review staff in a cross-disciplinary review, where appropriate.

Any product submitted to the FDA for approval, including a product with Fast Track or Breakthrough Therapy designation, may also be eligible for additional FDA programs intended to

expedite the review and approval process, including Priority Review designation and Accelerated Approval. A product is eligible for Priority Review designation, once an NDA or biologics license application is submitted, if the drug that is the subject of the marketing application has the potential to provide a significant improvement in safety or effectiveness in the treatment, diagnosis or prevention of a serious disease or condition. Under priority review, the FDA's goal date to take action on the marketing application is six months compared to ten months for a standard review. Products are eligible for Accelerated Approval if they can be shown to have an effect on a surrogate endpoint that is reasonably likely to predict clinical benefit, or an effect on an intermediate clinical endpoint that can be measured earlier than an effect on irreversible morbidity or mortality, which is reasonably likely to predict an effect on irreversible morbidity or mortality or other clinical benefit, taking into account the severity, rarity, or prevalence of the condition and the availability or lack of alternative treatments.

HISTORY

Financings

On January 12, 2021, the Company completed a private placement by issuing 200,000 Common Shares at a price of $0.02 per Common Share for aggregate gross proceeds of $4,000.

On January 17, 2021, the Company completed the Crowdfunding Private Placement by issuing 692,000 Special Warrants, at a price of $0.05 per Special Warrant, with each Special Warrant automatically converting into one Common Share of the Company at no additional cost on the Special Warrants Exercise Date. Aggregate gross proceeds from the Crowdfunding Private Placement were equal to $24,600.

On February 5 and February 16, 2021, the Company completed the Q1 2021 Private Placement issuing 19,800,000 Special Warrants at a price of $0.05 per Special Warrant, with each Special Warrant automatically converting into one Common Share of the Company at no additional cost on the Special Warrants Exercise Date. Aggregate gross proceeds from the Q1 2021 Private Placement were equal to $990,000. The Company also issued an aggregate of 985,000 Common Shares and 985,000 Broker Warrants as compensation to registered dealers involved in the Q1 2021 Private Placement. Each Broker Warrant entitles the holder thereof to acquire one Common Share, at an exercise price of $0.05, until February 5, 2023 or February 16, 2023.

On May 14, 2021, the Company completed the Q2 Private Placement issuing 20,197,600 Special Warrants at a price of $0.10 per Special Warrant for aggregate gross proceeds of $2,019,760. The Company also issued an aggregate of 1,124,000 Common Shares and 531,952 Broker Warrants as compensation to registered dealers involved in the Q2 2021 Private Placement. Each Broker Warrant entitles the holder thereof to acquire one Common Share, at an exercise price of $0.10, until May 14, 2023.

Acquisition of PharmAla

On March 15, 2021, the Company entered into the Share Exchange Agreement with PharmAla, pursuant to which the Company agreed to acquire all of the issued and outstanding common shares and warrants of PharmAla in consideration for the issuance of a total of 40,000,000 Common Shares to shareholders of PharmAla in proportion with their respective interest in PharmAla.

Pursuant to the Share Exchange Agreement, each shareholder of PharmAla received one Common Share for each common share of PharmAla held at a deemed value of $0.05 per Common Share. The acquisition closed on March 19, 2021.

Under the terms of the Share Exchange Agreement, the Company agreed to cause the board of directors to be restructured to consist of Nicholas Kadysh, Solomon Elimimian, Jodi Butts, Perry Tsergas, Fraser MacDonald, Abdelmalik Slassi and Harriet De Wit following closing of the transaction and the senior officers of the Company to consist of Nicholas Kadysh as President and Chief Executive Officer and Carmelo Marelli as Chief Financial Officer and Corporate Secretary.

Master Services Agreement

On May 18, 2021, PharmAla Biotech entered into a master services agreement (the "**Master Services Agreement**") with Dalton Chemical Laboratories, Inc. o/a Dalton Pharma Services ("**Dalton**"), a corporation incorporated under the OBCA, Canada whose principal operations are located at 349 Wildcat Road, Toronto, ON, M3J 2S3, Canada together with its subsidiaries and affiliates.

In connection with the Master Services Agreement, PharmAla and Dalton subsequently executed a work order for the process development of MDMA manufacture. The ultimate product of this work will be all procedures necessary to manufacture GMP batches of clinical-grade MDMA. PharmAla Biotech will own these processes as well as all necessary lab documentation and validation testing. This production may subsequently be moved while retaining all validated materials and processing, to be brought into either another Contract Manufacturing facility or into an owned facility set up by PharmAla. Dalton has the capability to hold manufactured product in its facility under its Controlled Substances Manufacturer License.

Dalton may also complete manufacturing or process development for additional API or molecules as designated by PharmAla, however all process development at Dalton is currently focused on MDMA.

Consulting Agreement

On March 19, 2021, the Company entered into a consulting agreement with Dr. Ali Kandil. Dr. Kandil is a noted expert on small molecule manufacturing, having previously worked for a number of pharmaceutical manufacturers as Global Head of Supply Chain. Notably, Dr. Kandil has significant experience managing contract manufacturing organizations (CMOs), including having previously managed Dalton Pharma in said capacity. Dr. Kandil consults for PharmAla on an hourly basis, as required by the demands of the business.

Provisional Patents Filed by PharmAla

On May 6, 2021, PharmAla filed two provisional patent applications (Serial No. 63/201,610 and Serial No. 63/201,609) in Canada and the United States in order to secure company-developed intellectual property. The provisional patent applications deal with a novel process to manufacture a formulation of MDMA which the company believes will provide significant improvement over traditional formulations of MDMA.

On July 8, 2021, the Company filed subsequent amendments to the provisional patent applications expanding the provisional patent to include other molecules in the MDXX class.

Employees, Specialized Skill and Knowledge

As at the date of this Prospectus, the Company has 1 employee located in Canada and 1 independent contractors. In addition, as at the date of this Prospectus, PharmAla has 2 independent contractors which are located in Canada as well as 1 independent contractor located in the United States of America.

Our business requires specialized knowledge and technical skill around MDMA, clinical sciences, product formulations, product testing, clinical testing, quality assurance, GMP standards and ingredient sourcing. The required skills and knowledge are available to us through our current employees and management.

USE OF AVAILABLE FUNDS

Funds Available and Principal Purposes

It is anticipated that the Company will have available funds of approximately $2,600,000 based on estimated consolidated working capital as at July 31, 2021.

Upon the Listing, the principal purposes for the foregoing available funds are anticipated to be as follows:

Principal Purposes	Funds ($)
General and administrative costs[(1)]	475,000
Estimated expense for listing on the CSE	100,000
Sales and marketing	100,000
Research and development[(2)]	1,100,000
Estimated working capital as at July 31, 2021	2,600,000
Total use of available funds	**1,775,000**
Unallocated funds (unaudited)	**825,000**

Notes:

(1) This figure is for a forecasted period of 12 months and is comprised of salaries and benefits in the amount of approximately $50,000, consulting fees in the amount of approximately $210,000, travel expenses in the amount of approximately $20,000, insurance in the amount of approximately $50,000, professionals' fees in the amount of approximately $100,000, transfer agent and regulatory fees in the amount of approximately $25,000, technology expenses in the amount of approximately $10,000 and marketing and office expenses in the amount of approximately $10,000.

(2) This figure is for a forecasted period of 12 months and is comprised of costs of $550,000 in connection with the Development Agreement with Dalton Pharma Inc, entered into to complete process development and initiate manufacture of MDMA, as well as costs pertaining to validation of the Company's novel processes, costs of $25,000 in connection with the agreement with J&C Consulting, entered into to for development of novel

formulations and processes of synthesis of MDXX molecules, and costs of approximately $200,000 for toxicological testing of novel formulations, which will allow for potential clinical studies in the United States or Europe once the Company's product development programs are advanced from pre-clinical stage to human clinical stage, $25,000 for intellectual property development and registration and $300,000 for commercial drug development, including but not limited to the setup of a designated development and secure storage facility.

It is anticipated that the Company will have sufficient cash available upon Listing to execute its business plan and to pay its operating and administrative costs for at least twelve months after the completion of the Listing.

Unallocated funds will be deposited in the Company's bank account and added to the working capital of the Company. The CFO of the Company will be responsible for the supervision of all financial assets of the Company. Based on the Company's cash flow requirements, management will determine the appropriate level of liquidity required for operations and will draw down such funds as necessary.

There may be circumstances, where for business reasons, a reallocation of funds may be necessary in order for the Company to achieve its stated business objectives. To date, the COVID-19 pandemic has not had an impact on the Company's available funds or the anticipated use of such funds.

The Company had negative cash flow from operating activities for the financial period from incorporation to May 31, 2021. The Company cannot guarantee it will have a cash flow positive status from operating activities in future periods. As a result, the Company continues to rely on the issuance of securities or other sources of financing to generate sufficient funds to fund its working capital requirements and for corporate expenditures. The Company may continue to have negative cash flow from operating activities until sufficient levels of sales are achieved. To the extent that the Company has negative cash flow from operating activities in future periods, the Company may need to use a portion of proceeds from any offering to fund such negative cash flow. See "*Risk Factors –Negative Operating Cash Flow*".

Business Objectives and Milestones

The Company has three distinct business lines:

- Manufacturing of MDMA and MDXX Active Pharmaceutical Ingredients (API) for purchase by licensed and qualified entities;
- Development of Intellectual Property related to manufacturing of custom formulations of MDMA and MDXX molecules; and
- Development of novel drug delivery mechanisms for MDMA and MDXX molecules.

PharmAla Biotech's goal is to perform process development, and ultimately to manufacture MDMA and MDXX molecules under Good Manufacturing Practices ("**GMP**") guidelines.

In order to manufacture clinical-grade MDMA of appropriate purity for use in clinical trials, PharmAla will have to manufacture at a facility possessing a Drug Establishment License ("**DEL**") and Controlled Substances Dealer's License ("**CSDL**"), as well as qualifying as a GMP facility. In order to pursue its objectives, PharmAla Biotech has engaged the services of Dalton Pharma

Inc, a well-established Contract Manufacturing Organization ("**CMO**") of API, in order to perform process development and manufacturing Dalton Pharma Inc. possesses all such qualifications, and as such PharmAla Biotech Inc. has no barriers to production of clinical-grade MDMA on a contract basis, subject to the completion of process development activities. Should PharmAla Biotech at some point in the future shift production of MDMA to a dedicated facility, such a facility would need to be qualified under a DEL, CSDL, and GMP - but process development activities first executed at Dalton Pharma or other CMOs would not need to be repeated.

In order to develop custom formulations of MDMA or MDXX compounds which improve the safety or efficacy of traditional MDMA, the Company would have to design such formulations, manufacture, and test them. The Company has engaged J&C Consulting, a company with significant medical chemistry expertise, to develop 2 novel processes for synthesis of MDMA for the purposes of this novel formulation. The Company has also filed 2 provisional patents for processes to manufacture a novel formulation of MDMA, based on published academic research, which the company believes will produce a substance with a lower neurotoxicity profile than traditional MDMA. The company has expanded these provisional patents to include reformulation of other MDXX molecules to generate novel formulations with lower toxicity. These processes will be validated by Dalton Pharma prior to completion of toxicological testing of the resultant formulation by a competent laboratory in keeping with Good Laboratory Practices ("**GLP**"), and publication of the results. Such a testing laboratory has not yet been identified by the Company, but this expenditure is accounted for in the Company's 2021 plan and the company has adequate capital to execute this research.

Finally, the Company intends to formulate both generic MDMA and its novel formulations into use with novel delivery mechanisms, including (but not limited to) microdermal patches, sublingual strips, nasal drop/spray, and extended-release oral capsules. This work will require that the Company acquire or hire competent laboratory personnel with experience formulating Drug Product. These novel delivery mechanisms would most likely be subject to the phased clinical trial process for new drug approvals, or the 505(b)2 process detailed in this document. Such products could not be sold for human use without being subjected to regulatory approval by either FDA, Health Canada, or other competent regulatory authorities. Work on PharmAla's drug delivery business would not begin prior to the establishment of an API manufacturing business, and as such is not budgeted for in the company's 2021 operational plan.

The following table outlines the key milestones for the Company's Drug Substance (or API), manufacturing business, the company's Novel Formulation business and the company's Drug Delivery business. The Company estimates that the business objectives associated with such milestones, in aggregate, will cost approximately $1,000,000. The Company has also allocated $1,200,000 in general research and development costs which will allow for the Company to conduct potential clinical studies once the Company's product development programs are advanced from pre-clinical stage to human clinical stage, if necessary. See "*Use of Available Funds*".

Business Objective	Status	Milestones	Estimated Cost to Complete
Complete all process development and manufacturing of 1 kg of clinical grade MDMA	Signed Master Services Agreement and work order with Dalton Pharma Initiated development	Complete process development of GMP MDMA manufacturing by fall of 2021 Validate processes of development by fall of 2021 Complete first manufacturing batch of 1 kg of MDMA by Dec. 31, 2021	$550,000
Development of Novel MDMA Formulations	patents submitted for novel formulation process and product Manufacturing of novel formulation	Develop formulations through work with J&C Consulting 2 provisional patents already submitted by IP Counsel Bereskin & Parr LLP, 2 further patents and a trademark to be submitted by December 31, 2021 Work order for synthesis of novel formulation to be signed with Dalton Pharma	$50,000
Preclinical research and development	Identified research partners in both Canada and the US Initiated CDA agreements with providers of preclinical research services	Initiation of toxicological study of PharmAla proprietary formulations Initiation of molecular assay of PharmAla proprietary formulations Initiation of Clinical Trials in Canada, the US or another jurisdiction	$600,000

To date, the COVID-19 pandemic has not had any impact on the Company's business plans and milestones. However, since March 2020, several measures have been implemented in Canada and the rest of the world in response to the increased impact from the COVID-19 pandemic. While the Company continues to operate its business in the normal course at this time and the impact of the COVID-19 pandemic is expected to be temporary, the current circumstances are dynamic and the impacts of the COVID-19 pandemic on the Company's operations cannot be reasonably estimated at this time. The Company anticipates the COVID-19 pandemic could have an adverse impact on its business, results of operations, financial position and cash flows in fiscal 2021 and fiscal 2022.

DIVIDENDS OR DISTRIBUTIONS

Dividends

The Company has neither declared nor paid any dividends on its Common Shares. The Company currently intends to retain any future earnings to fund the development and growth of its business and does not currently anticipate paying dividends on the Common Shares. Any determination to pay dividends in the future will be at the discretion of the Board and will depend on many factors, including, among others, the Company's financial condition, current and anticipated cash requirements, contractual restrictions and financing agreement covenants, solvency tests imposed by applicable corporate law and other factors that the Board may deem relevant.

SELECTED FINANCIAL INFORMATION AND MANAGEMENT'S DISCUSSION AND ANALYSIS

Selected Consolidated Financial Information

The following selected financial information has been derived from and is qualified in its entirety by the consolidated financial statements of the Company for the period from incorporation to May 31, 2021 (audited) and notes thereto included in this Prospectus, and should be read in conjunction with such financial statements and the related notes thereto included in Schedule "A" of this Prospectus. All financial statements of the Company are prepared in accordance with International Financial Reporting Standards.

All amounts referred to as being derived from the financial statements of the Company are denoted in Canadian Dollars.

	As at and for the period from incorporation on December 23, 2020 to May 31, 2021 (audited) ($)
Total Assets	3,107,818
Total Liabilities	343,526
Total Equity	2,764,292
Net Loss and Comprehensive Loss for the Period[(1)]	(2,337,655)

(1) The net loss for the period from December 23, 2020 (date of incorporation) to May 31, 2021, consisted of (i) office and general fees of $20,397; (ii) investor relations of $100,325; (iii) depreciation of $101; (iv) payroll expenses of $3,214; (v) professional fees of $92,048; (iv) stock based compensation of $38,000, and transaction costs of $2,083,570.

Management's Discussion and Analysis

The consolidated MD&A of the Company from the date of incorporation to May 31, 2021 are attached to this Prospectus as Schedule "B".

The consolidated MD&A of the Company should be read in conjunction with the financial statements and the accompanying notes thereto included in this Prospectus. Certain information contained in the MD&A constitutes forward-looking statements. These statements relate to future events or to the Company's future financial performance and involve known and unknown risks, uncertainties and other factors that may cause the actual results, levels of activity, performance or achievements of the Company to be materially different from any future results, levels of activity, performance or achievements expressed or implied by such forward looking statements. See "*Forward-Looking Information*" and "*Risk Factors*".

DESCRIPTION OF SECURITIES

Common Shares

The Company's authorized capital consists of an unlimited number of Common Shares, of which 42,309,000 Common Shares are issued and outstanding as at the date of this Prospectus as fully paid and non-assessable. Holders of the Common Shares are entitled to vote at all meetings of the holders of the Common Shares, to receive any dividend declared by the Company and, subject to the rights of holders of any shares ranking in priority to or on a parity with the Common Shares, to participate rateably in any distribution of the Company's property or assets upon liquidation or wind-up. There are no pre-emptive, redemption or conversion rights attached to the Common Shares. All Common Shares, when issued, are and will be issued as fully paid and non-assessable Common Shares without liability for further calls or assessment.

The Board is authorized to issue additional Common Shares on such terms and conditions and for such consideration as the Board may deem appropriate without further security holder action.

The Company intends to list its Common Shares on the Exchange. Listing will be subject to the Company fulfilling all the listing requirements of the Exchange.

The Company is not currently a reporting issuer in any province or territory of Canada.

Assuming the conversion of each of the 692,000 Special Warrants for one Qualifying Security as described in this Prospectus, it is expected that there will be 43,001,000 Common Shares issued and outstanding following the Prospectus Qualification. The balance of the Special Warrants will automatically convert into Special Warrant Shares, pursuant to the automatic conversion provision of the Special Warrants.

Special Warrants

On January 17, 2021, the Company closed the Crowdfunding Private Placement and issued 692,000 Special Warrants. On February 5, 2021 and February 16, 2021, the Company closed the Q1 2021 Private Placement and issued 19,800,000 Special Warrants. On May 14, 2021, the Company closed the Q2 2021 Private Placement and issued 20,197,600 Special Warrants. As of the Special Warrant Exercise Date, the Special Warrants will automatically convert into Special Warrant Shares, pursuant to the automatic conversion provision of the Special Warrants.

Upon conversion of the Special Warrants into Special Warrant Shares, holders are entitled to vote at all meetings of the holders of Common Shares and, subject to the rights of holders of any shares

ranking in priority to or on a parity with the Common Shares, to participate rateably in any distribution of the Company's property or assets upon liquidation or winding-up.

The Company has granted to each holder of a Special Warrant a contractual right of rescission of the prospectus- exempt transaction under which the Special Warrant was initially acquired. The contractual right of rescission provides that if a holder of a Special Warrant who acquires another security of the Company on exercise of the Special Warrant as provided for in this Prospectus is, or becomes, entitled under the securities legislation of a jurisdiction to the remedy of rescission because of the Prospectus or an amendment to the Prospectus containing a misrepresentation: (a) the holder is entitled to rescission of both the holder's exercise of its Special Warrant and the Special Warrant Private Placement, (b) the holder is entitled in connection with the rescission to a full refund of all consideration paid to the Company on the acquisition of the Special Warrant, and (c) if the holder is a permitted assignee of the interest of the original Special Warrant subscriber, the holder is entitled to exercise the rights of rescission and refund as if the holder was the original subscriber.

Consulting Warrants

On February 1, 2021, 5,250,000 Consulting Warrants of the Company were issued to several arm's length advisors. Each Consulting Warrant entitles the holder thereof to acquire one Common Share, at an exercise price of $0.05, for a period of 24 months.

Broker Warrants

In connection with the Q1 2021 Private Placement, the Company issued 985,000 Broker Warrants to registered dealers. Each Broker Warrant entitles the holder thereof to acquire one Common Share, at an exercise price of $0.05, for a period of 24 months.

In connection with the Q2 2021 Private Placement, the Company issued 531,952 Broker Warrants to registered dealers. Each Broker Warrant entitles the holder thereof to acquire one Common Share, at an exercise price of $0.10, for a period of 24 months.

Options

The Board has approved an Option Plan, designed for selected employees, officers, directors, consultants and contractors, to incentivize such individuals to contribute toward the Company's long-term goals, and to encourage such individuals to acquire Common Shares as long-term investments. The Option Plan is administered by the Board. There are currently 5,010,000 Options outstanding, with 2,860,000 Options convertible each into a Common Share of the Company at a price of $0.05 per Common Share and 2,150,000 Options convertible each into a Common Share of the Company at a price of $0.10 per Common Share. The terms of any award are determined by the Board, provided that no options may be granted with an exercise price lower than the greater of the closing market prices of the Common Shares on (a) the trading day prior to the date of grant of the stock options, and (b) the date of grant of the stock options. See "*Options to Purchase Securities*".

On March 23, 2021, the Company granted 2,860,000 Options to officers, directors, consultants and employees of the Company. Each of the 2,860,000 Options are convertible into a Common

Share of the Company at a price of $0.05 per Common Share. On June 18, 2021, the Company granted 1,700,000 Options to officers, directors, consultants and employees of the Company. Each of the 1,700,000 Options are convertible into a Common Share of the Company at a price of $0.10 per Common Share.

On August 12, 2021, the Company granted 450,000 Options to an officer, a director and two consultants of the Company. Each of the 450,000 Options are convertible into a Common Share of the Company at a price of $0.10 per Common Share.

CONSOLIDATED CAPITALIZATION

The following table sets out the share capitalization of the Company as at the dates specified below.

Description	Authorized	Outstanding as at May 31, 2021[(1)(2)]	Outstanding as at the date of this Prospectus[(1)(2)]
Common Shares	Unlimited	42,309,000	42,309,000

Notes:

(1) See "*Prior Sales*".
(2) On an undiluted basis.

Fully Diluted Share Capitalization

Common Shares	Amount of Securities	Percentage of Total
Issued and outstanding as at the date of this Prospectus	42,309,000	44.64%
Common Shares reserved for issuance upon conversion of Special Warrants	40,689,600	42.93%
Common Shares reserved for issuance upon exercise of Consulting Warrants	5,250,000	5.54%
Common Shares reserved for issuance upon exercise of Broker Warrants	1,516,952	1.60%
Common Shares reserved for issuance upon exercise of Options	5,010,000	5.29%
Total Fully Diluted Share Capitalization after the Listing	94,775,552	100%

OPTIONS TO PURCHASE SECURITIES

Outstanding Options

The following table sets out information about the Options issued and outstanding pursuant to the Option Plan as of the date hereof:

Name of Optionee	Designation of Securities under Option	Number of Common Shares under Option	Exercise Price	Expiry Date
Consultants of the Company as a group (4 persons)	Common Shares	550,000	$0.05	Vested on grant date
		70,000	$0.10	
		80,000		12 months quarterly vesting (i.e. 25% every three months)
All current officers, directors and consultants of the Company as a group (9 persons)	Common Shares	2,310,000	$0.05	12 months quarterly vesting (i.e. 25% every three months)
All current officers, directors and consultants of the Company as a group (9 persons)	Common Shares	1,750,000	$0.10	12 months quarterly vesting (i.e. 25% every three months)
		250,000		5,000 options every month until fully vested

Option Plan

The Option Plan was adopted by the Board on March 23, 2021. The purpose of the Option Plan is to advance the interests of the Company and its shareholders by attracting, retaining and motivating the performance of selected directors, officers, employees or consultants of the Company of high caliber and potential and to encourage and enable such persons to acquire and retain a proprietary interest in the Company by ownership of its Common Shares. The Option Plan provides that, subject to the requirements of the Exchange, the aggregate number of securities reserved for issuance, set aside and made available for issuance under the Option Plan may not exceed 10% of the number of Common Shares of the Company issued and outstanding from time to time.

The Option Plan will be administered by the Board or a committee of the Board, either of which will have full and final authority with respect to the granting of all Options thereunder. Options may be granted under the Option Plan to such directors, officers, employees or consultants of the Company, as the Board may from time to time designate.

The exercise price of any Options granted under the Option Plan shall be determined by the Board, but may not have an exercise price lower than the greater of the closing market prices of the underlying securities on (a) the trading day prior to the date of grant of the Options; and (b) the date of grant of the Options. The term of any Options granted under the Option Plan shall be determined by the Board at the time of grant but, subject to earlier termination in the event of termination or in the event of death, the term of any Options granted under the Option Plan may not exceed ten years. Options granted under the Option Plan are not to be transferable or

assignable. Subject to certain exceptions, in the event that a director or officer ceases to hold office, options granted to such director or officer under the Option Plan will expire 30 days after such director or officer ceases to hold office. Subject to certain exceptions, in the event that an employee, or consultant ceases to act in that capacity in relation to the Company, Options granted to such employee, consultant or management company employee under the Option Plan will expire 30 days after such individual or entity ceases to act in that capacity in relation to the Company.

PRIOR SALES

The following table summarizes the sale of securities of the Company in the 12 months prior to the date of this Prospectus:

Date of Issue	Type of Security	Number of Securities Issued	Issue Price per Security
January 12, 2021	Common Shares	200,000	$0.02
January 17, 2021	Special Warrants	692,000	$0.05
February 1, 2021	Consulting Warrants	5,250,000	$0.05
February 5, 2021	Special Warrants	17,500,000	$0.05
February 5, 2021	Common Shares	870,000	$0.05
February 5, 2021	Broker Warrants	870,000	$0.05
February 16, 2021	Special Warrants	2,300,000	$0.05
February 16, 2021	Common Shares	115,000	$0.05
February 16, 2021	Broker Warrants	115,000	$0.05
March 19, 2021	Common Shares	40,000,000	$0.05
March 23, 2021	Options	2,860,000	$0.05
May 14, 2021	Special Warrants	20,197,600	$0.10
May 14, 2021	Common Shares	1,224,000	$0.10
May 14, 2021	Broker Warrants	531,952	$0.10
June 18, 2021	Options	1,700,000	$0.10
August 12, 2021	Options	450,000	$0.10

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

As at the date of this Prospectus, and assuming the conversion of the Special Warrants, the Common Shares subject to contractual restriction and escrow are as shown in the following table:

Name	Designation of class	Number of securities held in escrow or that are subject to a contractual restriction on transfer [(1)]	Percentage of class
Nicholas Kadysh	Common Shares	3,625,000 [(1)]	4.37%
Solomon Elimimian	Common Shares	100,000 [(1)]	0.12%

Notes:

(1) These Common Shares are held under the Escrow Agreements in accordance with NP 46-201. The escrow agent is Marrelli Trust Company Limited.

Escrowed Securities

NP 46-201 provides that all shares of an issuer owned or controlled by its Principals will be escrowed at the time of the issuer's initial public offering. At the time of its initial public offering, an issuer will be classified for the purposes of escrow as either an "exempt issuer", an "established issuer" or an "emerging issuer" as those terms are defined in NP 46-201.

Uniform terms of automatic timed release escrow apply to Principals of exchange listed issuers, differing only according to the classification of the issuer. As the Company anticipates that its Common Shares will be listed on the Exchange, it will be classified as an "emerging issuer". As such, the following automatic timed releases will apply to the securities held by its Principals:

Date of Automatic Timed Release	Amount of Escrowed Securities Released
On the Listing Date	1/10 of the escrowed securities
6 months after the Listing Date	1/6 of the remaining escrowed securities
12 months after the Listing Date	1/5 of the remaining escrowed securities
18 months after the Listing Date	1/4 of the remaining escrowed securities
24 months after the Listing Date	1/3 of the remaining escrowed securities
30 months after the Listing Date	1/2 of the remaining escrowed securities
36 months after the Listing Date	The remaining escrowed securities

Assuming there are no changes to the escrowed securities initially deposited and no additional escrowed securities are deposited, automatic timed release escrow applicable to the Company will result in a 10% release on the Listing Date, with the remaining escrowed securities being released in 15% tranches every six months thereafter.

The automatic timed release provisions under NP 46-201 pertaining to "established issuers" provide that 25% of each Principal's and shareholder's escrowed securities are released on the Listing Date, with an additional 25% being released in equal tranches at six month intervals over eighteen months. If, within eighteen months of the Listing Date, the Company meets the "established issuer" criteria as set out in NP 46-201, the escrowed securities will be eligible for accelerated release available for established issuers. In such a scenario, that number of escrowed

securities that would have been eligible for release from escrow if the Company had been an "established issuer" on the Listing Date will be immediately released from escrow. The remaining escrowed securities would be released in accordance with the timed release provisions for established issuers, with all escrowed securities being released eighteen months from the Listing Date. The Company does not expect to become an established issuer within 18 months of the Listing Date.

Pursuant to the terms of the Escrow Agreement, 3,725,000 Common Shares will be held in escrow on the Listing Date.

PRINCIPAL SECURITYHOLDERS

To the knowledge of the directors and officers of the Company, and assuming the conversion of the Special Warrants, no person directly or indirectly beneficially owns, or exercises control or direction over, Common Shares carrying more than 10% of the voting rights attaching to all the outstanding Common Shares as at the date of this Prospectus.

DIRECTORS AND EXECUTIVE OFFICERS

Name, Occupation and Security Holdings

The following table provides the names, municipalities of residence, position, principal occupations and the number of voting securities of the Company that each of the directors and executive officers beneficially owns, directly or indirectly, or exercises control over, as of the date hereof:

Name and Municipality of Residence and Position with the Company	Director/Officer Since	Principal Occupations Held During the Last 5 Years	Number and Percentage of Common Shares Beneficially Owned or Controlled, Directly or Indirectly[(1)]
Nicholas Kadysh, Age 35 Toronto, Ontario President, Chief Executive Officer and Director	March 22, 2021	Director of Public Affairs for Red Bull Canada from 2013 to 2017. Public Policy Leader at General Electric Canada from 2017 to 2018. Head of Corporate Affairs at JUUL Labs Canada from 2018 to 2021.	3,625,000[(2)(3)] 4.37%

Name and Municipality of Residence and Position with the Company	Director/Officer Since	Principal Occupations Held During the Last 5 Years	Number and Percentage of Common Shares Beneficially Owned or Controlled, Directly or Indirectly[(1)]
Carmelo Marrelli Age 49 Toronto, Ontario, Chief Financial Officer and Corporate Secretary	March 22, 2021	Principal of The Marrelli Group of Companies.	Nil
Solomon Elimimian Age 35 Vancouver, British Columbia Director	January 12, 2021	Entrepreneur President of the Canadian Football League Players' Association Former Professional football player	100,000[(12)] 0.12%
Shane Morris Age 46 Ottawa, Ontario, Chief Operating Officer	March 22, 2021	CEO of Morris and Associates Consulting Former Chief Product Officer at Aurora Cannabis Inc.	Nil[(6)]
Jodi Butts[(4) (5)] Age 48 Ottawa, Ontario Director and Chairperson	March 22, 2021	Director of Canada Goose Holdings Inc.; Independent member of the Board of Directors of Tilray, Inc. (formerly Aphria Inc.); Chair of The Walrus Foundation Board of Directors; and member of the Board of Governors and Audit Committee of the University of Windsor.	Nil[(7)]
Perry Tsergas [(5)] Age 36 Ottawa, Ontario Director	March 22, 2021	Co-founder, President & CEO of spark*advocacy	Nil[(8)]
Fraser MacDonald[(4) (5)] Age 35 Toronto, Ontario Director	March 22, 2021	Corporate lawyer and public affairs consultant at Stosic & Associates	Nil[(9)]

Name and Municipality of Residence and Position with the Company	Director/Officer Since	Principal Occupations Held During the Last 5 Years	Number and Percentage of Common Shares Beneficially Owned or Controlled, Directly or Indirectly[(1)]
Abdelmalik Slassi[(5)] Age 59 Mississauga, Ontario Director	March 22, 2021	Founder, President and Chief Scientific Officer of Fluorinov Pharma Inc.	Nil[(10)]
Harriet De Wit [(4) (5)] Age 73 Chicago, Illinois, USA Director	June 18, 2021	Professor in the Department of Psychiatry and Behavioral Neuroscience at the University of Chicago	Nil[(11)]

Notes:

(1) Percentage is based on 42,309,000 Common Shares issued and outstanding as of the date of this Prospectus and assuming the conversion of the 40,689,600 Special Warrants.
(2) Common Shares are held through NKO Consulting Corp., an entity controlled by Nicholas Kadysh.
(3) Nicholas Kadysh also holds 250,000 Options at a price per share of $0.05 until March 23, 2026 and 750,000 Options at a price per share of $0.10 until June 18, 2026.
(4) Member of the Audit Committee.
(5) Independent director.
(6) Shane Morris also holds 750,000 Options at a price per share of $0.05 until March 23, 2026, 250,000 Options at a price per share of $0.10 until June 18, 2026, and 250,000 Options at a price per share of $0.10 until August 12, 2026.
(7) Jodi Butts also holds 350,000 Options at a price per share of $0.05 until March 23, 2026 and 150,000 Options at a price per share of $0.10 until June 18, 2026.
(8) Perry Tsergas also holds 250,000 Options at a price per share of $0.05 until March 23, 2026 and 100,000 Options at a price per share of $0.10 until June 18, 2026.
(9) Fraser MacDonald also holds 250,000 Options at a price per share of $0.05 until March 23, 2026 and 100,000 Options at a price per share of $0.10 until June 18, 2026.
(10) Abdelmalik Slassi also holds 250,000 Options at a price per share of $0.05 until March 23, 2026 and 100,000 Options at a price per share of $0.10 until June 18, 2026.
(11) Harriet De Wit also holds 150,000 Options at a price per share of $0.05 until March 23, 2026.
(12) Solomon Elimimian also holds 50,000 Options at a price per share of $0.10 until August 12, 2026.

The term of office of the directors expires annually at the time of the Company's next annual general meeting. As at the date of this Prospectus, the directors and executive officers of the Company as a group beneficially own, directly or indirectly, or exercised control or discretion over an aggregate of 3,725,000 Common Shares of the Company, which is equal to 4.48% of the Common Shares issued and outstanding as at the date hereof on a fully-diluted basis.

Background

The following is a brief description of each of the directors and executive officers of the Company, including their names, positions and responsibilities with the Company, relevant educational background, principal occupations or employment during the five years preceding the date hereof,

experience in the Company's industry and the amount of time intended to be devoted to the affairs of the Company:

Nicholas Kadysh – Director, President and Chief Executive Officer

Mr. Kadysh has acted as a Health Regulatory Expert for several large corporations. From 2013 to 2017 he was the Director of Public Affairs for Red Bull Canada, and the company's second-ever Government Relations hire. Mr. Kadysh has also held senior roles in Government Relations for General Electric Canada Corporation, and most recently directed the Government Relations and Communications departments of JUUL Labs Canada. He also serves on the board of Psyched Wellness Ltd, an issuer listed on the CSE, and the Yonge-Dundas Square Board of Management as a public appointee. Mr. Kadysh received his Bachelor of Arts (Honours) from Queen's University.

Mr. Kadysh anticipates devoting approximately 75% of his working time for the benefit of the Company.

Carmelo Marrelli – Chief Financial Officer and Corporate Secretary

Mr. Marrelli is the principal of the Marrelli Group, comprising of Marrelli Support Services Inc., DSA Corporate Services Inc., DSA Filing Services Limited, Marrelli Press Release Services Limited, Marrelli Escrow Services Inc. and Marrelli Trust Company Limited. The Marrelli Group has delivered accounting, corporate secretarial and regulatory compliance services to listed companies on various exchanges for over twenty years. Mr. Marrelli is a Chartered Professional Accountant (CPA, CA, CGA), and a member of the Institute of Chartered Secretaries and Administrators, a professional body that certifies corporate secretaries. He received a Bachelor of Commerce degree from the University of Toronto. Mr. Marrelli acts as the chief financial officer to several issuers on the TSX, TSX Venture Exchange and CSE, as well as non-listed companies, and as a director of select issuers.

Mr. Marrelli has been retained as an independent contractor by the Company, through Marrelli Support Services Inc., and is expected to devote 5% of his time to the Company or such greater amount of time as is necessary for recurring issuer compliance obligations and on an a on-call basis for financial and non-financial services requested from the Chief Executive Officer of the Company and the Board.

Solomon Elimimian – Director

Mr. Elimimian is an entrepreneur and investor. He was the founder of 56 Acquisitions Inc. (now Snowy Owl Gold Corp., listed on the CSE under "SNOW"), and remains a director of Snowy Owl Gold Corp. Mr. Elimimian is a Canadian Football League (CFL) veteran and current president of the CFL Players'Association. He also holds a bachelor's degree in English from the University of Hawaii.

Mr. Elimimian anticipates devoting approximately 10% of his working time for the benefit of the Company.

Shane Morris – Chief Operating Officer (consulting)

Dr. Shane Morris is the CEO at Morris and Associates Consulting. He has over 20 years of experience in scientific and regulatory affairs and has served as a senior executive in the cannabis industry since 2015. As Chief Product Officer for Aurora Cannabis, Shane's expertise in quality assurance, cannabis operations, regulatory affairs and food safety ensured success in launching legal vapes, gummies, mints, chocolates, cookies, softgels, concentrates and drinks. During his time at Aurora, Dr. Morris also led a world-class regulatory affairs team managing the largest number of cannabis site licences in Canada, in addition to many international regulatory initiatives. Prior to Aurora, Dr. Morris held executive leadership roles at HEXO and the Government of Canada. Shane holds a Ph.D. in plant science and policy from the National University of Ireland (NUI), Galway and a B.Sc. in biology and mathematics from NUI, Maynooth.

Dr. Morris anticipates devoting approximately 25% of his working time for the benefit of the Company.

Jodi Butts – Board Chairman

Ms. Butts is a lawyer, entrepreneur, and a seasoned executive with a strong track record in driving positive change and growth within leading organizations. Currently, Ms. Butts serves as an independent member of the Board of Directors of Canada Goose Holdings Inc.; an independent member of the Board of Directors of Tilray, Inc. (formerly Aphria Inc.); Chair of The Walrus Foundation Board of Directors; and as a member of the Board of Governors and Audit Committee of the University of Windsor. She also holds several Board Advisory roles including with Bayshore Home Healthcare. Previously, Ms. Butts served as Chief Executive Officer of Rise Asset Development and Senior Vice-President of Operations and Redevelopment at Mount Sinai Hospital. Jodi received a Master’s degree in Canadian History from the University of Toronto, is a graduate of the University of Toronto, Faculty of Law, and was called to the Bar in 2000.

Ms. Butts anticipates devoting approximately 10% of her working time for the benefit of the Company.

Perry Tsergas – Director

Perry Tsergas has worked in the world of Canadian politics, advocacy and communications for over two decades. He is the co-founder, President & CEO of spark*advocacy, an Ottawa-based public affairs marketing and communications firm. Perry has partnered with hundreds of start-ups, corporations, associations, unions, charities, NGOs and coalitions on communications initiatives of all shapes and sizes. Over the years he has been involved in supporting dozens of health, pharma/biotech and wellness related clients, and has taken a keen interest in how innovation can improve the health outcomes of Canadians.

Mr. Tsergas anticipates devoting approximately 10% of his working time for the benefit of the Company.

Dr. Abdelmalik Slassi – Director

Dr. Slassi was the Founder, President and Chief Scientific Officer of Fluorinov Pharma Inc. acquired by Trillium Therapeutics (NASDQ: TRIL) in January 2016, and Scientific co-Founder of Mindset Pharma Inc. (CSE: MSET). Dr. Slassi has over 30 years of experience in the successful identification and development of drug candidates across multiple therapeutic areas including Neurology, Psychiatry, Oncology, Immunology and Gastro-intestinal. Prior to Mindset, Dr. Slassi was Senior Vice President of Drug Discovery Research at Trillium; Director and Vice President of Medicinal Chemistry - Manufacturing & Drug Development at NPS Pharmaceuticals (NSDAQ: NPSP) and Cascade Therapeutics, respectively, and earlier he held management and scientific positions at Allelix Biopharmaceuticals Inc. (TSE: ALX) and Bio-Mega/Boehringer Ingelheim Research Inc. He has a strong track record of drug development with over 24 drug candidates advanced into late-stage preclinical and clinical development & Market. Dr. Slassi has extensive experience in the areas of intellectual property management and scientific operations. He is an inventor with over 130 issued and published patents and patent applications, and author of more than 65 scientific and review articles published in international peer reviewed journals. Dr. Slassi holds a Ph.D. in chemistry from the University of Claude Bernard, Lyon, France and completed his postdoctoral work in the Chemistry Department at the University of Montreal, Canada.

Dr. Slassi anticipates devoting approximately 10% of his working time for the benefit of the Company.

Harriet De Wit - Director

Harriet de Wit, PhD, is Professor in the Department of Psychiatry and Behavioral Neuroscience at the University of Chicago. She has studied the behavioral and neurobiological effects of psychoactive drugs in human volunteers for the past 40 years. Dr. de Wit received her BA from the University of Calgary, and her PhD in Experimental Psychology at Concordia University in 1981. She has trained numerous graduate students, post-doctoral fellows and undergraduates, and published over 300 papers. She serves on editorial boards of several scientific journals and she is a consultant to the Food and Drug Administration. She has received several awards for her research, including the Distinguished Achievement Award of the European Behavioural Pharmacology Society (2019), the John F. Lemieux Medal Distinguished Alumni Award, Concordia University (2020) and the Lifetime Achievement Award from the Research Society on Alcoholism (2020).

Dr. de Wit anticipates devoting approximately 10% of her working time for the benefit of the Company.

Fraser MacDonald – Director

Fraser MacDonald is a corporate lawyer and public affairs consultant based in Toronto. Fraser has provided advice to blue-chip clients across three continents. Specializing in banking and finance law, Fraser has worked at top-tier international law firms in Toronto, Australia and London, UK. He has a deep understanding of the regulatory landscape for financial institutions and other businesses both within Canada and internationally. He is currently a Senior Associate at a leading

boutique government relations consultancy firm in Toronto. Fraser holds a B.A. (Hons) in History from Queen's University and a Juris Doctor (with Honours) from Bond University.

Mr. MacDonald anticipates devoting approximately 10% of his working time for the benefit of the Company.

Corporate Cease Trade Orders or Bankruptcies

To the Company's knowledge, no director or executive officer or promoter of the Company is, as at the date of this Prospectus, or was within ten years before the date hereof, a director, CEO or CFO 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 company access to any exemption under securities legislation, that was in effect for a period for more than 30 consecutive days, that was issued while the director or executive officer was acting in the capacity as director, CEO or CFO; or

(b) was subject to a cease trade order, an order similar to cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period for more than 30 consecutive days, that was issued after the director or executive officer ceased to be a director, CEO or CFO and which resulted from an event that occurred while that person was acting in the capacity as director, CEO or CFO.

Penalties or Sanctions

To the Company's knowledge, no director or executive officer or promoter of the Company or a shareholder holding a sufficient number of securities of the Company 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 with a regulatory authority; or

(b) any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor in making an investment decision.

Bankruptcies

To the Company's knowledge, no director or executive officer or promoter of the Company or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company:

a) is, as at the date of this Prospectus, or has been within the ten 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 ten 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 the director, executive officer or shareholder.

Conflicts of Interest

The directors of the Company are required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interests, which they may have in any project or opportunity of the Company. If a conflict of interest arises at a meeting of the Board, any director in a conflict will disclose his interest and abstain from voting on such matter.

To the best of the Company's knowledge, there are no known existing or potential conflicts of interest among the Company, its promoters, directors and officers or other members of management of the Company or of any proposed promoter, director, officer or other member of management as a result of their outside business interests except that certain of the directors and officers serve as directors and officers of other companies, and therefore it is possible that a conflict may arise between their duties to the Company and their duties as a director or officer of such other companies.

The directors and officers of the Company will not be devoting all of their time to the affairs of the Company. Some of the directors and officers of the Company are directors and officers of other companies, some of which are in the same business as the Company. A Code of Conduct, including strict conflict-of-interest provisions, has been reviewed and signed by all members of the Board of Directors. The directors and officers of the Company are required by law to act in the best interests of the Company. They have the same obligations to the other companies in respect of which they act as directors and officers. Discharge by the directors and officers of their obligations to the Company may result in a breach of their obligations to the other companies, and in certain circumstances this could expose the Company to liability to those companies. Similarly, discharge by the directors and officers of their obligations to the other companies could result in a breach of their obligations to act in the best interests of the Company. Such conflicting legal obligations may expose the Company to liability to others and impair its ability to achieve its business objectives.

EXECUTIVE COMPENSATION

The Company was not a reporting issuer at any time from its incorporation until the date of this prospectus. Accordingly, and in accordance with Form 51-102F6 Statement of Executive Compensation ("**Form 51-102F6**"), the following is a discussion of all significant elements of compensation to be awarded to, earned by, paid to or payable to Named Executive Officers of the Company, once the Company becomes a reporting issuer, to the extent this compensation has been determined.

For the purposes hereof, the term Named Executive Officer, or NEO, means the CEO, the CFO and each of the Company's three most highly compensated executive officers, other than the CEO and the CFO, who were serving as executive officers from its incorporation until the end of the current fiscal year ending December 31, 2021 and whose total salary and bonus exceeds $150,000 and any additional individuals for whom disclosure would have been provided except that the individual was not serving as an officer of the Company during the foregoing period.

Compensation Discussion and Analysis

At its present stage of development, the Company does not have any formal objectives, criteria and analysis for determining the compensation of its Named Executive Officers and primarily relies on the discussions and determinations of the Board. With a view to minimizing its cash expenditures not directed at further developing the Company's artificial intelligence platform and advancing the Company's progress on identifying product candidates, the emphasis in compensating the Named Executive Officers shall be the grant of incentive Options under the Option Plan set forth below. The type and amount of future compensation to be paid to NEOs and directors has not been determined and the Board has not considered the implications of the risks associated with the compensation policies and practices. The Company has not considered the implications of the risks associated with the Company's compensation policies and practices. Neither NEOs nor directors are permitted to purchase financial instruments that are designed to hedge or offset a decrease in the market value of equity securities offered as compensation.

As of the date of this Prospectus, the Board has not established any benchmark or performance goals to be achieved or met by Named Executive Officers; however, such Named Executive Officers are expected to carry out their duties in an effective and efficient manner so as to advance the business objectives of the Issuer. The satisfactory discharge of such duties is subject to ongoing monitoring by the Company's directors.

The Company did not, and does not intend to pay, any cash compensation to any of its NEOs or directors since incorporation until the end of the current fiscal year ending December 31, 2021, other than as follows:

(i) Mr. Marrelli, the CFO, is the managing director of Marrelli Support Services Inc. ("**MSSI**"). During the period from incorporation to May 31, 2021, the Company incurred professional fees of $21,235 to MSSI. These services were incurred in the normal course of operations for general accounting and financial reporting matters. Mr. Marrelli does not receive any personal or direct compensation from the Company. The Company expects to continue to pay MSSI for general accounting and financial reporting matters, including the services of Mr. Marrelli as CFO, until the end of the current fiscal year ending December 31, 2021, until such time as a either a new CFO is appointed by the Board of Directors or the contract with MSSI is terminated.

(ii) Mr. Kadysh, the CEO, is the principal of NKO Consulting Corp. During the period from incorporation to May 31, 2021, the Company accrued $41,000 in regulatory consulting fees to NKO Consulting Corp. and paid $3,213 to Mr. Kadysh in salary as the CEO. The Company expects to continue to pay NKO Consulting Corp. for regulatory consulting matters and to pay Mr. Kadysh, personally, as CEO, until the end of the current fiscal year ending December 31, 2021. Mr. Kadysh also holds 250,000 Options at a price per share of $0.05 until March 23, 2026 and

750,000 Options at a price per share of $0.10 until June 18, 2026. The foregoing incentive Options were issued to Mr. Kadysh in his capacity as CEO.

(iii) Dr. Morris, the COO, is the principal of Morris and Associates Consulting Inc. ("**MAC**"). During the period from incorporation to May 31, 2021, the Company did not incur any fees to MAC for the services of Dr. Morris as COO of the Company. Effective as at July 1, 2021, the Company agreed to pay a monthly fee of $8,000 to MAC for the services of Dr. Morris as COO of the Company until the end of the current fiscal year ending December 31, 2021, following which the arrangement may be extended. Dr. Morris/MAC also holds 750,000 Options at a price per share of $0.05 until March 23, 2026, 250,000 Options at a price per share of $0.10 until June 18, 2026, and 250,000 Options at a price per share of $0.10 until August 12, 2026. The foregoing incentive Options were issued to Dr. Morris in his capacity as COO.

Option Based Awards and Other Compensation Securities

On March 23, 2021, the Company implemented the Option Plan in order to provide effective incentives to directors, officers and employees of the Company and to enable the Company to attract and retain experienced and qualified individuals in those positions by permitting such individuals to directly participate in an increase in per share value created for the Company's shareholders. The Company has no equity incentive plans other than the Option Plan. The size of Option grants is dependent on each officer's level of responsibility, authority and importance to the Company and the degree to which such officer's long-term contribution to the Company will be key to its long-term success.

Defined Benefit Plans

The Company does not have any defined benefit or actuarial plan.

Termination and Change of Control Benefits

The Company does not have any contracts, agreements, plans or arrangements in place with any NEOs that provides for payment following or in connection with any termination (whether voluntary, involuntary or constructive) resignation, retirement, a change of control of the Company or a change in a NEO's responsibilities.

Director Compensation

The Company does not have any arrangements, standard or otherwise, pursuant to which directors are compensated by the Company for their services in their capacity as directors, or for committee participation, involvement in special assignments or for services as consultants or experts. As with the Named Executive Officers, the Board intends to compensate directors primarily through the grant of Options and reimbursement of expenses incurred by such persons acting as directors of the Company.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

As of the date of this Prospectus, no director or executive officer of the Company or any associate thereof, is indebted to the Company or its subsidiary, or has been at any time during the preceding

financial year. None of the Company's directors, executive officers, employees, former directors, former executive officers or former employees, or of its subsidiary, and none of their respective associates, is or has within 30 days before the date of this Prospectus or at any time since the beginning of the most recently completed financial year been indebted to the Company or its subsidiary or another entity whose indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar agreement or understanding provided by the Company or its subsidiary.

AUDIT COMMITTEE

Audit Committee

The Audit Committee's role is to act in an objective, independent capacity as a liaison between the auditors, management and the Board and to ensure the auditors have a facility to consider and discuss governance and audit issues with parties not directly responsible for operations. NI 52-110, NI 41-101 and Form 52-110F2 require the Company, as an IPO venture issuer, to disclose certain information relating to the Company's audit committee and its relationship with the Company's independent auditors. Ms. Jodi Butts is the chair of the audit committee.

Audit Committee Charter

The text of the Audit Committee's charter is attached as Schedule "C" to this Prospectus.

Composition of Audit Committee

The members of the Company's Audit Committee are: Jodi Butts (Chair), Fraser MacDonald and Harriet de Wit.

Director	Independent[(1)]	Financially literate[(2)]
Jodi Butts	Yes	Yes
Fraser MacDonald	Yes	Yes
Harriet de Wit	Yes	Yes

Notes:

(1) A member of an audit committee is independent if the member has no direct or indirect material relationship with the Company, which could, in the view of the Board, reasonably interfere with the exercise of a member's independent judgment.

(2) An individual is financially literate if he has the ability to read and understand a set of financial statements that present a breadth of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements

Relevant Education and Experience

Each member of the Company's present Audit Committee has adequate education and experience that is relevant to his 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. See "*Directors and Executive Officers*" for further details.

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

Audit Committee Oversight

At no time since the commencement of the Company's most recently completed financial year was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board.

Pre-Approval Policies and Procedures

The Audit Committee is authorized by the Board to review the performance of the Company's external auditors and approve in advance provision of services other than auditing and to consider the independence of the external auditors, including a review of the range of services provided in the context of all consulting services bought by the Company. The Audit Committee is authorized to approve in writing any non-audit services or additional work which the Chairman of the Audit Committee deems is necessary, and the Chairman will notify the other members of the Audit Committee of such non-audit or additional work and the reasons for such non-audit work for the Committee's consideration, and if thought fit, approval in writing.

External Auditor Service Fees

For the period from incorporation to May 31, 2021, the Company incurred the following fees by the Company's external auditor, Clearhouse LLP.

	Fiscal 2021 ($)
Audit fees[(1)]	15,000
Audit related fees[(2)]	-
Audit fees[(3)]	-
All other fees[(4)]	-

Total fees paid	**15,000**

Notes:

(1) Fees for audit service on an accrued basis.
(2) Fees for assurance and related services not included in audit service above.
(3) Fees for tax compliance, tax advice and tax planning.
(4) All other fees not included above.

Exemption

At no time since the commencement of the Company's most recently completed financial year has the Company relied on the exemption in Section 2.4 of NI 52-110 (De Minimis Non-audit Services).

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

CORPORATE GOVERNANCE

General

Corporate governance relates to the activities of the Board, the members of which are elected by and are accountable to the shareholders, and takes into account the role of the individual members of management who are appointed by the Board of Directors and will be charged with the day-to-day management of the Company. The Board is committed to sound corporate governance practices, which are both in the interest of its shareholders and contribute to effective and efficient decision-making.

The Board believes that good corporate governance improves corporate performance and benefits all shareholders. NP 58-201 provides non-prescriptive guidelines on corporate governance practices for reporting issuers such as the Company. In addition, NI 58-101 prescribes certain disclosure by the Company of its corporate governance practices. The Company's corporate governance practices are summarized below:

Board of Directors

Under NI 58-101, a director is considered to be independent if he or she is independent within the meaning of NI 52-110. Pursuant to NI 52-110, an independent director is a director who is free from any direct or indirect relationship which could, in the view of the Board, be reasonably expected to interfere with a director's independent judgment. Based on information provided by each director concerning his or her background, employment and affiliations, the Board has determined that of the four directors on the Board, one will not be considered independent as a result of his relationship with the Company. The Board has not adopted a director interlock policy, but is keeping informed of other public directorships held by its members.

The Board facilitates its exercise of independent supervision over the Company's management through frequent meetings of the Board. The Board is comprised of seven (7) directors: Nicholas Kadysh, Solomon Elimimian, Jodi Butts, Perry Tsergas, Fraser MacDonald, Abdelmalik Slassi and Harriet De Wit. As the size of the Board is small, the Board has no formal procedures designed to facilitate the exercise of independent supervision over management, relying instead on the integrity of the individual members of its management team to act in the best interests of the Company.

The Company considers each of Jodi Butts, Perry Tsergas, Fraser MacDonald, Abdelmalik Slassi and Harriet De Wit to be independent. Nicholas Kadysh is not independent as he is the CEO of the Company. Solomon Elimimian is not independent as he is the former executive officer of the Company.

Directorships

Currently, the following directors are also directors of the following other reporting issuers:

Nicholas Kadysh – Psyched Wellness Ltd. (CSE:PSYC)

Solomon Elimimian – Director, Snowy Owl Gold Corp. (CSE:SNOW)

Jodi Butts – Tilray, Inc. (NASDAQ|TSX: TLRY) and Canada Goose Holdings Inc. (TSX:GOOS)

Orientation and Continuing Education

The CEO and/or the CFO are responsible for providing an orientation for new directors. Director orientation and ongoing training includes presentations by senior management to familiarize directors with the Company's strategic plans, its significant financial, accounting and risk management issues, its compliance programs, its principal officers and its internal and independent auditors. On occasions where it is considered advisable, the Board provides individual directors with information regarding topics of general interest, such as fiduciary duties and continuous disclosure obligations. The Board ensures that each director is up to date with current information regarding the business of the Company, the role the director is expected to fulfill and basic procedures and operations of the Board. The Board members are given access to management and other employees and advisors, who can answer any questions that may arise. Regular technical presentations are made to the directors to keep them informed of the Company's operations.

Ethical Business Conduct

The Board has found that the fiduciary duties placed on individual directors by the Company's governing corporate legislation and the common law and the restrictions placed by applicable corporate legislation on an individual director's participation in decisions of the Board in which the director has an interest have been sufficient to ensure that the Board operates independently of management and in the best interests of the Company.

Nomination of Directors

The Board does not have a nominating committee. The Board will consider its size each year when it passes a resolution determining the number of directors to be appointed at each annual general meeting of shareholders. The Board determined that the configuration of four directors is the appropriate number of directors, taking into account the number required to carry out duties effectively while maintaining a diversity of views and experience. The Board will evaluate new nominees to the Board, although a formal process has not been adopted. The nominees will generally be the result of recruitment efforts by the Board, including both formal and informal discussions among Board members, the Chairman of the Board and CEO. The Board monitors but will not formally assess the performance of individual Board members or committee members or their contributions.

Compensation

The Board is responsible for determining compensation for the directors of the Company to ensure it reflects the responsibilities and risks of being a director of a public company.

Other Board Committees

Other than the Audit Committee, the Company has no other standing committees. Following the Listing, the Board will consider addition of other committees as appropriate.

Assessments

Due to the minimal size of the Board, no formal policy has been established to monitor the effectiveness of the directors, the Board and its committees. The Board anticipates that it will not conduct any formal evaluation of the performance and effectiveness of the members of the Board. The Board as a whole or any committee of the Board, however, will consider the effectiveness and contribution of the Board, its members and the Audit Committee on an ongoing basis. The proposed directors and the independent directors of the Company will be free to discuss specific situations from time to time among themselves and/or with the CEO and, if need be, steps are taken to remedy the situation, which steps may include a request for resignation. Furthermore, the management and directors of the Company will communicate with shareholders on an ongoing basis, and shareholders will be regularly consulted on the effectiveness of Board members and the Board as a whole.

RISK FACTORS

An investment in the Common Shares involves a high degree of risk and should be considered highly speculative due to the nature of the Company's business and its present stage of development. An investment in the Company's securities is suitable only for those knowledgeable and sophisticated investors who are willing to risk loss of their entire investment. Prospective investors should consult with their professional advisors to assess an investment in the Company's securities. In evaluating the Company and its business, investors should carefully consider, in addition to the other information contained in this Prospectus, the following risk factors. These risk factors are not a definitive list of all risk factors associated with an investment in the Company or in connection with the Company's operations.

Risks Relating to the Company's Business

Limited Operating History

The Company has a limited operating history in its industry upon which its business and future prospects may be evaluated. The Company is subject to all of the business risks and uncertainties associated with a new business enterprise, including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources, lack of revenues and the risk that the Company will not achieve its operating goals. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of the Company's success must be considered in light of its early stage of operations.

Actual Financial Position and Results of Operations May Differ from Expectations of Management

The Company's actual financial position and results of operations may differ materially from management's expectations. The Company's revenue, net income and cash flow may differ materially from the Company's projected revenue, net income and cash flow. The process for estimating the Company's revenue, net income and cash flow requires the use of judgment in determining the appropriate assumptions and estimates. These estimates and assumptions may be revised as additional information becomes available and as additional analyses are performed. In addition, the assumptions used in planning may not prove to be accurate, and other factors may affect the Company's financial condition or results of operations.

Psychedelics Regulatory Risk

The psychedelic therapy and psychopharmalogical industries are new and emerging industries with substantial existing regulations and uncertainty as to future regulations. There can be no guarantee related to the future legal status of psychedelic compounds in Canada, the United States or other jurisdictions. The jurisdictional treatment of the substances would have a significant impact on the ability of the Company to continue operating or expand its business. The Company's prospects and reputation may also be impacted by developments of these laws.

Violations of Laws and Regulations Could Result in Repercussions

In the United States, certain psychedelic drugs, including MDMA and multiple other MDXX compounds, are classified as Schedule I drugs under the CSA and the Controlled Substances Import and Export Act (the "**CSIEA**") and as such, medical and recreational use currently is illegal under the United States federal laws. Certain other jurisdictions have similarly regulated certain psychedelic drugs. The Company's programs involving Schedule I drugs are conducted in strict compliance with the laws and regulations regarding the production, storage and use of Schedule I drugs. As such, all facilities engaged with such substances by or on behalf of the Company do so under current licenses and permits issued by appropriate federal, provincial, state and local governmental agencies. While the Company is conducting research and development of MDMA, the Company does not have any direct or indirect involvement with the illegal selling, production or distribution of any substances in the jurisdictions in which it operates and does not intend to have any such involvement. However, a violation of any United States federal laws and regulations, such as the CSA and CSIEA, or of similar legislation in the jurisdictions in which it

operates, including Taiwan, could result in significant fines, penalties, administrative sanctions, convictions or settlements arising from civil proceedings initiated by either government entities in the jurisdictions in which the Company operates, or private citizens or criminal charges. The loss of the necessary licenses and permits for Schedule I drugs could have an adverse effect on the Company's operations.

Lack of Supporting Clinical Data

The clinical effectiveness and safety of any of the Company's developmental products is not yet supported by clinical data and the medical community has not yet developed a large body of peer reviewed literature that supports the safety and efficacy of the Company's products. If future studies call into question the safety or efficacy of the Company's products, the Company's business, financial condition, and results of operations could be adversely affected.

Research and Development Risk

A principal component of the Company's business strategy is to expand its product offering. As such, the Company's organic growth and long-term success is dependent in part on its ability to successfully develop new and current products and it will likely incur significant research and development expenditures to do so. The Company cannot be certain that any investment in research and development will yield technically feasible or commercially viable products. Furthermore, its ability to discover and develop products will depend on its ability to:

- retain key scientists as employees or partners;
- identify high quality therapeutic targets and unmet medical needs;
- identify potential drug candidates and medical devices;
- develop products internally and assist its partners with development;
- successfully complete laboratory testing and clinical trials on humans;
- obtain and maintain necessary intellectual property rights to the Company's products;
- obtain and maintain necessary U.S. and other regulatory approvals for its products;
- collaborate with third parties to assist in the development of its products; and
- enter into arrangements with third parties to co-develop, license, and commercialize its products.

The Company may not be successful in discovering and developing drug and medical device products. Failure to introduce and advance new and current products could materially and adversely affect the Company's operations and financial condition.

Clinical Development Risks

The Company must demonstrate the safety and efficacy of its products through, among other things, extensive clinical testing. The Company's drug research and development programs are at an early stage of development. Numerous unforeseen events during, or as a result of, the testing process could delay or prevent commercialization of any products the Company develops, including the following:

- the results of early clinical studies may be inconclusive, may demonstrate potentially unsafe drug characteristics, or may not be indicative of results that will be obtained in later human clinical trials;
- the safety and efficacy results attained in the early clinical studies may not be indicative of results that are obtained in later clinical trials; and
- after reviewing early clinical study results, the Company or its partners or collaborators may abandon projects that were previously thought to be promising.

Clinical studies are very expensive, can run into unexpected difficulties and the outcomes are uncertain. Clinical studies of the Company's products may not be completed on schedule or on budget. The Company's failure to complete any of its clinical studies on schedule or on budget, or its failure to adequately demonstrate the safety and efficacy of any of the products it develops, could delay or prevent regulatory approval of such products, which could adversely affect the Company's business, financial condition, and results of operations.

Regulatory Approval, Licenses and Permits

The Company may be required to obtain and maintain certain permits, licenses, and approvals in the jurisdictions where its products or technologies are being researched, developed, or commercialized. There can be no assurance that the Company will be able to obtain or maintain any necessary licenses, permits, or approvals. Any material delay or inability to receive these items is likely to delay and/or inhibit the Company's ability to conduct its business, and would have an adverse effect on its business, financial condition, and results of operations.

In particular, the Company will require approval from the FDA and equivalent organizations in other countries before any of its products can be marketed. There is no assurance that such approvals will be forthcoming. Furthermore, the exact nature of the studies these regulatory agencies will require is not known and can be changed at any time by the regulatory agencies, increasing the financing risk and potentially increasing the time to market the Company faces, which could adversely affect the Company's business, financial condition or results of operations.

Inability to Identify, Discover or License Product Candidates and Reliance on Third Parties

The success of the Company's business depends on its ability to utilize its artificial intelligence platform to identify and evaluate new medical indications for psychedelic-derived pharmaceuticals and license such pharmaceuticals. The Company's research programs and artificial intelligence platform may fail to yield product candidates and the Company may fail to license identified product candidates for a number of reasons, including but not limited to the following:

- the Company's research process may be unsuccessful in identifying new uses for the psychedelic-derived drugs evaluated and product candidates suitable for repurposing;
- the Company may not be able or willing to assemble sufficient resources to identify or discover additional product candidates;
- the Company may not succeed in partnering with third parties to advance identified product candidates to the experimental research stage of drug repurposing;
- the Company's identified product candidates may not succeed in pre-clinical or clinical testing;
- pharmaceutical companies may develop alternatives that render the Company's identified product candidates obsolete or less attractive;
- the market for an identified product candidate may change during the Company's program so that such a product candidate may not be attractive to pharmaceutical companies;
- an identified product candidate may not be capable of being produced in commercial quantities at an acceptable cost, or at all; and
- an identified product candidate may not be accepted as safe and effective by patients, the medical community or third-party payors.

If any of these events occurs, the Company may be forced to abandon its efforts to identify, discover or license product candidates, which would have a material adverse effect on its business and could potentially cause the Company to cease operations. Research programs to identify new product candidates require substantial technical, financial and human resources. The Company may focus its efforts and resources on potential programs or product candidates that ultimately prove to be unsuccessful.

In addition, the Company does not yet manufacture any products and currently relies, and intends to rely, on third parties to manufacture the products that the Company identifies as product candidates. The Company's research, development and commercialization of its product candidates could be stopped or delayed if any such third party fails to provide sufficient quantities of any products, fails to provide products at acceptable quality levels or prices or fails to achieve satisfactory regulatory compliance. If any of these events occurs, the Company may be forced to abandon its research, development and commercialization programs in respect of certain or all products, which would have a material adverse effect on its business and could potentially cause the Company to cease operations.

No Assurance of Profits or Revenues

There is no assurance as to whether the Company will be profitable, earn revenues, or pay dividends. The Company has incurred and anticipates that it will continue to incur substantial expenses relating to the development and initial operations of its business. The payment and

amount of any future dividends will depend upon, among other things, the Company's results of operations, cash flow, financial condition, and operating and capital requirements. There is no assurance that future dividends will be paid, and, if dividends are paid, there is no assurance with respect to the amount of any such dividends.

The Company as a Going Concern

The continued operation of the Company as a going concern is dependent upon the Company's ability to generate positive cash flows and/or obtain additional financing sufficient to fund continuing activities and acquisitions. While the Company continues to review its operations in order to identify strategies and tactics to increase revenue streams and financing opportunities, there is no assurance that the Company will be successful in such efforts; if the Company is not successful, it may be required to significantly reduce or limit operations, or no longer operate as a going concern. It is also possible that operating expenses could increase in order to grow the business. If the Company does not significantly increase its revenue to meet these increased operating expenses and/or obtain financing until its revenue meets these operating expenses, its business, financial condition and operating results could be materially adversely affected. The Company cannot be sure when or if it will ever achieve profitability and, if it does, it may not be able to sustain or increase that profitability.

Intellectual Property and Licenses

The Company's success is heavily dependent on the Company's intangible properties and technologies, and will depend in part on its ability to protect and maintain its intellectual property rights. No assurance can be given that the patents with respect to the Company's artificial intelligence technology the Company will not be challenged, invalidated, infringed or circumvented, nor that the patents will provide competitive advantages to the Company. Moreover, the Company could potentially incur substantial legal costs in defending legal actions which allege patent infringement or by instituting patent infringement suits against others. The Company's commercial success also depends on the Company not infringing patents or proprietary rights of others. There can be no assurance that the Company will be able to maintain such licenses that it may require to conduct its business or that such licences have been obtained at a reasonable cost. Furthermore, there can be no assurance that the Company will be able to remain in compliance with any such licenses. Consequently, there may be a risk that such licenses may be withdrawn with no compensation or penalties to the Company.

Product Liability

The risk of product liability is inherent in the research, development, marketing and use of pharmaceutical products. Product candidates and products that the Company may license or sell in the future may cause, or may appear to have caused, injury or dangerous drug reactions, and expose the Company to product liability claims. These claims might be made by patients who use the product, healthcare providers, pharmaceutical companies, corporate collaborators or others selling such products. Regardless of the merits or eventual outcome, product liability claims or other claims related to the Company's product candidates may result in:

- decreased demand for the Company's services or willingness to partner with the Company due to negative public perception;
- injury to the Company's reputation;
- initiation of investigations by regulators;
- costs to defend or settle related litigation;
- a diversion of management's time and resources;
- substantial monetary awards to patients;
- product recalls, withdrawals or labeling, marketing or promotional restrictions;
- loss of revenues from product sales; and
- the inability to license or sell any of the Company's identified product candidates.

The insurance coverage of any insurance obtained by the Company may not be sufficient to reimburse the Company for any expenses or losses it may suffer. Insurance coverage is becoming increasingly expensive, and, in the future, the Company, or any of its collaborators, may not be able to maintain insurance coverage at a reasonable cost or in sufficient amounts or at all to protect against losses due to liability. Even if the Company's agreements with any future collaborators entitle it to indemnification against product liability losses, such indemnification may not be available or adequate should any claim arise. If a successful product liability claim or series of claims is brought against the Company for uninsured liabilities or in excess of insured liabilities, its assets may not be sufficient to cover such claims and its business operations could be impaired.

Should any of the events described above occur, this could have a material adverse effect on the Company's business, financial condition and results of operations.

Unproven Market for Products and Technologies

The Company believes that the anticipated market for its potential products and technologies will continue to exist and expand. These assumptions may prove to be incorrect for a variety of reasons, including competition from other products and technologies and the degree of commercial viability of the potential product candidates identified by the Company's artificial intelligence platform. Even when product candidates are successfully identified, the Company's ability to generate significant revenue depends on the acceptance of such identified product candidates by the Company's potential partners and pharmaceutical companies. The Company cannot be sure that its products and technologies or any identified product candidates will achieve the expected market acceptance and demand. Any factors preventing or limiting the market acceptance of the Company's products and technologies or any identified product candidates for licensing could have a material adverse effect on the Company's business, results of operations, and financial condition.

Because the psychedelics 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.

Publicity or Consumer Perception

The Company believes psychedelic pharmaceuticals industry is highly dependent upon consumer perception regarding the safety, efficacy and quality of psychedelic compounds. 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 MDMA and psychedelic pharmaceutical markets or any particular product, 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 services. 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 and the demand for the Company's services. Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of MDMA or other psychedelic compounds in general, or other negative effects or events related to medications and other psychedelic compounds, could have such a material adverse effect.

Changes to Patent Law

Important legal issues remain to be resolved as to the extent and scope of available patent protection for biopharmaceutical and technological processes in Canada and other important markets outside Canada, such as Europe or the United States. As such, litigation or administrative proceedings may be necessary to determine the validity, scope and ownership of certain of the Company's and others' proprietary rights. Any such litigation or proceeding may result in a significant commitment of resources in the future and could force the Company to do one or more of the following: cease using any of its future products that incorporate a challenged intellectual property, which would adversely affect its revenue; obtain a license or other rights from the holder of the intellectual property right alleged to have been infringed or otherwise violated, which license may not be available on reasonable terms, if at all; and redesign its future products to avoid infringing or violating the intellectual property rights of third parties, which may be time-consuming or impossible to do. In addition, changes in patent laws in Canada and other countries may result in allowing others to use its discoveries or develop and commercialize the Company's products. The Company cannot provide assurance that the patents it obtains will afford it significant commercial protection.

Enforcement of Intellectual Property in Other Jurisdictions

The laws of foreign countries may not protect intellectual property rights to the same extent as the laws of Canada. Many companies have encountered significant problems in protecting and defending intellectual property rights in certain foreign jurisdictions. This risk is exacerbated for the Company because it expects that identified product candidates may be licensed or used in a number of foreign countries.

The legal systems of some countries, particularly developing countries, do not favor the enforcement of patents and other intellectual property protection. This could make it difficult to stop the infringement or other misappropriation of the Company's intellectual property rights. For example, several foreign countries have compulsory licensing laws under which a patent owner must grant licenses to third parties. In addition, some countries limit the enforceability of patents against third parties, including government agencies or government contractors. In these countries, patents and trade secrets may provide limited or no benefit.

Most jurisdictions in which the Company intends to apply for patents have patent protection laws similar to those of Canada, but some of them do not. For example, the Company may do business in the future in countries that may not provide the same or similar protection as that provided in Canada. Additionally, due to uncertainty in patent protection law, the Company has not filed applications in many countries where significant markets exist.

Proceedings to enforce patent rights in foreign jurisdictions could result in substantial costs and divert the Company's efforts and attention from other aspects of its business. Accordingly, efforts to protect intellectual property rights in such countries may be inadequate. In addition, changes in the law and legal decisions by courts in Canada, the US, and foreign countries may affect the Company's ability to obtain adequate protection for its technology and the enforcement of its intellectual property.

Need for Additional Financing

The Company has no history of significant earnings and, due to the nature of its business, there can be no assurance that the Company will be profitable. There is no guarantee that the Company will be able to achieve its business objectives. The continued development of the Company will require additional financing. The failure to raise such capital could result in the delay or indefinite postponement of current business objectives or the Company going out of business. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favourable to the Company.

Any additional equity financing may be dilutive to shareholders, and debt financing, if available, may involve restrictive covenants. If additional funds are raised through the issuance of equity securities, the percentage ownership of the shareholders of the Company will be reduced, shareholders may experience additional dilution in net book value per share, or such equity securities may have rights, preferences or privileges senior to those of the holders of the Common Shares. If adequate funds are not available on acceptable terms, the Company may be unable to develop or enhance its products and services, take advantage of future opportunities or respond to

competitive pressures, any of which could have a material adverse effect on its business, financial condition and operating results, or the Company may be forced to cease operations.

Conflicts of Interest

The Company may be subject to various potential conflicts of interest because some of its officers and directors may be engaged in a range of business activities. In addition, the Company's executive officers and directors may devote time to their outside business interests, so long as such activities do not materially or adversely interfere with their duties to the Company. In some cases, the Company's executive officers and directors may have fiduciary obligations associated with these business interests that interfere with their ability to devote time to the Company's business and affairs and that could adversely affect the Company's operations. These business interests could require significant time and attention of the Company's executive officers and directors.

In addition, the Company may become involved in other transactions which conflict with the interests of its directors and officers who may from time to time deal with persons, firms, institutions or companies with which the Company may be dealing, or which may be seeking investments similar to those desired by it. The interests of these persons could conflict with those of the Company. In addition, from time to time, these persons may be competing with the Company for available investment opportunities. Conflicts of interest, if any, will be subject to the procedures and remedies provided under applicable laws. In particular, if such a conflict of interest arises at a meeting of the Company's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In accordance with applicable laws, the directors of the Company are required to act honestly, in good faith and in the best interests of the Company.

Negative Operating Cash Flow

The Company's business has incurred losses since its inception. Although the Company expects to become profitable, there is no guarantee that will happen, and the Company may never become profitable. The Company currently has a negative operating cash flow and may continue to have a negative operating cash flow for the foreseeable future. To date, the Company has not generated any revenues and a large portion of the Company's expenses are fixed, including expenses related to facilities, equipment, contractual commitments and personnel. As a result, the Company expects

for its net losses from operations to improve. The Company's ability to generate additional revenues and potential to become profitable will depend largely on its ability to manufacture and market its products and services. There can be no assurance that any such events will occur or that the Company will ever become profitable. Even if the Company does achieve profitability, the Company cannot predict the level of such profitability. If the Company sustains losses over an extended period of time, the Company may be unable to continue its business.

Reputational Damage in Certain Circumstances

Damage to the Company's reputation can be the result of the actual or perceived occurrence of any number of events, and could include any negative publicity, whether true or not. The increased usage of social media and other web- based tools used to generate, publish and discuss user-generated content and to connect with other users has made it increasingly easier for individuals

and groups to communicate and share opinions and views regarding the Company and its activities, whether true or not. Although the Company believes that it operates in a manner that is respectful to all stakeholders and that it takes care in protecting its image and reputation, the Company does not ultimately have direct control over how it is perceived by others. Reputation loss may result in decreased investor confidence, increased challenges in developing and maintaining community relations and an impediment to the Company's overall ability to advance its projects, thereby having a material adverse impact on financial performance, financial condition, cash flows and growth prospects.

Internal Controls over Financial Reporting

One or more material weaknesses in the Company's internal controls over financial reporting could occur or be identified in the future. In addition, because of inherent limitations, the Company's internal controls over financial reporting may not prevent or detect misstatements, and any projections of any evaluation of effectiveness of internal controls to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the Company's policies or procedures may deteriorate. If the Company fails to maintain the adequacy of its internal controls, including any failure or difficulty in implementing required new or improved controls, its business and results of operations could be harmed, the Company may not be able to provide reasonable assurance as to its financial results or meet its reporting obligations and there could be a material adverse effect on the price of its securities.

Difficulties with Forecasts

The Company must rely largely on its own market research to forecast sales as detailed forecasts are not generally obtainable from other sources at this early stage of the psychedelic-derived pharmaceuticals industry. A failure in the demand for its products and services to materialize as a result of competition, technological change or other factors could have a material adverse effect on the business, results of operations and financial condition of the Company.

Retention and Acquisition of Management and Skilled Personnel

The success of the Company is currently largely dependent on the performance of its directors and officers. 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 or other qualified personnel required to operate its business. In addition, an inability to hire, or the increased costs of new personnel, including members of executive management, could have a material adverse effect on the Company's business and operating results. At present and for the near future, the Company will depend upon a relatively small number of employees to develop, market, sell and support its products. The expansion of marketing and sales of its products will require the Company to find, hire and retain additional capable employees who can understand, explain, market and sell its products. There is intense competition for capable personnel in all of these areas and the Company may not be successful in attracting, training, integrating, motivating, or retaining new personnel, vendors, or subcontractors for these required functions. New employees often require significant training and, in many cases, take significant time before they achieve full productivity. As a result, the Company may incur significant costs to attract and retain employees, including significant expenditures related to

salaries and benefits and compensation expenses related to equity awards, and may lose new employees to its competitors or other companies before it realizes the benefit of its investment in recruiting and training them.

Key Person Insurance

The Company does not maintain key person insurance on any of its directors or officers, and as result the Company would bear the full loss and expense of hiring and replacing any director or officer in the event the loss of any such persons by their resignation, retirement, incapacity, or death, as well as any loss of business opportunity or other costs suffered by the Company from such loss of any director or officer.

Public Health Crises

The Company may be adversely affected by public health crises and other events outside its control. Public health crises, such as epidemics and pandemics, acts of terrorism, war or other conflicts and other events outside of the Company's control, may adversely impact the activities of the Company as well as operating results. In addition to the direct impact that such events could have on the Company's facilities and workforce, these types of events could negatively impact capital expenditures and overall economic activity in impacted regions or, depending on the severity of the event, globally, which could impact the demand for and prices of commodities, interest rates, credit ratings, credit risk and inflation.

On January 30, 2020, the World Health Organization declared the outbreak or COVID-19 a global health emergency, on March 12, 2020, the World Health Organization declared the outbreak a pandemic and on March 13, 2020 the United States 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 continues to operate its business at this time and to date has not been materially adversely impacted by the outbreak. However, a prolonged continuance of this public health crisis, an increase in its breadth or in its overall severity, could adversely affect the Company's workforce and ability to operate generally as well as cause significant investment decisions to be delayed or postponed. A prolonged continuance of this public health crisis could also have a material adverse effect on overall economic growth and impact the stability of the financial markets and availability of credit, as well as risks to employee health and safety, a slowdown or temporary suspension of operations impacted by an outbreak, increased labour and fuel costs, regulatory changes, political or economic instabilities or civil unrest.. Any of these developments could have a material adverse effect on the Company's business, financial position, liquidity and results of operations.

Legal Proceedings

From time to time, the Company may be a party to legal and regulatory proceedings, including matters involving governmental agencies, entities with whom the Company does business and other proceedings arising in the ordinary course of business. The Company will evaluate its exposure to these legal and regulatory proceedings and establish reserves for the estimated liabilities in accordance with generally accepted accounting principles. Assessing and predicting the outcome of these matters involves substantial uncertainties. Unexpected outcomes in these legal proceedings, or changes in management's evaluations or predictions and accompanying changes in established reserves, could have an adverse impact on the Company's financial results.

Regulatory Compliance Risks

Achievement of the Company's business objectives is subject to compliance with regulatory requirements enacted by governmental authorities. The Company may incur costs and obligations related to regulatory compliance. 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. In addition, changes in regulations 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.

In both domestic and foreign markets, the development, formulation, manufacturing, packaging, labeling, handling, distribution, import, export, licensing, sale and storage of pharmaceuticals and medical devices are affected by a body of laws, governmental regulations, administrative determinations, including those by the FDA, court decisions and similar constraints. Such laws, regulations and other constraints can exist at the federal, provincial or local levels in Canada and at all levels of government in foreign jurisdictions. There can be no assurance that the Company and the Company's partners are in compliance with all of these laws, regulations and other constraints. The Company and its partners may be required to incur significant costs to comply with such laws and regulations in the future, and such laws and regulations may have an adverse effect on the business. The failure of the Company or its partners to comply with current or future regulatory requirements could lead to the imposition of significant penalties or claims and may have a material adverse effect on the business. In addition, the adoption of new laws, regulations or other constraints or changes in the interpretations of such requirements might result in significant compliance costs or lead the Company and its partners to discontinue product development and could have an adverse effect on the business.

Risks Relating to the Common Shares

CSE Listing

The Company has applied to the Exchange to list the Common Shares. Listing is subject to the Exchange's conditional approval and to the Company's fulfillment of all of the requirements of the CSE. If listing occurs, the Company cannot predict the prices at which the Common Shares will trade. If an active and liquid trading market for the Common Shares does not develop or is not maintained, investors may have difficulties selling their Common Shares. There can be no assurance that there will be sufficient liquidity of the Common Shares on the trading market, or that the Company will continue to meet the listing requirements of the CSE or any other public listing exchange on which the Common Shares may subsequently be listed.

No Established Market, Market Price of Common Shares and Volatility

The Common Shares do not currently trade on any exchange or stock market. Securities of companies with a small market capitalization have experienced substantial volatility in the past, often based on factors unrelated to the companies' financial performance or prospects. These factors include macroeconomic developments in North America and globally, as well as market perceptions of the attractiveness of particular industries. Factors unrelated to the Company's performance that may affect the price of the Common Shares include the following: the extent of analytical coverage available to investors concerning the Company's business may be limited if investment banks with research capabilities do not follow the Company; lessening in trading volume and general market interest in the Common Shares may affect an investor's ability to trade significant numbers of Common Shares; the size of the Company's public float may limit the ability of some institutions to invest in Common Shares; and a substantial decline in the price of the Common Shares that persists for a significant period of time could cause the Common Shares, once listed on the Exchange, to be delisted, further reducing market liquidity. As a result of any of these factors, the market price of the Common Shares at any given point in time may not accurately reflect the Company's long-term value. Securities class action litigation often has been brought against companies following periods of volatility in the market price of their securities. The Company may in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert management's attention and resources. The fact that no market currently exists for the Common Shares may affect the pricing of the Common Shares in the secondary market, the transparency and availability of trading prices and the liquidity of the Common Shares.

In recent years, the securities markets in Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price of the Common Shares will not occur. It may be anticipated that any quoted market for the Common Shares will be subject to market trends generally, notwithstanding any potential success of the Company in creating revenues, cash flows or earnings. If an active public

market for the Common Shares does not develop, the liquidity of a shareholder's investment may be limited and the share price may decline below the initial purchase price.

Dividends

The Company intends to retain earnings, if any, to finance the growth and development of the Company's business and does not intend to pay cash dividends on the Common Shares in the foreseeable future. The payment of future cash dividends, if any, will be reviewed periodically by the Board and will depend upon, among other things, conditions then existing including earnings, financial condition and capital requirements, restrictions in financing agreements, business opportunities and conditions and other factors.

Additional Regulatory Burden from Listing

Prior to the Listing, the Company has not been subject to the continuous and timely disclosure requirements of Canadian securities laws or other rules, regulations and policies of the Exchange or any other stock exchange. The Company is working with its legal, accounting and financial advisors to identify those areas in which changes should be made to its financial management control systems to manage its obligations as a public company. These areas include corporate governance, corporate controls, disclosure controls and procedures and financial reporting and accounting systems. The Company has made, and will continue to make, changes in these and other areas, including its internal controls over financial reporting. However, the Company cannot assure purchasers of Common Shares that these and other measures that it might take will be sufficient to allow it to satisfy its obligations as a public company on a timely basis. In addition, compliance with reporting and other requirements applicable to public companies will create additional costs for the Company and will require the time and attention of management. The Company cannot predict the amount of the additional costs that it might incur, the timing of such costs or the impact that management's attention to these matters will have on its business.

Dilution

Future sales or issuances of equity securities could decrease the value of the Common Shares, dilute shareholders' voting power and reduce future potential earnings per Common Share. The Company intends to sell additional equity securities in subsequent offerings (including through the sale of securities convertible into Common Shares) and may issue additional equity securities to finance its operations, development, exploration, acquisitions or other projects. The Company cannot predict the size of future sales and issuances of equity securities or the effect, if any, that future sales and issuances of equity securities will have on the market price of the Common Shares. Sales or issuances of a substantial number of equity securities, or the perception that such sales could occur, may adversely affect prevailing market prices for the Common Shares. With any additional sale or issuance of equity securities, investors will suffer dilution of their voting power and may experience dilution in the Company's earnings per Common Share.

Sales of Substantial Amounts of the Common Shares

Sales of substantial amounts of the Common Shares, or the availability of such securities for sale, could adversely affect the prevailing market prices for the Common Shares. A decline in the market

prices of the Common Shares could impair the Company's ability to raise additional capital through the sale of securities should it desire to do so.

Securities or Industry Analysts

The trading market for the Common Shares will depend in part on the research and reports that securities or industry analysts publish about the Company or its business. The Company does not currently have and may never obtain research coverage by securities and industry analysts. If no securities or industry analysts commence covering the Company, the trading price for the Common Shares may be negatively impacted. If the Company obtains securities or industry analyst coverage and if one or more of the analysts who cover the Company downgrade the Common Shares or publish inaccurate or unfavorable research about its business, the trading price of the Common Shares may decline. If one or more of these analysts cease coverage of the Company or fail to publish reports on us regularly, demand for the Common Shares could decrease, which could cause the trading price and volume of the Common Shares to decline.

Future Sales of Common Shares by Principal Shareholders, Officers and Directors

Subject to compliance with applicable securities laws and the terms of any arrangements described under "Escrowed Securities and Securities Subject to Contractual Restrictions on Transfer", the officers, directors, principal shareholders and their affiliates may sell some or all of the Common Shares held by such party in the future. No prediction can be made as to the effect, if any, such future sales of Common Shares will have on the market price of the Common Shares prevailing from time to time. However, the future sale of a substantial number of Common Shares by the Company's officers, directors, and any principal shareholders and their affiliates, or the perception that such sales could occur, could materially adversely affect prevailing market prices for the Common Shares.

Accordingly, if the Company's principal shareholders sell substantial amounts of securities in the public market, the market price of such securities could fall. Additional Common Shares issuable upon the exercise of stock options or the conversion of Common Shares may also be available for sale in the public market after the date of the listing of the Common Shares, which may also cause the market price of the Common Shares to fall.

Tax Issues

Income tax consequences in relation to the Common Shares will vary according to circumstances of each investor. Prospective investors should seek independent advice from their own tax and legal advisers prior to investing in Common Shares of the Company.

Discretion as to the Use of Available Funds

The Company's management will have broad discretion in how it uses the funds available to it. Management may use the available funds in ways that purchasers may not consider desirable. The results and the effectiveness of the application of the funds are uncertain. If the funds are not applied effectively, the results of the Company's operations may suffer. Management currently intends to allocate the available funds as described under "Use of Available Funds", however, management may elect to allocate the funds differently from that described under "Use of

Available Funds" if it believes it would be in the Company's best interest to do so. Shareholders may not agree with the manner in which management chooses to allocate and spend the available funds.

PROMOTER

Nicholas Kadysh, President, CEO and a director of the Company, may be considered to be a Promoter of the Company in that he took the initiative in founding and organizing the current business of the Company. Mr. Kadysh owns 3,625,000 Common Shares through NKO Consulting Corp., an entity Mr. Kadysh controls, which is equal to 4.37% of the Common Shares issued and outstanding as at the date hereof.

LEGAL PROCEEDINGS

Legal Proceedings

The Company is not currently a party to any legal proceedings, nor is the Company currently contemplating any legal proceedings, which are material to its business. Management of the Company is not currently aware of any legal proceedings contemplated against the Company.

Regulatory Actions

From incorporation to the date of this Prospectus, management knows of no:

(a) penalties or sanctions imposed against the Company by a court relating to provincial and territorial securities legislation or by a securities regulatory authority;

(b) other penalties or sanctions imposed by a court or regulatory body against the Company necessary for the Prospectus to contain full, true and plain disclosure of all material facts relating to the securities being distributed; and

(c) settlement agreements the Company entered into before a court relating to provincial and territorial securities legislation or with a securities regulatory authority.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except as set forth below, from incorporation on January 12, 2021 to the date of this Prospectus, none of the following persons or companies has had any material interest, direct or indirect, in any transaction which has materially affected or is reasonably expected to materially affect the Company: (a) any director or executive officer of the Company; (b) any person or company that is the direct or indirect beneficial owner of, or who exercises control or direction over, more than 10% of any class or series of the Company’s outstanding voting securities; and (c) any associate or affiliate of any of the persons or companies referred to in paragraphs (a) or (b).

AUDITORS

The auditors of the Company are Clearhouse LLP, having an address at 2560 Matheson Blvd E #527, Mississauga, Ontario L4W 4Y9. Such firm is independent of the Company within the meaning of the Code of Professional Conduct of the Chartered Professional Accountants of British Columbia.

REGISTRAR AND TRANSFER AGENT

The registrar and transfer agent of the Company is Marrelli Trust Company Limited at its principal office at 602-1111 Melville Street, Vancouver, British Columbia.

MATERIAL CONTRACTS

Except for contracts made in the ordinary course of business, the following are the only material contracts entered into by the Company from its incorporation to the date of this Prospectus:

- Master Services Agreement with Dalton Pharma to provide Contract Manufacturing Services;
- Master service agreement with Pinney and Associates to provide regulatory and clinical consultation services;
- Consulting agreement with J&C Consulting to provide medical chemistry consulting services; and
- Master services agreement with Rane Pharmaceutical Inc.

EXPERTS

The following are persons or companies whose profession or business gives authority to a statement made in this Prospectus as having prepared or certified a part of that document or report described in the Prospectus:

- Clearhouse LLP is the external auditor of the Company and reported on the Company's audited consolidated financial statements for the period from incorporation on December 23, 2020 to May 31, 2021, attached as Schedule "A".

To the knowledge of management of the Company, as of the date hereof, no expert, nor any associate or affiliate of such person has any beneficial interest, direct or indirect, in the property of the Company or of an associate or affiliate of the Company, and, as of the date hereof, each expert, or any associate or affiliate of such person, as a group, beneficially owns, directly or indirectly, less than 1% of the outstanding securities of the Company and no such person is or is expected to be elected, appointed or employed as a director, officer or employee of the Company or of an associate or affiliate of the Company.

OTHER MATERIAL FACTS

There are no material facts about the Company that are not otherwise disclosed in this Prospectus.

FINANCIAL STATEMENTS

The consolidated financial statements of the Company for the period from incorporation on December 23, 2020 to May 31, 2021 are included in this Prospectus as Schedule “A”.

SCHEDULE A
CONSOLIDATED FINANCIAL STATEMENTS OF PHARMALA BIOTECH HOLDINGS INC.

See attached.

PHARMALA BIOTECH HOLDINGS INC.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD FROM DECEMBER 23, 2020

(DATE OF INCORPORATION) TO MAY 31, 2021

(EXPRESSED IN CANADIAN DOLLARS)

CLEARHOUSE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Pharmala Biotech Holdings Inc.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Pharmala Biotech Holdings Inc. (the Company), which comprise the statement of financial position as at May 31, 2021 and the statements of loss and comprehensive loss, statements of changes in equity and statements of cash flows for the period from December 23, 2020 (date of incorporation) to May 31, 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at May 31, 2021 and its financial performance and its cash flows for the period from December 23, 2020 (date of incorporation) to May 31, 2021, 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 Consolidated 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 consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Relating to Going Concern

We draw your attention to Note 1 in the consolidated financial statements, which indicates the Company incurred a comprehensive loss of $2,337,655 during the period from December 23, 2020 (date of incorporation) to May 31, 2021. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, 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.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the annual management's discussion and analysis, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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 Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating 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 Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

CLEARHOUSE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Pat Kenney.

Chartered Professional Accountants
Licensed Public Accountants

Mississauga, Ontario
August XX, 2021

PharmAla Biotech Holdings Inc.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

As at,	**May 31, 2021**
ASSETS	
Current	
Cash	$ 2,915,636
Subscription receivables (note 6)	4,000
HST Receivable	27,744
Total current assets	2,947,380
Non-current assets	
Fixed assets (note 4)	2,566
Intangible asset (note 5)	157,872
Total assets	$ 3,107,818
LIABILITIES	
Current	
Accounts payable and accrued liabilities	$ 343,526
Total liabilities	343,526
SHAREHOLDERS' EQUITY	
Share capital (note 8)	2,212,400
Contributed surplus (note 9)	38,000
Special warrants (note 7)	2,661,275
Warrants (note 10)	190,272
Deficit	(2,337,655)
Total shareholders' equity	2,764,292
Total liabilities and shareholders' equity	$ 3,107,818

Nature of operations and going concern (note 1)
Subsequent events (note 16)

Approved on behalf of the Board:

"Nicholas Kadysh"
Director

"Solomon Elimimian"
Director

PharmAla Biotech Holdings Inc.
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

	For the period from incorporation to May 31, 2021
Expenses	
Consulting (note 14)	$ 76,325
Office and general	20,397
Investor relations	24,000
Depreciation (note 4)	101
Payroll expenses	3,214
Professional fees (note 14)	92,048
Stock based compensation (note 9 and 14)	38,000
Transaction costs (note 6)	2,083,570
Loss and comprehensive loss for the period	**$ 2,337,655**
Loss and comprehensive loss per share - basic and diluted	$ 0.10
Weighted average number of common shares outstanding - basic and diluted	22,294,480

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

PharmAla Biotech Holdings Inc.
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	For the period from incorporation to May 31, 2021
Operating activities	
Net Loss for the period	$(2,337,655)
Items not affecting cash:	
Depreciation (note 4)	101
Share-based compensation (note 9)	38,000
Transaction costs (note 6)	2,083,570
	(215,984)
Changes in non-cash working capital items:	
Subscription receivables	26,100
HST Receivable	(27,744)
Accounts payable	343,526
Net cash provided by operating activities	**125,898**
Investing activities	
Purchase of capital assets (note 4)	(2,667)
Cash obtained from RTO (note 6)	891,400
Intangible asset development costs	(157,872)
Net cash provided by investing activities	**730,861**
Financing activities	
Share issuance (note 8)	100,000
Special warrants (net of costs) (note 7)	1,958,877
Net cash provided by financing activities	**2,058,877**
Increase in cash	2,915,636
Cash, beginning of period	-
Cash, end of period	$ 2,915,636
Non-cash financing transactions	
Fair value of finder shares (note 8)	112,400

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

PharmAla Biotech Holdings Inc.
Consolidated Statements of Changes in Equity
(Expressed in Canadian Dollars)

	Number of Shares	Share Capital	Special Warrants	Warrants	Contributed Surplus	Deficit	Total
Balance, December 23, 2020 (date of incorporation)	**-**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Share issuance (note 8)	5,000,000	100,000	-	-	-	-	100,000
Elimination of PharmAla Biotech Inc. shares	(5,000,000)	-	-	-	-	-	-
Issuance of shares on RTO transaction	40,000,000	-	-	-	-	-	-
Conversion of PharmAla Biotech Holdings Inc., for Reverse take-over transaction (note 6)	1,185,000	2,000,000	842,568	162,502	-	-	3,005,070
Special warrants issued (net of transaction costs) (note 8)	1,124,000	112,400	1,818,707	27,770	-	-	1,958,877
Stock based compensation (note 9)	-	-	-	-	38,000	-	38,000
Net loss for the period	-	-	-	-	-	(2,337,655)	(2,337,655)
Balance, May 31, 2021	**42,309,000**	**$2,212,400**	**$ 2,661,275**	**$ 190,272**	**$ 38,000**	**$ (2,337,655)**	**$ 2,764,292**

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

1. NATURE OF OPERATIONS AND GOING CONCERN

PharmAla Biotech Inc. ("PharmAla") was incorporated under the Business Corporations Act (British Columbia) on December 23, 2020. The registered head office of the Company is 1055 West Georgia Street P.O. Box 11117, Vancouver, BC V6E 4N7, Canada.

PharmAla is a Canadian Biotechnology company dedicated to the manufacture and sales of MDMA and MDXX class molecules in service to the burgeoning clinical research community.

PharmAla Biotech Holdings Inc. (previously Greenridez 3.0 Acquisitions Corp.) ("Holdings Inc.") was incorporated under the Business Corporations Act (British Columbia) on January 12, 2021.

On March 19, 2021, Holdings Inc. isssued 40,000,000 common shares as consideration for acquisition of the 5,000,000 outstanding common shares in the capital of PharmAla. The Acquisition was accounted for as a reverse takeover ("RTO") whereby PharmAla was identified as the acquirer for accounting purposes and the resulting consolidated financial statements are presented as a continuance of PharmAla. After the RTO, the combined entity of Holdings Inc. and PharmAla is referred to also as "the Company" in these consolidated financial statements.

These consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due. For the period for incorporation to May 31, 2021, the Company reported a net loss of $2,337,655. The Company has cash balance of $2,915,636, however the Company's ability to continue as a going concern is dependent upon its ability to develop and maintain profitable operations or to obtain additional financing. However, there is no assurance that the outcome of these matters will be successful and, as a result, there are material uncertainties that might cause significant doubt regarding the going concern assumption.

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. Such adjustments could be material.

In March 2020, the World Health Organization declared coronavirus (COVID-19) a global pandemic. This contagious disease outbreak, which has continued to spread, has adversely affected workforces, economies, and financial markets globally, leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company’s business or ability to raise funds. To date, there has been no impact to the Company’s operations or its ability to execute its business plan.

2. BASIS OF PREPARATION

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the IFRS Interpretations Committee ("IFRIC").

These consolidated financial statements were approved and authorized for issuance by the Board of Directors on August XX, 2021.

Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis except for financial instruments classified as financial instruments at fair value through profit or loss, which are stated at their fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

2. BASIS OF PREPARATION (Continued)

Functional currency and presentation currency

These consolidated financial statements are presented in Canadian ("CDN") dollars, except as otherwise noted, which is the functional currency of the Company.

Basis of consolidation

These consolidated financial statements incorporate the financial statements of the Company and its subsidiary.

The subsidiary is consolidated from the date of acquisition, being the date on which the Company obtains control, and continues to be consolidated until the date that such control ceases. Control is achieved when an investor has power over an investee to direct its activities, exposure to variable returns from an investee, and the ability to use the power to affect the investor's returns.

The results of subsidiary acquired or disposed of during the period presented are included in the consolidated statements of comprehensive loss from the effective date of control and up to the effective date of disposal or loss of control, as appropriate. All intercompany transactions, balances, income and expenses are eliminated upon consolidation.

3. SIGNIFICANT ACCOUNTING POLICIES

The Company's accounting policies and its standards of financial disclosure set out below are in accordance with IFRS and have been applied consistently throughout the period presented in these financial statements, unless otherwise stated.

Financial Assets

Initial recognition and measurement

Non-derivative financial assets within the scope of IFRS 9 are classified and measured as "financial assets at fair value", as either FVPL or FVOCI, and "financial assets at amortized costs", as appropriate. The Company determines the classification of financial assets at the time of initial recognition based on the Company's business model and the contractual terms of the cash flows.

All financial assets are recognized initially at fair value plus, in the case of financial assets not at FVPL, directly attributable transaction costs on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

Financial assets with embedded derivatives are considered in their entirety when determining their classification at FVPL or at amortized cost. The Company has measured cash at FVTPL and subscription receivables at amortized cost.

After initial recognition, financial assets measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the Effective Interest Rate ("EIR") method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in profit or loss.

Subsequent measurement – financial assets at FVPL

Financial assets measured at FVPL include financial assets management intends to sell in the short term and any derivative financial instrument that is not designated as a hedging instrument in a hedge relationship. Financial assets measured at FVPL are carried at fair value in the statement of financial position with changes in fair value recognized in other income or expense in the statement of loss. The Company does not measure any financial assets at FVPL.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Assets (continued)

Subsequent measurement – financial assets at FVOCI

Financial assets measured at FVOCI are non-derivative financial assets that are not held for trading and the Company has made an irrevocable election at the time of initial recognition to measure the assets at FVOCI. The Company does not measure any financial assets at FVOCI.

After initial measurement, investments measured at FVOCI are subsequently measured at fair value with unrealized gains or losses recognized in other comprehensive income or loss in the statement of comprehensive loss. When the investment is sold, the cumulative gain or loss remains in accumulated other comprehensive income or loss and is not reclassified to profit or loss.

Dividends from such investments are recognized in other income in the statement of loss when the right to receive payments is established.

Derecognition

A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or the Company no longer retains substantially all the risks and rewards of ownership.

Impairment of financial assets

The Company's only financial assets subject to impairment are other accounts receivable, which are measured at amortized cost. The Company has elected to apply the simplified approach to impairment as permitted by IFRS 9, which requires the expected lifetime loss to be recognized at the time of initial recognition of the receivable. To measure estimated credit losses, accounts receivable have been grouped based on shared credit risk characteristics, including the number of days past due. An impairment loss is reversed in subsequent periods if the amount of the expected loss decreases and the decrease can be objectively related to an event occurring after the initial impairment was recognized.

Financial Liabilities

Initial recognition and measurement

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVPL as is the case for held for trading or derivative instruments, or the Company has opted to measure the financial liability at FVPL. Accounts payable and accrued liabilities are measured at amortized cost.

Subsequent measurement – financial liabilities at amortized cost

After initial recognition, financial liabilities measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in profit or loss.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires with any associated gain or loss recognized in other income or expense in the statement of loss.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Classification of financial instruments

The following is a summary of significant categories of financial instruments outstanding at May 31, 2021:

Cash and cash equivalents	FVTPL
Subscription receivables	Amortized cost
HST receivables	Amortized cost
Accounts payable and accrued liabilities	Amortized cost

Carrying value and fair value of financial assets and liabilities are approximately equal.

Fair value hierarchy

The Company classifies financial instruments recognized at fair value in accordance with a fair value hierarchy that prioritizes the inputs to valuation technique used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 – Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

Stock based Payments

The Company may grant stock options to acquire 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.

Stock options granted to directors, officers and employees are measured at their fair values determined on their grant date, using the Black-Scholes option pricing model, and are recognized as an expense over the vesting periods of the options on a graded basis. Options granted to consultants or other non-insiders are measured at the fair value of goods or services received from these parties, or at their Black-Scholes fair values if the fair value of goods or services received cannot be measured. A corresponding increase is recorded to equity reserves for share-based payments recorded.

When stock options are exercised, the cash proceeds along with the amount previously recorded as equity reserves are recorded as share capital. When the right to receive options is forfeited before the options have vested, any expense previously recorded is reversed.

Equipment

Equipment is stated at cost less accumulated depreciation and impairment loss. The cost of an asset consists of its purchase price and any directly attributable costs of bringing the asset to its present working condition and location for its intended use. Depreciation of each asset is calculated using the straight-line method to allocate its cost less its residual value over its estimated useful life. The estimated useful life of the equipment is 3 years, in which is depreciated over that time.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Equipment (continued)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are recognized within the statement of loss and other comprehensive loss.

Intangible assets

Intangible assets consist of costs incurred to acquire patents, unpatented technology and inprogress research and development programs. Development expenditures are capitalized as intangible assets only if the expenditure can be measured reliably, the process is technically and commercially feasible, future economic benefits are probable to the Company and the Company has sufficient resources to complete the development and use or sell the asset. Otherwise, it is recognized in the consolidated statements of comprehensive loss as incurred. Research costs are expensed in the period that they are incurred.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Impairment of long-lived assets and intangible assets

Long-lived assets and intangible assets are reviewed for impairment at each reporting period 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 cash-generating unit, or "CGU"). The recoverable amount of an asset or a CGU is the higher of its fair value, less costs to sell, and its value in use. If the carrying amount of an asset exceeds its recoverable amount, an impairment charge is recognized immediately in profit or loss equal to the amount by which the carrying amount exceeds the recoverable amount. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the lesser of the revised estimate of recoverable amount, and the carrying amount that would have been recorded had no impairment loss been recognized previously.

The estimated useful lives, residual values, and amortization methods are reviewed at each year end or more frequently if events or changes in circumstances indicate potential impairment, and any changes in estimates are accounted for prospectively.

Financing Costs

Costs incurred to obtain equity financing are deducted from the value assigned to shares issued. When costs are incurred prior to the closing of a financing arrangement, these amounts are presented as a deferred asset until the financing has closed. When an expected financing arrangement does not occur, any deferred costs are recorded as an expense.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

Tax provisions are recognized when it is considered probable that there will be a future outflow of funds to a taxing authority. In such cases, a provision is made for the amount that is expected to be settled, where this can be reasonably estimated. This requires the application of judgment as to the ultimate outcome, which can change over time depending on facts and circumstances. A change in estimate of the likelihood of a future outflow and/or in the expected amount to be settled would be recognized in income in the period in which the change occurs. Deferred tax assets or liabilities, arising from temporary differences between the tax and accounting values of assets and liabilities, are recorded based on tax rates expected to be enacted when these differences are reversed.

Deferred tax assets are recognized only to the extent it is considered probable that those assets will be recovered. This involves an assessment of when those deferred tax assets are likely to be realized, and a judgment as to whether or not there will be sufficient taxable profits available to offset the tax assets when they do reverse. This requires assumptions regarding future profitability and is therefore inherently uncertain. To the extent assumptions regarding future profitability change, there can be an increase or decrease in the amounts recognized in respect of deferred tax assets as well as in the amounts recognized in income in the period in which the change occurs.

Tax provisions are based on enacted or substantively enacted laws. Changes in those laws could affect amounts recognized in income both in the period of change, which would include any impact on cumulative provisions, and in future periods.

Loss Per Share

Basic (loss) earnings per share is calculated by dividing net (loss) earnings by the weighted average number of common shares outstanding during the period which excludes shares held in escrow. All of the escrow shares are considered contingently returnable until the Company completes a qualifying transaction and, accordingly, are not considered to be outstanding shares for the purposes of the loss per share calculation.

Diluted (loss) earnings per share is determined by adjusting the earnings or loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of dilutive instruments, which includes stock options, as if their dilutive effect was at the beginning of the period. The calculation of the diluted number of common shares assumes that proceeds received from the exercise of “in-the-money” stock options and common share purchase warrants are used to purchase common shares of the Company at their average market price for the period.

In periods that the Company reports a net loss, any stock options or warrants outstanding are excluded from the calculation of diluted loss per share as their inclusion would be anti-dilutive.

Summary of Accounting Estimates and Assumptions

The preparation of these consolidated financial statements under IFRS requires management to make certain estimates, judgments and assumptions about future events that affect the amounts reported in the financial statements and related notes to the financial statements. Although these estimates are based on management’s best knowledge of the amount, event or actions, actual results may differ from those estimates and these differences could be material.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Summary of Accounting Estimates and Assumptions (continued)

The areas which require management to make significant judgements, estimates and assumptions in determining carrying values include, but are not limited to:

Income taxes

The calculation of income taxes requires judgment in interpreting tax rules and regulations. There are transactions and calculations for which the ultimate tax determination is uncertain. The Company's tax filings also are subject to audits, the outcome of which could change the amount of current and deferred tax assets and liabilities. Management believes that it has sufficient amounts accrued for outstanding tax matters based on information that currently is available.

Management judgment is used to determine the amounts of deferred tax assets and liabilities and future tax liabilities to be recognized. In particular, judgment is required when assessing the timing of the reversal of temporary differences to which future income tax rates are applied.

Share-based payments

The fair value of stock-based compensation and warrants are estimated using the Black-Scholes option pricing model and rely on a number of estimates, such as the expected life of the option, the volatility of the underlying share price, the risk free rate of return, and the estimated rate of forfeiture of options granted.

Going concern

Management assessment of going concern and uncertainties of the Company's ability to raise additional capital and/or obtain financing to meet its commitments.

Estimated Useful Lives of Equipment and Intangible Assets

Depreciation of equipment and intangible assets is dependent upon estimates of useful lives based on management's judgment. Judgment is required in evaluating potential impairment indicators at reporting period ends.

Accounting Standards Issued but not yet Applied

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for annual periods beginning on or after January 1, 2022 or later periods.

IAS 1 – Presentation of Financial Statements ("IAS 1") was amended in January 2020 to provide 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 clarify that the classification of liabilities as current or noncurrent is based solely on a company's right to defer settlement at the reporting date. The right needs to be unconditional and must have substance. The amendments also clarify that the transfer of a company's own equity instruments is regarded as settlement of a liability, unless it results from the exercise of a conversion option meeting the definition of an equity instrument. The amendments are effective for annual periods beginning on January 1, 2023.

IAS 37 – Provisions, Contingent Liabilities, and Contingent Assets ("IAS 37") was amended. The amendments clarify that when assessing if a contract is onerous, the cost of fulfilling the contract includes all costs that relate directly to the contract – i.e. a full-cost approach. Such costs include both the incremental costs of the contract (i.e. costs a company would avoid if it did not have the contract) and an allocation of other direct costs incurred on activities required to fulfill the contract – e.g. contract management and supervision, or depreciation of equipment used in fulfilling the contract. The amendments are effective for annual periods beginning on January 1, 2022.

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting Standards Issued but not yet Applied (continued)

IFRS 3 – Business Combinations ("IFRS 3") was amended. The amendments introduce new exceptions to the recognition and measurement principles in IFRS 3 to ensure that the update in references to the revised conceptual framework does not change which assets and liabilities qualify for recognition in a business combination. An acquirer should apply the definition of a liability in IAS 37 – rather than the definition in the Conceptual Framework – to determine whether a present obligation exists at the acquisition date as a result of past events. For a levy in the scope of IFRIC 21, the acquirer should apply the criteria in IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. In addition, the amendments clarify that the acquirer should not recognize a contingent asset at the acquisition date. The amendments are effective for annual periods beginning on January 1, 2022.

4. EQUIPMENT

Equipment	Cost	Depreciation	Net book value
Balance, upon incorporation	$ -	$ -	$ -
Acquisitions	**2,667**	**(101)**	**2,566**
Balance, May 31, 2021	**$ 2,667**	**$ (101)**	**$ 2,566**

5. INTANGIBLE ASSETS

	Total
Balance, upon incorporation	$ -
Additions [(i)]	**157,872**
Balance, May 31, 2021	**$ 157,872**

[(i)] No amortization was taken on these costs as these assets are not yet available for use.

6. REVERSE TAKEOVER

On March 15, 2021, Holdings Inc. entered into a Share Exchange Agreement ("SEA") with the shareholders of PharmAla. Under the terms of the SEA, PharmAla shareholders exchanged their 5,000,000 common shares for 40,000,000 of Holdings Inc. The percentage of ownership Holdings shareholders had in the combined entity was 3% after the issue of 40,000,000 Holdings shares to the former PharmAla Shareholders. The following table represents the share capital of each company prior to the RTO:

	Number of Common Shares	Amount ($)
Holdings Inc.		
Balance prior to RTO	**1,185,000**	**53,250**
PharmAla		
Balance prior to RTO	**5,000,000**	**100,000**

In accordance with IFRS 3, Business Combination, the substance of the transaction is a reverse takeover of a non-operating company. The transaction does not constitute a business combination as Holdings Inc. does not meet the definition of a business under the standard. As a result, the transaction is accounted for as a capital transaction with PharmAla being identified as the acquirer and the equity consideration being measured at fair value. The resulting consolidated statement of financial position is presented as a continuance of PharmAla.

(Expressed in Canadian Dollars)

6. REVERSE TAKEOVER (Continued)

IFRS 2, Share-based Payment, applies to transactions where an entity grants equity instruments and cannot identify specifically some or all of the goods or services received in return. Because PharmAla would have issued shares with a value in excess of the net assets received, the difference is recognised in comprehensive loss as a RTO transaction cost. The amount assigned to the transaction cost of $2,083,570 is the difference between the fair value of the consideration and the net identifiable assets of Holdings acquired by PharmAla and included in the consolidated statement of loss and comprehensive loss.

The fair value of the consideration in the RTO is equivalent to the fair value of the 20,492,000 special warrants to Holdings Inc. special warrant holders, 40,000,000 Holdings Inc. common shares issued to PharmAla shareholders, and 6,235,000 warrants to Holdings Inc. warrant holders. The fair value of the 40,000,000 shares controlled by the PharmAla shareholders in Holdings Inc. was estimated to be $2,000,000 based on the fair market value of $0.05 per share in the special warrant private placement of Holdings Inc. in February 2021. The fair value of the special warrants was estimated to be $1,024,600 based on the fair market value of $0.05 per share in the special warrant private placement of Holdings Inc. in February 2021 as each special warrant entitled the holder thereof to automatically receive, without payment of additional consideration and without further action on the part of the holder, one common share of the Company upon conversion. The Company also incurred transaction costs of $182,032 in connection with the special warrants. The fair value of the warrants was estimated to be $162,502 using the Black-Scholes valuation model on the following assumptions: dividend yield 0%; volatility 100%; risk-free interest rate 0.26%; and an expected life of 1.87 to 1.92 years.

On March 19, 2021, the RTO was completed. Based on the financial position of Holdings Inc. at the time of the RTO, the net assets at estimated fair value that were acquired by PharmAla were $921,500 and the resulting transaction cost charged to the consolidated statement of loss and comprehensive loss is as follows:

Consideration		
Common shares	$	2,000,000
Special warrants (net of transaction costs)		842,568
Warrants		162,502
Total consideration	**$**	**3,005,070**

Identifiable assets acquired		
Cash and cash equivalents	$	891,400
Subscription receivable		30,100
Total identifiable assets acquired		**921,500**
Unidentifiable assets acquired		
Transaction cost		2,083,570
Total net identifiable assets and transaction cost	**$**	**3,005,070**

7. SPECIAL WARRANTS

As at May 31, 2021, the Company has 40,689,600 special warrants with a gross value of $3,044,360. Each special warrant entitles the holder thereof to automatically receive, without payment of additional consideration and without further action on the part of the holder, one common share of the Company.

In connection with the RTO the Company has 20,492,000 special warrants which have a gross fair value of $1,024,600. Holdings Inc., incurred transaction costs of $182,032, which consisted of 985,000 broker warrants (note 10), 985,000 finder shares with deemed price of $0.05 per share, 200,000 compensation special warrants with a deemed price of $0.05 and finders fees and other costs of $97,100.

On May 14, 2021, the Company issued 20,197,600 special warrants for gross proceeds of $2,019,760. The Company incurred transaction costs of $201,052, which consisted of 531,952 broker warrants (note 10), 1,124,000 finder shares with deemed price of $0.10 per share, and finders fees and other costs of $59,698.

(Expressed in Canadian Dollars)

8. SHARE CAPITAL

Authorized share capital

The Company is authorized to issue an unlimited number of common shares without par value.

Common shares issued

	Number of Shares	Share Capital
Balance, upon incorporation	**-**	**$ -**
Private placement (i)	5,000,000	100,000
Elimination of PharmAla Biotech Inc. shares	(5,000,000)	-
Issuance of shares on RTO transaction	40,000,000	-
Conversion of PharmAla Biotech Holdings Inc., for reverse takeover transaction (note 6)	1,185,000	2,000,000
Finders fees related to special warrants (note 7)	1,124,000	112,400
Balance, May 31, 2021	**42,309,000**	**$ 2,212,400**

(i) On December 23, 2020 (date of incorporation), the Company issued 5,000,000 common shares at $0.02 per share for gross proceeds of $100,000.

9. STOCK OPTIONS

The Company has adopted an incentive stock option plan in accordance with the policies of the Exchange (the "Stock Option Plan"). Options may be granted for a maximum term of ten years from the date of the grant. They are not transferable. Unless the Board determines otherwise, options shall be exercisable in whole or in part at any time during this period. Options expire within 90 days of termination of employment or holding office as director or officer of the Company and, in the case of death, expire within a maximum period of one year after such death, subject to the expiry date of the option.

The Company issued stock options to acquire common shares as follows:

	Number of Stock options	Weighted Average Exercise Price ($)
Balance, upon incorporation (December 23, 2020)	**-**	**-**
Issued (i)	2,860,000	0.05
Balance, May 31, 2021	**2,860,000**	**0.05**

(i) On March 23, 2021, the Company granted stock options to directors, officers and advisors to purchase 2,860,000 common shares of the Company at an exercise price of $0.05 for a period of 5 years following the date of grant. Included in the 2,860,000 options are 550,000 options which vest immediately, the remaining options vest 25% every three months. The options were valued at $106,200 using a Black-Scholes valuation model with the following assumptions: share price of $0.05 per common shares, expected dividend yield of 0%, expected volatility of 100%, risk-free rate of 0.95%, and expected life of 5 years. During the period ended the Company recorded stock based compensation expense of $38,000 related to the grant of stock options.

The following table reflects the actual stock options issued and outstanding as of May 31, 2021:

Expiry Date	Exercise Price ($)	Weighted Average Remaining Contractual Life (years)	Number of Options Outstanding	Number of Options Vested (Exercisable)
March 23, 2026	0.05	4.81	2,860,000	550,000

(Expressed in Canadian Dollars)

10. WARRANTS

The Company issued warrants to acquire common shares as follows:

	Number of Warrants	Weighted Average Exercise Price ($)
Balance, upon incorporation (December 23, 2020)	**-**	**-**
Issued (ii)	531,952	0.10
Reverse takeover transaction (i)	6,235,000	0.05
Balance, May 31, 2021	**6,766,952**	**0.05**

(i) On March 19, 2021, the Company completed a reverse takeover transaction with Holdings Inc., as part of the compensation the Company issued 6,235,000 warrants (note 6), a Company controlled by a Director and Officer was granted a total of 1,000,000 warrants. Each warrant is exercisable to acquire one common share at a price of $0.05 for a period of approximately 23 months. The warrants were valued at $162,502 using a Black-Scholes valuation model with the following assumptions: share price of $0.05 per common share, expected dividend yield of 0%, expected volatility of 100%, risk-free rate of 0.26%, and expected life of 2 years.

(ii) On May 14, 2021, the Company issued 531,952 agent warrants at the time closing of special warrants. Each agent warrant is exercisable to acquire one common share at a price of $0.10 for a period of 24 months. The agent warrants were valued at $27,770 using a Black-Scholes valuation model with the following assumptions: share price of $0.10 per common share, expected dividend yield of 0%, expected volatility of 100%, risk-free rate of 0.32%, and expected life of 2 years.

The following table reflects the actual warrants issued and outstanding as of May 31, 2021:

Expiry Date	Exercise Price ($)	Weighted Average Remaining Contractual Life (years)	Number of Warrants Outstanding
February 01, 2023	0.05	1.67	5,250,000
February 05, 2023	0.05	1.68	870,000
February 16, 2023	0.05	1.72	115,000
May 14, 2023	0.10	1.95	531,952
		1.69	6,766,952

11. LOSS PER SHARE

For the period from incorporation to May 31, 2021, basic and diluted loss per share has been calculated based on the loss attributable to common shareholders of $0.10 and the weighted average number of common shares outstanding of 22,294,480.

As of May 31, 2021, there are 40,689,600 special warrants, and the weighted average shares outstanding does not include special warrants as they are contingently returnable. Diluted loss per share did not include the effect of 2,860,000 stock options, and 6,766,952 warrants as they are anti-dilutive.

12. FINANCIAL INSTRUMENTS AND OBJECTIVES AND POLICIES

Risk Management

In the normal course of business, the Company is exposed to a number of risks that can affect its operating performance. These risks, and the actions taken to manage them, are as follows:

Fair Values

The Company has designated its cash as FVTPL which are measured at fair value. Fair value of cash is determined based on transaction value and is categorized as a Level One measurement.

- Level One - includes quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level Two - includes inputs that are observable other than quoted prices included in Level One.
- Level Three - includes inputs that are not based on observable market data.

As at May 31, 2021, the carrying and fair value amounts of the Company's cash are approximately equivalent due to its short term nature.

Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. As at May 31, 2021, management believes that the credit risk with respect to cash and cash equivalents, subscription receivables, and HST receivable is minimal.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying its financial obligations. The Company manages its liquidity risk by forecasting it operations and anticipating its operating and investing activities.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market risk factors.

13. CAPITAL MANAGEMENT

The Company objectives when manages its capital is to ensure sufficient financial flexibility to achieve the ongoing business objectives including funding of future growth opportunities, and pursuit of accretive acquisitions and to maximize shareholder return through enhancing the share value.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Company may manage its capital structure by issuing new shares, repurchasing outstanding shares, adjusting capital spending, or disposing of assets. The capital structure is reviewed by management and the Board of Directors on an ongoing basis. The Company's ability to continue to carry out its planned activities is uncertain and dependent upon the continued financial support of its shareholders and securing additional financing.

The Company considers its capital to be equity, which comprises share capital, special warrants, warrants, contributed surplus and, accumulated deficit, which at May 31, 2021 totaled equity of $2,764,292.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

(Expressed in Canadian Dollars)

14. RELATED PARTY TRANSACTIONS

Related parties include the Board of Directors, officers, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

The Chief Financial Officer ("CFO") of the Company is the managing director of Marrelli Support Services Inc. ("MSSI"). During the period from incorporation to May 31, 2021, the Company incurred professional fees of $21,235 to MSSI. These services were incurred in the normal course of operations for general accounting and financial reporting matters. As at May 31, 2021, MSSI was owed $16,120, inclusive of HST with respect to services provided, and this amount was included in accounts payable and accrued liabilities.

During the period from incorporation to May 31, 2021, the Company incurred consulting and payroll fees of $44,214 to the Cheif Executive Officer ("CEO") and companies controlled by the CEO. As at May 31, 2021, the CEO and companies controlled by the CEO were owed $10,170 inclusive of HST, and this amount was included in accounts payable and accrued liabilities.

See note 10(i).

On March 23, 2021, the Company granted 2,100,000 stock options to directors, and officers (note 9 (i)). The Company recognized an expense of $21,431 during the period related to the issuance.

15. INCOME TAXES

Rate reconciliation

A reconciliation of actual income tax expense and the accounting loss multiplied by the Company's statutory tax rate of 26.5% is as follows:

	May 31, 2021
Loss before income taxes	**(2,337,655)**
Expected income tax recovery based on statutory rate	(619,480)
Adjustment to expected income tax benefit:	
Transaction costs	552,146
Share issuance costs	(103,173)
Share based payments	10,070
Other permanent differences	1,210
Change in unrecorded tax assets	159,227
Total	**-**

Deferred tax assets and liabilities

Deferred income tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can use the benefits. Deferred income tax assets have not been recognized in respect of the following deductible temporary differences:

	May 31, 2021
Non-Capital losses carry forward	76,689
Share issuance costs	82,538
Total	**159,227**

(Expressed in Canadian Dollars)

15. INCOME TAXES (Continued)

Non-capital losses

As at May 31, 2021, the Company has non-capital losses of $289,285 available to reduce taxable income in future years expiring as follows:

2041	$ 289,285
	$ 289,285

16. SUBSEQUENT EVENTS

On June 18, 2021, the Company granted stock options to directors, and officers to purchase 1,700,000 common shares of the Company at an exercise price of $0.10 for a period of 5 years following the date of grant.

On August 12, 2021, the Company granted 450,000 Options to an officer, a director and two consultants of the Company. Each of the 450,000 Options are convertible into a Common Share of the Company at a price of $0.10 per Common Share.

SCHEDULE B
CONSOLIDATED MANAGEMENT'S DISCUSSION AND ANALYSIS OF PHARMALA BIOTECH HOLDINGS INC.

See attached.

PHARMALA BIOTECH HOLDINGS INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE PERIOD FROM DECEMBER 23, 2020 (DATE OF INCORPORATION) TO MAY 31, 2021

(EXPRESSED IN CANADIAN DOLLARS)

INTRODUCTION

PharmAla Biotech Inc. ("PharmAla") was incorporated under the Business Corporations Act (British Columbia) on December 23, 2020. The registered head office of the Company is 1055 West Georgia Street P.O. Box 11117, Vancouver, BC V6E 4N7, Canada.

PharmAla Biotech Holdings Inc. (previously Greenridez 3.0 Acquisitions Corp.) ("Holdings Inc.") was incorporated under the Business Corporations Act (British Columbia) on January 12, 2021.

PharmAla Biotech Inc. is a Canadian Biotechnology company dedicated to the manufacture and sales of MDMA and MDXX class molecules in service to the burgeoning clinical research community.

On March 19, 2021, Holdings Inc. issued 40,000,000 common shares as consideration for acquisition of the 5,000,000 common shares in the capital of PharmAla. The Acquisition was accounted for as a reverse takeover ("RTO") whereby PharmAla was identified as the acquirer for accounting purposes and the resulting consolidated financial statements are presented as a continuance of PharmAla. After the RTO, the combined entity of Holdings Inc. and PharmAla is referred to also as "the Company".

The Canadian Dollar is the Company's functional and reporting currency. Unless otherwise noted, all dollar amounts are expressed in Canadian Dollars.

The following management's discussion and analysis ("MD&A") of the financial condition and results of operations of the Company constitutes management's review of the factors that affected the Company's financial and operating performance for the period from December 23, 2020 (date of incorporation) to May 31, 2021. This MD&A has been prepared in compliance with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations.

This MD&A should be read in conjunction with the audited financial statements of the Company for the period from December 23, 2020 (date of incorporation) to May 31, 2021, together with the notes thereto.

For the purposes of preparing this MD&A, management, in conjunction with the Board of the Company (the "Board"), considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of PharmAla's common shares; or (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) if it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

Further information about the Company and its operations can be obtained from the offices of the Company.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This MD&A contains forward-looking information and statements ("forward-looking statements") which may include, but are not limited to, statements with respect to the future financial or operating performance of the Company. Forward-looking statements reflect the current expectations of management regarding the Company's future growth, results of operations, performance and business prospects and opportunities. Wherever possible, words such as "may", "would", "could", "will", "anticipate", "believe", "plan", "expect", "intend", "estimate" and similar expressions have been used to identify these forward-looking statements. These statements reflect management's current beliefs with respect to future events and are based on information currently available to management. Forward-looking statements involve significant risks, uncertainties and assumptions. Many factors could cause the actual results, performance or events to be materially different from any future results, performance or events that may be expressed or implied by such forward-looking statements, including, without limitation, those listed in the "Risk Factors" section of this MD&A. Although the Company has attempted to identify important factors that could cause actual results, performance or events to differ materially from those described in the forward-looking statements, there could be other factors unknown to

management or which management believes are immaterial that could cause actual results, performance or events to differ from those anticipated, estimated or intended. Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results, performance or events may vary materially from those expressed or implied by the forward-looking statements contained in this MD&A. These factors should be considered carefully, and readers should not place undue reliance on the forward-looking statements. Forward-looking statements contained herein are made as of the date of this MD&A and the Company assumes no responsibility to update forward looking statements, whether as a result of new information or otherwise, other than as may be required by applicable securities laws.

Forward-looking statements	Assumptions	Risk factors
The Company's (i) development of product candidates, (ii) demonstration of such product candidates' safety and efficacy in clinical trials, and (iii) obtaining regulatory approval to commercialize these product candidates.	Financing will be available for development of new product candidates and conducting clinical studies; the actual results of the clinical trials will be favourable; development costs will not exceed PharmAla's expectations; the Company will be able to retain and attract skilled staff; the Company will be able to recruit suitable patients for clinical trials; all requisite regulatory and governmental approvals to commercialize the product candidates will be received on a timely basis upon terms acceptable to PharmAla; applicable economic conditions are favourable to PharmAla.	Availability of financing in the amount and time frame needed for the development and clinical trials may not be favourable; increases in costs; uncertainties of COVID-19 pandemic; the Company's ability to retain and attract skilled staff; the Company's ability to recruit suitable patients for clinical trials; timely and favourable regulatory and governmental compliance, acceptances, and approvals; interest rate and exchange rate fluctuations; changes in economic conditions.
The Company's ability to obtain the substantial capital it requires to fund research and operations.	Financing will be available for PharmAla's research and operations and the results thereof will be favourable; debt and equity markets, exchange and interest rates and other applicable economic conditions are favourable to PharmAla.	Changes in debt and equity markets; uncertainties of COVID-19 pandemic; timing and availability of external financing on acceptable terms; increases in cost of research and operations; interest rate and exchange rate fluctuations; adverse changes in economic conditions.
Factors affecting pre-clinical research, clinical trials and regulatory approval process of the Company's product candidates.	Actual costs of pre-clinical research, clinical and regulatory processes will be consistent with the Company's current expectations; the Company will be able to retain and attract skilled staff; the Company will be able to recruit suitable patients for clinical trials; the Company will be able to complete pre-clinical research and clinical studies on a timely basis with favourable results; all applicable regulatory and governmental approvals for product candidates will be received on a timely basis with terms acceptable to PharmAla; debt and equity markets, exchange and interest rates, and other applicable economic and political conditions are favourable to PharmAla; there will be a ready market for the product candidates.	PharmAla's product candidates may require time-consuming and costly pre-clinical and clinical studies and testing and regulatory approvals before commercialization; the Company's ability to retain and attract skilled staff; uncertainties of COVID-19 pandemic; the Company's ability to recruit suitable patients for clinical trials; adverse changes in regulatory and governmental processes; interest rate and exchange rate fluctuations; changes in economic and political conditions; the Company will not be adversely affected by market competition.

Forward-looking statements	Assumptions	Risk factors
The Company's ability to commercialize on its own or find and enter into agreements with potential partners to bring viable product candidates to commercialization.	PharmAla will be able to commercialize on its own or to find a suitable partner and enter into agreements to bring product candidates to market within a reasonable time frame and on favourable terms; the costs of commercializing on its own or entering into a partnership will be consistent with PharmAla's expectations; partners will provide necessary financing and expertise to bring product candidates to market successfully and profitably.	PharmAla will not be able to commercialize on its own or find a partner and/or enter into agreements within a reasonable time frame; if the Company enters into agreements, these agreements may not be on favourable terms to PharmAla; costs of entering into agreements may be excessive; uncertainties of COVID-19 pandemic; potential partners will not have the necessary financing or expertise to bring product candidates to market successfully or profitably.
The Company's ability to obtain and protect the Company's intellectual property rights and not infringe on the intellectual property rights of others.	Patents and other intellectual property rights will be obtained for viable product candidates; patents and other intellectual property rights obtained will not infringe on others.	PharmAla will not be able to obtain appropriate patents and other intellectual property rights for viable product candidates; patents and other intellectual property rights obtained will be contested by third parties; no proof that acquiring a patent will make the product more competitive.
The Company's ability to source markets which have demand for its products and successfully supply those markets in order to generate sales.	The anticipated markets for the Company's potential products and technologies will continue to exist and expand; the Company's products will be commercially viable and it will successfully compete with other research teams who are also examining potential products.	The anticipated market for the Company's potential products and technologies will not continue to exist and expand for a variety of reasons, including competition from other products and the degree of commercial viability of the potential product.
Future actions with respect to and potential impacts of pending claims.	PharmAla will be able to settle or otherwise obtain disposition of claims against it on favourable terms.	PharmAla may will not be able to settle pending claims on favourable terms; claims may be adjudicated in a manner that is not favourable to PharmAla.

Inherent in forward-looking statements are risks, uncertainties and other factors beyond the Company's ability to predict or control. Please also make reference to those risk factors referenced in the "Risk Factors" section below. Readers are cautioned that the above chart does not contain an exhaustive list of the factors or assumptions that may affect the forward-looking statements, and that the assumptions underlying such statements may prove to be incorrect. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements to be materially different from any of its future results, performance or achievements expressed or implied by forward-looking statements. All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward- looking statements whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

Business Overview

PharmAla is a Canadian biotechnology company dedicated to the manufacture and sales of MDMA and MDXX class molecules in service to the burgeoning clinical research community. PharmAla has 3 primary business lines: (1) the manufacture of MDMA and MDXX class molecules for sale to clinical researchers in both the commercial and academic sphere, (2) the research and development of novel MDXX class compounds which offer unique benefits above and beyond currently known substances and (3) the development of novel delivery mechanisms for MDMA and MDXX class compounds.

The Company believes that there is a significant market for clinical-grade MDMA for scientific research, the supply of which is constrained by manufacturing bottlenecks and regulatory restrictions. While the Company anticipates that business line (1), namely the manufacture of clinical grade MDMA for sale to researchers, is likely to generate revenue in 2022, the Company also believes that manufacturing of generic molecules is unlikely to yield stable long-term revenue as the supply of these molecules increases over time. As such, the Company believes that significantly more long-term value can be derived from activity which generates significant Intellectual Property, such as the Company's business lines (2) and (3). While these business lines are likely to generate significant value in the long-term, they are unlikely to generate short-term cash revenue as this revenue is dependent on the Company achieving its regulatory milestones.

Operational Highlights

Corporate Highlights

On December 23, 2020 (date of incorporation), PharmAla issued 5,000,000 common shares at $0.02 per share for gross proceeds of $100,000.

On January 12, 2021, Holdings Inc. completed a private placement by issuing 200,000 common shares at a price of

$0.02 per share for aggregate gross proceeds of $4,000.

On January 17, 2021, Holdings Inc. completed a private placement by issuing 692,000 Special Warrants, at a price of $0.05 per Special Warrant, with each Special Warrant automatically converting into one Common Share of the Company at no additional cost. Aggregate gross proceeds from the private placement were equal to $34,600.

On February 5 and February 16, 2021, Holdings Inc. completed a private placement issuing 19,800,000 Special Warrants at a price of $0.05 per Special Warrant, with each Special Warrant automatically converting into one Common Share of the Company at no additional cost. Aggregate gross proceeds from the private placement were equal to $990,000. Holdings Inc. also issued an aggregate of 985,000 Common Shares and 985,000 Broker Warrants as compensation to registered dealers involved in the private placement. Each Broker Warrant entitles the holder thereof to acquire one Common Share, at an exercise price of $0.05, until February 5, 2023 or February 16, 2023.

On May 14, 2021, Holdings Inc. completed a private placement issuing 20,197,600 Special Warrants at a price of $0.10 per Special Warrant for aggregate gross proceeds of $2,019,760. Holdings Inc. also issued an aggregate of 1,124,000 Common Shares and 531,952 Broker Warrants as compensation to registered dealers involved in the private placement. Each Broker Warrant entitles the holder thereof to acquire one Common Share, at an exercise price of $0.10, until May 14, 2023.

On March 15, 2021, Holdings Inc. entered into a Share Exchange Agreement ("SEA") with PharmAla and each of the shareholders of PharmAla, pursuant to which Holdings Inc. agreed to acquire all of the issued and outstanding common shares of PharmAla in consideration for the issuance of a total of 40,000,000 Common Shares to the shareholders of PharmAla in proportion with their respective interest in PharmAla (the "Transaction").

On March 23, 2021, the Company granted stock options to directors and officers to purchase 2,860,000 common shares of the Company at an exercise price of $0.05 for a period of 5 years following the date of grant.

As at May 31, 2021, the Company has 40,689,600 special warrants with a gross value of $3,044,360. Each special warrant entitled the holder thereof to automatically receive, without payment of additional consideration and without further action on the part of the holder, one common share of the Company upon filing of the final prospectus for listing of its shares on CSE.

Subsequent to the period ended May 31, 2021, the Board of Directors proceeded with the following stock option grants:

On June 18, 2021, the Company granted 1,700,000 Options to officers, directors, consultants and employees of the Company. Each of the 1,700,000 Options are convertible into a Common Share of the Company at a price of $0.10 per Common Share.

On August 12, 2021, the Company granted 450,000 Options to an officer, a director and two consultants of the Company. Each of the 450,000 Options are convertible into a Common Share of the Company at a price of $0.10 per Common Share.

REVERSE TAKEOVER

On March 19, 2021, Holdings Inc. completed the Transaction contemplated by the SEA with the shareholders of PharmAla. Under the terms of the SEA, PharmAla shareholders exchanged their 5,000,000 common shares for 40,000,000 of Holdings Inc., at a deemed value of $0.05 per Common Share. The percentage of ownership Holdings Inc. shareholders had in the combined entity was 3% after the issue of 40,000,000 Holdings Inc. shares to the shareholders of PharmAla. The following table represents the share capital of each company prior to the RTO:

	Number of Common Shares	Amount ($)
Holdings Inc.		
Balance prior to RTO	**1,185,000**	**53,250**
PharmAla		
Balance prior to RTO	**5,000,000**	**100,000**

In accordance with IFRS 3, Business Combination, the substance of the transaction is a reverse takeover of a non-operating company. The transaction does not constitute a business combination as Holdings Inc. does not meet the definition of a business under the standard. As a result, the transaction is accounted for as a capital transaction with PharmAla being identified as the acquirer and the equity consideration being measured at fair value. The resulting consolidated statement of financial position is presented as a continuance of PharmAla and comparative figures presented in the consolidated financial statements after the reverse takeover are those of PharmAla.

IFRS 2, Share-based Payment, applies to transactions where an entity grants equity instruments and cannot identify specifically some or all of the goods or services received in return. Because PharmAla would have issued shares with a value in excess of the net assets received, the difference is recognised in comprehensive loss as a RTO cost. The amount assigned to the transaction cost of $2,083,570 is the difference between the fair value of the consideration and the net identifiable assets of Holdings acquired by PharmAla and included in the consolidated statement of loss and comprehensive loss.

The fair value of the consideration is determined based on the percentage of ownership the legal parent's shareholders have in the combined entity after the transaction. This represents the fair value of the shares that PharmAla would have had to issue for the ratio of ownership interest in the combined entity to be the same, if the transaction had taken the legal form of PharmAla acquiring 100% of the shares in Holdings Inc.

The fair value of the consideration in the RTO is equivalent to the fair value of the 20,492,000 special warrants to Holdings Inc. special warrant holders, 40,000,000 Holdings Inc. common shares issued to PharmAla shareholders, and 6,235,000 warrants to Holdings Inc. warrant holders. The fair value of the 40,000,000 shares controlled by the PharmAla shareholders in Holdings Inc. was estimated to be $2,000,000 based on the fair market value of $0.05 per share in the special warrant private placement of Holdings Inc. in February 2021. The fair value of the special warrants was estimated to be $1,024,600 based on the fair market value of $0.05 per share in the special warrant private placement of Holdings Inc. in February 2021 as each special warrant entitled the holder thereof to automatically receive, without payment of additional consideration and without further action on the part of the holder, one common share of the Company upon conversion. The Company also incurred transaction costs of $182,032 in connection with the special warrants. The fair value of the warrants was estimated to be $162,502 using the Black-Scholes valuation model on the following assumptions: dividend yield 0%; volatility 100%; risk-free interest rate 0.26%; and an expected life of 1.87 to 1.92 years.

Based on the financial position of Holdings Inc. at the time of the RTO, the net assets at estimated fair value that were acquired by PharmAla were $921,500 and the resulting transaction cost charged to the consolidated statement of loss and comprehensive loss is as follows:

Consideration	
Common shares	$ 2,000,000
Special warrants (net of transaction costs)	842,568
Warrants	162,502
Total consideration	**$ 3,005,070**

Identifiable assets acquired	
Cash and cash equivalents	$ 891,400
Subscription receivable	30,100
Total identifiable assets acquired	**921,500**
Unidentifiable assets acquired	
Transaction cost	2,083,570
Total net identifiable assets and transaction cost	**$ 3,005,070**

TRENDS AND ECONOMIC CONDITIONS

The Company's future performance is largely tied to its intellectual property rights, the results of its clinical research and development program, regulatory changes impacting the Psychedelics category, and the overall financial markets. Financial markets are likely to be volatile, reflecting ongoing concerns about the stability of the global economy.

Management regularly monitors economic conditions and estimates their impact on the Company's operations and incorporates these estimates in both short-term operating and longer-term strategic decisions.

Due to the worldwide COVID-19 pandemic, material uncertainties may arise that could influence management's going concern assumption. Management cannot accurately predict the future impact COVID-19 may have on:

- Research;
- The severity and the length of potential measures taken by governments to manage the spread of the virus, and their effect on labour availability and supply lines;
- Purchasing power of the Canadian dollar; and
- Ability to obtain funding.

At the date of this MD&A, the Canadian government has not introduced measures which would significantly impede the activities of the Company. Management believes the business will continue and accordingly the current situation bears no impact on management's going concern assumption. However, 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.

Apart from these and the risk factors noted under the heading "Risk Factors" and "Cautionary Note Regarding Forward-Looking Information", management is not aware of any other trends, commitments, events or uncertainties that would have a material effect on the Company's business, financial condition or results of operations.

Selected Annual Financial Information

	Year ended May 31, 2021
Total assets	3,107,818
Total liabilities	343,526
Working capital	2,603,854
Net (loss) [(1)]	(2,337,655)
Net (loss) per share, basic and diluted	(0.10)

[(1)] The net loss for the period from December 23, 2020 (date of incorporation) to May 31, 2021, consisted of (i) consulting fees of $76,325 (ii) office and general fees of $20,397; (iii) investor relations of $24,000; (iv) depreciation of $101; (v) payroll expenses of $3,214; (vi) professional fees of $92,048; (vii) stock based compensation of $38,000, and (viii) transaction costs of $2,083,570.

Selected Quarterly Information

Three Months Ended	Net Revenue ($)	Net Income (Loss)	
		Total ($)	Per Share ($)
May 31, 2021	-	(2,301,116) [(1)]	(0.10)
February 28, 2021	-	(36,539) [(2)]	(0.00)

Notes:

(1) Net loss of $2,301,116 principally consists of (i) consulting fees of $65,325; (ii) office and general fees of $14,747; (iii) investor relations of $13,500; (iv) depreciation of $101; (v) payroll expenses of $3,214; (vi) professional fees of $82,659; (vii) stock based compensation of $38,000; (viii) and transaction costs of $2,083,570.

(2) Net loss of $36,539 principally consists of (i) consulting fees of $11,000; (ii) office and general fees of $5,650; (iii) investor relations of $10,500; and (iv) professional fees of $9,389.

Off-Balance-Sheet Arrangements

As of the date of this MD&A, the Company does not have any 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, and without limitation, such considerations as liquidity and capital resources.

Liquidity and Capital Resources

The activities of the Company, principally the research and development of MDMA and MDXX, are financed through the completion of equity transactions such as equity offerings and the exercise of stock options.

The Company has no operating revenues and therefore must utilize its current cash reserves and other financing transactions to maintain its capacity to meet ongoing discretionary operating activities and research and development costs. The Company relies on external financings to generate capital. On May 31, 2021, the Company also had 550,000 options exercisable that would raise $27,500, and 6,766,952 warrants outstanding that would raise $364,945, if exercised in full. See “Trends and Economic Conditions” above. The Company has no debt and its credit and interest rate risk is minimal. Amounts payable and other liabilities are short term and non-interest bearing. HST receivable consist of sales tax owing from government authorities in Canada.

At May 31, 2021, the Company had a cash balance of $2,915,636 as a result of cash inflows in operating activities of $125,898, cash inflows in investing activities of $730,861 and cash inflows from financing activities of $2,058,877.

Operating activities were affected by net loss of $2,337,655, items not affecting cash of $2,121,671, and net non-cash working capital balances of $341,882. Items not affecting cash consisted of depreciation of $101, share-based compensation of $38,000, and transaction costs of $2,083,570. Net change in the non-cash working capital balance consisted of subscription receivables of $26,100, accounts payable of $343,526, offset by HST receivable of $27,744.

Investing activities cash inflows were due to cash from cash acquired as part of the RTO of $891,400, and offset by the purchase of capital assets of $2,667, and development costs related to intangible assets of $157,872.

Financing activities cash inflows were due to cash from a private placement of $100,000, and the issuance of special warrants (net of costs) of $1,958,877.

Currently and in future, the Company’s use of cash has and will principally occur in two areas: funding of its general and administrative expenditures and funding of its investment activities. Funding investing activities includes the cash components of the cost of acquiring and developing its intangible asset.

It is anticipated that the Company will have available funds of approximately $2,600,000 based on estimated consolidated working capital as at July 31, 2021. The principal purposes for the foregoing available funds are anticipated to be as follows:

Principal Purposes	Funds ($)
General and administrative costs[(1)]	475,000
Estimated expense for listing on the CSE	100,000
Sales and marketing	100,000
Research and development[(2)]	1,100,000
Estimated working capital as at July 31, 2021	2,600,000
Total use of available funds	1,775,000
Unallocated funds (unaudited)	825,000

Notes:

(1) This figure is for a forecasted period of 12 months and is comprised of salaries and benefits in the amount of approximately $50,000, consulting fees in the amount of approximately $210,000, travel expenses in the amount of approximately $20,000, insurance in the amount of approximately $50,000, professionals' fees in the amount of approximately $100,000, transfer agent and regulatory fees in the amount of approximately $25,000, technology expenses in the amount of approximately $10,000 and marketing and office expenses in the amount of approximately $10,000.

(2) This figure is for a forecasted period of 12 months and is comprised of costs of $550,000 in connection with the Development Agreement with Dalton Pharma Inc, entered into to complete process development and initiate manufacture of MDMA, as well as costs pertaining to validation of the Company's novel processes, costs of $25,000 in connection with the agreement with J&C Consulting, entered into to for development of novel formulations and processes of synthesis of MDXX molecules, and costs of approximately $200,000 for toxicological testing of novel formulations, which will allow for potential clinical studies in the United States or Europe once the Company's product development programs are advanced from pre-clinical stage to human clinical stage, $25,000 for intellectual property development and registration and $300,000 for commercial drug development, including but not limited to the setup of a designated development and secure storage facility.

It is anticipated that the Company will have sufficient cash available to execute its business plan and to pay its operating and administrative costs for at least twelve months after the completion of its intended listing on the CSE.

Unallocated funds will be deposited in the Company's bank account and added to the working capital of the Company. The CFO of the Company will be responsible for the supervision of all financial assets of the Company. Based on the Company's cash flow requirements, management will determine the appropriate level of liquidity required for operations and will draw down such funds as necessary.

There may be circumstances, where for business reasons, a reallocation of funds may be necessary in order for the Company to achieve its stated business objectives. To date, the COVID-19 pandemic has not had an impact on the Company's available funds or the anticipated use of such funds.

The Company cannot guarantee it will have a cash flow positive status from operating activities in future periods. As a result, the Company continues to rely on the issuance of securities or other sources of financing to generate sufficient funds to fund its working capital requirements and for corporate expenditures. The Company could have negative cash flow from operating activities until sufficient levels of sales are achieved. To the extent that the Company has negative cash flow from operating activities in future periods, the Company may need to use a portion of proceeds from any offering to fund such negative cash flow.

CAPITAL MANAGEMENT

The Company manages its capital with the following objectives:

- to ensure sufficient financial flexibility to achieve the ongoing business objectives including funding of future growth opportunities, and pursuit of accretive acquisitions; and
- to maximize shareholder return through enhancing the share value.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Company may manage its capital structure by issuing new shares, repurchasing outstanding shares, adjusting capital spending, or disposing of assets. The capital structure is reviewed by management and the Board of Directors on an ongoing basis. The Company's ability to continue to carry out its planned activities is uncertain and dependent upon the continued financial support of its shareholders and securing additional financing.

The Company considers its capital to be equity, which comprises share capital, special warrants, warrants, contributed surplus and, accumulated deficit, which at May 31, 2021 totaled equity of $2,764,292.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

Related Party Transactions

Related parties include the Board of Directors, officers, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

The Chief Financial Officer ("CFO") of the Company is the managing director of Marrelli Support Services Inc. ("MSSI"). During the period from incorporation to May 31, 2021, the Company incurred professional fees of $21,235 to MSSI. These services were incurred in the normal course of operations for general accounting and financial reporting matters. As at May 31, 2021, MSSI was owed $16,120, inclusive of HST with respect to services provided, and this amount was included in accounts payable and accrued liabilities.

On March 23, 2021, the Company granted stock options to directors, officers to purchase 2,100,000 common shares of the Company at an exercise price of $0.05 for a period of 5 years following the date of grant, which vest 25% every three months. The options granted to directors and officers were valued at $78,000 During the period ended the Company recorded stock based compensation expense of $21,431 related to the grant of stock options.

During the period from incorporation to May 31, 2021, the Company incurred consulting and payroll fees of $44,214 to the Chief Executive Officer ("CEO") and companies controlled by the CEO. As at May 31, 2021, the CEO and companies controlled by him were owed $10,170 inclusive of HST, and this amount was included in accounts payable and accrued liabilities.

The Company is not aware of any arrangements that may at a subsequent date result in a change in control of the Company. To the knowledge of the Company, it is not directly or indirectly owned or controlled by another corporation, by any government or by any natural or legal person severally or jointly.

Accounting pronouncements

Accounting Standards Issued but not yet Applied

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for annual periods beginning on or after January 1, 2022 or later periods.

IAS 1 – Presentation of Financial Statements (“IAS 1”) was amended in January 2020 to provide 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 clarify that the classification of liabilities as current or noncurrent is based solely on a company’s right to defer settlement at the reporting date. The right needs to be unconditional and must have substance. The amendments also clarify that the transfer of a company’s own equity instruments is regarded as settlement of a liability, unless it results from the exercise of a conversion option meeting the definition of an equity instrument. The amendments are effective for annual periods beginning on January 1, 2023.

IAS 37 – Provisions, Contingent Liabilities, and Contingent Assets (“IAS 37”) was amended. The amendments clarify that when assessing if a contract is onerous, the cost of fulfilling the contract includes all costs that relate directly to the contract – i.e. a full-cost approach. Such costs include both the incremental costs of the contract (i.e. costs a company would avoid if it did not have the contract) and an allocation of other direct costs incurred on activities required to fulfill the contract – e.g. contract management and supervision, or depreciation of equipment used in fulfilling the contract. The amendments are effective for annual periods beginning on January 1, 2022.

IFRS 3 – Business Combinations ("IFRS 3") was amended. The amendments introduce new exceptions to the recognition and measurement principles in IFRS 3 to ensure that the update in references to the revised conceptual framework does not change which assets and liabilities qualify for recognition in a business combination. An acquirer should apply the definition of a liability in IAS 37 – rather than the definition in the Conceptual Framework – to determine whether a present obligation exists at the acquisition date as a result of past events. For a levy in the scope of IFRIC 21, the acquirer should apply the criteria in IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. In addition, the amendments clarify that the acquirer should not recognize a contingent asset at the acquisition date. The amendments are effective for annual periods beginning on January 1, 2022.

Financial Risk Management

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate, foreign exchange rate and commodity and equity price risk). There were no changes to the Company's risk factors during the year ended May 31, 2021.

The Company's management team carries out risk management with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfil its payment obligations. The Company's credit risk is primarily attributable cash, subscription receivables, and HST receivable. Cash is held with reputable Canadian financial institutions, and receivables are from trusted institutions or individuals from which management believes the risk of loss to be minimal.

Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or matters specific to the Company. The Company generates cash flow primarily from its financing activities. As at May 31, 2021, the Company had cash of $2,915,636 to settle current liabilities of $343,526. All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. The Company regularly evaluates its cash position to ensure preservation and security of capital as well as liquidity.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market risk factors. The Company is not exposed to significant market risk.

SHARE CAPITAL

As of the date of this MD&A, the Company had 42,309,000 issued and outstanding common shares and 40,689,600 common shares reserved for issuance upon the conversion, for no additional consideration, of 40,689,600 Special Warrants.

Warrants outstanding for the Company at the date of this MD&A were as follows:

Warrants	Expiry Date	Exercise Price ($)
5,250,000	February 01, 2023	0.05
870,000	February 05, 2023	0.05
115,000	February 16, 2023	0.05
531,952	May 14, 2023	0.10

Stock options outstanding for the Company at the date of this MD&A were as follows:

Options	Expiry Date	Exercise Price ($)
2,860,000	March 23, 2026	0.05
1,700,000	June 18, 2026	0.10
450,000	August 12, 2026	0.10

RISKS AND UNCERTAINTIES

Due to the nature of the Company's business, the legal and economic climate in which the Company operates and the present stage of development of its business, the Company may be subject to significant risks. An investment in the Company's shares should be considered highly speculative. The Company's future development and actual operating results may be very different from those expected as at the date of this MD&A. There can be no certainty that the Company will be able to implement successfully its strategies. No representation is or can be made as to the future performance of the Company and there can be no assurance that the Company will achieve its objectives. An investor should carefully consider each of, and the cumulative effect of, the following factors.

Limited Operating History

The Company has a limited operating history in its industry upon which its business and future prospects may be evaluated. The Company is subject to all of the business risks and uncertainties associated with a new business enterprise, including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources, lack of revenues and the risk that the Company will not achieve its operating goals. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of the Company's success must be considered in light of its early stage of operations.

Actual Financial Position and Results of Operations May Differ from Expectations of Management

The Company's actual financial position and results of operations may differ materially from management's expectations. The Company's revenue, net income and cash flow may differ materially from the Company's projected revenue, net income and cash flow. The process for estimating the Company's revenue, net income and cash flow requires the use of judgment in determining the appropriate assumptions and estimates. These estimates and assumptions may be revised as additional information becomes available and as additional analyses are performed. In addition, the assumptions used in planning may not prove to be accurate, and other factors may affect the Company's financial condition or results of operations.

Psychedelics Regulatory Risk

The psychedelic therapy and psychopharmalogical industries are new and emerging industries with substantial existing regulations and uncertainty as to future regulations. There can be no guarantee related to the future legal status of psychedelic compounds in Canada, the United States or other jurisdictions. The jurisdictional treatment of the substances would have a significant impact on the ability of the Company to continue operating or expand its business. The Company's prospects and reputation may also be impacted by developments of these laws.

Violations of Laws and Regulations Could Result in Repercussions

In the United States, certain psychedelic drugs, including MDMA and multiple other MDXX compounds, are classified as Schedule I drugs under the CSA and the Controlled Substances Import and Export Act (the "CSIEA") and as such, medical and recreational use currently is illegal under the United States federal laws. Certain other jurisdictions have similarly regulated certain psychedelic drugs. The Company's programs involving Schedule I drugs are conducted in strict compliance with the laws and regulations regarding the production, storage and use of Schedule I drugs. As such, all facilities engaged with such substances by or on behalf of the Company do so under current licenses and permits issued by appropriate federal, provincial, state and local governmental agencies. While the Company is conducting research and development of MDMA, the Company does not have any direct or indirect involvement with the illegal selling, production or distribution of any substances in the jurisdictions in which it operates and does not intend to have any such involvement. However, a violation of any United States federal laws and regulations, such as the CSA and CSIEA, or of similar legislation in the jurisdictions in which it operates, including Taiwan, could result in significant fines, penalties, administrative sanctions, convictions or settlements arising from civil proceedings initiated by either government entities in the jurisdictions in which the Company operates, or private citizens or criminal charges. The loss of the necessary licenses and permits for Schedule I drugs could have an adverse effect on the Company's operations.

Lack of Supporting Clinical Data

The clinical effectiveness and safety of any of the Company's developmental products is not yet supported by clinical data and the medical community has not yet developed a large body of peer reviewed literature that supports the safety and efficacy of the Company's products. If future studies call into question the safety or efficacy of the Company's products, the Company's business, financial condition, and results of operations could be adversely affected.

Research and Development Risk

A principal component of the Company's business strategy is to expand its product offering. As such, the Company's organic growth and long-term success is dependent in part on its ability to successfully develop new and current products and it will likely incur significant research and development expenditures to do so. The Company cannot be certain that any investment in research and development will yield technically feasible or commercially viable products. Furthermore, its ability to discover and develop products will depend on its ability to:

- retain key scientists as employees or partners;
- identify high quality therapeutic targets and unmet medical needs;
- identify potential drug candidates and medical devices;
- develop products internally and assist its partners with development;
- successfully complete laboratory testing and clinical trials on humans;
- obtain and maintain necessary intellectual property rights to the Company's products;
- obtain and maintain necessary U.S. and other regulatory approvals for its products;
- collaborate with third parties to assist in the development of its products; and
- enter into arrangements with third parties to co-develop, license, and commercialize its products.

The Company may not be successful in discovering and developing drug and medical device products. Failure to introduce and advance new and current products could materially and adversely affect the Company's operations and financial condition.

Clinical Development Risks

The Company must demonstrate the safety and efficacy of its products through, among other things, extensive clinical testing. The Company's drug research and development programs are at an early stage of development. Numerous unforeseen events during, or as a result of, the testing process could delay or prevent commercialization of any products the Company develops, including the following:

- the results of early clinical studies may be inconclusive, may demonstrate potentially unsafe drug characteristics, or may not be indicative of results that will be obtained in later human clinical trials;
- the safety and efficacy results attained in the early clinical studies may not be indicative of results that are obtained in later clinical trials; and
- after reviewing early clinical study results, the Company or its partners or collaborators may abandon projects that were previously thought to be promising.

Clinical studies are very expensive, can run into unexpected difficulties and the outcomes are uncertain. Clinical studies of the Company's products may not be completed on schedule or on budget. The Company's failure to complete any of its clinical studies on schedule or on budget, or its failure to adequately demonstrate the safety and efficacy of any of the products it develops, could delay or prevent regulatory approval of such products, which could adversely affect the Company's business, financial condition, and results of operations.

Regulatory Approval, Licenses and Permits

The Company may be required to obtain and maintain certain permits, licenses, and approvals in the jurisdictions where its products or technologies are being researched, developed, or commercialized. There can be no assurance that the Company will be able to obtain or maintain any necessary licenses, permits, or approvals. Any material delay or inability to receive these items is likely to delay and/or inhibit the Company's ability to conduct its business, and would have an adverse effect on its business, financial condition, and results of operations.

In particular, the Company will require approval from the FDA and equivalent organizations in other countries before any of its products can be marketed. There is no assurance that such approvals will be forthcoming. Furthermore, the exact nature of the studies these regulatory agencies will require is not known and can be changed at any time by the regulatory agencies, increasing the financing risk and potentially increasing the time to market the Company faces, which could adversely affect the Company's business, financial condition or results of operations.

Inability to Identify, Discover or License Product Candidates and Reliance on Third Parties

The success of the Company's business depends on its ability to utilize its artificial intelligence platform to identify and evaluate new medical indications for psychedelic-derived pharmaceuticals and license such pharmaceuticals. The Company's research programs and artificial intelligence platform may fail to yield product candidates and the Company may fail to license identified product candidates for a number of reasons, including but not limited to the following:

- the Company's research process may be unsuccessful in identifying new uses for the psychedelic-derived drugs evaluated and product candidates suitable for repurposing;
- the Company may not be able or willing to assemble sufficient resources to identify or discover additional product candidates;
- the Company may not succeed in partnering with third parties to advance identified product candidates to the experimental research stage of drug repurposing;
- the Company's identified product candidates may not succeed in pre-clinical or clinical testing;
- pharmaceutical companies may develop alternatives that render the Company's identified product candidates obsolete or less attractive;
- the market for an identified product candidate may change during the Company's program so that such a product candidate may not be attractive to pharmaceutical companies;

- an identified product candidate may not be capable of being produced in commercial quantities at an acceptable cost, or at all; and
- an identified product candidate may not be accepted as safe and effective by patients, the medical community or third-party payors.

If any of these events occurs, the Company may be forced to abandon its efforts to identify, discover or license product candidates, which would have a material adverse effect on its business and could potentially cause the Company to cease operations. Research programs to identify new product candidates require substantial technical, financial and human resources. The Company may focus its efforts and resources on potential programs or product candidates that ultimately prove to be unsuccessful.

In addition, the Company does not yet manufacture any products and currently relies, and intends to rely, on third parties to manufacture the products that the Company identifies as product candidates. The Company's research, development and commercialization of its product candidates could be stopped or delayed if any such third party fails to provide sufficient quantities of any products, fails to provide products at acceptable quality levels or prices or fails to achieve satisfactory regulatory compliance. If any of these events occurs, the Company may be forced to abandon its research, development and commercialization programs in respect of certain or all products, which would have a material adverse effect on its business and could potentially cause the Company to cease operations.

No Assurance of Profits or Revenues

There is no assurance as to whether the Company will be profitable, earn revenues, or pay dividends. The Company has incurred and anticipates that it will continue to incur substantial expenses relating to the development and initial operations of its business. The payment and amount of any future dividends will depend upon, among other things, the Company's results of operations, cash flow, financial condition, and operating and capital requirements. There is no assurance that future dividends will be paid, and, if dividends are paid, there is no assurance with respect to the amount of any such dividends.

The Company as a Going Concern

The continued operation of the Company as a going concern is dependent upon the Company's ability to generate positive cash flows and/or obtain additional financing sufficient to fund continuing activities and acquisitions. While the Company continues to review its operations in order to identify strategies and tactics to increase revenue streams and financing opportunities, there is no assurance that the Company will be successful in such efforts; if the Company is not successful, it may be required to significantly reduce or limit operations, or no longer operate as a going concern. It is also possible that operating expenses could increase in order to grow the business. If the Company does not significantly increase its revenue to meet these increased operating expenses and/or obtain financing until its revenue meets these operating expenses, its business, financial condition and operating results could be materially adversely affected. The Company cannot be sure when or if it will ever achieve profitability and, if it does, it may not be able to sustain or increase that profitability.

Intellectual Property and Licenses

The Company's success is heavily dependent on the Company's intangible properties and technologies, and will depend in part on its ability to protect and maintain its intellectual property rights. No assurance can be given that the patents with respect to the Company's artificial intelligence technology the Company will not be challenged, invalidated, infringed or circumvented, nor that the patents will provide competitive advantages to the Company. Moreover, the Company could potentially incur substantial legal costs in defending legal actions which allege patent infringement or by instituting patent infringement suits against others. The Company's commercial success also depends on the Company not infringing patents or proprietary rights of others. There can be no assurance that the Company will be able to maintain such licenses that it may require to conduct its business or that such licences have been obtained at a reasonable cost. Furthermore, there can be no assurance that the Company will be able to remain in compliance with

any such licenses. Consequently, there may be a risk that such licenses may be withdrawn with no compensation or penalties to the Company.

Product Liability

The risk of product liability is inherent in the research, development, marketing and use of pharmaceutical products. Product candidates and products that the Company may license or sell in the future may cause, or may appear to have caused, injury or dangerous drug reactions, and expose the Company to product liability claims. These claims might be made by patients who use the product, healthcare providers, pharmaceutical companies, corporate collaborators or others selling such products. Regardless of the merits or eventual outcome, product liability claims or other claims related to the Company's product candidates may result in:

- decreased demand for the Company's services or willingness to partner with the Company due to negative public perception;
- injury to the Company's reputation;
- initiation of investigations by regulators;
- costs to defend or settle related litigation;
- a diversion of management's time and resources;
- substantial monetary awards to patients;
- product recalls, withdrawals or labeling, marketing or promotional restrictions;
- loss of revenues from product sales; and
- the inability to license or sell any of the Company's identified product candidates.

The insurance coverage of any insurance obtained by the Company may not be sufficient to reimburse the Company for any expenses or losses it may suffer. Insurance coverage is becoming increasingly expensive, and, in the future, the Company, or any of its collaborators, may not be able to maintain insurance coverage at a reasonable cost or in sufficient amounts or at all to protect against losses due to liability. Even if the Company's agreements with any future collaborators entitle it to indemnification against product liability losses, such indemnification may not be available or adequate should any claim arise. If a successful product liability claim or series of claims is brought against the Company for uninsured liabilities or in excess of insured liabilities, its assets may not be sufficient to cover such claims and its business operations could be impaired.

Should any of the events described above occur, this could have a material adverse effect on the Company's business, financial condition and results of operations.

Unproven Market for Products and Technologies

The Company believes that the anticipated market for its potential products and technologies will continue to exist and expand. These assumptions may prove to be incorrect for a variety of reasons, including competition from other products and technologies and the degree of commercial viability of the potential product candidates identified by the Company's artificial intelligence platform. Even when product candidates are successfully identified, the Company's ability to generate significant revenue depends on the acceptance of such identified product candidates by the Company's potential partners and pharmaceutical companies. The Company cannot be sure that its products and technologies or any identified product candidates will achieve the expected market acceptance and demand. Any factors preventing or limiting the market acceptance of the Company's products and technologies or any identified product candidates for licensing could have a material adverse effect on the Company's business, results of operations, and financial condition.

Because the psychedelics 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.

Publicity or Consumer Perception

The Company believes psychedelic pharmaceuticals industry is highly dependent upon consumer perception regarding the safety, efficacy and quality of psychedelic compounds. 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 MDMA and psychedelic pharmaceutical markets or any particular product, 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 services. 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 and the demand for the Company's services. Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of MDMA or other psychedelic compounds in general, or other negative effects or events related to medications and other psychedelic compounds, could have such a material adverse effect.

Changes to Patent Law

Important legal issues remain to be resolved as to the extent and scope of available patent protection for biopharmaceutical and technological processes in Canada and other important markets outside Canada, such as Europe or the United States. As such, litigation or administrative proceedings may be necessary to determine the validity, scope and ownership of certain of the Company's and others' proprietary rights. Any such litigation or proceeding may result in a significant commitment of resources in the future and could force the Company to do one or more of the following: cease using any of its future products that incorporate a challenged intellectual property, which would adversely affect its revenue; obtain a license or other rights from the holder of the intellectual property right alleged to have been infringed or otherwise violated, which license may not be available on reasonable terms, if at all; and redesign its future products to avoid infringing or violating the intellectual property rights of third parties, which may be time-consuming or impossible to do. In addition, changes in patent laws in Canada and other countries may result in allowing others to use its discoveries or develop and commercialize the Company's products. The Company cannot provide assurance that the patents it obtains will afford it significant commercial protection.

Enforcement of Intellectual Property in Other Jurisdictions

The laws of foreign countries may not protect intellectual property rights to the same extent as the laws of Canada. Many companies have encountered significant problems in protecting and defending intellectual property rights in certain foreign jurisdictions. This risk is exacerbated for the Company because it expects that identified product candidates may be licensed or used in a number of foreign countries.

The legal systems of some countries, particularly developing countries, do not favor the enforcement of patents and other intellectual property protection. This could make it difficult to stop the infringement or other misappropriation of the Company's intellectual property rights. For example, several foreign countries have compulsory licensing laws under which a patent owner must grant licenses to third parties. In addition, some countries limit the enforceability of patents against third parties, including government agencies or government contractors. In these countries, patents and trade secrets may provide limited or no benefit.

Most jurisdictions in which the Company intends to apply for patents have patent protection laws similar to those of Canada, but some of them do not. For example, the Company may do business in the future in countries that may not provide the same or similar protection as that provided in Canada. Additionally, due to uncertainty in patent protection law, the Company has not filed applications in many countries where significant markets exist.

Proceedings to enforce patent rights in foreign jurisdictions could result in substantial costs and divert the Company's efforts and attention from other aspects of its business. Accordingly, efforts to protect intellectual property rights in such countries may be inadequate. In addition, changes in the law and legal decisions by courts in Canada, the US, and foreign countries may affect the Company's ability to obtain adequate protection for its technology and the enforcement of its intellectual property.

Need for Additional Financing

The Company has no history of significant earnings and, due to the nature of its business, there can be no assurance that the Company will be profitable. There is no guarantee that the Company will be able to achieve its business objectives. The continued development of the Company will require additional financing. The failure to raise such capital could result in the delay or indefinite postponement of current business objectives or the Company going out of business. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favourable to the Company.

Any additional equity financing may be dilutive to shareholders, and debt financing, if available, may involve restrictive covenants. If additional funds are raised through the issuance of equity securities, the percentage ownership of the shareholders of the Company will be reduced, shareholders may experience additional dilution in net book value per share, or such equity securities may have rights, preferences or privileges senior to those of the holders of the Common Shares. If adequate funds are not available on acceptable terms, the Company may be unable to develop or enhance its products and services, take advantage of future opportunities or respond to competitive pressures, any of which could have a material adverse effect on its business, financial condition and operating results, or the Company may be forced to cease operations.

Conflicts of Interest

The Company may be subject to various potential conflicts of interest because some of its officers and directors may be engaged in a range of business activities. In addition, the Company's executive officers and directors may devote time to their outside business interests, so long as such activities do not materially or adversely interfere with their duties to the Company. In some cases, the Company's executive officers and directors may have fiduciary obligations associated with these business interests that interfere with their ability to devote time to the Company's business and affairs and that could adversely affect the Company's operations. These business interests could require significant time and attention of the Company's executive officers and directors.

In addition, the Company may become involved in other transactions which conflict with the interests of its directors and officers who may from time to time deal with persons, firms, institutions or companies with which the Company may be dealing, or which may be seeking investments similar to those desired by it. The interests of these persons could conflict with those of the Company. In addition, from time to time, these persons may be competing with the Company for available investment opportunities. Conflicts of interest, if any, will be subject to the procedures and remedies provided under applicable laws. In particular, if such a conflict of interest arises at a meeting of the Company's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In accordance with applicable laws, the directors of the Company are required to act honestly, in good faith and in the best interests of the Company.

Negative Operating Cash Flow

The Company's business has incurred losses since its inception. Although the Company expects to become profitable, there is no guarantee that will happen, and the Company may never become profitable. The Company currently has a negative operating cash flow and may continue to have a negative operating cash flow for the foreseeable future. To date, the Company has not generated any revenues and a large portion of the Company's expenses are fixed, including expenses related to facilities, equipment, contractual commitments and personnel. As a result, the Company expects for its net losses from operations to improve. The Company's ability to generate additional revenues and potential to become profitable will depend largely on its ability to manufacture and market its products and services.

There can be no assurance that any such events will occur or that the Company will ever become profitable. Even if the Company does achieve profitability, the Company cannot predict the level of such profitability. If the Company sustains losses over an extended period of time, the Company may be unable to continue its business.

Reputational Damage in Certain Circumstances

Damage to the Company's reputation can be the result of the actual or perceived occurrence of any number of events, and could include any negative publicity, whether true or not. The increased usage of social media and other web-based tools used to generate, publish and discuss user-generated content and to connect with other users has made it increasingly easier for individuals and groups to communicate and share opinions and views regarding the Company and its activities, whether true or not. Although the Company believes that it operates in a manner that is respectful to all stakeholders and that it takes care in protecting its image and reputation, the Company does not ultimately have direct control over how it is perceived by others. Reputation loss may result in decreased investor confidence, increased challenges in developing and maintaining community relations and an impediment to the Company's overall ability to advance its projects, thereby having a material adverse impact on financial performance, financial condition, cash flows and growth prospects.

Internal Controls over Financial Reporting

One or more material weaknesses in the Company's internal controls over financial reporting could occur or be identified in the future. In addition, because of inherent limitations, the Company's internal controls over financial reporting may not prevent or detect misstatements, and any projections of any evaluation of effectiveness of internal controls to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the Company's policies or procedures may deteriorate. If the Company fails to maintain the adequacy of its internal controls, including any failure or difficulty in implementing required new or improved controls, its business and results of operations could be harmed, the Company may not be able to provide reasonable assurance as to its financial results or meet its reporting obligations and there could be a material adverse effect on the price of its securities.

Difficulties with Forecasts

The Company must rely largely on its own market research to forecast sales as detailed forecasts are not generally obtainable from other sources at this early stage of the psychedelic-derived pharmaceuticals industry. A failure in the demand for its products and services to materialize as a result of competition, technological change or other factors could have a material adverse effect on the business, results of operations and financial condition of the Company.

Retention and Acquisition of Management and Skilled Personnel

The success of the Company is currently largely dependent on the performance of its directors and officers. 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 or other qualified personnel required to operate its business. In addition, an inability to hire, or the increased costs of new personnel, including members of executive management, could have a material adverse effect on the Company's business and operating results. At present and for the near future, the Company will depend upon a relatively small number of employees to develop, market, sell and support its products. The expansion of marketing and sales of its products will require the Company to find, hire and retain additional capable employees who can understand, explain, market and sell its products. There is intense competition for capable personnel in all of these areas and the Company may not be successful in attracting, training, integrating, motivating, or retaining new personnel, vendors, or subcontractors for these required functions. New employees often require significant training and, in many cases, take significant time before they achieve full productivity. As a result, the Company may incur significant costs to attract and retain employees, including significant expenditures related to salaries and benefits and compensation expenses related to equity awards, and may lose new employees to its competitors or other companies before it realizes the benefit of its investment in recruiting and training them.

Key Person Insurance

The Company does not maintain key person insurance on any of its directors or officers, and as result the Company would bear the full loss and expense of hiring and replacing any director or officer in the event the loss of any such persons by their resignation, retirement, incapacity, or death, as well as any loss of business opportunity or other costs suffered by the Company from such loss of any director or officer.

Public Health Crises

The Company may be adversely affected by public health crises and other events outside its control. Public health crises, such as epidemics and pandemics, acts of terrorism, war or other conflicts and other events outside of the Company's control, may adversely impact the activities of the Company as well as operating results. In addition to the direct impact that such events could have on the Company's facilities and workforce, these types of events could negatively impact capital expenditures and overall economic activity in impacted regions or, depending on the severity of the event, globally, which could impact the demand for and prices of commodities, interest rates, credit ratings, credit risk and inflation.

On January 30, 2020, the World Health Organization declared the outbreak or COVID-19 a global health emergency, on March 12, 2020, the World Health Organization declared the outbreak a pandemic and on March 13, 2020 the United States 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 continues to operate its business at this time and to date has not been materially adversely impacted by the outbreak. However, a prolonged continuance of this public health crisis, an increase in its breadth or in its overall severity, could adversely affect the Company's workforce and ability to operate generally as well as cause significant investment decisions to be delayed or postponed. A prolonged continuance of this public health crisis could also have a material adverse effect on overall economic growth and impact the stability of the financial markets and availability of credit, as well as risks to employee health and safety, a slowdown or temporary suspension of operations impacted by an outbreak, increased labour and fuel costs, regulatory changes, political or economic instabilities or civil unrest.. Any of these developments could have a material adverse effect on the Company's business, financial position, liquidity and results of operations.

Legal Proceedings

From time to time, the Company may be a party to legal and regulatory proceedings, including matters involving governmental agencies, entities with whom the Company does business and other proceedings arising in the ordinary course of business. The Company will evaluate its exposure to these legal and regulatory proceedings and establish reserves for the estimated liabilities in accordance with generally accepted accounting principles. Assessing and predicting the outcome of these matters involves substantial uncertainties. Unexpected outcomes in these legal proceedings, or changes in management's evaluations or predictions and accompanying changes in established reserves, could have an adverse impact on the Company's financial results.

Regulatory Compliance Risks

Achievement of the Company's business objectives is subject to compliance with regulatory requirements enacted by governmental authorities. The Company may incur costs and obligations related to regulatory compliance. 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. In addition, changes in regulations 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.

In both domestic and foreign markets, the development, formulation, manufacturing, packaging, labeling, handling, distribution, import, export, licensing, sale and storage of pharmaceuticals and medical devices are affected by a body of laws, governmental regulations, administrative determinations, including those by the FDA, court decisions and similar constraints. Such laws, regulations and other constraints can exist at the federal, provincial or local levels in Canada and at all levels of government in foreign jurisdictions. There can be no assurance that the Company and the Company's partners are in compliance with all of these laws, regulations and other constraints. The Company and its partners may be required to incur significant costs to comply with such laws and regulations in the future, and such laws and regulations may have an adverse effect on the business. The failure of the Company or its partners to comply with current or future regulatory requirements could lead to the imposition of significant penalties or claims and may have a material adverse effect on the business. In addition, the adoption of new laws, regulations or other constraints or changes in the interpretations of such requirements might result in significant compliance costs or lead the Company and its partners to discontinue product development and could have an adverse effect on the business.

Risks Relating to the Common Shares

CSE Listing

The Company has applied to the CSE to list the Common Shares. Listing is subject to the CSE's conditional approval and to the Company's fulfillment of all of the requirements of the CSE. If listing occurs, the Company cannot predict the prices at which the Common Shares will trade. If an active and liquid trading market for the Common Shares does not develop or is not maintained, investors may have difficulties selling their Common Shares. There can be no assurance that there will be sufficient liquidity of the Common Shares on the trading market, or that the Company will continue to meet the listing requirements of the CSE or any other public listing exchange on which the Common Shares may subsequently be listed.

No Established Market, Market Price of Common Shares and Volatility

The Common Shares do not currently trade on any exchange or stock market. Securities of companies with a small market capitalization have experienced substantial volatility in the past, often based on factors unrelated to the companies' financial performance or prospects. These factors include macroeconomic developments in North America and globally, as well as market perceptions of the attractiveness of particular industries. Factors unrelated to the Company's performance that may affect the price of the Common Shares include the following: the extent of analytical coverage available to investors concerning the Company's business may be limited if investment banks with research capabilities do not follow the Company; lessening in trading volume and general market interest in the Common Shares may affect an investor's ability to trade significant numbers of Common Shares; the size of the Company's public float may limit the ability of some institutions to invest in Common Shares; and a substantial decline in the price of the Common Shares that persists for a significant period of time could cause the Common Shares, once listed on the Exchange, to be delisted, further reducing market liquidity. As a result of any of these factors, the market price of the Common Shares at any given point in time may not accurately reflect the Company's long-term value. Securities class action litigation often has been brought against companies following periods of volatility in the market price of their securities. The Company may in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert management's attention and resources. The fact that no market currently exists for the Common Shares may affect the pricing of the Common Shares in the secondary market, the transparency and availability of trading prices and the liquidity of the Common Shares.

In recent years, the securities markets in Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price of the Common Shares will not occur. It may be anticipated that any quoted market for the Common Shares will be subject to market trends generally, notwithstanding any potential success of the Company in creating revenues, cash flows or earnings. If an active public market for the Common Shares does not develop, the liquidity of a shareholder's investment may be limited and the share price may decline below the initial purchase price.

Dividends

The Company intends to retain earnings, if any, to finance the growth and development of the Company's business and does not intend to pay cash dividends on the Common Shares in the foreseeable future. The payment of future cash dividends, if any, will be reviewed periodically by the Board and will depend upon, among other things, conditions then existing including earnings, financial condition and capital requirements, restrictions in financing agreements, business opportunities and conditions and other factors.

Additional Regulatory Burden from Listing

Prior to the Listing, the Company has not been subject to the continuous and timely disclosure requirements of Canadian securities laws or other rules, regulations and policies of the Exchange or any other stock exchange. The Company is working with its legal, accounting and financial advisors to identify those areas in which changes should be made to its financial management control systems to manage its obligations as a public company. These areas include corporate governance, corporate controls, disclosure controls and procedures and financial reporting and accounting systems. The Company has made, and will continue to make, changes in these and other areas, including its internal controls over financial reporting. However, the Company cannot assure purchasers of Common Shares that these and other measures that it might take will be sufficient to allow it to satisfy its obligations as a public company on a timely basis. In addition, compliance with reporting and other requirements applicable to public companies will create additional costs for the Company and will require the time and attention of management. The Company cannot predict the amount of the additional costs that it might incur, the timing of such costs or the impact that management's attention to these matters will have on its business.

Dilution

Future sales or issuances of equity securities could decrease the value of the Common Shares, dilute shareholders' voting power and reduce future potential earnings per Common Share. The Company intends to sell additional equity securities in subsequent offerings (including through the sale of securities convertible into Common Shares) and may issue additional equity securities to finance its operations, development, acquisitions or other projects. The Company cannot predict the size of future sales and issuances of equity securities or the effect, if any, that future sales and issuances of equity securities will have on the market price of the Common Shares. Sales or issuances of a substantial number of equity securities, or the perception that such sales could occur, may adversely affect prevailing market prices for the Common Shares. With any additional sale or issuance of equity securities, investors will suffer dilution of their voting power and may experience dilution in the Company's earnings per Common Share.

Sales of Substantial Amounts of the Common Shares

Sales of substantial amounts of the Common Shares, or the availability of such securities for sale, could adversely affect the prevailing market prices for the Common Shares. A decline in the market prices of the Common Shares could impair the Company's ability to raise additional capital through the sale of securities should it desire to do so.

Securities or Industry Analysts

The trading market for the Common Shares will depend in part on the research and reports that securities or industry analysts publish about the Company or its business. The Company does not currently have and may never obtain research coverage by securities and industry analysts. If no securities or industry analysts commence covering the Company, the trading price for the Common Shares may be negatively impacted. If the Company obtains securities or industry analyst coverage and if one or more of the analysts who cover the Company downgrade the Common Shares or publish inaccurate or unfavorable research about its business, the trading price of the Common Shares may decline. If one or more of these analysts cease coverage of the Company or fail to publish reports on us regularly, demand for the Common Shares could decrease, which could cause the trading price and volume of the Common Shares to decline.

Future Sales of Common Shares by Principal Shareholders, Officers and Directors

Subject to compliance with applicable securities laws and the terms of any arrangements described under "Escrowed Securities and Securities Subject to Contractual Restrictions on Transfer", the officers, directors, principal shareholders and their affiliates may sell some or all of the Common Shares held by such party in the future. No prediction can be made as to the effect, if any, such future sales of Common Shares will have on the market price of the Common Shares prevailing from time to time. However, the future sale of a substantial number of Common Shares by the Company's officers, directors, and any principal shareholders and their affiliates, or the perception that such sales could occur, could materially adversely affect prevailing market prices for the Common Shares.

Accordingly, if the Company's principal shareholders sell substantial amounts of securities in the public market, the market price of such securities could fall. Additional Common Shares issuable upon the exercise of stock options or the conversion of Common Shares may also be available for sale in the public market after the date of the listing of the Common Shares, which may also cause the market price of the Common Shares to fall.

Tax Issues

Income tax consequences in relation to the Common Shares will vary according to circumstances of each investor. Prospective investors should seek independent advice from their own tax and legal advisers prior to investing in Common Shares of the Company.

Discretion as to the Use of Available Funds

The Company's management will have broad discretion in how it uses the funds available to it. Management may use the available funds in ways that purchasers may not consider desirable. The results and the effectiveness of the application of the funds are uncertain. If the funds are not applied effectively, the results of the Company's operations may suffer. Management currently intends to allocate the available funds as described under "Use of Available Funds", however, management may elect to allocate the funds differently from that described under "Use of Available Funds" if it believes it would be in the Company's best interest to do so. Shareholders may not agree with the manner in which management chooses to allocate and spend the available funds.

SCHEDULE C
AUDIT COMMITTEE CHARTER

1. PURPOSE AND PRIMARY RESPONSIBILITY

1.1. This charter sets out the Audit Committee's purpose, composition, member qualification, member appointment and removal, responsibilities, operations, manner of reporting to the Board of Directors (the "**Board**") of Pharmala Biotech Holdings Inc. (the "**Company**"), annual evaluation and compliance with this charter.

1.2. The primary responsibility of the Audit Committee is that of oversight of the financial reporting process on behalf of the Board. This includes oversight responsibility for financial reporting and continuous disclosure, oversight of external audit activities, oversight of financial risk and financial management control, and oversight responsibility for compliance with tax and securities laws and regulations as well as whistle blowing procedures. The Audit Committee is also responsible for the other matters as set out in this charter and/or such other matters as may be directed by the Board from time to time. The Audit Committee should exercise continuous oversight of developments in these areas.

2. MEMBERSHIP

2.1. At least a majority of the Audit Committee must be comprised of independent directors of the Company as defined in sections 1.4 and 1.5 of National Instrument 52-110 – *Audit Committees* ("**NI 52-110**"), provided that should the Company become listed on a senior exchange, each member of the Audit Committee will also satisfy the independence requirements of such exchange.

2.2. The Audit Committee will consist of at least two members, all of whom shall be financially literate, provided that an Audit Committee member who is not financially literate may be appointed to the Audit Committee if such member becomes financially literate within a reasonable period of time following his or her appointment. Upon graduating to a more senior stock exchange, if required under the rules or policies of such exchange, the Audit Committee will consist of at least three members, all of whom shall meet the experience and financial literacy requirements of such exchange and of NI 52-110.

2.3. The members of the Audit Committee will be appointed annually (and from time to time thereafter to fill vacancies on the Audit Committee) by the Board. An Audit Committee member may be removed or replaced at any time at the discretion of the Board and will cease to be a member of the Audit Committee on ceasing to be an independent director.

2.4. The Chair of the Audit Committee will be appointed by the Board.

3. AUTHORITY

3.1. In addition to all authority required to carry out the duties and responsibilities included in this charter, the Audit Committee has specific authority to:

a) engage, set and pay the compensation for independent counsel and other advisors as it determines necessary to carry out its duties and responsibilities, and any such consultants or professional advisors so retained by the Audit Committee will report directly to the Audit Committee;

b) communicate directly with management and any internal auditor, and with the external auditor without management involvement; and

c) incur ordinary administrative expenses that are necessary or appropriate in carrying out its duties, which expenses will be paid for by the Company.

4. DUTIES AND RESPONSIBILITIES

4.1. The duties and responsibilities of the Audit Committee include:

a) recommending to the Board the external auditor to be nominated by the Board;

b) recommending to the Board the compensation of the external auditor to be paid by the Company in connection with (i) preparing and issuing the audit report on the Company's financial statements, and (ii) performing other audit, review or attestation services;

c) reviewing the external auditor's annual audit plan, fee schedule and any related services proposals (including meeting with the external auditor to discuss any deviations from or changes to the original audit plan, as well as to ensure that no management restrictions have been placed on the scope and extent of the audit examinations by the external auditor or the reporting of their findings to the Audit Committee);

d) overseeing the work of the external auditor;

e) ensuring that the external auditor is independent by receiving a report annually from the external auditors with respect to their independence, such report to include disclosure of all engagements (and fees related thereto) for non-audit services provided to the Company;

f) ensuring that the external auditor is in good standing with the Canadian Public Accountability Board by receiving, at least annually, a report by the external auditor on the audit firm's internal quality control processes and procedures, such report to include any material issues raised by the most recent internal quality control review, or peer review, of the firm, or any governmental or professional authorities of the firm within the preceding five years, and any steps taken to deal with such issues;

g) ensuring that the external auditor meets the rotation requirements for partners and staff assigned to the Company's annual audit by receiving a report annually from the external auditors setting out the status of each professional with respect to the appropriate regulatory rotation requirements and plans to transition new partners

and staff onto the audit engagement as various audit team members' rotation periods expire;

h) reviewing and discussing with management and the external auditor the annual audited and quarterly unaudited financial statements and related Management Discussion and Analysis ("**MD&A**"), including the appropriateness of the Company's accounting policies, disclosures (including material transactions with related parties), reserves, key estimates and judgements (including changes or variations thereto) and obtaining reasonable assurance that the financial statements are presented fairly in accordance with IFRS and the MD&A is in compliance with appropriate regulatory requirements;

i) reviewing and discussing with management and the external auditor major issues regarding accounting principles and financial statement presentation including any significant changes in the selection or application of accounting principles to be observed in the preparation of the financial statements of the Company and its subsidiaries;

j) reviewing and discussing with management and the external auditor the external auditor's written communications to the Audit Committee in accordance with generally accepted auditing standards and other applicable regulatory requirements arising from the annual audit and quarterly review engagements;

k) reviewing and discussing with management and the external auditor all earnings press releases, as well as financial information and earnings guidance provided to analysts and rating agencies prior to such information being disclosed;

l) reviewing the external auditor's report to the shareholders on the Company's annual financial statements;

m) reporting on and recommending to the Board the approval of the annual financial statements and the external auditor's report on those financial statements, the quarterly unaudited financial statements, and the related MD&A and press releases for such financial statements, prior to the dissemination of these documents to shareholders, regulators, analysts and the public;

n) satisfying itself on a regular basis through reports from management and related reports, if any, from the external auditors, that adequate procedures are in place for the review of the Company's disclosure of financial information extracted or derived from the Company's financial statements that such information is fairly presented;

o) overseeing the adequacy of the Company's system of internal accounting controls and obtaining from management and the external auditor summaries and recommendations for improvement of such internal controls and processes, together with reviewing management's remediation of identified weaknesses;

p) reviewing with management and the external auditors the integrity of disclosure controls and internal controls over financial reporting;

q) reviewing and monitoring the processes in place to identify and manage the principal risks that could impact the financial reporting of the Company and assessing, as part of its internal controls responsibility, the effectiveness of the over-all process for identifying principal business risks and report thereon to the Board;

r) satisfying itself that management has developed and implemented a system to ensure that the Company meets its continuous disclosure obligations through the receipt of regular reports from management and the Company's legal advisors on the functioning of the disclosure compliance system, (including any significant instances of non-compliance with such system) in order to satisfy itself that such system may be reasonably relied upon;

s) resolving disputes between management and the external auditor regarding financial reporting;

t) establishing procedures for: (i) the receipt, retention and treatment of complaints received by the Company from employees and others regarding accounting, internal accounting controls or auditing matters and questionable practises relating thereto; and (ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters;

u) reviewing and approving the Company's hiring policies with respect to partners or employees (or former partners or employees) of either a former or the present external auditor;

v) pre-approving all non-audit services to be provided to the Company or any subsidiaries by the Company's external auditor;

w) overseeing compliance with regulatory authority requirements for disclosure of external auditor services and Audit Committee activities;

x) establishing procedures for: (i) reviewing the adequacy of the Company's insurance coverage, including the Directors' and Officers' insurance coverage; (ii) reviewing activities, organizational structure, and qualifications of the Chief Financial Officer ("**CFO**") and the staff in the financial reporting area and ensuring that matters related to succession planning within the Company are raised for consideration at the Board; (iii) obtaining reasonable assurance as to the integrity of the Chief Executive Officer ("**CEO**") and other senior management and that the CEO and other senior management strive to create a culture of integrity throughout the Company; (iv) reviewing fraud prevention policies and programs, and monitoring their implementation; (v) reviewing regular reports from management and others (e.g., external auditors, legal counsel) with respect to the Company's compliance with laws and regulations having a material impact on the financial statements including:

a. Tax and financial reporting laws and regulations;

b. Legal withholding requirements;

c. Environmental protection laws and regulations; and

d. Other laws and regulations which expose directors to liability.

4.2. A regular part of Audit Committee meetings involves the appropriate orientation of new members as well as the continuous education of all members. Items to be discussed include specific business issues as well as new accounting and securities legislation that may impact the organization. The Chair of the Audit Committee will regularly canvass the Audit Committee members for continuous education needs and in conjunction with the Board education program, arrange for such education to be provided to the Audit Committee on a timely basis.

4.3. On an annual basis the Audit Committee shall review and assess the adequacy of this charter taking into account all applicable legislative and regulatory requirements as well as any best practice guidelines recommended by regulators or stock exchanges with whom the Company has a reporting relationship and, if appropriate, recommend changes to the Audit Committee charter to the Board for its approval.

5. MEETINGS

5.1. The quorum for a meeting of the Audit Committee is a majority of the members of the Audit Committee.

5.2. The Chair of the Audit Committee shall be responsible for leadership of the Audit Committee, including scheduling and presiding over meetings, preparing agendas, overseeing the preparation of briefing documents to circulate during the meetings as well as pre-meeting materials, and making regular reports to the Board. The Chair of the Audit Committee will also maintain regular liaison with the CEO, CFO, and the lead external audit partner.

5.3. The Audit Committee will meet in camera separately with each of the CEO and the CFO of the Company at least annually to review the financial affairs of the Company.

5.4. The Audit Committee will meet with the external auditor of the Company in camera at least once each year, at such time(s) as it deems appropriate, to review the external auditor’s examination and report.

5.5. The external auditor must be given reasonable notice of, and has the right to appear before and to be heard at, each meeting of the Audit Committee.

5.6. Each of the Chair of the Audit Committee, members of the Audit Committee, Chair of the Board, external auditor, CEO, CFO or secretary shall be entitled to request that the Chair of the Audit Committee call a meeting which shall be held within 48 hours of receipt of

such request to consider any matter that such individual believes should be brought to the attention of the Board or the shareholders.

6. REPORTS

6.1. The Audit Committee will report, at least annually, to the Board regarding the Audit Committee's examinations and recommendations.

6.2. The Audit Committee will report its activities to the Board to be incorporated as a part of the minutes of the Board meeting at which those activities are reported.

7. MINUTES

7.1. The Audit Committee will maintain written minutes of its meetings, which minutes will be filed with the minutes of the meetings of the Board.

8. ANNUAL PERFORMANCE EVALUATION

8.1. The Board will conduct an annual performance evaluation of the Audit Committee, taking into account the Charter, to determine the effectiveness of the Committee.

CERTIFICATE OF PHARMALA BIOTECH HOLDINGS INC.

Date: August 30, 2021

This prospectus constitutes full, true and plain disclosure or all material facts relating to the securities previously issued by Pharmala Biotech Holdings Inc. required by the securities legislation of British Columbia.

(signed) *Nicholas Kadysh*
Nicholas Kadysh
Chief Executive Officer

(signed) *Carmelo Marrelli*
Carmelo Marrelli
Chief Financial Officer

ON BEHALF OF THE BOARD OF DIRECTORS

(signed) *Jodi Butts*
Jodi Butts
Director

(signed) *Solomon Elimimian*
Solomon Elimimian
Director

CERTIFICATE OF THE PROMOTER

Dated: August 30, 2021

This prospectus constitutes full, true and plain disclosure of all material facts relating to the securities previously issued by Pharmala Biotech Holdings Inc. as required by the securities legislation of British Columbia.

(signed) "Nicholas Kadysh"
Nicholas Kadysh
Promoter