

FORM 2A

LISTING STATEMENT

This Listing Statement must be used for all initial applications for listing and for Issuers resulting from a fundamental change. The Exchange requires prospectus level disclosure in the Listing Statement (other than certain financial disclosure and interim Management's Discussion and Analysis) and can require that the Issuer include additional disclosure.

General Instructions

- (a) Please prepare this Listing Statement using the format set out below. The sequence of questions must not be altered nor should questions be omitted or left unanswered. The answers to the following items must be in narrative form. When the answer to any item is negative or not applicable to the Issuer, state it in a sentence. The title to each item must precede the answer.
- (b) In this form, the term "Issuer" includes the applicant Issuer and any of its subsidiaries.
- (c) In determining the degree of detail required, a standard of materiality should be applied. Materiality is a matter of judgment in a particular circumstance, and should generally be determined in relation to an item's significance to investors, analysts and other users of the information. An item of information, or an aggregate of items, is considered material if it is probable that its omission or misstatement would influence or change an investment decision with respect to the Issuer's securities. In determining whether information is material, take into account both quantitative and qualitative factors. The potential significance of items should be considered individually rather than on a net basis, if the items have an offsetting effect. This concept of materiality is consistent with the financial reporting notion of materiality contained in the Handbook.
- (d) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation.
- (e) For Issuers that are re-qualifying for listing following a fundamental change, provide historic and current details on
 - (i) the Issuer
 - (ii) all other companies or businesses that are involved in the fundamental change (the "target"); and
 - (iii) the entity that will result from the fundamental change (the "New Issuer").

Information concerning the Issuer that was contained in the most recent Listing Statement may be incorporated by reference, but this statement must indicate if any of the information in the prior statement has changed (e.g. describing a business that will no longer be undertaken by the New Issuer). Information concerning assets or lines of business of the target that will not be part of the New Issuer's business should not be included.

- (f) This Listing Statement provides prospectus-level disclosure. It will be amended from time to time to reflect any changes to the prospectus disclosure requirements. If changed, the new form is to be used for the next listing statement the Issuer is required to file. The Issuer does not have to amend a listing statement currently on file to reflect any new disclosure requirements.

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2. Corporate Structure

- 2.1 State the full corporate name of the Issuer or, if the Issuer is an unincorporated entity, the full name under which the entity exists and carries on business and the address(es) of the Issuer's head and registered office.

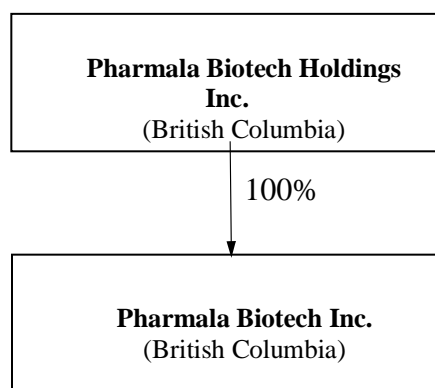
Pharmala Biotech Holdings Inc. (the "Issuer") was incorporated under the Business Corporations Act (British Columbia) on January 12, 2021 under the name "GreenRidez 3.0" and subsequently filed a notice of alteration of its articles in order to change its name to "Pharmala Biotech Holdings Inc." on April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

The registered office of the Issuer 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.

- 2.2 State the statute under which the Issuer is incorporated or continued or organized or, if the Issuer is an unincorporated entity, the laws of the jurisdiction or foreign jurisdiction under which the Issuer is established and exists. Describe the substance of any material amendments to the articles or other constating or establishing documents of the Issuer.

Business Corporations Act (British Columbia)

- 2.3 Describe, by way of a diagram or otherwise, the intercorporate relationships among the Issuer and the Issuer's subsidiaries. For each subsidiary state



- (a) the percentage of votes attaching to all voting securities of the subsidiary represented by voting securities beneficially owned, or over which control or direction is exercised, by the Issuer;

The Issuer is the registered holder of 100% outstanding common shares of Pharmala Biotech Inc. ("Pharmala").

(b) the place of incorporation or continuance; and

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

(c) the percentage of each class of restricted shares beneficially owned, or over which control or direction is exercised, by the Issuer.

Pharmala does not have any restricted shares outstanding.

2.4 If the Issuer is requalifying following a fundamental change or is proposing an acquisition, amalgamation, merger, reorganization or arrangement, describe by way of diagram or otherwise these intercorporate relationships both before and after the completion of the proposed transaction.

Not applicable.

2.5 Non-corporate Issuers and Issuers incorporated outside of Canada must describe how their governing legislation or constating documents differ materially from Canadian corporate legislation with respect to the corporate governance principles set out in Policy 4.

Not applicable.

3. General Development of the Business

3.1 Describe the general development of the Issuer's business over its three most recently completed financial years and any subsequent period. Include only major events or conditions that have influenced the general development of the Issuer's business. If the business consists of the production or distribution of more than one product or the rendering of more than one kind of service, describe the principal products or services. Also discuss changes in the business of the Issuer that are expected to occur during the current financial year of the Issuer.

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

Prior to completion of the Acquisition, the Issuer had not conducted any material business since incorporation other than pursuing its interests under a share exchange agreement entered into on March 15, 2021, between the Issuer and the securityholders of PharmAla (the "**Share Exchange Agreement**").

The Issuer 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 Issuer 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 Issuer did not have a business, business operations or any material assets other than cash.

Upon completion of the Acquisition, the business of Pharmala became the business of the Issuer.

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

The Issuer 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.

The Issuer'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 ("**CSML**") 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.

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 CSML and CSDL. See “History – Master Services Agreement”.

The Company has begun procedures to either secure a CSML, with the goal of establishing a wholly-owned facility capable of manufacturing MDMA and MDXX molecules or to establish viable partnerships with organizations who already hold a CSDL to achieve the same commercial objectives. Entities possessing a CSDL could feasibly sell products to PharmAla’s customers by licensing PharmAla trademarks and fulfilling orders on PharmAla’s behalf. Under this arrangement, PharmAla would not be required to have its own CSDL. On October 26, 2021, the Company entered into a formal arrangement with PharmaScience, a well-established generic drug manufacturer based in Montreal. Under the terms of this agreement, PharmaScience has agreed to complete encapsulation of PharmAla’s API under GMP conditions. PharmaScience has also agreed to sell PharmAla’s products onwards under the terms of their Controlled Substances Dealer’s License.

Currently, the Company’s partnerships with Dalton and PharmaScience allows it to pursue all necessary business; Dalton will ship the API generated by them for PharmAla under their CSDL to PharmaScience; PharmaScience will encapsulate this API and sell it on through a delegation agreement. Customers for the Company’s API or Drug 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 Issuer also entered into a master services agreement dated June 25, 2021 with Rane Pharmaceutical Inc. (“Rane”) a privately held North American chemistry contract chemical manufacturing and research company based in Edmonton, Canada with respect to establishing the viability of the Issuer’s novel chemical synthesis routes.

The Issuer has also filed with the United States Patent and Trademark Office (“USPTO”) two provisional patents for processes to manufacture a novel formulation of MDMA, based on published academic research by Professor Leonard Howell (a member of the scientific advisory board of PharmAla), which the Issuer believes will produce a substance with a lower neurotoxicity profile than traditional MDMA and fewer adverse events. The Issuer subsequently expanded these provisional patents to include reformulation of other MDXX molecules to generate novel formulations with lower toxicity. These processes have been tested and validated by Dalton and Rane, respectively. The Issuer is currently assessing data generated by these laboratories in order to decide when to convert its provisional patents to final patents; this will happen no later than May 2022, based on business conditions. The Issuer has also filed a provisional “composition of matter” patent for a novel formulation of MDMA. 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. Conversion of this provisional patent into a final patent will require toxicological testing by a competent researcher to establish their relative benefit. The Issuer does not fully control patent timelines, which is subject to USPTO regulatory approval.

On September 3rd, the Issuer entered into an Letter of Intent (LOI) with the University of Arkansas Medical School, in order to perform toxicological testing of its novel formulations in the laboratory of Professor William Fantegrossi. Prof. Fantegrossi is a well-known researcher of controlled substances, and has an ongoing relationship with the Drug Enforcement Agency of the United States. Prof. Fantegrossi’s lab is licensed to work with numerous controlled substances, including MDMA and its analogs. Dr. Fantegrossi intends to research the Issuer’s patented MDMA formulations and publish his toxicological findings in a peer-reviewed journal or preprint before the end of Q1 2022.

Finally, the Issuer intends to formulate both generic MDMA and its novel formulations of MDMA and MDXX compounds 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.

3.2 Disclose:

- (1) (a) any significant acquisition completed by the Issuer or any significant probable acquisition proposed by the Issuer, for which financial statements would be required under National Instrument 41-101 *General Prospectus Requirements* if this Listing Statement were a prospectus; and

On March 15, 2021, the Issuer entered into the Share Exchange Agreement with Pharmala, pursuant to which the Issuer 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 Issuer 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 Issuer to consist of Nicholas Kadysh as President and Chief Executive Officer and Carmelo Marelli as Chief Financial Officer and Corporate Secretary.

There were no valuation opinion obtained within the last 12 months as it was not required.

At the time of entering into the Share Exchange Agreement, Pharmala was not a Related Party to the Issuer.

- (b) any significant disposition completed by the Issuer during the most recently completed financial year or the current financial year for which *pro forma* financial statements would be required under National Instrument 41-101 *General Prospectus Requirements* if this Listing Statement were a prospectus.

Not applicable.

- 3.3 Discuss any trend, commitment, event or uncertainty that is both presently known to management and reasonably expected to have a material effect on the Issuer's business, financial condition or results of operations, providing forward-

looking information based on the Issuer's expectations as of the date of the Listing Statement.

The Issuer's Forward-looking statements include, among other things:

- the completion the listing on the CSE;
- the Issuer's expectations regarding its revenue, expenses and operations;
- the Issuer's anticipated cash needs and its needs for additional financing;
- the Issuer'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 Issuer's competitive position and the regulatory environment in which the Issuer expects to operate;
- the Issuer's expectation that available funds will be sufficient to cover its expenses over the next twelve months;
- the Issuer's expected business objectives and milestones, including costs of the foregoing, for the next twelve months;
- the Issuer'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 the Listing;
- the Issuer'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 Issuer's ability to attract partners in the development process;
- the Issuer'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 of directors (the “Board”) with respect to executive compensation plans and corporate governance plans.

The Issuer has the following expectations, 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 Issuer’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 Issuer’s ability to attract and retain skilled staff; (vii) market competition; (viii) the products and technology offered by the Issuer’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.

4 Narrative Description of the Business

4.1 General

- (1) Describe the business of the Issuer with reference to the reportable operating segments as defined in the Handbook and the Issuer's business in general. Include the following for each reportable operating segment of the Issuer:
 - (a) state the business objectives that the Issuer expects to accomplish in the forthcoming 12-month period;

The Issuer’s business objective is to manufacture MDMA while also working to develop, validate and commercialize its novel drug formulations. At this time, there are no companies in North America selling GMP MDMA to clinical trials. One limited source of MDMA has been the MAPS Public Benefit Corporation, which is a not-for-profit organization. While initial customers for the Issuer’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 Issuer 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.

The Issuer 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 Issuer may be unable to successfully identify, manufacture and license

suitable product candidates. The Issuer also competes for financing with other psychopharmacological and pharmaceutical manufacturing companies, many of whom have more advanced businesses. The Issuer's competitors include multinational pharmaceutical companies and specialized biotechnology companies, universities, and other research institutions. The Issuer 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 Issuer, and such competing products may be superior to the Issuer's potential products. More established companies may have a competitive advantage over the Issuer due to their greater size, capital resources, cash flows, and institutional experience. Compared to the Issuer, 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 Issuer can, which may limit the Issuer'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 Issuer'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 Issuer'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 Issuer 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 Issuer's programs. There is no assurance that additional capital or other types of financing will be available to the Issuer if needed or that, if available, the terms of such financing will be favourable to the Issuer.

The Issuer intends to use its available funds to conduct and complete research and development of certain product development programs in MDMA and MDXX molecules.

- (b) describe each significant event or milestone that must occur for the business objectives in (a) to be accomplished and state the specific time period in which each event is expected to occur and the costs related to each event;

The Issuer's goal is to perform process development, and ultimately to manufacture MDMA and MDXX molecules under 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 has engaged the services of Dalton, a well-established CMO of API, in order to perform process development and manufacturing Dalton possesses all such qualifications, and as such Pharmala has no barriers to production of clinical-grade MDMA on a contract basis, subject to the completion of process development activities. Should Pharmala 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 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 Issuer would have to design such formulations, manufacture, and test them. The Issuer 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 Issuer has also filed 2 provisional patents for processes to manufacture a novel formulation of MDMA, based on published academic research, which the Issuer believes will produce a substance with a lower neurotoxicity profile than traditional MDMA. The Issuer 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 GLP, and publication of the results. Such a testing laboratory has not yet been identified by the Issuer, but this expenditure is accounted for in the Issuer's 2021 plan and the Issuer has adequate capital to execute this research.

Finally, the Issuer 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 Issuer 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 Issuer's 2021 operational plan.

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

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 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 March 2022	\$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	\$50,000
Preclinical research and development	Identified research partners in both Canada and the US Initiated normal course of business confidentiality	Initiation of toxicological study of PharmAla proprietary formulations (Prof. William Fantegrossi, University of Arkansas Medical School) – currently underway	\$600,000

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	agreements with providers of preclinical research services	Initiation of molecular assay of PharmAla proprietary formulations – by December 31, 2021 Initiation of preclinical trials in Canada or the United States – currently underway in the United States at the University of Arkansas Medical School, with additional work expected to be initiated in Canada by December 31, 2021	
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To date, the COVID-19 pandemic has not had any impact on the Issuer'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 Issuer 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 Issuer's operations cannot be reasonably estimated at this time. The Issuer 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.

- (c) disclose the total funds available to the Issuer and the following breakdown of those funds:
- (i) the estimated consolidated working capital (deficiency) as of the most recent month end prior to filing the Listing Statement, and
 - (ii) the total other funds, and the sources of such funds, available to be used to achieve the objectives and milestones set out in paragraphs (a) and (b); and

The Issuer had negative cash flow from operating activities for the financial period from incorporation to August 31, 2021. The Issuer cannot guarantee it will have a cash flow positive status from operating activities in future periods. As a result, the Issuer 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 Issuer may continue to have negative cash flow from operating activities until sufficient levels of sales are achieved. To the extent that the Issuer has negative cash flow from operating activities in future periods, the Issuer may need to use a portion of proceeds from any offering to fund such negative cash flow.

On January 12, 2021, the Issuer 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 Issuer 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 Issuer 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 Issuer 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 Issuer 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 Issuer 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 Issuer 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 Issuer 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.

- (d) describe in reasonable detail and, if appropriate, using tabular form, each of the principal purposes, with approximate amounts, for which the funds available described under the preceding paragraph will be used by the Issuer.

It is anticipated that the Issuer will have available funds of approximately \$2,381,000 based on consolidated working capital as at August 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⁾	1,200,000
Total use of available funds	1,875,000
Unallocated funds	506,000
Total available funds (Estimated working capital as at August 31, 2021)	2,381,000

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, 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 \$325,000 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 Issuer 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 Issuer's bank account and added to the working capital of the Issuer. The CFO of the Issuer will be responsible for the supervision of all financial assets of the Issuer. Based on the Issuer'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 Issuer to achieve its stated business objectives. To date, the COVID-19

pandemic has not had an impact on the Issuer's available funds or the anticipated use of such funds.

(2) For principal products or services describe:

a) the methods of their distribution and their principal markets;

The Issuer's principal markets are Canada and the United States. Once the Issuer will be able to commence production, it will distribute its products through various distribution agreement.

b) as dollar amounts or as percentages, for each of the two most recently completed financial years, the revenues for each category of principal products or services that accounted for 15 per cent or more of total consolidated revenues for the applicable financial year derived from:

(i) sales or transfers to joint ventures in which your company is a participant or to entities in which your company has an investment accounted for by the equity method,

Not applicable

(ii) sales to customers, other than those referred to in clause (i), outside the consolidated entity,

Not applicable

(iii) sales or transfers to controlling shareholders; and

Not applicable

(iv) sales or transfers to investees.

Not applicable

c) if not fully developed, the stage of development of the principal products or services and, if the products are not at the commercial production stage,

(i) the timing and stage of research and development programs,

(ii) the major components of the proposed programs, including an estimate of anticipated costs,

- (iii) whether the Issuer is conducting its own research and development, is subcontracting out the research and development or is using a combination of those methods, and
- (iv) the additional steps required to reach commercial production and an estimate of costs and timing.

On May 18, 2021, PharmAla entered into a master services agreement (the “**Master Services Agreement**”) with Dalton, a corporation incorporated under the *Business Corporations Act* (Ontario), 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 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 CSML. As of September 15th, there has been significant progress made in the development of the PharmAla process to manufacture MDMA. Dalton has completed work on the “feasibility” batch, and has begun both process development (in the form of a “scale-up” batch of 100g, and a further scale-up batch of 200g).

Dalton has also completed a feasibility batch of the Issuer’s proprietary MDMA formulation, which can and will be used to substantiate the company’s provisional process patent. Dalton may engage in manufacturing or process development for additional API or molecules as designated by PharmAla, however all process development at Dalton is currently focused on MDMA.

The Issuer has begun procedures to either secure a CSML, with the goal of establishing a wholly-owned facility capable of manufacturing MDMA and MDXX molecules or to establish viable partnerships with organizations who already hold a CSDL to achieve the same commercial objectives. Entities possessing a CSDL, such as Dalton, could feasibly sell products to PharmAla’s customers by licensing PharmAla trademarks and fulfilling orders

on PharmAla's behalf. Under this arrangement, PharmAla would not be required to have its own CSDL. Processes developed at Dalton would then be transferred into either the company-owned facility or the partner facility.

Currently, the Issuer's partnership with Dalton allows it to pursue all necessary business; Dalton could feasibly sell the API generated by them for PharmAla under their CSDL through a delegation agreement. Customers for the Issuer'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.

(3) Concerning production and sales, disclose:

- a) the actual or proposed method of production of products and if the Issuer provides services, the actual or proposed method of providing services;

Not applicable

- b) the payment terms, expiration dates and terms of any renewal options of any material leases or mortgages, whether they are in good standing and, if applicable, that the landlord or mortgagee is a Related Person of the Issuer;

Not applicable

- c) specialized skill and knowledge requirements and the extent that the skill and knowledge are available to the Issuer;

The Issuer's 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.

- d) the sources, pricing and availability of raw materials, component parts or finished products;

All precursor chemicals and raw materials necessary for the manufacture of MDMA are widely available and standard reagents. There are multiple processes which yield the formation of MDMA, including several novel methods patented by the Issuer. Sourcing raw

materials for the manufacture of MDMA is the responsibility of Dalton under contract to PharmAla.

- e) the importance, duration and effect on the segment of identifiable intangible properties such as brand names, circulation lists, copyrights, franchises, licences, patents, software, subscription lists and trademarks;

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 Issuer believes will provide significant improvement over traditional formulations of MDMA.

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

On August 26, 2021, the Issuer filed a provisional patent for a novel composition of matter for formulations of MDMA and one MDXX compound.

- f) the extent to which the business of the segment is cyclical or seasonal;

The business of the Issuer is not cyclical nor seasonal.

- g) a description of any aspect of the Issuer's business that may be affected in the 12 months following the date of the Listing Statement by renegotiation or termination of contracts or sub-contracts and the likely effect;

Not applicable.

- h) the financial and operational effects of environmental protection requirements on the capital expenditures, earnings and competitive position of the Issuer in the current financial year and the expected effect, on future years;

Not applicable

- i) the number of employees, as at the most recent financial year end or as an average over that year, whichever is more relevant;

The Issuer has 2 employees 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.

- j) any risks associated with foreign operations of the Issuer and any dependence of the segments upon the foreign operations;

Please refer to “Risk Factors” section in the attached Prospectus.

- k) a description of any contract upon which your company's business is substantially dependent, such as a contract to sell the major part of your company's products or services or to purchase the major part of your company's requirements for goods, services or raw materials, or any franchise or licence or other agreement to use a patent, formula, trade secret, process or trade name upon which your company's business depends;

- Master Services Agreement (see description in question 4.1(2)c)(iv) above).
- Consulting Agreement with Dr. Ali Kandil: On March 19, 2021, the Issuer entered into a consulting agreement with Dr. Ali Kandil (“**Kandil Consulting Agreement**”). 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 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. The consulting agreement is for a term ending September 19, 2022 and may be renewed by the parties.
- Master Services Agreement with Dalton: On May 18, 2021, PharmAla entered into a master services agreement (the “**Master Services Agreement**”) with Dalton, a corporation incorporated under the *Business Corporations Act (Ontario)*, Canada whose principal operations are located at 349 Wildcat Road, Toronto, ON, M3J 2S3, Canada together with its subsidiaries and affiliates.
- J&C Consulting Agreement: On March 29, 2021 PharmAla entered into a professional services agreement with J&C Consulting. J&C Consulting is the Company and PharmAla’s medical chemistry consulting firm; they are responsible for

advising the Issuer and PharmAla on matters pertaining to the chemical process to synthesize PharmAla's products, as well as the generation of intellectual property. The consulting agreement is for a term ending September 29, 2022 and may be renewed by the parties.

- Master services agreement with Rane : On June 25, 2021, PharmAla entered into a master services agreement with Rane, a privately held North American chemistry contract chemical manufacturing and research company based in Edmonton, Canada with respect to establishing the viability of the Issuer's novel chemical synthesis routes.
- Master services agreement with Pinney: On August 1, 2021, PharmAla entered into a master services agreement with Pinney Associates Inc. ("Pinney") for an initial term of one year to provide regulatory and clinical consultation services; and
- the arrangement agreement between PharmAla and Pharmascience dated October 26, 2021

- l) a description of any aspect of your company's business that you reasonably expect to be affected in the current financial year by renegotiation or termination of contracts or sub-contracts, and the likely effect.

Not applicable.

- (4) Describe the competitive conditions in the principal markets and geographic areas in which the Issuer operates, including, if reasonably possible, an assessment of the Issuer's competitive position.

Please refer to answer 4.1(1)a) above.

- (5) With respect to lending operations of an Issuer's business, describe the investment policies and lending and investment restrictions.

Not applicable

- (6) Disclose the nature and results of any bankruptcy, or any receivership or similar proceedings against the Issuer or any of its subsidiaries or any voluntary bankruptcy, receivership or similar proceedings by the Issuer or any of its subsidiaries, within the three most recently completed financial years or the current financial year.

Not applicable

- (7) Disclose the nature and results of any material restructuring transaction of the Issuer within the three most recently completed financial years or completed during or proposed for the current financial year.

Not applicable

- (8) If the Issuer has implemented social or environmental policies that are fundamental to the Issuer's operations, such as policies regarding the Issuer's relationship with the environment or with the communities in which the Issuer does business, or human rights policies, describe them and the steps the Issuer has taken to implement them.

Not applicable

Companies with Asset-backed Securities Outstanding

4.2 In respect of any outstanding asset-backed securities, disclose the following information:

- (1) Payment Factors - A description of any events, covenants, standards or preconditions that may reasonably be expected to affect the timing or amount of any payments or distributions to be made under the asset-backed securities.

Not applicable

- (2) Underlying Pool of Assets - For the three most recently completed financial years of your company or the lesser period commencing on the first date on which your company had asset-backed securities outstanding, information on the pool of financial assets servicing the asset-backed securities relating to

- (a) the composition of the pool as of the end of each financial year or partial period;

Not applicable

- (b) income and losses from the pool on at least an annual basis or such shorter period as is reasonable given the nature of the underlying pool of assets;

Not applicable

- (c) the payment, prepayment and collection experience of the pool on at least an annual basis or such shorter period as is reasonable given the nature of the underlying pool of assets;

Not applicable

- (d) servicing and other administrative fees; and

Not applicable

- (e) any significant variances experienced in the matters referred to in paragraphs (a), (b), (c), or (d).

Not applicable

- (3) Investment Parameters - The investment parameters applicable to investments of any cash flow surpluses.

Not applicable

- (4) Payment History - The amount of payments made during the three most recently completed financial years or the lesser period commencing on the first date on which your company had asset-backed securities outstanding, in respect of principal and interest or capital and yield, each stated separately, on asset-backed securities of your company outstanding.

Not applicable

- (5) Acceleration Event - The occurrence of any event that has led to, or with the passage of time could lead to, the accelerated payment of principal, interest or capital of asset-backed securities.

Not applicable

- (6) Principal Obligors - The identity of any principal obligors for the outstanding asset-backed securities of your company, the percentage of the pool of financial assets servicing the asset-backed securities represented by obligations of each principal obligor and whether the principal obligor has filed an AIF in any jurisdiction or a Form 10-K, Form 10-KSB or Form 20F in the United States.

Not applicable

- 4.3 For Issuers with a mineral project, disclose and insert here the information required by Appendix A for each property material to the Issuer.

Not applicable

- 4.4 For Issuers with Oil and Gas Operations disclose and insert here the information required by Appendix B (in tabular form, if appropriate).

Not applicable

5. Selected Consolidated Financial Information

- 5.1 Annual Information — Provide the following financial data for the Issuer in summary form for each of the last three completed financial years and any period subsequent to the most recent financial year end for which financial statements have been prepared, accompanied by a discussion of the factors affecting the comparability of the data, including discontinued operations, changes in accounting policies, significant acquisitions or significant dispositions and major changes in the direction of the Issuer's business:

- (a) net sales or total revenues;

Please refer to “Selected Consolidated Financial Information” section in the Prospectus.

- (b) income from continuing operations, in total and on a per share basis and fully diluted per share basis, calculated in accordance with the Handbook;

Please refer to “Selected Consolidated Financial Information” section in the Prospectus.

- (c) net income or loss, in total and on a per share and fully diluted per share basis, calculated in accordance with the Handbook;

Please refer to “Selected Consolidated Financial Information” section in the Prospectus.

- (d) total assets;

Please refer to “Selected Consolidated Financial Information” section in the Prospectus.

- (e) total long-term financial liabilities as defined in the Handbook;

Please refer to “Selected Consolidated Financial Information” section in the Prospectus.

- (f) cash dividends declared per share for each class of share; and

None

- (g) such other information as would enhance an investor's understanding of the Issuer's financial condition and results of operations and would highlight other trends in financial condition and results of operations.

5.2 Quarterly Information — For each of the eight most recently completed quarters ending at the end of the most recently completed financial year, provide the information required in paragraphs (a), (b) and (b) of Section 5.1.

Please refer to the financial statements attached to the Prospectus.

5.3 Dividends – disclose:

- (a) any restriction that could prevent the Issuer from paying dividends; and

None

- (b) the Issuer's dividend policy and, if a decision has been made to change the dividend policy, the intended change in dividend policy.

None

5.4 Foreign GAAP — An Issuer may present the selected consolidated financial information required in this section on the basis of foreign GAAP if:

- (a) the Issuer's primary financial statements have been prepared using foreign GAAP; and
- (b) if the Issuer is required under applicable securities legislation to have reconciled its financial statements to Canadian GAAP at the time of filing its financial statements or the Issuer has otherwise done so, a cross reference to the notes to the financial statements containing the reconciliation of the financial statements to Canadian GAAP is included.

6. Management's Discussion and Analysis

Annual MD&A

- 6.1 Date - Specify the date of the MD&A. The date of the MD&A must be no earlier than the date of the auditor's report on the financial statements for the Issuer's most recently completed financial year.

Please refer to the MD&A attached to the Prospectus.

6.2 Overall Performance - Provide an analysis of the Issuer's financial condition, results of operations and cash flows. Discuss known trends, demands, commitments, events or uncertainties that are reasonably likely to have an effect on the Issuer's business. Compare the Issuer's performance in the most recently completed financial year to the prior year's performance. The analysis should address at least the following:

- (a) operating segments that are reportable segments as those terms are used in the Handbook;

Please refer to the MD&A attached to the Prospectus

- (b) other parts of the business if

- (i) they have a disproportionate effect on revenues, income or cash needs, or

Please refer to the MD&A attached to the Prospectus

- (ii) there are any legal or other restrictions on the flow of funds from one part of the Issuer's business to another;

Please refer to the MD&A attached to the Prospectus

- (c) industry and economic factors affecting the Issuer's performance;

Please refer to the MD&A attached to the Prospectus

- (d) why changes have occurred or expected changes have not occurred in the Issuer's financial condition and results of operations; and

Please refer to the MD&A attached to the Prospectus

- (e) the effect of discontinued operations on current operations.

Please refer to the MD&A attached to the Prospectus

Selected Annual Financial Information

6.3 Provide the following financial data derived from the Issuer's financial statements for each of the three most recently completed financial years:

- (a) net sales or total revenues;

Please refer to the MD&A attached to the Prospectus

- (b) income or loss before discontinued operations and extraordinary items, in total and on a per-share and diluted per-share basis;

Please refer to the MD&A attached to the Prospectus

- (c) net income or loss, in total and on a per-share and diluted per-share basis;

Please refer to the MD&A attached to the Prospectus

- (d) total assets;

Please refer to the MD&A attached to the Prospectus

- (e) total long-term financial liabilities; and

Please refer to the MD&A attached to the Prospectus

- (f) cash dividends declared per-share for each class of share.

Please refer to the MD&A attached to the Prospectus

- 6.4 Variations - Discuss the factors that have caused period to period variations including discontinued operations, changes in accounting policies, significant acquisitions or dispositions and changes in the direction of the Issuer's business, and any other information the Issuer believes would enhance an understanding of, and would highlight trends in, financial condition and results of operations.

Please refer to the MD&A attached to the Prospectus

- 6.5 Results of Operations - Discuss management's analysis of the Issuer's operations for the most recently completed financial year, including:

- (a) net sales or total revenues by operating business segment, including any changes in such amounts caused by selling prices, volume or quantity of goods or services being sold, or the introduction of new products or services;

Please refer to the MD&A attached to the Prospectus

- (b) any other significant factors that caused changes in net sales or total revenues;

Not applicable

- (c) cost of sales or gross profit;

Not applicable

- (d) for Issuers that have significant projects that have not yet generated operating revenue, describe each project, including the Issuer's plan for the project and the status of the project relative to that plan, and expenditures made and how these relate to anticipated timing and costs to take the project to the next stage of the project plan;

Please refer to the MD&A attached to the Prospectus

- (e) for resource Issuers with producing mines, identify milestones such as mine expansion plans, productivity improvements, or plans to develop a new deposit;

Not applicable

- (f) factors that caused a change in the relationship between costs and revenues, including changes in costs of labour or materials, price changes or inventory adjustments;

Please refer to the MD&A attached to the Prospectus

- (g) commitments, events, risks or uncertainties that you reasonably believe will materially affect the Issuer's future performance including net sales, total revenue and income or loss before discontinued operations and extraordinary items;

Please refer to the MD&A attached to the Prospectus

- (h) effect of inflation and specific price changes on the Issuer's net sales and total revenues and on income or loss before discontinued operations and extraordinary items;

Please refer to the MD&A attached to the Prospectus

- (i) a comparison in tabular form of disclosure you previously made about how the Issuer was going to use proceeds (other than working capital) from any financing, an explanation of variances and the

impact of the variances, if any, on the Issuer's ability to achieve its business objectives and milestones; and

Please refer to the MD&A attached to the Prospectus

- (j) unusual or infrequent events or transactions.

Please refer to the MD&A attached to the Prospectus

6.6 Summary of Quarterly Results - Provide the following information in summary form, derived from the Issuer's financial statements, for each of the eight most recently completed quarters:

- (a) net sales or total revenues;

Please refer to the MD&A attached to the Prospectus

- (b) income or loss before discontinued operations and extraordinary items, in total and on a per-share and diluted per-share basis; and

Please refer to the MD&A attached to the Prospectus

- (c) net income or loss, in total and on a per-share and diluted per-share basis.

Please refer to the MD&A attached to the Prospectus

Discuss the factors that have caused variations over the quarters necessary to understand general trends that have developed and the seasonality of the business.

Please refer to the MD&A attached to the Prospectus

6.7 Liquidity - Provide an analysis of the Issuer's liquidity, including:

- (a) its ability to generate sufficient amounts of cash and cash equivalents, in the short term and the long term, to maintain the Issuer's capacity, to meet the Issuer's planned growth or to fund development activities;

Please refer to the MD&A attached to the Prospectus

- (b) trends or expected fluctuations in the Issuer's liquidity, taking into account demands, commitments, events or uncertainties;

Please refer to the MD&A attached to the Prospectus

- (c) its working capital requirements;

Please refer to the MD&A attached to the Prospectus

- (d) liquidity risks associated with financial instruments;

Please refer to the MD&A attached to the Prospectus

- (e) if the Issuer has or expects to have a working capital deficiency, discuss its ability to meet obligations as they become due and how you expect it to remedy the deficiency;

Please refer to the MD&A attached to the Prospectus

- (f) balance sheet conditions or income or cash flow items that may affect the Issuer's liquidity;

Please refer to the MD&A attached to the Prospectus

- (g) legal or practical restrictions on the ability of subsidiaries to transfer funds to the Issuer and the effect these restrictions have had or may have on the ability of the Issuer to meet its obligations; and

Please refer to the MD&A attached to the Prospectus

- (h) defaults or arrears or anticipated defaults or arrears on

- (i) dividend payments, lease payments, interest or principal payment on debt,

Please refer to the MD&A attached to the Prospectus

- (ii) debt covenants during the most recently completed financial year, and

Please refer to the MD&A attached to the Prospectus

- (iii) redemption or retraction or sinking fund payments; and

Please refer to the MD&A attached to the Prospectus

- (i) details on how the Issuer intends to cure the default or arrears.

Please refer to the MD&A attached to the Prospectus

6.8 Capital Resources - Provide an analysis of the Issuer's capital resources, including

(a) commitments for capital expenditures as of the date of the Issuer's financial statements including:

(i) the amount, nature and purpose of these commitments,

Please refer to the MD&A attached to the Prospectus

(ii) the expected source of funds to meet these commitments, and

Please refer to the MD&A attached to the Prospectus

(iii) expenditures not yet committed but required to maintain the Issuer's capacity, to meet the Issuer's planned growth or to fund development activities;

Please refer to the MD&A attached to the Prospectus

(b) known trends or expected fluctuations in the Issuer's capital resources, including expected changes in the mix and relative cost of these resources; and

Please refer to the MD&A attached to the Prospectus

(c) sources of financing that the Issuer has arranged but not yet used.

Please refer to the MD&A attached to the Prospectus

6.9 Off-Balance Sheet Arrangements - Discuss 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 Issuer including, without limitation, such considerations as liquidity and capital resources. This discussion shall include their business purpose and activities, their economic substance, risks associated with the arrangements, and the key terms and conditions associated with any commitments, including:

(a) a description of the other contracting part(ies);

Please refer to the MD&A attached to the Prospectus

- (b) the effects of terminating the arrangement;

Please refer to the MD&A attached to the Prospectus

- (c) the amounts receivable or payable, revenues, expenses and cash flows resulting from the arrangement;

Please refer to the MD&A attached to the Prospectus

- (d) the nature and amounts of any other obligations or liabilities arising from the arrangement that could require the Issuer to provide funding under the arrangement and the triggering events or circumstances that could cause them to arise; and

Please refer to the MD&A attached to the Prospectus

- (e) any known event, commitment, trend or uncertainty that may affect the availability or benefits of the arrangement (including any termination) and the course of action that management has taken, or proposes to take, in response to any such circumstances.

Please refer to the MD&A attached to the Prospectus

6.10 Transactions with Related Parties - Discuss all transactions involving related parties as defined by the Handbook.

Please refer to the MD&A attached to the Prospectus

6.11 Fourth Quarter - Discuss and analyze fourth quarter events or items that affected the Issuer's financial condition, cash flows or results of operations, including extraordinary items, year-end and other adjustments, seasonal aspects of the Issuer's business and dispositions of business segments.

Please refer to the MD&A attached to the Prospectus

6.12 Proposed Transactions - Discuss the expected effect on financial condition, results of operations and cash flows of any proposed asset or business acquisition or disposition if the Issuer's board of directors, or senior management who believe that confirmation of the decision by the board is probable, have decided to proceed with the transaction. Include the status of any required shareholder or regulatory approvals.

Please refer to the MD&A attached to the Prospectus

6.13 Changes in Accounting Policies including Initial Adoption - Discuss and analyze any changes in the Issuer's accounting policies, including:

(a) for any accounting policies that management has adopted or expects to adopt subsequent to the end of the most recently completed financial year, including changes management has made or expects to make voluntarily and those due to a change in an accounting standard or a new accounting standard that you do not have to adopt until a future date:

(i) describe the new standard, the date the Issuer required to adopt it and, if determined, the date the Issuer plans to adopt it,

Please refer to the MD&A attached to the Prospectus

(ii) disclose the methods of adoption permitted by the accounting standard and the method management expects to use,

Please refer to the MD&A attached to the Prospectus

(iii) discuss the expected effect on the Issuer's financial statements, or if applicable, state that management cannot reasonably estimate the effect, and

Please refer to the MD&A attached to the Prospectus

(iv) discuss the potential effect on the Issuer's business, for example technical violations or default of debt covenants or changes in business practices; and

Please refer to the MD&A attached to the Prospectus

(b) for any accounting policies that management has initially adopted during the most recently completed financial year,

(i) describe the events or transactions that gave rise to the initial adoption of an accounting policy,

Please refer to the MD&A attached to the Prospectus

(ii) describe the accounting principle that has been adopted and the method of applying that principle,

Please refer to the MD&A attached to the Prospectus

- (iii) discuss the effect resulting from the initial adoption of the accounting policy on the Issuer's financial condition, changes in financial condition and results of operations,

Please refer to the MD&A attached to the Prospectus

- (iv) if the Issuer is permitted a choice among acceptable accounting principles,

- (A) state that management made a choice among acceptable alternatives,

Please refer to the MD&A attached to the Prospectus

- (B) identify the alternatives,

Please refer to the MD&A attached to the Prospectus

- (C) describe why management made the choice that you did, and

Please refer to the MD&A attached to the Prospectus

- (D) discuss the effect, where material, on the Issuer's financial condition, changes in financial condition and results of operations under the alternatives not chosen; and

Please refer to the MD&A attached to the Prospectus

- (v) if no accounting literature exists that covers the accounting for the events or transactions giving rise to management's initial adoption of the accounting policy, explain management's decision regarding which accounting principle to use and the method of applying that principle.

Please refer to the MD&A attached to the Prospectus

6.14 Financial Instruments and Other Instruments - For financial instruments and other instruments:

- (a) discuss the nature and extent of the Issuer's use of, including relationships among, the instruments and the business purposes that they serve;

Please refer to the MD&A attached to the Prospectus

- (b) describe and analyze the risks associated with the instruments;

Please refer to the MD&A attached to the Prospectus

- (c) describe how management manages the risks in paragraph (b), including a discussion of the objectives, general strategies and instruments used to manage the risks, including any hedging activities;

Please refer to the MD&A attached to the Prospectus

- (d) disclose the financial statement classification and amounts of income, expenses, gains and losses associated with the instrument; and

Please refer to the MD&A attached to the Prospectus

- (e) discuss the significant assumptions made in determining the fair value of financial instruments, the total amount and financial statement classification of the change in fair value of financial instruments recognized in income for the period, and the total amount and financial statement classification of deferred or unrecognized gains and losses on financial instruments.

Please refer to the MD&A attached to the Prospectus

Interim MD&A

This section is not applicable to the Issuer as only one MD&A from the date of incorporation to August 31, 2021 has been included in the Prospectus

6.15 Date - Specify the date of the interim MD&A.

6.16 Updated Disclosure - Interim MD&A must update the Issuer's annual MD&A for all disclosure required by sections 6.2 to 6.14 except sections 6.3 and 6.4. This disclosure must include:

- (a) a discussion of management's analysis of

- (i) current quarter and year-to-date results including a comparison of results of operations and cash flows to the corresponding periods in the previous year;
 - (ii) changes in results of operations and elements of income or loss that are not related to ongoing business operations;
 - (iii) any seasonal aspects of the Issuer's business that affect its financial condition, results of operations or cash flows; and
- (b) a comparison of the Issuer's interim financial condition to the Issuer's financial condition as at the most recently completed financial year-end.

6.17 Additional Disclosure for Issuers without Significant Revenue:

- (a) unless the information is disclosed in the financial statements to which the annual or interim MD&A relates, an Issuer that has not had significant revenue from operations in either of its last two financial years must disclose a breakdown of material components of:
- (i) capitalized or expensed exploration and development costs,
 - (ii) expensed research and development costs,
 - (iii) deferred development costs,
 - (iv) general and administration expenses, and
 - (v) any material costs, whether capitalized, deferred or expensed, not referred to in paragraphs (i) through (iv);
- (b) if the Issuer's business primarily involves mining exploration and development, the analysis of capitalized or expensed exploration and development costs must be presented on a property-by-property basis; and
- (c) the disclosure in the annual MD&A must be for the two most recently completed financial years and the disclosure in the interim MD&A for the each year-to-date interim period and the comparative period presented in the interim statements.

6.18 Description of Securities:

- (a) disclose the designation and number or principal amount of:

- (i) each class and series of voting or equity securities of the Issuer for which there are securities outstanding,
 - (ii) each class and series of securities of the Issuer for which there are securities outstanding if the securities are convertible into, or exercisable or exchangeable for, voting or equity securities of the Issuer, and
 - (iii) subject to subsection (b), each class and series of voting or equity securities of the Issuer that are issuable on the conversion, exercise or exchange of outstanding securities of the Issuer;
- (b) if the exact number or principal amount of voting or equity securities of the Issuer that are issuable on the conversion, exercise or exchange of outstanding securities of the Issuer is not determinable, the Issuer must disclose the maximum number or principal amount of each class and series of voting or equity securities that are issuable on the conversion, exercise or exchange of outstanding securities of the Issuer and, if that maximum number or principal amount is not determinable, the Issuer must describe the exchange or conversion features and the manner in which the number or principal amount of voting or equity securities will be determined; and
- (c) the disclosure under subsections (a) and (b) must be prepared as of the latest practicable date.

6.19 Provide Breakdown:

- (a) if the Issuer has not had significant revenue from operations in either of its last two financial years, disclose a breakdown of material components of:
- (i) capitalized or expensed exploration and development costs,
 - (ii) expensed research and development costs,
 - (iii) deferred development costs,
 - (iv) general and administrative expenses, and
 - (v) any material costs, whether capitalized, deferred or expensed, not referred to in paragraphs (i) through (iv);
- (b) present the analysis of capitalized or expensed exploration and development costs required by subsection (a) on a property-by-property basis, if the Issuer's business primarily involves mining

exploration and development; and

(c) provide the disclosure in subsection (a) for the following periods:

- (i) the two most recently completed financial years, and
- (ii) the most recent year-to-date interim period and the comparative year-to-date period presented in the interim financial statements included, if any.

Subsection (a) does not apply if the information required under that subsection has been disclosed in the financial statements.

6.20 Negative cash-flow - If the Issuer had negative operating cash flow in its most recently completed financial year for which financial statements have been included, disclose:

the period of time the proceeds raised are expected to fund operations;

the estimated total operating costs necessary for the Issuer to achieve its stated business objectives during that period of time; and

the estimated amount of other material capital expenditures during that period of time.

6.21 Additional disclosure for Issuers with significant equity investees:

if the Issuer has a significant equity investee

- (i) summarized information as to the assets, liabilities and results of operations of the equity investee, and
- (ii) the Issuer's proportionate interest in the equity investee and any contingent issuance of securities by the equity investee that might significantly affect the Issuer's share of earnings; and

provide the disclosure in subsection (a) for the following periods

- (i) the two most recently completed financial years, and
- (ii) the most recent year-to-date interim period and the comparative year-to-date period presented in the interim financial statements included in the Listing Statement, if any.

Subsection (a) does not apply if:

- (i) the information required under that subsection has been

disclosed in the financial statements included, or

- (ii) the Issuer includes separate financial statements of the equity investee for the periods referred to in subsection (b).

7. Market for Securities

- 7.1 Identify the exchange(s) and quotation and trade reporting system(s) on which the Issuer's securities are listed and posted for trading or quoted.

The Issuer's securities are not listing on any exchange yet. The Issuer is applying for a listing on the CSE.

8. Consolidated Capitalization

- 8.1 Describe any material change in, and the effect of the material change on, the share and loan capital of the Issuer, on a consolidated basis, since the date of the comparative financial statements for the Issuer's most recently completed financial year contained in the Listing Statement.

There was no material change in the share and loan capital of the Issuer, on a consolidated basis, since the date of the Issuer's financial statements for its most recently completed financial period included in the Prospectus. The following tables set forth the consolidated capitalization of the Issuer as at the dates indicated.

Description	Authorized	Outstanding as at August 31, 2021 ⁽¹⁾⁽²⁾	Outstanding as at the date of this Prospectus ⁽¹⁾⁽²⁾
Common Shares	Unlimited	82,998,600	82,998,600

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	82,998,600	87.57%
Common Shares reserved for issuance upon conversion of Special Warrants	-	0%
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%

9. Options to Purchase Securities

9.1 State, in tabular form, as at a specified date not more than 30 days before the date of the Listing Statement, information as to options to purchase securities of the Issuer or a subsidiary of the Issuer that are held by:

- (a) all executive officers and past executive officers of the Issuer as a group and all directors and past directors of the Issuer who are not also executive officers as a group, indicating the aggregate number of executive officers and the aggregate number of directors to whom the information applies, without naming them;
- (b) all executive officers and past executive officers of all subsidiaries of the Issuer as a group and all directors and past directors of those subsidiaries who are not also executive officers of the subsidiary as a group, in each case, without naming them and excluding individuals referred to in paragraph (a), indicating the aggregate number of executive officers and the aggregate number of directors to whom the information applies;
- (c) all other employees and past employees of the Issuer as a group, without naming them;
- (d) all other employees and past employees of subsidiaries of the Issuer as a group, without naming them;
- (e) all consultants of the Issuer as a group, without naming them; and
- (f) any other person or company, including the underwriter, naming each person or company.

The following table sets out information about the Options issued and outstanding pursuant to the Issuer's Option Plan as of the date of this Form 2A:

Name of Optionee	Designation of Securities under Option	Number of Common Shares under Option	Exercise Price	Expiry Date
Consultants of the Issuer as a group (4 persons)	Common Shares	550,000	\$0.05	Vested on grant date

Name of Optionee	Designation of Securities under Option	Number of Common Shares under Option	Exercise Price	Expiry Date
		70,000	\$0.10	
		80,000		12 months quarterly vesting (i.e. 25% every three months)
Consultant of the Issuer	Common Shares	750,000	\$0.10	2.77% every month such that the Options shall be fully vested on the 36 month anniversary of the date of November 1st 2021.
All current officers, directors and consultants of the Issuer 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 Issuer as a group (9 persons)	Common Shares	2,000,000	\$0.10	12 months quarterly vesting (i.e. 25% every three months)
		250,000		5,000 options every month until fully vested
Current officer of the Issuer	Common Shares	1,500,000	\$0.10	100% vesting every year, such that the options shall be fully vested on the 12 month anniversary of the grant date

10. Description of the Securities

10.1 General - State the description or the designation of each class of equity securities and describe all material attributes and characteristics, including:

- a) dividend rights;
- b) voting rights;
- c) rights upon dissolution or winding-up;

- d) pre-emptive rights;
- e) conversion or exchange rights;
- f) redemption, retraction, purchase for cancellation or surrender provisions,
- g) sinking or purchase fund provisions;
- h) provisions permitting or restricting the issuance of additional securities and any other material restrictions; and
- i) provisions requiring a securityholder to contribute additional capital.

Please refer to the "Description of Securities" section in the attached Prospectus

10.2 Debt securities - If debt securities are being listed, describe all material attributes and characteristics of the indebtedness and the security, if any, for the debt, including:

- (a) provisions for interest rate, maturity and premium, if any;
- (b) conversion or exchange rights;
- (c) redemption, retraction, purchase for cancellation or surrender provisions,
- (d) sinking or purchase fund provisions;
- (e) the nature and priority of any security for the debt securities, briefly identifying the principal properties subject to lien or charge;
- (f) provisions permitting or restricting the issuance of additional securities, the incurring of additional indebtedness and other material negative covenants, including restrictions against payment of dividends and restrictions against giving security on the assets of the Issuer or its subsidiaries, and provisions as to the release or substitution of assets securing the debt securities;
- (g) the name of the trustee under any indenture relating to the Issuer and
- (h) any financial arrangements between the Issuer and any of its affiliates or among its affiliates that could affect the security for the indebtedness.

None

10.4 Other securities - If securities other than equity securities or debt securities are being listed, describe fully the material attributes and characteristics of those securities.

None

10.5 Modification of terms:

(a) describe provisions about the modification, amendment or variation of any rights attached to the securities being listed; and

None

(b) if the rights of holders of securities may be modified otherwise than in accordance with the provisions attached to the securities or the provisions of the governing statute relating to the securities, explain briefly.

None

10.6 Other attributes:

(a) if the rights attaching to the securities being listed are materially limited or qualified by the rights of any other class of securities, or if any other class of securities ranks ahead of or equally with the securities being listed, include information about the other securities that will enable investors to understand the rights attaching to the securities being listed; and

None

(b) if securities of the class being listed may be partially redeemed or repurchased, state the manner of selecting the securities to be redeemed or repurchased.

None

10.7 Prior Sales - State the prices at which securities of the same class as the securities to be listed have been sold within the 12 months before the date of the Listing Statement, or are to be sold, by the Issuer or any Related Person and the number of securities of the class sold or to be sold at each price.

Please refer to the "Prior Sales" section in the attached Prospectus.

On January 5, 2022, the Issuer also issued 2,500,000 Options at a price per share of \$0.10. 1,750,000 of them expire on January 5, 2027 and 750,000 Options expire on November 1, 2026.

10.8 Stock Exchange Price:

- a) if shares of the same class as the shares to be listed were or are listed on a Canadian stock exchange or traded on a Canadian market, provide the price ranges and volume traded on the Canadian stock exchange or market on which the greatest volume of trading generally occurs;
- b) if shares of the same class as the shares to be listed were or are not listed on a Canadian stock exchange or traded on a Canadian market, provide the price ranges and volume traded on the foreign stock exchange or market on which the greatest volume of trading generally occurs; and
- c) information is to be provided on a monthly basis for each month or, if applicable, part month, of the current quarter and the immediately preceding quarter and on a quarterly basis for the next preceding seven quarters.

Not applicable

11. Escrowed Securities

- 11.1 State as of a specified date within 30 days before the date of the Listing Statement, in substantially the following tabular form, the number of securities of each class of securities of the Issuer held, to the knowledge of the Issuer, in escrow (which, for the purposes of this Form includes any securities subject to a pooling agreement) and the percentage that number represents of the outstanding securities of that class. In a note to the table, disclose the name of the depository, if any, and the date of and conditions governing the release of the securities from escrow.

ESCROWED SECURITIES

Name	Designation of class	Number of securities held in escrow or that are subject to a contractual restriction on transfer ⁽¹⁾	Percentage of class
NKO Consulting Corp. ⁽²⁾	Common Shares	3,625,000 ⁽¹⁾	4.37%
Solomon Elimimian	Common Shares	100,000 ⁽¹⁾	0.12%
NKO Consulting Corp. ⁽²⁾	Consulting Warrants	1,000,000 ⁽¹⁾	N/A

Nicholas Kadysch	Options	250,000 ⁽¹⁾	N/A
Shane Morris	Options	750,000 ⁽¹⁾	N/A
Jodi Butts	Options	350,000 ⁽¹⁾	N/A
Perry Tsergas	Options	250,000 ⁽¹⁾	N/A
Fraser Macdonald	Options	250,000 ⁽¹⁾	N/A
Abdelmalik Slassi	Options	250,000 ⁽¹⁾	N/A
Harriet De Wit	Options	150,000 ⁽¹⁾	N/A

Notes:

- (1) These securities are held under the Escrow Agreement in accordance with NP 46-201. The escrow agent is Marrelli Trust Company Limited.
- (2) NKO Consulting Corp. is an entity controlled by Nicholas Kadysch.

12. Principal Shareholders

12.1 (1) Provide the following information for each principal shareholder of the Issuer as of a specified date not more than 30 days before the date of the Listing Statement:

- (a) Name;
- (b) The number or amount of securities owned of the class to be listed;
- (c) Whether the securities referred to in subsection 12(1)(b) are owned both of record and beneficially, of record only, or beneficially only; and
- (d) The percentages of each class of securities known by the Issuer to be owned.

Please refer to the List of Security Holders attached hereto.

- (2) If the Issuer is requalifying following a fundamental change or has proposed an acquisition, amalgamation, merger, reorganization or arrangement, indicate, to the extent known, the holding of each person of company described in paragraph (1) that will exist after giving effect to the transaction.

Not applicable

- (3) If, to the knowledge of the Issuer, more than 10 per cent of any class of voting securities of the Issuer is held, or is to be held, subject to any voting trust or other similar agreement, disclose, to the extent known, the

designation of the securities, the number or amount of the securities held or to be held subject to the agreement and the duration of the agreement. State the names and addresses of the voting trustees and outline briefly their voting rights and other powers under the agreement.

Not applicable

- (4) If, to the knowledge of the Issuer, any principal shareholder is an associate or affiliate of another person or company named as a principal shareholder, disclose, to the extent known, the material facts of the relationship, including any basis for influence over the Issuer held by the person or company other than the holding of voting securities of the Issuer.

Nicholas Kadysh is a principal shareholder of NKO Consulting Corporation, which is his personal management consulting company. NKO Consulting Corporation holds shares in PharmAla Biotech on behalf of Nicholas Kadysh.

- (5) In addition to the above, include in a footnote to the table, the required calculation(s) on a fully-diluted basis.

Please refer to the List of Security Holders attached hereto.

13 Directors and Officers

- 13.1 List the name and municipality of residence of each director and executive officer of the Issuer and indicate their respective positions and offices held with the Issuer and their respective principal occupations within the five preceding years.

Name and Municipality of Residence and Position with the Issuer	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 Issuer	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⁾

Notes:

(1) Percentage is based on 82,998,600 Common Shares issued and outstanding as of the date of this Prospectus.

- (2) Common Shares are held through NKO Consulting Corp., an entity controlled by Nicholas Kadysh. NKO Consulting Corp. also holds 1,000,000 Consulting Warrants at an exercise price of \$0.05 per share until February 1, 2023.
- (3) Nicholas Kadysh also
- (3) Nicholas Kadysh also holds 250,000 Options at a price per share of \$0.05 until March 23, 2026, 750,000 Options at a price per share of \$0.10 until June 18, 2026 and 1,500,000 Options at a price per share of \$0.10 until January 5, 2027.
- (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, 250,000 Options at a price per share of \$0.10 until August 12, 2026, and 250,000 Options at a price per share of \$0.10 until January 5, 2027.
- (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.

- 13.2 State the period or periods during which each director has served as a director and when his or her term of office will expire.

The term of office of the directors expires annually at the time of the Issuer's next annual general meeting. See table above for period during which each director served as director of the Issuer.

- 13.3 State the number and percentage of securities of each class of voting securities of the Issuer or any of its subsidiaries beneficially owned, directly or indirectly, or over which control or direction is exercised by all directors and executive officers of the Issuer as a group.

See the table above.

- 13.4 Disclose the board committees of the Issuer and identify the members of each committee.

Please refer to the "Directors and Executive Officers" section in the attached Prospectus.

- 13.5 If the principal occupation of a director or officer of the Issuer is acting as an officer of a person or company other than the Issuer, disclose the fact and state the principal business of the person or company.

Please refer to the “Directors and Executive Officers” section in the attached Prospectus.

13.6 Disclose if a director or officer of the Issuer or a shareholder holding a sufficient number of securities of the Issuer to affect materially the control of the Issuer, is, or within 10 years before the date of the Listing Statement has been, a director or officer of any other Issuer that, while that person was acting in that capacity:

- (a) was the subject of a cease trade or similar order, or an order that denied the other Issuer access to any exemptions under Ontario securities law, for a period of more than 30 consecutive days, state the fact and describe the basis on which the order was made and whether the order is still in effect;

Please refer to the “Directors and Executive Officers” section in the attached Prospectus.

- (b) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days, state the fact and describe the basis on which the order was made and whether the order is still in effect;

Please refer to the “Directors and Executive Officers” section in the attached Prospectus.

- (c) 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, state the fact; or

Please refer to the “Directors and Executive Officers” section in the attached Prospectus.

- (d) 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, state the fact.

Please refer to the “Directors and Executive Officers” section in the attached Prospectus.

13.7 Describe the penalties or sanctions imposed and the grounds on which they were imposed or the terms of the settlement agreement and the circumstances that gave rise to the settlement agreement, if a director or officer of the Issuer, or a shareholder holding sufficient securities of the Issuer to affect materially the control of the Issuer, has:

- (a) been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority; or

Please refer to the “Directors and Executive Officers” section in the attached Prospectus.

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

Please refer to the “Directors and Executive Officers” section in the attached Prospectus.

13.8 Despite section 13.7, no disclosure is required of a settlement agreement entered into before December 31, 2000 unless the disclosure would likely be important to a reasonable investor in making an investment decision.

13.9 If a director or officer of the Issuer, or a shareholder holding sufficient securities of the Issuer to affect materially the control of the Issuer, or a personal holding company of any such persons has, within the 10 years before the date of the Listing Statement, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been 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 or officer, state the fact.

Please refer to the “Directors and Executive Officers” section in the attached Prospectus.

13.10 Disclose particulars of existing or potential material conflicts of interest between the Issuer or a subsidiary of the Issuer and a director or officer of the Issuer or a subsidiary of the Issuer.

None

13.11 Management — In addition to the above provide the following information for each member of management:

- (a) state the individual's name, age, position and responsibilities with the Issuer and relevant educational background;
- (b) state whether the individual works full time for the Issuer or what proportion of the individual's time will be devoted to the Issuer;
- (c) state whether the individual is an employee or independent contractor of the Issuer;
- (d) state the individual's principal occupations or employment during the five years prior to the date of the Listing Statement, disclosing with respect to each organization as of the time such occupation or employment was carried on:
 - (i) its name and principal business,
 - (ii) if applicable, that the organization was an affiliate of the Issuer,
 - (iii) positions held by the individual, and
 - (iv) whether it is still carrying on business, if known to the individual;
- (e) describe the individual's experience in the Issuer's industry; and
- (f) state whether the individual has entered into a non-competition or non-disclosure agreement with the Issuer.

Please refer to the table in question 13.1

14. Capitalization

14.1 Prepare and file the following chart for each class of securities to be listed:

Issued Capital

	Number of Securities (non-diluted)	Number of Securities (fully diluted)	% of Issued (non-diluted)	% of Issued (Fully diluted)
<u>Public Float</u>				
Total outstanding (A)	82,998,600	97,025,552		

Held by Related Persons or employees of the Issuer or Related Person of the Issuer, or by persons or companies who beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer (or who would beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer upon exercise or conversion of other securities held) (B)	17,427,000	30,477,000	21 %	31.41%
Total Public Float (A-B)	65,571,600	66,548,552	79 %	68.59 %
<u>Freely-Tradeable Float</u>				
Number of outstanding securities subject to resale restrictions, including restrictions imposed by pooling or other arrangements or in a shareholder agreement and securities held by control block holders (C)	3,725,000	6,925,000	4.48 %	7.19 %
Total Tradeable Float (A-C)	79,273,600	90,100,552	95.52 %	92.86 %

Public Securityholders (Registered)

Instruction: For the purposes of this report, "public securityholders" are persons other than persons enumerated in section (B) of the previous chart. List registered holders only.

Class of Security			
<u>Size of Holding</u>		<u>Number of holders</u>	<u>Total number of securities</u>
1 – 99 securities		-	-
100 – 499 securities		-	-
500 – 999 securities		-	-
1,000 – 1,999 securities		-	-
2,000 – 2,999 securities		152	302,000
3,000 – 3,999 securities		-	-
4,000 – 4,999 securities		4	16,000
5,000 or more securities		114	65,251,000

Public Securityholders (Beneficial)

Instruction: Include (i) beneficial holders holding securities in their own name as registered shareholders; and (ii) beneficial holders holding securities through an intermediary where the Issuer has been given written confirmation of shareholdings. For the purposes of this section, it is sufficient if the intermediary provides a breakdown by number of beneficial holders for each line item below; names and holdings of specific beneficial holders do not have to be disclosed. If an intermediary or intermediaries will not provide details of beneficial holders, give the aggregate position of all such intermediaries in the last line.

Class of Security			
<u>Size of Holding</u>		<u>Number of holders</u>	<u>Total number of securities</u>
1 – 99 securities		-	-
100 – 499 securities		-	-
500 – 999 securities		-	-
1,000 – 1,999 securities		-	-
2,000 – 2,999 securities		152	302,000
3,000 – 3,999 securities		-	-
4,000 – 4,999 securities		4	16,000
5,000 or more securities		114	65,251,000

Non-Public Securityholders (Registered)

Instruction: For the purposes of this report, "non-public securityholders" are persons enumerated in section (B) of the issued capital chart.

Class of Security			
<u>Size of Holding</u>	<u>Number of holders</u>		<u>Total number of securities</u>
1 – 99 securities	-		-
100 – 499 securities	-		-
500 – 999 securities	-		-
1,000 – 1,999 securities	-		-
2,000 – 2,999 securities	-		-
3,000 – 3,999 securities	-		-
4,000 – 4,999 securities	-		-
5,000 or more securities	4		17,427,000

14.2 Provide the following details for any securities convertible or exchangeable into any class of listed securities

Description of Security (include conversion / exercise terms, including conversion / exercise price)	Number of convertible / exchangeable securities outstanding	Number of listed securities issuable upon conversion / exercise
<u>Consulting Warrants</u> 1 Consulting Warrant exercisable into 1 common share at an exercise price of \$0.05 per Consulting	5,250,000	5,250,000

Warrant, expiring on February 1, 2023		
<u>Options</u> 1 Option exercisable into 1 common share. See table below for more details.	7,510,000	7,510,000

<u>Number of Common Shares under Option</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
550,000	\$0.05	Vested on grant date
70,000	\$0.10	
2,310,000	\$0.05	12 months quarterly vesting (i.e. 25% every three months)
2,080,000	\$0.10	12 months quarterly vesting (i.e. 25% every three months)
250,000		5,000 options every month until fully vested
1,500,000	\$0.10	100% vesting every year, such that the options shall be fully vested on the 12 month anniversary of the grant date
750,000	\$0.10	2.77% every month such that the Options shall be fully vested on the 36 month anniversary after November 1 st 2021.

14.3 Provide details of any listed securities reserved for issuance that are not included in section 14.2.

None

15. Executive Compensation

- 15.1 Attach a Statement of Executive Compensation from Form 51-102F6 or any successor instrument and describe any intention to make any material changes to that compensation.

Please refer to the "Executive Compensation" section of the attached Prospectus.

16. Indebtedness of Directors and Executive Officers

- 16.1 Aggregate Indebtedness

None

- (1) Complete the above table for the aggregate indebtedness outstanding as at a date within thirty days before the date of the information circular entered into in connection with:

(a) a purchase of securities; and

(b) all other indebtedness.

- (2) Report separately the indebtedness to:

(a) the Issuer or any of its subsidiaries (column (b)); and

(b) another entity if the indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Issuer or any of its subsidiaries (column (c)),

of all officers, directors, employees and former officers, directors and employees of the Issuer or any of its subsidiaries.

- (3) "Support agreement" includes, but is not limited to, an agreement to provide assistance in the maintenance or servicing of any indebtedness and an agreement to provide compensation for the purpose of maintaining or servicing any indebtedness of the borrower.

- 16.2 Indebtedness of Directors and Executive Officers under (1) Securities Purchase and (2) Other Programs

None

- (1) Complete the above table for each individual who is, or at any time during the most recently completed financial year was, a director or executive officer of the Issuer, each proposed nominee for election as a director of the Issuer, and each associate of any such director, executive officer or proposed nominee,
- (a) who is, or at any time since the beginning of the most recently completed financial year of the Issuer has been, indebted to the Issuer or any of its subsidiaries, or
 - (b) whose indebtedness to another entity is, or at any time since the beginning of the most recently completed financial year has been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Issuer or any of its subsidiaries,

and separately disclose the indebtedness for security purchase programs and all other programs.

(2) Note the following:

Column (a) – disclose the name and principal position of the borrower. If the borrower was, during the year, but no longer is a director or executive officer, state that fact. If the borrower is a proposed nominee for election as a director, state that fact. If the borrower is included as an associate, describe briefly the relationship of the borrower to an individual who is or, during the year, was a director or executive officer or who is a proposed nominee for election as a director, name that individual and provide the information required by this subparagraph for that individual.

Column (b) – disclose whether the Issuer or a subsidiary of the Issuer is the lender or the provider of a guarantee, support agreement, letter of credit or similar arrangement or understanding.

Column (c) – disclose the largest aggregate amount of the indebtedness outstanding at any time during the last completed financial year.

Column (d) – disclose the aggregate amount of indebtedness outstanding as at a date within thirty days before the date of the information circular.

Column (e) – disclose separately for each class or series of securities, the sum of the number of securities purchased during the last completed financial year with the financial assistance (security purchase programs only).

Column (f) – disclose the security for the indebtedness, if any, provided to the Issuer, any of its subsidiaries or the other entity (security purchase programs only).

Column (g) – disclose the total amount of indebtedness that was forgiven at any time during the last completed financial year.

(3) Supplement the above table with a summary discussion of:

- (a) the material terms of each incidence of indebtedness and, if applicable, of each guarantee, support agreement, letter of credit or other similar arrangement or understanding, including:
 - (i) the nature of the transaction in which the indebtedness was incurred,
 - (ii) the rate of interest,
 - (iii) the term to maturity,
 - (iv) any understanding, agreement or intention to limit recourse, and
 - (v) any security for the indebtedness;
- (b) any material adjustment or amendment made during the most recently completed financial year to the terms of the indebtedness and, if applicable, the guarantee, support agreement, letter of credit or similar arrangement or understanding. Forgiveness of indebtedness reported in column (g) of the above table should be explained; and
- (c) the class or series of the securities purchased with financial assistance or held as security for the indebtedness and, if the class or series of securities is not publicly traded, all material terms of the securities, including the provisions for exchange, conversion, exercise, redemption, retraction and dividends.

17. Risk Factors

- 17.1 Disclose risk factors relating to the Issuer and its business, such as cash flow and liquidity problems, if any, experience of management, the general risks inherent in the business carried on by the Issuer, environmental and health risks, reliance on key personnel, regulatory constraints, economic or political conditions and financial history and any other matter that would be likely to influence an investor's decision to purchase securities of the Issuer.

Please refer to the “Risk Factors” section of the attached Prospectus.

- 17.2 If there is a risk that securityholders of the Issuer may become liable to make an additional contribution beyond the price of the security, disclose that risk.

Please refer to the “Risk Factors” section of the attached Prospectus.

- 17.3 Describe any risk factors material to the Issuer that a reasonable investor would consider relevant to an investment in the securities being listed and that are not otherwise described under section 17.1 or 17.2.

18. Promoters

Please refer to the “Promoters” section of the attached Prospectus.

- 18.1 For a person or company that is, or has been within the two years immediately preceding the date of the Listing Statement, a promoter of the Issuer or of a subsidiary of the Issuer, state:
- (a) the person or company's name;
 - (b) the number and percentage of each class of voting securities and equity securities of the Issuer or any of its subsidiaries beneficially owned, directly or indirectly, or over which control is exercised;
 - (c) the nature and amount of anything of value, including money, property, contracts, options or rights of any kind received or to be received by the promoter directly or indirectly from the Issuer or from a subsidiary of the Issuer, and the nature and amount of any assets, services or other consideration therefor received or to be received by the Issuer or a subsidiary of the Issuer in return; and
 - (d) for an asset acquired within the two years before the date of the Listing Statement or thereafter, or to be acquired, by the Issuer or by a subsidiary of the Issuer from a promoter:
 - (i) the consideration paid or to be paid for the asset and the method by which the consideration has been or will be determined,
 - (ii) the person or company making the determination referred to in subparagraph (i) and the person or company's relationship with the Issuer, the promoter, or an associate or affiliate of the Issuer or of the promoter, and

- (iii) the date that the asset was acquired by the promoter and the cost of the asset to the promoter.

18.2 (1) If a promoter referred to in section 18.1 is, as at the date hereof, or was within 10 years before the date hereof, a director, chief executive officer, or chief financial officer of any person or company that:

- a) was subject to an order that was issued while the promoter was acting in the capacity as director, chief executive officer or chief financial officer; or
- b) was subject to an order that was issued after the promoter ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while the promoter was acting in the capacity as director, chief executive officer or chief financial officer,

state the fact and describe the basis on which the order was made and whether the order is still in effect.

(2) For the purposes of section 18.2 (1), “order” means:

- (a) a cease trade order;
- (b) an order similar to a cease trade order; or
- (c) an order that denied the relevant person or company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days.

(3) If a promoter referred to in section 18.2 (1):

- (a) is, as at the date hereof, or has been within the 10 years before the date hereof, a director or executive officer of any person or company that, while the promoter 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, state the fact; or
- (b) has, within the 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the promoter, state the fact.

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-
- (4) Describe the penalties or sanctions imposed and the grounds on which they were imposed or the terms of the settlement agreement and the circumstances that gave rise to the settlement agreement, if a promoter referred to in section 18.2(1) has been subject to:
- (a) any penalties or sanctions imposed by a court relating to provincial and territorial securities legislation or by a provincial and territorial securities regulatory authority or has entered into a settlement agreement with a provincial and territorial securities 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.
- (5) Despite section 18.2(4), no disclosure is required of a settlement agreement entered into before December 31, 2000 unless the disclosure would likely be considered important to a reasonable investor in making an investment decision.

19. Legal Proceedings

- 19.1 Describe any legal proceedings material to the Issuer to which the Issuer or a subsidiary of the Issuer is a party or of which any of their respective property is the subject matter and any such proceedings known to the Issuer to be contemplated, including the name of the court or agency, the date instituted, the principal parties to the proceedings, the nature of the claim, the amount claimed, if any, if the proceedings are being contested, and the present status of the proceedings.

None

- 19.2 Regulatory actions - Describe any:

- (a) penalties or sanctions imposed against the Issuer by a court relating to provincial and territorial securities legislation or by a securities regulatory authority within the three years immediately preceding the date hereof;

None

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

None

- (c) settlement agreements the Issuer entered into before a court relating to provincial and territorial securities legislation or with a securities regulatory authority within the three years immediately preceding the date hereof.

None

20. Interest of Management and Others in Material Transactions

20.1 Describe, and state the approximate amount of, any material interest, direct or indirect, of any of the following persons or companies in any transaction within the three years before the date of the Listing Statement, or in any proposed transaction, that has materially affected or will materially affect the Issuer or a subsidiary of the Issuer:

- (a) any director or executive officer of the Issuer;

None

- (b) a person or company that is the direct or indirect beneficial owner of, or who exercises control or direction over, more than 10 percent of any class or series of your outstanding voting securities; and

None

- (c) an associate or affiliate of any of the persons or companies referred to in paragraphs (a) or (b).

None

21. Auditors, Transfer Agents and Registrars

21.1 State the name and address of the auditor of the Issuer.

Clearhouse LLP, 2560 Matheson Blvd E #527, Mississauga, Ontario L4W 4Y9

21.2 For each class of securities, state the name of any transfer agent, registrar, trustee, or other agent appointed by the Issuer to maintain the securities register and the register of transfers for such securities and indicate the location (by municipality) of each of the offices of the Issuer or transfer agent, registrar, trustee or other agent where the securities register and register of transfers are maintained or transfers of securities are recorded.

For the common shares, the transfer agent and registrar of the Issuer is Marrelli Trust Company Limited at its principal office at 602-1111 Melville Street, Vancouver, British Columbia, V6E 3V6

22. Material Contracts

- 22.1 Give particulars of every material contract, other than contracts entered into in the ordinary course of business that was entered into within the two years before the date of Listing Statement by the Issuer or a subsidiary of the Issuer.

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

- Share Exchange Agreement;
- Master Services Agreement with Dalton;
- Master service agreement with Pinney;
- J&C Consulting Agreement;
- Master services agreement with Rane; and
- Kandil Consulting Agreement.

Please refer to the material contracts filed under the Issuer's SEDAR profile

- 22.2 If applicable, attach a copy of any co-tenancy, unitholders' or limited partnership agreement.

Not applicable

23 Interest of Experts

Please refer to the "Expert" section in the attached Prospectus.

- 23.1 Disclose all direct or indirect interests in the property of the Issuer or of a Related Person of the Issuer received or to be received by a person or company whose profession or business gives authority to a statement made by the person or company and who is named as having prepared or certified a part of the Listing Statement or prepared or certified a report or valuation described or included in the Listing Statement.
- 23.2 Disclose the beneficial ownership, direct or indirect, by a person or company referred to in section 23.1 of any securities of the Issuer or any Related Person of the Issuer.

- 23.3 For the purpose of section 23.2, if the ownership is less than one per cent, a general statement to that effect shall be sufficient.
- 23.4 If a person, or a director, officer or employee of a person or company referred to in section 23.1 is or is expected to be elected, appointed or employed as a director, officer or employee of the Issuer or of any associate or affiliate of the Issuer, disclose the fact or expectation.

24. Other Material Facts

- 24.1 Give particulars of any material facts about the Issuer and its securities that are not disclosed under the preceding items and are necessary in order for the Listing Statement to contain full, true and plain disclosure of all material facts relating to the Issuer and its securities.

None

25. Financial Statements

Please refer to financial statements attached to the Prospectus.

- 25.1 Provide the following audited financial statement for the Issuer:
- (a) copies of all financial statements including the auditor's reports required to be prepared and filed under applicable securities legislation for the preceding three years as if the Issuer were subject to such law; and
 - (b) a copy of financial statements for any completed interim period of the current fiscal year.
- 25.2 For Issuers re-qualifying for listing following a fundamental change provide
- (a) the information required in sections 5.1 to 5.3 for the target;
 - (b) financial statement for the target prepared in accordance with the requirements of National Instrument 41-101 *General Prospectus Requirements* as if the target were the Issuer;
 - (c) pro-forma consolidated financial statements for the New Issuer giving effect to the transaction for:
 - (i) the last full fiscal year of the Issuer, and
 - (ii) any completed interim period of the current fiscal year.
-

The first certificate below must be signed by the CEO, CFO, any person or company who is a promoter of the Issuer and two directors of the Issuer. In the case of an Issuer re-qualifying following a fundamental change, the second certificate must also be signed by the CEO, CFO, any person or company who is a promoter of the target and two directors of the target.

CERTIFICATE OF THE ISSUER

Pursuant to a resolution duly passed by its Board of Directors, (full legal name of the Issuer), hereby applies for the listing of the above mentioned securities on the Exchange. The foregoing contains full, true and plain disclosure of all material information relating to (full legal name of the Issuer). It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

Dated at Toronto, Ontario, this 6th day of January, 2022.

(s) Nicholas Kadysh

Nicholas Kadysh,
Chief Executive Officer

(s) Carmelo Marrelli

Carmelo Marrelli,
Chief Financial Officer and Corporate
Secretary

(s) Nicholas Kadysh

Nicholas Kadysh, Promoter

(s) Perry Tsergas

Perry Tsergas, Director

(s) Solomon Elimimian

Solomon Elimimian, Director

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

December 20, 2021

FINAL PROSPECTUS



PHARMALA BIOTECH HOLDINGS INC.

(d/b/a PharmAla)

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. 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.

The Company has applied to the Canadian Securities Exchange (the “**CSE**”) to approve the listing (the “**Listing**”) of the Company’s Common Shares under the symbol “MDMA”. The CSE has conditionally approved the Listing, 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 offence 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.

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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, the Company’s wholly-owned subsidiary PharmAla Biotech Inc.;

“**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;

“**CSML**” means Controlled Substances Manufacturer’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*;

“**GCP**” means Good Clinical Practices

“**GLP**” means Good Laboratory Practices;

“**GMP**” means Good Manufacturing Practices;

“**IND**” means the United States Investigational New Drug Application;

“**IRB**” means institutional review board;

“**J&C Consulting Agreement**” means the professional services agreement entered into on March 29, 2021 with J&C Consulting to provide medical chemistry consulting services;

“**Kandil Consulting Agreement**” means the professional services agreement entered into on March 19, 2021 with Dr. Ali Kandil;

“**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-Methylenedioxyamphetamine;

“**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.;

“**Pharmascience**” means Pharmascience Inc.;

“**Pharmascience Agreement**” means the arrangement agreement between the Company and Pharmascience dated October 26, 2021;

“**Pinney**” means Pinney Associates 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 December 20, 2021;

“**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;

“**Rane**” means Rane Pharmaceutical Inc.;

“**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; 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.

Listing: The Company has applied and received conditional approval from 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 \$2,149,000, based on the estimated consolidated working capital of \$2,149,000 as at November 30, 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⁾	610,000
Estimated expense for listing on the CSE	100,000
Sales and marketing	100,000
Research and development ⁽²⁾	1,200,000
Total use of available funds	2,010,000

Unallocated funds	139,000
Total available funds (Estimated working capital as at November 30, 2021)	2,149,000

Notes:

- (1) This figure is for a forecasted period of 12 months and is comprised of salaries and benefits in the amount of approximately \$185,000 (including the \$36,000 salary of Nicholas Kadysh and the \$135,000 salary of Dr. Harpreet Kaur, VP Research of Pharmala), consulting fees in the amount of approximately \$210,000 (including \$108,000 in regulatory consulting fees estimated to be paid to a company controlled by Mr. Kadysh and \$96,000 in consulting fees estimated to be paid to a company controlled by Dr. Morris as COO), 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 (including the fees estimated to be paid to MSSI for general accounting and financial reporting matters which includes the services of Mr. Marrelli as CFO), 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 \$325,000 for toxicological testing of novel formulations, which will allow for potential clinical studies in the United States once the Company's product development programs are advanced from preclinical 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. Other than as disclosed in Note 1 for certain general and administrative costs, the Company does not intend to make any payments to related parties. 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 August 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 August 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 August 31, 2021 (audited) (\$)
Total Assets	2,793,840
Total Liabilities	138,479
Total Equity	2,655,361
Net Loss and Comprehensive Loss for the Period ⁽¹⁾	(2,509,066)

(1) The net loss for the period from December 23, 2020 (date of incorporation) to August 31, 2021, consisted of (i) consulting of \$144,450; (ii) office and general fees of \$21,105; (iii) investor relations of \$39,603; (iv) depreciation of \$303; (v) payroll expenses of \$12,855; (vi) professional fees of \$64,561; (vii) stock based compensation of \$142,619; and (viii) 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 Acquisitions Corp.” 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 fiscal year end of the Company is August 31.

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.

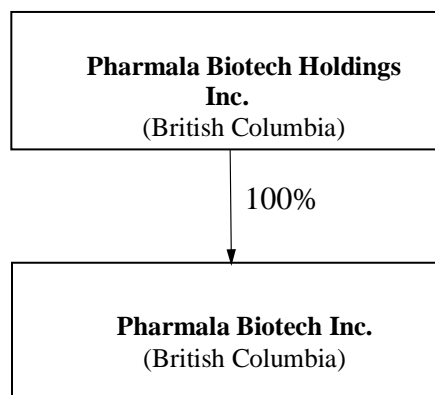
Name and Incorporation of Pharmala Biotech Inc.

Pharmala Biotech Inc. was incorporated under the *Business Corporations Act* (British Columbia) on December 23, 2020. The fiscal year end of Pharmala Biotech Inc. is August 31.

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 preclinical research and development in Canada and the United States 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.

The Company'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 ("CSML") or Controlled Substances Dealer's License ("CSDL") 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 CSML and CSDL. See "History – Master Services Agreement".

Entities possessing a CSDL could feasibly sell products to PharmAla's customers by licensing PharmAla trademarks and fulfilling orders on PharmAla's behalf. Under this arrangement, PharmAla would not be required to have its own CSDL. On October 26, 2021, the Company entered into a formal arrangement with Pharmascience, a well-established generic drug manufacturer based in Montreal. Under the terms of this agreement, Pharmascience has agreed to complete encapsulation of PharmAla's API under GMP conditions. Pharmascience has also agreed to sell PharmAla's products onwards under the terms of their Controlled Substances Dealer's License. The Company has also begun initial procedures to secure a CSDL, with the goal of leasing a facility capable of storing MDMA and MDXX molecules, which can be licensed by Health Canada. The initial procedures have thus far consisted exclusively of working with a real estate professional with a view toward identifying a suitable facility. However, at this time, efforts to secure a CSDL are not a primary preoccupation of the Company, as it believes that its strong partnerships with CSDL licensees allow it to complete all necessary business operations. Accordingly, as at the date of this Prospectus, the Company has not filed an application with Health Canada in respect of a CSDL.

As at the date of this Prospectus, the Company's partnerships with Dalton and Pharmascience allow it to pursue all necessary business: Dalton will ship the API generated by them for PharmAla under their CSDL to Pharmascience, and Pharmascience will encapsulate this API and sell it on through a delegation agreement. Customers for the Company's API or Drug 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 also entered into a master services agreement dated June 25, 2021 with Rane Pharmaceutical Inc. ("**Rane**"), 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.

The Company has also filed with the United States Patent and Trademark Office (“USPTO”) two provisional patents for processes to manufacture a novel formulation of MDMA, based on published academic research by Professor Leonard Howell (a member of the scientific advisory board of PharmAla), which the Company believes will produce a substance with a lower neurotoxicity profile than traditional MDMA and fewer adverse events. The Company subsequently expanded these provisional patents to include reformulation of other MDXX molecules to generate novel formulations with lower toxicity. These processes have been tested and validated by Dalton and Rane, respectively. The Company is currently assessing data generated by these laboratories in order to decide when to convert its provisional patents to final patents; this will happen no later than May 2022, based on business conditions. The Company has also filed a provisional “composition of matter” patent for a novel formulation of MDMA. 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. Conversion of this provisional patent into a final patent will require toxicological testing by a competent researcher to establish their relative benefit. The Company does not fully control patent timelines, which is subject to USPTO regulatory approval.

On September 3, 2021, the Company entered into an Letter of Intent (LOI) with the University of Arkansas Medical School, in order to perform toxicological testing of its novel formulations in the laboratory of Professor William Fantegrossi. Prof. Fantegrossi is a well-known researcher of controlled substances, and has an ongoing relationship with the Drug Enforcement Agency of the United States. Prof. Fantegrossi’s lab is licensed to work with numerous controlled substances, including MDMA and its analogs. Prof. Fantegrossi intends to research the Company’s patented MDMA formulations and publish his toxicological findings in a peer-reviewed journal or preprint before the end of Q2 2022. Prof. Fantegrossi’s research will be subject to a final contract with PharmAla.

Finally, the Company intends to formulate both generic MDMA and its novel formulations of MDMA and MDXX compounds 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. Based upon significant market research conducted by the Company, management believes that there are currently no companies in North America selling GMP MDMA to clinical trials. One limited source of MDMA has been the MAPS Public Benefit Corporation, which is a not-for-profit organization. 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 CSML and CSDL, or should the Company partner with an existing CSML and/or CSDL holder. 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. However, it must be noted that the Company does not require regulatory approval as an approved medicine in order to manufacture API or drug products which are sold to clinical researchers.

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 Practice ("GLP") and GMP 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 a United States New Drug Application ("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 API and finished drug product are produced and tested to assess compliance with GMP 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.

On September 30, 2021, the Board of Directors resolved to convert, effective as of September 30, 2021, and for no additional consideration and pursuant to the terms of the Special Warrants, all of 40,689,600 Special Warrants issued and outstanding into 40,689,600 Special Warrant Shares. The

holders of the Special Warrants Shares are entitled to the same rights as holders of Common Shares, namely 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 ratably 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, (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.

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.

Consulting Agreement with Dr. Ali Kandil

On March 19, 2021, the Company entered into a consulting agreement with Dr. Ali Kandil ("**Kandil Consulting Agreement**"). 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 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. The consulting agreement is for a term ending September 19, 2022 and may be renewed by the parties.

Master Services Agreement

On May 18, 2021, PharmAla entered into a master services agreement (the "**Master Services Agreement**") with Dalton, a corporation incorporated under the *Business Corporations Act*

(Ontario), 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 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 CSML. As of September 15, 2021, there has been significant progress made in the development of the PharmAla process to manufacture MDMA. Dalton has completed work on the “feasibility” batch, and has begun both process development (in the form of a “scale-up” batch of 100g, and a further scale-up batch of 200g).

Dalton has also completed a feasibility batch of the Company’s proprietary MDMA formulation, which can and will be used to substantiate the company’s provisional process patent. Dalton may engage in manufacturing or process development for additional API or molecules as designated by PharmAla, however all process development at Dalton is currently focused on MDMA.

J&C Consulting Agreement

On March 29, 2021 PharmAla entered into a professional services agreement with J&C Consulting, an arm’s length party. J&C Consulting is the Company and PharmAla’s medical chemistry consulting firm. They are responsible for advising the Company and PharmAla on matters pertaining to the chemical process to synthesize PharmAla’s products, as well as the generation of intellectual property. The consulting agreement is for a term ending September 29, 2022 and may be renewed by the parties.

Master services agreement with Rane

On June 25, 2021, PharmAla entered into a master services agreement with Rane, 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.

Master services agreement with Pinney

On August 1, 2021, PharmAla entered into a master services agreement with Pinney Associates Inc. (“**Pinney**”) for an initial term of one year to provide regulatory and clinical consultation services.

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.

On August 26th, 2021, the Company filed a provisional patent for a novel composition of matter for formulations of MDMA and one MDXX compound.

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 \$2,149,000 based on consolidated working capital as at November 30, 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⁾	610,000
Estimated expense for listing on the CSE	100,000
Sales and marketing	100,000
Research and development ⁽²⁾	1,200,000
Total use of available funds	2,010,000
Unallocated funds	139,000
Total available funds (Estimated working capital as at November 30, 2021)	2,149,000

Notes:

⁽¹⁾ This figure is for a forecasted period of 12 months and is comprised of salaries and benefits in the amount of approximately \$185,000 (including the \$36,000 salary of Nicholas Kadysh and the \$135,000 salary of Dr.

Harpreet Kaur, VP Research of Pharmala), consulting fees in the amount of approximately \$210,000 (including \$108,000 in regulatory consulting fees estimated to be paid to a company controlled by Mr. Kadysh and \$96,000 in consulting fees estimated to be paid to a company controlled by Dr. Morris as COO), 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 (including the fees estimated to be paid to MSSI for general accounting and financial reporting matters which includes the services of Mr. Marrelli as CFO), 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, 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 \$325,000 for toxicological testing of novel formulations, which will allow for potential clinical studies in the United States 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.

The Company intends to spend the funds available to it as stated in this Prospectus. Other than as disclosed in Note 1 for certain general and administrative costs, the Company does not intend to make any payments to related parties. 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 August 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's goal is to perform process development, and ultimately to manufacture MDMA and MDXX molecules under 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 has engaged the services of Dalton, a well-established CMO of API, in order to perform process development and manufacturing Dalton possesses all such qualifications, and as such PharmAla has no barriers to production of clinical-grade MDMA on a contract basis, subject to the completion of process development activities. Should PharmAla 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 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 prior to completion of toxicological testing of the resultant formulation by a competent laboratory in keeping with 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 as well as the 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, will cost approximately \$1,200,000 in the aggregate. 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 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 March 2022	\$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	\$50,000
Preclinical research and development	Identified research partners in both Canada and the United States Initiated normal course of business confidentiality agreements with providers of preclinical research services	Initiation of toxicological study of PharmAla proprietary formulations (Prof. William Fantegrossi, University of Arkansas Medical School) – currently underway Initiation of molecular assay of PharmAla proprietary formulations – by December 31, 2021 Initiation of preclinical trials in Canada or the United States – currently underway in the United States at the University of Arkansas Medical School, with additional work expected to be initiated in Canada by December 31, 2021	\$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 August 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 August 31, 2021 (audited) (\$)
Total Assets	2,793,840
Total Liabilities	138,479
Total Equity	2,655,361
Net Loss and Comprehensive Loss for the Period ⁽¹⁾	(2,509,066)

(1) The net loss for the period from December 23, 2020 (date of incorporation) to August 31, 2021, consisted of (i) consulting of \$144,450; (ii) office and general fees of \$21,105; (iii) investor relations of \$39,603; (iv) depreciation of \$303; (v) payroll expenses of \$12,855; (vi) professional fees of \$64,561; (vii) stock based compensation of \$142,619; and (viii) transaction costs of \$2,083,570.

Management's Discussion and Analysis

The consolidated MD&A of the Company from the date of incorporation to August 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 82,998,600 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.

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. There are no vesting conditions or other restrictions affecting the ability of the holder to exercise their Consulting Warrants.

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. There are no vesting conditions or other restrictions affecting the ability of the holder to exercise their Broker Warrants.

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. There are no vesting conditions or other restrictions affecting the ability of the holder to exercise their Broker Warrants.

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 and loan capital, on a consolidated basis, of the Company as at the dates specified below.

Description	Authorized	Outstanding as at August 31, 2021 ⁽¹⁾⁽²⁾	Outstanding as at the date of this Prospectus ⁽¹⁾⁽²⁾
Common Shares	Unlimited	42,309,000	82,998,600
Special Warrants	Unlimited	40,689,600 ⁽³⁾	- ⁽³⁾
Consulting Warrants	Unlimited	5,250,000	5,250,000
Broker Warrants	Unlimited	1,516,952	1,516,952
Options	Unlimited	4,560,000	5,010,000

Notes:

- (1) See “*Prior Sales*”.
- (2) On an undiluted basis.
- (3) All 40,689,600 Special Warrants were converted into 40,689,600 Common Shares on September 30, 2021.

Fully Diluted Share Capitalization

Common Shares	Amount of Securities	Percentage of Total
Issued and outstanding as at the date of this Prospectus	82,998,600	87.57%
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	Common Shares	1,750,000	\$0.10	12 months quarterly vesting (i.e. 25% every three months)

Name of Optionee	Designation of Securities under Option	Number of Common Shares under Option	Exercise Price	Expiry Date
Company as a group (9 persons)		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
September 30, 2021	Common Shares	40,689,600	Nil (conversion of Special Warrants)

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

As at the date of this Prospectus, the securities 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
NKO Consulting Corp. ⁽²⁾	Common Shares	3,625,000 ⁽¹⁾	4.37%
Solomon Elimimian	Common Shares	100,000 ⁽¹⁾	0.12%
NKO Consulting Corp. ⁽²⁾	Consulting Warrants	1,000,000 ⁽¹⁾	N/A
Nicholas Kadysh	Options	250,000 ⁽¹⁾	N/A
Shane Morris	Options	750,000 ⁽¹⁾	N/A
Jodi Butts	Options	350,000 ⁽¹⁾	N/A
Perry Tsergas	Options	250,000 ⁽¹⁾	N/A
Fraser Macdonald	Options	250,000 ⁽¹⁾	N/A
Abdelmalik Slassi	Options	250,000 ⁽¹⁾	N/A
Harriet De Wit	Options	150,000 ⁽¹⁾	N/A

Notes:

- (1) These securities are held under the Escrow Agreement in accordance with NP 46-201. The escrow agent is Marrelli Trust Company Limited.
- (2) NKO Consulting Corp. is an entity controlled by Nicholas Kadysh.

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, 1,000,000 Consulting Warrants and 2,250,000 Options will be held in escrow on the Listing Date.

PRINCIPAL SECURITYHOLDERS

To the knowledge of the directors and officers of the Company, 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%
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 49 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	Nil ⁽⁷⁾

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⁾
		member of the Board of Governors and Audit Committee of the University of Windsor.	
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⁾
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 82,998,600 Common Shares issued and outstanding as of the date of this Prospectus.
- (2) Common Shares are held through NKO Consulting Corp., an entity controlled by Nicholas Kadysh. NKO Consulting Corp. also holds 1,000,000 Consulting Warrants at an exercise price of \$0.05 per share until February 1, 2023.
- (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 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 (NASDAQ: 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 fiscal period ending August 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 fiscal period ending August 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 August 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 August 31, 2022, until such time as a either a new CFO is appointed by the Board of Directors or the contract with MSSSI is terminated.

(ii) Mr. Kadysh, the CEO, is the principal of NKO Consulting Corp. During the period from incorporation to August 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 pay NKO Consulting Corp. an aggregate amount of \$108,000 for regulatory consulting matters and to pay Mr. Kadysh, personally, as CEO, a salary of \$36,000 until the end of the current fiscal year ending August 31, 2022. 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. NKO Consulting Corp. holds 1,000,000 Consulting Warrants at an exercise price of \$0.05 per share expiring February 1, 2023.

(iii) Dr. Morris, the COO, is the principal of Morris and Associates Consulting Inc. (“MAC”). During the period from incorporation to August 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 fiscal year ending August 31, 2022. 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 August 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. In Canada, under the CDSA, MDMA is currently a Schedule I drug and as such, medical and recreational use currently is illegal under the Canadian 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, permits, approvals and exemptions 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 Canadian or United States federal laws and regulations, such as the CDSA, the CSA or the CSIEA, or of similar legislation in the jurisdictions in which it operates, 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. Any such violations or the loss of the necessary licenses, permits, approvals or exemptions for Schedule I drugs could have an adverse effect on the Company’s operations.

The Company’s regulatory risk is decreased if:

- (a) It elects not to build its own manufacturing laboratory, and instead works through competent licensed third parties such as Dalton. These parties complete manufacturing operations under their own CSDL and as such can indemnify the Company from any legal risk arising from the physical ownership of these products rather than the beneficial access to them.
- (b) The Company establishes multiple partnerships with organizations with competency in the manufacture, research, sale, and distribution of controlled substances such as Dalton or the laboratory of Dr. William Fantegrossi.
- (c) The Company never takes physical possession of any controlled substances.

The Issuer has received legal advice regarding limitations set out in the Controlled Substances Act in the United States and the Controlled Drugs and Substances Act in Canada and continues to monitor legislative developments.

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 licenses 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 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 of 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. NKO Consulting Corp. also holds 1,000,000 Consulting Warrants at an exercise price of \$0.05 per share until February 1, 2023. 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.

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

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, V6E 3V6.

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:

- Share Exchange Agreement;
- Master Services Agreement with Dalton;
- Master service agreement with Pinney;
- J&C Consulting Agreement;
- Master services agreement with Rane;

- Kandil Consulting Agreement; and
- Pharmascience Agreement.

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 August 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 August 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 AUGUST 31, 2021
(EXPRESSED IN CANADIAN DOLLARS)



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 August 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 August 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 August 31, 2021 and its financial performance and its cash flows for the period from December 23, 2020 (date of incorporation) to August 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 \$2,509,066 during the period from December 23, 2020 (date of incorporation) to August 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.



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.

Clearhouse LLP

Chartered Professional Accountants
Licensed Public Accountants

Mississauga, Ontario
December 20, 2021

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

As at, **August 31, 2021**

ASSETS

Current

Cash	\$ 2,472,380
Subscription receivables (note 6)	4,000
HST receivable	55,578
Total current assets	2,531,958

Non-current assets

Fixed assets (note 4)	2,364
Intangible asset (note 5)	259,518

Total assets	\$ 2,793,840
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LIABILITIES

Current

Accounts payable and accrued liabilities	\$ 138,479
Total liabilities	138,479

SHAREHOLDERS' EQUITY

Share capital (note 8)	2,195,844
Contributed surplus (note 9)	142,619
Special warrants (note 7)	2,635,692
Warrants (note 10)	190,272
Deficit	(2,509,066)

Total shareholders' equity	2,655,361
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Total liabilities and shareholders' equity	\$ 2,793,840
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Nature of operations and going concern (note 1)
Subsequent events (note 16)

Approved on behalf of the Board:

"Nicholas Kadysh"

Director

"Solomon Elimimian"

Director

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

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

	For the period from incorporation to August 31, 2021
Expenses	
Consulting (note 14)	\$ 144,450
Depreciation (note 4)	303
Investor relations	39,603
Office and general	21,105
Payroll expenses	12,855
Professional fees (note 14)	64,561
Stock based compensation (note 9 and 14)	142,619
Transaction costs (note 6)	2,083,570
Loss and comprehensive loss for the period	\$ 2,509,066
Loss and comprehensive loss per share	
- basic and diluted	\$ 0.08
Weighted average number of common shares outstanding	
- basic and diluted	30,231,272

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 August 31, 2021
Operating activities	
Net Loss for the period	\$(2,509,066)
<i>Items not affecting cash:</i>	
Depreciation (note 4)	303
Share-based compensation (note 9)	142,619
Transaction costs (note 6)	2,083,570
	(282,574)
<i>Changes in non-cash working capital items:</i>	
Subscription receivables	26,100
HST receivable	(55,578)
Accounts payable and accrued liabilities	138,479
Net cash provided by operating activities	(173,573)
Investing activities	
Purchase of capital assets (note 4)	(2,667)
Cash obtained from RTO (note 6)	891,400
Intangible asset development costs	(259,518)
Net cash provided by investing activities	629,215
Financing activities	
Share issuance (net of issuance costs) (note 8)	83,444
Special warrants (net of issuance costs) (note 7)	1,933,294
Net cash provided by financing activities	2,016,738
Increase in cash	2,472,380
Cash, beginning of period	-
Cash, end of period	\$ 2,472,380
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 (net of costs) (note 8)	5,000,000	83,444	-	-	-	-	83,444
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 7 and 8)	1,124,000	112,400	1,793,124	27,770	-	-	1,933,294
Stock based compensation (note 9)	-	-	-	-	142,619	-	142,619
Net loss for the period	-	-	-	-	-	(2,509,066)	(2,509,066)
Balance, August 31, 2021	42,309,000	\$2,195,844	\$ 2,635,692	\$ 190,272	\$ 142,619	\$ (2,509,066)	\$ 2,655,361

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

PharmAla Biotech Holdings Inc.
Notes to Consolidated Financial Statements
Period Ended August 31, 2021
(Expressed in Canadian Dollars)

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. issued 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 August 31, 2021, the Company reported a net loss of \$2,509,066. The Company has cash balance of \$2,472,380, 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 December 20, 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 August 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.

PharmAla Biotech Holdings Inc.
Notes to Consolidated Financial Statements
Period Ended August 31, 2021
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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	(303)	2,364
Balance, August 31, 2021	\$ 2,667	\$ (303)	\$ 2,364

5. INTANGIBLE ASSETS

Intangible assets consist of deferred development costs for internally generated intangible assets such as:

- Patents of novel MDXX class compounds, as well as novel synthesis routes to manufacture these molecules;
- Development of manufacturing pathways allowing for the manufacture and testing of clinical-grade MDMA at scale; and
- The development of novel delivery mechanisms for MDMA and MDXX class compounds.

	Total
Balance, upon incorporation	\$ -
Additions ⁽ⁱ⁾	259,518
Balance, August 31, 2021	\$ 259,518

⁽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	83,444

PharmAla Biotech Holdings Inc.
Notes to Consolidated Financial Statements
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6. REVERSE TAKEOVER (Continued)

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.

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

PharmAla Biotech Holdings Inc.
Notes to Consolidated Financial Statements
Period Ended August 31, 2021
(Expressed in Canadian Dollars)

7. SPECIAL WARRANTS

As at August 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 \$226,636, 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 \$86,466.

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	83,444
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, August 31, 2021	42,309,000	\$ 2,195,844

(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, and incurred transaction costs of \$16,556.

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.

PharmAla Biotech Holdings Inc.
Notes to Consolidated Financial Statements
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9. STOCK OPTIONS (Continued)

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)(ii)(iii)(iv)	5,010,000	0.07
Balance, August 31, 2021	5,010,000	0.07

- (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 \$82,773 related to this grant of stock options.
- (ii) 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. The stock options vest 25% every three months. The options were valued at \$126,300 using a Black-Scholes valuation model with the following assumptions: share price of \$0.10 per common shares, expected dividend yield of 0%, expected volatility of 100%, risk-free rate of 0.97%, and expected life of 5 years. During the period ended this Company recorded stock based compensation expense of \$53,173 related to the grant of stock options.
- (iii) On August 12, 2021, the Company granted stock options to advisors to purchase 70,000 common shares of the Company at an exercise price of \$0.10 for a period of 2 years following the date of grant. The stock options which vest immediately. The options were valued at \$3,660 using a Black-Scholes valuation model with the following assumptions: share price of \$0.10 per common shares, expected dividend yield of 0%, expected volatility of 100%, risk-free rate of 0.46%, and expected life of 5 years. During the period ended the Company recorded stock based compensation expense of \$3,660 related to this grant of stock options.
- (iv) On August 12, 2021, the Company granted stock options to directors, officers and advisors to purchase 380,000 common shares of the Company at an exercise price of \$0.10 for a period of 5 years following the date of grant. Included in the 380,000 options are 250,000 options which 5,000 vest monthly, the remaining options vest 25% every three months. The options were valued at \$28,210 using a Black-Scholes valuation model with the following assumptions: share price of \$0.10 per common shares, expected dividend yield of 0%, expected volatility of 100%, risk-free rate of 0.89%, and expected life of 5 years. During the period ended the Company recorded stock based compensation expense of \$3,013 related to this grant of stock options.

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

Expiry Date	Exercise Price (\$)	Weighted Average Remaining Contractual Life (years)	Number of Options Outstanding	Number of Options Vested (Exercisable)
August 12, 2023	0.10	1.95	70,000	70,000
March 23, 2026	0.05	4.56	2,860,000	1,127,500
June 18, 2026	0.10	4.80	1,700,000	-
August 12, 2026	0.10	4.95	380,000	-
Total	0.07	4.63	5,010,000	1,197,500

PharmAla Biotech Holdings Inc.
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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, August 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 August 31, 2021:

Expiry Date	Exercise Price (\$)	Weighted Average Remaining Contractual Life (years)	Number of Warrants Outstanding
February 01, 2023	0.05	1.42	5,250,000
February 05, 2023	0.05	1.43	870,000
February 16, 2023	0.05	1.46	115,000
May 14, 2023	0.10	1.70	531,952
		1.44	6,766,952

11. LOSS PER SHARE

For the period from incorporation to August 31, 2021, basic and diluted loss per share has been calculated based on the loss attributable to common shareholders of \$0.08 and the weighted average number of common shares outstanding of 30,231,272.

As of August 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 5,010,000 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 August 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 August 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 its 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 August 31, 2021 totaled equity of \$2,655,361.

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

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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 August 31, 2021, the Company incurred professional fees of \$23,662 to MSSI. These services were incurred in the normal course of operations for general accounting and financial reporting matters. As at August 31, 2021, MSSI was owed \$15,126, 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 August 31, 2021, the Company incurred consulting and payroll fees of \$80,855 to the Chief Executive Officer ("CEO") and companies controlled by the CEO. As at August 31, 2021, the CEO and companies controlled by the CEO were owed \$12,891 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 \$56,565 during the period related to the issuance.

On June 18, 2021, the Company granted 1,700,000 stock options to directors, and officers (note 9(ii)). The Company recognized an expense of \$53,173 during the period related to the issuance.

On August 12, 2021, the Company granted 300,000 stock options to directors, and officers (note 9(iv)). The Company recognized an expense of \$1,810 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:

	August 31, 2021
Loss before income taxes	(2,509,066)
Expected income tax recovery based on statutory rate	(664,902)
<i>Adjustment to expected income tax benefit:</i>	
Transaction costs	552,146
Share issuance costs	(114,339)
Share based payments	37,797
Change in unrecorded tax assets	189,298
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:

	August 31, 2021
Non-Capital losses carry forward	97,827
Share issuance costs	91,471
Total	189,298

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15. INCOME TAXES (Continued)

Non-capital losses

As at August 31, 2021, the Company has non-capital losses of \$368,858 available to reduce taxable income in future years expiring as follows:

2041	\$ 368,858
	<u>\$ 368,858</u>

16. SUBSEQUENT EVENTS

On September 30, 2021, the 40,689,600 special warrants were converted into 40,689,600 common shares for no additional consideration.

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 AUGUST 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 August 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 August 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

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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.

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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").

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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.

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.

As at August 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.

EVENTS SUBSEQUENT TO AUGUST 31, 2021

On September 30, 2021, the 40,689,600 special warrants were converted into 40,689,600 common shares for no additional consideration.

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	83,444

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.

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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.

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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 August 31, 2021
Total assets	2,793,840
Total liabilities	138,479
Working capital	2,393,479
Net (loss) ⁽¹⁾	(2,509,066)
Net (loss) per share, basic and diluted	(0.08)

⁽¹⁾ The net loss for the period from December 23, 2020 (date of incorporation) to August 31, 2021, consisted of (i) consulting fees of \$144,450 (ii) office and general fees of \$21,105; (iii) investor relations of \$39,603; (iv) depreciation of \$303; (v) payroll expenses of \$12,855; (vi) professional fees of \$64,561; (vii) stock based compensation of \$142,619, and (viii) transaction costs of \$2,083,570.

SELECTED QUARTERLY INFORMATION

Three Months Ended	Net Revenue (\$)	Net Income (Loss)	
		Total (\$)	Per Share (\$)
August 31, 2021	-	(171,411) ⁽¹⁾	(0.00)
May 31, 2021	-	(2,301,116) ⁽²⁾	(0.08)
February 28, 2021	-	(36,539) ⁽³⁾	(0.00)

Notes:

- (1) Net loss of \$171,411 principally consists of (i) consulting fees of \$68,125; (ii) office and general fees of \$708; (iii) investor relations of \$15,603; (iv) depreciation of \$202; (v) payroll expenses of \$9,641; (vi) professional fees of \$(27,487); (vii) stock based compensation of \$104,619; (viii) and transaction costs of \$nil.
- (2) 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.
- (3) 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 August 31, 2021, the Company also had 5,010,000 options which are exercisable that would raise \$358,000, 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 August 31, 2021, the Company had a cash balance of \$2,472,380 as a result of cash outflows in operating activities of \$173,573, cash inflows in investing activities of \$629,215 and cash inflows from financing activities of \$2,016,738.

Operating activities were affected by net loss of \$2,509,066, items not affecting cash of \$2,226,492, and net non-cash working capital balances of \$109,001. Items not affecting cash consisted of depreciation of \$303, share-based compensation of \$142,619, 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 and accrued liabilities of \$138,479, offset by HST receivable of \$55,578.

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 \$259,518.

Financing activities cash inflows were due to cash from a private placement of \$83,444 (net of issuance costs), and the issuance of special warrants (net of issuance costs) of \$1,933,294.

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 August 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
Total use of available funds	1,775,000
Unallocated funds (unaudited)	618,479
Total use of available funds (Estimated working capital as at August 31, 2021)	2,393,479

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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.

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

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Year Ended August 31, 2021
Dated - December 20, 2021

surplus and, accumulated deficit, which at August 31, 2021 totaled equity of \$2,655,361.

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 August 31, 2021, the Company incurred professional fees of \$23,662 to MSSI. These services were incurred in the normal course of operations for general accounting and financial reporting matters. As at August 31, 2021, MSSI was owed \$15,126, 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 August 31, 2021, the Company incurred consulting and payroll fees of \$80,855 to the Chief Executive Officer ("CEO") and companies controlled by the CEO. As at August 31, 2021, the CEO and companies controlled by him were owed \$12,891 inclusive of HST, 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 \$56,680 related to the grant of stock options.

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, which vest 25% every three months. The options granted to directors and officers were valued at \$126,300. During the period ended the Company recorded stock based compensation expense of \$53,173 related to the grant of stock options.

On August 12, 2021, the Company granted stock options to directors, and officers to purchase 300,000 common shares of the Company at an exercise price of \$0.10 for a period of 5 years following the date of grant. Included in the 300,000 stock options 50,000 stock options which vest 25% every three months, the remaining stock options vest 5,000 per month. The options granted to directors and officers were valued at \$22,270. During the period ended the Company recorded stock based compensation expense of \$1,810 related to the grant of stock options.

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 August 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 August 31, 2021, the Company had cash of \$2,472,380 to settle current liabilities of \$138,479. 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 82,998,600 issued and outstanding common shares, and had no special warrants outstanding.

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 (\$)
70,000	August 12, 2023	0.10
2,860,000	March 23, 2026	0.05
1,700,000	June 18, 2026	0.10
380,000	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 psychopharmacological 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 of 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.

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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.

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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: December 20, 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: December 20, 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