Numinus

NUMINUS WELLNESS INC.

Management's Discussion and Analysis

For the Years Ended August 31, 2021 and 2020

This Management's Discussion and Analysis ("MD&A") is intended to supplement the audited condensed consolidated financial statements of Numinus Wellness Inc. (the "Company" or "Numinus") for the year ended August 31, 2021, and the related notes thereto, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board. All figures are in Canadian dollars, unless otherwise noted. This MD&A has been prepared as of December 8, 2021 and should be read in conjunction with the audited consolidated financial statements for the year ended August 31, 2021 (the "Financial Statements")

Additional information related to Numinus, including its annual information form, is available on SEDAR at www.sedar.com and on the Company's website at www.numinus.com.

Certain statements in this report that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties, which could cause actual results vary considerably from these statements. Readers are cautioned not to put undue reliance on forward-looking statements. For more information on forward-looking information, please refer to page 19 of this MD&A.

ANNUAL BUSINESS 2021 HIGHLIGHTS

- Strong cash position, cash and cash equivalents balance was $59.2 million as at August 31, 2021.
- Completed financings totaling $79.3 million through a combination of bought deal financings and exercised of warrants and options.
- Generated revenues of $1,513,670 for the year ended August 31, 2021, compared to $881,178 for the same period ended August 31, 2020.
- The Company acquired Mindspace Psychology Services Inc. ("Mindspace") to expand its clinic network to three clinic locations across Canada.
- Numinus Biosciences received amendments to its federal Health Canada licence to allow the possession, production, assembly, sale, export, and delivery for a wide variety of psychedelics including Ketamine and Lysergic acid diethylamide (LSD). The amendment also supports Numinus Bioscience's role in these activities related to Mescaline, N,N-Dimethyltryptamine (DMT), N-Methyl-3,4, methylenedioxyamphetamine (MDMA), Psilocin and Psilocybin. With these amendments, Numinus can now develop and implement standardized psychedelics testing on top of existing high throughput capabilities, and formulate and produce psychedelic compounds in finished packaged products for clinical trials, clinical use under exemption, and export.
- Numinus invested $1.4 million into psychedelic research and development including:
    - Completed the first legal extraction of *Psilocybe* mushroom and began to ready for a Phase 1 clinical trial on a naturally derived Psilocybin extract
    - Development and delivery of Numinus' Ketamine-Assisted Psychotherapy ("KAP") protocol.
    - Numinus and the Multidisciplinary Association for Psychedelic Studies Public Benefit Corporation ("MAPS PBC") collaborated to initiate a single-arm, open label trial on MDMA-assisted psychotherapy for Post Traumatic Stress Disorder ("PTSD").
    - Numinus initiated a compassionate access clinical trial of psilocybin-assisted psychotherapy for substance use disorder in collaboration with Syreon Corporation.
- Numinus built its organizational infrastructure through the hiring of key executives including medical professionals, protocol development, clinic operations and M&A specialists.

HIGHLIGHTS SUBSEQUENT TO THE YEAR ENDED AUGUST 31, 2021

- The Company completed its acquisition of Toronto-based Neurology Center of Toronto (the "NCT Transaction") for a total of $1,000,000. Numinus and NCT plans to expand NCT into a comprehensive clinical neurology treatment centre with a unique specialization in the application of psychedelics in the field of neurology.
- Numinus Bioscience filed a provisional patent application with the United States Patent and Trademark Office ("USPTO") for a process that dramatically increases the production of therapeutics for use in psychedelic-assisted psychotherapy. The sustainable, reproducible, and easily scalable process will be used to rapidly generate therapeutic products from psychoactive fungi species that contain psilocybin, other psychoactive compounds and a range of additional beneficial compounds, some of which Numinus researchers characterized for the first time in psychedelic fungi.

CORPORATE OVERVIEW

Numinus was incorporated on October 26, 1964 under the Laws of British Columbia. The Company is traded on the TSX Venture Exchange (the "Exchange") under the symbol NUMI. The Company's registered and records office is located at Suite 400 – 725 Granville Street, Pacific Centre, Vancouver, British Columbia, Canada V7Y 1G5.

Numinus develops proprietary, psychedelic-centered, therapeutic products and services through its own laboratory and research & development processes, to be delivered through its network of physical locations, digital solutions and partnerships.

Numinus Bioscience is the Company's Health Canada-licensed laboratory developing intellectual property, advancing research and providing contract research and innovation services. Key activities include cultivation, production and extraction of natural *Psilocybe* and other psychoactive fungi species, develop proprietary processes and products, standardize methods for controlled psychedelics and developing a pipeline for product development, protocol development and safety and efficacy studies.

Numinus' clinic network consists of Numinus Health, Mindspace Wellbeing and the Neurology Center of Toronto (acquired subsequent to year end August 31, 2021,). Services provided include Ketamine-assisted psychotherapy ("KAP") for depression, neurological care and psychotherapy and counselling by registered psychologists. Numinus develops KAP protocols for other clinical indications, psychedelic neurology programming and therapeutic protocols for other psychedelic substances.

Both MDMA and psilocybin are in the process of being researched to be approved for therapeutic use to treat a number of mental health conditions, including PTSD, depression, anxiety and addiction. Numinus is conducting clinical trials with both substances and preparing for the eventual roll-out of these therapies to the general public, once approved by the appropriate regulatory bodies, through its clinic network. Numinus is conducting the following clinical trials:

1. **MDMA for Post-Traumatic Stress Disorder ("PTSD")**: Numinus has partnered with the Multidisciplinary Association for Psychedelic Studies Public Benefit Corporation ("MAPS PBC") for a Phase 2, single-arm, open-label compassionate access trial to study the safety and effectiveness of MDMA-assisted therapy for PTSD.
2. **Psilocybin for Substance Use Disorder:** Numinus has partnered with Syreon Corporation to pursue a single-arm, open-label compassionate access trial of Psilocybin-Research Intervention with Motivational Enhancement ("PRIME") for substance use disorders.

The Company currently holds the following Health Canada licenses:

1. **Controlled Drugs and Substances Dealer's License** enables the Company to possess, produce, assemble, sell, export, test and research & develop psychedelics such as Trimethoxyphenethylamine ("mescaline"), methylenedioxyamphetamine ("MDMA"), Dimethyltryptamine ("DMT"), and Psilocybin, ketamine, LSD and Psilocin.

2. **Analytical Testing License** under the Cannabis Act and Cannabis Regulations allowing for the analytical testing of cannabis for quality assurance purposes.

Capital and liquidity resources

The Company has managed to raise investment to fund its near-term business milestones and operations. While the Company will continue to look for additional revenue opportunities the Company might need to raise additional capital to meet its business milestones.

The Company continues to assess government programs available to ensure ongoing operations, including Canadian Emergency Wage Subsidies, Sales Tax Deferral, Canada Emergency Response Benefit interest-free loan and Canadian Emergency Rent Subsidy.

(Unaudited and expressed in Canadian Dollars)

Risk Factors

The Company has assessed that there are certain risk factors associated with COVID-19 that would include:

- Volatility in the global capital markets that could negatively impact the Company's ability to access capital.
- Government and other regulatory bodies issue health and safety measures that could cause disruption or closure of operations in the Company's Wellness Center and Lab & Testing facility.
- Interruption to the lab & testing facilities supply chain that could cause delays in providing services to our customers.
- Business interruptions to our customers which can negatively impact their ability in making timely payments.

SELECTED ANNUAL INFORMATION - RESULTS OF OPERATIONS

The Company reported a net loss and comprehensive loss for the year ended August 31, 2021, of $(18,773,945) (loss $(0.11) per share), compared to net loss of $(9,600,564) (loss $0.15 per share) for the year ended August 31, 2020. The following is a summary and discussion of the significant components of income and expenses recognized during the year ended August 31, 2021, compared to the prior year.

	For the year ended August 31,	
	2021	**2020**
Revenue	**$ 1,513,670**	881,178
Cost of revenue	**(1,595,208)**	(793,131)
Gross (loss) profit	**(81,538)**	88,047
Expenses		
General and administration	**(9,868,079)**	(4,132,564)
Share-based compensation	**(1,821,508)**	(1,876,601)
Sales and marketing	**(2,223,676)**	(906,130)
Depreciation	**(445,186)**	(431,610)
Research and development	**(1,401,194)**	(188,491)
Scientific research and experimental tax credit	**-**	170,138
Write-off of assets	**(897,303)**	-
Impairment of goodwill	**(1,581,210)**	-
Business acquisition costs	**(265,618)**	-
Total expenses	**(18,503,774)**	(7,365,258)
Loss before other items	**(18,585,312)**	(7,277,211)
Interest expense and other finance cost	**(114,174)**	(143,529)
Interest and other finance income	**-**	8,731
Gain on debt settlement	**10,000**	35,340
Other (expenses)/income	**(34,459)**	60,107
Inventory impairment	**-**	(5.089)
Penalty for cancellation of contract	**-**	19,247
Revaluation of contingent consideration payable	**(50,000)**	-
Listing expense	**-**	(2,306,044)
Loss before income taxes	**(18,773,945)**	(9,608,448)
Income tax recovery/(expense)	**-**	7,884
Loss and comprehensive loss for the period	**$ (18,773,945)**	**(9,600,564)**
Loss per share, basic and diluted	**$(0.11)**	$(0.15)
Weighted average number of common shares outstanding, basic and diluted	**164,940,392**	63,812,242

Revenue

The Company recorded revenues of $1,513,670 compared to revenues of $881,178 for the years ended August 31, 2021 and August 31, 2020 respectively. The increase was mainly a result of the acquisition of Mindspace, with Mindspace generating $971,160 in revenues for the year ended August 31, 2021. During the year, Numinus Bioscience ceased cannabis related activities and dedicate its resources towards advancing psychedelic-centered service offerings including psychedelic analytical testing and contract laboratory services to align with the Company's overall objectives in the psychedelic space. Due to this reallocation of resources, Numinus Bioscience's revenues declined during the year, with revenues at $479,502 for the year ended August 31, 2021, compared to $791,504 for the year ended August 31, 2020. Further information on Numinus' operating segments can be found in Note 11, *Operating Segments*, in the Company's Financial Statements.

Loss for the period

The Company reported net losses and comprehensive losses of $(18,773,945) and $(9,600,564) for the years ended August 31, 2021 and August 31, 2020, respectively. The increase in net losses is due to the growth of the laboratory and clinic operations, increased research and development activities and regulatory and governance costs as this was the Company's first year as a public company.

The Company incurred general and administration costs of $9,868,079 for the year ended August 31, 2021, compared to $4,132,564 for the year ended August 31, 2020.

- The Company incurred salaries and wages of $3,016,666 during the year ended August 31, 2021, compared to $1,873,466 for the year ended August 31, 2020. The increase is due to key leadership and staff hires to support the rapid growth of the Company.
- The Company incurred professional and consulting fees of $5,067,478 for the year ended August 31, 2021, compared to $1,587,568 for the year ended August 31, 2020. The increase was due to increased resourcing in all areas of the business to support the Company's growth.
- The Company incurred office and miscellaneous expenses of $1,783,935 during the year ended August 31, 2021, compared to $671,530 for the year ended August 31, 2020. Expenditures increased as a result of higher regulatory and governance costs due to the Company's financing activities during the year in addition to the integration of Mindspace's operating costs.

The Company incurred research and development costs of $1,401,194 for the year ended August 31, 2021, compared to compared to $188,491 for the year ended August 31, 2020. The increase in cost is a result of the Company investing in the following initiatives during the year:

- Research and development of *Psilocybe* natural extracts to be used in the Company's Phase 1 clinical trial
- Ketamine Assisted Psychotherapy protocol which is implemented at the Company's clinics
- MAPS MDMA-assisted psychotherapy for PTSD single-arm, open label trial
- Compassionate access trial of psilocybin-assisted psychotherapy for substance use disorder

The Company recorded an impairment loss of $1,581,210 on goodwill related to the Mindspace acquisition. The impairment was primarily related to the exclusion of future revenues derived from psychedelic-assisted psychotherapies as these services are currently unregulated and, as a result of IFRS standards, the Company must recognize there is uncertainty of realization of such revenues and the impact on expected revenue growth and profitability to related services compared to management's forecasts. As the impairment reduces the goodwill to nil, the impairment is a one-time, non-cash charge.

During the year, the Company ceased cannabis related activities at Numinus Bioscience's laboratory operations and dedicate its resources towards advancing psychedelic-centered service offerings including psychedelic analytical testing and contract laboratory services. In addition, the Company invested in activities to further research and development on natural psychedelic extraction and compounds. As a result of this reallocation of resources, the Company received $298,617 of proceed from the disposal of assets and incurred a non-cash write-off of $897,303 for equipment that was withdrawn from use.

(Unaudited and expressed in Canadian Dollars)

Total assets

Total assets of the Company were $64,144,223 as at August 31, 2021 compared to assets of $5,123,558 as at August 31, 2020. The increase in assets was primarily a result of the Company's financings and warrant and option exercises during the year, totalling $74,317,610, net of share issue costs.

Total liabilities

As at August 31, 2021, total liabilities of the Company were $3,313,351 compared to liabilities of $2,324,035 as at August 31, 2020. The increase in liabilities is a result of the Company investing in leased equipment for Numinus Bioscience's extraction activities and the Company's contingent liabilities from the acquisition of Mindspace (Note 5 in the Company's August 31, 2021, audited consolidated financial statements).

Acquisition of Mindspace Services

On February 8, 2021, the Company completed the acquisition of a 100% interest in Mindspace Psychology Services Inc. ("Mindspace"), a Montreal-based full-service psychology clinic with a focus evidence-based approaches to mental health. The acquisition of Mindspace accomplishes our strategic goal in expanding ability to deliver additional health and wellness solutions to the Quebec market.

As a result of the Mindspace acquisition, the Company paid $500,000 in cash, a time-based pay-out of 441,176 common shares to be issued over the course of 24 months, and $200,000 in common shares, issued at market price, per year on each year of the first three anniversaries of the Closing Date, subject to certain milestones being met. The Company has determined that this transaction represents a business combination with Numinus Wellness identified as the acquirer. Total consideration of the acquisition is $1,466,176. Acquisition costs, in the form of advisory, legal and other professional fees, associated with the transaction to acquire Mindspace of $169,178 were expensed as incurred during the year ended August 31, 2021. The Company began consolidating the operating results, cash flows and net assets of Mindspace from February 8, 2021, onwards.

Upon the acquisition of Mindspace, the Company identified goodwill of $1,581,210. This goodwill was calculated as the difference between fair value of the consideration issued for the acquisition of Mindspace and the fair value of all other assets and liabilities acquired. None of the goodwill is deductible for tax purposes. The goodwill recognized on the acquisition is primarily attributed to the assembled workforce and the synergies which will continue to operational within the Company.

The following table shows the purchase price allocated to assets acquired and liabilities assumed, based on estimated of fair value, including a summary of the identifiable classes of consideration transferred, and amounts by category of assets acquired and liabilities assumed at the acquisition date:

		February 8, 2021
Consideration		
Cash	$	500,000
441,176 common shares [(1)]		666,176
Contingent consideration [(2)]		300,000
Total consideration	$	1,466,176
Recognized amount of identifiable assets acquired and liabilities assumed		
Cash	$	98,202
Amounts receivable and other receivables		33,007
Prepaid expenses		10,750
Property and equipment		140,479
Goodwill		1,581,210
Accounts payable and accrued liabilities		(316,744)
Right-of-use liability		(80,728)
Net identifiable assets acquired	$	1,466,176

(Unaudited and expressed in Canadian Dollars)

(1) The common shares were valued at the closing price of our shares on the Exchange on February 8, 2021. These shares are to be issued evenly every three months over a 24-month period from the Closing date. 110,294 common shares have been issued as at August 31, 2021.

(2) a). The Company will pay $200,000 in common shares, issued at market price, per year over the next three years for an aggregate of up to $600,000 in the event that Mindspace revenues reach the following milestones:

- Year 1 - $2,000,000
- Year 2 - $2,400,000
- Year 3 - $2,880,000

In the event milestone set-out above, a prorated amount equivalent to the actual amount achieved of the measured metric over the targeted amount of the measured metric times the full milestone payment.

b) The Company will pay $200,000 in common shares, issued at market price for the successful launch of (i) the ketamine-assisted psychotherapy services; and (ii) the implementation of the Health Canada's Special Access Programme infrastructure for client intake and delivery.

The Company has applied a weighted average of probabilities of certain milestones having been achieved over the earn out period.

If Mindspace had been consolidated into the Company's operations from September 1, 2020, consolidated revenue for the year ended August 31, 2021, would have been approximately $2,339,907 and consolidated net loss for the year ended August 31, 2021, would have been approximately ($19,027,956).

The purchase price allocations for the acquisition of Mindspace Psychology Services reflects various fair value estimates and analyses, which are subject to change within the respective measurement periods. The primary areas of the purchase price allocations that are subject to change relate to the fair values of certain tangible assets, the valuation of intangible assets acquired and residual goodwill. The Company expects to continue to obtain information to assist in determining the fair value of the net assets acquired at each acquisition date during the measurement periods. Measurement period adjustments that the Company determines to be material will be applied retrospectively to the period of acquisition in the Company's consolidated financial statements, and, depending on the nature of the adjustments, other periods subsequent to the period of acquisition could also be affected.

On August 31, 2021, the Company completed its annual impairment test on goodwill using the Fair Value less Costs to Dispose (FVLCTD) method. The key assumptions used in the calculation of the recoverable amount relate to five-year future cash flows, weighted average cost of capital, and a five-year average growth rate. These key assumptions were based on historical data from internal sources. The discount rate used was 20.7%, representing the weighted average cost of capital (after-tax) determined based on mid-year discounting, the five-year average growth rate in gross revenue was estimated as 5% and the terminal value growth rate was 2%.

As a result of the impairment testing performed, the Company recorded an impairment loss of $1,581,210 on goodwill. The reason for the impairment was primarily related to the exclusion of future revenues derived from psychedelic-assisted psychotherapies as these services are currently unregulated and, as a result of IFRS standards, the Company must recognize there is uncertainty of realization of such revenues and the impact on expected revenue growth and profitability to related services compared to management's forecasts. As the impairment reduces the goodwill to nil, the impairment is a one-time, non-cash charge.

SUMMARY OF QUARTERLY RESULTS

The following table summarizes selected financial information for the Company for each of the past eight quarters ending August 31, 2021:

	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020
	$	$	$	$	$	$	$	$
Revenue	490,899	562,076	231,507	229,188	271,030	216,244	259,489	134,415
Net loss and comprehensive loss	(7,782,912)	(4,824,424)	(4,237,872)	(1,928,737)	(3,292,631)	(3,328,735)	(792,480)	(911,251)
Basic and diluted loss per share [(1)]	(0.04)	(0.02)	(0.03)	(0.02)	(0.03)	(0.04)	(0.01)	(0.02)

(1) Fully diluted loss per share amounts are not shown as they would be anti-dilutive.

The Company currently generates revenue from the following activities:

1. Numinus Bioscience offers analytical testing, cultivation, contract research and development, and ancillary services in the area of psychedelics by leveraging its Health Canada licenses and approved facilities.
2. Numinus Health and Mindspace provide psychotherapy, ketamine-assisted psychotherapy and group mindfulness and wellness programs. The Company continues to build out its virtual psychotherapy services to meet the growing demand for mental health solutions due to the continued impact of COVID-19. The Company will continue to develop ketamine-assisted psychotherapy protocols to treat different mental health indications.

For the three months ended August 31, 2021, the Company recorded revenues of $490,899 compared to $271,030 in the comparative period ended August 31, 2020. The increase revenues is due to the consolidation of Mindspace upon acquisition.

Net loss and comprehensive loss for the three months ended August 31, 2021, was $(7,782,912) compared to $(3,292,631) in the comparative period ended August 31, 2020. The increase in loss is due to the increase in costs to support rapid growth of the Company.

The Company incurred general and administration costs of $3,761,454 for the three months ended August 31, 2021, compared to $2,108,307 for the three months ended August 31, 2020.

- The Company incurred salaries and wages of $1,152,087 during the three months ended August 31, 2021, compared to $958,138 for the three months ended August 31, 2020. The increase in salaries and wages was a result of increase of key leadership and staff hires as the Company scales its operations.
- The Company incurred professional and consulting fees of $2,064,043 for the three months ended August 31, 2021, compared to $874,220 for the three months ended August 31, 2020. The increase was due to increase in legal and consulting fees as the Company builds its lab expansion initiatives and clinical operations and legal infrastructure.
- The Company incurred office and miscellaneous expenses of $545,324 during the three months ended August 31, 2021, compared to $275,950 for the three months ended August 31, 2020. The increase was due to increased corporate activities and the integration of Mindspace's operating costs.

The Company recorded an impairment loss of $1,581,210 on goodwill as described in Note 5 of the Company's Financial Statements. The reason for the impairment was primarily related to the exclusion of future revenues derived from psychedelic-assisted psychotherapies as these services are currently unregulated and there is uncertainty of realization of such revenues and the impact on expected revenue growth and profitability to related services compared to management's initial forecasts. The Company recorded an impairment loss of $1,581,210 on goodwill related to the Mindspace acquisition. As the impairment reduces the goodwill to nil, the impairment is a one-time, non-cash charge.

During the year, the Company ceased cannabis related activities at Numinus Bioscience's laboratory operations and dedicate its resources towards advancing psychedelic-centered service offerings including psychedelic analytical testing and contract laboratory services. In addition, the Company invested in activities to further research and development on natural psychedelic extraction and compounds. As a result of this reallocation of resources, the Company received $298,617 of proceed from the disposal of assets and incurred a non-cash write-off of $897,303 for equipment that was withdrawn from use.

LIQUIDITY AND CAPITAL RESOURCES

The Company did not generate any cash flow from operations for the year ended August 31, 2021. The Company's financial success is reliant on management's ability to identify and evaluate suitable growth and acquisition opportunities. Future cash flows from operations will be dependent on maximizing the potential of these opportunities.

In order to finance the acquisition of growth opportunities and to fund corporate overhead required to oversee these opportunities, the Company will be dependent on investor sentiment remaining positive towards the psychedelics sector, and towards the Company in particular, so that funds can be raised through the sale of the Company's securities. Many factors have an influence on investor sentiment, including a positive climate from investors to support new companies in the psychedelics sector, a company's past financial performance and the experience and caliber of a company's management. There is no certainty that equity funding will be available at the times and in the amounts required to fund the Company's

(Unaudited and expressed in Canadian Dollars)

activities. As at August 31, 2021, the Company has cash and cash equivalents of $59,292,968. Management estimates the Company has sufficient working capital to continue operations for the next twelve months.

The Company has, in the past, financed its activities through equity financings. It is anticipated that, as general sentiment towards investment in companies in the cannabis sector turn positive, the Company can raise the necessary capital to secure and finance additional investments that are accretive to shareholder value.

The Company had a working capital of $59,057,075 as at August 31, 2021, compared to $663,670 as at August 31, 2020. The increase in working capital was a result of the equity financings during the year totaling $57,148,747, net of share issue costs, and $17,168,863 from the exercises of warrants and options.

The Company has no commitments for capital expenditures.

Lease obligations

a) The Company is committed under lease agreements, to various offices and warehouse premises located in Vancouver, Montreal and Nanaimo, BC expiring over the ten years with monthly rental amounts between $3,259 and $6,563.

b) The Company has short-term and low-value leases on various office printers and lab equipment with annual renewal periods in June, September and November with a general maintenance agreement amounts based on usage.

The following table presents the projected amounts due under the agreements in future years:

	Years				
	0- 1	**2-3**	**4-5**	**6-10**	**Total**
Lease Payments	$601,872	$964,051	$340,880	$106,330	$2,013,133

Retention Shares

In connection with Mindspace acquisition, the Company's obligation to issue $100,000 in common shares, issue at market price, per year on each of the first three anniversaries of the Closing Date (note 5 of the Financial Statements).

Notice of Claims

The Company was served with a Notice of Claim dated December 23, 2019, which has been filed in the Supreme Court of British Columbia naming the Company as the defendant. The Notice of Claim alleges the wrongful termination of the former CEO/CFO and unpaid termination benefits of $360,000.

The Company believes the lawsuit is without merit and has filed a response accordingly. No provision has been made by the Company with regards to the Notice of Claim.

Cash and Financial Conditions

The Company had a cash balance of $59,292,968 as at August 31, 2021, compared to a cash balance of $1,627,329 as at August 31, 2020. The increase in cash was a result of the equity financings totaling $57,148,747, net of share issue costs, and $17,168,863 from the exercises of warrants and options.

The Company does not have any unused lines of credit or other arrangements in place to borrow funds and has no off-balance sheet arrangements.

The Company does not use hedges or other financial derivatives.

Investing Activities

The Company recognized cash outflow of $739,249 for the year ended August 31, 2021, compared to a cash outflow of $128,695 for the comparative year ended August 31, 2020. The main reason for cash outflow is due to cash paid for acquisition of Mindspace and investment in, and disposal of, equipment and assets at the Company's lab operations.

Financing Activities

During the year ended August 31, 2021, the Company completed a short form prospectus offering of 18,400,000 units (the "September Units") at a price of $0.25 per September Unit for gross proceeds of $4,600,000. Each September Unit consists of one common share and one-half of one common share purchase warrants of the Company (each a "September Warrant"). Each September Warrant is exercisable to acquire one common share of the Company for a period of 24 months at an exercise price of $0.35 per Warrant. In connection with the closing of short form prospectus offering, the Company issued 1,472,000 non-transferrable options (the "Compensation Options") to the Agent with a fair value of $176,038. Each Compensation Options entitled the Agent to purchase one September Unit with the same term as the September Unit sold under the offering. The Company also incurred $646,630 share issuance costs.

During the year ended August 31, 2021, the Company completed a bought deal financing of 25,367,850 units (the "December Units") at a price of $0.68 per December Unit with gross proceeds of $17,250,138. Each December Unit consists of one common share and one-half of one common share purchase warrants of the Company (each a "December Warrant"). Each December Warrant is exercisable to acquire one common share of the Company for period of 24 months at an exercise price of $0.90 per Warrant. In connection with the closing of bought deal financing, the Company issued 183,824 common shares price of $0.68 per share with a fair value of $125,000 (the "Corporate Finance fee"), and 1,522,071 warrants (the 'Compensation Warrants") to the Agent with a fair value of $1,243,566. The Company also incurred $1,559,612 share issuance costs.

During the year ended August 31, 2021, the Company completed a bought deal financing of 32,200,000 units (the "March Units") at a price of $1.25 per March Unit with gross proceeds of $40,250,000. Each March Unit consists of one common share and one-half of one common share purchase warrants of the Company (each a "March Warrant"). Each March Warrant is exercisable to acquire one common share of the Company for period of 24 months at an exercise price of $1.75 per Warrant. In connection with the closing of bought deal financing, the Company issued 1,932,000 non-transferrable options (the "Compensation Options") to the Agent with a fair value of $1,075,128. Each Compensation Options entitled the Agent to purchase one March Unit with the same term as the March Unit sold under the offering. The Company also incurred $2,745,149 share issuance costs.

During the year ended August 31, 2021, the Company issued 3,176,878 common shares of the Company on the exercise of options with a weighted average exercise price of $0.25 per share. The Company also reclassified a fair value of $494,949 from reserves to share capital on the exercise of these options.

During the year ended August 31, 2021, the Company issued an aggregate of 27,786,856 common shares on the exercise of warrants with a weighted average exercise price of $0.59 per share. The Company also reclassified a fair value of $1,035,546 from reserves to share capital on the exercise of these warrants.

During the year ended August 31, 2021, the Company issued two tranches, totaling 110,294 common shares as part of Mindspace acquisition consideration valued at the closing price of our shares on the Toronto Stock Exchange Venture on February 8, 2021.

SHARE CAPITAL AND RESERVES

Common Shares

During the year ended August 31, 2021, the Company completed a short form prospectus offering of 18,400,000 units (the "September Units") at a price of $0.25 per September Unit for gross proceeds of $4,600,000. Each September Unit consists of one common share and one-half of one common share purchase warrants of the Company (each a "September Warrant"). Each September Warrant is exercisable to acquire one common share of the Company for a period of 24 months at an exercise price of $0.35 per Warrant. In connection with the closing of short form prospectus offering, the Company issued 1,472,000

non-transferrable options (the "Compensation Options") to the Agent with a fair value of $176,038. Each Compensation Options entitled the Agent to purchase one September Unit with the same term as the September Unit sold under the offering. The Company also incurred $646,630 share issuance costs. The warrants in September Unit have a residual value of $368,000 recorded in reserves.

During the year ended August 31, 2021, the Company completed a bought deal financing of 25,367,850 units (the "December Units") at a price of $0.68 per December Unit with gross proceeds of $17,250,138. Each December Unit consists of one common share and one-half of one common share purchase warrants of the Company (each a "December Warrant"). Each December Warrant is exercisable to acquire one common share of the Company for period of 24 months at an exercise price of $0.90 per Warrant. In connection with the closing of bought deal financing, the Company issued 183,824 common shares price of $0.68 per share with a fair value of $125,000 (the "Corporate Finance fee"), and 1,522,071 warrants (the 'Compensation Warrants") to the Agent with a fair value of $1,243,566. The Company also incurred $1,559,612 share issuance costs.

During the year ended August 31, 2021, the Company completed a bought deal financing of 32,200,000 units (the "March Units") at a price of $1.25 per March Unit with gross proceeds of $40,250,000. Each March Unit consists of one common share and one-half of one common share purchase warrants of the Company (each a "March Warrant"). Each March Warrant is exercisable to acquire one common share of the Company for period of 24 months at an exercise price of $1.75 per Warrant. In connection with the closing of bought deal financing, the Company issued 1,932,000 non-transferrable options (the "Compensation Options") to the Agent with a fair value of $1,075,128. Each Compensation Options entitled the Agent to purchase one March Unit with the same term as the March Unit sold under the offering. The Company also incurred $2,745,149 share issuance costs. The warrants in March Unit have a residual value of $3,220,000 recorded in reserves.

During the year ended August 31, 2021, the Company issued 3,176,878 common shares of the Company on the exercise of options with a weighted average exercise price of $0.25 per share. The Company also reclassified a fair value of $494,949 from reserves to share capital on the exercise of these options.

During the year ended August 31, 2021, the Company issued an aggregate of 27,786,856 common shares on the exercise of warrants with a weighted average exercise price of $0.59 per share. The Company also reclassified a fair value of $1,035,546 from reserves to share capital on the exercise of these warrants.

During the year ended August 31, 2021, the Company issued two tranches, totaling 110,294 common shares as part of Mindspace acquisition consideration valued at the closing price of our shares on the Toronto Stock Exchange Venture on February 8, 2021.

Subsequent to the year ended August 31, 2021, the Company issued 206,228 common shares valued at $200,000 as part of Neurology Centre of Toronto acquisition (note 17 of Financial Statements)

Subsequent to the year ended August 31, 2021, the Company issued 55,147 common shares valued at $83,272 as part of Mindspace acquisition consideration valued at the closing price of our shares on the Toronto Stock Exchange Venture on February 8, 2021.

As at August 31, 2021, the Company had 203,077,074 Common Shares issued and outstanding.

As at the date of this MD&A, the Company had 203,782,229 Common Shares issued and outstanding.

Options

During the year ended August 31, 2021, the Company granted 7,939,000 options to employees and consultants with a weighted expected life of options of two years from issuance at a price range of $0.25 to $1.16 per option.

During the year ended August 31, 2021, in connection with the closing of short form prospectus offering, the Company issued 1,472,000 non-transferrable options (the "September Compensation Options") to the Agent. Each September Compensation Options entitled the Agent to purchase one Unit. Each unit consists of one common share and one-half of one common share purchase warrants of the Company. Each September warrant is exercised to acquire one common share of the Company for a period of 24 months at an exercise price of $0.35 per warrant.

During the year ended August 31, 2021, in connection with the closing of bought deal financing, the Company issued 1,932,000 non-transferrable options (the "March Compensation Options") to the Agent. Each March Compensation Options entitled the Agent to purchase one Unit. Each unit consists of one common share and one-half of one common share purchase warrants of the Company. Each March warrant is exercised to acquire one common share of the Company for a period of 24 months at an exercise price of $1.75 per warrant.

During the year ended August 31, 2021, the Company issued 3,176,878 common shares of the Company on the exercise of options with a weighted average exercise price of $0.25 per share. The Company also reclassified a fair value of $494,949 from reserves to share capital on the exercise of these options.

During the year ended August 31, 2021, 206,250 options were cancelled and 43,750 options were expired.

Subsequent to the year ended August 31, 2021, the Company issued 100,000 commons shares on the exercise of option for the proceeds of $25,125.

As at August 31, 2021, the Company had 11,574,122 stock options outstanding.

As at the date of this MD&A, the Company had 11,474,122 stock options outstanding.

Warrants

During the year ended August 31, 2021, the Company completed a short form prospectus offering of 18,400,000 units (the "September Units") at a price of $0.25 per September Unit for gross proceeds of $4,600,000. Each September Unit consists of one common share and one-half of one common share purchase warrants of the Company (each a "September Warrant"). Each September Warrant is exercisable to acquire one common share of the Company for a period of 24 months at an exercise price of $0.35 per Warrant. In connection with the closing of short form prospectus offering, the Company issued 1,472,000 non-transferrable options (the "Compensation Options") to the Agent with a fair value of $176,038. Each Compensation Options entitled the Agent to purchase one September Unit with the same term as the September Unit sold under the offering. The Company also incurred $646,630 share issuance costs. The warrants in September Unit have a residual value of $368,000 recorded in reserves.

During the year ended August 31, 2021, the Company completed a bought deal financing of 25,367,850 units (the "December Units") at a price of $0.68 per December Unit with gross proceeds of $17,250,138. Each December Unit consists of one common share and one-half of one common share purchase warrants of the Company (each a "December Warrant"). Each December Warrant is exercisable to acquire one common share of the Company for period of 24 months at an exercise price of $0.90 per Warrant. In connection with the closing of bought deal financing, the Company issued 183,824 common shares price of $0.68 per share with a fair value of $125,000 (the "Corporate Finance fee"), and 1,522,071 warrants (the 'Compensation Warrants") to the Agent with a fair value of $1,243,566. The Company also incurred $1,559,612 share issuance costs.

During the year ended August 31, 2021, the Company completed a bought deal financing of 32,200,000 units (the "March Units") at a price of $1.25 per March Unit with gross proceeds of $40,250,000. Each March Unit consists of one common share and one-half of one common share purchase warrants of the Company (each a "March Warrant"). Each March Warrant is exercisable to acquire one common share of the Company for period of 24 months at an exercise price of $1.75 per Warrant. In connection with the closing of bought deal financing, the Company issued 1,932,000 non-transferrable options (the "Compensation Options") to the Agent with a fair value of $1,075,128. Each Compensation Options entitled the Agent to purchase one March Unit with the same term as the March Unit sold under the offering. The Company also incurred $2,745,149 share issuance costs. The warrants in March Unit have a residual value of $3,220,000 recorded in reserves.

During the year ended August 31, 2021, the Company issued 579,189 warrants as a result of the exercise of compensation options. Each warrant entitling the holder to acquire one common share of the Company for a period of 24 months at an exercise price of $0.35 per warrants.

During the year ended August 31, 2021, the Company issued an aggregate of 27,786,856 common shares on the exercise of warrants with a weighted average exercise price of $0.59 per share. The Company also reclassified a fair value of $1,035,546 from reserves to share capital on the exercise of these warrants.

(Unaudited and expressed in Canadian Dollars)

Subsequent to the year ended August 31, 2021, the Company issued 343,780 common shares on the exercise of warrants for the proceeds of $210,715.

During the year ended August 31, 2021, 400,000 warrants were expired unexercised.

Subsequent to the year ended August 31, 2021, 3,421,891 warrants were expired unexercised.

As at August 31, 2021, the Company had 40,657,842 warrants outstanding.

At the date of this MD&A, the Company had 36,892,171 warrants outstanding.

OUTLOOK

The Company's ability to continue in the normal course of operations is dependent on management's ability to identify and evaluate suitable investments opportunities. In addition, the Company will actively seek out additional revenue opportunities by leveraging its key assets including the laboratory facilities, Health Canada licenses and clinic network.

The Company is largely dependent upon external financings to fund activities. Management and the board of directors of the Company continuously review and examine business proposals for the Company and conduct their due diligence in respect of the same. The Company will continue to seek new investments if it feels there are sufficient opportunities to increase shareholder value and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and will adjust its approach to changing business and economic conditions.

OFF-BALANCE SHEET ARRANGEMENTS

At the date of this report, the Company had no off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and Chief Executive Officer, Chief Operating Officer and Chief Finance Officer.

Remuneration attributed to key management personnel can be summarized as follows:

		August 31, 2021		August 31, 2020
Salaries and benefits	**$**	**773,179**	$	406,824
Director fees		**158,333**		-
Management and consulting fees		**-**		331,500
Share-based compensation		**1,033,985**		223,305
Total	**$**	**1,965,497**	$	961,629

The following table provides the total amount of transactions entered into by the Company with related parties during the years ended August 31, 2021 and 2020, and the outstanding balances as at August 31, 2021 and 2020.

For the year ended August 31,		**2021**		2020
Transactions with other related parties:				
Salaries and benefits to family member of Chief Executive Officer	**$**	**-**	$	29,574
Consulting fees to family member of Chief Executive Officer		**-**		274
Loss on debt settlement to family member of Chief Executive Officer		**-**		795
Interest on convertible debts to family member of Chief Executive Officer		**-**		3,726

(Unaudited and expressed in Canadian Dollars)

The following table provides the outstanding balances as at August 31, 2021 and August 31, 2020.

		August 31, 2021		August 31, 2020
Due to related parties:				
Payable to Chief Executive Officer of the Company	**$**	**-**	$	171,952
Total Due to Related Parties	**$**	**-**	**$**	171,952

All balances are unsecured, non-interest bearing and with no fixed terms of repayment.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

In preparing our consolidated financial statements, we make judgements in applying our accounting policies. The judgements that have the most significant effect on the amounts recognized in our consolidated financial statements are outlined below. In addition, the preparation of consolidated financial statements in conformity with IFRS requires the use of estimates that affect the amounts reported and disclosed in the consolidated financial statements and related notes. These estimates are based on management's best knowledge of the relevant facts and circumstances, having regard to previous experience, but actual results may differ materially from the amounts included in the consolidated financial statements. The information about significant areas of estimation uncertainty and judgement considered by management in preparing these consolidated financial statements is as follows:

a) Estimated useful lives and depreciation of property and equipment

Depreciation of property and equipment is dependent upon estimates of useful lives, which are determined through the exercise of judgement. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that consider factors such as economic and market conditions and the useful lives of assets.

b) Share-based payments

Management measures share-based payments expense and warrants using Black-Scholes pricing model that incorporates key estimates such the rate of forfeiture of options and warrants granted/issued, the expected life of the option and warrants, the volatility of the value of the Company's common shares and the risk-free interest rate are used.

c) Asset acquisition versus business combination

Management had to apply judgement with respect to whether the acquisitions of Mindspace was considered an asset acquisition or business combination. The assessments required management to assess the inputs, processes and outputs of the companies acquired at the time of acquisition. Pursuant to the assessment, the transaction was considered to be business combination (Note 1 & Note 5 in the Company's Financial Statements).

d) Income taxes

In assessing the probability of realizing income tax assets, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. The Company considers whether relevant tax planning opportunities are within the Company's control, are feasible, and are within management's ability to implement. Examination by applicable tax authorities is supported based on individual facts and circumstances of the relevant tax position examined in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, there is a reasonably probability that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. Also, future changes in tax laws could limit the Company from realizing the tax benefits from the deferred tax assets. The Company reassesses unrecognized income tax assets at each reporting period.

NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS

New accounting standards and interpretations have been published that are not mandatory for the current period and have not been early adopted. These standards are not expected to have a material impact on the Company.

FINANCIAL INSTRUMENTS AND RELATED RISKS

Financial Instruments

Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

The following table shows the classification of the Company's financial instruments:

Financial assets/liabilities	Classification
Cash	FVTPL
Accounts receivable	Amortized cost
Contingent consideration payable	FVTPL
Due from related parties	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Due to related parties	Amortized cost
Debt	Amortized cost

Measurement

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at fair value through profit or loss

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the consolidated statements of loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the consolidated statements of loss in the period in which they arise.

Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the consolidated statements of loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

Derecognition

Financial assets

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

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. Gains and losses on derecognition are recognized in profit or loss.

Risk Management

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's cash, trade receivables and other receivables. The carrying amount of these financial assets represent the maximum credit exposure.

Cash and cash equivalents are deposited with major Canadian financial institutions, and management believes the exposure to credit risk with respect to these institutions is not significant.

The Company is exposed to credit risk inherent in its trade and other receivables which include credit exposures to customers and their outstanding trade receivables and other receivables balances. The maximum credit risk associated with trade receivables is equal to the carrying amount.

Liquidity risk

As at August 31, 2021, the Company's financial liabilities consist of accounts payable and accrued liabilities and contingent consider payable which have contractual maturities within one year and due to related parties which have no fixed terms of repayment. The Company manages liquidity risk by reviewing its capital requirements on an ongoing basis. As at August 31, 2021, the Company has cash and cash equivalents of $59,292,968 to meet its obligations as they become due.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency rates. As at August 31, 2021, the Company had no financial instruments denominated in any other currency than the Canadian dollar and as such, the Company does not consider itself exposed to significant currency risk.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company holds cash in accounts with variable interest rates, and currently does not carry variable interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its financial institutions. It is management's opinion that the Company is not exposed to significant interest rate risk.

Risks Related to the Psychedelics, Cannabis & Wellness Industry

The industry in which the Company operates could subject the Company to comply with a myriad of other federal, provincial and local laws and regulations, which could include, among others, laws and regulations relating to psychedelics, psychedelic-assisted psychotherapies and cannabis, personally identifiable information, wage and hour restrictions, health and safety matters, consumer protection and environmental matters. The Company's business objectives are contingent upon, in part, compliance with regulatory requirements enacted by these governmental authorities and obtaining all regulatory approvals, where necessary, for the delivery of its services. The Company cannot predict the time required to secure all appropriate regulatory approvals for its services. Compliance with such laws and regulations may be costly and a failure to comply with such laws and regulations could result in fines, penalties, litigation and other liability that could materially adversely affect the Company.

The Company's business is and will continue to be regulated as applicable laws continue to change and develop. Regulatory compliance and the process of obtaining regulatory approvals can be costly and time-consuming. Further, the Company cannot predict what kind of regulatory requirements its business will be subject to in the future. Any delays in obtaining, or failure to obtain regulatory approvals would significantly delay the development of markets and products and could have a material adverse effect on the business, results of operations and financial condition of the Company.

Furthermore, although the operations of the Company are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail the Company's ability to conduct its business. Amendments to current laws and regulations governing the importation, distribution, transportation and/or production of psychedelic compounds, or more stringent implementation thereof could have a substantial adverse impact on the Company. Local, provincial and federal laws and enforcement policies concerning psychedelic-related conduct are changing rapidly and will continue to do so for the foreseeable future. Changes in applicable laws are unpredictable and could have a material adverse effect on the Company. Changes in applicable laws or regulations could significantly diminish the Company's prospects. The Company has little or no control over potential changes to laws or regulations that may affect its business.

Additionally, governmental regulations affect taxes and levies, healthcare costs, energy usage and labor issues, all of which may have a direct or indirect effect on the Company's business and its clients or suppliers. Changes in these laws or regulations, or the introduction of new laws or regulations, could increase the costs of doing business for the Company, or its customers or suppliers, or restrict the Company's actions, causing the Company to be materially adversely affected.

Changes in Laws, Regulations and Guidelines

The Controlled Drugs and Substances Act ("CDSA") is Canada's federal drug control statute. Controlled substances are categorized into eight Schedules based upon their perceived danger. Schedule 1 substances are deemed to have the highest potential for abuse and carry the most severe penalties for violations – the severity of the penalties decreases for subsequent Scheduled substances. Most psychedelics are Schedule 3 substances, including LSD, psilocybin and psilocin (magic mushrooms), mescaline (peyote and San Pedro cactus), and DMT (found in many plants, but most commonly an ingredient in ayahuasca). MDMA and Ketamine are both Schedule 1 substances although Ketamine can be legally prescribed by a medical doctor and treatment is delivered through a licensed practitioner to treat a specific medical condition such as depression and anxiety. The CDSA generally prohibits all uses of controlled substances unless an exemption is granted under Section 56 of the CDSA or the regulations allow otherwise. The Canadian Minister of Health can grant exemptions under section 56 of the CDSA to use controlled substances if it is deemed to be necessary for a medical or scientific purpose or is otherwise in the public interest. In August 2020, federal Minister of Health, Patty Hajdu, granted approval to four Canadians with late-stage cancer to use psilocybin in the therapeutic treatment of their end-of-life distress. By obtaining Section 56 exemptions, the four individuals received approval to possess and use psilocybin. Given the increased public and scientific interest in mental health treatments using psychedelics it stands to reason that Section 56 exemptions could be an avenue for getting access to controlled substances like psychedelics in the future once further clinical studies have been published.

Despite the general prohibition on controlled substances, there are regulations that can allow authorized persons to possess, produce, sell, import/export, and transport controlled substances. The Food, Drug and Regulations gives authorization to persons (including licensed dealers and those exempted under section 56 of the CDSA) to have access to psychedelics. Ketamine

is regulated as a narcotic under the Narcotic Control Regulations and is the only psychedelic governed by this regulation. It is already legally available for medical use. These regulations provide a framework for expanding and monitoring the legal use of controlled substances in Canada as well as, importantly, issuing licenses to prospective dealers.

Health Canada's Special Access Program ("SAP") was designed to allow Canadian's access to new, potentially life-saving medication before they are formally approved for routine use in health care. Historically, psychedelic medications have been ineligible for SAP applications. However, in December 2020, Health Canada announced its intention to revise the SAP to permit access to MDMA and psilocybin-assisted psychotherapy. The proposed regulatory change, if approved, will enable Canadian patients to apply for psychedelic therapies in a similar process to how other investigational medications are accessed prior to formal drug approval. Health Canada's notice of intent regarding the SAP was open for public consultation and comments for 60 days after the announcement. Health Canada is currently reviewing all consultation and comments at this time.

General Healthcare Regulation

Healthcare service providers in Canada are subject to various governmental regulation and licensing requirements and, as a result, the Company's businesses operate in an environment in which government regulations and funding play a key role. The level of government funding directly reflects government policy related to healthcare spending, and decisions can be made regarding such funding that are largely beyond the businesses' control. Any change in governmental regulation, delisting of services, and licensing requirements relating to healthcare services, or their interpretation and application, could adversely affect the business, financial condition and results of operations of these business units. In addition, the Company could incur significant costs while complying with any changes in the regulatory regime. Non-compliance with any existing or proposed laws or regulations could result in audits, civil or regulatory proceedings, fines, penalties, injunctions, recalls or seizures, any of which could adversely affect the reputation, operations or financial performance of the Company.

Risks Relating to the Licensing Process

Psychedelic drug rules are constantly changing throughout the global psychedelic industry. The future business partnerships and licensee agreements that the Company may make may be subject to receiving regulatory certification or accreditation through Health Canada, or any other applicable regulatory authority. Such licensing, certification or accreditation may include, but not be limited to: licenses issued under the CDSA, the Narcotic Control Regulations, GMP Certification and ISO certification. Licensing requirements are stringent and there can be no guarantee that the regulatory authorities will issue, extend or renew any license. Failure to maintain a license or any failure to comply with the requirements of a license would have a material adverse impact on the business, financial condition and operating results of the Company and could lead to a significant decline in the value of its securities.

Unfavorable Publicity or Consumer Perception

Numinus believes the psychedelic industry is highly dependent upon consumer perception regarding the safety, efficacy and quality of psychedelic medicines and therapies. Consumer perception may be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of psychedelic therapies.

There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favorable to the psychedelics market or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favorable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for the Company's proposed services and the business, results of operations, financial condition, and cash flows of the Company. Numinus' dependence upon consumer perceptions means that adverse scientific research reports, findings, regulatory proceedings, litigation, media attention or other publicity, whether accurate or with merit, could have a material adverse effect on the Company, the demand for the Company's proposed services, and the business, results of operations, financial condition and cash flows of the Company. Further, adverse publicity reports or other media attention regarding the safety, efficacy, and quality of psychedelic therapies in general, or the Company's proposed products and services specifically, or associating the consumption of psychedelic therapies with illness or other negative effects or events, could have such a material adverse effect. Such adverse publicity reports or other media attention could arise even if the adverse effects associated with such products resulted from consumers' failure to consume such products appropriately or as directed.

Liability, Enforcement Complaints etc.

Numinus' participation in the psychedelic industry may lead to litigation, formal or informal complaints, enforcement actions, and inquiries by various federal, provincial, or local governmental authorities. Litigation, complaints, and enforcement actions could consume considerable amounts of financial and other corporate resources, which could have an adverse effect on the Company's future cash flows, earnings, results of operations and financial condition.

The Psychedelic Industry Faces Significant Opposition

It is believed by many that large well-funded businesses may have strong economic opposition to the psychedelics industry. The pharmaceutical industry is well funded with a strong and experienced lobby that eclipses the funding of the psychedelics industry. Any inroads the pharmaceutical industry could make in halting or impeding the psychedelics industry could have a material adverse effect on the Company.

FINANCIAL RISK FACTORS

The fair value of the Company's amounts receivable, accounts payable and accrued liabilities and payroll payable approximate their carrying value, which is the amount recorded on the statement of financial position, due to their short terms to maturity. The Company's cash and cash equivalents are measured at fair value, under the fair value hierarchy based on level one quoted prices in active markets for identical assets or liabilities.

FORWARD-LOOKING STATEMENTS

Certain information set forth in this document includes forward-looking statements. By their nature, forward-looking statements are subject to numerous risks and uncertainties, some of which are beyond the Company's control, including but not limited to: general economic and business conditions related to the psychedelics and cannabis industry; cash flow projections; currency fluctuations; risks relating to our ability to obtain adequate financing for future activities; the nature of our future activities; and other general market and industry conditions as well as those factors discussed in the Company's listing statement dated March 9, 2020, a copy of which is available under Numinus Wellness Inc. on SEDAR at www.sedar.com.

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. The Company's actual results, programs and financial position could differ materially from those expressed in or implied by these forward-looking statements and accordingly, no assurance can be given that the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits the Company will derive from them. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and as such, undue reliance should not be placed on forward-looking statements.

The Company believes that the expectations reflected in these forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and as such forward looking statements contained into this report should not be relied upon. 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 report. Such statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to assumptions about general business and economic conditions, the availability of financing for the Company, and the ability to identify and secure a quality asset or a business with a view of completing a transaction subject to receipt of shareholder approval and acceptance by regulatory authorities.

SUBSEQUENT EVENTS

a) On September 23, 2021, the Company closed its acquisition of Toronto-based Neurology Centre of Toronto (the "NCT Transaction") to expand its ability to deliver additional health and wellness solutions to the Ontario market. The Company will pay the following consideration to complete Transaction:
    i. $300,000 in cash and $200,000 in shares upon closing and
    ii. Performance-based shares payment totaling up to $500,000

Due to the limited time between the closing of the NCT Transaction and the issuance of these consolidated financial statements, certain business acquisition disclosures required under IFRS 3, mainly the preliminary purchase price allocation, have not been provided as this information is not yet available. The Company is in the process of assess the fair value of the assets acquired and liabilities assumed.

b) Subsequent to the year ended August 31, 2021, the Company issued 443,780 common shares pursuant to the exercise of options and warrants for the proceeds of $235,840.

c) Subsequent to the year ended August 31, 2021, the Company issued 55,147 common shares valued at $83,272 as part of Mindspace acquisition consideration valued at the closing price of our shares on the Toronto Exchange Venture on February 8, 2021.